



सत्यमेव जयते

**Report of the  
Comptroller and Auditor General of India  
on  
General and Social Sector  
for the year ended March 2017**



**Government of Maharashtra**

**Report No. 6 of the year 2017**

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Auditor General of India**

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**GOVERNMENT OF MAHARASHTRA**

**Report No. 6 of the year 2017**



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## Preface

This Report for the year ended 31 March 2017 has been prepared for submission to the Governor of the State of Maharashtra under Article 151 of the Constitution of India.

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

The instances mentioned in this Report are those, which came to notice in the course of test audit for the period 2016-17 as well as those which came to notice in earlier years, but could not be reported in the previous Audit Reports; instances relating to the period subsequent to 2016-17 have also been included, wherever necessary.

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





# **CHAPTER - I**

**INTRODUCTION**

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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 programmes and activities and Compliance audit of Government Departments and Autonomous Bodies of the Government of Maharashtra (GoM) 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 examines whether the objectives of an organisation, programme or a scheme have been achieved economically, efficiently and effectively.

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

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

### 1.2 Audited Entity Profile

The Departments in the General and Social Sector in the State at the Secretariat level are headed by Additional Chief Secretaries/Principal Secretaries/Secretaries and assisted by Directors/Commissioners and subordinate officers.

A summary of the State Government's fiscal transactions during 2016-17 *vis-a-vis* the previous year is given in **Table 1.1**.

**Table 1.1: Summary of Fiscal operations during 2016-17**

(₹ in crore)

2015-16	Receipts	2016-17	Disbursements	2015-16	2016-17		
Section-A: Revenue					Non-Plan	Plan	Total
<b>185036</b>	<b>Revenue receipts</b>	<b>204693</b>	<b>Revenue expenditure</b>	<b>190374</b>	<b>171140</b>	<b>42089</b>	<b>213229</b>
126608	Tax revenue	136616	General services	64370	70851	758	71609
13423	Non-tax revenue	12709	Social services	82317	63956 <sup>#</sup>	26326 <sup>*</sup>	90282
28106	Share of Union Taxes/Duties	33715	Economic services	38052	29006	14837	43843
16899	Grants from Government of India	21653	Grants-in-aid and Contributions	5635	7327	168	7495
Section B: Capital and Others							
17	Miscellaneous Capital Receipts	0	Capital Outlay	22793	5201	20348	25549
865	Recoveries of Loans and Advances	1746	Loans and Advances disbursed	1115	--	--	6277
37977 <sup>*</sup>	Public debt receipts <sup>§</sup>	48336	Repayment of Public Debt <sup>§</sup>	10043	--	--	11887
2962	Appropriation from Contingency fund	0	Appropriation to Contingency fund	962	--	--	0
962	Contingency Fund	0	Contingency Fund	2962	--	--	0
72747	Public Account Receipts	82466	Public Account Disbursements	66412	--	--	67102 <sup>#</sup>
49648	Opening Cash Balance	55553	Closing Cash Balance	55553	--	--	68750
<b>350214</b>	<b>Total</b>	<b>392794</b>	<b>Total</b>	<b>350214</b>	--	--	<b>392794</b>

Source: Finance Accounts of respective years

<sup>#</sup>Lower Rounding <sup>\*</sup>Higher Rounding

<sup>§</sup>Excluding ways and means advances (Receipt: ₹ Nil and Disbursement: ₹ Nil)

### **1.3 Authority for Audit**

The authority for audit by the C&AG is derived from Articles 149 and 151 of the Constitution of India and the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971. The C&AG conducts audit of expenditure of the Departments of GoM under the provisions of the C&AG's (DPC) Act, 1971 and Regulations on Audit and Accounts, 2007 issued by the C&AG.

### **1.4 Organisational Structure of the Offices of the Principal Accountant General (Audit)-I, Mumbai and the Accountant General (Audit)-II, Nagpur**

Under the directions of the C&AG, the Offices of the Principal Accountant General (Audit)-I, Mumbai and the Accountant General (Audit)-II, Nagpur conduct the audit of the various Government Departments and Offices/ Autonomous Bodies/institutions under them. While 17 districts from Konkan and Western Maharashtra fall under the audit jurisdiction of the Principal Accountant General (Audit)-I, Mumbai, the remaining 19 districts from

Vidarbha and Marathwada are under the audit jurisdiction of the Accountant General (Audit)-II, Nagpur. The Autonomous Bodies are audited by the Principal Accountant General (Audit)-I, Mumbai and the Accountant General (Audit)-II, Nagpur.

### **1.5 Planning and Conduct of Audit**

The audit process starts with the assessment of risk faced by various Departments of the GoM, based on expenditure incurred, criticality/complexity of activities, the levels of delegated financial powers and assessment of overall internal controls and concerns of stakeholders. Previous audit findings are also considered in this exercise. Based on this risk assessment, the frequency and extent of audit are decided. During 2016-17, audit of 254 units (compliance and performance audits) of the various Departments/Organisations was carried out. The audit plan covered those units/entities which were vulnerable to significant risks as perceived by Audit.

After completion of audit of each unit, Inspection Reports (IRs) containing audit findings are issued to the Heads of the Departments. The Departments are requested to furnish replies to the audit findings within one month of receipt of the IRs. Whenever replies are received, audit findings are either settled or further action for compliance is advised. The important audit observations arising out of these IRs are processed for inclusion in the Audit Reports which are submitted to the Governor under Article 151 (2) of the Constitution of India.

### **1.6 Significant Audit Observations**

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

#### **1.6.1 Performance Audit of Programmes/Activities/Departments**

The present Report contains two performance audits, highlights of which are indicated below.

##### **▪ Food and Drugs Administration**

The Food and Drugs Administration (FDA) functions under the administrative control of Medical Education and Drugs Department (MEDD) in Maharashtra State. It is responsible for implementation of Food Safety and Standards (FSS) Act and Drugs and Cosmetics (D&C) Act as well as other Acts, Rules and orders designed to safeguard public health and to ensure quality of Drugs, Cosmetics and Food. FDA carries out important regulatory functions of granting and renewing license for drugs issued to the manufacturer/sellers in the State, investigates complaints regarding quality and overpricing of drugs, carries out inspections of the drug manufacturing and selling units, draws and tests samples of food and drugs so as to ensure quality as per standards. The FDA is also required to take legal action against the offenders.

The Performance Audit on 'Food and Drugs Administration' covered test-check of records for the period 2012-2017.

Some of the serious deficiencies noticed are as follows:

State Level Steering Committee required to be set up under the Food Safety and Standards Regulation, 2011 met only twice during 2012-17. Out of 30 district offices, four meetings each were held in Pune and Nanded between August 2013 and June 2017, while, in the remaining 28 district offices, District Level Steering Committee did not meet even once during 2012-17.

No survey was undertaken to develop a database on Food Business Operators (FBOs). Central Advisory Committee estimated 16.86 lakh FBOs in the State of which only 9.43 lakh (56 *per cent*) were registered/licensed as of March 2017.

There was shortfall of 37 *per cent* in the post of Drug Inspectors who are key personnel for effective enforcement of provisions made under different Acts for Drugs control. There was wide variation in the workload of the Drug Inspectors due to uneven distribution of Drug Inspectors among the seven Divisions in State.

FDA had failed to take action to cancel the licenses of 1,535 Drug selling units whose licenses had expired, thereby posing a risk to public health by the possible sale of drugs by such units.

The renewal of Drug licenses was done without inspection of the premises of the Drug selling units and thereby the requirement of adequate physical infrastructure was not ensured before grant of licenses. Inspection/survey was not done to verify that the Drug selling/manufacturing units were not involved in any activities during the suspension period.

There were serious shortfalls in the inspection of FBOs, Drugs manufacturing and selling units. The shortfall was to the extent of 35 *per cent* in the case of Drugs manufacturing units and 63 *per cent* in the case of selling units.

Sampling to ensure quality showed serious deficiencies.

- Samples of infant food, instant milk substitutes, meat and fish products, fruits and vegetables were not taken for testing.
- Microbiological tests for food samples were not carried out as there was no microbiological division and thus, pathogenic bacteria, yeast and mould could not be tested raising serious food safety concerns. Tests to analyse the contents of metals, toxic substance and insecticides articles were also not being done due to non-availability of requisite equipment.
- 'Gap Analysis Report' of October 2013 based on study carried out by the FDA, brought to the fore issues relating to infrastructure, equipment, man-power in food laboratories but the Department did not initiate any action till November 2017. Of the three Food Testing Laboratories (FTLs) test-checked in audit, FTL at Mumbai was only found functional resulting in dependence on the Public Health Laboratories for testing of food samples drawn by FSOs.
- Test Reports issued by Food analysts of eight selected districts, contained disclaimers stating that toxin, contaminants, residue and most of the additives were not checked.

- The DCLs at Aurangabad and Mumbai issued 2,026 test reports during 2012-17, without expressing any opinion on the samples of drugs tested. Test reports on the drugs tested were issued after 90 days from the date of receipt of sample in the DCLs, in 10,501 (40 *per cent*) samples tested.
- The DCLs in Aurangabad and Nagpur did not have facilities to conduct microbiological test on drugs and cosmetics and as a result all the samples were being sent to DCL, Mumbai, where they were unable to cope with the volume of work. Opportunity to strengthen and upgrade the DCLs by purchasing various modern equipment was lost despite availability of funds due to non-receipt of approvals from MEDD/Finance Department to the purchase proposals of the FDA.

Delays in recalling Not of Standard Quality (NSQ) drugs resulted in consumption of the NSQ drugs by the public. In 95 (25 *per cent*) out of 375 cases scrutinised in audit, more than 50 *per cent* of the NSQ drugs were already consumed before they were recalled. Of this, in 61 cases, the entire stocks of NSQ drugs were consumed and therefore could not be recalled.

The monitoring mechanism in the Department was weak in view of absence of periodical reports on various key issues as also deficiencies in the reports submitted to the Commissioner, FDA.

The deficiencies identified above clearly indicate the failure of the Medical Education and Drugs Department in ensuring that the food consumed by the Public is of standard quality. Further, even the quality of drugs supplied is not ensured due to inadequate testing and failure to follow-up effectively.

This can have serious consequences for the health and welfare of the public.

(Paragraph 2.1)

#### ▪ **Management of Sports Infrastructure in Maharashtra**

The State Government formulated the new Sports Policy, 2012 revising the earlier policy of 2001 for preserving the rich sports culture of the State and to equip the sportspersons in the State to face the challenges at international level.

A Performance Audit of Management of Sports Infrastructure in Maharashtra of School Education and Sports Department for the period 2012-17 revealed that though the Government of Maharashtra had formulated the Sports Policy 2012, it was yet to be translated into action plan. No long term plan was prepared for implementation of the Policy. There were delays in execution of schemes due to non-acquisition of land, change in design/scope of works and short or late-release of funds. There was short-release of funds for maintenance and repairs too. As a result, the infrastructure created could not be optimally utilised. The functioning of sports academies also suffered from number of problems *viz.*, less intake, inadequate coaching, lack of sports facilities and basic amenities and this impacted the performance at National, State and International level games. Though emphasis was given on creation of sports infrastructure, in absence of qualified and capable coaches and



focused training, it failed to yield the desired outcome. The release of funds was significantly less than the demands made.

The deficiencies mentioned above indicated that even after incurring huge expenditure, the Sports Department was unable to create and maintain adequate sports infrastructure as well as coaching facilities thereby affecting the performance of the sports persons.

(Paragraph 2.2)

### **1.6.2 Compliance Audit of Government Transactions**

There are 18 compliance audit paragraphs and a few significant audit findings are indicated below.

#### ▪ **Rajiv Gandhi Jeevandayee Arogya Yojana**

The Theme Audit of RGJAY as implemented in the State revealed that Government/Society had obtained data of total number of Ration Cards holders without any details such as name and Ration Card Number. Therefore, the correctness/authenticity of the beneficiaries covered under the Scheme could not be verified in audit. The health cards to the beneficiaries as envisaged in the Scheme, in order to identify the beneficiaries as well as make the beneficiaries aware of the Scheme benefits were not distributed. Expenditure on printing of health cards was also rendered wasteful. Excess insurance premium was paid in respect of all white Ration card holders instead of restricting it to the white Ration card holder farmers of the 14 suicide-prone districts as envisaged.

Sufficient number of *Argoyamitras* were not appointed in all the empanelled hospitals whereas no *Arogyamitras* were appointed in Rural/Primary Health Centres/Sub-district/Women Government Hospitals thereby impacting counselling of the beneficiaries and their families and facilitating the referral/treatment of the patients. The expenditure on publicity was less than the norms prescribed, impacting creation of awareness of the Scheme benefits.

As against the premium of ₹ 3,009.31 crore paid to the Insurer Company until November 2016 covering 9.35 crore beneficiaries under the Scheme, the claims received for settlement were meagre 11.89 lakh due to absence of wide publicity to the Scheme, shortfalls in conducting health camps and non-appointment of *Arogyamitras* at primary health centres. Thus the Scheme benefits were not commensurate to the expenditure incurred on the premium paid to Insurer. Besides, excess premium of ₹ 1.43 crore paid to the Insurer against ineligible beneficiaries had not been refunded by the Insurer Company. A huge balance of surplus premium of ₹ 47.63 crore was lying with the Insurer Company which was due for remittance to the Government. The Insurer Company had also got double benefit of ₹ 8.75 crore due to further adjustment of 10 per cent of the surplus premium lying with them. Surplus funds of the claim money received by empanelled hospitals were lying with them, since the Society did not ensure the return of these funds to Government account.

The deficiencies mentioned above are a pointer to the need to streamline the implementation of the Scheme more effectively.

(Paragraph 3.1)

▪ **Upgradation of Government Medical Colleges under Pradhan Mantri Swasthya Suraksha Yojana**

Audit of Upgradation of Government Medical Colleges (Mumbai and Nagpur) under Pradhan Mantri Swasthya Suraksha Yojana revealed that no gap analysis of existing facilities and future requirements in tertiary care was carried out. The upgradation programme of Government Medical Colleges could not be implemented as per the plan and there were instances of enormous delays, non-execution of civil works and non-procurement as well as non-installation of equipment for want of space. Equipment worth ₹9.17 crore were not installed/remained non-functional due to want of required civil/electrical works, lack of infrastructure/supporting equipment/software *etc.*, Non-adherence to the conditions relating to execution of contract agreement and performance security resulted in extension of undue benefits to suppliers of equipment.

(Paragraph 3.2)

▪ **Functioning of Rashtrasant Tukadoji Maharaj University, Nagpur**

Audit was conducted to examine the functioning of the University especially in the areas of teaching and research, accreditation and affiliation and infrastructure facilities. It was found that

- the functioning of Academic Council was ineffective and failed to fulfil its mandate.
- no committee was formed to review the existing courses of study and prepare a feasibility report.
- there was continuous shortage of teaching staff in the University and Colleges during the period from 2012-17, ranging from 33 to 48 *per cent*. Further, eight PG departments had more than 50 *per cent* vacancies in teaching staff since last five years.
- mandatory teaching of 90 days was not adhered to and shortfall ranged from 36 to 75 days during 2014-15 and 2016-17.
- University did not have any mechanism to monitor the progress and outcome of research activities. As such, out of total 132 research projects, only 27 were completed and no research work was published during past five years.
- out of 600 affiliated colleges, only 69 colleges possessed active accreditation and approval from NAAC and NBA owing to inadequacy of teaching staff and proper infrastructure such as buildings, libraries, laboratories and sports facilities *etc.*
- the extension to affiliation granted on the basis of LEC recommendations was found flawed in 60 test checked colleges.
- the hostel faced problems of inadequate and irregular water supply, contaminated water in toilets.
- the financial management of the University funds exhibited numerous lacunae and violations *viz.*, unadjusted advances of ₹ 70.90 crore, inoperative bank accounts, diversion and blocking of funds.
- the internal controls were weak.

Thus, Government needs to monitor the functioning of the University especially in the areas of teaching, accreditation and affiliation to maintain academic standards.

**(Paragraph 3.3)**

▪ **Implementation of National Rural Drinking Water Programme**

The National Rural Drinking Water Programme in Maharashtra was deficient in planning and implementation since the State had not prepared State specific Sector Policy for planning the water supply schemes to be taken up during the 12<sup>th</sup> Plan period. The Village and District Water Security Plans and the five year Comprehensive Water Security Action plan were also not prepared.

The State had received a total fund of ₹ 6,144.51 crore for the programme against which an expenditure of ₹ 5,880.16 crore was incurred during the period 2012-17. Due to late submission of proposals for release of second installment and opening balance of funds being in excess of 10 *per cent* of the release in the previous year, the GoI had imposed a cut of ₹ 71.10 crore. The State Government did not release its share of matching funds amounting to ₹ 547.93 crore during the period 2012-17. Non-recovery of statutory labour welfare cess from the contractors, non-remittance of Employees Provident Fund by the contractors indicated weak financial management under the programme. The implementing agencies did not ensure that the Government assets were insured while the works were in progress.

Though, as per the 11<sup>th</sup> Five Year Plan, 40 lpcd was to be provided to all the habitations by the end of March 2012, 12,815 habitations (13 *per cent*) in the State were provided less than 40 lpcd of water. As against 50 *per cent* of the rural households to be provided with piped water supply at the end of 12<sup>th</sup> five year plan, in Aurangabad, Gadchiroli, Nandurbar, Palghar, Solapur, Yavatmal districts less than 50 *per cent* of the habitations were provided with piped water supply. Against the target of providing piped water supply with household connections to 35 *per cent* rural households, analysis in audit revealed that in 19 districts, the percentage of rural household provided with piped water supply with a household connection, was less than 35 *per cent*, which ranged from eight *per cent* (Gadchiroli) to 34 *per cent* (Wardha). In five of the selected districts the percentage ranged from 11 *per cent* (Ahmednagar) to 33 *per cent* (Raigad). The critical issues of tackling water quality affected habitations during the 12<sup>th</sup> five year plan period in the State remained unachieved to the extent of 304 habitations in the State having population of 6.56 lakh remaining water quality affected. Special funds of ₹ 1.72 crore given by Niti Aayog to mitigate problems of water quality affected habitations remained unutilised. There was delay of more than five years in completion of 177 schemes due to lack of funds, legal disputes, drying of water sources and non-availability of land *etc.*, The monitoring and evaluation of the programme as per the programme guidelines was deficient.

A large number of schemes *i.e.* 7,141 schemes implemented by the Zilla Parishads in the test-checked districts were non-functional while 92 Regional Rural Water Supply Schemes implemented by MJP in the State were non-functional of which in 89 schemes the expenditure incurred was ₹ 443.85 crore. The main reasons for dysfunctional schemes were non-payment of electricity dues, drying of source, pending repairs, non-taking

over of the Schemes by ZPs, no demand from GPs, rendering the expenditure on the Schemes as unfruitful.

Thus, even after incurring huge expenditure, the targets set for providing drinking water, piped water, issues of tackling water quality *etc.*, could not be achieved and therefore, warrant more effective measures.

**(Paragraph 3.4)**

- In contravention to the terms and conditions of the Lease Deed, Mumbai Metropolitan Region Development Authority did not recover additional premium and interest thereon amounting to ₹ 428 crore from a private developer for a plot allotted in Bandra-Kurla Complex, for delays in construction.

**(Paragraph 3.5)**

- Mumbai Metropolitan Region Development Authority did not recover lease premium dues as per the prescribed schedule, on additional built up area allotted to the lessees in Bandra-Kurla Complex, resulting in non-recovery of ₹ 855.59 crore as of March 2017.

**(Paragraph 3.6)**

- Slum Rehabilitation Authority incorrectly approved a Scheme for rehabilitation of Project Affected People on encumbered land at village Mahul, Chembur, Mumbai ignoring security concerns of Central Government Agencies, resulting in undue favour to a private developer.

**(Paragraph 3.7)**

- The decision of the Chief Executive Officer, Slum Rehabilitation Authority in not deducting the mandatory 15 per cent for recreational/amenity open plot from the total Floor Space Index in a project at Mulund, Mumbai, resulted in undue benefits to the Developers in terms of saleable FSI to the tune of ₹ 37.93 crore.

**(Paragraph 3.8)**

- Collectors of Mumbai City and Mumbai Suburban failed to enforce the order of payment of revised lease rent as per Revised Policy of the Government resulting in loss of revenue to the tune of ₹ 60.33 crore and the Lessees continued to occupy the premises.

**(Paragraph 3.10)**

- A faulty Memorandum of Understanding with a private company for a water supply scheme based on the Tillari Dam in Konkan area and non-release of funds to the Maharashtra Jeevan Pradhikaran, had resulted in blocking of funds of ₹ 52.95 crore and liability of ₹ 11.66 crore, besides depriving the targeted beneficiaries of the intended benefits.

**(Paragraph 3.13)**

- The Maharashtra Housing and Area Development Authority in violation of approved plans, awarded and executed a work beyond the scope of the permissible Floor Space Index resulting in a stalled project at Kalina, Santacruz (East), Mumbai and infructuous expenditure of ₹ 16.30 crore.

**(Paragraph 3.18)**

## 1.7 Responsiveness of Government to Audit

### 1.7.1 Inspection Reports Outstanding

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

As of June 2017, 3,693 IRs (13,621 paragraphs) were outstanding. Year-wise details of IRs and paragraphs are shown in **Appendix 1.1**.

### 1.7.2 Response of Departments to Draft Paragraphs and Performance Audits

The draft paragraphs and performance audits were forwarded demi-officially to the Additional Chief Secretaries/Principal Secretaries/Secretaries of the concerned Departments between May 2017 and October 2017 with the request to send the responses within four weeks. The Government reply was received to one theme based audit while no replies were received in respect of two performance audits, three theme based audits and 14 draft paragraphs featured in this report.

### 1.7.3 Follow-up on Audit Reports

According to instructions issued by the Finance Department, GoM in January 2001, Administrative Departments were required to furnish Explanatory Memoranda (EMs) duly verified by Audit to the Maharashtra Legislature Secretariat in respect of paragraphs included in the Audit Reports, within three months of presenting the Audit Reports to the State Legislature. The Administrative Departments, however, did not comply with these instructions. The status of outstanding EMs from 2010-11 to 2015-16 is indicated in **Table 1.2**.

**Table 1.2: Status of submission of EMs during 2010-16**

Audit Report	Date of tabling the Report	Number of Paragraphs and Reviews	Number of EMs received	Balance
2010-11	17 April 2012	13	12	01
2011-12	18 April 2013	08	08	
2012-13	14 June 2014	13	11	02
2013-14	10 April 2015	10	10	00
2014-15	05 August 2016	09	03	06
<b>Total</b>		<b>53</b>	<b>44</b>	<b>09</b>

Note: Audit report for the year 2015-16 was placed on 11 August 2017 hence not considered.

The EMs in respect of 15 paragraphs relating to the period prior to 2010-11 was outstanding. Department-wise details are shown in **Appendix 1.2**.

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

The PAC discussed 264 paragraphs pertaining to the Audit Reports for the years from 1985-86 to 2014-15 and gave 537 recommendations of which, ATNs were pending on 445 recommendations, as indicated in **Table 1.3**.

**Table 1.3: Position of outstanding ATNs on PAC recommendations**

Year of Audit Report	PAC Report Number	Year of PAC	Number of recommendations	Number of ATNs awaited
1985-86 to 2002-03	16, 17, 19, 24, 28	1994-95	170	132
	1, 2, 4, 6, 8	1995-96		
	20, 24,	1997-98		
	3, 6	2000-01		
	9	2001-02		
	13	2003-04		
	8	2007-08		
	13, 14	2008-09		
2003-04	14	2008-09	3	3
2004-05	14	2008-09	1	0
2005-06	8	2010-11	94	79
2006-07	15	2008-09	85	61
	9	2012-13		
	1	2015-16		
2007-08	13	2012-13	22	14
2008-09	17	2012-13	30	27
2009-10	18	2012-13	14	11
	6	2015-16		
2010-11	12,17	2015-16	38	38
2011-12	--	--	--	--
2012-13	24	--	19	19
2013-14	19	--	61	61
2014-15	--	--	--	--
<b>Total</b>			<b>537</b>	<b>445</b>

Note: There were 343 ATNs of previous years

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



## **CHAPTER - II**

<b>PERFORMANCE AUDITS</b>	<b>Page 13 to 71</b>
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### **2.1 Food and Drugs Administration**

### **2.2 Management of Sports Infrastructure in Maharashtra**





## CHAPTER II

### PERFORMANCE AUDITS

#### Medical Education and Drugs Department

##### 2.1 Food and Drugs Administration

###### Executive Summary

The Food and Drugs Administration (FDA) functions under the administrative control of Medical Education and Drugs Department (MEDD) in Maharashtra State. It is responsible for implementation of Food Safety and Standards (FSS) Act and Drugs and Cosmetics (D&C) Act as well as other Acts, Rules and orders designed to safeguard public health and to ensure quality of Drugs, Cosmetics and Food. FDA carries out important regulatory functions of granting and renewing license for drugs issued to the manufacturer/sellers in the State, investigates complaints regarding quality and overpricing of drugs, carries out inspections of the drug manufacturing and selling units, draws and tests samples of food and drugs so as to ensure quality as per standards. The FDA is also required to take legal action against the offenders.

The Performance Audit on 'Food and Drugs Administration' covered test-check of records for the period 2012-2017.

Some of the serious deficiencies noticed are as follows:

- State Level Steering Committee required to be set up under the Food Safety and Standards Regulation, 2011 met only twice during 2012-17. Out of 30 district offices, four meetings each were held in Pune and Nanded between August 2013 and June 2017, while, in the remaining 28 district offices, District Level Steering Committee did not meet even once during 2012-17.
- No survey was undertaken to develop a database on Food Business Operators (FBOs). Central Advisory Committee estimated 16.86 lakh FBOs in the State of which only 9.43 lakh (56 per cent) were registered/licensed as of March 2017.
- There was shortfall of 37 per cent in the post of Drug Inspectors who are key personnel for effective enforcement of provisions made under different Acts for Drugs control. There was wide variation in the workload of the Drug Inspectors due to uneven distribution of Drug Inspectors among the seven Divisions in State.
- FDA had failed to take action to cancel the licenses of 1,535 Drug selling units whose licenses had expired, thereby posing a risk to public health by the possible sale of drugs by such units.
- The renewal of Drug licenses was done without inspection of the premises of the Drug selling units and thereby the requirement of adequate physical infrastructure was not ensured before grant of licenses. Inspection/survey was not done to verify that the Drug

selling/manufacturing units were not involved in any activities during the suspension period.

- There were serious shortfalls in the inspection of FBOs, Drugs manufacturing and selling units. The shortfall was to the extent of 35 per cent in the case of Drugs manufacturing units and 63 per cent in the case of selling units.
- Sampling to ensure quality showed serious deficiencies.
  - Samples of infant food, instant milk substitutes, meat and fish products, fruits and vegetables were not taken for testing.
  - Microbiological tests for food samples were not carried out as there was no microbiological division and thus, pathogenic bacteria, yeast and mould could not be tested raising serious food safety concerns. Tests to analyse the contents of metals, toxic substance and insecticides articles were also not being done due to non-availability of requisite equipment.
  - ‘Gap Analysis Report’ of October 2013 based on study carried out by the FDA, brought to the fore issues relating to infrastructure, equipment, man-power in food laboratories but the Department did not initiate any action till November 2017. Of the three Food Testing Laboratories (FTLs) test-checked in audit, FTL at Mumbai only was found functional resulting in dependence on the Public Health Laboratories for testing of food samples drawn by FSOs.
  - Test Reports issued by Food analysts of eight selected districts, contained disclaimers stating that toxin, contaminants, residue and most of the additives were not checked.
  - The DCLs at Aurangabad and Mumbai issued 2,026 test reports during 2012-17, without expressing any opinion on the samples of drugs tested. Test reports on the drugs tested were issued after 90 days from the date of receipt of sample in the DCLs, in 10,501 (40 per cent) samples tested.
  - The DCLs in Aurangabad and Nagpur did not have facilities to conduct microbiological test on drugs and cosmetics and as a result all the samples were being sent to DCL, Mumbai, where they were unable to cope with the volume of work. Opportunity to strengthen and upgrade the DCLs by purchasing various modern equipment was lost despite availability of funds due to non-receipt of approvals from MEDD/Finance Department to the purchase proposals of the FDA.
- The delay in recalling Not of Standard Quality (NSQ) drugs resulted in consumption of the NSQ drugs by the public. In 95 (25 per cent) out of 375 cases scrutinised in audit, more than 50 per cent of the NSQ drugs were already consumed before they were recalled. Of this, in 61 cases, the entire stocks of NSQ drugs were consumed and therefore could not be recalled.

- **The monitoring mechanism in the Department was weak in view of absence of periodical reports on various key issues as also deficiencies in the reports submitted to the Commissioner, FDA.**

**The deficiencies identified above clearly indicate the failure of the Medical Education and Drugs Department in ensuring that the food consumed by the Public is of standard quality. Further, even the quality of drugs supplied is not ensured due to inadequate testing and failure to follow-up effectively.**

**This can have serious consequences for the health and welfare of the public.**

### **2.1.1 Introduction**

The Food and Drugs Administration (FDA) functions under the administrative control of Medical Education and Drugs Department (MEDD) in Maharashtra. It is responsible for implementation of Food Safety and Standards (FSS) Act and Drugs and Cosmetics (D&C) Act as well as other Acts, Rules and orders designed to safeguard public health and to ensure quality of Drugs, Cosmetics and Food. The Headquarters of FDA, headed by the Commissioner, is in Mumbai.

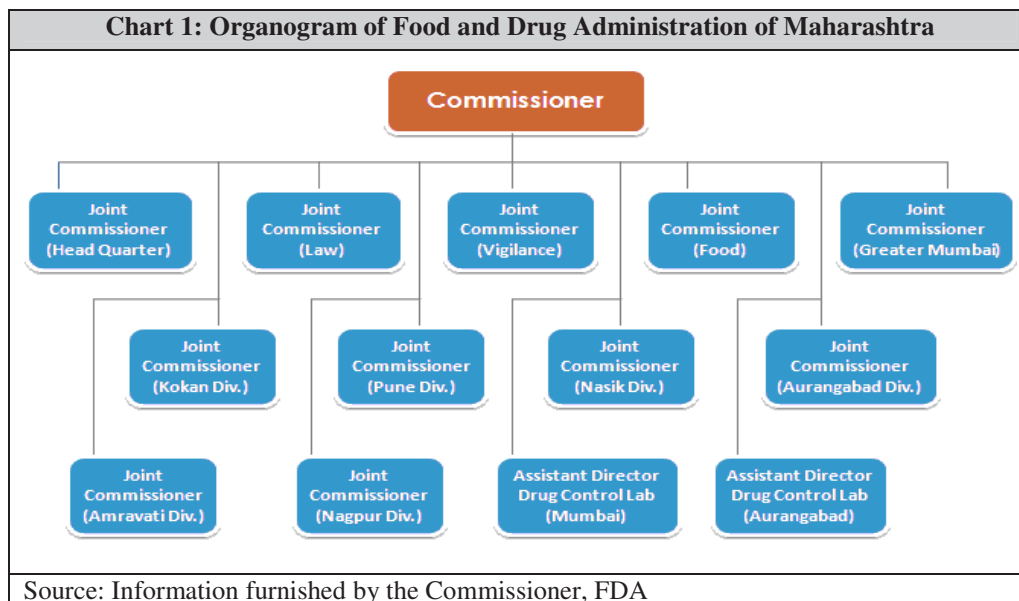
The Commissioner, FDA is assisted by 18<sup>1</sup> Joint Commissioners who are assisted by Assistant Commissioners (ACs)/Designated Officers<sup>2</sup> and Food Safety Officers<sup>3</sup> (FSOs). The district offices are headed by ACs<sup>4</sup>. In addition, three Drug Control Laboratories (DCLs) function at Aurangabad, Mumbai and Nagpur headed by Assistant Directors (except DCL, Nagpur where no posts are sanctioned) in which, testing of food and drug samples is carried out. The testing of food samples is also done at 15 laboratories under the control of the Public Health Department (PHD). An organogram of FDA is shown in **Chart 1**.

<sup>1</sup> Four (Joint Commissioner, Food; Joint Commissioner, Law; Joint Commissioner, Vigilance and Joint Commissioner, Headquarters at FDA headquarters) and 14 at Divisional headquarters (One Joint Commissioner each for Food and for Drugs at Amravati, Aurangabad, Greater Mumbai, Nagpur, Nashik, Pune and Thane/Kokan)

<sup>2</sup> An officer appointed under Section 36 of the Act who is in-charge of food safety administration and responsible for issuing of licenses to Food Business Operators (FBOs) in districts

<sup>3</sup> An officer appointed under Section 37 of the Act who is responsible for issuing of registration certificates to petty FBOs in the assigned local areas

<sup>4</sup> Except at Divisional headquarters and newly created Gondia, Hingoli, Nandurbar, Palghar and Washim districts



### 2.1.2 Audit objectives

The broad objectives of the Performance Audit were to assess whether:

- regulatory and Administrative mechanism was in place for implementation of the relevant Acts and Rules;
- requisite infrastructure and resources were available;
- effective mechanism was in place for creating awareness amongst consumers about substandard food, drugs and cosmetics and for grievance redressals; and
- monitoring and evaluation functions were effective in the implementation of relevant Acts/Rules.

### 2.1.3 Audit criteria

In order to achieve the audit objectives, the following audit criteria were adopted:

- The Drugs and Cosmetics Act, 1940 and Rules, 1945;
- The Drugs (Prices Control) Order, 1995 and 2013;
- Food Safety and Standards Act, 2006;
- Food Safety and Standards Rules, 2011;
- Food Safety and Standards Regulations, 2011;
- Circulars/ instructions/ orders/ notifications/ resolutions issued by Government of India (GoI)/ Government of Maharashtra (GoM) in respect of functioning of FDA; and
- Bombay Financial Rules, 1959 and Maharashtra Treasury Rules, 1968.

### 2.1.4 Audit scope and methodology

The Performance Audit covered test-check of records for the period 2012-2017. An Entry Conference was held with the Principal Secretary, MEDD (11 May 2017) and with the Commissioner, FDA (17 July 2017). The records in the offices of the Principal Secretary, MEDD, Mantralaya, Mumbai,

Commissioner, FDA, eight<sup>5</sup> out of 30 district offices<sup>6</sup> in the State for Food and eight<sup>7</sup> district offices for Drugs selected by adopting Simple Random Sampling Without Replacement (SRSWOR) method were test-checked. The records of all the three Drug Control Laboratories (DCLs) at Mumbai, Aurangabad and Nagpur were also test-checked. In addition, records of eight<sup>8</sup> laboratories connected to selected eight districts for testing of Food samples were scrutinised. Joint physical inspection of Food Business Operators (FBOs) with expired licenses was also conducted.

The reply in respect of Drugs Administration received (September 2017) from the Commissioner, FDA has been suitably incorporated in the Performance Audit. An Exit Conference to discuss the audit findings could not be held as there was no response from the Government despite constant follow-up with the Government and Commissioner, FDA.

## Audit Findings

### 2.1.5 Regulatory and Administrative Framework

Regulatory and Administrative mechanism of FDA consists of licensing, inspections, sampling, sample testing, adjudication and prosecution functions as envisaged in relevant Acts, Rules and Regulations.

#### 2.1.5.1 Non-availability of FDA offices in five districts

Maharashtra has 36 districts. However, only 30 district offices were found functioning as of March 2017 (for two districts of Greater Mumbai Division, one FDA office is available). Five districts viz., Gondia, Washim, Hingoli, Nandurbar and Palghar did not have their own district office but were attached to nearby districts. It was noticed that MEDD had given sanction (October 2009) for setting up offices in rented premises in four districts except Palghar. Accordingly, buildings were taken on rent in 2009 without posting the required staff, resulting in wasteful expenditure of ₹ 56.24<sup>9</sup> lakh on rent.

Reply of Government was awaited (November 2017).

#### 2.1.5.2 State Level and District Level Steering Committees

In order to enforce the FSS Act, appropriate regulatory and administrative mechanism was required to be set up for ensuring its uniform implementation.

As per Regulation 2.1.15 of Food Safety and Standards Regulation 2011, a State Level Steering Committee (SLSC) with Chief Secretary as its Chairperson and a District Level Steering Committee (DLSC) with District Collector as its Chairperson were to be constituted to assist, aid or advice on any matter concerning food safety in the State. Both the committees were to meet once a month and decisions taken were to be forwarded to appropriate

<sup>5</sup> Amravati, Aurangabad, Greater Mumbai, Nagpur, Nanded, Nashik, Pune and Thane

<sup>6</sup> District offices are not established in Gondia, Hingoli, Nandurbar, Palghar and Washim districts. One office for two districts of Greater Mumbai

<sup>7</sup> This includes five divisions at Aurangabad, Greater Mumbai, Nagpur, Pune and Thane (Konkan) which also look after the working in divisional headquarters district including selling licenses and three districts at Jalgaon, Nanded and Yavatmal

<sup>8</sup> Mumbai (FDA), Pune (PH), Aurangabad (FDA and PH), Nagpur (FDA and PH), Nashik (PH) and Amravati (PH). Thane and Nanded did not have laboratory

<sup>9</sup> October 2009 to March 2017 = 90 months × Rent ₹ 62,487 per month = ₹ 56.24 lakh

authority (Food Safety and Standards Authority of India (FSSAI)/MEDD) for necessary action.

Accordingly, MEDD constituted (August 2012) SLSC at the State level and DLSC in each district. It was observed that SLSC met only twice in the months of September 2012 and October 2012 during 2012-17. Out of 30 district offices, four meetings each were held in Pune and Nanded between August 2013 and June 2017. In the remaining 28 district offices, DLSC did not meet even once during 2012-17. Thus, the objectives for constitution of these Committees were not achieved.

AC, Thane replied (September 2017) that District Level Steering Committee was not constituted in Thane.

### **2.1.5.3 Absence of database of Food Business Operators**

While FDA had a database of drugs manufacturing and selling units, they did not have one for Food Business Operators (FBOs). As per Regulation 2.1 of FSSR, petty FBOs having an annual turnover not exceeding ₹ 12 lakh are required to register themselves by submitting an application to the FSO concerned along with self-attested declaration of adherence to the specified requirements. Other than petty FBOs, no person can commence food business without possessing a valid license. For the purpose, an application for the grant of a license is required to be made to the DO/AC (Licensing Authority) concerned.

The Central Advisory Committee<sup>10</sup> (CAC) which has a significant role in enforcement of the FSS Act, had recommended (February 2011) that the Food Safety and Standards Authority of India (FSSAI) would develop a database on FBOs in the country so that exact volume of FBOs and their status with regard to size, type, registration *etc.*, could be estimated. Further, as per Rule 2.1.3.4 (f) of the Food Safety and Standards Regulations (FSSR), it was the responsibility of FSOs to maintain a database of all food businesses within the area assigned to them.

It was observed that no survey was undertaken by either FSSAI or by the GoM through FSOs till date. The CAC in its 17<sup>th</sup> meeting (June 2016) estimated number of FBOs operating in the State as 1.5 *per cent* of the State's population which worked out to 16,85,595 FBOs.

In further compliance with the FSS Act, all FBOs were required to be registered or licensed as per Regulation 2.1.2 of FSSR. It was observed that out of 16,85,595 estimated FBOs, only 9,42,997 FBOs (56 *per cent*) were registered/licensed as of March 2017. Therefore, almost 7,42,598 (44 *per cent*) of FBOs, remained out of the ambit of Regulations and continued to operate unauthorisedly.

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<sup>10</sup> CAC is a Central body consisting of two members each to represent the interests of food industry, agriculture, consumers, relevant research bodies and food laboratories and all Commissioners of Food Safety

Similarly, as per Regulation 2.1.2 (3) of FSSR, license for commencing or carrying on food business, which falls under Schedule 1<sup>11</sup>, shall be granted by the Central Licensing Authority. The required enforcement however in respect of these FBOs was the responsibility of State Licensing Authority. The Director, Central FSSA, Mumbai for Maharashtra had issued 6,027 licenses up to March 2017. However, no separate records for inspection of FBOs to whom licenses were issued by the Central Licensing Authority were maintained by the eight district offices test-checked. Thus, it could not be ascertained by audit whether the units possessing central licenses were inspected by State Authorities.

JCs, Thane, Amravati, Aurangabad and Nanded accepted (September 2017) that no FBO survey was conducted and no records were available for central licensee units. Government reply was awaited (November 2017).

#### 2.1.5.4 Inadequate Manpower

##### i) Deficient Assistant Commissioners, FSOs and Food Analysts

FSS Act provides that the Commissioner, FDA shall appoint an Assistant Commissioner (AC)/Designated Officer (DO) in each district. The ACs grant/cancel license to FBOs, investigate complaints, issue prohibition orders and maintain records of inspection. The ACs also review the working of FSOs and refer prosecution cases to the Adjudicating Officer. The FSOs were responsible for inspection of registration/license holders, collecting food samples for analysis, seizing any article of food, summoning and investigating registration/license holders. The Commissioner, FDA directed (August 2011) all the FSOs to collect five food samples and to inspect 10 FBOs per month. Accordingly, the Commissioner, FDA worked out and sent (September 2012) the staff proposal to MEDD as shown in **Table 2.1.1**.

**Table 2.1.1: Requirement of manpower as worked out by the Commissioner, FDA**

Sr. No.	Name of Post	Total requirement	Sanctioned staff	Actual persons in position	Shortfall as compared to requirement (Per cent)	Persons in position in selected districts
1	AC/DO	205	62	41	164 (80)	27
2	FSO	1008	265	180	828 (82)	94

Out of 27 ACs and 94 FSOs posted in eight district offices, 22 ACs (81 *per cent*) and 68 FSOs (72 *per cent*) were posted in three district offices at Mumbai, Pune and Thane.

The CAC in its 16<sup>th</sup> meeting (January 2016) had also observed that FSOs are the most important functionaries of the Food Regulatory system and appointment of adequate number of FSOs in the State was imperative for effective enforcement. However, no action was taken by the State Government on the staff proposal. This impacted the inspection of FBOs as discussed in **paragraph 2.1.7.1**.

<sup>11</sup> Dairy units handling more than 50,000 litres of milk/day or 2500 MT of milk solid per annum; vegetable oil processing units with installed capacity more than 2 MT/day; slaughter houses slaughtering more than 50 large or 150 small animal; meat processing units handling 500 kg meat/day; 100 *per cent* export oriented units; all importers; FBOs operating in two or more states, food catering services under Central Government Agencies like Railway, defence *etc.*



Further, as per norms<sup>12</sup>, there should have been 101 Food Analysts (FAs), but only 22 (22 *per cent*) were available. Of the 22 FAs available, only two FAs on rolls of Drugs Laboratory were working in FTLs while 20 FAs belonged to Public Health Laboratories.

Commissioner, FDA stated (August 2017) that the manpower proposal of September 2012 was under consideration of GoM.

## **ii) Absence of Licensing Authorities**

Joint Commissioner (JC) at division level and Assistant Commissioner (AC) at the district level are designated as Licensing Authority for manufacturing and selling units respectively who are responsible for issuance and renewal of licenses to drugs manufacturers/sellers, inspecting units and initiating action for violation of norms.

Audit observed that in all the seven<sup>13</sup> Division offices, JCs were not posted and their work was being done by giving additional charge to ACs. In Ratnagiri and Wardha District office and Greater Mumbai Zones (2, 3 and 4) Drug Inspectors (DIs) were given the additional charge of ACs. This adversely affected regulatory functions as discussed in **paragraph 2.1.6.4**.

The Commissioner, FDA stated (September 2017) that now the vacant posts of Joint Commissioner (Drugs) in five Division offices *viz.* Nagpur, Thane, Pune, Greater Mumbai and Nashik were filled by promotion and transfer.

The reply is not acceptable as the vacancies in the post of JCs and ACs continued during the period covered by audit.

## **iii) Shortage of Drug Inspectors**

DIs are key personnel for effective enforcement of provisions made under different Acts for drugs control. They are responsible for inspections of licensee units, investigation of complaints and collecting drug samples for testing. They are also responsible for follow-up action for “Not of Standard Quality” (NSQ) drugs and for initiating prosecutions for breach of the Acts and Rules. An Expert Committee under the Chairmanship of Dr. R. A. Mashelkar appointed by Ministry of Health and Family Welfare, Government of India (GoI) had recommended (2003) one DI per 50 manufacturing units and one DI per 200 sales/distribution outlets. However, the process for filling up of vacant posts and review of sanctioned strength was still stated (September 2017) to be in progress.

Against the requirement of 413 DIs as per Dr. Mashelkar Committee report, the sanctioned strength was 161 DIs. Only 101 DIs (63 *per cent*) were posted. The position in the test-checked districts is given below:

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<sup>12</sup> As per the norm of five samples per FSO per month. 5×1008 FSOs/50 samples to be analysed by FA/month

<sup>13</sup> Amravati, Aurangabad, Greater Mumbai, Nagpur, Nashik, Pune and Thane (Konkan)

**Table 2.1.2: Shortage of Drug inspectors in the test-checked districts as on March 2017**

District	No. of units		Requirement of DIs	Sanctioned strength <i>vis-à-vis</i> requirement (Percentage)	Men in position <i>vis-à-vis</i> sanctioned strength (Percentage)	Shortage (Percentage)
	Manufacturing*	Selling				
Aurangabad	105	3017	17	7 (41)	4 (57)	3 (43)
Greater Mumbai	261	9338	52	21 (40)	15 (71)	6 (29)
Jalgaon	54	2756	15	4 (27)	3 (75)	1 (25)
Nagpur	109	4461	24	9 (38)	7 (78)	2 (22)
Nanded	38	1960	11	3 (27)	1 (33)	2 (67)
Pune	249	10108	56	16 (29)	9 (56)	7 (44)
Thane	764	10756	69	26 (38)	12 (46)	14 (54)
Yavatmal	20	1155	7	2 (29)	2 (100)	0
<b>Total</b>	<b>1580</b>	<b>43551</b>	<b>251</b>	<b>88 (35)</b>	<b>53 (60)</b>	<b>35 (40)</b>

Source: Information furnished by the JCs/ACs of respective Divisions/Districts  
\* Includes Allopathic, Ayurvedic, Homeopathic and Cosmetics manufacturing units, Blood Banks, Blood Storage Centres and Public Testing Laboratories

As seen from **Table 2.1.2** the shortage of DIs *vis-à-vis* the sanctioned strength was highest in Nanded district at 67 per cent among the eight test-checked districts. The impact of the shortfall was clearly evident from the fact that 1,022 out of 1,960 selling units in Nanded district were not inspected for more than one year as on March 2017.

The shortages in DIs cadre had significant impact on the regulatory activities of the FDA as discussed in **paragraphs 2.1.6.4 (iii) and 2.1.7.2**.

The Commissioner, FDA stated (September 2017) that the proposal for recruitment of Drug Inspectors was submitted to Government. Accordingly, Maharashtra Public Service Commission had taken steps to appoint the candidates but the recruitment process was challenged in Court of Law and therefore recruitment was pending.

### 2.1.5.5 Uneven distribution of Drug Inspectors

The position of DIs deputed in all divisions when compared to the number of manufacturing and selling units as on 31 March 2017 is given in **Table 2.1.3**.

**Table 2.1.3: Division-wise number of manufacturing and selling units per Drug inspector in the State as on March 2017**

Division	Drug Inspectors		No. of units			No. of units per Drug Inspector	No. of units not inspected in 2016-17 (Shortfall percentage with reference to Column 6)
	Sanctioned posts	Men in position (per cent)	Selling	Manufacturing	Total		
1	2	3	4	5	6	7	8
Amravati	11	8 (73)	5624	107	5731	716	2225 (39)
Aurangabad	20	10 (50)	10225	221	10446	1045	5375 (51)
Greater Mumbai	21	15 (71)	9338	278	9616	641	3841 (40)
Nagpur	15	13 (87)	7493	166	7659	589	3147 (41)
Nashik	18	13 (72)	11223	274	11497	884	6410 (56)
Pune	29	15 (52)	17798	397	18195	1213	9984 (55)
Thane	33	18 (55)	11339	952	12291	683	4421 (36)
<b>Total</b>	<b>147</b>	<b>92 (63)</b>	<b>73040</b>	<b>2395</b>	<b>75435</b>	<b>820</b>	<b>35403 (47)</b>

Source: Information furnished by the Commissioner, FDA

It was seen from the table that the average workload per DI was 820 units. It was highest (1,213) in Pune division and lowest (589) in Nagpur division. As

a result, Pune division did not inspect 9,984 (55 per cent) out of 18,195 units in 2016-17. Similarly, in Aurangabad and Nashik divisions which had workload higher than the State average of 820 units per DI, the shortfall in inspection was more than 50 per cent.

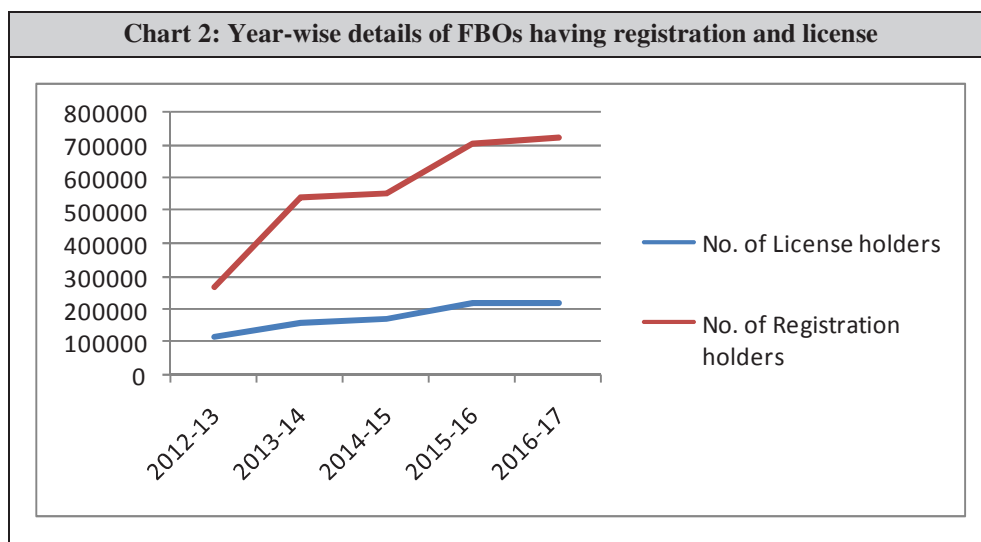
The Joint Commissioner (HQ), FDA stated (July 2017) that a proposal for an increase in sanctioned strength of DIs was pending at Government level since December 2016 and accepted that vacancies as compared to the sanctioned strength resulted in excess workload on the existing staff. The Commissioner, FDA stated (September 2017) that proposal for additional posts of Assistant Drug Inspector was also submitted (December 2016) to the Government for approval.

The fact remains that the regulatory functions had been hampered during the last five years whereas the proposal to fill up the posts was submitted in December 2016 only.

## 2.1.6 Issuance of Licenses

### 2.1.6.1 Licensing and Registration of Food Business Operators

In Maharashtra, against the estimated (June 2016) 16.86 lakh FBOs, 9.43 lakh FBOs (56 per cent) were registered/licensed as of March 2017. The remaining FBOs continued to operate the food business without registration/license in contravention to the provisions of FSS Act. The year-wise number of FBOs who have obtained registration and license in the State is shown in **Chart 2** below:



Audit scrutinised 1,600 licenses<sup>14</sup> and 400 registrations<sup>15</sup> issued to FBOs in eight districts and observed the following:

- In 1,057 out of 1,600 selected cases (66 per cent), licenses were issued to FBOs though requisite documents<sup>16</sup> were not submitted.

<sup>14</sup> 40 licenses × 5 years (2012-17) × 8 districts = 1,600 licenses

<sup>15</sup> 10 registrations × 5 years (2012-17) × 8 districts = 400 registrations

<sup>16</sup> Layout plan, water test report, pollution control certificate issued by State Pollution Control Board, source of raw material for meat and meat processing plant, source of milk or procurement plan for milk, address proof, list of machinery etc.

- In 142 out of 400 selected cases (35 per cent), registrations were granted to FBOs though requisite declarations/documents<sup>17</sup> were not submitted.
- As per Regulation 2.1.1 (3) of FSSR, the FSO shall consider the application and may either grant registration or reject it with reasons or issue notice for inspection within seven days of receipt of an application. Further, as per Regulation 2.1.4 (1), a license shall be issued by the AC within a period of 60 days from the date of issue of application ID number. However, in 245 out of 1,600 licenses, delays ranging between two to 415 days were noticed in issue of licenses, while in 193 out of 400 registrations cases, the delay ranged between two to 341 days in issue of registration certificates.
- As per Regulation 2.1.7 (5) of FSSR, any registration or license for which renewal<sup>18</sup> has not been applied for within the period mentioned in Regulations, shall expire and the FBO shall stop all business activity at the premises. The FBO has to apply for fresh registration or license if it wants to restart the business. However, it was observed that, 764 out of 1,600 licenses and 26 out of 400 registrations had lapsed and were not renewed. But no mechanism existed with FDA to check whether the FBOs with expired licenses and registrations continued to operate in food business as evident from the case below:

GAPPL, Pune continued to supply food under ICDS despite its license getting cancelled

The Women and Child Development Department, GoM placed (February 2015) a supply order on Govardhan Ayur Pharma Private Limited, Indori, Pune (GAPPL) for supply of 20.20 lakh packets of therapeutic food (biscuits) at a total cost of ₹ five crore, under Integrated Child Development Services (ICDS) Scheme. As per conditions of supply order, GAPPL was required to submit a copy of valid FDA license to the Commissioner, ICDS Navi Mumbai. License for manufacture and supply of therapeutic food had been cancelled by AC, Pune (January 2014). FSO, Pune inspected (22 July 2015) the premises of GAPPL and collected the food samples for analysis. Laboratory reports (24 July 2015) showed that the samples were sub-standard and misbranded. Simultaneously, AC, Pune requested the Commissioner, ICDS to recall the sub-standard therapeutic food from all the anganwadis. However, the therapeutic food had already been distributed to the targeted beneficiaries. Thus, as a failure of FDA to check whether the FBOs with expired licenses and registrations continued to operate in food business, substandard food was manufactured and supplied to consumers. JC, Pune stated (July 2017) that a case was lodged with Chief Judicial Magistrate, Pune in November 2015.

- In Nagpur, during joint physical inspection of 20 FBOs (3 July 2017), whose license had expired, eight FBOs were found running their business

<sup>17</sup> Self-attested declaration for maintaining basic hygiene and safety requirements, ID proof, address proof *etc.*

<sup>18</sup> The period of validity of registration and license would vary from one to five years subject to remittance of fee applicable for the period chosen by the FBOs

while fresh licenses were issued to three FBOs after a gap of almost one year. In Mumbai, Nashik, Thane, Aurangabad, Amravati, Nanded and Pune joint physical inspection could not be conducted despite audit request. AC, Nagpur stated (July 2017) that FBOs have now applied for new licenses.

### **2.1.6.2 Illegal selling of drinking water in Puff jars**

In Nashik, FBO units were found (September 2011) selling water in puff jars which were not colorless and transparent with tamper proof seals. The jars did not qualify as the Packaged Drinking Water and Mineral Water and contravened Rule 2.1.2 (5)<sup>19</sup> of (Packaging and Labeling) Regulation, 2011. Moreover, these units had written from time to time (September 2011 and January 2012) to the Commissioner, FDA, Mumbai and FDA, Nashik for issue of license for chilled water services under FSS Act. But FDA refused to issue license on the ground that there was no such category to issue license in the FSS Act. Due to inaction on part of FDA since 2011, business of manufacturing and selling of chilled water in puff jar without a license had continued. It is pertinent to mention that these puff jars are not sealed.

JC, Nashik accepted the facts and stated (July 2017) that the FSS Act specified the provisions only for packaged drinking water. Hence, no action has been initiated against these FBOs since the said business is not included in the norms prescribed for packaged drinking water. He further added that, taking these samples and seizing the stock would not be in adherence to the provisions of the Act.



The contention of the JC is not tenable as the Act provides for packaging requirements for drinking water such as clean, hygienic, colourless, transparent and tamper proof bottles/containers made of polyethylene or polyvinyl chloride for preventing possible adulteration or contamination of the water. These quality checks cannot be ensured for the water which is packed in puff jars.

Similarly, in Thane, the district authorities had identified (May 2017) 67 FBOs selling water in puff jars without license/registration but no action was initiated (November 2017). In Nanded, 13 cases were lodged in court of law by FDA during 2015-17 which were pending. When the issue was raised in

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<sup>19</sup> As per Rule 2.1.2 (5) of (Packaging & Labeling) Regulation, 2011, the packaging requirement of drinking water, it shall be packed in clean, hygienic, colorless, transparent and tamper proof bottles/containers made of polyethylene or polyvinyl chloride (PVC) or sterile glass bottles *etc.*, for preventing possible adulteration or contamination of water

other selected districts, JC, Mumbai stated (July 2017) that there were no units in Mumbai which were selling water in puff jars. JCs, Aurangabad and Amravati stated (August 2017 and September 2017) that there was no database for FBOs selling drinking water in puff jar.

### 2.1.6.3 On-line Food Licensing and Registration System

In order to cater to the legal requirements of the Act and increasing number of FBOs, an online Information Technology application, Food Licensing and Registration System (FLRS) was launched (April 2014) by FSSAI which was adopted by the GoM with immediate effect. However, the Management Information System (MIS) maintained manually was not discontinued. Offline records of 47,670 out of 1,26,128 licenses (38 per cent) and 84,866 out of 2,63,873 registrations (32 per cent) only were uploaded to FLRS as of March 2017. Audit observed the following deficiencies which bring out the unreliability of the data available with the Department.

#### i) Data discrepancy

There was wide variation in data available on FLRS and MIS in all the eight test-checked districts and noticed significant difference in four districts as shown in **Table 2.1.4**.

**Table 2.1.4: Variation in Data between FLRS and MIS**

District	No. of License holders		No. of Registration holders	
	FLRS	MIS	FLRS	MIS
Mumbai	23678	36036	18809	65416
Pune	16584	28705	34041	63238
Nashik	14974	6536	9290	13596
Thane	17264	45221	28627	62842

JC, Pune asked (July 2017) to consider MIS figures only, whereas JC, Nashik stated (July 2017) that figures in MIS were given on estimation. Thus, both FLRS and MIS data were found to be not reliable.

#### ii) Inappropriate jurisdictional areas

Each area coming under the jurisdiction of AC/FSO has been allotted a unique License/Registering Authority Code, which forms an integral part of Registration Number issued to a FBO. However, in Thane and Nashik districts, the license/registration numbers issued by two ACs and 14 FSOs respectively were not in conformity with the License/Registering Authority Codes (**Appendix 2.1.1**) resulting in flawed indication of jurisdictional area which may impact further appeals and litigations. JC, Nashik replied (August 2017) that the matter was reported to FSSAI which had power to update the system.

#### iii) Improper access to FLRS

In Pune, the data about licenses and registrations available in FLRS showed the combined figures for Pune district (Zone 4) and Solapur district as the DO had access to both district codes/passwords. Similarly, in Nagpur, though one AC had retired in 2015, data on licenses and registrations issued in June 2017 was shown against his name. The AC at Nashik district had access to data at Gadchiroli in addition to Nashik. Likewise, AC, Amravati was transferred in June 2016 but the licenses generated were in his name till September 2017. In

Nanded, registrations were issued in September 2017 in name of FSOs who were transferred in June 2017. JCs, Pune, Nanded and Amravati stated (July 2017) that the issue was communicated to Commissioner, FDA/FSSAI.

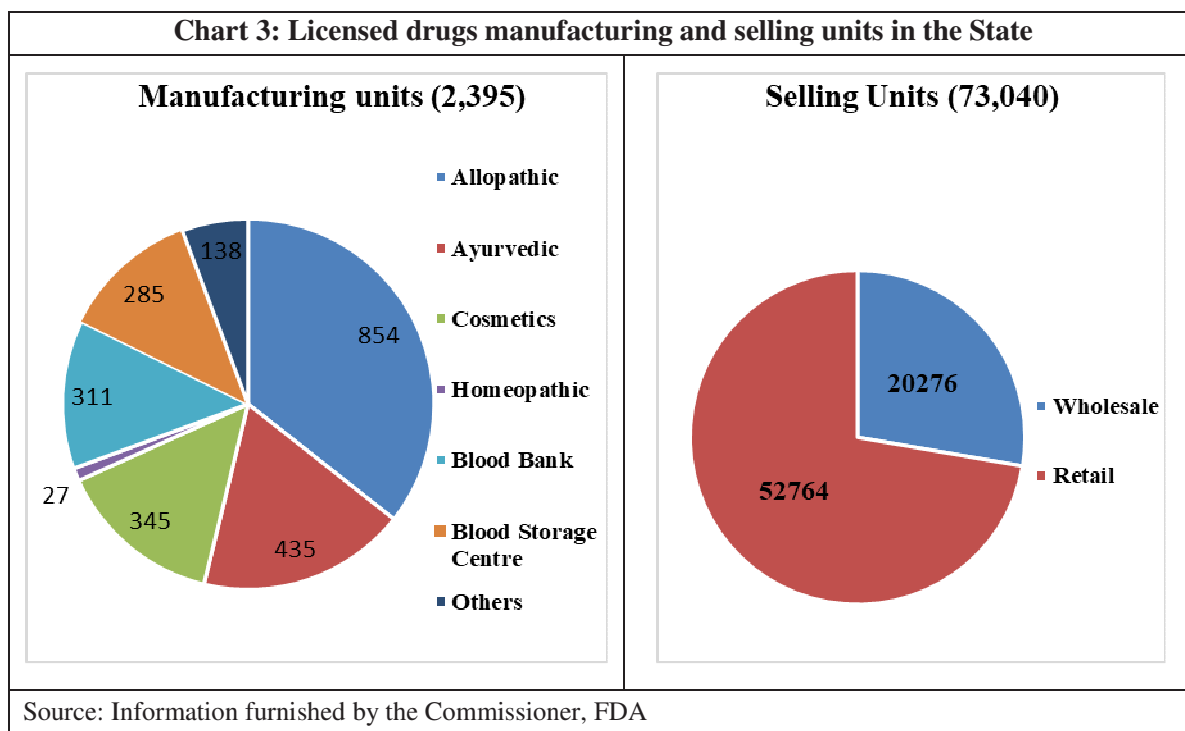
**iv) Dual licensing**

In Amravati, there were 1,697 licensed FBOs on FLRS of which 206 FBOs were allotted a separate license number which was issued manually. This was necessitated due to incorrect data entry of validity period.

Government reply was awaited (November 2017).

**2.1.6.4 Licensing of Drugs manufacturing and selling units**

The licensing function of the FDA as defined in Rules 63, 64, 66, 74, 85, 122(O), 143 and 159 of D&C Rules comprises issuing new manufacturing and selling licenses, renewal of licenses after inspection of premises and suspension or cancellation of the licenses for non-compliance with the licensing conditions. In the State, there were 2,395 and 73,040 licensed drug manufacturing and selling units respectively as of March 2017 as given in **Chart 3**.



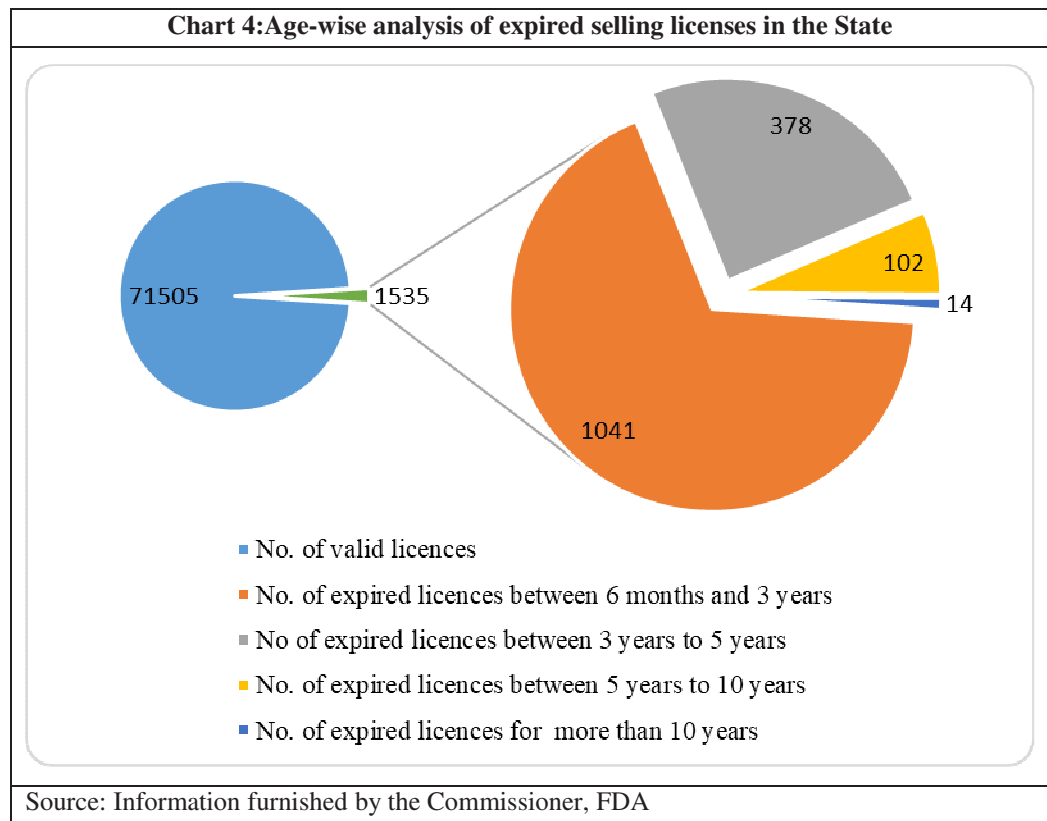
In the case of licensing, Audit findings are discussed below:

**i) Expired licenses**

In terms of the D&C Rules, if an application for renewal of license which is in force is made before its expiry or if an application is made within six months of its expiry, after payment of additional fee, the license shall continue to be in force until orders are passed on the application. The license shall be deemed to have expired if an application for its renewal is not made within six months after its expiry. The JC/AC heading the Division/District office is designated as the licensing authority for drugs/cosmetics manufacturing/selling units. Drugs manufacturing or selling unit may have one or more licenses for

production or sale of different types of drugs, which are required to be renewed every five years.

The FDA did not maintain any database of the status of licenses in respect of manufacturing units. However, based on the information furnished by the JC/AC in the test-checked districts it was noticed that there was no case of expired manufacturing licenses. The FDA maintains a database of the licenses issued to selling units and their expiry date. Analysis of the database by Audit revealed that licenses of 1,535 selling units in the State had expired as at the end of March 2017 but the FDA had not taken action to cancel/remove these licenses from the database after proper inspection. The age-wise break-up of the expired licenses issued to the selling units is given in **Chart 4**.



The status of the expired licenses of selling units in the eight test-checked districts, as on 31 March 2017 is given in **Table 2.1.5**.

**Table 2.1.5: Status of expired licenses of selling units in the test-checked districts as on 31 March 2017**

Name of district	Total no. of expired licenses as on September 2016	Total no. of defaulting firms	Expired since		
			Six months to three years	Three to five years	More than five years
Aurangabad	51	22	51	0	0
Greater Mumbai	19	8	16	3	0
Jalgaon	17	9	9	7	1
Nagpur	61	29	51	10	0
Nanded	0	0	0	0	0
Pune	35	13	22	13	0
Thane	300	128	234	50	16
Yavatmal	0	0	0	0	0
<b>Total</b>	<b>483</b>	<b>209</b>	<b>383</b>	<b>83</b>	<b>17</b>

Source: Information provided by the JCs/ACs of respective Divisions/Districts



As seen from **Table 2.1.5**, there were 483 expired licenses of selling units (209 firms) in six out of the eight test-checked districts. Of these, 300 licenses (128 firms) had expired in Thane district alone. After this was pointed out in audit, JC, Aurangabad cancelled the licenses of eight selling units whose licenses had expired more than six months to three years earlier after verifying that the same were closed permanently and agreed to take action against the remaining 14 selling units. Audit observed that the FDA had management information system showing the status of validity of the licenses. But this vital information readily available was not utilised to inspect on priority those selling units whose license had expired for cancellation of licenses or for taking appropriate action against the selling units if they were found to be operating on expired licenses.

The Commissioner, FDA stated (September 2017) that the entries of expired licenses and closed units were not updated in database system, which would be now done. No licensee was allowed to run the business without valid licenses. If any firm was found doing the business on expired licenses, strict action like prosecution was taken by the FDA.

The reply is factually incorrect as evident from the audit findings. FDA had failed to take action against the selling units whose licenses had expired. Therefore, the risk to public health by the sale of drugs by such selling units whose licenses had expired cannot be ruled out.

## **ii) Renewal of licenses without inspection**

The D&C Rules states that a license to a selling unit shall not be granted or renewed unless the authority empowered to grant the license is satisfied that the premises in respect of which the license is to be granted or renewed are adequate, equipped with proper storage accommodation for preserving the properties of the drugs to which the license applies and are in charge of a person competent in the opinion of the licensing authority to supervise and control the sale, distribution and preservation of drugs. Thus, before renewal of licenses, the Licensing Authority should ensure that the selling units have satisfied the provisions of the Rules properly.

The FDA renews licenses of the selling units online since 2011. Audit test-checked 3,800 renewal cases out of 33,208 renewals done during 2012-17 to verify whether the licenses were renewed after inspection by the DI. The findings in this regard are given in **Table 2.1.6**.

**Table 2.1.6: Renewal of licenses to selling units without inspections**

District	No. of renewals	Renewal cases checked by Audit	Renewal cases in which inspections were not done (per cent)
Aurangabad	2513	300	147 (49)
Greater Mumbai	7756	800	259 (32)
Jalgaon	2194	300	148 (49)
Nagpur	3457	350	142 (41)
Nanded	1671	400	96 (24)
Pune	6401	650	168 (26)
Thane	7992	800	275 (34)
Yavatmal	1224	200	51 (26)
<b>Total</b>	<b>33208</b>	<b>3800</b>	<b>1286 (34)</b>

Source: Information furnished in the test-checked districts

As seen from **Table 2.1.6**, in 1,286 (34 *per cent*) out of 3,800 cases test-checked, the licenses were renewed without inspection. The number of licenses renewed without inspection was maximum (49 *per cent*) in Aurangabad and Jalgaon districts. Audit also observed that the online system did not have inbuilt controls to prevent renewal of licenses, without inspection being done as required under the Rules.

The Commissioner, FDA stated (September 2017) that there was no express provision of inspection for grant or renewal of licenses of selling units. This provision was already complied with at the time of grant of license by physical verification by DI and it was verified during regular inspections of the licensed firms.

The reply is not acceptable as before renewal of licenses, the Licensing Authority should ensure that the selling units have satisfied the provisions of the Rules properly which is not possible without physical verification. Audit also observed that a large number of selling units had not been inspected as discussed in **paragraph 2.1.7.2**.

### **iii) Suspended licenses not monitored**

The D&C Rules provide for suspension and cancellation of licenses of the manufacturing and selling units by the Licensing Authority in the case of contravention of licensing condition or if the manufactured drugs are found to be not of Standard Quality, after issuing Show Cause Notice (SCN) to the licensee.

Scrutiny in the test-checked districts revealed that during 2012-17, the Licensing Authorities had suspended licenses of selling units based on 8,276 SCNs. Test check of 343 SCN files, revealed that the licenses of the selling units were kept under suspension for periods ranging from one to 181 days.

Similarly, the Licensing Authorities had suspended the license of various manufacturing units, Blood banks and Blood Storage Centres based on 336 SCNs issued in the five Divisions *namely*. Aurangabad, Greater Mumbai, Nagpur, Pune and Thane. Test check of 47 SCN files, revealed that the licenses of the manufacturing units were kept under suspension for periods ranging from one to 127 days.

Scrutiny in Audit revealed that no records were maintained by the Licensing Authorities regarding inspection/survey done to verify that the selling/manufacturing units were not operating during the suspension period.

The Commissioner, FDA stated (September 2017) that the monitoring on the activities of selling/manufacturing units during suspension period was done by the field officers and accepted that specific records to this effect were not available. The Commissioner cited only one case of detection in support of action taken.

The Licensing Authorities of the test-checked districts also stated (May to July 2017) that compliance with the suspension order could not be ensured due to manpower shortage.

The very purpose of suspension of license is negated if compliance with the suspension orders is not ensured.

## 2.1.7 Inspections

### 2.1.7.1 Inspection of Licensed and Registered FBOs

As per Regulation 2.1.1 (6) of Food Safety and Standards Regulations 2011, the FSOs shall carry out food safety inspections of the registered establishments at least once in a year. Further, as per Regulation 2.1.2 (5), the ACs shall ensure periodical food safety audit and inspection of the licensed establishments through FSOs or authorised agencies.

Audit observed that Commissioner, FDA had not fixed the periodicity of inspection of the licensed establishments. The number of inspections conducted in the State revealed a decreasing trend from 8.60 *per cent* in 2012-13 to 2.55 *per cent* in 2016-17. Similarly, in the test checked eight districts, only 2.5 to 13 *per cent* of registered and licensed FBOs were inspected by FSOs during 2016-17.

FDA attributed (July 2017) the failure to conduct periodical inspections to shortage of man-power. Despite being aware of the lacuna, nothing was done to improve it as discussed in **paragraph 2.1.5.4**. Government reply was awaited (November 2017).

### 2.1.7.2 Shortfall in inspection of drug manufacturing and selling units

Rule 52 of D&C Rules states that the DI has to inspect all premises licensed for the manufacture of drugs or cosmetics at least once a year to check if the conditions of the license and provisions of the Act and Rules are being observed. As per Rule 162 of D&C Rules, all the premises licensed for the manufacture of Ayurvedic (including Siddha) or Unani drugs have to be inspected by the DI not less than twice a year. Further, as per Rule 51 of D&C Rules, the DIs have to inspect all establishments licensed for the sale of drugs atleast once a year. Scrutiny in audit revealed the following:

The year-wise status of shortfall in the inspection of drugs manufacturing and selling units in the test-checked districts is shown in **Appendix 2.1.2**.

As seen from **Appendix 2.1.2**, there was a 35 *per cent* shortfall in inspections during 2012-17. The shortfall in inspection increased from 16 *per cent* in 2012-13 to 31 *per cent* in 2016-17 and the shortages were in category of ayurvedic, homeopathic and cosmetic units. The shortfall in inspection of manufacturing units was highest (52 *per cent*) in Greater Mumbai district during the same period.

The year-wise status of shortfall in inspection of drugs selling units in the test-checked districts are shown in **Table 2.1.7**.

**Table 2.1.7: Shortfall in inspection of selling units in the test-checked districts**

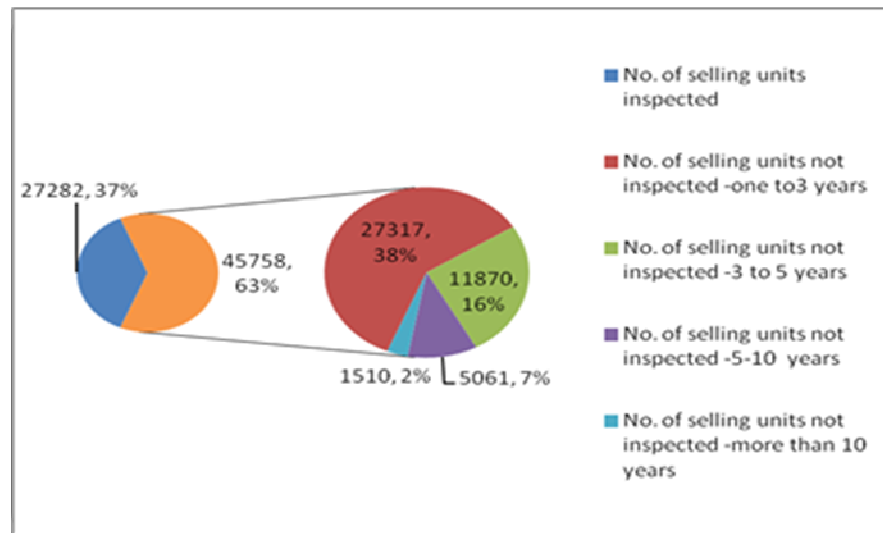
Year	No. of Selling units	No. of Inspections carried out	Shortfall (Percentage)
2012-13	35977	23578	12399 (34)
2013-14	36135	24109	12026 (33)
2014-15	35985	18706	17279 (48)
2015-16	37923	14178	23745 (63)
2016-17	42494	16717	25777 (61)

Source: Information provided by the JCs/ACs of respective Divisions/Districts

As seen from **Table 2.1.7**, the shortfall in the inspection of selling units has increased from 34 per cent in 2012-13 to 61 per cent in 2016-17. During 2016-17, the shortfall in inspection was highest in Nanded district at 87 per cent. Though the number of selling units had been increased from 35,977 (2012-13) to 42,494 (2016-17), the number of inspections carried out decreased.

Audit observed that 45,758 (63 per cent) out of 73,040 selling units in the State had not been inspected as of March 2017.

**Chart 5: Age-wise analysis of selling units not inspected in the State as on 31 March 2017**



Source: Information furnished by the Commissioner, FDA

The position of inspection of selling units in the test-checked districts as on 31 March 2017 is shown below: -

**Table 2.1.8: Selling units not inspected in the test-checked districts as on March 2017**

District	No. of units not inspected				Total not inspected
	One to three years	Three to five years	Five to ten years	More than ten years	
Aurangabad	857	428	140	15	1440
Greater Mumbai	2355	837	774	120	4086
Jalgaon	697	519	249	17	1482
Nagpur	1639	571	129	4	2343
Nanded	481	354	141	46	1022
Pune	2600	1175	609	109	4493
Thane	3380	1516	357	27	5280
Yavatmal	704	1	0	0	705
<b>Total</b>	<b>12713</b>	<b>5401</b>	<b>2399</b>	<b>338</b>	<b>20851</b>

Source: Information provided by the JCs/ACs of respective Divisions/Districts

As seen from **Table 2.1.8**, 5,280 selling units in Thane, 4,493 in Pune and 4,086 in Greater Mumbai districts were not inspected for more than one year as on March 2017. The FDA did not fix any internal targets for inspection of the manufacturing/selling units by the DIs after considering the risk profile of the licensing units and manpower available.

The Commissioner, FDA stated (September 2017) that the inspection of each licensed establishment at least once a year was practically not possible due to

shortage of manpower available with FDA. However, the revised staffing pattern proposal with increased number of posts had been submitted (December 2016) to Government.

Thus, an important regulatory function of inspection of the manufacturing/selling units as stipulated in the D&C Rules was not fully discharged.

The Commissioner, FDA did not offer any comment.

## **2.1.8 Sampling, testing and follow-up**

### **2.1.8.1 Drawing of food samples**

FSSR provide for taking samples of food and food products from the market for testing to ensure that the quality of food meets the standards. It was observed that FDA had not formulated any guidelines for drawing samples of food and food products.

In eight test-checked district offices, it was also observed that

- Samples of infant food, instant milk substitutes, meat and fish products, fruits and vegetables were not taken for testing despite Commissioner, FDA's instructions of December 2014.
- FSOs drew only samples from retail shops and no samples were drawn from manufacturers.
- FSOs could not ensure that remaining stocks of unsafe/sub-standard/misbranded samples were not sold in market, after drawal of samples.
- Adequate space and facility for storage of samples was not available.

JC, Pune stated (July 2017) that test reports were received by FSOs after one to three months from drawal of samples and during this period the stock with the FBOs was exhausted. Meat, poultry and fish samples were not taken as deep freezer facility was not available in any of FDA offices. Thus, the entire system of sampling was defective as even the batches from which samples were drawn could not be blocked. This is further detailed in **paragraph 2.1.8.4.**

### **2.1.8.2 Inadequate facilities for food testing in the State**

Food testing laboratories have been entrusted with the important function of carrying out complete profile analysis of food samples sent by FSOs as per the regulatory requirement. The Laboratories have to maintain high standards of accuracy and reliability. It is also mandatory for all food laboratories to be accredited with National Accreditation Board for Testing and Calibration Laboratories (NABL).

MEDD had three Food Testing Laboratories (FTLs) at Mumbai, Aurangabad and Nagpur before 2012-13. A Committee constituted (January 2012) by MEDD had proposed (March 2012) construction, strengthening and commissioning of eight FTLs at Mumbai, Aurangabad, Thane, Pune, Nagpur,

Amravati, Nashik and Kolhapur at an estimated cost of ₹ 827.70<sup>20</sup> crore and establishment of 37 Mobile Laboratories at a cost of ₹ 32.30 crore in the State. No action was, however, initiated by MEDD as of November 2017.

- Of the above three laboratories test-checked in audit, only FTL at Mumbai was functional. The laboratory at Aurangabad was intermittently functional from 2008 to 2012. Thereafter it became non-functional for want of Food Analyst. The FTL at Nagpur was partially functional from June 2016 to June 2017. This resulted in dependence on the Public Health Laboratories for testing of food samples drawn by FSOs. The Public Health Department's (PHD) laboratories already had enough of their own work and therefore, faced constraints in providing their resources for food testing.
- A study was conducted by FDA and State Public Health Department for 18 laboratories in the State with an objective to strengthen the food laboratory network. The 'Gap Analysis Report' brought to the fore issues relating to infrastructure, equipment, man-power which had to be addressed to bridge the gap between existing and desired outcomes in Food Laboratories.

**Table 2.1.9: Prominent gap areas reported in 'Gap Analysis Report'**

Particular	Proposed	Available	Gap
Human Resources (Technical)	306	Nil	306
Instruments	347	57	290
Infrastructure	73000 sqft	9500 sqft	63500 sqft

The above report was referred (October 2013) to Commissioner, FDA for further action. No action was initiated on it as of November 2017.

- During 2013-14, four mobile food testing laboratories along with allied instruments and equipment for testing of milk, milk products and other food products were purchased (March 2014) at a cost of ₹ 1.97 crore to reduce the time between sample collection, its analysis and reporting. These were stationed at Mumbai, Ahmednagar, Kolhapur and Bhandara. As no technicians were posted, three mobile laboratories could not function and one mobile lab could be put to use only for six days by taking help of technicians from district public health laboratory.



<sup>20</sup> Cost of five laboratories at Mumbai, Aurangabad, Pune, Nagpur and Thane – ₹ 577.35 crore + cost of three laboratories at Nashik, Amravati and Kolhapur – ₹ 250.35 crore

- During the period 2012-17, the FTLs and Public Health Laboratories in the State had analysed 43,434 food samples as against the requirement of 79,500<sup>21</sup> samples (55 per cent). Of this 29,563 food samples were found to be standard and 8,101 samples were in contravention of the standards/rules/regulations of FSS Act as detailed in **Table 2.1.10**.

**Table 2.1.10: Analysis of Food Samples in FTLs and PHLs.**

Year	Samples drawn	Samples found standard	Samples found contravening the Standard / Rules/ Regulations
2012-13	9076	7213	1524
2013-14	7024	5494	1630
2014-15	8305	5156	1118
2015-16	7969	5821	1441
2016-17	11060	5879	2388
<b>Total</b>	<b>43434</b>	<b>29563</b>	<b>8101</b>

Source: Performance Budget of MEDD for respective years and MIS data of Commissioner, FDA

Thus, the existing FTLs in the State were not functioning fully, number of laboratories were also insufficient to cater to the testing requirements and the FDA had to rely on Public Health Laboratories which were already overburdened.

### 2.1.8.3 Working of Laboratories

As per Rule 2.4.2 (5) of FSSR, on receipt of the samples, the Food Analyst shall analyse the sample and the analysis report duly signed mentioning the method of analysis in Form VII A is to be sent to the DO/AC concerned within fourteen days of the receipt of the sample. Further, Rule 2.4.2 (6) of FSSR provides that in case the sample cannot be analysed within fourteen days of its receipt, the Food Analyst shall inform the DO/AC and the Commissioner of Food Safety giving reasons and specifying the time to be taken for analysis. Scrutiny of records revealed the following:

#### A MEDD Laboratories

##### Food Testing Laboratory, Mumbai

Of the three<sup>22</sup> laboratories only FTL at Mumbai had got accreditation for three tests namely fat, oil/fat emulsions and beverages. The laboratory did not however, have any regular manpower against the requirement of 92 posts. The staff posted at Drug Control Laboratory was also responsible for FTL. The Deputy Director, FTL, Mumbai had repeatedly requested the JC, (Food), FDA, Mumbai not to send food samples for analysis because of huge pendency and shortage of manpower. The number of samples pending for analysis increased from 69 to 906 between April 2015 and March 2017 and there was a delay of three to four months in issue of the analysis report to AC concerned. **Microbiological tests for food samples were not done as there was no microbiological division and thus, pathogenic bacteria, yeast and mould could not be tested raising serious food safety concerns. Tests to analyse the contents of metals, toxic substance and insecticides articles were also not being done due to non-availability of requisite equipment.**

<sup>21</sup> 265 FSOs × 60 samples per annum × 5 years = 79,500

<sup>22</sup> FTL at Aurangabad, Mumbai and Nagpur

There was inadequate storage facility for storing the food samples received. The walls of the building were damp due to seepage.



Food samples kept haphazardly at FTL, Mumbai.

Instruments worth ₹ 3.01 crore purchased from 2014 to 2016 were not installed due to incomplete electric works and non-availability of appropriate place for installation. As against the requirement of 53 instruments, only 25 were available in the laboratory. Annual maintenance contracts for instruments were not renewed during 2013-14, 2015-16 and 2016-17. Regular calibration of instruments was not done during 2012-17.

The Food Analyst of FTL, Mumbai accepted (May 2017) that the technical staff and supporting staff were insufficient to carry out the sample testing which led to pendency of food samples.

#### **Food Testing Laboratory, Nagpur**

- Though the food testing laboratory at Nagpur was sanctioned in November 2011, the laboratory was partially functional since June 2016. The Food Analyst posted at FTL, Mumbai was also made responsible for analysing food samples received at FTL, Nagpur. She visited Nagpur twice a month. Between June 2016 and June 2017, the Food Analyst visited Nagpur on 20 occasions and analysed only 45 out of 51 informal<sup>23</sup> samples. The food samples drawn by FSOs of FDA, Nagpur were tested at the Regional Public Health Laboratory.

- Though the laboratory was non-functional for a substantial period, an expenditure of ₹ 2.67 crore was incurred during November 2011 to March 2017 on rent, renovations, furniture, machinery and equipment, chemicals and other contingent expenses.

- During 2013-17, 35 instruments/equipment valuing ₹ 1.60 crore were purchased. The warranty of 16 instruments/equipment valuing ₹ 62.22 lakh however, expired before starting the laboratory. Equipment worth ₹ 31.16 lakh purchased (March 2016) for microbiology section was not installed as Air Handling Unit required for the same was not sanctioned by MEDD till November 2017.

<sup>23</sup> Informal samples are those samples whose test reports cannot be used for prosecution in court of law





**Uninstalled machineries and equipment at FTL, Nagpur**

### **Food Testing Laboratory, Aurangabad**

- The Food Testing Laboratory at Aurangabad functioned intermittently from rented premises between May 2008 and June 2012 for 27 months with the help of a Food Analyst from Public Health Department. Thereafter, it was not functional as no Food Analyst was posted. Therefore, food samples collected by FSOs were sent to Regional Public Health Laboratory, Aurangabad for analysis.
- Under the 13<sup>th</sup> Finance Commission, equipment and instruments valuing ₹ 1.81 crore were purchased during 2015-16 for FTL, Aurangabad. These equipment and instruments were installed in Aurangabad drugs laboratory as the FTL was not functional.

### **Food Testing Laboratory, Nashik**

- Though land for construction of FTL, Nashik was allotted in November 2011, JC, Nashik had submitted a proposal only in December 2016 to Commissioner, FDA, Mumbai for according Administrative Approval for the construction of FDA building, Testing Laboratory and Godown building at an estimated cost of ₹ 13.17 crore. This had not been sanctioned as of March 2017.

### **B PHD Laboratories**

- Of the five PHD laboratories checked, in two laboratories at Amravati and Aurangabad, the food analyst was holding additional charge of Nagpur and Nashik respectively while there was no PHD laboratory at Nanded and Thane and food samples were sent to FTL, Mumbai and State Public Health Laboratory (SPHL), Pune for testing.
- Food samples from Integrated Child Development Service (ICDS) were not drawn by FSOs in Pune district. In Pune, the food samples sent by ICDS were tested at SPHL, Pune. It was seen that food samples received from Child Development Project Officer, ICDS did not comply with standards of FSS Act. The action initiated against the suppliers could not be ascertained in absence of records/documents.
- As per Regulation 2.10.8 of FSSR, the quality of potable water has to be tested on 51 parameters. SPHL, Pune while testing samples of packaged drinking water received from AC, Nashik, declared them as standard without

testing 12<sup>24</sup> of the 51 parameters. It was not confirmed whether the water was safe and fit for drinking before declaring it standard. JC, Nashik stated (July 2017) that opinion of food analyst would be sought. Similarly, in Thane, packaged drinking water samples were declared standard by testing 43 out of 51 parameters by FDA, Mumbai. In Amravati, only three samples of packaged drinking water were taken during 2012-17.

SPHL, Pune while testing food supplements taken from 22 FBOs and received from AC, Nashik, found that the nutritional values did not match the information given on the label by the manufacturers. This was in the contravention of Regulation 2.2.2 (3) of FSS (Packaging & Labelling) Regulation, 2011. JC, Nashik stated (July 2017) that the AC did not intimate FBOs nor did he take any action to recall these food supplements.

- Test Reports issued by Food analysts of eight selected districts contained disclaimer stating that toxin, contaminants, residue and most of additives were not checked. FTL, Mumbai and Public Health Laboratories at Aurangabad, Nagpur and Nashik stated (July 2017) that due to shortage of equipment, these tests were not conducted. Thus, it was not ensured that the food samples tested were safe for human consumption.

#### **2.1.8.4 Follow-up action under FSS Act**

##### **(i) Recall of unsafe/substandard/misbranded material**

FSS Act (Section 28) provided that if a food product is unsafe/sub-standard/misbranded, FBO shall immediately initiate procedures to withdraw the same from the market, inform the competent authorities and consumers indicating reasons for its withdrawal. Further, as per Section 38 of the FSS Act, the FSO may seize any article of food which appears to be in contravention of the Act and keep in safe custody of the FBO by executing a bond for a sum of money equal to the value of such articles with one or more sureties as the FSO deems fit.

In eight selected districts, 2,992 food samples were found unsafe/sub-standard/misbranded during 2012-17; but there were no documents to show that FBOs had taken action to withdraw sub-standard food products from market. Also, there was no document to show that FSOs had executed a bond for keeping food products in safe custody of FBOs for articles of food.

JCs, Pune, Aurangabad, Thane and Nanded replied (July 2017, August 2017 and September 2017) that no FBO had recalled the substandard products/material and no bond was executed by FSOs. JC, Nashik and Nagpur stated (July 2017) that the said information was not available. JC, Amravati stated (September 2017) that in some cases, notices were issued to FBOs to recall the material but there was no such record of recalled material.

##### **(ii) Adjudication**

The FSS Act provided that the State Government may notify an officer as Adjudicating Officer (AO). The State Government notified (2011), JCs as

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<sup>24</sup> Tests for Phenolic Compounds, Manganese, Nickel, Silver, Arsenic, Chromium, Mercury, Selenium, Poly Nuclear Aromatic Hydrocarbons, Polychlorinated hydrocarbons, Polychlorinated Biphenyl and mineral oil

AOs. In seven divisional offices, of the 5,902 adjudication cases registered, 1,741 cases were pending as of March 2017. Though penalty amount of ₹ 185.89 lakh out of ₹ 904.08 lakh levied by AOs could not be recovered in 583 cases, their licenses were not suspended as required under Section 6 of the Act. The details are shown in **Table 2.1.11**.

**Table 2.1.11: Details of Adjudication cases and pending recovery towards penalty**

District	Total number of adjudication cases	Number of disposed cases with penalty	Amount of penalty levied (₹ in lakh)	Number of cases where penalty was recovered	Amount of penalty recovered (₹ in lakh)	Number of cases disposed off but penalty not recovered	Amount of penalty not recovered (₹ in lakh)
Mumbai	520	395	151.66	291	65.73	104	67.41
Pune	1724	1375	219.08	1294	165.55	81	53.59
Nagpur	736	487	70.30	445	57.66	42	12.63
Nashik	850	673	42.27	374	14.27	299	28.00
Aurangabad	561	319	215.94	295	199.67	24	16.26
Thane	1235	702	165.54	702	165.54	0	0
Amravati	276	210	39.29	177	31.29	33	8.00
<b>Total</b>	<b>5902</b>	<b>4161</b>	<b>904.08</b>	<b>3578</b>	<b>699.71</b>	<b>583</b>	<b>185.89</b>

- In Nagpur, due to non-accreditation of the food laboratories with NABL, non-appointment of food analysts, delay in filing the cases, test reports not in prescribed format, 108 cases of adjudication were dismissed/acquitted by AO.
- In respect of Sun Feast Yippee Magic Masala Noodles, the test reports were found to be adverse. The AO, Nagpur however, dismissed seven cases on the grounds that the test reports were not in the correct format and also not signed by Food Analyst. Besides noodle was considered to be a proprietary food, for which no standard was prescribed under the Act and Rule.
- In Amravati, during 2015 out of seven adjudication cases of substandard milk, the AO upheld test report of food analyst in two cases while in five cases challenged the food analyst report though same method of testing had been adopted by the food analyst in all the seven cases.
- In Amravati, a separate current bank account was opened on 01 October 2015 in the name of AO and fine/penalty collected in the form of demand drafts was deposited in this account. Between October 2015 and July 2017, fine/penalty amounting to ₹ 11.79 lakh was collected of which ₹ 9.50 lakh was remitted into government account after a delay of three to nine months. Further, FDA, Amravati had seized 26,514 kg of soyabean oil valuing ₹ 21.97 lakh from an FBO which was found unfit for human consumption. The AO directed to sell the oil in presence of FSO and deposit the amount in AO's bank account.
- In Thane, the AO returned 146 number of cases during 2012-14 to FSOs without any action for not complying Rule 3.1.1(3)<sup>25</sup> of the Act.

<sup>25</sup> On receipt of the communication from the AC authorising the filing of the adjudication application, the FSO shall file the application for adjudication with the AO for adjudication of the offence/contravention alleged to have been committed.

- Rule 3.1.1(9) of the FSSR 2011 provides that the AO shall pass the final order within 90 days from the date of first hearing. However, in Nanded, 20 cases were pending for want of first hearing with the AO for the period 2015-17.

**(iii) Failure to prosecute FBOs for supplying unsafe/ banned food products**

- Section 30 (2) (a) of the FSS Act empowers the Commissioner, FDA to prohibit in the interest of public health, manufacturing, storage, distribution or sale of any article of food, *gutka* or *pan masala*, containing either tobacco and/or nicotine or magnesium carbonate as ingredients, by whatsoever name available in the market and any other products marketed separately having *gutka* or *pan masala*. Further, Sections 41 and 42 of the Act lay down powers and procedure for conducting search, seizure, investigation and prosecution. The procedure for launching prosecution involves inspection, drawing of samples and sending it to laboratory for analysis and based on analysis report, the ACs/Commissioner decide to prosecute the FBOs either before the Adjudicating Officer or Court of Law.

The FSOs seized *gutka* and *pan masala* valuing ₹ 101.86 crore from 5,693 FBOs for violating the prohibition notification during 2012-17. Though FIRs were lodged against 3,973 FBOs, for involvement in unsafe and banned products, no sample was drawn from the seized products for its analysis in the laboratory. Audit observed that 21 FBOs filed (2015) writ petitions in Aurangabad High Court. The Court found that due process was not followed for establishing the fact that seized product was unsafe for human consumption and quashed (March 2016) the criminal cases filed by police against 21 FBOs. Thus, the failure of the FSOs to follow the due process resulted in inability to take action to its finality.

- As per section 59 of the Act, any person who, whether by himself or by any other person on his behalf, manufactures for sale or stores or sells or distributes or imports any article of food for human consumption which is unsafe, shall be punished.

In Nanded, the Maharashtra State Co-operative Consumer Federation, Amravati had supplied (September 2015) peanut (450 Kg) to Ashram school, Sarkhani, Taluka Kinwat. The sample was sent to SPHL, Pune for analysis (December 2015) and the same was reported unsafe (January 2016) for human consumption. FDA, Nanded destroyed (April 2016) the unsafe material but by that time 252 Kg of peanut had been consumed by the inmates. The case was referred to Commissioner, FDA in November 2016 for seeking sanction to prosecute the supplier. No action was however initiated till November 2017 for want of sanction from Commissioner, FDA. Reply of Commissioner, FDA was awaited (November 2017).

**2.1.8.5 Drawing of Drug samples**

The drawing of samples, testing and follow-up action of drugs is extremely important to ensure that spurious drugs are not consumed by the public. However, audit of the system in Maharashtra has revealed serious discrepancies at almost every stage as detailed below:

As per Section 22 (1) (b) of D&C Act, DIs have power to take samples of any drug or cosmetic (i) which is being manufactured or being sold or is stocked or exhibited or offered for sale or is being distributed, (ii) from any person who is conveying, delivering or preparing to deliver such drug or cosmetic to a purchaser or a consignee.

In five out of eight test-checked districts, 5,810 drug samples were drawn by the DIs during 2012-17 against the target of 5,956 samples resulting in shortfall of 146 samples. Greater Mumbai, Nagpur and Thane districts did not furnish the information.

Further, the DIs did not collect samples of medical devices such as stents, orthopaedic implants, heart valves during 2012-17 as discussed in paragraph 2.1.8.6 (v).

### 2.1.8.6 Laboratory testing of drugs and cosmetics

Three Drug Control Laboratories (DCLs) were functioning at Aurangabad, Mumbai and Nagpur under the administrative control of FDA for testing of drugs samples. Availability of adequate technical and non-technical manpower, instruments and chemicals is essential for carrying out complete and timely analysis of the drug samples. Audit scrutiny revealed the following:

#### i) Shortfall of staff in Drug Control Laboratories

The Assistant Director (AD) is the head of the DCL and was responsible for overall functioning of the laboratory. The posts of AD at DCLs, Mumbai and Aurangabad were lying vacant since April 2016. In DCL, Nagpur (functioning from July 2016) though no posts have been sanctioned by the Government, the work was done by appointing officials<sup>26</sup> on deputation from DCL, Aurangabad.

The details of men-in-position *vis-a-vis* sanctioned strength in DCLs Mumbai and Aurangabad as on 31 March 2017 is shown in Table 2.1.12.

Table 2.1.12: Men-in-position *vis-à-vis* sanctioned strength as on 31 March 2017

Particulars	DCL, Mumbai				DCL, Aurangabad			
	Sanctioned posts	Men-in-position	Vacancy	Percentage of vacancy	Sanctioned posts	Men-in-position	Vacancy	Percentage of vacancy
Assistant Director	1	0	1	100	1	0	1	100
Sr. Scientific Officer	5	0	5	100	3	0	3	100
Scientific Officer	23	12	11	48	12	7	5	42
Analytical Chemist	20	20	0	0	12	8	4	33
Sr. Technical Asstt.	21	17	4	19	12	12	0	0
Administrative Officer	1	0	1	100	1	0	1	100
Other staff	44	29	15	34	7	3	4	57

Source: Information provided by the DCLs

The shortage in the key posts of Sr. Scientific Officers and Scientific Officers was alarming and was one of the reasons for the delay in testing of drugs as

<sup>26</sup> Scientific officer:1; Analytical Chemist:2; Senior Technical Assistant:1; Junior clerk cum typist:1

discussed in **paragraph 2.1.8.6 (iii)**. Audit also observed that apart from the shortage of manpower, the laboratory staff of Aurangabad and Nagpur DCLs was also not provided training to upgrade their skills. This could affect the ability of the staff to carry out testing properly and on time. However, the laboratory staff of DCL, Mumbai was provided training.

The Commissioner, FDA stated (September 2017) that the proposal for the additional manpower of 176 posts for laboratories was sent (September 2016) to Government and the same was under the consideration of Government.

## ii) Issue of test reports without expressing opinion on the quality

As per Section 25(1) of D&C Act read with Rule 46 and 163(5) of D&C Rules, the Government Analyst to whom a sample of drug or cosmetic has been submitted for test or analysis shall submit to the Inspector a signed report indicating whether the sample is of Standard Quality (SQ) or Not of Standard Quality (NSQ). Audit observed that the test reports issued by DCLs contained three categories *viz.* Standard Quality (SQ), Not of Standard Quality (NSQ) and No Opinion (NOP). Details of samples received, analysed and results issued by DCL, Mumbai, Aurangabad and Nagpur during 2012-17 (other than homeopathic<sup>27</sup>) is shown in **Table 2.1.13**.

**Table 2.1.13: Details of samples of drugs and cosmetics tested in the DCL during 2012-17**

Year	No. of samples pending at the beginning of the year	No. of samples received during the year	Total	No. of samples tested during the year	Result of sample testing done during the year			No. of samples pending at the end of the year
					SQ	NSQ	NOP	
<b>DCL, Mumbai</b>								
2012-13	693	6266	6959	5641	4926	324	391	1318
2013-14	1318	3548	4866	4844	4143	352	349	22
2014-15	22	3104	3126	2969	2469	317	183	157
2015-16	157	3242	3399	2946	2504	244	198	453
2016-17	453	2965	3418	2929	2408	239	282	489
<b>Total</b>		<b>19125</b>		<b>19329</b>	<b>16450</b>	<b>1476</b>	<b>1403</b>	
<b>DCL, Aurangabad</b>								
2012-13	294	1982	2276	1854	1545	102	207	422
2013-14	422	1144	1566	1472	1214	115	143	94
2014-15	94	1406	1500	1329	1119	134	76	171
2015-16	171	1302	1473	1153	956	122	75	320
2016-17	320	1249	1569	1212	976	119	117	357
<b>Total</b>		<b>7083</b>		<b>7020</b>	<b>5810</b>	<b>592</b>	<b>618</b>	
<b>DCL, Nagpur</b>								
2016-17	0	140	140	88	76	7	5	52
<b>Total</b>		<b>140</b>		<b>88</b>	<b>76</b>	<b>7</b>	<b>5</b>	<b>52</b>
<b>Grand Total</b>		<b>26348</b>		<b>26437</b>	<b>22336</b>	<b>2075</b>	<b>2026</b>	

Source: Information furnished by the DCLs

As seen from **Table 2.1.13**, in 2,026 test reports (eight *per cent*) no opinion was given on the samples. 1,589 samples pertained to ayurvedic drugs and 434 samples pertained to other than Ayurvedic drugs.

The Commissioner, FDA stated (September 2017) that unlabelled, informal, Ayurvedic, new and orphaned<sup>28</sup> drugs samples were the reasons for NOP. Due

<sup>27</sup> Samples of homeopathic drugs is not tested in DCLs but tested in laboratory at Gaziabad which is notified by Government of Maharashtra

<sup>28</sup> An orphan drug is a pharmaceutical agent that has been developed specifically to treat a rare medical condition, the condition itself being referred to as an orphan disease

to non-availability of required infrastructure for testing of these drugs in the laboratory, the complete analysis could not be done and inference could not be drawn for its quality.

The fact remained that the issue of test report with no opinion expressed on the quality of drugs tested, was not only in violation of the D&C Act but also handicapped the Licensing Authorities since they cannot take any action on the basis of such test reports.

**iii) Delays in testing of drugs and cosmetics**

Timely testing of samples is necessary to prevent consumption of NSQ drugs and for initiating action against the errant manufacturers. As per the Standard Operating Procedure prescribed by the Commissioner, FDA, the test reports have to be issued within 90 days of the receipt of samples. The delay in issue of test report noticed in the three DCLs during 2012-17 is given in **Table 2.1.14**.

**Table 2.1.14: Delay in issue of test reports during 2012-17**

DCL	No. of samples tested	No. of test reports issued		No. of NSQ reports issued after 90 days	Range of delay in respect of NSQ reports (in days)
		Within 90 days	After 90 days		
Mumbai	19329	10745	8584	724	1-370
Aurangabad	7020	5123	1897	117	2-194
Nagpur	88	68	20	0	-
<b>Total</b>	<b>26437</b>	<b>15936</b>	<b>10501</b>	<b>841</b>	<b>1-370</b>

Source: Information provided by the DCLs

As seen from **Table 2.1.14**, 10,501 (40 per cent) of the test reports were issued after 90 days from the date of receipt of sample in the DCL. The percentage of test reports issued after 90 days was highest in DCL, Mumbai at 44 per cent.

The delay in issue of NSQ test reports ranged between one day and 370 days. Analysis in audit revealed that 49 per cent of the NSQ test reports i.e. 409 out of 841 NSQ test reports were issued with a delay of more than 60 days.

Delayed reporting of NSQ drugs results in consumption of the drugs during the intervening period which could cause a major health hazard to the public. Such delays resulted in high percentage of NSQ drugs being consumed as discussed in **paragraph 2.1.8.7 (A)**.

The Commissioner, FDA stated (September 2017) that the reasons for delayed reporting were lengthy coding process, uneven flow of samples, non-availability of testing method, impurity standards, necessary infrastructure and shortage of manpower. The Commissioner further stated that corrective measures such as modifying the process of coding, developing software for inventory control of standards, methods and chemicals, revision in sample drawing methodology and proposal for additional manpower were being taken.

**iv) Deficiencies in sample testing**

Section 17B (d) and 33EEA (d) of D&C Act provided that a drug shall be deemed to be spurious if it has been substituted wholly or in part by another drug or substance.

The DCLs, Aurangabad and Mumbai reported that the content of active ingredients was less than the prescribed limits in 92 (50 per cent) out of 183 NSQ drug test reports<sup>29</sup> test-checked in audit. These samples were, however, not analysed further to ascertain whether the active ingredients were substituted. In the absence of further analysis, a drug could be reported as NSQ, instead of spurious drug which as per Section 36-AC of the D&C Act is a cognizable offence.

The Commissioner, FDA stated (September 2017) that the laboratories were engaged in quality control of Drugs and Cosmetics which included testing of parameters prescribed in the specification. Hence if the quantum of active ingredient was lower than the prescribed limit, it was not further investigated as this required sophisticated and well developed, dedicated research unit. When signs of spurious drugs were visible, investigation/ research for substituted drug was carried out and many spurious cases were detected.

The reply only confirms that samples in the cases test-checked by Audit were not analysed further to ascertain whether the drugs were substituted by another drug or substance to meet the short fall in active ingredients.

Audit also observed that in 193 (23 per cent) out of 835 SQ drug test reports test-checked in audit, as per the laboratory protocol, the samples were declared as of SQ without carrying out various tests such as Microbial content/ limit, related substances and uniformity of weight. This was due to lack of working standards<sup>30</sup> from the manufacturer, technical facilities and sufficient quantity of sample. Thus, complete testing was not ensured by the DCLs before issuing the SQ drug reports.

The Commissioner, FDA stated (September 2017) that the testing of samples which remained pending for longer time (due to unavailability of methods, impurity standards, working standards) was carried out as per the specification laid down in Schedule V of Drugs and Cosmetics Act. It was also mentioned in the report that the report for standard for quality was given on the basis of test and assay carried out as given in protocol.

The reply only confirms that the DCLs did not ensure complete testing before issue of SQ drug test reports.

As per Rule 169 of D&C Rules, excipients *i.e.*, additives, preservatives, antioxidants, flavouring agents *etc.*, as per the Indian Pharmacopoeia, Prevention of Food Adulteration Act, 1954 and Bureau of Indian Standard Act, 1986 are permitted for use in Ayurvedic drugs. Scrutiny in audit revealed that during 2012-17, Aurangabad and Mumbai DCLs tested 1,760 samples of Ayurvedic drugs. However, in none of the samples, the use of permitted excipients was tested against the standards, in violation of the D&C Rules.

The Commissioner, FDA stated (September 2017) that neither the methodology nor procedure was available to test excipient/additives in the final formulation. Further, Rule 169 (5) stated that manufacturer shall be

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<sup>29</sup> NSQ drugs test reports issued by the DCLs in the month of January of each year from 2013 to 2017 were test-checked

<sup>30</sup> A drug substance of established quality and purity as shown by comparison to the reference standards material and used as reference working substance for routine quality control



responsible to assure rationality, safety and quantity used of various excipients in the formulation.

The reply confirms the Audit finding. In regard to manufacturer's responsibility, the FDA is also responsible to ensure rationality, safety and quantity used of various excipients in the formulation.

**v) Absence of adequate infrastructure facilities in the Laboratories**

Audit observed that in none of the DCLs medical devices such as stents, orthopaedic implants, heart valves, were tested/analysed during 2012-17. The exception was a few samples of orthopaedic implants which were tested in DCL, Mumbai in February 2017 for corrosion resistance only.

The Commissioner, FDA stated (September 2017) that the DCLs tested the drugs samples received from DIs working in Maharashtra. Medical devices such as stents, orthopaedic implants and heart valves were recently notified as a drug as per notification no. 78(E), dated 31 January 2017 and should be tested in the laboratory notified by Central Government as per notification under Chapter 1.

The reply is not acceptable as the medical devices were already notified by GoI in October 2005. Hence, ensuring the standards prescribed in the D&C Act was an important regulatory function of FDA which was not discharged.

The DCLs in Aurangabad and Nagpur did not have facilities to conduct microbiological test on drugs and cosmetics requiring such tests. DCL, Mumbai alone had the facility to conduct microbiological tests. Due to shifting of all workload to DCL, Mumbai, there was maximum delay in issue of test reports as mentioned in **paragraph 2.1.8.6 (iii)**.

The Commissioner, FDA stated (September 2017) that DCLs, Aurangabad and Nagpur did not have facility to conduct microbiological test, because Aurangabad laboratory was established in a rented premises and open sewage line was flowing adjacent to the building. It was further stated that separate independent building for laboratory was under construction which would be provided with the facility of microbiological testing within a year. Nagpur laboratory was established in rented premises and did not have facility of microbiological testing. The Government had however, also sanctioned funds for separate laboratory building at Nagpur.

In DCL, Aurangabad, 150 batteries connected to UPS which was used for providing power supply to computers and equipment in the event of power failure became unserviceable. The DCL, Aurangabad's proposal (November 2014) for the purchase of new batteries for ₹ 28.47 lakh was pending with the Commissioner, FDA for more than 32 months. Due to non-availability of power backup, risk of damage to equipment on sudden power failure could not be ruled out.

Audit observed that the FDA lost an opportunity to strengthen and upgrade the Laboratories due to non-receipt of approval from MEDD/Finance Department to the proposals submitted by the Commissioner, FDA for purchase of various equipment resulting in surrender of funds of ₹ 30.31 crore during 2012-17 as discussed in **paragraph 2.1.10**.

The Commissioner, FDA stated (September 2017) that the proposal to make the grant available for 120 wet batteries and 154 dry batteries was received from AD, DCL, Aurangabad in May 2015. Accordingly, proposal was sent to Government in September 2015 which is pending for approval.

### 2.1.8.7 Follow-up of drugs and cosmetics

#### A Non-recall of “Not of Standard Quality” drugs

The Commissioner, FDA issued (June 2010) guidelines for taking action on Drug samples declared as “Not of Standard Quality” (NSQ) on the basis of GoI guidelines issued (August 2009) on the subject. As per Para 5 of the guidelines, all JCs, ACs and DIs of respective area in whose jurisdiction NSQ Drug manufacturer is located shall take proper steps for effective withdrawal of sub-standard drugs from the market and quick action against erring manufacturers. On receipt of NSQ drug reports from the DCL or from the outside the State, the Licensing Authority issues show cause notice to the manufacturer directing it to recall the NSQ drugs. Accordingly, the manufacturer is expected to recall the drugs and submit compliance to the Licensing Authority. Thus, the NSQ drugs are required to be withdrawn immediately to stop further sale in the market as it poses numerous health hazards to the public.

i) The details of NSQ drug cases reported by Drug Controllers of other States and DCLs of the State during 2012-17, NSQ cases scrutinised in audit and the cases in which more than 50 per cent of the NSQ drugs were consumed are given in **Table 2.1.15**.

**Table 2.1.15: Details of NSQ cases reported and NSQ drugs consumed in the test-checked districts during 2012-17**

District	No. of NSQ cases reported by		No. of NSQ cases scrutinised in audit		No. of cases where more than 50 per cent of the NSQ drugs were consumed	
	Drug Controllers of other States	DCLs of Maharashtra State	Drug Controllers of other States	DCLs of Maharashtra State	Drug Controllers of other States	DCLs of Maharashtra State
Aurangabad	51	29	30	25	7	10
Greater Mumbai	0	301	0	80	0	18
Jalgaon	0	48	0	10	0	5
Nagpur	106	313	50	50	8	7
Nanded	0	31	0	20	0	7
Pune	18	48	15	30	6	8
Thane	Not furnished	Not furnished	20	15	5	5
Yavatmal	0	61	0	30	0	9
<b>Total</b>	<b>175</b>	<b>831</b>	<b>115</b>	<b>260</b>	<b>26</b>	<b>69</b>
	<b>1006</b>		<b>375</b>		<b>95</b>	

Source: Information furnished by the JCs/ACs of respective Divisions/Districts

Analysis in audit revealed that in 95 (25 per cent) out of 375 cases scrutinised in audit, more than 50 per cent of the NSQ drugs were already consumed before they were recalled. Of this, in 61 cases, the entire stocks of NSQ drugs were consumed and therefore could not be recalled. Audit observed that in respect of NSQ reports received from Drug Controllers of other States, there was delay even in sending the NSQ reports from the Commissioner, FDA’s office to the Licensing Authority concerned in the districts to take action for recalling the NSQ drugs. The time taken in sending the NSQ report in respect

of 25 out of 26 cases scrutinised in audit ranged between 17 days and 196 days.

Licensing Authorities in the test-checked districts accepted (April to July 2017) that due to late receipt of test reports, manpower shortage and lack of infrastructure, recall of entire quantity of NSQ drugs was not possible.

The Commissioner, FDA did not offer specific comment.

ii) Out of 95 NSQ cases in which consumption by the public was more than 50 per cent, audit noticed that in 34 NSQ cases the drugs comprising of tablets, syrups, capsules, injections were recalled. The Licensing Authority however, relied on the compliance report submitted by the manufacturer regarding recall of the NSQ drugs without checking the stock recalled by inspecting the manufacturing units. Further, no report of the DIs was available regarding destruction of the recalled drugs.

The Commissioner, FDA did not offer any comment.

## **B Ineffective pursuance of prosecution cases**

As per Rule 51 (5) and 52 (5) of D&C Rules, it shall be the duty of Inspector to institute prosecutions in case of breaches of the Act and Rules thereunder. The details of prosecution cases filed and decided during 2012-17 in the test-checked districts is shown in **Table 2.1.16**.

**Table 2.1.16: Details of prosecution cases filed and decided in test-checked districts during 2012-17**

District	No. of prosecution cases pending as on 01 April 2012	No. of prosecution cases filed during 2012-17	No. of prosecution cases decided during 2012-17	No. of prosecution cases decided during 2012-17		
				Conviction	Acquittal	Discharge
Aurangabad	45	29	9	0	3	6
Greater Mumbai	476	212	97	31	43	23
Jalgaon	29	15	13	2	7	4
Nagpur	217	62	25	17	2	6
Nanded	19	7	0	0	0	0
Pune	143	62	55	17	4	34
Thane	424	174	75	20	36	19
Yavatmal	23	15	5	0	5	0
<b>Total</b>	<b>1376</b>	<b>576</b>	<b>279</b>	<b>87</b>	<b>100</b>	<b>92</b>

Source: Information furnished by the JCs/ACs of respective Divisions/Districts

As seen from **Table 2.1.16**, in the test-checked districts, the percentage of cases resulting in acquittal and discharge was very high at 69 per cent.

Audit scrutiny of 60<sup>31</sup> out of the total 192 acquittal and discharge cases decided during 2012-17 revealed that the acquittals were mainly because the charges were not proved beyond reasonable doubt, the complainant absent, lack of sufficient evidence, drug found to be of standard quality on testing in Central Drug Laboratory, Kolkata, failure to establish that the samples seized were effectively sealed, no evidence to prove that proper procedure while testing the drugs and its storage was followed and lack of independent witnesses.

<sup>31</sup> 30 Acquittal cases and 30 Discharged cases

The cases discharged were due to non-follow up of cases and because these were pending for a long time *etc.* The reasons for acquittal and discharge indicated that the FDA failed to effectively pursue the cases. Further, the MEDD did not have a separate legal cell which resulted in ineffective pursuance of prosecution cases.

The Licensing Authorities in the test-checked districts attributed the low rate of convictions to insufficient manpower, shortage of inspectors for carrying out quality inspections and raids and lack of knowledge of the legal proceedings.

The reply only confirms the need to adequately train the DIs and the FDA may consider a dedicated Legal Cell to provide legal assistance to the staff, required for handling prosecution cases in the Courts.

The Commissioner, FDA did not offer any comment.

### **2.1.9 Physical Infrastructure**

#### **2.1.9.1 Absence of adequate storage space for seized and confiscated drugs**

As per Section 23 (5), 23 (6), 31 and 33 (K) of D&C Act read with Rule 58 and 58-A of D&C Rules, the DIs while conducting inspection/ search of any manufacturing and selling unit may also seize stock of drugs, inform the Judicial Magistrate and take his orders for the custody of the same. On conviction of the person for contravening any provision of the Act or any Rule made thereunder, the stock of drugs is liable to be confiscated. As per Court order, the stock of drugs has to be destroyed if the same was not of standard quality or distributed to hospital or dispensary maintained or supported by Government or by Charitable institutions if found to be of standard quality.

Safe custody of seized/confiscated stock of drugs is of paramount importance to prevent its theft, *etc.*, loss till its final disposal as per Court order. For this purpose, adequate and safe storage facility is required to keep the seized/confiscated drugs. Proper records have also to be maintained to keep track of the seized/confiscated stock of drugs till its final disposal. The Commissioner, FDA had instructed (March 2015) all heads of FDA offices to provide separate godowns for stocking of seized and confiscated goods and to rent godowns if separate godowns were not available.

Audit observed that two districts (Aurangabad and Yavatmal) out of the eight test-checked districts did not have separate godowns; in the remaining six districts (Pune, Greater Mumbai, Thane, Nanded, Jalgaon and Nagpur) though separate godowns existed, they did not have sufficient space for stocking seized and confiscated drugs. In the absence of separate godowns, seized and confiscated drugs were kept in corridors, lift area, staff area, toilet area, *etc.*, as revealed during joint inspection by audit with FDA officers as shown in the picture below:



Based on the information furnished by test-checked districts, during the period 2012-17, the FDA seized and confiscated drugs valuing ₹ 24.94 crore. However, proper records showing the storage and disposal were not maintained in any of the test-checked districts. Audit could not ascertain whether the drugs seized/confiscated were available or the same were disposed off as per the Court orders. Further, the Commissioner, FDA did not prescribe a system of periodical physical verification of the seized and confiscated stock of drugs.

It is pertinent to mention that Thane Division office (Drugs) was functioning in dilapidated rented premises. There were heavy leakages during monsoon. Thane Municipal Corporation declared (July 2016) the building as dangerous. The JC requested the Collector, Thane (August 2016) and Commissioner, Thane Municipal Corporation (September 2016) to provide office accommodation but did not succeed in obtaining alternative accommodation. Office staff and visiting stakeholders were exposed to grave risk to their life besides the risk of loss of property kept in the premises.



**Deteriorated condition of FDA, Thane (Drugs) office building**

The Commissioner, FDA did not offer any comments.

### **2.1.10 Funding**

For proper implementation of the FSS Act, availability of adequate financial resources is imperative. During 2012-17, the Commissioner, FDA demanded ₹ 242.19 crore for Food administration. Against this, FDA received

₹ 89.45 crore only and incurred an expenditure of ₹ 75.48 crore. Funds received for office expenditure, travel, rent, material supply, advertisement and publicity, vigilance activity were not adequate, hampering the critical activities as described in **paragraphs 2.1.8.2 and 2.1.8.3.**

During 2012-17, funds amounting to ₹ 7.45 crore received under 13<sup>th</sup> Finance Commission grant were released to FDA for strengthening of food testing laboratories. The FDA could however, utilise only ₹ 4.15 crore (56 *per cent*), and the balance amount of ₹ 3.30 crore was surrendered. Under utilisation of funds was attributed to non-completion of *e*-Tendering process and non-receipt of administrative approval from MEDD/Finance Department.

In addition, budget provision of ₹ 53 crore was made for strengthening and upgradation of infrastructure for Drug Control Laboratories (DCLs) during 2012-17, the grants received were ₹ 40.13 crore, however, the FDA was not able to spend ₹ 30.31 crore due to non-receipt of approval of the MEDD/Finance Department to the proposals for purchase of various equipment required for the DCLs. The poor spending in 2016-17 affected the strengthening and upgradation of the Laboratories as discussed in **paragraph 2.1.8.6 (v).** Administrative approval (AA) of ₹ 5.30 crore was given by MEDD (July 2016) for purchase of instruments/equipment. But the *e*-Tendering process was completed (February 2016) even before obtaining AA.

Audit also observed that the FDA had demanded ₹ 243.50 crore during 2012-17 for construction of FDA administrative office buildings in ten districts<sup>32</sup>. As against demand, Government had approved budget provisions of ₹ 37 crore only. Of this, only ₹ 1.64 crore was received and utilised. The non-provisioning/ release of funds as demanded in various districts has resulted in poor/ inadequate physical infrastructure for the Department as discussed in **paragraph 2.1.9.**

The Commissioner, FDA did not offer any comment on the above.

## **2.1.11 Information, Education and Communication**

### **2.1.11.1 Information, Education and Communication Activities**

In the 8<sup>th</sup> CAC meeting held in July 2012, the Chief Executive Officer (CEO) of FSSAI highlighted that Information, Education and Communication (IEC) activities provide for a strong base to create awareness and enforce the FSS Act. In the same meeting, the CEO, FSSAI also recommended that Food Safety Commissioners should take up the matter, insisting that the State Governments should plough back at least 75 *per cent* of fees collected through grant of registrations/licenses to FBOs for carrying out IEC activities. It was observed that during 2011-16, GoM realised ₹ 185.04 crore on the above account, but no funds were earmarked for the purpose of IEC.

Due to lack of any IEC activities in the State, educating the society on food safety standards was ineffective.

<sup>32</sup> Amravati, Akola, Aurangabad, Kolhapur, Mumbai, Nagpur, Nashik, Pune, Thane and Washim

### **2.1.11.2 Lack of effective mechanism for creating consumer awareness**

Though the FDA is vested with powers to ensure the quality of drugs, sale of drugs at authorised prices *etc.*, consumer awareness about substandard drugs and cosmetics, misleading advertisements, overcharging of prices more than the maximum retail price plays an important role and supplements the efforts of the Department to a great extent. To ensure this, regular dissemination of information through print, electronic media *etc.*, is of vital importance. Further, to protect consumer interest in view of the proliferation of e-Commerce and internet selling of various kinds of Drugs through misleading advertisements, creating consumer awareness assumes even greater significance.

Scrutiny in audit revealed that the FDA did not have an effective mechanism for creating consumer awareness in terms of plans for dissemination of information through print, electronic and other mass media, the nature of information to be disseminated, the periodicity of disseminating the information *etc.*

The Commissioner, FDA stated (September 2017) that mechanism for creating consumer awareness was being prepared and a proposal for comprehensive media plan had been submitted (July 2017) to the Directorate General of Information and Public Relations (DGIPR), GoM. Separate fund allocation of ₹ two crore was also made for this purpose.

The reply confirms that the FDA did not have an effective mechanism for creating consumer awareness.

## **2.1.12 Monitoring and evaluation**

### **2.1.12.1 Submission of Annual Returns**

Food Safety and Standards Rules provide that every manufacturer shall submit annual returns on or before 31 May of each year. Every licensee engaged in manufacturing of milk and/or milk products shall file half yearly returns in the months of October and April.

JC, Mumbai stated (August 2017) that no FBO was submitting the returns. The remaining JCs in test checked districts replied that FBOs were submitting the returns.

The monitoring mechanism was weak as the State and District Level Steering Committees barely held any meetings during 2012-17 as discussed in **paragraph 2.1.5.2.**

### **2.1.12.2 Deficiencies in monitoring mechanism**

Existence of effective monitoring mechanism to ensure the implementation of the relevant Acts and Rules is crucial to detect any deviation and take corrective action for future planning. The Commissioner receives monthly reports from the field offices regarding licenses issued/renewed to manufacturing/selling units, inspection of manufacturing/selling units, action taken on the basis of inspection conducted, prosecution cases pending and preferred, details of sample drawn *etc.* Scrutiny in audit revealed following deficiencies in the monthly reports:

- The monthly reports did not indicate the manufacturing/selling units which have not been inspected for more than one year so as to identify the districts which are lagging behind in inspection, for appropriate action.
- The stock of seized/confiscated drugs held, physical verification of such drugs, the status of its destruction or distribution to Government hospital/Charitable institutions as per Court order, were not indicated.

Further, there was no Management Information System in respect of the following key issues:

- The time taken by the three DCLs in issue of test reports on the drug samples along with the reasons for the delay.
- Number of manufacturing/selling units whose licenses have expired, number of licenses suspended, inspection done or pending in respect of such expired/suspended licenses.
- Number of licenses which were renewed without inspections.

The above deficiencies therefore indicated weaknesses in the monitoring mechanism.

The Commissioner, FDA did not offer specific comments.

#### **2.1.13 Conclusion**

The Performance Audit on 'Food and Drugs Administration' covered test-check of records for the period 2012-2017. Audit emphasised on the functional presence of the requisite infrastructure, resources with an adequate administrative and regulatory framework for implementation of the relevant Acts.

Audit revealed that important areas of Food and Drugs Administration (FDA) required immediate attention of Government and prompt remedial action for an effective management of citizens' health. The important findings are highlighted below:

- **State Level Steering Committee under the Food Safety and Standards Regulations 2011, met only twice during 2012-17. Of 30 district offices, meetings were not held in 28 district offices during 2012-17.**
- **Survey was not undertaken to develop a database on Food Business Operators (FBOs). Against the estimated 16.86 lakh FBOs in the State, only 9.43 lakh (56 per cent) were registered/licensed as of March 2017.**
- **Only 20 per cent Assistant Commissioners (Food) and 18 per cent Food Safety Officers (FSOs) were on establishment as against the requirement assessed by Commissioner, FDA for the State.**
- **The Drugs Division offices were functioning by giving additional charge to Assistant Commissioners while Drug Inspectors were also given additional charge of Assistant Commissioners. There was shortfall of 37 per cent in the post of Drug Inspectors.**
- **FDA had failed to take action to cancel the licenses of 1,535 Drug selling units whose licenses had expired, thereby posing a risk to public health by the possible sale of drugs by such units.**



- The renewal of Drug selling licenses was done without inspection of the premises of the selling units. Inspection/survey was not done to verify that the Drug selling/manufacturing units were not involved in any activities during the suspension period.
- There were serious shortfalls in the inspection of FBOs, Drugs manufacturing and selling units. The shortfall was to the extent of 35 per cent in the case of Drugs manufacturing units and 63 per cent in the case of selling units.
- Sampling to ensure quality showed serious deficiencies.
  - Samples of infant food, instant milk substitutes, meat and fish products, fruits and vegetables were not taken for testing.
  - Microbiological tests for food samples were not carried out as there was no microbiological division and thus, pathogenic bacteria, yeast and mould could not be tested raising serious food safety concerns. Tests to analyse the contents of metals, toxic substance and insecticides articles were also not being done due to non-availability of requisite equipment.
  - ‘Gap Analysis Report’ of October 2013 based on study carried out by the FDA, brought to the fore issues relating to infrastructure, equipment, man-power in food laboratories but the Department did not initiate any action till November 2017. Of the three Food Testing Laboratories (FTLs) test-checked in audit, FTL at Mumbai only was found functional resulting in dependence on the Public Health Laboratories for testing of food samples drawn by FSOs.
  - Test Reports issued by Food analysts of eight selected districts, contained disclaimers stating that toxin, contaminants, residue and most of the additives were not checked.
  - The DCLs at Aurangabad and Mumbai issued 2,026 test reports during 2012-17, without expressing any opinion on the samples of drugs tested. Test reports on the drugs tested were issued after 90 days from the date of receipt of sample in the DCLs, in 10,501 (40 per cent) samples tested.
  - The DCLs in Aurangabad and Nagpur did not have facilities to conduct microbiological test on drugs and cosmetics and as a result all the samples were being sent to DCL, Mumbai, where they were unable to cope with the volume of work. Opportunity to strengthen and upgrade the DCLs by purchasing various modern equipment was lost despite availability of funds due to non-receipt of approvals from MEDD/Finance Department to the purchase proposals of the FDA.
- The delay in recalling Not of Standard Quality (NSQ) drugs resulted in consumption of the NSQ drugs by the public. In 95 (25 per cent) out of 375 cases scrutinised in audit, more than 50 per cent of the NSQ drugs were already consumed before they were recalled. Of this, in 61 cases, the entire stocks of NSQ drugs were consumed and therefore could not be recalled.

- **The monitoring mechanism was weak in view of absence of periodical reports on various key issues as also deficiencies in the reports submitted to the Commissioner, FDA. The percentage of cases resulting in acquittal and discharge of offenders was very high at 69 per cent.**

The deficiencies identified above clearly indicate the failure of the Medical Education and Drugs Department in ensuring that the food consumed by the Public is of standard quality. Further, even the quality of drugs supplied is not ensured due to inadequate testing and failure to follow-up effectively.

This can have serious consequences for the health and welfare of the public.

#### **2.1.14 Recommendations**

- **The State Government may conduct a survey and create a database of FBOs which should be updated periodically so as to bring maximum FBOs within the ambit of the FSS Act. The Government may also strengthen the enforcement structure for effectively carrying out regulatory functions by duly addressing the issues of staff shortages on priority.**
- **The Government may streamline the procedure of licensing and registration. The State Government may ensure strict monitoring of license holders whose licenses have expired or suspended. The State Government may ensure that internal targets for inspection of the licensing units are fixed considering the risk profile and also ensure that the licensed units do not remain uninspected for a long period of time.**
- **The Government may establish additional food testing laboratories to meet the requirement of entire state and also ensure that non-functional food testing laboratories are made functional with requisite equipment, infrastructure and manpower for effective implementation of the Act.**
- **The State Government may ensure that testing of drugs and cosmetics is done expeditiously by providing the required manpower, equipment and material for conducting the tests. The Government may also ensure safety, efficacy, purity and quality of drugs and cosmetics by carrying out all the required tests through well-equipped Drug Control Laboratories.**
- **The Government may review the reasons for delay and take concrete steps for timely recall of Not of Standard Quality Drugs to minimise the risk of its consumption by public. The Government may also consider setting up of a dedicated Legal Cell to provide legal assistance to the staff for handling prosecution cases in the Courts to ensure maximum convictions.**

## School Education and Sports Department

### 2.2 Management of Sports Infrastructure in Maharashtra

#### Executive Summary

The State Government formulated the new Sports Policy, 2012 revising the earlier policy of 2001 for preserving the rich sports culture of the State and to equip the sportspersons in the State to face the challenges at international level.

A Performance Audit of Management of Sports Infrastructure in Maharashtra of School Education and Sports Department for the period 2012-17 revealed that though the Government of Maharashtra had formulated the Sports Policy 2012, it was yet to be translated into action plan. No long term plan was prepared for implementation of the Policy. There were delays in execution of schemes due to non-acquisition of land, change in design/scope of works and short or late-release of funds. There was short-release of funds for maintenance and repairs too. As a result, the infrastructure created could not be optimally utilized. The functioning of sports academies also suffered from number of problems viz., less intake, inadequate coaching, lack of sports facilities and basic amenities and this impacted the performance at National, State and International level games. Though emphasis was given on creation of sports infrastructure, in absence of qualified and capable coaches and focused training, it failed to yield the desired outcome. The release of funds was significantly less than the demands made.

The deficiencies mentioned above indicated that even after incurring huge expenditure of ₹ 576 crore, the Sports Department was unable to create adequate sports infrastructure, its proper maintenance and coaching facilities to the sportspersons thereby compromising performance of the sportspersons.

#### 2.2.1 Introduction

For preserving the rich sports culture of the State and for facing the challenges at international level, the State Government formulated new Sports Policy, 2012 revising the earlier policy of 2001. There were 10 main elements of this sports policy namely, (i) creation of basic sports infrastructure; (ii) preparation of national/international players and financial assistance for advanced training; (iii) incentives and felicitation of sportspersons, (iv) creation of sports atmosphere; (v) organisation of sports festivals, (vi) development of technical manpower; (vii) establishment of sports university; (viii) incentives to the institutions working for development of sports in the State; (ix) promotion of adventure sports in the State; and (x) establishment of high power committee for implementation of the policy.

#### 2.2.2 Organisational set-up

The Principal Secretary, School Education and Sports Department (SESD) is the administrative head of the Department. The Director of Sports and Youth Services, Pune (DSYS) is responsible for implementation of various sports

schemes. He is assisted by one Joint Director and three Deputy Directors at Pune. There are eight Deputy Directors responsible for management of sports infrastructure at division level. At district level, the responsibility of sports related affairs is vested with District Sports Officer (DSO). The Deputy Directors and DSOs report directly to the Director of Sports and Youth Services, Pune. The DSOs are assisted by Taluka Sports Officers.

### 2.2.3 Audit objectives

The objectives of the performance audit were to assess whether:

- the plans formulated by the Department for implementation of Sports Policy, 2012 were comprehensive; and factored in the emerging requirements;
- creation, maintenance and utilisation of physical infrastructure was efficient and effective;
- functioning of sports academies along with coaching and training facilities led to creation of a high quality pool of players; and
- sound financial practices were followed in release and utilisation of funds.

### 2.2.4 Audit criteria

The audit findings were benchmarked against criteria derived from the following sources:

- Sports Policy 2001; and Sports Policy 2012;
- Maharashtra Treasury Rules (MTR), 1968 and Maharashtra Public Works Manual (MPWM), 1984;
- Government resolutions (GRs), orders, guidelines *etc.*

### 2.2.5 Audit scope and methodology

A performance audit on “Management of Sports Infrastructure in Maharashtra” was conducted between January and July 2017 covering period of five years from 2012-13 to 2016-17. Audit examined the effectiveness in implementation of New Sports Policy 2012 with reference to the four features, out of total ten features, namely (i) creation of basic sports infrastructure, (ii) preparation of national/international players and financial assistance for advanced training, (iii) organisation of sports festivals, (iv) development of technical manpower. Records maintained by the SESD, Mumbai; DSYS, Pune, eight divisions<sup>1</sup> and eight districts<sup>2</sup> selected by Stratified Random Sampling Method were scrutinised during the course of audit. Besides, records of selected Taluka Sports Complexes (TSCs) and Sports Academies falling under the selected eight districts were also scrutinised with joint inspections of selected sports facilities along with the departmental officials.

An entry conference with the Principal Secretary, School Education and Sports Department (SESD), Government of Maharashtra (GoM) was held on 7 February 2017 wherein the audit objectives, scope and audit methodology of the PA were discussed. The draft performance report was issued to the State

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<sup>1</sup> Nagpur, Amaravati, Aurangabad, Latur, Nashik, Pune, Kolhapur and Mumbai

<sup>2</sup> Nagpur, Amaravati, Aurangabad, Nanded, Nashik, Pune, Ratnagiri and Thane

Government in August 2017. The audit findings were discussed with the Principal Secretary (SESD) in an exit conference held on 9 November 2017. During exit conference, the Principal Secretary, SESD accepted all the recommendations suggested by audit.

## **Audit findings**

### **2.2.6 Policy and planning**

In order to achieve the objectives envisaged in the Sports Policy 2012 (Policy), a well-thought out plan specifying the objectives, allocation of limited resources in accordance to the priorities, fixing of schedule of execution and periodical targets was a pre requisite. The Sports Policy 2012, stipulated that the Sports Department should conduct a survey to collect the information on available facilities like gymnasium, playgrounds, swimming pool, playfields of different sports. The information was to serve as input for future planning of projects. Further, in order to implement the Policy, Government Resolutions (GRs) containing detailed instructions were required to be issued for each feature of the policy.

However, it was observed that

- GoM did not prepare any long term plan for implementation of Sports Policy 2012.
- a Government Resolution for conducting survey was issued only in February 2014. In none of the eight selected districts, the district-wise information on sports facilities, games and players prepared and consolidated.
- although five years had elapsed since the Policy came into force, GRs on only 33 out of 66 sub-points of the policy had been issued. Out of the remaining sub-points, GRs on 18 sub-points were under process while for 15 sub-points like Construction of sports complexes and their maintenance, Adventure Sports, participation of schools in competitions, *etc.*, no proposal had been initiated by the Department as of March 2017.

Thus, the policy, in its entirety, was yet to be translated into administrative action. Audit findings are discussed in the succeeding paragraphs.

During exit conference, the Principal Secretary, SESD, stated (November 2017) that a High Level Committee had been set up under the Chairmanship of Chief Minister and also stated that necessary action would be taken at Government level.

## 2.2.7 Creation of Infrastructure

### 2.2.7.1 Development of Sports Complexes

The status of Sports Complexes in the state is shown in the **Table 2.2.1**.

**Table 2.2.1: Status of Sports Complexes in Maharashtra State**

Type of Sports Complex	Target	Total cost (₹ in crore)	Achievement (No.)			Cost of completion (₹ in crore)
			Completed Complexes (2012-17)	Work in progress	Not yet started	
Divisional	9*	216 <sup>3</sup>	3	4	2	140.62
District	31 <sup>4</sup>	248 <sup>5</sup>	18	11	2	179.47
Taluka	381	381 <sup>6</sup>	70	138	173	150.46
<b>Total</b>	<b>421</b>	<b>845</b>	<b>91</b>	<b>153</b>	<b>177</b>	<b>470.55</b>

Source: Information submitted by Director, Pune  
\* Note: Out of 9 divisional sports complexes, one sports complex of Navi Mumbai was not sanctioned by GoM.

As of July 2017, only 91 Sports complexes were completed as against the target of 421. In selected divisions, districts and talukas, the work on sports complexes at all three levels was found to be delayed or incomplete due to non-release of funds, non-availability of land, incorrect site selection and contractual issues. Audit findings are discussed below:

#### Non-release of funds

- Sports complexes with basic sports amenities were to be developed for meeting National and International Standards at Divisions, Districts and Talukas. An amount of ₹ 33 crore was earmarked (March 2009) for the construction of the same. It was noticed that the GoM had released the grants to the Deputy Directors/District Sports Officers concerned in instalments. Due to this, there were delays in completing the construction works.

At taluka level, in 20 talukas of 14 districts, the construction of TSCs could not commence due to non-release of funds by the GoM even though these works were administratively approved by the competent authority. On the other hand, grant of ₹ 9.57 crore was released to 26 TSC committees although land had not been acquired. The entire grant was, therefore, lying unutilised as of December 2016.

During exit conference, the Principal Secretary, SESD, accepted the facts and stated (November 2017) that grants were released as per availability of funds.

#### Non-availability of land

- In Aurangabad division, instead of selecting revenue-free land for construction of divisional sports complex, the land of Co-operative Spinning Mill Society (28 Acre) having a liability of ₹ 8.78 crore was selected. An amount of ₹ 32.78 crore<sup>7</sup> was granted to the divisional sports complex committee.

<sup>3</sup> @ ₹ 24 crore for each divisional sports complex

<sup>4</sup> Out of 36 districts, GoM had sanctioned only 31 districts for construction of sports complexes

<sup>5</sup> @ ₹ 8 crore for each district sports complex

<sup>6</sup> @ ₹ 1 crore for each taluka sports complex

<sup>7</sup> Clearing the liability of ₹ 8.49 crore and constructing the complex at ₹ 24 crore

- The Divisional Sports Complex Committee, Mumbai had decided (March 2013) to construct the sports complex at Shimpoli, Mumbai on the land handed over by Maharashtra Housing and Area Development Authority (MHADA). Accordingly, project cost was estimated at ₹ 177.94 crore against which the Committee received (January 2014) ₹ 11.86 crore from the GoM. But work could not commence due to demand of ₹ 55.47 crore by MHADA on account of lease rent. As of March 2017, the issue had not been resolved.
- As per GR (December 2005), it was mandatory for the Sports Department to sign a memorandum of undertaking (MoU) with the Government entity whose land was being acquired prior to taking up construction so as to prevent any future dispute on land or created assets. However, it was noticed that in Nanded, the work of District Sports Complex was started (2000) without signing MoU with Nanded Municipal Corporation. An expenditure of ₹ 6.61 crore was incurred by the sports department on the above land for various sports infrastructure. In the absence of MoU, the Municipal Corporation took over the possession of the open stadium and constructed a cricket ground at the same site despite having issued a no objection certificate for the construction of sports complex. The DSO, Nanded took up (February 2017) the matter with the Sports Complex Committee to recover the amount of ₹ 2.75 crore from Nanded Municipal Corporation. However, there has been no further action.
- Out of 273 TSCs administratively sanctioned by Government, 25 TSCs in 15 districts remained incomplete or were abandoned due to non-acquisition of land and court cases. Only 3.86 *per cent* work was executed as of December 2016 after incurring an expenditure of ₹ 3.70 crore out of total grant of ₹ 17.89 crore released by the GoM. The remaining grant of ₹ 14.18 crore was lying unspent with the TSC committee account concerned.

During exit conference, the Principal Secretary, SESD stated (November 2017) that due to non-availability of revenue free land and the selected land falling in the prime location of city, the land of spinning mill was acquired. In case of Mumbai, necessary correspondence with MHADA was in progress. He further stated that due to non-execution of MoU, Corporation took away the possession of the open stadium in Nanded and also stated that the proposal for revision of construction cost of TSCs is being submitted which is under consideration in respect of all the sports complexes.



#### **Incorrect site selection**

- With a view to construct District Sports Complex and International Sports University in Thane, land admeasuring 195.823 sqm was handed over (September 2011) by Revenue & Forests Department (GoM) to the Sports Department. Thereafter, State Sports Development Committee decided (July 2012) to construct a compound wall so as to avoid any encroachment on the said land. As against the total area of 3700 meters, construction work of 400 meters was completed by incurring expenditure of ₹ 78 lakh. However, based on a decision taken by GoM in meeting (January 2015) the afore mentioned land was to be taken up for assessing its viability for

development of Central Business District. Thus, decision on use of land for constructing DSC was still in limbo as of March 2017.

- In violation of GoM instructions to construct sports complex in district headquarter, an amount of ₹ eight crore was sanctioned (March 2016) to construct district sports complex at Gada, Kamptee taluka at Nagpur district which was 30 Km away from Nagpur with a population of 15,000.

Out of 25 test-checked talukas in selected eight districts, in two<sup>8</sup> talukas viz. Bhokar in Nanded and Phulambri in Aurangabad, the selected sites were not appropriate for construction of TSCs due to hilly terrain and inaccessibility of the sites as seen from the photographs below:

	
<i>Hilly land selected for construction of complex at Bhokar taluka</i>	<i>Hilly land selected for construction of complex at Phulambri taluka</i>

During exit conference, the Principal Secretary, SESD stated (November 2017) that necessary action in this regard was in progress.

### Contractual issues

- In Amravati divisional sports complex, synthetic sports flooring system in badminton hall was not executed by the original contractor, though it was one of the tendered items. Later the work was executed by another contractor at a rate, higher by ₹ 0.27 crore.
- In Nashik, the work of divisional sports complex was awarded (July 2009) to a contractor at a tendered cost of ₹ 15.89 crore. However, due to slow progress, the contract was terminated in January 2014. The balance work of ₹ 1.65 crore was retendered at a cost of ₹ 8.23 crore through twelve different agreements during 2014-15 and was yet to be completed as of July 2017.
- In Kolhapur, the work of divisional sports complex was awarded (July 2009) to a contractor at a cost of ₹ 18.01 crore with a stipulated date of completion as January 2011. An expenditure of ₹ 15.57 crore was incurred upto September 2015 i.e. the extended period. This included ₹ 3.19 crore spent on swimming pool. But, the swimming pool could not be put to use due to design fault leading to accumulation of rain-water. However, the work was yet to be rectified as of July 2017 even after a lapse of eight years.

<sup>8</sup> Bhokar (Nanded) and Phulambri (Aurangabad)



- In 11<sup>9</sup> talukas, the works on complexes were 90 *per cent* complete after spending ₹ 8.20 crore. The works were left incomplete owing to rise in rates and contractors' reluctance to execute the work as per tendered rates. As a result, the complexes were lying unutilised and in a deteriorated condition as can be seen from the pictures taken during field visit by the audit team during March, May and July 2017 respectively:



During exit conference, the Principal Secretary, SESD, stated (November 2017) that as per public demand the rollable mats were installed in the badminton court in Amravati. He further stated that the review of sports complexes would be conducted and necessary instructions for rectification would be issued to concerned contractors. In respect of Nashik the security deposit of the original contractor has been deposited with divisional sports complex committee and at present 90 *per cent* work was completed. The reply is not acceptable as only ₹ 3.19 crore was recovered against the total recoverable amount of ₹ 6.58 crore from the contractor.

### Development of Playgrounds

GoM released 'District Planning and Development Council' (DPDC) grant of ₹ 53.88 crore to 1,220 institutions during the period 2012-17, for development of playgrounds. Test-check of 81 cases (25 *per cent*) out of 323 cases in selected eight districts revealed omissions/ irregularities in 23 cases involving an amount of ₹ 1.04 crore, as shown in **Table 2.2.2**:

**Table 2.2.2: Details of omissions/irregularities noticed in 23 cases**

District	No. of cases	Nature of omission/ irregularities
Aurangabad (2), Nanded (2), Nashik (3), Thane (1)	8	Grants for playground development were released to the institute/ organisations having no playfield.
Aurangabad (2), Nanded (4), Nashik (2), Thane (2), Pune (1)	11	Beneficiaries/ institutes utilised the grants for other purposes.
Nanded (1), Nashik (1), Thane (1), Pune (1)	4	In spite of release of grant the institute/ beneficiaries have not constructed/ completed playground.

<sup>9</sup> Tiwasa (Amravati); Khultabad (Aurangabad); Kannad, Kandhar, Loha (Nanded); Chandwad; Mulshi, Haveli (Pune); Guhagar, Chiplun (Ratnagiri); and Sinner (Nashik)

## Development of Gymnasia

For development of gymnasia, GoM released DPDC grant of ₹ 88.32 crore to 1956 institutions which benefited under the scheme during the period 2012-17. Test check of 113 cases, out of 453 cases in selected eight districts, revealed omissions/irregularities in 33 cases involving an amount of ₹ 1.82 crore, as shown in **Table 2.2.3**.

**Table 2.2.3: Details omissions/ irregularities noticed in 33 cases**

District/No. of cases	No. of cases	Nature of omission/ irregularities
Amravati (2), Nasik (1), Pune (5), Nagpur (2)	10	The equipment supplied were stored in a room without utilisation
Aurangabad (1), Nanded (1), Nasik (1)	3	Grant given for construction of gymnasium hall was utilised for other construction.
Nanded (2), Nasik (1)	3	Incomplete gymnasium hall in spite of grants released two years back
Aurangabad (1), Nasik (1)	2	Constructed gymnasium hall used for class room by the educational institutions
Aurangabad (1)	1	Grants for construction of gymnasium hall was given to the school having classes only upto IV <sup>th</sup> standard
Aurangabad (1)	1	The grant was sanctioned for gymnasium on the land where lease period is less than 30 years
Ratnagiri (1), Nasik (1), Pune (2), Nagpur (3)	7	Grants were released for construction where the construction area was below/against the norms
Thane (2), Pune (2), Nagpur (2)	6	Short/non supply of equipments against the release order

During exit conference, the Principal Secretary, SESD, stated (November 2017) that the state level squad would be prepared the issues of playground and gymnasia would be reviewed and accordingly appropriate action taken.

## 2.2.8 Working of Sports Academies

Sports Academies are meant to give specialised training, nutritious diet, and adequate and modern sports facilities for creating international level sportspersons.

### 2.2.8.1 Residential sports academies

Government established 11 residential sports academies<sup>10</sup> in the State with intake capacity of 1,045 players including the academy at Pune which controls the functioning of remaining ten academies. Accordingly, boys and girls between eight to 14 age groups are selected through a selection process formulated by the Sports Authority of India comprising a “Battery of Tests” (BT). All the selected players are provided with sports training as well as school education and the expenditure thereof is borne by the State Government.

<sup>10</sup> Pune, Sangli, Kolhapur, Thane, Nashik, Akola, Pravaranagar, Aurangabad, Amravati, Gadchiroli and Nagpur

Out of 11 sports academies, Sports Academy at Pune catered to the needs of all 11<sup>11</sup> disciplines while six academies had coaching for two disciplines and remaining four academies had coaching for only one discipline.

Test check of records in six<sup>12</sup> selected sports academies revealed the following discrepancies:

- The Sports Academy, Amravati, identified for specific training in archery did not have range required as provided in the Sports Authority of India (SAI) guidelines *i.e.* 70 meters along with 20 meters space of safety zone and 20 meters behind shooting line; instead the academy had provided a small space without observing safety norms. Also, the required equipment and teaching aid for archery game was not provided during the review period.
- The Sports Academy at Aurangabad has been identified (2013-14) for training in hockey and athletics. The academy, however, has not been provided with the synthetic track along with sport equipment required for athletics practice as per type plan for sports complexes. Also, hockey ground was not established in the academy.
- In Sports Academy at Thane, accommodation to players was provided under the staircase of spectator's gallery of the Municipal Corporation's stadium. The rooms had seepage and were used to store gymnasium equipment. Though the Academy was identified for specific training in badminton and athletics, there was no coach for either of the games since 2015-16.



Students accommodated under staircase of stadium and Sports equipment dumped in hostel room at Thane academy

- As per Sports Academy Guidelines, 1997, room for kitchen and dining shall be separate, however, in Sports Academy at Nashik, it was observed that the kitchen and dining activities were carried out in one small room.
- Common diet was provided to all players, instead of game-specific diet except in Sports Academy, Pune.
- As per Sports Academy Guidelines, 1997, Sports Medical Officers were required to visit the academies; however, audit observed that except in

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<sup>11</sup> Athletics, swimming, Judo, gymnastic, hockey, shooting, football, triathlon, cycling, table-tennis and weight lifting

<sup>12</sup> Amravati, Aurangabad, Nagpur, Nashik, Pune and Thane

Pune out of six academies, Sports Medical Officers had not visited the academies for examining periodical physical progress of sportspersons.

- As per Sports Academy Guidelines, 1997, advance training by experts to be given by appointing coaches of international repute for high performance at International level. However, this was not done. No facility of medical room and necessary first aid kit was found readily available in the hostel except Pune.
- As per Sports Academy Guidelines, 1997, insurance of trainees had to be taken from the Insurance companies for medical expenses. However, it was noticed that no insurance was taken for trainees' medical expenses.

During exit conference, the Principal Secretary, SESD stated (November 2017) that a proposal to provide separate range for archery was in consideration of Amravati. He further stated that necessary action had been initiated in respect of Aurangabad and Thane. Diet would be provided as per games and proposal for necessary supporting staff is under consideration.

### **2.2.8.2 Underutilisation of Sports Academies**

As against the total intake capacity of 1045 players in 11 sports academies, during 2012-17, actual intake was between 563 (2014-15) and 771 (2012-13); intake ranged between 54 *per cent* and 74 *per cent*. The main reason for lower intake was found to be the BT under which capability and talent of players was assessed through nine rigorous tests and pupils securing at least 63 *per cent* were given admission in the academy.

Considering the under utilisation of sports academies, Sports Policy 2012 had proposed to relax the selection process and to appoint an Expert Committee for revaluation of BT. Accordingly, Committee for examining the BT and suggesting modifications, was appointed in September 2012. The Committee submitted its report in March 2015. However, no action has been taken by the Government on the report of committee.

During exit conference, the Principal Secretary, SESD, accepted the facts and stated (November 2017) that to enhance the number of players from this seasons, two separate tests with BT had also been included.

### **2.2.8.3 Non-residential Sports Academies**

The Sports Policy 2012 and the GR of September 2013 envisaged establishment of non-residential sports academies in the existing residential sports academies on priority basis. It was also permitted to start non-residential sports academies by voluntary organisations where the facilities of sports academy or facilities for a particular game are not available. One non-residential academy was required to be opened in every district with maximum of 25 players. The monthly honorarium of ₹ 15,000 to Coaches and daily diet expenses ₹ 50 was payable to players. The players were also entitled to get sports uniform, sports kit and other expenses *viz.* travelling, daily allowances for taking part in competitions. It was observed that out of 11 existing sports academies, non-residential sports academies were started only in five academies at Akola, Amravati, Kolhapur, Nashik and Pune. During the year 2013-14, no grant was received for non-residential academies due to late submission of proposal for grant. In 2015-16, grant amounting to

₹ 0.21 crore was surrendered. Thus, in absence of concerted efforts to publicise the non-residential facility along with lack of regular fund-flow, the desired outcome was not achieved.

The performance of the sportspersons from the Academies displayed a downward trend from 252 medals in 2012-13 to 81 medals in 2016-17 at National level games. The percentage of medals won by inmates of Sports Academies compared to the total medals won by State went down from 33 per cent in 2012-13 to 13 per cent in 2016-17. Further, at International level, the academy students could win only one bronze medal at Asian Games and three in Commonwealth Games during the review period.

During exit conference, the Principal Secretary, SESD stated (November 2017) that the action has been initiated to start non-residential academies by giving wide publicity and sufficient funds.

### **2.2.9 Coaching camps**

The Sports Policy 2012 proposed to prepare action programme for improving the performance of players through providing expert guidance of Indian/Foreign coaches, balanced diet, regular training and organising two State level training camps of 30 days in a year. Accordingly, GoM issued (February 2014) instructions for organising two State level camps for 15 games, for the players excelling at national and international levels. An estimated grant of ₹ 1.96 crore was also to be sanctioned for this purpose. For organising minimum 10 day training camp at district level twice a year by utilizing the facilities available in the taluka and district complexes. A grant of ₹ 0.14 crore was to be provided to every such training centre for organising two camps a year for 50 players each (50×2 = 100 players).

It was observed that during 2014-15, as against 15 games, the state level camps were organised for 12 games, except Sailing, Rowing and Lawn tennis. As against the required participation of 1,183 players, only 579 players participated in the games. An expenditure of ₹ 0.55 crore was incurred and grant of ₹ 0.63 crore was surrendered during the year 2015-16 as against 15 games, camp for 12 games was organised with participation of only 401 players against the entitled 1,183 players, expenditure of ₹ 0.37 crore was incurred against sanctioned grant of ₹ 0.96 crore and grant of ₹ 0.59 crore was surrendered. The grant for organising camp for the year 2016-17 amounting to ₹ 1.57 crore was received on 30 January 2017. However, the camps could not be organised due to election and board exams.

Similarly, no grants were released for organising district camps in 2014-15. In the year 2015-16 against the provision of ₹ 5.07 crore for 35 districts, Government released only ₹ 2.48 crore due to which the Directorate could cater to the requirement of only 25 districts. Out of nine districts, proposals were received from six districts but Directorate, Pune could not distribute the grant. In 2016-17, Government released only ₹ 3.21 crore to 34 districts. However, in six selected districts, the grant was neither utilised nor surrendered in the same financial year.

Thus, despite availability of funds, the camps for required number of games were not being organised regularly. The participation of players in the camp was much less than the expected turn-out. As a result, the purpose of

providing an edge to the potential players through focused training in camps could not be achieved.

During exit conference, the Principal Secretary, SED, stated (November 2017) that necessary efforts will be taken to encourage the players for participation in District and State level camps.

#### **2.2.10 Coaching Centres**

District coaching centres (DCC) were established across the State with a view to inculcate sports culture, provide coaching facilities and sports infrastructure for various games to boys and girls in the rural and urban areas and to promote sports in the State. The departmental coaches impart training to the sportspersons and prepare them for State competitions in various disciplines in these centres on a regular basis. Similarly, it was decided (March 2003) that Taluka Coaching Centres should be a part of TSCs. Each TSC was to have one Taluka Sports Officer (TSO), two coaches, one sports officer, one junior clerk, one peon and one ground man/watchman.

It was observed that though 117 coaches were shown on rolls of 117 DCCs, 23 of them were posted in the sports academies; thereby bringing the effective number to 94 coaches. Regular coaches were not appointed at Washim, Hingoli, Nandurbar and newly formed Palghar district. The services of 153 coaches appointed on honorarium basis were discontinued in June 2015. There were wide variations in the number of disciplines available for coaching across DCCs. While Akola and Dhule had coaching centres for six discipline, Pune had four disciplines whereas Ratnagiri, Sindhudurg, Jalna and Beed had centres for only two disciplines. Further, transfer and posting of coaches at DCCs was not linked to trainees or disciplines offered for a particular game/sport. A coach of a particular game was transferred and replaced by a coach of different game. It was seen that Cricket coach was replaced by badminton coach, athletics coach replaced by khokho coach and gymnastics coach replaced by swimming coach. As a result, the training in that particular discipline was affected and due to lack of continuity, the trainee already undergoing training in that particular game had to leave the centre midway, adversely affecting the progress.

It is pertinent to mention here that Directorate, Pune had submitted (May 2017) proposal to Government for granting exemption to coaches from transfer policy and fix a minimum period of eight years so as to ensure continuity in the performance of players.

In respect of Talukas, out of 381 talukas in State, only 135 TSCs were used for coaching purpose. In 65 TSCs out of 135, the sports facilities were inadequate since the construction work was in progress in these talukas. Only 18 TSOs were appointed against the sanctioned strength of 97 TSOs on regular basis. Out of completed 70 TSCs and 138 ongoing TSCs, sports officers were not appointed in any of the TSCs.

Further, 224 coaches, 93 junior clerks, 98 peons and 94 security guards were appointed on honorarium basis at a meagre monthly remuneration of ₹ 5,000 to coaches, ₹ 1,000 each to Jr. Clerk, peon and watchman. Moreover, it was being paid in lump sum at the end of the year. Hence, due to less remuneration

and delayed payment, no qualified staff was willing to join these centres which adversely affected the performance of players at taluka level.

Thus, the very purpose of activating coaching centres for imparting regular training was defeated.

During exit conference, the Principal Secretary, SESD stated (November 2017) that the new policy for appointment of coaches was under consideration.

### **2.2.11 Maintenance of sports complexes**

#### **Maintenance grant**

Considering the significance of regular maintenance and upkeep of the created assets, GoM prescribed (March 2009) maintenance grants<sup>13</sup> for sports complexes. Test-check of eight districts one each in eight divisions, and 25 TSCs revealed that maintenance grants of ₹ 0.28 crore and ₹ 0.15 crore respectively were released when divisional sports complex of Nashik and Kolhapur were being constructed resulting in the grants lying unutilised as of June 2017. However, no grants were released to Aurangabad divisional sports complex by GoM. As a result, the upkeep of sports complexes was adversely affected.

During exit conference, the Principal Secretary, SESD, accepted the facts and stated (November 2017) that the maintenance grant was released to the sports complex committees as per their demand.

The reply is not tenable as GoM had already prescribed the quantum of grants for upkeep and regular maintenance of created assets, the same should have been released as already prescribed by GoM. Evidently, monitoring was also poor.

#### **Maintenance of Sports Complex**

To encourage self-sustenance, GoM instructed (March 2003) creation of own sources of income for maintenance and repairs of complexes from the initial stage. It was observed that the income generated by the complex committees was insufficient in sampled divisions/districts as discussed below:

- In Pune, the facilities of Golf and Cricket Training and Practice Centres at divisional sports complex were leased (January 2007) on BOT basis to a private partner at an annual lease rent of ₹ nine lakh and ₹ three lakh respectively upto 30 August 2008 and lease rent for both was fixed as ₹ one lakh per month. It was observed that as of March 2017, as against the total receivable lease rent of ₹ 1.57 crore, only ₹ 26 lakh was received. Further, development of facilities at Golf Training and Practice Centre were incomplete as of May 2017.
- In Aurangabad, the facilities of five lawn tennis courts and gymnasium at divisional sports complex were leased (August 2008) on BOT basis to a private partner for a period of 30 years. Of total earnings from these sports

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<sup>13</sup> The maintenance grant prescribed by GoM for Divisional Sports Complex was ₹ 15 lakh, ₹ 13 lakh and ₹ 10 lakh; for District Sports Complex: ₹ 10 lakh, ₹ 8 lakh and ₹ 5 lakh for first, second and third year respectively and for Taluka Sports Complex: ₹ 3 lakh only for first three years

facilities, 30 per cent would be payable to the Divisional Sports Complex Committee, Aurangabad. It was however, noticed that income of ₹ 4.57 crore was realised during 2010-11 to 2016-17 from the above facilities. Of this, ₹ 1.37 crore was to be paid to the Divisional Sports Complex Committee. However, nothing has been paid to the Divisional Sports Complex Committee as of March 2017.

Joint physical verification of the divisional sports complexes in sampled divisions revealed the following:

- i) In Aurangabad, the drainage line, ceiling and wooden flooring of multipurpose indoor stadium, jogging track were found in damaged condition. The toilets were dirty.
- ii) In Nashik, the cleanliness in the sports complex was not maintained and there were bushes around the ground and garbage inside the stadium. The drainage line was not cleaned, as shown in the pictures below:

		
Shabby work in front of toilets of multipurpose hall (Amravati)	Damaged drainage line and cement grill with big hole (Aurangabad)	Uncleaned drainage line (Nashik)

During exit conference, the Principal Secretary, SESD stated (November 2017) that in respect of Aurangabad DSC, the matter would be taken up with Sports Complex Committee for appropriate action. He further stated that to make the complexes self-sustainable, the Government had instructed revision of the fees and reduction of the expenses of all the complex committees.

It is pertinent to mention here that State Level Expert Committee headed by Commissioner, Sports and Youth Services was constituted (September 2015) to prepare a comprehensive sports policy on speedy completion of sports complex, their utilisation, day to day maintenance and management and to overcome the technical and administrative problems arising therein. The recommendations of the Committee were submitted to the GoM in January 2016, however, action was awaited as of July 2017.

The Principal Secretary, SESD stated (July 2017) that the suggestions made by the Expert Committee were under consideration.

### 2.2.12 Sports activities

Sports Policy, 2012 and GRs issued by the Government had earmarked, ₹ 50 lakh annually for games like Wrestling and Volleyball in selected divisions. GoM also failed to organise Mini-Olympic games at State level and creation of Talim Kushti Kendras at taluka level. The audit findings are discussed below:



### 2.2.12.1 Competitions for Wrestling and Volleyball

In three<sup>14</sup> out of eight selected divisions, the Deputy Directors failed to organise these competitions even after sanction and release of grants by the Government. The details are indicated in **Table 2.2.4**.

**Table 2.2.4: Details of grant released by GoM and status of competitions**

(₹ in crore)

Name of division	Name of competition	Year	Grant released	Expenditure incurred	Status of Grant
Aurangabad	Chhatrapati Shivaji Chashak Kabaddi & Volleyball	2015-16	0.28	0	Amount kept in 'Savings' bank account of Deputy Director
Nashik	Khashaba Jadhav Wrestling competitions	2016-17	0.35	₹ 0.15 crore for providing lunch and other facilities to the committee members and the participants	₹ 0.20 crore kept in bank account of Deputy Director
Pune (Solapur)	Khashaba Jadhav Wrestling competitions	2014-15	0.50	0	Amount surrendered in May 2017 with interest of ₹ 0.03 crore

During exit conference, the Principal Secretary, SESD, accepted the facts and stated (November 2017) that necessary action will be taken in this regard.

### 2.2.12.2 Mini-Olympic games at village level

For encouraging sports at village level, the Maharashtra Olympic Association (MOA) and the Department proposed (March 2014) to organise Mini Olympics in the State, for the year 2013-14. Accordingly, grant of ₹ 4.06 crore was released by GoM in July 2014 against the estimated expenditure of ₹ 5.08 crore. The event could not be conducted in 2014-15 owing to Vidhansabha elections and was postponed (May 2015) to 2015-16. However, the amount was credited (March 2014) to Personal Ledger Account (PLA) of DSYS to avoid its lapse. It was surrendered to Government in December 2015 by DSYS, Pune without conducting the events on the ground of board examinations and national sports competition.

Thus, despite availability of funds, the mini-olympics could not be conducted in the subsequent year, thereby denying the benefits to sports talent in villages.

During exit conference, the Secretary, SESD, accepted the facts and stated (November 2017) that the Mini-Olympic would be considered.

### 2.2.12.3 Development of Talims and Kushti Kendras

The Sports policy proposed to upgrade and provide modern facilities in *Akhadas/Talims* by providing financial assistance of ₹ 0.07 crore for construction and repairs of clay *Akhadas* and purchase of wrestling mats to registered organisations working in the field of developing the sport of wrestling. Accordingly, GR was issued in March 2014 and provisions of

<sup>14</sup> Aurangabad, Pune and Nashik

₹ 4.90 crore and ₹ 1.00 crore for 2015-16 and 2016-17 respectively were made by GoM for this purpose.

It was observed that no proposal was sanctioned in 2015-16. During 2016-17, 12 proposals were sanctioned by SESD. DSYS, Pune withdrew (March 2017) amount of ₹ 0.79 crore for distribution to the 12 *Akhadas/Talims*. The amount was not disbursed to the identified *Akhadas/Talims* as of March 2017 as the beneficiaries failed to submit the required documents for finalisation of the proposals. The money was lying in a bank account of DSYS.

During exit conference, the Principal Secretary, SESD, accepted the facts and stated (November 2017) that necessary steps will be taken to upgrade the facilities.

## 2.2.13 Financial Management

### 2.2.13.1 Short allocation and under utilisation of funds

Budget outlay for the Sports Department compared to the total budget outlay of the State during 2012-17 ranged between 0.44 *per cent* and 0.57 *per cent*.

The expenditure incurred for development of sports and physical education in the State by the Sports Department *vis-a-vis* budget provision made during the period 2012-17 is detailed in **Table 2.2.5**.

**Table 2.2.5:- Budget allotment and expenditure incurred by Sports Department**

(₹ in crore)

Year	Central		State (Plan)		Total	
	Grant released	Expenditure incurred	Grant released	Expenditure incurred	Grant released	Expenditure incurred
2012-13	3	3	128	109	131	112
2013-14	0	0	140	139	140	139
2014-15	0	0	134	35	134	35
2015-16	0	0	130	129	130	129
2016-17	0	0	198	161	198	161
<b>Total</b>	<b>3</b>	<b>3</b>	<b>730</b>	<b>573</b>	<b>733</b>	<b>576</b>

Source: Information furnished by Mantralaya, Mumbai

- As per the Sports Policy 2012, to implement various schemes for development of sports, financial assistance of ₹ 1,434.71 crore was to be made during 12<sup>th</sup> State Five Year Plan (2012-17). As against the proposed provision, the State Government released ₹ 730 crore (51 *per cent*) during 2012-17.
- During 2012-17, against the total released grant of ₹ 733 crore (both Central and State), an expenditure of ₹ 576 crore (78 *per cent*) was incurred. During 2014-15, as against the grant of ₹ 134 crore, released only ₹ 35 crore (26 *per cent*) grant was utilised.

Thus, in spite of availability of funds, players were deprived of the opportunities to improve their skills, performance and to compete as discussed in following paragraphs.

During exit conference, the Principal Secretary, SESD, stated (November 2017) that funds were not released in accordance with the demands.

### 2.2.13.2 State Sports Development Fund

State Sports Development Fund (SSDF) was created (September 2003) for development of sports facilities, making available services of foreign coaches to sportspersons in the State, providing sports equipment of international standards and giving financial aid to renowned sportsmen in the State. In order to augment the SSDF, as envisaged in the Sports Policy 2012, it was proposed to undertake measures like contribution of grant of ₹ three crore per annum from the State Government, raise income from special sports lottery, accept donations from industrial and commercial establishments and assign one day's income from horse racing. As of May 2017 there was a balance of only ₹ 1.70 crore in SSDF account and the books of accounts and audited statement of SSDF were not made available to audit. It was further observed that

- GR for augmenting SSDF was not issued (August 2017) as envisaged in Sports Policy 2012. Adequate steps were not taken by the department to raise money from above mentioned sources for creation and empowerment of SSDF. Income from one day's racing (Mumbai race) per year, amounting to ₹ 1.73 crore was also not collected by SESD during 2012-17;
- the contribution made to SSDF by the Government during 2012-13 to 2016-17 was only ₹ 0.64 crore against ₹ 15 crore proposed; and
- though 250 proposals for providing financial assistance to Sportspersons from SSDF were submitted (between 2014-15 and 2016-17) by the Directorate, Pune to the Government, no financial assistance was disbursed as the Controlling Committee meeting to take decision in this regard was not held after October 2014;

During exit conference, the Principal Secretary, SESD, accepted the facts and stated (November 2017) that immediate action will be taken to collect the income from above sources.

### 2.2.13.3 Delay in release of incentive grant to schools

To encourage schools to participate in district level sports GoM made (February 2014) provisions for incentive grant of ₹ one lakh, ₹ 75,000 and ₹ 50,000 respectively to the schools winning 1st, 2nd and 3rd ranks in individual/team sports.

It was noticed that as the incentive grant was being released by Government at the end of the year during the period 2013-17, it could not be disbursed and utilised in time. As a result, incentive grants of ₹ 1.21 crore released in March 2015 were utilised in the year 2015-16. Further, the grant of ₹ 1.95 crore released (8 March 2017) in 2016-17 could not be utilised as the list of beneficiaries was under preparation as of June 2017. During the year 2016-17, out of 19,231 secondary school, 11,433 (59 *per cent*) of schools did not participate in competitions organised by Sports Department.

During exit conference, the Principal Secretary, SESD, accepted the facts and stated (November 2017) that necessary precautions will be taken for prompt release of grant.

### 2.2.14 Conclusion

The objectives of the Sports Policy, 2012 which aimed at empowering sports in Maharashtra were not achieved fully as:

- there was lack of initiatives and comprehensive planning;
- creation of sports complexes at divisional, district and taluka level was much below the target;
- the work on remaining sports complexes could either not commence for want of land or was lying incomplete due to financial crunch;
- the functioning of sports academies also suffered from number of problems viz. less intake, inadequate coaching, lack of sports facilities and basic amenities; this impacted the performance at National, State and International level games;
- though emphasis was given on creation of sports infrastructure, in absence of qualified and capable coaches and focused training, it failed to yield the desired outcome;
- utilisation, maintenance and upkeep of sports complexes was another area of concern where participation of non-Government institutions failed to produce intended benefits; and
- fund flow was erratic and was found not in consonance with the intended objectives of the Sports Policy. The share of Sports Department in the total budget outlay for the State was only between 0.44 *per cent* and 0.57 *per cent*.

The deficiencies mentioned above indicated that even after incurring huge expenditure, the Sports Department was unable to create and maintain adequate sports infrastructure as well as coaching facilities thereby affecting the performance of the sportspersons.

### 2.2.15 Recommendations

- **The Government may prepare a comprehensive plan duly conducting a survey on existing sports facilities and on future requirements. Government resolutions on all actionable points of the Sports Policy may be issued at the earliest.**
- **The State Government may ensure that adequate funds are released in a timely manner and the same are utilised efficiently and effectively.**
- **A proper schedule needs to be chalked out for early completion of the sports complexes at division, district and taluka level. Optimal use of the facilities created at sports complexes should be ensured.**
- **The Government needs to streamline the procedure for organising coaching camps for improving the performance of the players.**



# CHAPTER - III

## AUDIT OF TRANSACTIONS Page 73 to 143

- 3.1 **Rajiv Gandhi Jeevandayee Arogya Yojana**
- 3.2 **Upgradation of Government Medical Colleges under Pradhan Mantri Swasthya Suraksha Yojana**
- 3.3 **Functioning of Rashtrasant Tukadoji Maharaj University, Nagpur**
- 3.4 **Implementation of National Rural Drinking Water Programme**
- 3.5 **Undue favour to a private developer**
- 3.6 **Non recovery of lease premium dues**
- 3.7 **Undue favour to private developer on incorrect approval of Slum Rehabilitation Scheme**
- 3.8 **Undue benefit to private developers on approval of slum dwellers rehabilitation schemes on account of excess FSI given**
- 3.9 **Non Removal of encroachments from Airport land**
- 3.10 **Non-enforcement of order of payment of revised lease rent**
- 3.11 **Excess sale price for projects in deviation of Pricing Policy**
- 3.12 **Undue benefit to an Agency in PPP arrangement in Health Sector**
- 3.13 **Blocking of funds on incomplete Water Supply Scheme**
- 3.14 **Unfruitful Expenditure on Consultancy Charges**
- 3.15 **Unfruitful Expenditure on construction of hostel at ITI, Saoner**
- 3.16 **Blocking of Government funds**
- 3.17 **Wasteful expenditure**
- 3.18 **Irregular construction beyond approved plans**



## 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.

#### Public Health Department

### 3.1 Rajiv Gandhi Jeevandayee Arogya Yojana

#### 3.1.1 Introduction

Public Health Department (PHD), Government of Maharashtra (GoM) approved (May 2011) Rajiv Gandhi Jeevandayee Arogya Yojana (RGJAY) in order to provide identified speciality services requiring hospitalisation for surgeries and therapies or consultations through an identified network of Health Care Providers to the Below Poverty Line (BPL) families and also to the Above Poverty Line (APL) families whose income was ₹ one lakh and less (excluding Government/Semi-Government employees and Income Tax payers) as well as Antyodaya and Annapurna Card Holder families. The Scheme is a unique Public-Private Partnership model in the field of Health insurance, made for the health needs of poor patients and providing end to end cashless services for identified diseases through a network of service providers from Government and Private sector.

In order to facilitate the effective implementation of the Scheme, PHD, GoM had set up (May 2011) the Rajiv Gandhi Jeevandayee Arogya Yojana Society (Society) under the chairmanship of the Hon. Chief Minister. The main object of the Society was to conceptualise, implement, establish, provide, administer, modify and supervise directly RGJAY (or any other scheme by whatever name it may be called) which is formed to provide medical facilities to the beneficiaries identified by the GoM.

#### 3.1.2 Coverage of Beneficiaries

The Scheme was implemented throughout the State in a phased manner. The Scheme was initially implemented in eight districts<sup>1</sup> w.e.f. 2 July 2012 and from 21 November 2013 onwards, the Scheme was extended across the State. The Scheme covers around 971 (972 in Phase I) procedures along with 121 follow up packages in 30 identified specialised categories, about 131 procedures are to be performed only in Empanelled Public Hospitals/Government Medical College Hospitals subject to availability of the facility and the procedure planned. The beneficiary families would be identified on the basis of Yellow<sup>2</sup> or Orange<sup>3</sup> Ration Card issued by the Food,

<sup>1</sup> Amravati, Dhule, Gadchiroli, Mumbai City, Mumbai Suburban, Nanded, Solapur and Raigad

<sup>2</sup> Families having annual income upto ₹ 15,000 having been included in IRDP list of 1997-98

<sup>3</sup> Families having total annual income more than ₹ 15,000 and less than ₹ one lakh



Civil Supplies and Consumer Protection Department (FCS&CPD), GoM along with photo identities. The benefit is available to each and every member of the family on floater basis<sup>4</sup>. The Scheme provides coverage for meeting all expenses relating to hospitalisation of the beneficiary upto ₹ 1.5 lakh per family per year in any of the Empanelled Hospitals. In case of Renal Transplant Surgery, sum insured was ₹ 2.5 lakh per family per year. From 28 April 2016 onwards, farmers of 14 Suicide-Prone Districts<sup>5</sup> of the State having White<sup>6</sup> Ration Card are also added as beneficiaries under the Scheme.

The Health Care Institutions (HCIs), which fulfil prescribed criteria relating to infrastructure<sup>7</sup>, manpower, equipment<sup>8</sup>, conform to service and quality standards, become eligible for empanelment with the Scheme. As of March 2017, 487<sup>9</sup> HCIs [referred to as Network Hospitals (NWHs)] have been empanelled by the Society.

### **3.1.3 Organisational set up of the Society**

The Society consists of the Minister for Public Health, Secretaries of PHD, Finance Department and Medical Education and Drugs Department, the Commissioner, Family Welfare, GoM, Directors of Directorate of Medical Education & Research, GoM, Directorate of Health Services, GoM and Chief Executive Officer (CEO) of the Society. The Society is responsible for implementation of Memorandum of Understanding (MoU) between the Society and the National Insurance Company Limited (NIC), and RGJAYS Rules and Regulation 2010.

The Dy. Chief Executive Officer, Financial Advisor, Dy. Director, (Administration/Establishment), Assistant Director, Health Services, Administrative Officer (IEC/Health Card) and IT expert assist to the CEO of Society in implementation of the Scheme. At district level there are 36 Co-ordinators supervised by the six Regional Officers.

### **3.1.4 Audit Objectives**

The objectives of the Audit on RGJAY were to assess whether:

- the Scheme was implemented in accordance with the stated objectives and the extent of achievement of the same;
- the financial management of the Scheme was in accordance with the Agreements and Financial Rules of the Government; and
- the monitoring system, internal controls were effective.

### **3.1.5 Audit criteria**

- Memorandum of Understanding (MoU) of Phase I and Phase II between the RGJAY Society and National Insurance Company;

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<sup>4</sup> Floater basis means total annual coverage of ₹ 1.50 lakh can be availed by one individual or collectively by all members of the family

<sup>5</sup> Akola, Amravati, Aurangabad, Beed, Buldhana, Hingoli, Jalna, Latur, Nanded, Osmanabad, Parbhani, Wardha, Washim and Yavatmal

<sup>6</sup> The families having annual income of more than ₹ one lakh

<sup>7</sup> Phase I- 50 bedded hospital and Phase II – 30 bedded hospital

<sup>8</sup> All specialised equipment required for specialised surgery

<sup>9</sup> Government HCIs: 79 and Private HCIs:408

- RGJAYS Rules and Regulation 2010;
- Circulars/instructions/orders/notifications/resolutions issued from time to time by GoM in respect of functioning of the RGJAY; and
- Bombay Financial Rules, 1959 and Maharashtra Treasury Rules, 1968.

### 3.1.6 Audit scope

The Audit was conducted between April 2017 and June 2017 covering a period of five years from 2012-13 to 2016-17. For this purpose, records at the offices of the Addl. Chief Secretary, PHD, Mantralaya, Mumbai, Directorate of Health Services, Mumbai, CEO, RGJAY Scheme were examined. Besides, records of 19 Government (which included four Municipal Corporation/ Council Hospitals) and 22 Private Empanelled Hospitals in eight<sup>10</sup> districts under Phase I as well as four Government and 13 Private Empanelled Hospitals in two<sup>11</sup> district under Phase II, were selected on the basis of more coverage and varied speciality treatments available in those hospitals.

An exit conference was held on 31 July 2017 with Joint Secretary of PHD along with Chief Executive Officer, Society wherein the findings and recommendations of audit were discussed. The matter was referred to the State Government in July 2017. The reply of State Government furnished in November 2017 had been suitably incorporated at appropriate places.

## Audit Findings

### 3.1.7 Management of the Scheme

During 2011-17, GoM had released funds of ₹ 3,416.36 crore to the Society for implementation of the Scheme. Of which, the Society had incurred expenditure of ₹ 3,009.31 crore towards insurance premium paid to the insurer company upto November 2016 for 9.35 crore beneficiaries.

Scrutiny revealed that as against the premium of ₹ 3,009.31 crore paid to the insurer company until November 2016 covering 9.35 crore beneficiaries under the Scheme, the claims received for settlement were from only 11.89 lakh beneficiaries. This was due to non-distribution of health cards, non-appointment of *Arogyamitras* at primary health centres, shortfalls in conducting health camps and inadequate publicity of the Scheme as discussed in succeeding paragraphs.

#### 3.1.7.1 Distribution of Health Cards to the Beneficiaries

GoM decided (May 2011) to issue health cards to the beneficiaries having BPL and APL Ration cards of eight districts of Phase I of the Scheme. As per Clause 8 of the MoU between the Society and the NIC in Phase I of the Scheme, these health cards were to be prepared by using the data of the Yellow and Orange Ration card holders available with the FCS&CPD, GoM.

The Ration cards were to be linked with the Aadhaar Card number issued by Unique Identification Authority of India (UIDAI) in order to identify

<sup>10</sup> Amravati, Dhule, Gadchiroli, Mumbai City, Mumbai Suburban, Nanded, Raigad and Solapur

<sup>11</sup> Beed and Nashik

beneficiary families under the Scheme as per MoU. If the Health Card did not contain Aadhaar number of the beneficiaries, they could get enrolled in the UIDAI enrolment unit set up in the Hospital before leaving the Hospital. The software of the Scheme was required to have the provision to record the UIDAI to cater to the future scenario wherein citizens would have a UIDAI for unique identification and authentication.

Audit scrutiny revealed that the contract at the rate of ₹ 3.65 per card for printing, packaging and distribution of Health cards to the beneficiaries of Phase I of the Scheme was awarded to a firm in Mumbai. Out of 49.03 lakh beneficiaries in eight districts of Phase I of the Scheme, 42.15 lakh (86 per cent) Health Cards were printed, of which 23.64 lakh (56 per cent) Health Cards were distributed to the beneficiaries of the Scheme and 18.51 lakh (44 per cent) Health Cards were not distributed as of April 2015. Thus, expenditure of ₹ 68 lakh incurred on printing of 18.51 lakh<sup>12</sup> rendered wasteful.

Thereafter, PHD issued (May 2015) instructions to the Society to obtain validated digitised data of beneficiaries from FCS&CPD and till then the printing and distribution of Health Cards was kept on hold temporarily. Accordingly, CEO, Society approached FCS&CPD for the digitised data of Ration card holders. The FCS&CPD informed (July 2016) that the work of validation of digitised data of Ration card was in progress. The distribution of the Health Cards to the beneficiaries was stopped completely by the Society *w.e.f.* June 2017.

Audit further noticed that the insurance premium was paid to the Insurance Company on the basis of total number of Ration Card holders, without giving details such as ration card number, name of the person to whom the ration cards issued, total number and names of the family of the ration card holder *etc.*, in absence of these details, the correctness of the premium paid to the Insurer Company could not be ascertained.

Thus, non-identification of the beneficiaries based on Ration card/Aadhaar card and non-distribution of Health Cards, lead to ineffective implementation of the Scheme benefits among the beneficiaries.

The Government stated (November 2017) that the Society has sought (August 2017) guidelines from the Public Health Department, for distribution of the Health cards lying undistributed, and the benefits of the Scheme is allowed to the beneficiaries on the basis of Ration Cards.

### **3.1.7.2 Survey for identifying actual number of farmer beneficiaries of Suicide Prone Districts**

GoM decided (April 2016) to extend Scheme benefits to the White Ration Card holding farmers in 14 Suicide-Prone Districts of the State. The beneficiaries of the said districts could avail the Scheme benefits with either White Ration Card issued by FCS&CPD or 7/12<sup>13</sup> extract issued by Revenue Department of the GoM and in case of non-availability of these two

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<sup>12</sup> 18,51,000 health × ₹ 3.65 per health card = ₹ 67,56,150

<sup>13</sup> The 7/12 document or 'Record of Land Rights' is used for looking up the ownership of ancestral land in a village

documents, the letter of the Revenue Officer of that District was sufficient. Accordingly, revised agreement was executed (June 2016) between the Society and NIC for inclusion of the beneficiaries of the said 14 suicide-prone districts in the Scheme.

Audit noticed that GoM paid (May 2016) ₹ 6.35 crore<sup>14</sup> to the Insurer for the total 1,65,912 white Ration card holders of these 14 districts on the basis of data/information received from FCS&CPD. As the benefit of the Scheme was to be extended only to the farmers having white ration cards of these suicide-prone districts, the payment of insurance premium for all the white ration card holders of these districts, resulted in excess payment of premium which could not be quantified in absence of authentic data of the beneficiaries.

Besides, the payment of service tax and 20 *per cent* administrative charges as part of the premium paid to the Insurer would be infructuous since the service tax and administrative charges are not refundable as per Clause 14 of the MoU of Phase II of the Scheme.

The Government stated (November 2017) that status of validated ration cards is obtained from the District Supply Officer (DSO) monthly and the number of beneficiaries of farmers holding White Ration Cards has come down from 1,65,912 to 91,285 in these 14 suicide prone districts till April 2017, after excluding Government and Semi Government employees.

The reply only confirms that the insurance premium of all the white Ration card holder was paid without obtaining the authenticated list of the farmers having white Ration card from the FCS&CPD or conducting any survey. This resulted not only in additional financial burden to the exchequer but also undue benefit to the Insurance Company.

### 3.1.7.3 Absence of prescribed facilities under the Scheme

#### i) *Arogyamitra*

Clause 23 of MoU of Phase I provides that the Insurer needs to appoint minimum of three *Aarogyamitras* at each Empanelled Hospital. Similarly, as per Clause 23 of MoU of Phase II, 700 *Aarogyamitras* need to be appointed to facilitate admission, treatment and cashless transactions. The *Arogyamitra* also facilitate the creation of awareness of the Scheme benefits among the targeted beneficiaries.

Thus, 207 and 700 *Arogyamitras* were required to be appointed, in 69 and 371 Empanelled Hospitals of Phase I and II of the Scheme respectively. Scrutiny revealed that 109 and 660 *Arogyamitras* were appointed by Third Party Administrators (TPAs), leaving a shortfall of 98 and 40 *Arogyamitras* respectively. Further, the Insurer also had to appoint *Arogyamitras* in consultation with the Society in all the Rural/Primary Health Centre/Sub-District/Women Government Hospitals for propagating the Scheme, mobilising the people for health camps, counselling beneficiary families, facilitating the referral/treatment of these patients and follow-up.

<sup>14</sup>  $1,65,912 \times ₹ 333$  (insurance premium) + ₹ 82,87,304 (15 *per cent* Service Tax)  
= ₹ 6,35,36,000

It was, however, noticed that the Insurer had not appointed *Arogyamitra* in the Rural/Primary Health Centre Sub-District/Women Government Hospitals.

The Government stated (November 2017) that *Arogyamitras* were appointed in 12 empanelled Sub District and Women Hospitals. Further they have levied liquidated damages of ₹ 31 crore due to non-availability of *Arogyamitras*, and the same has been communicated to NIC in July 2017.

**ii) Medical Co-ordinator**

As provided in Clause 11 of the MoU between TPA and Empanelled Hospitals, the Empanelled Hospitals are required to appoint Medical Officer as Medical Co-ordinator (MCO) of the Scheme to co-ordinate with the Society for pre-authorisation of the patients of the Scheme.

Scrutiny revealed that the MCO was not appointed in Civil Hospitals of Amravati and Gadchiroli, where 601 and 1,341 authorisations of patients respectively were done. Further, about 13,006 patients of Amravati and 3,570 patients of Gadchiroli had availed benefits of the Scheme from hospitals in other Districts which clearly showed the need for MCOs. Non-appointment of MCOs by the empanelled hospitals in Amravati and Gadchiroli Districts had therefore, caused hardships to the beneficiaries.

The Government stated (November 2017) that the MCOs are now appointed at Civil Hospitals in Amravati and in Gadchiroli.

**iii) Non-appointment of Medical Camp Co-ordinator**

As per clause 17.11 of the MoU, between TPA and Empanelled Hospitals, Empanelled Hospitals were required to appoint the Medical Camp Co-ordinator (MCCO) to co-ordinate with the Society/Insurer/TPA through the *Arogyamitra* for conducting health camps.

Scrutiny of the records in ten Government Hospitals<sup>15</sup> and three Municipal Hospitals<sup>16</sup> revealed that the MCCOs were not appointed.

The Government stated (November 2017) that the three MCGM hospitals, have signed separate MOUs with the TPAs in which Clause 10.1 regarding appointment of medical coordinator was removed from the MOUs. The Government, however, was silent about non-appointment of medical coordinator in Government hospitals.

The reply is not tenable. As MCCOs were not appointed there was failure to co-ordinate with the Society/Insurer/TPA and Health Camps could not be conducted as discussed below.

**3.1.7.4 Shortfalls in conducting Health Camps**

As per the MoU of Phase I and II (Clause 19), Empanelled Hospitals are required to conduct Health Camps in Villages, major Gram Panchayats, Taluka Headquarters, and Municipalities. In respect of eight Districts covered under Phase I, a minimum of one Health Camp per week per Empanelled

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<sup>15</sup> Civil Hospitals of Amaravati, Beed, Nashik, Raigad, Referral Hospital Nashik, Sir J.J.Group of hospitals, G.T., Cama Albless, St. George hospitals of Mumbai City and CSM General Hospital Solapur

<sup>16</sup> KEM, BYL Nair, LTMG hospitals of Mumbai city

Hospital and in respect of 27 Districts covered under Phase II, a minimum of one Health Camp per fortnight per Empanelled Hospitals was to be conducted in the Policy year. As per the Society's circular of December 2013, every Government Hospital was required to conduct one mega Health Camp instead of two Health Camps in a month.

Scrutiny however revealed that as against the prescribed 49,881 Health Camps, Empanelled Hospital had conducted only 10,466 (21 *per cent*) Health Camps, leaving shortfall of 39,415 (79 *per cent*) Health Camps during the period from July 2012 to March 2017.

The Government stated (November 2017) that all necessary instructions have been issued to field staff of society and TPA. Sensitization meetings of NWHs were conducted in every district by field staff of society and TPA. Further it is stated that between May 2017 and July 2017, about 1,583 health camps were conducted by NWHs.

The fact remained that due to this shortfall, wide publicity and awareness about the Scheme in Districts and Rural Areas was not generated for the period covered in audit.

#### **3.1.7.5 Empanelment of single hospital in Gadchiroli district**

The General Hospital, Gadchiroli was empanelled to provide health care services to the Beneficiaries under the Scheme.

Audit scrutiny revealed that out of total 4,566 patients of the Gadchiroli district, 3,570 patients were treated in other districts due to insufficient empanelled hospitals in Gadchiroli District with adequate facilities.

The Government accepted (November 2017) that due to the lack of availability of ICUs in all existing Private and Government hospitals more number of hospitals were not empanelled under the Scheme. Further in the proposed Request for Proposal (RfP) of the scheme (*Mahatma Jyotiba Phule Jan Arogya Yojana*) for empanelment of hospitals in hilly and tribal areas, there would be relaxation in some criteria increasing the access to more beneficiaries.

#### **3.1.7.6 Empanelled Private Network Hospitals**

Test-check in Audit of records of 35 Private Network Hospitals of nine Districts<sup>17</sup>, in order to verify their compliance with the criteria and the modalities followed by the Society in empanelling these hospitals revealed that:

- i) clauses 10.5 and 9.5 of MoU between TPAs and Empanelled Hospitals of phase I and II of the Scheme provide that the private empanelled hospitals were required to obtain Indemnity Policy from any Insurance Company till the period of empanelment in the Scheme so that the hospital as well as the beneficiaries under the Scheme were indemnified in case of any accident/mishap. It was seen in audit that nine NWHs had not taken this Indemnity Policy till date (November 2017), resulting in non-covering of the beneficiaries under the Scheme and the hospitals under the Indemnity policy.

<sup>17</sup> Amravati, Dhule, Mumbai City, Mumbai Suburban, Nanded, Raigad, Solapur, Beed and Nashik

ii) every NWHs were required to conduct four and two health camps in a month in Phase I and II of the Scheme respectively. It was noticed that in 31 NWHs there were shortfalls ranging from two to 100 *per cent* in conducting health camps impacting awareness of the Scheme amongst the beneficiaries.

iii) in respect of Shri Sant Acchut Maharaj Heart Hospital and Research Institute, Amravati which was an empanelled hospital there was no separate general ward for male and female patient as required under the MoU.

iv) in case of the empanelled Nandigram Network Hospital, Nanded, as against the prescribed 50 bedded hospital, there were only 38 beds available in the hospital.

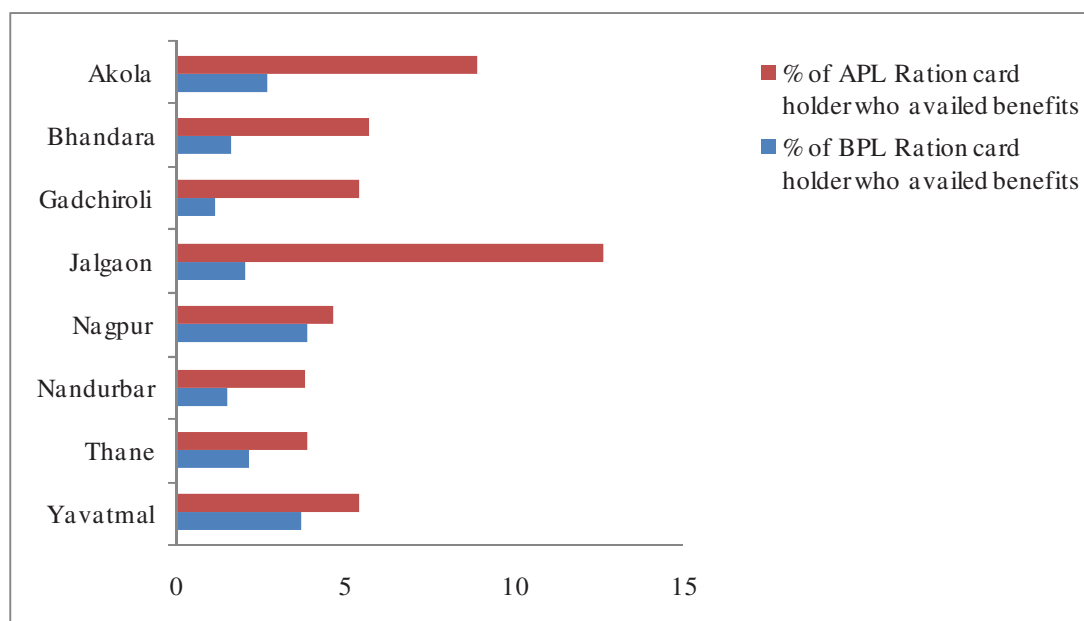
The Government stated (November 2017) that there was a significant increase in health camps conducted during the period from May 2017 to July 2017 and 114 health camps were successfully conducted by 26 NWHs out of 31 NWHs.

### 3.1.8 Outcome of Data Analysis

The district-wise total number of various types of Ration card holders *i.e.* beneficiary database provided by the Society and data relating to 12,49,480 beneficiaries whose claims were received for the period from 2012-13 to 2016-17 was analysed, using data analytical tools “KNIME” and “IDEA”. The results are enumerated below:

The comparison of yellow Ration card holders (BPL) and orange Ration card holders (APL) beneficiaries in selected districts who have availed the benefits of the RGJAY Scheme shown in **Chart 1**.

**Chart 1: Comparison of APL and BPL ration card holders who availed benefits under RGJAY Scheme**



Source: Information furnished by the Society

In selected districts as shown in Chart 1 revealed that the percentage of BPL ration card holders who had availed the Scheme benefits ranged from one to four *per cent* whereas the percentage of APL ration card holders availing of the Scheme benefits were in the range of four to 13 *per cent*. Thus, lesser

number of BPL ration card holders had availed the Scheme Benefits in comparison to APL ration card holders. This showed that publicity among the BPL beneficiaries was not adequate.

A large number of patients from Thane, Jalgaon, Ahmednagar, Beed, Buldhana and Nanded Districts had availed treatment from empanelled hospitals in Mumbai, Nashik and Aurangabad Districts, due to non-availability of infrastructure and appropriate medical facilities in these districts.

The Government stated (November 2017) that the patients migrate to Metro cities to avail better treatment, and availing treatment is also subject to individual choice and also depends on the current location of the beneficiaries.

Government may consider the pattern of treatments availed, and provide necessary medical infrastructure facilities so that beneficiaries could avail of these facilities in their own district, which would help in minimising migration of beneficiaries.

### 3.1.9 Financial Management of the Scheme

The details of the policy year-wise coverage of beneficiaries, claim received, paid, rejected and outstanding is shown in **Appendix 3.1.1**.

#### 3.1.9.1 Rejection/Closure of claims by Insurer

##### i) Rejection of Claims

The Insurer Company had rejected claims worth ₹ 81.29 crore (June 2017) which included rejected claims of ₹ 39.07 crore (48 per cent) pertaining to Government Hospitals and ₹ 42.21 crore (52 per cent) pertaining to Private Empanelled Hospitals. Audit observed that

- comparison of total expenditure incurred on the surgery carried out in the Private Empanelled Hospitals and that of Government Hospitals revealed that the rejection of the claims were more in the Government Hospitals than in the Private Empanelled Hospitals as shown in **Table 3.1.1**.

**Table 3.1.1: Comparison of total surgeries carried out in the Government and private Empanelled Hospital vis-à-vis rejection claims.**

(₹ in crore)

Type of Hospitals	Total Surgeries/therapies		Claims rejected		Percentage of Rejection of Claims
	Number	Amount	Number	Amount	
Government	2,30,229	583.91	12,970	39.07	7
Private Empanelled	10,22,165	2,484.27	17,190	42.21	2

Source: Information furnished by the Society

- Society had also created Claim Appeal Module with the objective to provide the hospitals second last chance to represent if their claims were rejected by the Chief Medical Officer (CMO). Such appeal however, should be initiated within 20 days from the date of rejection of claim by CMO. In 19 test check Government/Municipal Corporations/Council hospitals revealed that due to non-availability of the mandatory documents, procedure video, scar photo *etc.*, the hospitals did not submit the appeal within the prescribed time limit of 20 days, resulting in loss of



₹ 25.90 crore pertaining to the claims for period from August 2013 to March 2017.

The Government stated (November 2017), that, the insurer rejected the claims due to non-submission of mandatory documents like OT notes, lab investigations or procedures done before preauthorisation. Despite giving so many relaxations to Government Hospitals they had failed to submit the minimum required documents for claims approval hence the rejection percentage of Government hospitals was higher than the Private hospitals. Further, the above problem was discussed in the meeting with the Directors of DMER, DHS & MCGM held on 21 August 2017, under the Chairmanship of the CEO, and the hospitals were instructed to follow recommended protocol.

The fact remained that due to lapses by the empanelled Government/Municipal Corporations/Councils hospitals there was a loss on account of claims not accepted by the insurer.

## **ii) Closure of claims**

Audit further noticed that in 19 test checked Government/Municipal Corporation/Councils hospitals, claims amounting to ₹ 3.58 crore were finally closed by the Insurer Company due to delay in submission of claims.

The Government stated (November 2017) that as per clause 23.3 of MOU Phase I and Phase II, the cases which were not submitted or updated by the Hospital for specific policy year, NIC and State Health Assurance Society (earlier RGJAYS) had taken joint decision to close such cases after providing specific time period from closing of the policy year and end of runoff period. The empanelled hospitals were asked to update the pending cases and submit the claims after which the cases were closed.

### **3.1.9.2 Irregularities in payment of insurance premium**

#### **i) Payment of insurance premium of ineligible beneficiaries**

The benefits of the Scheme would not be available to beneficiaries having income above ₹ one lakh. It was noticed that the Society had paid insurance premium of ₹ 5.14 crore<sup>18</sup> in respect of 1,37,437 beneficiaries whose income was more than ₹ one lakh resulting in payment of insurance premium of ineligible beneficiaries to that extent. Out of ₹ 5.14 crore, the Insurer Company had refunded ₹ 3.71 crore to the Society, and the balance of ₹ 1.43 crore, is yet to be refunded by the Insurer Company (June 2017), though claimed.

The Government stated (November 2017) that for adjustment of earlier surplus premium of ₹ 1.43 crore to be recovered from the insurance company and the matter is under arbitration.

Thus, payment of premium without verification of the eligibility of the beneficiaries reflected poor internal checks/controls in the Society which ultimately benefited the Insurer Company.

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<sup>18</sup>  $1,37,437 \times ₹ 333 = ₹ 4,57,66,521 \times 12.36 \text{ per cent Service Tax} = ₹ 5,14,23,263$

**ii) Recovery/Non-adjustment of surplus premium**

Clause 14 of the MoU of Phase II provides that if there is a surplus after the claims experience on the premium (excluding Service Tax) at the end of the policy period, after providing for 20 *per cent* of the premium paid towards the Insurer Company's administrative cost, 90 *per cent* leftover surplus was to be refunded by the Insurer to the Society within 60 days of the expiry of the run-off period of one month.

It was seen in audit that as on June 2015 the surplus lying with the Insurer Company was ₹ 87.50 crore. Accordingly, the Insurer company was to refund ₹ 78.75 crore (90 *per cent* of ₹ 87.50 crore) to the Society, whereas the Insurer Company, refunded/adjusted only ₹ 31.12 crore, and the balance of ₹ 47.63 crore were with the Insurer Company.

It was further noticed that the Insurer Company had already adjusted 20 *per cent* of the premium paid for administrative cost of the Scheme and hence further adjustment of ten *per cent* from the surplus though mentioned in the MoU was not admissible. This had resulted in double benefits of ₹ 8.75 crore to the Insurer Company.

The Government stated (November 2017) that as per clause 64 VB of IRDA regulations, total premium has to be paid in advance to cover risk in the policy, due to which society could not adjust the balance surplus with any premium payments. Further, as the Insurer is bearing the losses when the utilisation of the scheme is more than the premium paid and also out of profit earned by the Insurer, 90 *per cent* of the profit is shared and 10 *per cent* is kept with the insurance company, which is as per Clause 14 of the MOU.

The reply is not acceptable since 20 *per cent* of the premium paid is already adjusted for administrative cost of the Scheme and hence further adjustment of 10 *per cent* from the surplus, though mentioned in the MOU is unwarranted.

**3.1.9.3 Absence of wide publicity as per norms**

As per Clause 26 of the MoU of Phase I and II of the Scheme, the Insurer should ensure that the proper publicity by way of electronic & print media, distribution of brochures/individual print material to the Beneficiaries, banners, display board, guide-book, toll free telephone number, the list of network providers, information boards of policy and benefits, theatre sliders, cable television scrolls, help desk at Primary Health Centres and assistance counters at Empanelled hospitals *etc.*, for better knowledge about the Scheme to the general public. Further, the Insurer should spend two *per cent* of the premium of the total beneficiaries received.

Audit scrutiny revealed that the Society paid ₹ 2,710.89 crore for the total 9,34,95,025 beneficiaries from 2011-12 to 2016-17. Accordingly, the Insurer was to spend ₹ 54.22 crore (two *per cent* of total premium received by the Insurer) on the publicity of the Scheme. It was, however, noticed that the Insurer had spent only ₹ 37.15 crore on publicity of the Scheme.

The Government stated (November 2017) that the Society has now submitted a publicity plan given by Directorate General of Information and Public Relations, (DGIPR) worth ₹ 10 crore to Public Health Department for approval.

The fact remained that during the period covered the insurer company had not ensured wide publicity to the Scheme, which adversely impacted the coverage of the Scheme to more beneficiaries.

#### **3.1.9.4 Printing of Health Cards**

##### **Non-reimbursement of expenditure by the Insurer**

As per Clause 26 of the MoU of Phase I and II, the expenses on printing of Health Cards to be issued to the Beneficiaries are to be borne by the Insurer Company. It was, however, noticed that during the period from 2011-12 to 2014-15, the Society spent ₹ 9.65 crore on printing of 1.20 crore Health Cards (Phase I and Phase II cards). However, it was neither refunded by the Insurer Company nor did the Society adjust the same from the dues payable to the Insurer till date (June 2017).

The Government stated (November 2017) that the Society has issued reminder in August 2017 for reimbursement of ₹ 9.65 crore spent on account of printing and distribution of Health Cards which is part of IEC. Further as per clause 64 VB of IRDA regulations total premium has to be paid to cover the risk in the policy, due to which the Society could not adjust the above amount with the premium.

#### **3.1.9.5 Non-recovery of liquidated damages**

According to Clause 12 & 13 of the MoU I & II, the Insurer was required to perform multiple activities in performance of its obligations under the Agreement, the Scheme and the Policy. Any activity not performed by the Insurer within the given time line would hamper and adversely affect the implementation of the Scheme from the due date and cause damages and losses to the Insured and the Beneficiaries. Further, the Insurer is required to complete the activities listed in the Agreement within the specified period from the date of said Agreement, failing which liquidated damages at specified percentage on total premium per week/month was to be paid by the Insurer to the Society for the period of delay. Maximum liquidated damages were limited to ₹ one lakh only for Phase II of the Scheme.

Audit observed that the liquidated damages of ₹ 96.08 crore of Phase I and ₹ three lakh of Phase II for non-compliance of the activities such as establishment of 24 hours call centre, insufficient/installation of infrastructure, providing cashless treatment *etc.*, in each District covered under the Scheme were not recovered for four years in respect of Phase I and three years in respect Phase II.

The Government stated (November 2017) that process for invoking the arbitration process as per Dispute Resolution Clauses of MoU I and II was in progress.

#### **3.1.9.6 Non-crediting of excess claim money by Hospitals to Government account**

As per Rule 8 (1) of Maharashtra Treasury Rules (MTR) 1968 Volume I, money received on account of revenue to Government should be credited into Government Treasury within two days from the date of its receipt. It was seen that PHD, GoM permitted (June 2013) the Government NWHs to incur expenditure on consumables and honorarium required for treatment of the

beneficiaries to the extent of 50 per cent of claim money received from the insurer at the hospitals and no instructions were given for crediting the balance money to Government account.

Audit scrutiny revealed that the NIC had reimbursed claims amounting to ₹ 249.39 crore<sup>19</sup> to 60 hospitals<sup>20</sup> against 1,29,828 cases<sup>21</sup>, but the balance amount stood deposited in bank accounts of respective hospitals, had not been credited to the Government treasury. Test check of 15 Government NWHs in ten selected districts revealed that fund of ₹ 59.52 crore<sup>22</sup> were lying unspent resulting in un-authorised retention of Government money. Government may give immediate instructions to the hospitals to credit the excess claim money to Government account.

The Government stated (November 2017) that the Society has sought guidelines for crediting of excess claim money by hospital to Government account, which is under consideration.

### 3.1.9.7 Understatement of assets

The Annual Accounts of the Society are audited by the Chartered Accountant empanelled with the Comptroller and Auditor General of India. The audit of the accounts of the Society was done upto the financial year 2015-16.

Scrutiny of Annual Accounts for the financial year from 2012-13 to 2015-16 revealed that the expenditure incurred by the Society on behalf of the Insurance Company on various occasions and excess/surplus premium of ₹ 61 crore paid to Insurance Company was not shown as recoverable from the Insure Company. This has resulted in understatement of assets to that extent.

The Government stated (November 2017) that the recoverable amount from the Insurer will be shown as notes to accounts in the annual accounts for the year 2016-17.

## 3.1.10 Monitoring and internal control

### 3.1.10.1 Shortfalls in Governing Council Meetings

As per Government Resolution of PHD of July 2011, and the RGJAYS Rules and Regulations, 2010, the Governing Council should meet once in every quarter for smooth running of the Scheme.

Audit scrutiny revealed that as against the 23 meeting, only four meetings of the Governing Council were conducted upto March 2017 thereby impacting monitoring and management of the Scheme.

The Government stated (November 2017) that due to some unforeseen circumstances and administrative reasons, meetings of Governing Council were not conducted. For some important issues and decisions like extension of Phase I of MOU were taken by circulation of file to the Governing Council members. Correspondence for scheduling of the Governing Council meeting is now being done.

<sup>19</sup> Hospitals under the Jurisdiction of PHD: ₹ 60.38 crore and Medical Education and Drugs Department (MEDD): ₹ 189.01 crore

<sup>20</sup> PHD: 41 and MEDD: 19

<sup>21</sup> PHD: 36,157 cases and MEDD: 93,671 cases

<sup>22</sup> ₹ 25.22 crore and ₹ 34.31 crore in bank current and saving account respectively

### **3.1.10.2 Pending Grievances**

As per clause 43 of the MoU at District level, District Grievance Redressal Committee chaired by the District Collector and at State level, State Grievance Redressal Committee chaired by the CEO of the Society is to be constituted for redressal of the grievances of the beneficiaries of the Scheme. Besides, a separate set-up under the supervision of the Executive Director of the Insurer at Corporate Office is to be constituted to deal with the grievances of the beneficiaries.

Audit scrutiny revealed that out of 11,019 grievances<sup>23</sup> received during the period from 2012-13 to 2016-17, 9,481 cases<sup>24</sup> were settled and 1,538 remained unsettled<sup>25</sup> as on 31 March 2017.

Of the unsettled grievances of the beneficiaries it was seen that, 1,311 grievances related to collection of money by empanelled hospitals which was 85 *per cent* of the total unsettled grievances. It was further noticed that the grievances of collection of money in private hospital was 822 (63 *per cent*) in comparison with the grievance at Government Hospital was 489 (37 *per cent*).

The Government stated (November 2017) that out of 12.53 lakh surgeries/procedures performed under the Scheme only 11,019 grievances were raised which works out to mere 0.88 *per cent* of the total surgeries/procedures. Strict action is being taken against hospitals where practice of money collection does not stop, by suspending/de-empanelling them from the Scheme. The Society is working out a mechanism/framework for resolving grievances related to out of pocket expenses incurred by beneficiaries in government hospitals.

Since the Scheme envisages cashless treatment, inconvenience due to out of pocket expenses caused to significant number of patients defeated the cashless facility of the Scheme, and hence the same required urgent remedial steps.

### **3.1.10.3 Non-preparation of Annual Report and Bye-laws of the Society**

The RGJAYS, Rules and Regulations 2010, provide that the society will approve, adopt and prepare Annual Reports, frame bye-laws in conformity with the Rules and Regulations, business of the Society and provision in annual budget be made by the Government as per the premium fixed by the RGJAYS for the total number of beneficiaries and administrative charges, official expenditure, wages, allowances, infrastructural support, motor transport, petrol, oil and lubricants *etc.* of the staff of the society (corpus/funds of the society). The society may also accept donations from bonafide sources, subject to approval of the Governing Council.

Audit scrutiny revealed that Annual Report, Bye-laws of the Society was not prepared. Further, the corpus/funds were also not created by the Society which was necessary for monitoring and management of the scheme.

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<sup>23</sup> Government hospital: 2,302 and Private hospital: 8,717

<sup>24</sup> Government hospital: 1,778 and Private hospital: 7,703

<sup>25</sup> Government hospital: 524 and Private hospital: 1,014

The Government stated (November 2017) that Society Committees were established under the CEO for finalising both annual report and bye-laws and action is being taken in this regard.

### 3.1.11 Conclusion and Recommendations

The Theme Audit of RGJAY as implemented in the State revealed that Government/Society had obtained data of total number of Ration Cards holders without any details such as name and Ration Card Number. Therefore the correctness/authenticity of the beneficiaries covered under the scheme could not be verified in audit. The health cards to the beneficiaries as envisaged in the Scheme, in order to identify the beneficiaries as well as make the beneficiaries aware of the Scheme benefits were not distributed. Expenditure on printing of health cards was also rendered wasteful. Excess insurance premium was paid in respect of all white Ration card holders instead of restricting it to the white Ration card holder farmers of the 14 suicide-prone districts.

#### The Government may ensure that

- **The name and ration card number wise data is obtained from the Food, Civil Supplies and Consumer Protection Department and that the Society creates a complete database of eligible beneficiaries;**
- **The insurance premium may be paid to the Insurer with the list of eligible beneficiaries and not on number of beneficiaries;**
- **Provisions be made for obtaining declarations from applicants that beneficiaries are not Government/Semi-government servants and income tax payers, and the Society checks these before covering the beneficiaries under the Scheme;**
- **The Society may remove such ineligible beneficiaries from all records and intimate the hospitals concerned;**
- **The Health Cards be issued to all eligible beneficiaries for availment of benefits of the Scheme; and**
- **White Ration Card holder farmers of the 14 Suicide Prone Districts may be identified, before renewing the policy with the Insurer.**

Sufficient number of *Argoyamitras* were not appointed in all the empanelled hospitals whereas no *Arogyamitras* were appointed in Rural/Primary Health Centres/Sub-district/Women Government Hospitals thereby impacting counselling of the beneficiaries and their families and facilitating the referral/treatment of the patients. The expenditure on publicity was less than the norms prescribed, impacting creation of awareness of the Scheme benefits.

As against the premium of ₹ 3,009.31 crore paid to the Insurer Company until November 2016 covering 9.35 crore beneficiaries under the Scheme, the claims received for settlement were meagre 11.89 lakh due to absence of wide publicity to the Scheme, shortfalls in conducting health camps and non-appointment of *Arogyamitras* at primary health centres. Thus the Scheme

benefits were not commensurate to the expenditure incurred on the premium paid to Insurer. Besides, excess premium of ₹ 1.43 crore paid to the Insurer against ineligible beneficiaries had not been refunded by the Insurer Company. A huge balance of surplus premium of ₹ 47.63 crore was lying with the Insurer Company which was due for remittance to the Government. The Insurer Company had also got double benefit of ₹ 8.75 crore due to further adjustment of ten *per cent* of the surplus premium lying with them. Surplus funds of the claim money received by empanelled hospitals were lying with them, since the Society did not ensure the return of these funds to Government account.

**Government may ensure that**

- **Sufficient number of Arogyamitras are appointed in Rural/Primary Health Centres/Sub-District Hospital/Women Government Hospital so that more number of beneficiaries avail the benefits of the Scheme and that they receive assistance at the hospitals to avail these benefits;**
- **Wide publicity may be given to the Scheme and the fund earmarked for the same be fully utilised; and**
- **Looking at the poor coverage of the Scheme among BPL and APL beneficiaries, with reference to the total expenditure incurred, Government may thoroughly revamp the Scheme features.**

The deficiencies mentioned above are a pointer to the need to streamline the implementation more effectively.

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**Medical Education & Drugs Department**

**3.2 Upgradation of Government Medical Colleges under Pradhan Mantri Swasthya Suraksha Yojana**

**3.2.1 Introduction**

The Pradhan Mantri Swasthya Suraksha Yojana (PMSSY) was launched on 15 August 2003 with the objective of correcting the imbalances in the availability of tertiary care hospitals/medical colleges providing super speciality services and improving the quality of medical education in the under-served States of India. The programmes were funded by the Central as one time intervention and State Government on sharing basis. The upgradation of Government Medical Colleges (GMCs) approved under Phase-I of PMSSY was to be completed by March 2011. In Phase-II, it was to be completed by February 2012. Out of six GMCs identified for upgradation under PMSSY, related records of two GMCs *viz.*, GMC Mumbai and Nagpur were scrutinised. Records relating to PMSSY maintained at Medical Education and Drugs Department (MEDD), Director, Medical Education and Research (DMER), and executing agencies<sup>26</sup> responsible for construction were

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<sup>26</sup> Executive Engineer (EE), Integrated Unit (Public Works) Division, Mumbai, EE, Integrated Unit, Public Works (Medical), Nagpur

scrutinised. Physical verification of some of the equipment purchased under PMSSY was also carried out for the period since introduction of the scheme. Audit was conducted to see whether procurement of equipment and civil works were done as per Government Rules and effectively utilised.

### 3.2.2 Audit Findings

#### 3.2.2.1 Planning

**Identification of GMCs:** With a view to achieve the objectives of PMSSY, the State was required to identify the imbalances in availability of affordable/reliable tertiary level health care and quality medical education. Upgradation of existing GMCs was to be undertaken through a proposal approved by Project Management Committee (PMC) chaired by Secretary, Ministry of Health & Family Welfare, Government of India (MoH&FW). Prior to finalising the proposal, gap analysis of individual institutions, facilities and requirements was to be carried out wherein gap between existing and required facilities was to be analysed.

It was observed that no gap analysis of individual institutions, facilities was conducted by MEDD/DMER. Instead, proposals were submitted<sup>27</sup> by respective Deans to MEDD. MEDD in turn, submitted<sup>28</sup> the proposals to MoH&FW. An amount of ₹ 115.95 crore and ₹ 142.60 crore were received and expenditure of ₹ 108.30 crore and ₹ 135.52 crore were incurred by GMC Mumbai and Nagpur respectively.

In reply to the audit observation, DMER stated (September 2017) that no gap analysis was conducted for any of the GMCs approved for upgradation.

Thus, in the absence gap analysis, the very objective of this scheme to correct the regional imbalance in availability of affordable/reliable tertiary healthcare services was not met.

#### 3.2.2.2 Scheme Implementation

As per the Scheme, the upgradation of GMCs envisaged strengthening the existing departments through building up of super speciality blocks, trauma care centres, nursing college, outpatient department, and procurement of medical equipment. The proposal for upgradation of GMC Mumbai was approved in May 2008 under Phase I for ₹ 120 crore and for GMC Nagpur in August 2009 under Phase II for ₹ 150 crore by PMC.

#### 3.2.2.3 Procurement of equipment

Under PMSSY, procurement of equipment had been segregated into following two categories:

- i) Low end and uncommon equipment (costing below ₹ 30 lakh) were to be procured by the respective GMC/institution. Responsibility of bidding, procurement and commissioning was completely left to the GMC/institution.
- ii) High end and common equipment (costing above ₹ 30 lakh) were to be procured by HLL Lifecare Limited (HLL). The role of HLL was limited to

<sup>27</sup> GMC, Mumbai – July 2005 and GMC, Nagpur – June 2008

<sup>28</sup> GMC, Mumbai – July 2006 and GMC, Nagpur – June 2008



finalisation of bidding process and issuance of Notification of Award. Remaining activities such as placement of orders, inspection, delivery, installation, commissioning, Annual Maintenance Contract (AMC)/Comprehensive Annual Maintenance Contract (CMC) would be the responsibility of the GMC/institution. Audit findings are discussed in succeeding paragraph.

- **Non-procurement of equipment**

GMC Mumbai submitted a detailed procurement action plan in July 2008 and received Central funds of ₹ 95.95 crore between 2007-08 and 2009-10. Similarly, GMC Nagpur received Central funds of ₹ 111.53 crore during 2010-11 to 2016-17. Physical and financial progress of equipment procurement is indicated in the **Table 3.2.1**.

**Table: 3.2.1: Target and achievement regarding procurement of equipment**

(₹ in crore)

GMC	Target		Achievement	
	Physical	Financial	Physical	Financial
Mumbai	448	96.95	299 (67%)	90.56 (93%)
Nagpur	288	125.00	181 (63%)	104.45 (84%)
<b>Total</b>	<b>736</b>	<b>221.95</b>	<b>480 (65%)</b>	<b>195.01 (88%)</b>

It is seen from the above table that for procurement of remaining 256 pieces of equipment having an estimated cost of ₹ 40.38 crore, the GMCs were left with only ₹ 26.93 crore. It was further observed that the actual cost of procurement was higher than the approved cost of the equipment in 237 cases. Further, as per the procurement guidelines, procurement shall not in any case exceed the amount earmarked for this purpose and any procurement of equipment that exceed the allocation, shall be borne by the State Government/Institution concerned. No reply has been furnished by Government (November 2017).

- **Irregularities in procurement**

As per the conditions attached to Notification of Award issued by HLL, respective GMCs were responsible to execute contract agreement with the supplier, obtain performance security for an amount equal to 10 *per cent* of total value of contract, and execute CMC for five years after the expiry of warranty period. In case of State Level Purchases (SLP), the GMCs were to enter into an agreement for due performance of the contract, obtain security deposit (SD) at three *per cent* of the total cost of equipment valid for three years/till expiry of warranty, performance guarantee (PG) at five *per cent* of the total cost of equipment valid for 10 years and CMC for eight years after expiry of warranty period. For delayed delivery of equipment, liquidated damages (LD) at 0.5 *per cent* of contract price were to be recovered from the bills of supplier subject to maximum of 10 *per cent* of the total cost of the equipment.

It was observed that neither GMC Mumbai nor GMC Nagpur executed any contract agreement with suppliers, nor obtained any performance security from the supplier regarding purchases done through HLL. This resulted in extension of undue benefit to the suppliers amounting to ₹ 13.32 crore for 242 equipment valuing ₹ 133.19 crore, in the form of foregone performance security. Further, CMC agreements were not executed for the procurement carried out through HLL, by any of the GMCs for ensuring satisfactory

functioning of the equipment after expiry of warranty period. In reply, GMC Nagpur stated (August 2017) that the responsibility of procuring performance security and CMC lies with the HLL. Similarly, GMC Mumbai while confirming the fact stated (September 2017) that as the purchases were finalised by HLL, hence the contract agreement and performance bank guarantee were not taken by GMC, Mumbai.

The reply is not acceptable being contrary to the provisions of procurement guidelines.

- **Non-functional equipment**

As per the procurement guidelines, the delivery of equipment was to be scheduled in such a manner that no equipment was to remain unutilised for want of space/furnished premises.

In GMC Nagpur and Mumbai, five equipment procured at the cost of ₹ 98 lakh during April 2015 to August 2016 could not be installed for want of required civil & electrical works and other statutory permissions.

Further, 31 equipment costing ₹ 8.22 crore were found non-functional at two GMCs owing to software problems, lack of supporting equipment/infrastructure and occurrence of defects.

#### **3.2.2.4 Civil Works**

GMC Mumbai, out of 16 approved construction works for ₹ 20 crore, took up one work of construction of Administrative Building with the approved cost of ₹ 10 crore. As per the orders (September 2006) of the MoH&FW, GoI, the work of project consultancy and execution of upgradation was to be carried out through Hospital Services Consultancy Corporation Limited (HSCC). However, GMC Mumbai executed the work through PWD instead of HSCC. The State PWD issued (May 2009) tender notice prior to receipt of technical sanction and also placed work order before receipt of 'no objection certificate' (NOC) from the Municipal Corporation of Greater Mumbai (MCGM) on the grounds of urgency, resulting in changes in the scope of the work for complying with the conditions associated with NOC. This led to execution of 'extra items' of work costing ₹ 2.43 crore and also increase in 'quantities' amounting to ₹ 0.90 crore in the tender.

In reply, GMC, Mumbai confirmed the facts and stated (May 2017) that work was delayed due to change of plans and drawing as recommended by Heritage Committee and due to changes in orientation of building as per site condition. It was further noticed that fourteen works proposed for upgradation under PMSSY with an estimated cost of ₹ 11.15 crore were not executed by GMC Mumbai due to financial crunch. Also Trauma Care Centre was not constructed by the GMC Mumbai as the work of multipurpose building was completed at a cost of ₹ 17.73 crore which was met entirely from PMSSY funds. Hence, GMC Mumbai was left with a balance of ₹ 2.27 crore for executing the remaining 14 works, costing ₹ 11.15 crore. GMC Mumbai stated (September 2017) that due to non-availability of funds, remaining works could not be executed.

Similarly, GMC Nagpur, MEDD approved (January 2011) six works which were to be completed by February 2012. Out of these, two works were

cancelled<sup>29</sup> as these works were executed from other sources of fund. Two works namely Trauma Care Centre and construction of three new wards were completed in June 2014 and November 2015 respectively with delays ranging from 28 months to 43 months. Remaining two works viz. construction of three ICCU<sup>30</sup> wards and construction of three wards were in progress as of July 2017. The time over-run in execution was mainly attributed to delay in preparation of detailed estimates ranging from 15 to 66 months. Thus, even after lapse of more than five years, the intended objectives of providing improved health care facilities to public at large from 2012-13 remained unachieved.

### **3.2.2.5 Miscellaneous Observations**

The procurement guidelines under PMSSY stipulated that procurement of equipment shall be as per list approved by the institution with the help of experts from GoI and excess expenditure incurred, if any, over the approved cost would be borne by State/GMCs. Further, grants were not to be diverted for any other purpose. Scrutiny of records revealed that

- i) GMC Mumbai and Nagpur procured 155 equipment for ₹ 9.58 crore, which were not included in the approved list of equipment and excess expenditure of ₹ 55.25 crore on procurement of equipment during Phase-I and II, was incurred from the PMSSY funds at GMC Mumbai and Nagpur instead of from the State/GMCs fund.
- ii) An amount of ₹ 33.74 lakh was transferred from PMSSY account maintained by GMC Mumbai to the bank account of Sir J. J. Hospital in October 2010. However, no vouchers/documents for expenditure of this amount were produced to audit.
- iii) GMC Nagpur maintained separate PMSSY Cash Book for Central share of the Scheme and the State share of ₹ 31.07 crore received for civil construction was included in college cash book instead of PMSSY Cash Book which was irregular.

### **3.2.3 Conclusion**

Audit of Upgradation of Government Medical Colleges (Mumbai and Nagpur) under Pradhan Mantri Swasthya Suraksha Yojana revealed that no gap analysis of existing facilities and future requirements in tertiary care was carried out. The upgradation programme of GMCs could not be implemented as per the plan and there were instances of enormous delays, non-execution of civil works and non-procurement as well as non-installation of equipment for want of space. Equipment worth ₹ 9.17 crore were not installed/remained non-functional due to want of required civil/electrical works, lack of infrastructure/supporting equipment/software *etc.*, Non-adherence to the conditions relating to execution of contract agreement and performance security resulted in extension of undue benefits to suppliers of equipment.

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<sup>29</sup> One work (construction of central clinical laboratory) was completed from budgeted head, and other work (construction of sterilisation and store building) was proposed in newly constructed medicine store building

<sup>30</sup> Intensive coronary care unit

The matter was referred to State Government in August 2017; their reply was awaited as of November 2017.

## Higher and Technical Education Department

### 3.3 Functioning of Rashtrasant Tukadoji Maharaj University, Nagpur

#### 3.3.1 Introduction

The Rashtrasant Tukadoji Maharaj University, Nagpur (University) was established on 4 August, 1923 and is governed by the Maharashtra Universities Act, 1994 (Act)<sup>31</sup>. The University has 39 Post-graduate Teaching Departments (PGTD), three<sup>32</sup> conducted<sup>33</sup> Colleges/Institutions and three<sup>34</sup> Autonomous Colleges/Institutes. Further, the University has 600 affiliated colleges, nine faculties with more than three lakh students pursuing nearly 275 different courses.

The Governor of the State is the Chancellor of the University. The Chancellor appoints Vice-Chancellor (VC) for a period of five years. The Chancellor in consultation with the VC appoints the Pro-Vice Chancellor (Pro-VC). The Governing Body *i.e.* the Senate is the principal authority for all financial matters and for providing feedback on current and future academic programmes. The Registrar is in-charge of the administration; the Finance and Accounts Officer and the Controller of Examinations are responsible for looking after financial and examination related matters respectively. The Department of Higher and Technical Education (HTE), Government of Maharashtra (GoM) exercises control over the activities of the University.

Audit was conducted between January and June 2017 covering a period of five years from 2012-13 to 2016-17, to examine the functioning of University especially in the areas of teaching and research, accreditation and affiliation and infrastructure facilities. The audit findings are discussed in the succeeding paragraphs.

## Audit Findings

### 3.3.2 Planning

#### 3.3.2.1 Unrealistic Perspective Plans

The Maharashtra University Act, 1994 lays down the procedure for opening new colleges or institutes of higher learning. It requires the University to prepare a Perspective Plan (PP) with due regard to the needs of un-served and under-developed areas within the jurisdiction of the University and get it approved by State Council for Higher Education. Accordingly, the University

<sup>31</sup> Prior to this it was governed by the Nagpur University Act, 1974

<sup>32</sup> Law College, Laxminarayan Institute of Technology (LIT) , and College of Education

<sup>33</sup> Conducted college:-College Maintained and Managed by University

<sup>34</sup> Ramdeobaba College of Engineering & Management, Yashvantrao Chavan College of Engineering and G.H.Raisoni College of Engineering

prepared a PP for the period 2008-2014, covering under-graduate/post-graduate colleges and professional colleges, research and extension centres.

Audit observed that though the PP mentioned the overall target for opening new colleges, year-wise developmental activities to be carried out by the University along with details of financial outlay were missing. Subsequently, as per the directions (October 2015) of GoM, the University prepared the revised PP for the session 2016-17.

It was further noticed that the University added 296 new colleges (28 *per cent*) against the target of 1,052 new colleges during 2008-14 and five new colleges were added against the target of 34 new colleges during 2016-17.

The University could not provide the reasons for shortfall in the target.

### **3.3.2.2 Teaching and Research**

The Academic Council (AC) is headed by the VC. The Pro-VC, the Deans of Faculty, Chairpersons of the Boards of studies and 18 other members are responsible for preparing the policies and programmes to maintain and improve standards of teaching, research, extension, collaboration programmes. The AC also have to submit the feasibility report on academic programmes recommended by the Senate in its annual meeting.

Audit observed that the AC had neither laid down any academic policy nor did they evaluate workload of teachers. The Act stipulated that a Committee should review the utility of the existing courses of study so as to modify them in the light of new knowledge or changing social requirements. However, no Committee had been formed to review the existing courses of study and prepare a feasibility report.

On being pointed out by audit, it was replied (March 2017) that various decisions taken by the AC were in consonance with the policy. It was also stated that there was no necessity to take up periodical review as it was a continuous process.

The reply is not tenable as the National Assessment and Accreditation Council (NAAC), had found (February 2014) lacunae in curriculum enrichment, absence of measures for consultancy and collaborative research, inadequate research space and facilities, non-operational centralised instrumentation facility and lack of measures for containing drop-outs. This indicated that the AC was ineffective and had failed to fulfil its mandate.

### **3.3.2.3 Availability of teaching/non-teaching/statutory staff**

In order to maintain academic standards availability of qualified and experienced teachers/faculty/non-teaching staff is a pre-requisite; as shortage on this account adversely affects the quality of education. In this regard, it was observed that there was continuous shortage of teaching staff in the University and colleges during the period from 2012-17, ranging from 33 to 48 *per cent*. Further, eight<sup>35</sup> PG departments had more than 50 *per cent* vacancies in teaching staff since last five years.

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<sup>35</sup> Linguistics, Political Science, Law, Mass Communication, Psychology, Fine Arts, Marathi and Sanskrit

The University stated (May 2017) that 883 contributory teachers were hired to fill the gaps. The matter regarding non-teaching staff was being pursued with the Government and an advertisement for recruitment to 23 posts had been published. The work of the vacant posts was being done by allotting additional charge to the regular staff.

The reply is not tenable as the vacancy position remains unaltered and appointment of contributory teachers cannot be a substitute for regular teachers.

#### **3.3.2.4 Mandatory teaching of 90 days**

The UGC Regulations 2003 prescribe minimum of 180 teaching days in an academic year. This translates to 90 days for each session in the recently adopted (2013-14) two semester pattern. The notifications are issued every year in the month of May by the University for each academic year reiterated the requirement to pursue a regular course of study for not less than 90 days of the academic session before being examined for any semester examination.

It was observed that the actual teaching days ranged between 36 and 75 days during the period from 2014-15 to 2016-17. This compromised the teaching/learning hours.

On this being pointed out, it was replied (June 2017) by the Head of the Department of respective Departments that extra classes were taken on holidays to cover the syllabus.

The reply is not tenable as it is in contravention of the UGC Regulations which provide for determination of teaching hours excluding the holidays.

#### **3.3.2.5 Declaration of Results**

The Act provides for declaration of the results of every examination within 30 days from the last date of examination and in any case not later than 45 days from the last date of examination. If for any reasons the University was unable to follow the schedule, a report incorporating the detailed reasons for such delay was to be submitted to the Chancellor and to the GoM.

It was observed that during summer 2012 to summer 2016, of the 6,074 results declared 3,168 (52 *per cent*) results were declared with a delay ranging from 50 to more than 100 days. No report incorporating the reasons for delay in declaration of results was submitted by the University to the Chancellor and to the GoM. No timelines were prescribed for declaration of result of revaluation.

#### **3.3.2.6 Research Projects**

Research activities are vital to academic institutions. The research projects are funded by UGC, Department of Science and Technology (DST), and All India Council of Technical Education (AICTE) and also by the University.

Audit noticed that 132 research projects were assigned to Laxminarayan Institute of Technology (LIT), Nagpur and various teaching departments during 2012-17. It was observed that the University did not have any centralised mechanism to monitor actual progress and outcome of research activities. As a result, only 27 projects were completed as of June 2017. Delay ranging from four to 38 months were noticed in 38 research projects after their due date of completion. Further, no research papers were published during

2012-17. In none of the projects were the equipment/instruments acquired during 2012-17 by the project Principal Investigators (PIs) concerned transferred to the University.

On this being pointed out by audit, the University stated (May 2017) that most of these projects were UGC funded for which UCs and other reports were pending with the Principal Investigators.

### **3.3.3 Accreditation, Affiliation and Recognition**

The accreditation status indicates that the particular Higher Educational Institution (HEI) - a college, a University, or any other recognised unit therein, meets the standards of quality as set by the Accreditation Agency.

#### **3.3.3.1 Accreditation of University affiliated colleges**

The University grants affiliation to new colleges, subject to their obtaining accreditation from National Assessment and Accreditation Council (NAAC) within five years of their establishment. The UGC Regulations (February 2014) on Affiliation of Technical Colleges also provides for mandatory accreditation of the technical colleges by NAAC and their programmes by National Board of Accreditation (NBA) while seeking affiliation/renewal of affiliation from the University.

It was observed that out of 600 affiliated colleges, 553 colleges were established prior to 2011. Hence, these 553 colleges were required to obtain NAAC accreditation and NBA approval, applicable to technical colleges as indicated in **Table 3.3.1**.

**Table 3.3.1: NAAC Accreditation and NBA approval as on March 2017**

Sr. No.	Category	Number	NACC Accredited	NBA Approval	Active Accreditation and Approval
1.	Government Colleges	9	3	--	3
2.	Aided Colleges	140	107	--	56
3.	Unaided Colleges	335	8	1	4 (NAAC)
4.	Technical Colleges	69	8	8	6 (NAAC & NBA)
	<b>Total</b>	<b>553</b>	<b>126</b>	<b>9</b>	<b>69</b>

Source: Affiliation Section of University

From the above table it can be seen that, out of 553 colleges only 126 colleges obtained NAAC accreditation and nine technical colleges had the NBA approval for their programmes within five years of their establishment. As of June 2017, only 69 colleges had active NAAC accreditation and only six colleges had active NBA approval. Thus, 484 (553-69) colleges were operating without mandatory NAAC accreditation and NBA approval.

**The University while accepting the fact stated (May 2017) that most of these colleges were unaided and were functioning without adequate teachers and infrastructure.** It was also stated that this would be brought to the notice of the Authority for taking appropriate action. Reply was not acceptable as there was no relaxation given in respect of unaided colleges in the Act and UGC Regulations for obtaining accreditation.

#### **3.3.3.2 Extension of affiliation**

The University Act and Rules do not provide for grant of provisional affiliation. Accordingly, the University issued (April 2007) a circular

prescribing a time frame for processing the applications for extending affiliation. The process of granting extension to the affiliation was to be completed before the start of the new academic year *i.e.* by the end of April and this period was spread over eight months starting from 31 August of the previous year. This circular also contained guidelines for appointment of Local Enquiry Committee (LEC) and procedure to be followed by the LEC and the University.

The LEC was required to look into six group of parameters<sup>36</sup> before recommending extension of affiliation of particular college. LEC's recommendations are to be approved by the Board of College and University Development. On test check it was observed that the University had 600 affiliated colleges as of January 2017. Of these, affiliation of 439 colleges (73 *per cent*) had expired in April 2017. In 293 colleges, the process of extending affiliation had started but 146 colleges had not applied for extension of affiliation.

i) On test check of 60 colleges, which had been granted affiliation between 1984 and 2010, it was observed that 21 colleges were operating in rented buildings for eight to 33 years since their establishment. Though the LEC had remarked on this, extension of affiliation was granted to these colleges. The University neither made any efforts to enforce the condition of own building nor took any action of withdrawal of affiliation against these colleges.

ii) A college applying for extension was required to get at least 25 *per cent* marks in each group of parameters by the LEC. A sample check of 60 colleges revealed that 24 colleges were awarded less than 25 *per cent* marks in various groups. However, affiliation of these colleges was continued in spite of not fulfilling the minimum required marks criteria.

iii) Out of 60 sampled colleges, in seven Colleges continuation of affiliation was granted irregularly. For two colleges, affiliation for six years and one year were granted though they were not eligible for affiliation. In five colleges, affiliations were granted in excess of one to five years against the norms. It was stated (May 2017) that this was done to protect the interest of the students.

iv) In 23 colleges, out of 60 test-checked colleges it was observed that the LEC awarded the marks incorrectly in violation of the method prescribed by the University for the same so that the colleges could meet the minimum requirement to qualify for the extension of affiliation.

v) Out of 60 selected colleges, extension to affiliation was granted provisionally to 44 colleges, for earlier and current period by clubbing the same in violation of the Act.

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<sup>36</sup> 1) Availability of regular Principal, Teacher, staff and Office infrastructure  
2) Building, Class Room, Laboratory, Sports Infrastructure *etc.*, 3) Library and its infrastructure *etc.*, 4) Teachers contribution in Research, Publication, participation in the exam process of University and results of the College 5) Participation in NSS/NCC/Adult education, Medical facility, extra-curricular activities *etc.*, 6) Regularity in meeting of Local Management Committee, College council, compliance of previous LEC observations, Complying with the Act, ordinance, rules and regulations *etc.*



vi) LEC had been reporting absence of regular teaching and non-teaching staff in 53 colleges. Despite this fact, these colleges were granted extension of affiliation. The University had also identified (June 2013) 250 such colleges and closed 71 of these; remaining 179 continued on the basis of an undertaking to rectify the shortcomings. However, five<sup>37</sup> out of these 179 Colleges test-checked in audit continued to operate in spite of the deficiencies.

vii) In 30 out of 60 sampled colleges, application for extension of affiliation was made after a delay ranging from one to 487 days from 31<sup>st</sup> August of the respective year. Though penalty was levied on delayed applications, as prescribed, irregular provisional affiliation was granted for the period in which the application for extension was under process without ensuring the fulfillment of criteria.

viii) The affiliation process was to be completed by the end of April of the ensuing academic year. It was noticed that in 40 out of 60 sampled colleges, grant of extension of affiliation was delayed by a period ranging from 11 days to 2,644 days.

**On being pointed out, it was stated that as most of the affiliated colleges were unaided, hence they could not afford to appoint full time teachers and have infrastructure as per norm. But, to facilitate imparting of higher education in rural, hilly and tribal areas, the extension to their affiliation was granted by the University. The relaxation in affiliation process were given to protect the interest of students.** It was also stated that new directions will be issued for streamlining the affiliation process. The reply was not acceptable as all the affiliated colleges were located in and around the city area. Further, non-maintenance of adequate teaching staff and infrastructure compromised with the quality of education besides flouting the norms prescribed for extension of affiliation.

### **3.3.3.3 Recognition as Higher Learning and Research Centre**

The University had recognised 76 colleges/institutes as of April 2017, (57 colleges and 19 institutes), affiliated to it, as centres of 'Higher Learning and Research' which involved activities to be undertaken for pursuit of knowledge beyond learning and research activities in all fields of human endeavour. The recognised institutions were required to apply for continuation of recognition six months prior to the date of expiry of such recognition. The terms and conditions for seeking recognition as a place of higher learning and research are specified in Direction and Statutes issued by the University.

Sample check of 15 recognised colleges revealed following:

- (i) In 12 colleges, information regarding application received for recognition (new and renewal) was not available on record.
- (ii) In all the 15 colleges, mandatory annual progress report and six monthly progress reports on research works were never furnished by the respective colleges to the University.

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<sup>37</sup> 1) Bhivgade National College, Nagpur 2) Mahalaxmi Jagdamba Bai, Arts, Commerce and Science College, Nagpur 3) Bala Mahavidyalay, Bela, Umred 4) Late. Nirdhan Patil Waghai, Arts, Commerce and Science College, Lakhni, Bhandara 5) Manoharbai Patel, College of Education, Bhandara

(iii) In 10 colleges, no application for renewal of recognition was received by the University even after the date of expiry of their earlier recognition period.

(iv) In 11 cases, the Visiting Committee<sup>38</sup> submitted its report immediately after paying visit to the colleges, but the orders granting recognition were issued to these colleges after a delay of one to four years from the visit date.

On being pointed out, it was stated (May 2017) that show cause notices would be issued to such colleges.

The fact remains that no serious efforts/measures were taken by the University to ensure any significant research activity or specialised study. The mandatory annual reports and half yearly reports highlighting the research activity/activities conducted in the subject/courses was never submitted nor demanded by the University during the period covered by the audit.

### **3.3.4 Management of resources**

#### **3.3.4.1 Management of University receipts**

Section 102 of Act provides that all income of the University from any source whatsoever forms part of General Fund (GF). The Maharashtra University Accounts Code (Code) provides for appointment of the Investment Committee for suggesting the suitability of investment of surplus money. Section 102 of the Act provides that any surplus money not immediately required for any purpose, be deposited in the Nationalised or Scheduled Banks or invested in any other Equity or Securities issued by the Corporations having financial participation of the State Government or in units of UTI, NSC, Bonds issued by IDBI and ICICI or investment approved by the MC.

During 2011-16 surplus funds ranging from ₹ 15 crore to ₹ 188.76 crore were kept in fixed deposits (FDs) of different banks, in consonance to the Act. It was observed that the surplus funds were invested only as FDs and no other option of investment was considered by the University, thereby losing an opportunity to earn maximum possible returns. There were delays ranging from two months to seven months in investing surplus funds of ₹ 150 crore in FDs resulting in loss of ₹ 4.25 crore on interest during April 2013 to November 2013.

#### **3.3.4.2 Bank reconciliation**

Para 3.57 of the Code prescribes for reconciliation of the bank account with the cash book at the end of every month and submit report thereupon to the Deputy Registrar. A difference between cashbook balance and bank account balance ranging from ₹ 0.023 crore to ₹ 12.57 crore was noticed in respect of 15 cashbooks and their corresponding bank accounts during March 2016 to October 2016.

Two bank accounts having balance of ₹ 0.82 crore were found inoperative since January 2015 and no interest could be earned on the same as both these accounts were current accounts.

<sup>38</sup> A visiting committee consisting of experts in the subject and courses applied for recognition appointed by the Board of College and University Development

On being pointed out, it was replied (June 2017) that a review of surplus amount is being carried out and efforts are being made for timely reconciliation of the bank accounts and closing in-operative bank accounts.

### **3.3.4.3 Advances from University Funds**

Para 1.87 of the Code prescribes procedure for drawal of advance from university funds. The Head of the Department concerned is responsible for adjustment of advances. Second or subsequent advance was not to be granted unless first advance was fully recouped and all advances were to be settled within one month and in any case before the end of the financial year. The unspent balance was required to be remitted into University account immediately. In case of delay in remittance for more than seven days, penal interest was to be charged.

The University had granted advances to teaching departments/employees/exam centres amounting to ₹ 84.12 crore till March 2015. Out of which ₹ 13.22 crore only was adjusted, leaving ₹ 70.90 crore unadjusted. Though these advances were outstanding since the year 1988, no action was taken to adjust the same. Subsequent advances were released without adjusting the previous advances.

It was stated (May 2017) that the advances relating to the period from 1988 to 2012 pertained to Principals/employees of colleges having exam centres. It was also replied that a Chartered Accountant firm had been appointed to look into unadjusted advances along with other financial issues.

The reply is not tenable in audit as in the absence of timely adjustment of long pending such huge advances, the possibility of misappropriation of funds could not be ruled out.

## **3.3.5 Academic infrastructure**

### **3.3.5.1 Libraries**

Para 4.15 (a) of the Code prescribes for annual physical verification of books of all the Libraries. If this was not possible annually due to size, cost and time constraints, the books were to be physically verified at intervals of not more than five years. The verification would always be subject to surprise test check by some independent officers to be recorded on the list, inventory or stock account.



The University had a main Library (P.V. Narasimha Rao Granthalaya) at Ramdaspath and Campus Library at Mahatma Jyotiba Phule Complex in addition to libraries of respective PG teaching department and three conducted colleges. The University had a total collection of 3,85,890 books including 16,974 rare and valuable books, 36,259 bound volumes of periodicals besides 14,312 Manuscripts kept in Campus library.

### **3.3.5.2 Main and Campus Library**

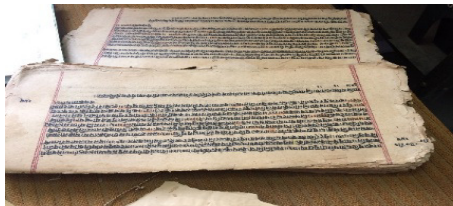

Audit observed that physical verification of books was not carried out since 1994 by the University as no certificate of verification was recorded in stock register. It was replied (May 2017) by the Librarian, Main Library that due to shortage of staff and huge stock of books, physical verification was not possible.

Joint inspection of the libraries with the Director, Knowledge Centre revealed that

- in the Main Library, old books in very poor condition were lying on tables, on floor of the main library and kept tied up in racks in bundles as shown in the photographs below:

All old books were in very poor condition lying on table and on floor of the main library at Ramdaspath	Books kept in racks by tying the rope to bunch of books in the library at Ramdaspath
	

- window glass panes were broken and the books were directly exposed to sunlight which may result in deterioration in the condition of the books.
- all books, bookshelves were covered with thick layer of dust indicating poor upkeep.
- fire extinguishers were not refilled and installed properly thereby putting the books including rare books and Manuscripts to risk of permanent damage.
- Large number of Manuscripts (14,212) dating back to 1717 kept in the campus library were in very poor and fragile physical condition as shown in photographs below:

Very poor and fragile physical condition of Manuscripts main library at Ramdaspath	
	

If proper preservation or conservation efforts for these valuable manuscripts are not made by the University, they would be damaged beyond retrieval for future use.

University replied (April 2017) that the digitisation of the manuscripts was necessary and the efforts would be made to get the funds during 2017-18. After receipt of the funds digitisation would be done. The reply is not acceptable as the University was granted ₹ 99.70 lakh in March 2016 under Rashtriya Uchchar Shiksha Abhiyan to be utilised for upgrading of libraries which included digitisation of books, journals and thesis. But, the University purchased books worth ₹ 76.40 lakh with this amount.

### 3.3.5.3 Hostels

The University had six<sup>39</sup> hostels at its different premises. Scrutiny of records along with joint inspection to four<sup>40</sup> hostels revealed the following:

#### Operation and Maintenance of Hostels

- During the period from 2012-17, except in 2013-14, students in excess of the intake capacity ranging from 33 to 76 were admitted, putting pressure on the amenities and infrastructure of the Hostels.
- The HAC had recommended (April 2015) appointment of full time Warden, providing Solar Water Heaters, installation of CCTV camera on hostel gate, providing Wi-Fi facilities, Ramps and toilets for Handicapped Students of the hostel. It was observed that none of these recommendations were implemented.
- The hostels faced problems of inadequate and irregular water supply and contaminated water in toilets. It was noticed that Engineering Department had not solved the problem of sewerage line in the last three years, resulting in unhygienic condition of hostel premises.

On being pointed out, the Warden replied (May 2017) that all the facilities were available. The reply is not acceptable as no documentary evidence was produced to audit to substantiate the same.

#### Girls Sports Hostel

A sports hostel exclusively for lodging and boarding of girl participants in various games and coaching camps was constructed at Raobahadur D Laxminarayan Premises, at a cost of ₹ 0.61 crore. Out of which, ₹ 0.30 crore was provided by the UGC and balance was borne by the University. But due to its remote location and difficult accessibility, the sports hostel could not be put to use since its completion in December 2010. With the passage of time the building structure had deteriorated.

On this being pointed out by audit, it was replied (June 2017) by the Director, Physical Education that a provision of ₹ five lakh has been made in the budget for refurbishing the hostel and care would be taken to utilise the hostel.

### 3.3.6 Internal Control

Internal Controls provide reasonable assurance that applicable rules and regulations are duly followed. The Internal Control mechanism in the University was inadequate as evident from the following:

- i) The provisions of the Act and Code provide for annual audit of accounts of the University within six months of the close of the financial year by the statutory auditors appointed by the MC who have no interest in any of the authorities or affairs of the University. It was noticed that one partner of the CA firm, appointed as Statutory Auditor for preparation of the annual

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<sup>39</sup> (1) Girls Hostel, North Ambazari Road (2) Boys Hostel, Law College Premises, (3) LIT Campus, (4) PG and (5) Pharmacy at Mahatma Jyotiba Fule campus (6) Boys Hostel, North Ambazari Road

<sup>40</sup> (1) Boys Hostel, Law College Premises, (2) PG and (3) Pharmacy at Mahatma Jyotiba Fule campus and (4) LIT campus

accounts and Audit Report during 2012-17, was on the local Management Committee of the Nagpur Shikshan Mandal running three affiliated colleges.

ii) Section 90 of the Act provides for furnishing of reports, returns and other particulars by every affiliated college and recognised institution. But, in absence of directions and a prescribed format, no reports or returns were being furnished. Every University department or institution, affiliated college or recognised institution is to be inspected, at least once in every three years, by one or more committees appointed by the VC which would submit its report to the VC. Audit observed that neither the Committee was formed nor was any inspection ever carried out.

iii) The Code provides for establishment of the Internal Audit Unit headed by Superintendent for physical verification of the assets of the University and test audit of payments and receipts of the University. It was observed that the University did not have any Internal Audit Unit. No physical verification of the assets was conducted. However, the audit of payment and receipts was being carried out by the University.

iv) The Code provides for formation of Stock Verification Section to check the records and equipment physically once in a year. Audit observed that no such section was formed in the University.

### **3.3.7 Conclusion and Recommendations**

Audit was conducted to examine the functioning of the University especially in the areas of teaching and research, accreditation and affiliation and infrastructure facilities. It was found that

- The functioning of Academic Council was ineffective and failed to fulfil its mandate.
- No committee was formed to review the existing courses of study and prepare a feasibility report.
- There was continuous shortage of teaching staff in the University and colleges during the period from 2012-17, ranging from 33 to 48 *per cent*. Further, eight PG departments had more than 50 *per cent* vacancies in teaching staff since last five years.
- Mandatory teaching of 90 days was not adhered to and shortfall ranged from 36 to 75 days during 2014-15 and 2016-17.
- University did not have any mechanism to monitor the progress and outcome of research activities. As such, out of total 132 research projects, only 27 were completed and no research work was published during past five years.
- Out of 600 affiliated colleges, only 69 colleges possessed active accreditation and approval from NAAC and NBA owing to inadequacy of teaching staff and proper infrastructure such as buildings, libraries, laboratories and sports facilities *etc.*

- The extension to affiliation granted on the basis of LEC recommendations was found flawed in 60 test checked colleges.
- The hostel faced problems of inadequate and irregular water supply, contaminated water in toilets.
- The financial management of the University funds exhibited numerous lacunae and violations *viz.* unadjusted advances of ₹ 70.90 crore, inoperative bank accounts, diversion and blocking of funds.
- The internal controls were weak.

Thus, Government needs to monitor the functioning of the University especially in the areas of teaching, accreditation and affiliation to maintain academic standards.

**The Government may direct the University to (i) prepare the Perspective Plan to provide year-wise developmental activities to be carried out by the University along with details of financial outlay; (ii) regularise the accreditation of the affiliated/conducted colleges; and (iii) Strengthen the internal control mechanisms.**

## **Water Supply and Sanitation Department**

### **3.4 Implementation of National Rural Drinking Water Programme**

#### **3.4.1 Introduction**

The Government of India (GoI), through the Department of Drinking Water and Sanitation<sup>41</sup>, launched the National Rural Drinking Water Programme (NRDWP) in April 2009. NRDWP is a centrally sponsored scheme of the GoI aimed at providing adequate and safe drinking water to the rural population of the country. The goal of the Ministry is to provide every rural person with adequate safe water for drinking, cooking and other domestic needs on a sustainable basis. The basic requirement should meet water quality standards and be readily and conveniently accessible at all times and in all situations.

The NRDWP has six components *viz.* (i) Coverage (ii) Water Quality (iii) Operation and Maintenance (O&M) (iv) Sustainability (v) Support Activities (vi) Water Quality Monitoring and Surveillance (WQMS). The fund sharing pattern was 50:50 between GoI and GoM for Coverage, Water Quality and O&M component while there was 100 *per cent* funding for Sustainability, Support Activities and WQMS by GoI. From April 2015, the fund sharing pattern in respect of Sustainability, Support Activities and WQMS component was revised to 60 *per cent* by GoI and 40 *per cent* by the State. In the remaining components there was no change in the sharing pattern.

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<sup>41</sup> Government of India created and notified the Ministry of Drinking Water and Sanitation as a separate Ministry on 13 July 2011

### 3.4.2 Organisational set-up

The NRDWP is implemented in the State under the overall guidance of the State Water and Sanitation Mission (SWSM) and is headed by the Chief Secretary to the GoM. The Principal Secretary, Water Supply and Sanitation Department (WSSD) is the nodal Secretary responsible for all the activities and convening meetings of the SWSM. A State Level Scheme Sanctioning Committee (SLSSC) headed by the Principal Secretary, WSSD, Water and Sanitation Support Organisation (WSSO) was constituted (March 2012) under SWSM to deal with the support activities under the NRDWP. The Maharashtra Jeevan Pradhikaran<sup>42</sup> (MJP) and Groundwater Survey and Development Agency (GSDA) were designated (August 2009) as State Technical Agencies (STA) under the administrative control of WSSD for providing technical support for the implementation of various components under NRDWP. At the district level, District Water and Sanitation Mission (DWSM) and Village Water and Sanitation Committee (VWSC) was set up under the overall control of Zilla Parishads (ZPs).

### 3.4.3 Scope of audit

The implementation of NRDWP in the State was reviewed by the Audit during May to September 2017 through a test-check of records for the period 2012-17 in WSSD at Mantralaya, Mumbai, WSSO at Navi Mumbai, MJP at Navi Mumbai and Director, GSDA, Pune. Records maintained in the Divisional offices of ZP (Rural Water Supply), DWSM, GSDA, MJP offices and 54 GPs (in 27 blocks) in ten districts viz. Pune, Sangli, Ahmednagar, Nashik, Nagpur, Aurangabad, Beed, Raigad, Thane and Buldhana were test-checked. Selection of 10 districts and 27 Blocks was done on the basis of Probability Proportion to Size without Replacement (PPSWR) method with size measure as total NRDWP expenditure and completed drinking water supply schemes during 2012-17 respectively. Selection of 54 GPs and 85 habitations was done based on Simple Random Sampling without Replacement method.

The audit findings which emerged from the examination of records in these offices are discussed below:

### 3.4.4 Planning

#### 3.4.4.1 Deficiency in planning

Based on the 'National Policy Framework' each State was required to prepare State specific Sector policy framework based on which State Level Planning for taking up water supply schemes for the 12<sup>th</sup> plan period (2012-17) was to be done.

As per the NRDWP guidelines, a Village Water Security Plan was to be prepared by each VWSC indicating the demographic, physical features, water sources and other details of the village; available water infrastructure and gaps, proposed works to augment the existing infrastructure and water sources and requirement of funds from rural water supply programmes. Based on all the VWSPs of the districts, a District Water Security Plan was to be prepared by the DWSM. A five year Comprehensive Water Security Action Plan was

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<sup>42</sup> An autonomous body constituted by GoM for executing water supply schemes



also to be prepared by the State and during each financial year Annual Action Plan (AAP) was to be prepared.

The deficiencies noticed in planning are discussed below:

- The State did not prepare State specific Sector Policy for planning the water supply schemes to be taken up during the 12<sup>th</sup> Plan period.
- The Village Water Security Plan (VWSP), District Water Security Plan (DWSP) and a five year Comprehensive Water Security Action Plan were not prepared in the State. In the absence of VWSP/DWSP, the participation of the villages in planning, designing and implementation of the rural drinking water supply schemes as envisaged under NRDWP guidelines was not ensured. The schemes taken up also lacked an integrated approach in addressing the rural drinking water security issues which is evident by the fact that schemes completed by MJP are non-functional due to lack of demand from the GPs or establishment of individual piped water supply schemes in the GPs due to which the schemes are not taken over by the ZPs as discussed in **paragraph 3.4.7.3**.

In reply WSSO stated (September 2017) that Village Water Security Plan (VWSP) for Domak Village in Morshi block of Amravati district has been prepared and approved by GoI under National Drinking Water Security pilot project. It was further stated that VWSP has been prepared for 96 villages in Varud block of Amravati district and based on the experience gained in the preparation of VWSP during pilot project implementation preparation of VWSP would be taken up for all the villages in the State. The reply only confirms that the State had been preparing only requirement based Annual Action plans instead of comprehensive planning for meeting the water requirements of the State.

- As per GoI instruction (June 2015), applicable for the year 2015-16 onwards completion of incomplete/ongoing works should be given priority over new works and no new schemes should be taken up except in villages selected under Sansad Adarsh Gram Yojana (SAGY), fluoride and arsenic affected habitations (water quality affected). GoI also instructed (February 2016) that in the AAP for the year 2016-17, priority should be given to those villages which have achieved Open Defecation Free (ODF) status both in the case of ongoing and new schemes.

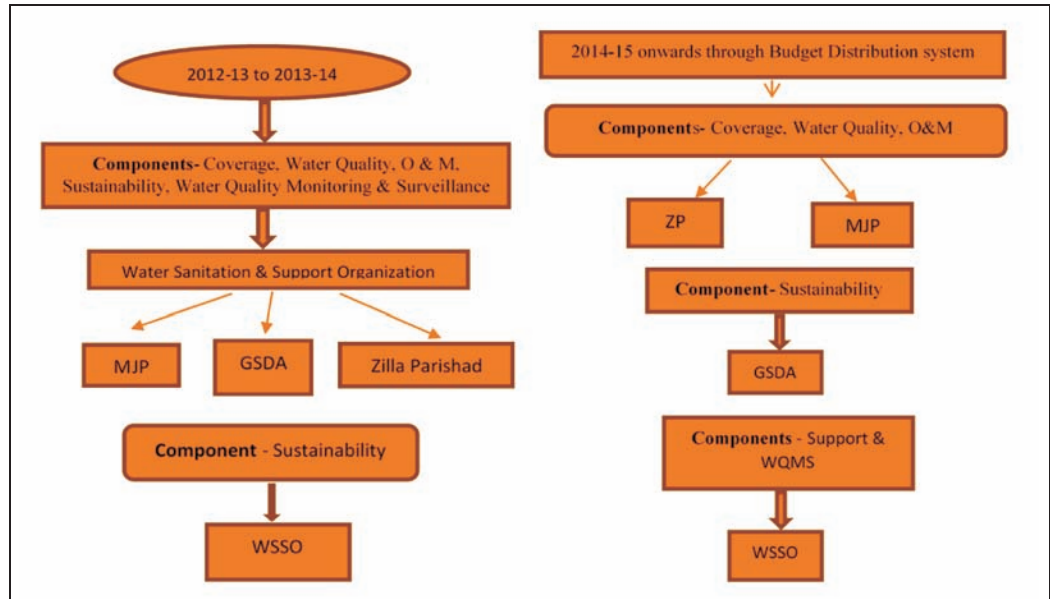
The Department gave priority to ongoing Schemes and accordingly 2,324 ongoing Schemes were included in the AAP 2015-16. In the AAP 2016-17, 1,660 ongoing Schemes, new Schemes for 44 WQA habitations and 59 SAGY habitations were included.

### **3.4.5 Fund Management**

Allocation of funds under NRDWP is made by GoI every year in the beginning of the financial year. The first instalment (50 per cent) of the allocation under the Programme Fund is released by GoI if the State has drawn the second instalment of the previous year. The second instalment under Programme Fund is released on receipt of specific proposal from the State, utilisation certificates (UCs) for the preceding year, certificate of actual expenditure for the preceding year *etc.*

The flow of funds under NRDWP during 2012-14 and 2014-17 is given in **Chart 2**.

**Chart 2: Funds flow under NRDWP**



The component-wise allocation of funds by GoI and the expenditure incurred during 2012-17 is given in **Table 3.4.1**. The year-wise and component wise fund release by GoM and GoI and expenditure is given in **Appendix 3.4.1**.

**Table 3.4.1: Component wise fund release and expenditure during 2012-17**

(₹ in crore)

Name of the component	Fund release during 2012-17		Total release during 2012-17	Expenditure during 2012-17		Total expenditure
	GoI	GoM		GoI	GoM	
Coverage and Water Quality <sup>43</sup>	2138.98	2698.72	4837.70	2438.14	2379.84	4817.98
Operation and Maintenance	409.33	401.40	810.73	277.70	331.98	609.68
Sustainability	272.89	-	272.89	218.28	-	218.28
Support Activities	146.93	-	146.93	149.20	-	149.20
Water Quality Monitoring and Surveillance (WQMS)	76.26	-	76.26	85.02	-	85.02
<b>Total</b>	<b>3044.39</b>	<b>3100.12</b>	<b>6144.51</b>	<b>3168.34</b>	<b>2711.82</b>	<b>5880.16</b>

Source: Information furnished by Water Supply and Sanitation Department

Thus, as against the total release of ₹ 6,144.51 crore (GoI: ₹ 3,044.39 crore; GoM: ₹ 3,100.13 crore) during 2012-17 the total expenditure incurred during 2012-17 was ₹ 5,880.16 crore (GoI: ₹ 3,168.34 crore; GoM: ₹ 2,711.82 crore).

Audit findings on the receipt and utilisation of funds during 2012-17 etc., are discussed below:

### 3.4.5.1 Financial cut imposed by GoI

During the period 2012-17, GoI had imposed cut of ₹ 129.51 crore due to late submission of proposals for release of second installment and opening balance

<sup>43</sup> Including funds received and expenditure incurred under Additional release for water quality, Water Quality Sub-mission, Niti Aayog and Natural calamity

of funds being in excess of 10 *per cent* of the release in the previous year. Though, GoI subsequently restored ₹ 58.41 crore to the State, the balance amount of ₹ 71.10 crore (₹ 129.51 crore - ₹ 58.41 crore) was not released. Thus, due to delay in submission of proposal for release of second installment of funds/funds in excess of 10 *per cent* of release in the previous years remaining unutilised, the Department could not avail the benefit of Central fund of ₹ 71.10 crore for the programme. Director WSSO did not furnish (September 2017) the reasons for delay in submission of proposals for release of second instalment and non-utilisation of fund of previous years which led to cut imposed by GoI.

#### **3.4.5.2 Short release of matching share by the State Government**

As per NRDWP guidelines the funds under Coverage, Water Quality, O&M was to be shared equally between GoI and State Government. Audit scrutiny revealed that as against a matching share of ₹ 3,246.66 crore to be provided by the State Government during 2012-17, the GoM released funds of ₹ 2,698.73 crore only, resulting in short release of State share by ₹ 547.93 crore.

#### **3.4.5.3 Non-utilisation of Niti Aayog fund earmarked for Water Quality affected habitation**

To mitigate the drinking water problem in the habitations affected with fluoride and arsenic, GoI had released (March 2016) ₹ 24.08 crore as a one time assistance to GoM with a condition that the State Government had to transfer the fund to implementing agency within 15 days of the receipt failing which the release to the implementing agency was to be done along with interest at prevalent bank rate of Reserve Bank of India.

Scrutiny of records revealed that the GoM released funds to WSSO after a delay of 186 days without releasing interest which worked out to ₹ 1.72 crore and the amount had also not been utilised by WSSO for the earmarked activities (October 2017). The reasons for delay in release of funds by GoM were awaited (October 2017).

#### **3.4.5.4 Lack of convergence with other Schemes**

As per NRDWP guidelines, sustainability structures should be taken up on priority in over-exploited, critical and semi-critical blocks and in quality affected habitations and the labour cost of any recharging system/ surface water impounding structures may be met from Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS)/Integrated Watershed Management Programme (IWMP) funds.

Scrutiny of records in six test checked districts (Buldhana, Nagpur, Sangli, Aurangabad, Ahmednagar and Nashik) revealed that 1,689 sustainability structure were executed during 2012-17 after incurring an expenditure of ₹ 41.53 crore without convergence with MGNREGS/IWMP. Execution of work in convergence with other programme would have enabled the Department to utilise the funds so saved for covering more projects under sustainability component.

### 3.4.6 Other financial irregularities

Scrutiny of records in the test-check districts revealed various other financial irregularities which are discussed in **Table 3.4.2**.

**Table 3.4.2: Financial irregularities in execution of work**

Sr. No.	Audit Criteria	Implementing Agency	Audit findings	Money value (₹ in crore)
1.	The schedule of rates used for preparation of estimates by ZP was inclusive of insurance charges. As per Government Resolution of August 1998, contractors are required to submit insurance policy before commencement of work failing which the ZP had to recover one <i>per cent</i> of the tendered cost from the contractors.	ZPs	In 379 schemes sanctioned and executed during period 2012-17 in Buldhana and Raigad ZP and on which an expenditure of ₹ 175.69 crore was incurred, insurance policies were not submitted by the contractors. On cross verification by Audit, Director of Insurance, Mumbai confirmed that no insurance policies had been taken. Thus, the ZPs did not ensure that Government assets under construction were insured as required and the release of payments to the contractors resulted in undue benefit to the contractors amounting to ₹ 1.74 crore.	1.74
2.	As per Government Resolution issued (June 2010) by Industries, Energy and Labour Department, labour welfare cess was leviable at the rate of one <i>per cent</i> on construction cost (excluding land cost) and collected by the employer of the work as per Labour Welfare Cess Act, 1996.	ZPs	ZP, Buldhana and Raigad did not include labour cess in the work estimates and therefore labour cess amounting to ₹ 1.76 crore was not deducted from the bills of the contractors in 379 schemes executed during 2012-17. In reply, the Executive Engineer of ZP Buldhana and Raigad stated (July and August 2017) that the labour welfare cess would be included in the estimates henceforth and deducted from the contractors bills. The reply is not acceptable and ZPs may recover the cess as per the extant Government Resolutions.	
		MJP	MJP Division in Raigad and Nagpur district recovered labour welfare cess of ₹ 65.40 lakh as against ₹ 90.28 lakh to be recovered in seven schemes executed during the period 2012-17, resulting in short recovery of ₹ 24.88 lakh.	0.25
3.	In the schedule of rates prepared by MJP (also adopted by ZPs) for preparation of work estimates, Employees Provident Fund (EPF) at the rate of 12.5 <i>per cent</i>	MJP	In 30 works executed by Maharashtra Jeevan Pradhikaran in eight Districts of Ahmednagar, Aurangabad, Pune, Buldhana, Nagpur, Nashik, Sangli and Thane, MJP Divisions irregularly released payments to the	23.00

	on labour component of estimate was loaded.		contractors which was inclusive of EPF amounting to ₹ 23 crore without ensuring that the contractors had remitted the same to authorities of EPF. In reply, the Executive Engineer, MJP, Ahmednagar stated (July 2017) that recovery would be done from the contractor. The Executive Engineer, MJP, Nagpur stated (July 2017) that the contractors have been directed to submit proof of EPF payment.	
		ZP	In 771 works executed by Zilla Parishads in three selected districts of Pune, Raigad and Nagpur during 2012-17, ZPs irregularly released payments to the contractors which was inclusive of EPF amounting to ₹ 7.28 crore without ensuring that the contractors had remitted the EPF.	7.28
4.	As per Government Resolutions issued (March 2010) by WSSD, advance payment to the contractors or suppliers was not to be made to the contractor/supplier under the Scheme.	ZP	In violation of Government Resolution, in ZP Beed, advance payment of ₹ 1.51 crore was made during 2012-15 to the contractors/suppliers in two schemes while in ZP Raigad, advance payment of ₹ 4.12 crore was made to the contractors/suppliers in three schemes during 2013-17. In reply the Executive Engineer, ZP, Beed and Raigad stated (July/August 2017) that notice would be issued to VWSC for suitable action.	5.63
5.	As per Maharashtra Zilla Parishads and Panchyat Samitis Account code, 1968, payments to contractors or suppliers shall invariably be made by crossed cheque.	ZP	Test check of records in the selected GPs revealed that in GP Rewas (ZP, Raigad) out of an expenditure of ₹ 3.88 crore incurred for Rewas Water Supply Scheme during 2012-15, ₹ 47.08 lakh was withdrawn through cash or self cheque by the VWSC. In GP Tinvira (ZP Raigad) out of an expenditure of ₹ three crore incurred for Tinvira Scheme during 2013-15, ₹ 40 lakh was withdrawn through cash or self cheque by the VWSC in violation of codal provision. The Executive Engineer, ZP, Raigad stated (August 2017) that notice for unauthorised withdrawal of fund would be issued to VWSC and action taken accordingly.	0.87

### 3.4.7 Programme Implementation

#### 3.4.7.1 Coverage and water quality

To provide safe and adequate drinking water supply to un-served, partially served and slipped back habitations, 47 *per cent* of the annual NRDWP fund is allocated. During 2012-17, funds amounting to ₹ 4,837.70 crore was released by GoI and GoM under NRDWP to provide safe and adequate drinking water supply to unserved, partially served and slipped-back habitations against which, an expenditure of ₹ 4,817.98 crore was incurred till March 2017.

According to NRDWP guidelines, while planning for schemes in any year, priority is to be given to habitations where none or less than 50 *per cent* of the population has access to adequate and safe drinking water. The status of habitations targeted for coverage, habitations covered in the State during 2012-17 is given in **Appendix 3.4.2**.

As seen from **Appendix 3.4.2**, a significant number of habitations (1,972) with population coverage of less than 50 *per cent* in the State were not covered indicating that priority was not given for covering such habitations. The maximum number of habitation with population coverage of less than 50 *per cent* was in Ahmednagar district which was having 234 such habitations requiring adequate water coverage. In the test-checked districts except Ahmednagar, Raigad, Pune, Buldhana and Beed, had 229, 127, 114 and 105 habitations respectively having less than 50 *per cent* of the population not covered with access to adequate and safe drinking water.

As per 11<sup>th</sup> Five Year Plan (2008-12), 40 lpcd was to be provided to all the habitation by the end of March 2012 while as per the 12<sup>th</sup> Five Year Plan (2012-17), 55 lpcd water was to be provided to all habitations. However, GoI in July 2013 directed the State Government to give first priority to provide 40 lpcd of water to all habitations and once this is achieved second priority was to be given to further improve the service level of habitations from 40 lpcd to 55 lpcd.

Audit observed that even at the end of 12<sup>th</sup> five year plan on 31 March 2017, 12,815 habitations (13 *per cent*) in the State out of 99,732 habitations (including WQ affected habitations) had been provided with less than 40 lpcd of water. Analysis in audit revealed that maximum number of habitations (as percentage to total habitations in the district) which were provided with less than 40 lpcd of water was in Jalgaon district having 751 habitations (48 *per cent*) out of 1,562 habitations.

In ten selected districts, audit observed that as on 1 April 2017, 5,805 habitations out of 40,552 habitations were provided with less than 40 lpcd of water. Analysis in audit revealed that maximum number of such habitations was in Buldhana district which was having 309 habitations (23 *per cent*) followed by Sangli district which was having 892 habitations (20 *per cent*).

It was evident that the planning process had not addressed the issue of giving priority to such habitations while taking up works relating to these districts.

### 3.4.7.2 Shortfall in providing piped water supply

As per the 12<sup>th</sup> five year plan, by the end of 2017 at least 50 per cent of the rural households should be provided with piped water supply. Further, at least 35 per cent of the rural households should have piped water supply with a household connections.

Audit observed that as on 1 April 2017, out of 99,732 habitations in the State, 68,078 habitations (68 per cent) were provided with piped water supply (40 lpcd). Analysis in audit revealed that in six districts less than 50 per cent of the habitations were provided with piped water supply. (Aurangabad: 48 per cent, Gadchiroli: 20 per cent, Nandurbar: 26 per cent, Palghar: 37 per cent, Solapur: 46 per cent and Yavatmal: 46 per cent). In the selected districts, except for Aurangabad in all the other districts 50 per cent of the households were provided with piped water supply.

Audit also observed that as on 1 April 2017, 37 per cent of the total household in the State had piped water supply with household connection. Analysis in audit revealed that in 19 districts<sup>44</sup>, the percentage of rural household provided with piped water supply with a household connection, was less than 35 per cent, which ranged from eight per cent (Gadchiroli) to 34 per cent (Wardha). Out of 10 selected districts, in five districts, the percentage of rural household provided with piped water supply with a household connection, was less than 35 per cent, which ranged from 11 per cent (Ahmednagar) to 33 per cent (Raigad).

### 3.4.7.3 Water Quality Affected habitations

As per the NRDWP guidelines one of the critical issues to be tackled within the 12<sup>th</sup> five year plan period was coverage of water quality affected habitations. The target and achievement in respect of water quality affected habitations to be covered during 2012-17 in the State is given in **Table 3.4.3**.

**Table 3.4.3: Water quality affected habitations in the State**

Year	Quality affected habitations as on 1 <sup>st</sup> April	Targeted for coverage	Achievement	Quality affected habitations yet to be covered
2012-13	1671	887	579	1092
2013-14	1294	738	370	924
2014-15	949	487	305	644
2015-16	609	187	144	465
2016-17	384	125	80	304

Source: Information furnished by WSSO

As seen from **Table 3.4.3**, targets were not fixed for tackling all the water quality affected habitations during 2012-17 and the Department also failed to meet the yearly targets during 2012-17. As at the end of March 2017, 304 habitations having a population of 6.56 lakh was still water quality affected.

As per the information furnished by ZPs in the 10 test-checked districts, out of 1,387 water quality affected habitations, 465 water quality affected habitations

<sup>44</sup> Gadchiroli, Palghar, Ahmednagar, Gondia, Nanded, Beed, Hingoli, Yavatmal, Solapur, Chandrapur, Washim, Akola, Thane, Bhandara, Parbhani, Nandurbar, Sangli, Raigad and Wardha

were tackled during the period 2012-17 leaving 922<sup>45</sup> water quality affected habitations. The maximum water quality affected habitations in these 10 test-checked districts was in Nashik and Buldhana districts which were having 652 and 114 water quality affected habitations respectively. Audit noticed that in Nashik and Buldhana districts which were having 714 and 230 water quality affected habitations respectively as of 1 April 2012, targets were fixed for tackling only 74 and 161 water quality habitations during 2012-17 respectively though out of the amount of ₹ 38.42 crore released during 2012-17 by GoI under “Additional release for Water Quality” and ₹ 24.08 crore released during 2015-16 under “Niti Aayog” to tackle water quality affected habitations in the State, ₹ 38.96 crore remained unutilised.

Thus, the critical issues of tackling water quality affected habitations within the 12<sup>th</sup> five year plan period in the State remained largely unachieved.

#### 3.4.7.4 Non accreditation of water testing Laboratory

As per the Strategic plan prepared by GoI for rural drinking water sector for the period 2011 to 2022 all water quality testing laboratory at State and District level should obtain accreditation from National Accreditation Board for Laboratories. (NABL) Also the District and Sub division laboratories had to analyse physicochemical and microbiological parameters in drinking water sources as prescribed under Indian Standard.

Scrutiny in audit revealed that State Laboratory had not been established though all the Laboratories are now under the administrative control of WSSD. Further, out of six regional laboratories and 28 district laboratories accreditation was not obtained for the 28 district laboratories. Further, the District and 138 sub-division laboratories did not have facility for testing arsenic in water.

#### 3.4.8 Work Execution

The audit findings on delays in execution of schemes, deficiencies in contract management and non-functional schemes are discussed below:

##### 3.4.8.1 Incomplete works-delay in execution

The status of schemes<sup>46</sup> taken up, schemes completed and schemes incomplete during 2012-17 in the State is given in **Table 3.4.4**.

**Table 3.4.4: Status of schemes taken up, completed and incomplete (cumulative) during 2012-17 in the State**

Year	No. of schemes taken up during the year	No. of schemes completed	No. of schemes not completed
2012-13	6511	3556	2955
2013-14	5170	3021	2149
2014-15	5124	2836	2288
2015-16	2836	1213	1623
2016-17	1742	926	816

Source: Information furnished by WSSO

<sup>45</sup> As per the information furnished by WSSO the water quality affected habitations as at the end of March 2017 was 304 in the State as against 922 in the 10 test-checked districts as per information furnished by ZPs

<sup>46</sup> piped water supply schemes, Handpump/Borewells *etc.*, schemes and other schemes



The age-wise delay in completion of works in the tested checked districts is given in **Table 3.4.5**.

**Table 3.4.5: Delay in completion of schemes in the test-checked districts**

Name of district	Delay in completion					Total
	Less than one year	One to three year	Three to five years	More than five years	More than one year	
1	2	3	4	5	6 (column 3 to 5)	6
Aurangabad	17	9	3	18	30	47
Nashik	0	2	51	103	156	156
Beed	0	18	22	40	80	80
Ahmednagar	1	10	1	0	11	12
Buldhana	6	19	10	7	36	42
Nagpur	6	27	3	0	30	36
Raigad	3	11	0	0	11	14
Sangli	17	1	8	0	9	26
Pune	47	11	4	0	15	62
Thane	4	14	7	9	30	34
<b>Total</b>	<b>101</b>	<b>122</b>	<b>109</b>	<b>177</b>	<b>408</b>	<b>509</b>
<b>Cost (₹ in crore)</b>	<b>203.08</b>	<b>417.17</b>	<b>317.15</b>	<b>189.23</b>	<b>923.55</b>	<b>1126.63</b>

Source: Information furnished by ZPs in the selected districts

Scrutiny in ten test-checked districts revealed that

- in 177 schemes (35 per cent) out of 509 delayed schemes, the delay was more than five years.
- in 408 ongoing schemes as at the end of March 2017, with approved cost of ₹ 923.5 crore, the delay was more than one year.

The reasons for delay in completion of scheme for more than five years were due to lack of fund, legal dispute, drying of sources and non-availability of land *etc.* Delays in completion of works not only results in increase in cost but also deprives the beneficiaries from getting timely benefit of the scheme.

Few important cases noticed in the test-checked districts are discussed in **Table 3.4.6**.

**Table 3.4.6: Cases of incomplete schemes and blockage of expenditure noticed in test-checked districts**

Sr. no.	Type of scheme, name of the scheme and district (Executing agency)	Audit findings
1.	Regional Rural Water Supply (RRWS), Deulghat Dhad (Buldhana Taluka) scheme in Buldhana district (MJP)	Work could not commence for two years after award of work in March 2010 due to non-acquisition of land, delay in getting permission for road crossing. Thereafter, due to want of revised administrative approval for proposal submitted by MJP to Government in November 2011, expenditure of ₹ 12.43 crore incurred on construction of jackwell, Raw water raising main, water treatment plant, distribution network, ESR <i>etc.</i> , under the scheme remained blocked.
2.	RRWS, Nagothane scheme in Raigad district (MJP)	Work awarded in March 2011 remained incomplete (March 2014) since pipeline work to connect Water Treatment Plant and distribution system on both side of Mumbai Goa National Highway could not be executed due to widening of Mumbai Goa Highway. Expenditure of ₹ 4.66 crore incurred on construction of RCC jackwell, water treatment plant, ESR, distribution network <i>etc.</i> , under the scheme remained blocked (January 2017)

Thus, RRWS schemes on which an expenditure of ₹ 17.09 crore was incurred have remained incomplete due to stoppage of work for period ranging from three to six years due to reasons indicated in the **Table 3.4.6**.

### 3.4.8.2 Deficiencies in contract management

The deficiencies noticed in contract management in the test-checked districts are discussed in Table 3.4.7.

**Table 3.4.7: Cases of deficiencies in contracts executed by MJP noticed in test-checked districts**

Sr. No.	Name of work	Audit findings
1.	Nagpur Urban Peri RRWS	The MJP Division in Nagpur incurred (May 2017) an avoidable expenditure of ₹ 1.28 crore on account of payment made to the contractor executing the work of Nagpur Urban Peri RRWS for re-transportation of Ductile Iron (DI) pipe purchased from the suppliers though the contract with the supplier of DI pipe was inclusive of transportation charges up to site anywhere in the State.
2.	Buldhana city and four villages RRWS scheme in Buldhana district	<p>The work of excavation for construction of jackwell in the Kharagpurna River under RRWS scheme approved (June 2013) by WSSD to cover Buldhana city and four villages in Buldhana district, was completed (June 2013) up to depth of 8.50 metres.</p> <p>The work was stopped, since the site of jackwell was falling under submergence of Kharagpurna River. The Chief Engineer, MJP selected (March 2014) new site and work of construction of jackwell at the new site was completed in July 2014. Though, payment to the contractor for the jackwell constructed at the old site was not made, MJP was saddled with avoidable liability and eventual wasteful expenditure of ₹ 26.98 lakh.</p> <p>In reply, the Executive Engineer, Buldhana Division stated (July 2017) that due to heavy rains the jackwell was submerged and therefore after visiting the site and considering the water level new site was selected. The reply clearly indicated improper site selection before commencement of work which resulted in avoidable liability of ₹ 26.98 lakh.</p>
3.	Akole and 32 villages RRWS scheme in Ahmednagar district	The WSSD had accorded (June 2012) administrative approval of ₹ 30.07 crore for RRWS to cover Akole and 32 villages of Ahmednagar district. The Work was awarded (May 2012) to a contractor at a cost of ₹ 35.82 crore to be completed within 24 months <i>i.e.</i> , by May 2014. Scrutiny revealed that the contractor failed to complete the various stages of work within the period stipulated in the contract. MJP Division recovered (June 2016) a total fine of ₹ 0.26 crore for delay of 350 days from the contractor due to non-adherence of the time schedule, as against ₹ 1.43 crore recoverable for 1,522 days as per the contract condition resulting in short recovery of ₹ 1.17 crore.
4.	Malmatha and 25 villages RRWS Scheme in Nashik District	<p>The works of two elevated storage reservoir, laying of pipe lines of additional length, execution of additional distribution system having estimate cost of ₹ 2.01 crore were not included in original tender of Malmatha and 25 villages RRWS Scheme in Nashik District awarded in October 2012. Instead of calling fresh tender the Chief Engineer, Nashik regional, Nashik awarded (June 2015) these works to the existing contractor, and paid ₹ 1.33 crore upto first RA bill (July 2016) against these additional works. The award of additional work to the existing contract was irregular.</p> <p>In reply, Executive Engineer, MJP Division, Nashik stated (June 2017) that the additional works was awarded to the existing contractor as per the demand of Gram Panchayats for speedy execution of work.</p> <p>The reply is not acceptable since award of additional items of work should have been done following tender process and the purpose of speedy execution of work was not achieved in any way and instead extensions were given to the contractor up to December 2017.</p>

5.	Hinjavadi village RRWS in Pune district	The WSSD had accorded (September 2014) administrative approval of ₹ 17.86 crore for drinking water supply scheme for Hinjavadi village in Pune district. The work was awarded (March 2015) to a Contractor at a cost of ₹ 10.20 crore with a completion period of 36 months. The water for the Scheme was to be sourced from Kasarsai Medium Irrigation project situated 10 km away from Hinjavadi village for which the Water Resource Department had sanctioned (October 2013) water reservation. Contractor had started the excavation work for jackwell and approach bridge to the jackwell for which payment of ₹ 32.04 lakh was made in October 2015. Further work could not be done, since the villagers protested against the withdrawal of water from Kasarsai Medium Irrigation project. Though, the Scheme was approved by Government, its failure to resolve the issue since October 2015, resulted in unfruitful expenditure of ₹ 37.41 lakh incurred on the Scheme, till March 2017
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### 3.4.8.3 Non-functional schemes

Individual schemes (piped water schemes and handpumps/tubewell/borewell schemes) are implemented by the ZPs while the Regional Rural Water Supply Schemes are implemented by MJP. Since substantial investment is made by GoI and GoM for completion of schemes; schemes becoming non-functional not only results in waste of public resources but also deprives the beneficiaries of the intended benefits.

The schemes which were implemented by ZP and are non-functional in the 10 test-checked districts is given in **Table 3.4.8**.

**Table 3.4.8: Non-functional schemes in the test-checked districts as on 31 March 2017**

Name of district	Total no. of schemes	Total no. of non-functional schemes
Aurangabad	5973	1432
Nashik	12056	391
Beed	11986	2411
Ahmednagar	11271	2431
Buldhana	1308	26
Nagpur	1475	3
Raigad	4658	14
Sangli	7214	384
Pune	2703	49
Thane	2530	4
<b>Total</b>	<b>61174</b>	<b>7145</b>

Source: Information furnished by ZPs in the test-checked districts

It is seen from **Table 3.4.8** that

- in the ten test-checked districts, out of 61,174 schemes, 7,145 schemes were non-functional as on 31 March 2017 which included 307 piped water supply schemes covering 709 habitations which were non-functional.
- maximum number of schemes *i.e.* 4,842 schemes (68 *per cent*) out of 7,141 schemes were non-functional in two districts of Ahmednagar and Beed, and
- 1,422 schemes became non-functional within five years of its commissioning.

The major reasons for non-functional schemes were non-payment of electricity dues, drying of source, pending repairs, no demand from GPs. The

actual expenditure incurred on these non-functional schemes was not readily available.

As regards 132 Regional Rural Water Supply (RRWS) Schemes completed by the MJP but not handed over to the ZPs, 92 RRWS were not functional as of March 2017, on which an expenditure of ₹ 443.85 crore<sup>47</sup> had been incurred. The main reasons for dysfunctional schemes were operational and maintenance problems, lack of demand from the GPs, non-taking over of the Schemes by ZPs, new individual schemes commissioned in the ZPs.

Audit also noticed that the funds generated for operation and maintenance of the regional schemes or individual village scheme were not self-sufficient thereby increasing the risk of it becoming non-functional over a period of time. In two districts (Buldhana and Raigad) itself during the period 2012-17, whereas the receipts were only ₹ 9.04 crore the expenditure incurred was ₹ 38.95 crore.

### 3.4.9 Monitoring and Evaluation of the Programme

The monitoring under the programme was deficient due to the following:

- The State Water and Sanitation Mission did not hold any meeting during 2012-17 for monitoring the physical and financial performance and management of the water supply projects.
- As per NRDWP guidelines a Source Finding Committee was required to review the functioning/performance of existing water supply schemes for availability of potable drinking water in adequate quantity in the rural habitations of the State. Audit noticed that the Source Finding Committee was not constituted in the State.
- Though, GoI had sanctioned one post of Monitoring and Evaluation (M&E) consultant to monitor the physical and financial progress of the schemes in the districts, undertake field appraisals in project villages *etc.* M&E consultant was not posted during 2014-17.
- As per NRDWP guideline Vigilance and Monitoring Committee was required to be set up. Audit observed that Vigilance and Monitoring Committee was not constituted at State level while in seven out of the ten test-checked districts the district Vigilance and Monitoring Committee were not constituted during 2012-17. In the selected 54 GPs the village level Vigilance and Monitoring Committee were not constituted in 33 GPs during 2012-17.
- As per NRDWP guideline, computerised Grievance Redressal System was required to be established at State and district levels. However, audit observed that Grievance Redressal System established at State level was not functional.
- As per NRDWP guideline, monitoring and evaluation studies on implementation of rural water supply programme through reputed organisation / institution from time to time was required to be carried out.

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<sup>47</sup> Expenditure on remaining three RRWS schemes (92 schemes-89 schemes) was not furnished by MJP

Audit noticed that such monitoring and evaluation studies were not carried out during 2012-17 by the Department.

### **3.4.10 Conclusion**

The National Rural Drinking Water Programme in Maharashtra was deficient in planning and implementation since the State had not prepared State specific Sector Policy for planning the water supply schemes to be taken up during the 12<sup>th</sup> Plan period. The Village and District Water Security Plans and the five year Comprehensive Water Security Action plan were also not prepared.

The State had received a total fund of ₹ 6,144.51 crore for the programme against which an expenditure of ₹ 5,880.16 crore was incurred during the period 2012-17. Due to late submission of proposals for release of second installment and opening balance of funds being in excess of 10 *per cent* of the release in the previous year, the GoI had imposed a cut of ₹ 71.10 crore. The State Government did not release its share of matching funds amounting to ₹ 547.93 crore during the period 2012-17. Non-recovery of statutory labour welfare cess from the contractors, non-remittance of Employees Provident Fund by the contractors indicated weak financial management under the programme. The implementing agencies did not ensure that the Government assets were insured while the works were in progress.

Though, as per the 11<sup>th</sup> Five Year Plan, 40 lpcd was to be provided to all the habitations by the end of March 2012, 12,815 habitations (13 *per cent*) in the State were provided less than 40 lpcd of water. As against 50 *per cent* of the rural households to be provided with piped water supply at the end of 12<sup>th</sup> five year plan, in Aurangabad, Gadchiroli, Nandurbar, Palghar, Solapur, Yavatmal districts less than 50 *per cent* of the habitations were provided with piped water supply. Against the target of providing piped water supply with household connections to 35 *per cent* rural households, analysis in audit revealed that in 19 districts, the percentage of rural household provided with piped water supply with a household connection, was less than 35 *per cent*, which ranged from eight *per cent* (Gadchiroli) to 34 *per cent* (Wardha). In five of the selected districts the percentage ranged from 11 *per cent* (Ahmednagar) to 33 *per cent* (Raigad). The critical issues of tackling water quality affected habitations during the 12<sup>th</sup> five year plan period in the State remained unachieved to the extent of 304 habitations in the State having population of 6.56 lakh remaining water quality affected. Special funds of ₹ 1.72 crore given by Niti Aayog to mitigate problems of water quality affected habitations remained unutilised. There was delay of more than five years in completion of 177 schemes due to lack of funds, legal disputes, drying of water sources and non-availability of land *etc.* The monitoring and evaluation of the programme as per the programme guidelines was deficient.

A large number of schemes *i.e.* 7,141 schemes implemented by the Zilla Parishads in the test-checked districts were non-functional while 92 Regional Rural Water Supply Schemes implemented by MJP in the State were non-functional of which in 89 schemes the expenditure incurred was ₹ 443.85 crore. The main reasons for dysfunctional schemes were non-payment of electricity dues, drying of source, pending repairs, non-taking over of the Schemes by ZPs, no demand from GPs, rendering the expenditure on the Schemes as unfruitful.

Thus, even after incurring huge expenditure, the targets set for providing drinking water, piped water, issues of tackling water quality *etc.*, could not be achieved and therefore, warrant more effective measures.

The matter was referred to State Government in October 2017; their reply was awaited as of November 2017.

### Urban Development Department

#### Mumbai Metropolitan Region Development Authority

#### 3.5 Undue favour to a private developer

**Mumbai Metropolitan Region Development Authority did not recover additional premium and interest thereon amounting to ₹ 428 crore from a private developer for delay in construction in contravention to the terms and conditions of the Lease Deed and the premium.**

The Mumbai Metropolitan Region Development Authority (MMRDA) had allotted (December 2007) plot no. C-66 in G-block, Bandra-Kurla Complex measuring 10,183.18 sqm on lease for a period of 80 years to the highest bidder M/s Reliance Industries Ltd. (allottee). As per the lease deed executed (15 July 2008) by the Authority with the allottee, the permissible Built Up Area (BUA) on the plot for Multi-storeyed Car Parking and Commercial Complex was 30,550 sqm and the total lease premium payable @ ₹ 3,00,501 per sqm was ₹ 918.03 crore. The stipulated period for construction of the complex was four years *i.e.* by 14 July 2012. The Metropolitan Commissioner, however, could permit extension of such time on payment of additional premium worked out at prescribed rates of lease premium *i.e.* 10 *per cent* per annum for delay in construction up to three years and 15 *per cent* beyond three years. Failure to pay the additional premium attracted penal interest of 14 *per cent* (Clause 2e of lease deed).

Scrutiny of records of Metropolitan Commissioner, MMRDA revealed (March 2017) that the work was not completed within the stipulated period as per the terms of the lease deed. The Authority issued (August 2014) a notice to the allottee to pay the dues as per lease agreement. If they failed to pay the outstanding dues of ₹ 312.98 crore by June 2014 towards the additional premium along with interest on account of delay in construction, the Authority would 'revoke the Commencement Certificate and further to determine the lease and enter upon the demised premises and proceed to recover the due amount as arrears of land revenue'. However, RIL contested the said levy and stated (September 2014) that the same was not payable as MMRDA had delayed the boundary demarcation of the said plot; and the road abutting the said plot was to be widened from the existing 30 metre to 39 metre. The Authority rejected (November 2014) the allottee's contention that there was any delay on their part regarding the commencement for construction and informed that they were bound to pay the additional premium due to delay in construction. Thereafter, the allottee requested (May 2015) for issue of part Occupancy Certificate (OC) for part construction done by them. As against the original BUA of 30,550 sqm, MMRDA granted part OC for 16,131.54 sqm part and for the balance BUA of 14,418.46 sqm, part OCs were given on

29 May 2015 and 21 December 2015 respectively. However, MMRDA had not recovered the requisite additional premium of ₹ 273.56 crore<sup>48</sup> till date (July 2017) towards the delay of three years and one month in completion of the construction. Besides interest @ 14 *per cent* for non-payment of the above additional premium as of July 2017 which worked out to ₹ 154.45 crore was also recoverable. This resulted in undue benefit to the allottee.

MMRDA in its reply stated (March 2017) that as only part OC is issued; part portion remained to be occupied. If required, MMRDA can re-enter this built premises which has greater value when compared to pending dues from the lessee. The OC for the entire building will be issued only after the recovery of entire pending dues.

The fact remained however that since MMRDA had issued the OC for the original BUA without recovering the dues and the reply is silent regarding reasons for not recovering the dues from the allottee in terms of the Lease Deed despite passage of almost two years since grant of the part occupancy certificates. Incidentally, it was seen that as per policy decisions MMRDA has been regularly recovering full additional premium (including interest) in respect of other allottees who had delayed construction of structures within the time specified in the Lease Deed. For *e.g.* M/s Jet Airways (India) Ltd (Plot C-68 ₹ 225.19 crore), Oil and Natural Gas Commission (Plots C-69A, 69B ₹ 102.43 crore) and various other Nationalised Banks/Government organisations.

Therefore, the undue favour shown by the Authority to the allottee in this regard was inexplicable.

The matter was referred to State Government in August 2017, their reply was awaited as of November 2017.

### **Urban Development Department**

### **Mumbai Metropolitan Region Development Authority**

### **3.6 Non recovery of lease premium dues**

**Mumbai Metropolitan Region Development Authority did not recover lease premium dues as per the prescribed schedule, on additional built up area allotted to the lessees resulting in non-recovery of ₹ 855.59 crore as of March 2017.**

Mumbai Metropolitan Region Development Authority (MMRDA) is engaged in long term planning, promotion of new growth centers, implementation of strategic projects and financing infrastructure development. The Urban Development Department, Government of Maharashtra changed (May 2008) the Floor Space Index of 'G' Block in Bandra-Kurla Complex, Mumbai from 1.5 to three for residential use and from two to four for commercial use. As a

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<sup>48</sup> Additional premium calculated at 10 *per cent* of lease premium for the period from 15 July 2012 to 14 July 2015 (₹ 267.18 crore) and at 15 *per cent* of lease premium for the period from 15 July 2015 to 19 August 2015 (₹ 6.38 crore)

result, an additional Built Up Area (BUA) of 13 lakh sqm became available in 'G' Block. The Authority decided (October 2008) to allot this BUA at 100 per cent and 150 per cent of the ready reckoner rate for residential use and commercial use respectively as a one-time scheme. Accordingly, MMRDA intimated (November 2008) the existing allottees of the 'G' block about the said scheme. As per the scheme, 20 per cent of the premium was to be paid along with demand letter before March 2009 (revised to March 2010 and further revised to March 2011) and rest in four annual instalments with 10 per cent simple interest. The delay in payment of annual instalment would attract delayed interest @ 14 per cent. There was no time limit specified for consumption of the additional BUA.

Test check of two cases revealed that

#### Case-I

MMRDA had allotted (March 2012) an additional BUA of 67,000 sqm for ₹ 984.90 crore (@ ₹ 1,47,000 per sqm) to M/s Reliance Industry Limited. The first instalment of the of 20 per cent of lease premium was to be paid immediately and the balance in four equal annual instalments (up to March 2016) with simple interest at 10 per cent of lease premium and penal interest at 14 per cent for delayed payments of instalments. Accordingly, the lessee was required to pay ₹ 1,181.88 crore (including simple interest) by March 2016.

It was seen that the allottee did not adhere to the time schedule for payment of the instalments. Considering the simple interest (10 per cent) and delayed interest (14 per cent) components, the allottee was required to pay ₹ 1,339.60 crore<sup>49</sup> by March 2016. However, the allottee had paid only ₹ 696.54 crore<sup>50</sup> till March 2016. The MMRDA had also not demanded the payment of the remaining dues of ₹ 643.06 crore on completion of the stipulated period. The MMRDA eventually issued (September 2017) a demand notice after a lapse of more than a year for the dues which had increased to ₹ 770.36 crore, after this was pointed out by audit.

#### Case-II

M/s Starlight Systems Pvt. Ltd., one of the allottees of Plot No. R 1-2, R 1-3 and R 1-4 requested (March 2010) MMRDA for issue of additional BUA of 32,000 sqm for residential use of above plots. The Authority allotted (April 2010) the same for a total lease premium of ₹ 229.76 crore<sup>51</sup> which was revised to ₹ 298.56 crore<sup>52</sup>, as per the condition of allotment that higher rate between the rates of ready reckoner 2010 and 2011 should be applicable. About 20 per cent of the premium was to be paid by March 2011 and rest in four annual instalments with 10 per cent simple interest payable in every March for the years from 2012 to 2015. Accordingly, the lessee was required

<sup>49</sup> ₹ 984.90 crore premium + ₹ 197.03 crore simple interest + ₹ 157.67 crore penal interest

<sup>50</sup> ₹ 341.84 crore premium + ₹ 197.03 crore simple interest + ₹ 157.67 crore penal interest

<sup>51</sup> 32,000 sqm BUA × ₹ 71,800 per sqm (as per ready reckoner rate of 2010)

<sup>52</sup> 32,000 sqm BUA × ₹ 93,300 per sqm (as per ready reckoner rate of 2011)



to pay lease premium of ₹ 358.27 crore (including simple interest) by March 2015.

Scrutiny of records (March 2017) of Metropolitan Commissioner, MMRDA revealed that the lessee had not adhered<sup>53</sup> to the due dates for payment of the instalments. Considering the simple interest (10 per cent) and penal interest (14 per cent) components, the lessee was required to pay ₹ 432.97 crore<sup>54</sup> by March 2015. However, the lessee paid only ₹ 366.38 crore<sup>55</sup> till March 2015. After the initial payment made in March and May 2011, the lessee did not adhere to the instalment payment schedule and made the subsequent payments only in March 2015, after utilising the part additional BUA to the extent of 26,500 sqm. The MMRDA also did not insist on the recovery of the dues for the entire additional BUA of 32,000 sqm within the stipulated period as envisaged in the one-time scheme. Failure of MMRDA to ensure the recovery of the lease premium as per the schedule and within the stipulated period of March 2015 resulted in non-recovery of ₹ 66.59 crore<sup>56</sup> (₹ 432.97 crore - ₹ 366.38 crore) which increased to ₹ 85.23 crore<sup>57</sup> as of March 2017.

The MMRDA stated (March 2017) that the lessee had made full payment of lease premium with interest and delayed interest towards total additional BUA of 26,500 sqm before issuance of full occupancy certificate.

The reply is not tenable since the allottee was required to pay the dues for the full area of 32,000 sqm within the stipulated period irrespective of the actual BUA utilised by the lessee.

The matter was referred to State Government in October 2017, their reply was awaited as of November 2017.

### Housing Department

### Slum Rehabilitation Authority

#### 3.7 Undue favour to private developer on incorrect approval of Slum Rehabilitation Scheme

**Slum Rehabilitation Authority incorrectly approved a Scheme for rehabilitation of Project Affected People on encumbered land ignoring security concerns of Central Government Agencies, resulting in undue favour to a private developer.**

The Hon'ble High Court, Mumbai in its final order dated 14 October 2009 directed Government of Maharashtra (GoM) to chalk out a plan to remove encroachments on and along the water trunk mains supplying water to Mumbai City by 30 July 2015 to protect the potable water.

<sup>53</sup> The instalments were paid in March 2011, May 2011 and March 2015

<sup>54</sup> ₹ 298.56 crore premium + ₹ 59.78 crore simple interest + ₹ 74.63 crore delayed interest

<sup>55</sup> ₹ 231.99 crore premium + ₹ 59.77 crore simple interest + ₹ 74.62 crore delayed interest

<sup>56</sup> ₹ 66.51 crore premium + ₹ 0.07 crore simple interest + ₹ 0.01 crore delayed interest

<sup>57</sup> ₹ 66.51 crore premium + ₹ 0.07 crore simple interest + ₹ 18.65 crore delayed interest

The Government of Maharashtra, Urban Development Department (UDD) decided (July 2010) that the Slum Rehabilitation Authority (SRA) should scrutinise and process the proposals of Slum Rehabilitation Schemes submitted by private developers for providing tenements to 7,500 Project Affected People (PAP) as per the provisions of 3.11 of Appendix IV of Development Control Regulations of Greater Mumbai 1991 (DCR). These PAP tenements were required to be handed over to the Municipal Corporation of Greater Mumbai (MCGM), for rehabilitation of eligible hutment dwellers settled in the encroachments on and along the water trunk mains supplying water to Mumbai City. In turn, the owner of land was entitled for Transfer of Development Rights (TDR) against land transferred to the SRA for construction of the tenements free of cost under the scheme. The MCGM was declared as the Project Implementing Agency (PIA) and was to certify the list of eligible hutment dwellers.

UDD had issued (November 2010) general directive that “No Objection Certificate (NOC)” shall be obtained before granting any development/permission for building proposals on land nearby defence, army, navy or security related organisations within the jurisdiction of MCGM.

Scrutiny of records (February 2017) of Chief Executive Officer, Slum Rehabilitation Authority revealed that the SRA sanctioned (March 2011/January 2012) a Slum Rehabilitation Scheme<sup>58</sup> on a private land owned by a Developer and located in village Mahul for construction of 8,582 PAP tenements. As per resolution passed by the SRA the land TDR was to be issued to the developer in three stages *viz.* 20 *per cent* after conveyance of land to Government, 65 *per cent* on completion of plinth of 50 *per cent* of the total rehabilitation tenements and remaining 15 *per cent* after grant of occupation certificate to some of the rehabilitation buildings. Further an area of 39,160.23 sqm was required to be transferred to MCGM towards amenity space reservation<sup>59</sup>.

The total area of proposed land was 1,56,640.90 sqm, out of which an area measuring 28,418.78 sqm was in possession of Bhabha Atomic Research Centre (BARC) since the year 1963, as buffer zone for their security purposes. The BARC objected (April 2012) to the scheme as it was falling under its buffer zone, and raised concerns of the scheme being a potential threat to National Security. Similar security concerns were raised (May 2009) by Hindustan Petroleum Corporation Limited (HPCL), since the tenements were adjacent to their Mumbai Refinery.

The SRA, however, disregarded the security concerns raised by BARC and HPCL, and sanctioned (January 2012) construction of 59 numbers of rehabilitation buildings of 70 metres height on the net available plot area of 89,061.89 sqm. The MCGM while changing the use of plot from special industrial zone to residential zone imposed a condition of leaving, a segregating distance of 52 metres from the boundary of the plot of the existing

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<sup>58</sup> On plot bearing CTS Nos. 619/A, 619/B, 620/A, 620/B, 621/A, 621/B, 621/C, 622/A, 622/B, 623/A, 623/A2, 623/B of village Mahul, Chembur, M/East ward, Mumbai

<sup>59</sup> The original land was situated under special industrial zone. For change of user of land from industrial to residential, 25 *per cent* area of land needs to be reserved as amenity space in terms of DCR 57 4(c)

oil company (HPCL) being a hazardous industry on the adjoining plot. The SRA however, did not adhere to this condition while sanctioning the proposed construction of rehabilitation buildings.

Meanwhile, as per the provision of Clause 3.11 of Appendix IV below Regulation 33(10) of DCR 1991, the Developer handed over land measuring 1,56,640.90 sqm to the SRA vide conveyance deed (April 2011), and equivalent land TDR (1,17,480.67 sqm) was transferred to the developer between May 2011 and June 2012 instead of 20 *per cent* (23,496.13 sqm), in contravention to its own decision referred above, before commencement of any work. This had benefitted the developer as the cost of open land as per then prevalent ready reckoner rates worked out to approximately ₹ 156.85 crore<sup>60</sup> (₹ 20.30 crore + ₹ 136.55 crore).

Subsequently, due to security concerns raised by the BARC, the Chief Secretary in a meeting convened on 5<sup>th</sup> October 2013, endorsed the security concerns of BARC and HPCL located close to the said planned SRA scheme and observed that the project may be scrapped forthwith.

Thus, the incorrect approval of the slum rehabilitation scheme by SRA knowing fully well that the proposed land to be received from the Developer was “encumbered” and in releasing the total land TDR simultaneously in undue haste, in contravention to its own directions resulted in undue benefits to the private Developer. Moreover, the very objective of rehabilitation of 8,582 PAPs settled in the encroachments on and along the water trunk mains supplying water to Mumbai City despite High Court’s direction has not been achieved, even after a lapse of seven years.

The matter was referred to State Government in May 2017; their reply was awaited as of November 2017.

### Housing Department

### Slum Rehabilitation Authority

#### 3.8 Undue benefit to private developers on approval of slum dwellers rehabilitation schemes on account of excess FSI given.

**The decision of the Chief Executive Officer, Slum Rehabilitation Authority in not deducting the mandatory 15 *per cent* for recreational/amenity open plot from the total Floor Space Index resulted in undue benefits to the Developers in terms of saleable FSI to the tune of ₹ 37.93 crore.**

The Slum Rehabilitation (SR) Schemes in Greater Mumbai are implemented under the Development Control Regulations for Greater Mumbai, 1991 (DCR) as approved by Urban Development Department, Government of Maharashtra.

<sup>60</sup> 17,810 sqm released in May 2011 and remaining 99,670.67 sqm released in June 2012. The rate of open land in 2011 was ₹ 11,400 per sqm and in 2012 ₹ 13,700 per sqm. Hence, cost of then released TDR was ₹ 20.30 crore (17810 × 11,400) + ₹ 136.55 crore (99,670.67 × 13,700) = Total ₹ 156.85 crore

As per the DCR, 15 per cent Floor Space Index (FSI) on account of recreational/amenity open space shall be deducted in case of plot size exceeding 2,500 square meter (sqm). The minimum density of rehabilitation tenement on a plot has to be 500 tenements per net hectare<sup>61</sup>. If the number of tenements to be provided to the slum dwellers is less than 500 tenements per net hectare, the balance shall be handed over free of cost to the Slum Rehabilitation Authority as Project Affected People (PAP) tenements. The Chief Executive Officer (CEO), Slum Rehabilitation Authority (SRA) shall be competent to give relaxation<sup>62</sup> wherever necessary for reasons recorded in writing, to make the SR Scheme viable. The SRA had approved (June 2009 and August 2015) two SR Schemes<sup>63</sup> on Government land.

Scrutiny of records of SRA revealed that in respect of Veer Sambhaji Nagar CHS Ltd., the existing tenement density on the plot was 262 tenements per net hectare. Similarly, in respect of Mulund Salphadevi Pada CHS Ltd, the existing tenement density was 361 tenements per net hectare. In exercise of discretionary powers by the CEO SRA, the scheme was approved without deduction of 15 per cent recreational/amenity open space from the total plot area for calculation of FSI is shown in **Appendix 3.8.1**, which resulted in undue benefit to the Developers in terms of FSI as shown below:

(in square meter)

Name of SR Scheme	Plot Area for FSI	15 per cent deduction	Permissible FSI	FSI Sanctioned	Excess sanction of FSI
Veer Sambhaji Nagar CHS Ltd	17,285.26	2,592.79	44,077.41 <sup>\$</sup>	51,855.78 <sup>@</sup>	7,778.37
Mulund Salphadevi Pada CHS Ltd	8,690.36	1,303.55	22,161.00 <sup>#</sup>	26,071.08 <sup>^</sup>	3,910.65
$\$(17285.26 - 2592.79) \times 3$ , $\#(8690.36 - 1303.55) \times 3$ , $@ 17285.26 \times 3$ and $^ 8690 \times 3$ Note: For both the SR Schemes, the maximum permissible FSI on plot was three.					

The non-deduction of the mandatory 15 per cent open space for calculation of permissible FSI was done by SRA to get more PAP tenements. However, the benefit which accrued to the Developers in terms of additional saleable FSI was substantial when compared to the benefits derived by SRA as mentioned below:

<sup>61</sup> Plot area after deducting all reservations actually implemented on site including the land appurtenant thereto (As per Clause 3.12 of Appendix IV to Regulation 33 (10) of DCR)

<sup>62</sup> As per Clause 6.24 of Appendix IV to Regulation 33 (10) of DCR

<sup>63</sup> (i) Veer Sambhaji Nagar Co-operative Housing Society (CHS) Ltd on Plot bearing City Title Survey (CTS) No. 535 and 541 Part, Village Nahur, LBS Marg, Mulund, Mumbai Suburban District, and (ii) Mulund Salphadevi Pada CHS Ltd on Plot bearing CTS No. 709A and 555 Part of Village Nahur, LBS Marg, Mulund, Mumbai Suburban District

Name of SR Scheme	Net Plot area in hectare	Minimum tenements to be constructed including PAP tenements	Total rehab tenements proposed	Total No. of additional PAP tenements	Total area required for additional PAP tenements (in sqm)	Excess sanction of FSI due to non-deduction of recreational/ amenity open plot (in sqm)	Undue benefit of excess FSI to the Developer (in sqm)
1	2	3	4	5 (3-4)	6	7	8 (6-7)
Veer Sambhaji Nagar CHS Ltd	16,929.40	846 <sup>64</sup>	852	06	180 <sup>65</sup>	7,778.37	7,598.37
Mulund Salphadevi Pada CHS Ltd	7,750.38	388 <sup>66</sup>	390	02	60 <sup>67</sup>	3,910.65	3,850.65
<b>Total</b>		<b>1234</b>	<b>1242</b>	<b>08</b>	<b>240</b>	<b>11,689.02</b>	<b>11,449.02</b>

Thus, it could be seen from the table above that against the additional eight PAP tenements totalling 240 sqm, the Developers got additional 11,449.02 sqm of FSI, due to non-deduction of the 15 per cent for recreational/amenity purposes. This resulted in undue benefit to the Developers which in financial terms worked out to ₹ 37.93 crore<sup>68</sup>.

In reply, SRA stated (February 2017) that the approval for not deducting 15 per cent for recreational/amenity open plot was accorded under the discretionary powers provided in Clause 6.24 of Appendix IV to Regulation 33 (10) of DCR by the CEO, SRA to make the project viable. Besides the number of PAP tenements also increased.

The reply is not tenable as the decision of the CEO, SRA in not deducting the mandatory 15 per cent for recreational/amenity open plot from the total Floor Space Index, was tantamount to extending undue favour to the Developers as evident from the comparison of the benefits received by SRA and benefits which accrued to the Developers in terms of the saleable FSI.

The matter was referred to State Government in May 2017; their reply was awaited as of November 2017.

<sup>64</sup>  $16,929.40 \times 500/10,000 = 846.47$

<sup>65</sup>  $6 \times 30 \text{ sqm}$

<sup>66</sup>  $7,750.38 \times 500/10,000 = 387.52$

<sup>67</sup>  $2 \times 30 \text{ sqm}$

<sup>68</sup>  $7,598.37 \times 23,000$  (as per prevailing Ready Reckoner rate for open plot) = 17,47,62,510  
 $3,850.65 \times 53,100$  (as per prevailing Ready Reckoner rate for open plot) = 20,44,69,515  
 (Total 17.48 + 20.45 = 37.93 crore)

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**Housing Department**
**Slum Rehabilitation Authority****3.9 Non Removal of encroachments from Airport land**

**Failure of the Housing Department to co-ordinate and supervise timely relocation of slum dwellers from Airport land and various concessions extended to the private developer (HDIL) by amending the DCR, in terms of additional Floor Space Index and Transfer of Development Rights given remained unfruitful.**



Mention was made in Paragraph 2.1.9 of the Report No. 2 (Civil) of Comptroller and Auditor General of India for the year ended 31 March 2011 regarding Airport slum rehabilitation under Mumbai International Airport Slum Rehabilitation Project.

The Airport Authority of India (AAI) had granted (April 2006) exclusive rights on 276.46 acres of Airport land to Mumbai International Airport Limited (MIAL) for development of Mumbai International Airport. This involved removal and resettlement

of slum-dwellers on Airport land. Government of Maharashtra (GoM) also executed (April 2006) State Government Support (SGS) Agreement with MIAL, as per which, the provisions of State Slum Rehabilitation Act were made applicable for implementation of Slum Rehabilitation Scheme on Airport land, which belong to Central Government/AAI. Further, GoM agreed to provide support to MIAL in clearing the land required for Airport development and relocation of slum-dwellers from Airport land. However, as per clause 3.1.3 of the SGS Agreement the cost for such relocation was to be borne fully by MIAL.

Consequent on the SGS agreement, the Urban Development Department (UDD), GoM, amended (March 2007) the Development Control Regulations (DCR) for Greater Mumbai, allowing inclusion of rehabilitation of the slum dwellers of the Airport land under Clause 3.11 of DCR 33 (10) of the DCR. Accordingly, the encumbered land would be vacated for execution of vital project and the slum dwellers would be rehabilitated on alternate land. This Slum Rehabilitation Scheme was to be implemented by Slum Rehabilitation Authority (SRA). Under this DCR provision, the Developer was eligible for Transfer of Development Rights (TDR) in lieu of land (land TDR) and for construction of tenements (construction TDR).

UDD, GoM appointed (September 2005) the Mumbai Metropolitan Region Development Authority (MMRDA) as a Nodal Agency for survey of slums on Airport land and incidental works. Accordingly, an agreement was executed

(December 2006) between the MMRDA and MIAL, whereby MMRDA agreed to assist MIAL in identifying the slums encumbered on the Airport land, free the encumbered land for Airport operation and devise a strategy/plan for resettlement of the PAPs of Airport land for and on behalf of MIAL. Further, MIAL agreed to procure the land and tenements required and hand over the same to MMRDA for rehabilitation of slum dwellers of Airport land.

For execution of Slum Rehabilitation Scheme for the slum-dwellers on Airport land, MIAL entrusted (October 2007) the work of rehabilitation to Housing Development and Infrastructure Ltd (HDIL) for completion in two phases and about 80,000 families were to be rehabilitated. Accordingly, HDIL executed a Deed of Conveyance (DoC) with SRA (June 2008) for transferring the tenements constructed for rehabilitation along with ownership of land. Further, as per the DoC executed in June 2008, the HDIL had to complete the construction of the rehabilitation tenements and transfer the same within three years from the date of issue of Commencement Certificate. The projects are still incomplete as on date (November 2017).

Audit scrutiny (September 2016) of records and further information obtained (June 2017) from Chief Executive Officer, SRA revealed that:

- Considering the huge rehabilitation component of 80,000 tenements and for maximum utilisation of open land available for construction of PAP tenements in the seven<sup>69</sup> projects of phase I, SRA granted HDIL four Floor Space Index (FSI) instead of three by increasing the permissible tenement density to 650 tenements per net hectare as against 500 tenements per net hectare permissible in normal Slum Rehabilitation Schemes. In view of the increased FSI allowed by GoM, HDIL was entitled for additional construction TDR of 3,55,729.05 square meter valued at ₹ 409.09 crore<sup>70</sup>.
- As per clause 19 (a) of Annexure B of Deed of Conveyance, SRA had agreed to release proportionate percentage of TDR to the HDIL on completion of particular stage of construction<sup>71</sup>. It was seen that instead SRA had released TDR against part completion of construction work of a particular stage. As against total construction TDR of 6,38,589.04 square meter due to HDIL, SRA had released 7,06,012 square meter TDR. Thus, SRA had released advance TDR of 67,422.96 square meter to HDIL valued at ₹ 272.16 crore, in violation of the conditions of the Deed of Conveyance. Even though SRA had released advance TDR to the HDIL, the projects are incomplete till date and the slum dwellers are yet to be resettled.

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<sup>69</sup> 1) Premier 'L' ward Kurla, 2) Bhandari 'L' ward Kurla, 3) Bombay oxygen 'I' ward Nahur, 4) Kilburn 'S' ward Bhandup, 5) Popular Car bazaar Chakala K/E ward Andheri, 6) Mahul Chembur CTS no. 611 and 7) Mahul Chembur CTS no. 604, 605

<sup>70</sup>  $355729.05 \times ₹ 11,500$  (As per Ready Reckoner of 2009) = 4,09,08,84,075 i.e. ₹ 409.09 crore

<sup>71</sup> On completion of plinth work (18 per cent); On completion of RCC work upto third slab (for ground plus five floor structure (14 per cent)); On completion of RCC work upto last slab including overhead water tank (12 per cent); Masonry work (14 per cent); Internal plaster (10 per cent); External plaster (seven per cent); On completion of flooring and internal plumbing (12 per cent); On site and off site completion of drainage, water mains, electric, road, balance RCC work, all other items and obtaining occupation certificate (11 per cent) and Release after defect liability period over ( two per cent)

- Out of 27,479 tenements to be constructed by HDIL under phase I, it was seen that only 7,595 tenements were constructed, for which SRA had issued occupancy certificate, and construction of 19,326 tenements were in progress (August 2017). Of 7,595 tenements constructed, 2,107 tenements were utilised for rehabilitating Project Affected People (PAPs) of Sahar Elevated Road Project (Part of the Airport Resettlement Project), while 5,488 tenements were lying unoccupied with HDIL, since SRA, being owner of the tenements, did not take possession of these tenements.

Thus, though the tenements were ready for rehabilitation, SRA had not taken the possession of these tenements from the HDIL, due to non-finalisation of list of eligible slum-dwellers on Airport land and non-receipt of cost of these tenements from MIAL. As a result of this and the tenements which were still under construction, the concessions granted by State Government/SRA to HDIL, in the form of additional FSI and TDR had yielded no benefits to the Government.

MMRDA stated (September 2017) that Dy. Collector (Encroachment), Housing Department has finalised eligibility of slum dwellers of Airport land in two pockets and the process of finalisation of eligibility of slum dwellers in other pockets was in progress. They further stated that since MIAL had not handed over the tenements for relocation of slum-dwellers on Airport land, the rehabilitation work had not started.

Dy. Chief Engineer, SRA stated (November 2016) that TDR was released by SRA considering the current real estate condition to make the Slum Rehabilitation Scheme viable and considering the larger interest of slum dwellers.

Reply of Dy. Chief Engineer, SRA was not tenable as the release of TDR by SRA to HDIL in advance was in contravention to the condition agreed upon in the Deed of Conveyance. Further, the contention that advance release of TDR was in larger interest of slum-dwellers was not convincing, since slum-dwellers on Airport land had not been identified and are yet to be resettled in PAP tenements constructed by HDIL.

The Housing Department failed to co-ordinate with SRA and MMRDA for timely relocation of slum dwellers of Airport land. The concession extended in the form of additional FSI and TDR to the private developer (HDIL) by amending the DCR were thus rendered unfruitful. No slum dwellers could be shifted from Airport land even ten years after the Scheme was taken up thereby defeating the objective of clearance of slums from Airport land which continue to pose a grave security threat to the safety, security and operations of the Mumbai Airport.

The matter was referred to State Government in August 2017; their reply was awaited as of November 2017.



**Revenue and Forest Department**

**3.10 Non-enforcement of order of payment of revised lease rent**

**Collectors of Mumbai City and Mumbai Suburban failed to enforce the order of payment of revised lease rent as per Revised Policy of the Government resulting in loss of revenue to the tune of ₹ 60.33 crore and the Lessees continued to occupy the premises.**

Revenue and Forest Department (Department) Government of Maharashtra (GoM) envisaged (December 2012) a Revised Policy effective from 01 January 2012 for renewal of expired leases of land to charitable trust and private persons for Mumbai City District (Mumbai City) and Mumbai Suburban District (MSD) to increase the revenue receipt of the State. Accordingly, lease rent was to be worked out on the basis of the open land rate provided in the Ready Reckoner (RR) issued by Government of Maharashtra every year and the lease rent would be revised after every five years based on the prevailing RR rate. An opportunity was also to be provided by the Collectors, to the lessees, to exercise an option for taking the leased land on Occupancy Class-2 Right basis<sup>72</sup>. A conversion charge of 20 per cent of the open land rate provided in the RR rate issued by Government of Maharashtra every year was to be recovered from the lessee for the conversion of the leasehold land, on occupancy rights basis.

In Mumbai City, there were 1,307 cases of lease as on January 2012. Of which, 691 cases were due for renewal in terms of the Revised Policy of Renewal of Lease Rent of December 2012. It was seen that though notices had been issued to all these lessees, 72 cases were submitted (between April 2013 and April 2017) to Government for renewal. Of which, Government had approved (between December 2013 and March 2016) only nine cases of renewal of lease, leaving 682 cases pending.

In case of Mumbai Suburban District, there were 356 cases of lease, of which, 135 cases were due for renewal. It was seen that notices had been issued to all these lessees, 10 cases were submitted (between March 2014 and October 2015) to Government during March 2014 to October 2015 for renewal of lease. Of which, Government had approved only one case of renewal of lease in June 2014, leaving nine cases pending for renewal of lease rent.

Test check in Audit (November 2016, May 2017 and June 2017) of 16<sup>73</sup> cases of renewal of lease rent as per the Revised Policy of Lease Rent revealed that the Collectors, Mumbai City and MSD had issued orders for renewal of the lease for further 30 years. Audit, however, noticed that though the leases were renewed and revised lease rent fixed, the Collectors, Mumbai City and MSD

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<sup>72</sup> According to Section 29 of Maharashtra Land Revenue Code 1966, Occupancy Class-2 rights cannot be transferred. Further, they have to fulfill the terms and conditions under which the land was provided. Sub lease, pledging of such land *etc.*, also required prior permission

<sup>73</sup> seven cases pertaining to the Collector, Mumbai City and nine cases pertaining to the Collector, Mumbai Suburban District

had not recovered the lease rent as per the Revised Policy. As a result, the lessees continued to hold the land without payment of the revised lease rent.

The Collector, Mumbai City replied (November 2016 and May 2017) that due to paucity of staff, they had not provided hearing to any of the lessees whose leases had expired till December 2012.

Thus, failure of both the Collectorates, to enforce the order for payment of lease rent as per the Revised Policy of the Government in time and to initiate action under Section 53<sup>74</sup> of Maharashtra Land Revenue Code 1966, resulted in loss of revenue of ₹ 60.33 crore for more than five years since January 2012 thereby defeating the objectives of the Government for collecting additional revenue. Besides, the Lessees continued to occupy the premises by payment of lease rent at the old rate though the lease period had expired.

The matter was referred to State Government in August 2017; their reply was awaited as of November 2017.

### Housing Department

#### Maharashtra Housing and Area Development Authority

#### 3.11 Excess sale price for projects in deviation of Pricing Policy

**The Maharashtra Housing and Area Development Authority fixed sale price of tenements considering market rate instead of actual land cost in projects at Pune, Satara, Solapur and Hingoli. This resulted in charging of excess profit on allotment of tenements to the extent of ₹ 8.08 crore thereby putting excess financial burden on the families falling under Low and Middle Income Group.**

Maharashtra Housing and Area Development Authority (MHADA) is mandated under its Act to provide housing accommodation in the State by constructing tenements for families under Economically Weaker Sector (EWS), Low Income Group (LIG), Middle Income Group (MIG) and Higher Income Group (HIG).

As per the pricing policy (August 2009) of MHADA, the sale price of tenements/shops/plots *etc.*, had to be fixed after considering the land and its development cost, tender cost, 10 *per cent* contingency charges and overhead charges on tender cost, capitalisation of establishment charges and interest and profit<sup>75</sup> if applicable.

<sup>74</sup> According to section 53 of Maharashtra Land Revenue Code 1966, If in the opinion of the Collector any person is unauthorisedly occupying or wrongfully in possession of any land or foreshore vesting in the State Government or is not entitled or has ceased to be entitled to continue the use occupation or possession of any such land or foreshore by reason of the expiry of the period of lease or tenancy or termination of the lease or tenancy or breach of any of the conditions annexed to the tenure, it shall be lawful for the Collector to evict such person

<sup>75</sup> For EWS and LIG no profit is charged. For MIG: five *per cent* and HIG: 10 *per cent*

The Aurangabad Housing and Area Development Board, Aurangabad (AHADB) and Pune Housing and Area Development Board, Pune (PHADB) had published the advertisement in the newspapers between February 2013 and September 2016 for sale of the tenements constructed in the six housing Schemes as detailed below:

Sr. No.	Name of Board	Name of Scheme	Whether completed/ in progress	Up-to-date expenditure as on March 2017 (₹ in crore)
1	PHADB	41 LIG and 14 MIG tenements at Shivaji Nagar, Solapur	Completed	9.02
2	PHADB	86 LIG and 86 MIG tenements at Netaji Nagar, Wanawadi, Pune	In progress	35.11*
3	PHADB	66 MIG, 6 HIG tenements, 11 shops and seven offices at SPA 1, Jule Solapur	Completed	6.74
4	PHADB	54 LIG, 36 MIG and Amenity plot at Dive, Tal. Purandar, Dist. Pune	In progress	6.19*
5	PHADB	Plotted development scheme for 265 LIG, 32 HIG and five amenity plots at Wather-Nimbalkar, Tal. Phaltan Dist. Satara	In progress	1.85*
6	AHADB	106 LIG, 42 MIG, 17 Shops and four Amenity Halls at Hingoli, Aurangabad	In progress	8.15*

Note: \* Since the Schemes were in progress the estimated expenditure was considered.

Scrutiny of the records (March and April 2017) and further information obtained (July 2017) from PHADB and AHADB, functioning under MHADA, revealed that though the Schemes implemented were on Government land which was free of cost to MHADA, the sale price of the tenements under these Schemes was fixed based on the prevailing Ready Reckoner<sup>76</sup> (RR) rates. Taking the price of land at RR rates, when the land cost was minimal to MHADA, was not in accordance with the MHADA's pricing policy of August 2009. As a result of which, the prospective buyers would be charged excess sale price in the range of ₹ 0.81 lakh to ₹ 13.92 lakh per tenement as shown in the **Appendix 3.11.1**.

In response, the Chief Accounts Officer, PH&ADB stated (May 2017) that the RR rate of the year 2013 was adopted for calculation of land as per Government Resolution (May 2006) of Revenue and Forest Department, Government of Maharashtra due to non-availability of records, whereas, the land cost of Netaji Nagar, Pune was calculated as per MHADA's resolution of December 2012. In case of Hingoli, Chief Accounts Officers, AH&ADB, stated (March 2017) that the land cost was considered as per RR rate of respective year for calculating tentative sale price. The final sale price would be calculated according to either RR rate or free of cost land.

The replies are not tenable since the Government Resolution of the Revenue and Forest Department of May 2006 related to the disposal of the Government land, and not for pricing policy of MHADA for sale price of tenements/shops/plots *etc.*

Thus, fixation of sale price of tenements considering market rate of land in contravention of MHADA's pricing policy of August 2009, led to charging of excess sale price in the range of ₹ 0.81 lakh to ₹ 13.92 lakh per tenement,

<sup>76</sup> Netaji Nagar, Wanawadi, Pune: RR rate of the year 2012; Shivaji Nagar, Solapur: RR rate of the year 2013, Hingoli: RR rate of the year 2009, Dive, Tal. Purandar, Dist- Pune: RR rate of the year 2014, Wather-Nimbalkar, Tal. Phaltan Dist- Satara : RR rate of the year 2013, and SPA-1, Jule, Solapur : RR rate of the year 2013

which further lead to excess profit charged on these six Schemes to the extent of ₹ 8.08 crore.

The matter was referred to State Government in August 2017; their reply was awaited as of November 2017.

### Medical Education and Drugs Department

#### 3.12 Undue benefit to an Agency in PPP arrangement in Health Sector

**Failure of the Superintendent of GT Hospital in recovering the dues payable by the agency under a Public Private Partnership agreement for CT Scan services, resulted in non-recovery of rent of ₹ 2.53 crore for the machines, besides unauthorised holding of Government assets by a private agency without a valid Agreement in place.**

Medical Education and Drugs Department (MEDD), Government of Maharashtra (GoM) approved (September 2009), out sourcing the operations of Magnetic Resonance Imaging (MRI) and Computerised Tomography (C T) scan machines and making and interpreting diagnostic reports generated by these machines to the agency which quoted highest monthly fee to Government, and authorised the Superintendent, Gokuldas Tejpal (G T) Hospital, Mumbai, to execute an agreement in this regard.

Accordingly, Superintendent, G T Hospital, Mumbai entered (September 2009) into a PPP agreement with First Health Care Private Limited, Mumbai (Agency), for a period of three years, for both the services from the date of operational handover. The MRI machine and CT scan machine were handed over for operational purpose to the Agency on 1 December 2010 and 5 March 2012 respectively. Clause 15 of the agreement stipulated that the Agency would pay a monthly rent of ₹ 4.02 lakh for each of the machines, from the date of operation after three months of trial and training period.

Scrutiny of the records (February 2017) and further information obtained (June 2017) from the Superintendent, G T Hospital, Mumbai (Superintendent) revealed that though the Agency was paying monthly rent for MRI machine regularly, the monthly rent for C T scan machine had not been paid since the date of its operation *i.e.* 5 March 2012. The Agency contested that private patients were being referred as Government patients and due to huge difference in the Government rate and private agency rate, the C T scan project was becoming unviable. The Agency also requested (February 2012) MEDD to take appropriate measures so as to arrive at a mutually agreeable solution to make the project viable and successful as per Clause 20 of the PPP agreement.

Based on data for the period 2012-14 furnished by the hospital, 13,570 and 2,062 private patients were scanned for MRI and CT scan respectively by the

agency upto August 2014, for which the charges collected were ₹ 4.38 crore<sup>77</sup> as against the rent payable of ₹ 2.65 crore<sup>78</sup>. The Superintendent of the hospital did not refute the contention of the Agency and they were allowed to operate though they had defaulted in payment of rent for the CT scan machine. Despite, bringing the issue of non-payment of rent of C T Scan machine by the Agency to the notice of MEDD, and Director, Medical Education and Research (DMER), Maharashtra State, Mumbai (January 2016), the Superintendent did not take any action to verify the Agency's claim of loss, and for recovery of the rent payable in terms of PPP Agreement. Further, no penalty clause had been provided if the agency delayed or did not pay the rent.

No action was initiated to terminate the PPP arrangement as per clause 19 of the PPP agreement by giving three months' notice to the agency.

Further, though the PPP agreement had expired on 1 December 2013 in case of MRI machine and on 5 March 2015 in case of CT scan machine, the PPP arrangement was, allowed to be continued without any legally enforceable Agreement in place.

In reply the Superintendent of G.T. Hospital stated (February 2017 and June 2017) that there was no penalty clause in the Agreement for delay or non-payment of rent and the DMER was informed about the unwillingness of the Agency to pay the rent. Further considering the necessity of providing these services to the patients, the Agency was allowed to operate the machines even after expiry of the Agreement, and further action to renew the agreement had to be taken at Government level.

The fact remained that, the failure of the Superintendent of G.T. Hospital in recovering the dues payable from the agency under the PPP agreement for CT Scan services had resulted in non-recovery of rent of ₹ 2.53<sup>79</sup> crore, besides unauthorised holding of Government assets by a private agency without a valid Agreement in place.

This matter was referred to State Government in June 2017; their reply was awaited as of November 2017.

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<sup>77</sup> Calculated at the minimum of the rates (1) MRI- Total number of patients 13,570 x ₹ 3000 = ₹ 4.07 crore (2) CT scan – Total number of patients 2,062 x ₹ 1500 = ₹ 0.31 crore

<sup>78</sup> Rent for 1) MRI (March 2011 to August 2014) 41 months x ₹ 4.02 lakh = ₹ 1.65 crore  
2) CT scan (June 2012 to August 2014) 25 months x ₹ 4.02 lakh = ₹ one crore

<sup>79</sup> ₹ 4.02 lakh per month x 63 months = ₹ 2.53 crore

## Water Supply and Sanitation Department

## Maharashtra Jeevan Pradhikaran

## 3.13 Blocking of funds on incomplete Water Supply Scheme

**A faulty Memorandum of Understanding with a private company for a water supply scheme based on the Tillari Dam in Konkan area and non-release of funds to the Maharashtra Jeevan Pradhikaran, had resulted in blocking of funds of ₹ 52.95 crore and liability of ₹ 11.66 crore, besides depriving the targeted beneficiaries of the intended benefits.**

The Government of Maharashtra (GoM) had in principle approved (August 2009), a water supply scheme with Tillari Dam as the water source, under the Konkan Development Package 2009<sup>80</sup>(Package) in order to supply drinking water to Sawantwadi, Vengurla, Malwan and other villages on the seashore. The entire Package was to be implemented within three years, *i.e.* by March 2012. The Maharashtra Jeevan Pradhikaran (MJP) decided (September 2010) to execute the scheme as a joint venture project with a private company namely M/s Shree Uttam Steel and Power Limited (SUSPL). A Memorandum of Understanding (MoU) was entered between MJP and SUSPL in April 2011, wherein it was agreed that the entire project cost and proportionate costs to be shared between MJP and SUSPL would be worked out jointly. As per Clause 6 of the MoU, the SUSPL would make the contribution of their share as and when demanded by the MJP, based on the actual progress of work and recommendations of the Joint Committee constituted for monitoring the implementation of the project to ensure completion within the estimated time and cost.

As per clause 11 of the MoU, the balance work was to be completed by MJP, in case SUSPL withdrew their participation midway after the execution of physical work which was required for combined use, and the SUSPL would be liable to pay the amount of their share to the MJP. The MoU, however, did not include any penalty clause, for safeguarding against defaults towards delays/non-contribution of share by the SUSPL towards the Scheme.

Accordingly, Water Supply and Sanitation Department (WSSD) accorded (June 2011) Administrative Approval (AA) of ₹ 216.37 crore to the water supply scheme based upon Tillari dam as water source to supply drinking water to 18 villages, Vengurla town as well as en-route tourist centres and industrial establishments and raw water to SUSPL. As per the AA, the total estimated expenditure of ₹ 216.37 crore was to be shared between GoM and SUSPL at ₹ 75.18 crore (35 *per cent*) and ₹ 141.19 crore (65 *per cent*) respectively.

The Executive Engineer, MJP, U & R Scheme Division<sup>81</sup>, Kankavali, Sindhudurg awarded (August 2013) the work of surveying, designing,

<sup>80</sup> Konkan Development Package 2009 included 50 new schemes/works for the infrastructural development, development of tourism and allied industries in the Konkan region of Maharashtra State to be implemented by various departments

<sup>81</sup> The name of the division was changed to Maharashtra Jeevan Pradhikaran Division, Sindhudurgnagari

constructing, commissioning with trial run of the Tillari Water Supply Scheme, Taluka Dodamarg, District Sindhudurg to M/s. Indian Hume Pipe Co. Limited, Mumbai (Contractor) at ₹ 218.06 crore. The work was to be completed within three years from the date of issue of work order. SUSPL deposited (August 2013) their initial contribution of ₹ 10 crore as demanded by the MJP, and as against further demand of ₹ 30 crore raised (September 2014) by MJP, the SUSPL deposited (January 2015) ₹ 10 crore only.

As SUSPL failed to deposit its entire share, demanded by the Joint Committee constituted, the progress of the work was hampered and finally the contractor stopped (July 2015) work due to paucity of funds after executing only 15 per cent of the work after a lapse of two years and incurring an expenditure of ₹ 52.95 crore.

MJP, therefore, requested (April 2016) the GoM for the release of funds to the extent of ₹ 17.78 crore for completion of the head works and payment of unpaid R.A bills, but the funds were not released. Had the head works been completed, the water level of the river could have been increased and partially Scheme could have been executed for the villages on the river banks.

The total expenditure incurred on the scheme was ₹ 64.61 crore, (₹ 52.95 crore up to date expenditure and ₹ 11.66 crore liability on account of unpaid RA Bills) of which SUSPL had paid only ₹ 20 crore as mentioned above as against the required share of ₹ 41.60 crore, and against the Government's total share of ₹ 75 crore only ₹ 32.95 crore was received by the MJP.

In reply the Chief Engineer, MJP stated (July 2017) that MJP was studying various proposals for capital cost sharing with MIDC and Tourism Department and revised proposal (DPR) would be submitted to GoM for administrative approval.

The reply is not tenable as the MJP/GoM should have thought of these options before entering in to the MoU with a Private Party without safeguarding the interest of GoM. This led to stalling the project midway and blocking of funds of ₹ 52.95 crore and creating a liability of ₹ 11.66 crore, besides depriving the targeted beneficiaries of the intended benefits.

The matter was referred to State Government in May 2017; their reply was awaited as of November 2017.

## Urban Development Department

## Mumbai Metropolitan Region Development Authority

## 3.14 Unfruitful Expenditure on Consultancy Charges

**Mumbai Metropolitan Region Development Authority appointed a consultant for a road proposal without including the proposal in the Regional Plan. Subsequently the proposal was withdrawn due to alignment issues rendering the expenditure of ₹ 4.15 crore on consultancy charges as unfruitful.**

As per provisions of Section 12 of The Mumbai Metropolitan Region Development Authority Act, 1974, the main object of the Authority shall be to secure the development of the Mumbai Metropolitan Region according to the Regional Plan. For the purpose, the Authority can initiate/review any project or scheme for development in the Metropolitan Region. Planning Division of the Mumbai Metropolitan Region Development Authority (MMRDA) was vested with the function of giving advice on land use, new regulations and schemes in the context of implementation of Regional Plan.

Under the Extended Mumbai Urban Infrastructure Project, the MMRDA planned important infrastructure projects comprising eight road/bridge works. The authority appointed (March 2013) a consultant for carrying out pre-tendering activities<sup>82</sup> for all the eight works for ₹ 13.75 crore. One of the work included was construction of Shirgaon Phata (SH-40)-Padgha-Titwala-Badlapur Road (SH-35) at an estimated cost of ₹ 495 crore, involving consultancy charges of ₹ 5.03 crore. The Consultant submitted the Inception Report and Detailed Project Report (DPR) (May/August 2013) for this work. MMRDA released (January 2016) payments of ₹ 4.15 crore to the consultant up to 8<sup>th</sup> RA Bill.

Scrutiny of records of The Metropolitan Commissioner, MMRDA revealed (January 2017) that after more than two years of submission of the Inception Report and DPR by the consultant, the Engineering Division noticed (March 2016) that the alignment of the work of construction of proposed road was not exactly on the existing roads of Public Works Department at certain locations, and hence was required to be included in the Regional Plan of MMRDA, so that the project would become authentic. Accordingly, Engineering Division proposed (March 2016) to the Planning Division, MMRDA for inclusion of the said road in the Draft Regional Plan of MMRDA.

The Planning Division requested (April 2016) the Engineering Division to withdraw the proposal of constructing the said road on the reasons that (i) a regional road from Shirsat Phata in Virar to Mumbai Trans-harbour Link via Padgha was already proposed in the Comprehensive Transportation Study (CTS); (ii) two regional rings were proposed in the form of Multi Modal

<sup>82</sup> Such as survey works, geotechnical investigation, designs, various approvals, details plan and estimate, land acquisition, preparation of bid documents *etc.* up to tender award stage



Corridor<sup>83</sup> and Vadodara- JNPT spur<sup>84</sup> road taken up by National Highway Authority of India (NHAI) running parallel to the proposed alignment; and (iii) the route of proposed road by Engineering Division would disturb the environmentally sensitive area between Shirsat Phata and Padgha. The Assistant Municipal Commissioner (D) also accepted (November 2016) the contentions of Planning Division and directed that further work be stopped on the new link proposed by the Engineering Division.

The CTS (including Multi Modal Corridor) of MMRDA was approved in March 2008, which shows that MMRDA was aware of the CTS and Multi Modal Corridor even before appointing the consultant in March 2013. The decision of the Engineering Division to include the road proposal in the Regional Plan belatedly, after realising that the alignments were not proper and omission to route the proposal initially itself through Planning Division for inclusion in the Regional Plan, rendered the expenditure of ₹ 4.15 crore incurred on consultancy charges as unfruitful.

In reply, MMRDA stated (September 2017) that the Multi Modal Corridor and Spur Corridor of NHAI will be having controlled access and will not be useful for dispersing local traffic. The Shirgaon Phata (SH40)-Padgha-Titwala-Badlapur Road will be useful for exchanging traffic among NH 8, NH 222, SH 35 and SH 40 and for reducing the traffic pressure in rapidly growing suburban areas like Kalyan, Ulhasnagar, Badlapur and Ambernath. Though this proposed road is kept on hold for time being, the same will be taken in hand in future.

The reply only confirms that the road was taken up without approvals of the Authority's Planning division, which has rendered the entire expenditure on consultancy charges of ₹ 4.15 crore as unfruitful.

The matter was referred to Government in July 2017; their reply was awaited as of November 2017.

## **Skill Development and Entrepreneurship Department**

### **3.15 Unfruitful Expenditure on construction of hostel at ITI, Saoner**

**In absence of required staff and non-availability of mess facility, the hostel building at ITI, Saoner, district Nagpur could not be put to use, resulting in unfruitful expenditure of ₹ 1.22 crore incurred on construction of the hostel.**

The Higher and Technical Education Department, Government of Maharashtra accorded (August 2008) administrative approval for construction of 100-bedded boys hostel for Industrial Training Institute (ITI), Saoner, district Nagpur at a cost of ₹ 1.22 crore with an objective of relieving the students of ITI from the inconvenience of transportation and providing accommodation

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<sup>83</sup> MMRDA has proposed a Multi Modal Corridor from Virar to Alibag (120 kms) running parallel to the spur road

<sup>84</sup> A spur route is usually short road forming a branch from a longer more important route *i.e* typically a major road, freeway interstate or motorway

facility to them. The work was awarded (February 2009) to a contractor at a cost of ₹ 1.21 crore for completion by August 2010. The work was completed and handed over to the Principal ITI in October 2014.

Scrutiny of records (March 2016) of the Principal, ITI, Saoner revealed that the hostel building has remained unoccupied as of March 2017 as not a single student had been admitted to the hostel since it was handed over to the Principal. The infrastructure (19 rooms plus one kitchen) created and furniture viz., beds and almirahs were lying unused.

The Principal, ITI, Saoner attributed (March 2016, November, 2016 and March 2017) the vacant hostel building to (a) steep hike (May 2015) in the hostel fees from ₹ 240 to ₹ 1,200 per year per student along with payment of security deposit of ₹ 1,000, (b) easy availability of bus services to the students thus, making it easier for them to commute daily (c) no post of hostel Superintendent or Warden and (d) no arrangement for mess and canteen facilities in the hostel.

The Principal replied (March 2017) that the five rooms of hostel building were being used since March 2017 for admission process, examination control room, educational programme/meeting purpose and classrooms and efforts would be made for admission of students in the hostel in the academic year 2017-18.

The reply of the Principal, ITI, Saoner is not tenable as proposal for appointment of Warden and supporting staff was not sent by the Principal, ITI Saoner though applications for seeking admission to the hostel were received in 2014-15. Even though the proposal was sent by Joint Director, Vocational Education and Training, Regional Office, Nagpur in August 2016, Government failed to appoint Warden and supporting staff till date.

Thus, in absence of required staff and non-availability of mess facility, the hostel building could not be put to use, resulting in unfruitful expenditure of ₹ 1.22 crore, incurred on construction of hostel.

The matter was referred to the Government in May 2017; their reply was awaited as of November 2017.

### Medical Education and Drugs Department

#### 3.16 Blocking of Government funds

**The Medical Education and Drugs Department did not pursue possession of land from the revenue authorities for more than 11 years, defeating the objectives of creation of medical and health infrastructure at Indora, Nagpur, besides wasteful expenditure of ₹ 0.31 crore.**

Para 251 of Maharashtra Public Works Manual (MPW), 1984 stipulates that no work should be commenced on land which has not been duly made over by the responsible civil officer.

Medical Education and Drugs Department (MEDD), Government of Maharashtra (GoM), allotted (December 2005) ₹ five crore as supplementary budget grant for the construction of 250 bedded hospital at Dr Babasaheb

Ambedkar Hospital and Research Centre, Nagpur (BAHRC) at Indora, Nagpur. The above fund was kept as 'Deposit' with Executive Engineer, Integrated unit (Medical) Public Works Division, Nagpur (EE).

In March 2014, MEDD, GoM decided to upgrade BAHRC from 250 beds to 568 beds at a cost of ₹ 209 crore. However, no funds were released by GoM for the same.

Scrutiny of records (February 2017) of BAHRC revealed that due to change in scope and non-availability of required area of land the EE could not start the work. Out of ₹ five crore, an expenditure of ₹ 0.31 crore was incurred on soil investigation and other minor items by the EE. The unspent amount of ₹ 4.69 crore was returned in January 2015 to BAHRC after almost nine years. As of February 2017, funds were lying with BAHRC and have not been surrendered to the Government.

Further scrutiny revealed that total land required for construction of BAHRC was 7.59 acre against which only 4.50 acre land was in possession. The remaining 3.09 Acre of land was not handed over to EE owing to title dispute, which was settled in June 2011 by the Court of Law. Even after this, the Department failed to acquire the required land. A request to transfer the land identified for BAHRC was made to Collector, Nagpur in June 2012. No further pursuance was found on record for seeking possession of land. The proposal for land in the format prescribed by GoM was sought (May 2016) by Collector Nagpur. However, BAHRC has not complied with the requirement as of April 2017.

On this being pointed out, the Medical Superintendent BAHRC credited (October 2017) the amount of ₹ 4.69 crore to Government account. Fact remains that the amount was not utilised for which it was released even after a lapse of 11 years and expenditure of ₹ 0.31 crore incurred on soil testing proved to be wasteful, besides defeating the objective of creating medical and health infrastructure.

The matter was referred to the Government in May 2017; their reply was awaited as of November 2017.

### **Social Justice and Special Assistance Department**

#### **3.17 Wasteful expenditure**

**Procurement of machinery, tools and equipment by four State ITIs without ensuring compliance with the norms prescribed for affiliation of trades, resulted in wasteful expenditure of ₹ 3.99 crore.**

Under Special Component Plan, the Social Justice & Special Assistance Department (SJSA), Government of Maharashtra (GoM) vide its Government Resolution (GR) (January 2006), accorded sanction for starting six<sup>85</sup> higher level Industrial Training Institutes (ITIs) for Scheduled Caste and Nav-Boudha (SC/NB) boys and girls. The scheme was to be implemented by Director of Vocational Education & Training Department (DVET), Mumbai.

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<sup>85</sup> Mumbai, Pune, Nashik, Aurangabad, Amravati and Nagpur

The GoM had granted approval (January 2006) for starting 12 trades<sup>86</sup> each in these ITIs with intake capacity of 16 candidates for each trade. For starting a trade in the ITIs, affiliation was required to be obtained from the Director General of Employment & Training, Ministry of Labour & Employment (DGET), New Delhi. With effect from September 2012, accreditation from National Council for Vocational Training (NCVT<sup>87</sup>), New Delhi was also a pre-requisite for affiliation. The condition for affiliation requires specified area, power supply and man-power as per the requirement of a particular trade.

Scrutiny of records (October 2015) of ITIs revealed that out of six ITIs, funds to the tune of ₹ 23.26 crore were released to four ITIs viz., Nagpur, Nashik, Amravati and Aurangabad during the period from 2011-12 to 2015-16. However, the above four ITIs could utilise only ₹ 13.04 crore, constituting 56.06 per cent of the released funds.

It was observed that as against the target of starting 12 trades each, the ITIs could function with only two to four trades<sup>88</sup> each, as the ITIs failed to get affiliation for remaining ten to eight trades, due to deficiencies in required area, power supply and manpower. It was further noticed, that though the ITIs failed to fulfil the aforementioned requirements, they invested ₹ 3.99 crore on procurement of machinery, tools and equipment for the trades which were non-functional as tabulated below:

Name of ITIs	Number of non-functional trades	Expenditure on machinery and tools (₹ in crore)
Nagpur	10	3.60
Amravati	08	0.09
Nashik	09	0.13
Aurangabad	08	0.17
<b>Total</b>	<b>35</b>	<b>3.99</b>

This resulted in wasteful expenditure of ₹ 3.99 crore as the machinery, tools and equipment could not be put to use.

On this being pointed out by audit (November 2015), the Principal, ITI, Indora, Nagpur stated that machinery worth ₹ 1.16 crore was kept in store. Replies from the remaining ITIs were awaited (September 2017).

<sup>86</sup> Mechanic Medical Electronics, Operator Advance Machine Tool, Mechanic Motor Vehicle, Mechanic Computer Hardware, Fashion Technology (for girls), Interior Decoration and Designing, Dental lab Technician, Health Sanitary Inspector, Craftsman Food Production (General), Network Technician, Data entry Operator (for girls) and Driver cum Mechanic

<sup>87</sup> The Council has been entrusted with the responsibilities of prescribing standards and curricula for craftsmen training, advising the Government of India on the overall policy and programs, conducting All India Trade Tests and awarding National Trade Certificates

<sup>88</sup> Amravati- Computer operator and programme assistant, Craftsman food production, Mechanic motor vehicle and Fashion technology; Aurangabad- Fitter, Electrician, Computer operator and programme assistant and Wireman; Nagpur-Computer operator and programme assistant and Fashion technology; Nashik- Computer operator and programme assistant, Fashion technology, Craftsman food production and Mechanic motor vehicle

Thus, procurement of machinery, tools and equipment without ensuring the compliance to the norms prescribed for affiliation of trades resulted in wasteful expenditure of ₹ 3.99 crore.

The matter was referred to State Government in May 2017; their reply was awaited as of November 2017.

### Housing Department

#### Maharashtra Housing & Area Development Authority

#### 3.18 Irregular construction beyond approved plans

**The Maharashtra Housing and Area Development Authority in violation of approved plans, awarded and executed a work beyond the scope of the permissible Floor Space Index resulting in a stalled project and infructuous expenditure of ₹ 16.30 crore.**

Maharashtra Housing and Area Development Authority (MHADA) decided (February 2010) to construct 76 High Income Group (HIG) tenements for the Co-operative Society of Government servants<sup>89</sup> on plot bearing Survey No. 158/23 (Part), CTS No. 5608/A (Part) of Village Kole-Kalyan, Vidya Nagari Marg, Kalina, Santacruz (East), Mumbai. Accordingly, administrative approval of ₹ 23 crore was accorded (November 2010) to the project.

Scrutiny of the records (April 2017) of the Executive Engineer, Bandra Division (Division), of MHADA revealed that though a plan for construction of stilt (S) + 12 upper floors for housing of 72 HIG tenements was submitted (July 2013) to the Municipal Corporation of Greater Mumbai (MCGM), they approved plans for construction of S + three upper floors only, for housing 18 HIG tenements. The MCGM issued the Letter of Approval (October 2013), with a plot potential of 0.80 Floor Space Index (FSI) on the ground that there was no vacant unreserved land available for construction of minimum 60 per cent tenements for Economically Weaker Section, Low Income Group and Middle Income Group since the entire land was reserved for public purposes in the Development Plan.

Audit noticed that MHADA's Bandra division issued (December 2013) work order for construction of S + 12 upper floors for housing 72 HIG tenements at a cost of ₹ 16.52 crore to M/s. B. G. Shirke Construction Technology Pvt Ltd. (Contractor), in contravention to the approved plans of upto S + three upper floors for housing 18 HIG tenements only. As per the work order, the contractor had to execute the work in accordance with the MCGM's approval and amendments issued, if any. The contractor however, executed work up to S + 12 upper floors. The Division, contrary to the approved plans of S + three upper floors, without heed to the approved plans, made payment of ₹ 16.30 crore to the contractor (upto March 2016).

MHADA (October 2016) requested MCGM to regularise the construction beyond the approved plans without levying any penalty. The request was not

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<sup>89</sup> Maitri Co-operative Society Ltd, Mumbai

agreed to by MCGM who issued 'stop work notice' (December 2016). Consequently, MHADA issued (December 2016) stop work notice to the contractor. The work remains incomplete till date (September 2017), stalling the entire project of "Construction of 76 High Income Group (HIG) tenements for the Co-operative Society of Government servants", thereby rendering the entire expenditure of ₹ 16.30 crore infructuous.

As per the extant policy, if the construction beyond the approved plans were to be regularised, the penalty chargeable to MHADA worked out to ₹ 18.80 crore<sup>90</sup>.

**Thus, in blatant violations of approved plans, issuing of work order and execution of work beyond approved plans of the MCGM, resulted in stalling of the project and an infructuous expenditure of ₹ 16.30 crore.**

The matter was referred to State Government in June 2017; their reply was awaited as of November 2017.



(SANGITA CHOURE)

Principal Accountant General (Audit)-I,  
Maharashtra, Mumbai

Mumbai,  
The 07 February 2018

Countersigned



(RAJIV MEHRISHI)

Comptroller and Auditor General of India

New Delhi,  
The 08 February 2018

<sup>90</sup> Penalty for work carried out without approval – Excess BUA – (8825.34) × Developed land rate as per Stamp Duty Reckoner (85,200/sq.mt) × Premium rate (25 per cent) × scale of penalty as percentage of premium rates (100 per cent).  
i.e. – 8825.34 × 85,200 × 25% × 100% = 18,79,79,742 (The penalty is worked out by MCGM)



# APPENDICES





Appendix 1.1 (Reference: Paragraph 1.7.1; Page 10)																
Department wise outstanding Inspection Reports/paragraphs issued up to December 2016 but outstanding as on 30 June 2017																
Sr No	Name of Department	Upto 2011-12		2012-13		2013-14		2014-15		2015-16		2016-17		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
<b>General Sector</b>																
1	Environment	Mumbai/ Nagpur	17	43	5	16	3	18	3	19	4	52	3	48	35	196
		Mumbai	0	0	0	0	0	0	0	0	0	0	0	0	0	0
		Nagpur	17	43	5	16	3	18	3	19	4	52	3	48	35	196
2	Finance	Mumbai	13	21	0	0	1	5	0	0	3	12	2	2	19	40
		Nagpur	92	145	2	7	28	98	22	101	30	146	21	159	195	656
		Total	105	166	2	7	29	103	22	101	33	158	23	161	214	696
3	General Administration	Mumbai	21	30	2	2	1	1	4	17	9	36	4	27	41	113
		Nagpur	207	415	4	20	0	0	9	40	13	39	0	0	233	514
		Total	228	445	6	22	1	1	13	57	22	75	4	27	274	627
4	Home	Mumbai	115	209	16	30	19	60	14	60	26	143	29	217	219	719
		Nagpur	92	145	2	7	28	98	22	101	30	146	21	159	195	656
		Total	207	354	18	37	47	158	36	161	56	289	50	376	414	1375
5	Law and Judiciary	Mumbai	23	48	0	0	2	6	6	22	7	30	7	32	45	138
		Nagpur	79	145	1	1	0	0	17	54	1	2	4	7	102	209
		Total	102	193	1	1	2	6	23	76	8	32	11	39	147	347
6	Maharashtra Legislature Secretariat & Parliamentary Affairs	Mumbai	2	5	0	0	0	0	1	5	0	0	1	1	4	11
		Nagpur	0	0	0	0	0	0	0	0	0	0	0	0	0	0
		Total	2	5	0	0	0	0	1	5	0	0	1	1	4	11
7	Planning	Mumbai	2	3	1	1	0	0	0	0	2	7	1	12	6	23
		Nagpur	1	1	0	0	0	0	0	0	0	0	0	0	1	1
		Total	3	4	1	1	0	0	0	0	2	7	1	12	7	24
<b>Social Sector</b>																
8	Maharashtra State Language	Mumbai	1	4	0	0	0	0	1	1	0	0	0	0	2	5
		Nagpur	0	0	0	0	0	0	0	0	0	0	0	0	0	0
		Total	1	4	0	0	0	0	1	1	0	0	0	0	2	5
9	Employment and Self Employment/Skill Development and Entrepreneurs	Mumbai	3	4	0	0	0	0	6	11	4	14	1	17	14	46
		Nagpur	12	17	0	0	0	0	0	0	0	0	0	0	12	17
		Total	15	21	0	0	0	0	6	11	4	14	1	17	26	63

Appendix 1.1. (contd....)																
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17
10	Higher and Technical Education	Mumbai	81	199	14	43	5	58	9	28	24	136	6	30	139	494
		Nagpur	147	243	7	12	28	56	27	124	34	154	15	89	258	678
		Total	228	442	21	55	33	114	36	152	58	290	21	119	397	1172
11	Housing	Mumbai	73	212	14	47	18	83	14	96	16	123	6	52	141	613
		Nagpur	0	0	0	0	0	0	0	0	0	0	0	0	0	0
		Total	73	212	14	47	18	83	14	96	16	123	6	52	141	613
12	Medical Education and Drugs	Mumbai	39	91	9	21	14	65	5	32	3	79	4	43	74	331
		Nagpur	43	101	5	17	16	81	4	27	15	118	9	67	92	411
		Total	82	192	14	38	30	146	9	59	18	197	13	110	166	742
13	Public Health	Mumbai	63	135	10	38	20	70	2	13	11	66	8	52	114	374
		Nagpur	168	347	13	58	34	139	24	112	45	222	11	74	295	952
		Total	231	482	23	96	54	209	26	125	56	288	19	126	409	1326
14	Social Justice and Special Assistance	Mumbai	73	139	1	2	4	10	7	24	5	38	11	49	101	262
		Nagpur	63	88	7	16	23	79	5	37	30	122	26	168	154	510
		Total	136	227	8	18	27	89	12	61	35	160	37	217	255	772
15	School Education and Sports	Mumbai	64	141	48	182	4	20	51	176	17	62	5	57	189	638
		Nagpur	42	152	1	6	8	27	4	25	14	147	3	30	72	387
		Total	106	293	49	188	12	47	55	201	31	209	8	87	261	1025
16	Tribal Development	Mumbai	53	129	0	0	3	20	5	34	7	60	3	41	71	284
		Nagpur	123	258	10	15	31	113	12	55	28	137	13	121	217	699
		Total	176	387	10	15	34	133	17	89	35	197	16	162	288	983
17	Women and Child Development	Mumbai	31	66	1	5	1	6	2	5	14	47	4	26	53	155
		Nagpur	22	29	2	5	1	2	6	13	1	4	5	15	37	68
		Total	53	95	3	10	2	8	8	18	15	51	9	41	90	223
18	Water supply and Sanitation	Mumbai	35	49	4	12	2	6	6	28	8	30	2	12	57	137
		Nagpur	12	12	1	1	13	24	3	11	14	30	1	5	44	83
		Total	47	61	5	13	15	30	9	39	22	60	3	17	101	220

Appendix 1.1 (concl.d.)																	
Social Sector																	
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	
19	Minorities Development	Mumbai	2	10	0	0	0	0	1	3	0	0	2	17	5	30	
		Nagpur	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
		Total	2	10	0	0	0	0	1	3	3	0	0	2	17	5	30
20	Food, Civil Supplies and Consumer Protection	Mumbai	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
		Nagpur	4	4	0	0	4	11	8	8	30	0	0	0	0	16	45
		Total	4	4	0	0	4	11	8	8	30	0	0	0	0	16	45
21	Revenue and Forest	Mumbai	101	158	2	2	15	21	13	50	16	75	16	159	163	465	
		Nagpur	11	17	0	0	0	0	0	0	0	0	0	0	0	11	17
		Total	112	175	2	2	15	21	13	50	50	16	75	16	159	174	482
22	Education and employment	Mumbai	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
		Nagpur	233	2108	2	14	11	163	5	118	11	138	5	103	267	2644	
		Total	233	2108	2	14	11	163	5	118	11	138	5	103	267	2644	
<b>Grand Total</b>			<b>2163</b>	<b>5923</b>	<b>184</b>	<b>580</b>	<b>337</b>	<b>1340</b>	<b>318</b>	<b>1472</b>	<b>485</b>	<b>2415</b>	<b>249</b>	<b>1891</b>	<b>3693</b>	<b>13621</b>	

<b>Appendix 1.2</b> <b>(Reference Paragraph 1.7.3; Page 10)</b> <b>Statement showing number of reviews/paragraphs in respect of which Government Explanatory Memorandas had not been received</b>								
Sr. No.	Name of Department	Up to 2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	Total
<b>General Sector</b>								
1	Environment	1	1	--	--	--	--	2
2	Home	3	--			--	--	3
3	Maharashtra Legislature Secretariat & Parliamentary Affairs	1	--	--	--	--	--	1
4	Planning	1	--	--	--	--	--	1
<b>Social Sector</b>								
5	Law and Judiciary	--	--	--	--	--	1	1
6	Housing	--	--	--	--	--	--	0
7	Medical Education & Drugs	--	--		--	--	1	1
8	Public Health	1	--	--	0	--	2	3
9	School Education and Sports	--	--		2	--	1	3
10	Social Justice and Special Assistance	--	--	--	--	--	--	0
11	Tribal Development	--	--	--	--	--	1	1
12	Urban Development	8	--	--	--	--		8
13	Water Supply and Sanitation	--	--	--	--	--	--	0
14	Women and Child Development	--	--	--	--	--	--	0
<b>Total</b>		<b>15</b>	<b>1</b>	<b>0</b>	<b>2</b>	<b>0</b>	<b>6</b>	<b>24</b>

Appendix 1.3 (Reference: Paragraph 1.7.3; Page 11)															
Sr. No.	Name of Department	Department-wise position of PAC recommendations on which Action Taken Notes were awaited												Total	
		1985-86 to 2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14		2014-15
1	School Education & Sports	5	0	0	31	0	0	0	4	0	0	0	9	0	49
2	Social Justice and Special Assistance	22	0	0	0	17	0	0	3	0	0	0	0	0	42
3	Urban Development	31	0	0	0	2	0	0	0	0	0	16	0	0	49
4	Home	16	3	0	1	4	0	7	0	8	0	9	0	0	49
5	Housing	14	0	0	8	0	1	0	0	22	0	13	1	0	59
6	Revenue and Forests	2	0	0	0	20	0	0	0	0	0	0	0	0	22
7	Rural Development and Water Conservation	9	0	0	0	0	0	8	0	5	0	0	0	0	22
8	Co-operation & Marketing	0	0	0	0	18	0	0	2	0	0	0	0	0	20
9	Employment & Self Employment	0	0	0	15	0	0	0	0	0	0	0	0	0	15
10	Public Health	7	0	0	0	0	0	8	2	0	0	0	0	0	21
11	Higher & Technical Education	1	0	0	9	0	0	4	0	3	0	0	4	0	21
12	General Administration	1	0	0	11	0	0	0	0	0	0	0	0	0	12
13	Medical Education & Drugs	7	0	0	0	0	3	0	0	0	0	1	3	0	14
14	Environment	0	0	0	0	0	10	0	0	0	0	0	0	0	10
15	Water Supply & Sanitation	9	0	0	0	0	0	0	0	0	0	0	5	0	14
16	Planning	6	0	0	0	0	0	0	0	0	0	0	0	0	6
17	Tribal Development	2	0	0	2	0	0	0	0	0	0	0	0	0	4
18	Finance	0	0	0	2	0	0	0	0	0	0	0	0	0	2
19	Women and Child Department	0	0	0	0	0	0	0	0	0	0	14	0	0	14
<b>Total</b>		<b>132</b>	<b>3</b>	<b>0</b>	<b>79</b>	<b>61</b>	<b>14</b>	<b>27</b>	<b>11</b>	<b>38</b>	<b>0</b>	<b>19</b>	<b>61</b>	<b>0</b>	<b>445</b>

**Appendix 2.1.1**

(Reference: Paragraph 2.1.6.3 (ii); Page 25)

**License/ Registration Certificate issued with incorrect Authority Code**

<b>Sr. No.</b>	<b>Zone No in Thane</b>	<b>License Authority Code available on FLRS</b>	<b>Appropriate License Authority Code No for defined areas</b>
1	Zone No 5	18 and 23	18
2	Zone No 8	21 and 19	21

<b>Sr. No.</b>	<b>Working Area/Sub Division in Nashik</b>	<b>Registering Authority Code available on FLRS</b>	<b>Appropriate Registering Authority Code No for defined areas in Nashik district</b>
1	Surgana, Peth Taluka	117 ,119 (Raigad district)	126
2	Dindoshi, Nashik Taluka	116,118 (Raigad district)	127
3	Igatpuri, Sinnar	126,127 (other area of Nashik district)	128
4	Niphad Taluka	125 (Sindhudurg district)	129
5	Nashik Corporation (East)	112 (Thane district)	134
6	Nashik Corporation (West)	113 (Raigad district)	135
7	Nashik Corporation (Satpur)	114 (Raigad district)	136
8	Nashik Corporation (CIDCO)	110 (Thane district)	137
9	Nashik Corporation (Nashik Road)	115 (Raigad district)	138
10	Nashik Corporation (Panchwati)	111(Thane district)	139
Source: Analysis of FLRS data			

## Appendix 2.1.2

(Reference: Paragraph 2.1.7.2; Page 30)

## Shortfall in inspection of manufacturing units in the test-checked districts

Type of Drug manufacturing units	Year	No of manufacturing units (Target)	No. of Inspections carried out	Shortfall (Percentage)
Allopathic	2012-13	578	673	Nil
	2013-14	667	571	96 (14)
	2014-15	684	600	84 (12)
	2015-16	703	496	207 (29)
	2016-17	653	675	Nil
Ayurvedic (Inspection to be done twice a year)	2012-13	570	242	328 (58)
	2013-14	620	228	392 (63)
	2014-15	596	178	418 (70)
	2015-16	614	143	471 (77)
	2016-17	534	169	365 (68)
Homeopathic	2012-13	19	15	4 (21)
	2013-14	18	22	Nil
	2014-15	18	14	4 (22)
	2015-16	21	12	9 (43)
	2016-17	20	11	9 (45)
Cosmetics	2012-13	244	256	Nil
	2013-14	242	182	60 (25)
	2014-15	253	161	92 (36)
	2015-16	264	153	111 (42)
	2016-17	280	174	106 (38)
<b>Total</b>		<b>7598</b>	<b>4975</b>	<b>2623 (35)</b>
Source: Information provided by the JCs/ACs of respective Divisions/Districts				



**Appendix 3.1.1**  
(Reference: Paragraph 3.1.9; Page 81)  
**Details of claim received, paid, rejected, outstanding and closed**

(₹ in crore)

Premium Year	No. of beneficiary families	Claims Received		Claims Paid		Claims Rejected		Claims Outstanding		Claims closed	
		No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount
02.07.2012 to 01.07.2013	52,03,823	72,335	193.66	68,457	171.90	2,956	8.91	NIL	NIL	922	3.00
02.07.2013 to 01.07.2014	52,37,073	88,007	210.59	83,495	183.38	3,900	10.92	133	0.32	479	1.25
02.07.2014 to 01.07.2015	54,89,962	88,445	200.54	85,490	180.66	2,538	6.51	417	0.91	NIL	NIL
02.07.2015 to 01.07.2016	54,82,491	99,792	233.44	95,275	208.69	2,823	6.67	1,694	3.60	NIL	NIL
02.07.2016 to 31.03.2017	55,03,526	63,691	154.74	54,309	120.70	959	2.77	8,423	23.85	NIL	NIL
21.11.2013 to 20.11.2014	1,64,51,264	1,50,158	389.98	1,43,954	348.93	4,960	14.32	121	0.35	1,123	2.61
21.11.2014 to 20.11.2015	1,66,11,919	2,31,925	552.73	2,25,838	502.57	4,769	12.50	1,318	3.17	NIL	NIL
21.11.2015 to 20.11.2016	1,66,11,919	3,04,947	735.87	2,93,149	654.42	5,787	14.82	6,011	12.53	NIL	NIL
21.11.2016 to 20.11.2017	1,67,37,510	89,597	209.04	63,920	136.67	570	1.22	25,107	61.86	NIL	NIL
Farmers Policy	1,68,538	199	0.44	171	0.36	2	0.002	26	0.07	NIL	NIL
<b>Total</b>	<b>9,34,98,025</b>	<b>11,89,096</b>	<b>2881.03</b>	<b>11,14,058</b>	<b>2508.28</b>	<b>29,264</b>	<b>78.642</b>	<b>43,250</b>	<b>106.66</b>	<b>2524</b>	<b>6.86</b>

Source: Information furnished by the Society as on 14.09.2017

Note: Sum of claims received amount will not tally with sum of claims paid, outstanding, rejected and closed due to claims amount will always be less than pre-authorisation/bills received amounts

**Appendix 3.4.1**  
**(Reference: Paragraph 3.4.5; Page 107)**  
**Year-wise and component wise fund released by GoI and GoM**  
**(₹ in crore)**

Component	Year	2012-13		2013-14		2014-15		2015-16		2016-17		Total	
		Release	Expenditure	Release	Expenditure	Release	Expenditure	Release	Expenditure	Release	Expenditure	Release	Expenditure
Coverage & Water quality <sup>1</sup>	GoI	618.49	444.63	473.17	461.03	515.44	747.71	223.51	480.40	308.37	304.38	2138.98	2438.14
	GoM	551.75	515.89	555.89	469.09	576.94	553.27	546.79	463.82	467.35	377.77	2698.72	2379.84
O & M	GoI	117.39	33.58	94.64	78.60	100.22	64.72	44.70	41.39	52.39	59.41	409.33	277.70
	GoM	75.03	39.05	98.71	98.68	110.68	110.54	50.57	19.88	66.42	63.83	401.41	331.98
Sustainability	GoI	78.26	100.46	63.09	62.88	66.81	27.68	29.80	17.66	34.93	09.60	272.89	218.28
Support	GoI	16.92	21.55	45.20	32.14	41.10	45.87	20.54	29.12	23.17	20.51	146.93	149.20
WQMS	GoI	15.42	12.39	14.17	22.81	24.66	15.98	12.32	15.43	09.67	18.41	76.24	85.02
<b>Total</b>		<b>1473.26</b>	<b>1167.55</b>	<b>1344.87</b>	<b>1225.23</b>	<b>1435.85</b>	<b>1565.77</b>	<b>928.23</b>	<b>1067.70</b>	<b>962.30</b>	<b>853.91</b>	<b>6144.51</b>	<b>5880.16</b>

Source: Information furnished by WSSD

<sup>1</sup> Including funds received and expenditure incurred under Additional release for water quality, Water Quality Sub-mission, NitiAayog and Natural calamity

Appendix 3.4.2

(Reference: Paragraph 3.4.7.1; Page 111)

Status of habitations targeted for coverage, habitations covered in the State during 2012-17

Percentage of population with drinking water coverage	Habitations as on 01 April 2012	Total habitations targeted for coverage during 2012-17	Total habitations covered 2012-17	Habitations to be covered as on 01 April 2017
>0 and < 25 per cent (>0 lpcd and ≤10 lpcd)	410	620	345	165
>25 and <50 per cent (≥10 lpcd and ≤20 lpcd)	4479	4976	3498	1807
>50 and <75 per cent (≥20 lpcd and ≤30 lpcd)	6268	8983	8222	7552
>75 and <100 per cent (≥30 lpcd and < 40 lpcd)	407	1606	1533	2998
<b>Fully covered</b>	87448	99	208	86917
Source: IMIS Format C18				

**Appendix 3.8.1**  
**(Reference: Paragraph 3.8; Page 125)**  
**Calculation of Plot area for FSI in sqm**

Particulars	Veer Sambhaji Nagar CHS Ltd.		Difference in FSI sanctioned	MulundSalphadeviPadaSaikrupa CHS Ltd.		Difference in FSI sanctioned
	SRA	Audit		SRA	Audit	
Area of Slum Plot	17,750.92	17,750.92		9,251.15	9,251.15	
Deduction for:						
A. Buildable reservation 'MAP'	355.86	355.86		939.98	939.98	
B.Unbuildable reservation 'PG'	465.66	465.66		560.79	560.79	
Net Plot Area	16,929.40	16,929.40		7,750.38	7,750.38	
Addition for FSI purpose (buildable reservation)	355.86	355.86		939.98	939.98	
Plot area for FSI	17,285.26	17,285.26		8,690.36	8,690.36	
Deduction in FSI for RG area (15 per cent)	NIL	2,592.79		NIL	1,303.55	
Net Plot Area for calculation of FSI	17,285.26	14,692.47		8,690.36	7,386.81	
FSI sanctioned	3	3		3	3	
Built up area permitted	51,855.78	44,077.41	7,778.37	26,071.08	22,160.43	3,910.65

**Appendix 3.11.1**  
**(Reference: Paragraph 3.11; Page 132)**  
**Excess Sale Price Charged**

(₹ in lakh)

Name of Scheme	Type and number of tenements	Land cost considered by Board based on RR rate	Sale Price per tenement fixed by the Board	Original cost of land	Sale Price per tenement considering the original land cost (Rate* Area per tenement)	Excess Sale Price per tenement	Total excess cost of tenements *
Netaji Nagar, Wanawadi, Pune	LIG (82Ts)	30.76	35.81	0.98	34.58 (₹4000×864.34)	1.23	100.86
Dive, Purandar, Pune	LIG (54 Ts)	42.23	8.93	1.38	8.12 (₹1853×437.93)	0.81	43.74
	MIG (36Ts)	37.78	15.93	1.24	14.84 (₹2480×598.36)	1.09	39.24
SPA-1, JuleSolapur	MIG (7Ts)	161.06	38.04	104.47	37.12 (₹34540×107.48)	0.92	6.44
	MIG (1T)		41.45		40.46 (₹34540×117.13)	0.99	0.99
	MIG (31Ts)		37.42		36.52 (₹34540×105.73)	0.9	27.90
	MIG (1T)		42.60		41.57 (₹34540×120.36)	1.03	1.03
	MIG (20T)		38.04		37.12 (₹34540×107.48)	0.92	18.4
	MIG (4Ts)		38.27		37.35 (₹34540×108.13)	0.92	3.68
	MIG (2Ts)		35.14		34.29 (₹34540×99.28)	0.85	1.7
	HIG (5Ts)		17.82		47.41	11.55	46.27 (₹35733×129.48)
	HIG (1Ts)	53.73		52.43 (₹35733×146.73)	1.3		1.3
Shivaji Nagar, Solapur	LIG (24 Ts )	89.52	21.57	2.88	19.44 (₹2529×768.55)	2.13	51.12
	LIG (11 Ts)		21.04		18.96 (₹2529×749.71)	2.08	22.88
	MIG (12 Ts)	44.58	32.58	1.43	29.34 (₹2664×1101.48)	3.24	38.88
Phaltan, Satara	LIG (52Ts)	293.7	2.01	6.3	0.71 (₹707×100)	1.3	67.6
	LIG (2Ts)		2.51		0.88 (₹707×125)	1.63	3.26
	LIG (1T)		3.01		1.06 (₹707×150)	1.95	1.95
	HIG (12Ts)	273.9	21.43	5.88	7.51 (₹939×800)	13.92	167.04
Hingoli	LIG (80 Ts)	122.15	9.60	0.65	8.07 (₹16738×48.215)	1.53	122.40
	MIG (30 Ts)	62.14	15.32	0.33	12.6 (₹20183×62.429)	2.72	81.6
<b>Total</b>							<b>807.71</b>

Note: \* No. of tenements × Excess sale price per tenement

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