CHAPTER – II

AUDIT OF TRANSACTIONS: GOVERNMENT DEPARTMENT

CHAPTER – II

FOREST DEPARTMENT

2.1 Subject Specific Compliance Audit on 'Maharashtra Compensatory Afforestation Management and Planning Authority'

Why did we do this audit?

- CA activities were planned and undertaken successfully as per rules, regulations and guidelines.
- The finances of Maha CAMPA are managed efficiently as per the existing rules and regulations.
- Internal control, monitoring and evaluation mechanisms are adequate and effective.

What did we find?

- Land banks not created; CA shortfalls in high-diversion divisions.
- APO delays, non-execution of approved works, and execution of unapproved works.
- Excess, short and irregular release of CAMPA funds.
- Delayed remittance, non-investment of surplus, and interest loss.
- Weak governance, poor monitoring, and irregular statutory meetings.

Key figures

- Maha CAMPA could achieve only 47.37 *per cent* of physical targets and could spend only 42.48 *per cent* of planned expenditure due to delay in finalisation of APOs.
- Non-execution of site-specific CA works in 2,592.73 hectares of land due to faulty site selection.
- Incorrect routing of CA receipts through National CAMPA and non-receipt of interest of ₹ 40.80 crore.
- Non-investment of balance of CAMPA fund ranging from ₹ 2,184.19 crore to ₹ 3,093.40 crore.
- Non-functioning of the GB and insufficient meetings SC and EC.

What do we recommend?

- Time-bound APO planning and synchronised fund release.
- Verified non-forest land bank for timely CA execution.
- Direct credit of CA receipts to State CAMPA Fund.
- Formal investment policy and deployment of surplus funds.
- Regular statutory meetings and strengthened monitoring controls.

2.1.1 Introduction

Maharashtra has a forest cover[1] of 50,858 sq. km. which is around 16.53 *per cent* of the total geographical area of 3,07,713 sq. km of the State.

[1] As per India State of Forest Report 2023

Out of the total forest cover, 9,865.62 sq. km is very dense forest, 21,577.79 sq. km is medium dense forest and 19,415.12 sq. km is open forest.

Forest land is utilized for developmental activities as required, like the construction of roads, irrigation, water supply schemes and industries *etc*., however, there are legal provisions that are to be followed for such use. Section 2 of the Forest (Conservation) Act (FC Act), 1980 prescribes that no State Government or other authority shall use the forest land for non-forest purposes except with the prior approval of the Central Government.

Further, if any forest land is required for any developmental project, the user agency[2] (government or private), must apply for clearance from the Ministry of Environment, Forest and Climate Change (MoEF&CC), before using the forest land for non-forest purposes. This proposal is to be submitted through the forest department of the concerned State Government. If clearance is given, then the user agency must pay compensation in the form of the amount for Compensatory Afforestation (CA), Net Present Value (NPV), Catchment Area Treatment Plan (CATP) or wildlife conservation plan *etc.*

The Compensatory Afforestation Fund (CAF) Act, 2016 provides for the establishment of funds under the public accounts of India and the public accounts of each State and crediting thereto the money received from the user agencies towards CA, additional CA, penal CA, NPV and all other amounts recovered from such agencies under the FC Act, 1980.

The Act also provides for the constitution of authorities each at the National as well as at each of the State and Union Territory (UT) levels for the administration of the funds and to utilise the money so collected for undertaking compensatory afforestation in the form of artificial regeneration (plantations), assisted natural regeneration *etc.*

Government of India (GoI) Guidelines (2 July 2009) required the setting up of state level Compensatory Afforestation Planning and Management Authority (CAMPA) for receiving CAMPA funds and prescribed procedures for utilization of the CAMPA funds. The State CAMPA in Maharashtra has been constituted by GoM in accordance with these guidelines and is managing CAMPA funds as per directives received from the Government of India and State Government from time to time.

GoI enacted the CAF Act, 2016 in August 2016 and notified the corresponding CAF Rules, 2018 in August 2018. Both, the Act and the Rules came into effect from 30 September 2018 and the State CAMPA was renamed as Maha CAMPA.

Maha CAMPA operationalizes its activities and implementation processes primarily through the Territorial, Wildlife and Social Forestry wings of Forest Department. It also networks with stakeholder institutions, persons, bodies and organizations concerned with the use and practice of knowledge pertaining to environment, forestry, wildlife, biodiversity and livelihood systems as per area and subject-specific requirements and attainment of Maha CAMPA objectives.

2.1.2 Organisational Structure

Maha CAMPA is responsible for the management of the State Fund and the funds will be utilized as per local and area-specific requirements for the

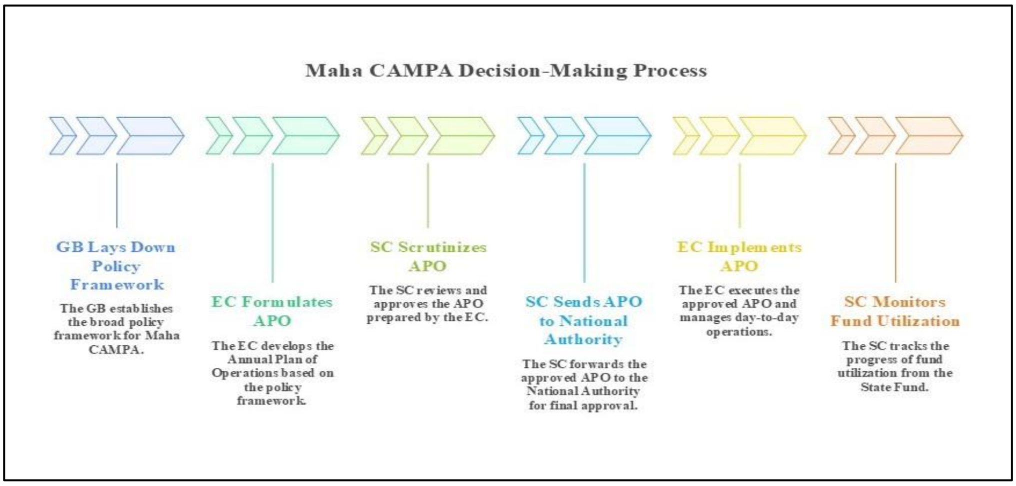
[2] Any person, organization or company or department of the Central or State Government making a request for diversion/use or de-notification of forest land for non-forest purpose.

activities permitted under CAF Rules, 2018 and as per the guidelines outlined by the GoI/GoM. The GoM constituted a Governing Body (GB) with Chief Minister as the Chairperson, Steering Committee (SC) headed by Chief Secretary and an Executive Committee (EC) headed by the Principal Chief Conservator of Forest (PCCF) (HoFF[3]) to carry out the functions regarding implementation of programmes taken out of CAMPA funds.

Chart 1: Organizational structure

(Source: Information furnished by the department)

Sections 17, 18 and 19 of the CAF Act, 2016 prescribe the powers and functions of GB, SC and EC respectively. The process is as follows:



The APOs are implemented through the Chief Conservator of Forest (CCF) at the circle level, the Deputy Conservator of Forest (DCF) at the Divisional level and the Range Forest Officers (RFO) at the Range level.

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[3] Head of Forest Force

2.1.3 Financial position

The funds in the State Compensatory Afforestation Fund are received from the National Authority and disbursement is made for CA activities by Maha CAMPA. During the years 2019-20 to 2023-24, the receipts and disbursements of the fund are given in **Table 2.1.1**.

Table 2.1.1: Financial position of the State Fund

(₹ in crore)

Year	Opening Balance	Receipt	Disbursement	Closing Balance
2019-20	----[4]	3,844.24	151.52	3,692.72
2020-21	3,692.72	----	260.00	3,432.72
2021-22	3,432.72	285.22	487.50	3,230.44
2022-23	3,230.44	----	448.68	2,781.76
2023-24	2,781.76	669.28*	417.32	3,033.72

(Source: Finance Accounts of GoM)

*The receipt of ₹ 669.28 crore for the year 2023-24 includes the combined amount of ₹ 211.01 crore pertaining to 01/04/2020 to 31/03/2022, along with ₹ 458.26 crore towards interest paid by GoM on fund up to March 2023.

2.1.4 Audit Objectives

The Subject Specific Compliance Audit (SSCA) was conducted to assess whether:

- CA activities were planned and undertaken successfully as per rules, regulations and guidelines.
- The finances of Maha CAMPA are managed efficiently as per the existing rules and regulations.
- Internal control, monitoring and evaluation mechanisms are adequate and effective.

2.1.5 Audit scope and methodology

An Entry Conference was held with PCCF (HoFF), Maharashtra on 29 July 2024, where audit objectives, scope and methodology were discussed.

The SSCA was conducted between August 2024 and February 2025 through a test check of records for the period 2019-20 to 2023-24 related to the preparation of APO and its implementation by utilization of State Fund on the management of plantations and allied activities under CA in the office of the PCCF (HoFF), Maharashtra and 15 selected[5] divisions.

The divisions were selected out of total 75 divisions based on funds disbursed for CA through Simple Random Sampling without Replacement (SRSWOR) method using idea software, which accounts for 20 *per cent* of the total divisions.

Audit also conducted joint physical verification of two plantation sites in each division where the work of the plantation was done prior to 2019-20, selected

[4] Funds were received from National Compensatory Afforestation Deposit during the year 2019-20, hence opening balance is *Nil.*

[5] DCF(WL) Gugamal, DFO (WL) Kolhapur, Dy. Director Pench Tiger Reserve (PTR), DCF (T) Akola, Buldhana, Central Chanda, Chatrapati Sambhaji Nagar, Dhule, Pusad, Sawantwadi, Wardha, Kolhapur, West Nashik, Yawal, and DFO, Beed.

randomly during field audit to assess the plantations with respect to their survival and success of CA activities. The exit conference was held on 01 December 2025, the replies furnished were incorporated suitably.

2.1.6 Audit Criteria

The audit scrutiny was benchmarked with the audit criteria sourced from the following documents:

- The Forest (Conservation) Act, 1980;
- The Compensatory Afforestation Fund Act, 2016;
- The Compensatory Afforestation Fund Rules, 2018;
- Scheduled Tribe and Other Traditional Forest Dwellers (Recognition of Forest Rights) Act, 2006;
- Handbook of the Forest (Conservation), Act, 1980 and the Forest Conservation Rules, 2003;
- Guidelines on CAMPA issued by MoEF&CC and Government of Maharashtra;
- Annual Plans of Operation;
- Working Plan of the Department;
- National Forest Policy, 1988;
- Indian Forest Act, 1927; and
- Government resolutions, orders and circulars issued by MoEF&CC and Forest Department, Government of Maharashtra from time to time.

Audit Findings

2.1.7 Planning and Implementation

2.1.7.1 Creation of land bank of non-forest land for CA

As per Para 2.7 of the handbook, States and UTs shall create land banks to expedite the processing of forest clearance proposals under the FC Act, 1980. In addition to non-forest lands, degraded forest land with a crown density of upto 40 *per cent*, under the administrative control of the forest department, may be identified through satellite imagery, in consultation with the Forest Survey of India (FSI) and made available for CA.

Audit observed that:

- The department had not established a land bank of non-forest land.
- The department had created land bank of degraded forest land in only 12[6] out of 75 divisions in the State, covering a total area of 2,797.26 ha. for CA works.
- In five[7] out of 15 selected divisions, land bank in respect of degraded forest land was created for CA works.

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[6] DCF Pusad, Buldhana, Akola, Chatrapati Sambhaji Nagar, Pune, Bhor, Amravati, Melghat (T) Paratwada, Nanded, Osmanabad, Parbhani and DFO, Beed

[7] DCF Pusad, Buldhana, Akola, Chatrapati Sambhaji Nagar and DFO, Beed

The failure of the Department to identify and earmark non-forest land and degraded forest land in a systematic manner, as prescribed in Para 2.7 of the Handbook, indicates lack of advance planning and weak institutional preparedness for implementation of compensatory afforestation.

The absence of a readily available land bank of non-forest land resulted in non-availability of suitable land for CA in several cases, leading to delay and non-implementation of compensatory afforestation obligations, thereby defeating the objective of expediting forest clearance proposals under the FC Act, 1980.

This is reported in further detail in **Paragraph 2.1.7.7**.

On this being pointed out, the Government stated (October 2025) that the creation of land banks of non-forest land could not be undertaken due to non-availability of suitable land and administrative constraints. However, efforts are being made to identify and earmark suitable non-forest lands for the establishment of land banks to facilitate CA in future.

2.1.7.2 CA work undertaken in forest land instead of non-forest land

As per Handbook of guidelines and Clarifications issued by the MoEF&CC (March 2019) on FC Act, 1980 and FC Rules, 2003, CA is to be raised on suitable non-forest land to be identified contiguous to or in the proximity of a Reserve/Protected forest as much as possible, equivalent to the area proposed for diversion, at the cost to be paid by user agency. Where non-forest land is available but lesser in extent to the forest area being diverted, CA could be carried out over degraded forest twice in extent of the area being diverted or the difference between the forest land being diverted and the available non-forest land, as the case may be. The non-availability of suitable non forest land for CA in the State/Union Territory would be accepted by the Central Government only on the basis of a Certificate of the Chief Secretary of the State/Union Territory Government to that effect in respect of States/UTs having forest area more than 33 *per cent* of the geographical area in the prescribed format.

Audit observed from the APOs and other records that in 11 out of 15 selected divisions, out of total 114 projects, in 60 projects as against the 4,168.01 hectare of forest land diverted, the CA to the extent of 3,777.33 hectare was planned/done on the forest land and not on non-forest land as envisaged. In remaining four[8] divisions, there was no project in which the CA was done in forest land as detailed in **Table 2.1.2**.

[8] DFO (T) Beed, DCF (WL) Gugamal, DFO (WL) Kolhapur and Dy. Director Pench Tiger Reserve (PTR)

Table 2.1.2: Division-wise CA done in forest land

(As on 31 March 2024)

Sr. No.	Name of the Division	Number of projects	Area of forest land diverted (ha.)	Area of CA undertaken in forest land (ha.)
1.	Wardha	13	689.39	941.59
2.	Kolhapur	15	850.72	774.42
3.	West Nashik	3	4.00	11.70
4.	Chhatrapati Sambhajinagar	3	12.05	19.21
5.	Central Chanda	11	652.34	774.08
6.	Buldhana	2	21.88	44.08
7.	Pusad	3	1,207.81	551.00
8.	Dhule	6	488.68	397.01
9.	Akola	1	126.00	126.00
10.	Sawantwadi	1	34.14	34.14
11.	Yawal	2	81.00	104.10
	Total	**60**	**4,168.01**	**3,777.33**

(Source: Maha CAMPA Annual Plans of Operation)

Key Insights :

- Against diversion of 4,168.01 ha, CA was undertaken for only 3,777.33 ha, leaving an overall shortfall of 390.68 ha (9.4 per cent).
- Performance was highly uneven across divisions, indicating absence of a uniform planning and implementation framework for CA.
- Pusad Division, with the highest diversion (1,207.81 ha), recorded CA on only 551 ha, reflecting a deficit of 54 per cent.
- Only two divisions (Wardha and Central Chanda) achieved CA in excess of diversion, demonstrating that availability of suitable land is the key determinant.
- The pattern of deficits, especially in high-diversion divisions, underscores the impact of failure to create land banks of non-forest land and reflects weak institutional preparedness.

As the forest cover in Maharashtra constitutes only 16.53 *per cent* of its geographical area, as per the India State Forest Report, 2023 published by the Forest Survey of India, CA ought to have been primarily undertaken on non-forest land. Continued reliance on forest land for CA not only constrains expansion of the State's forest cover but also undermines the objective of the National Forest Policy, 1988 to bring one-third of the geographical area of the country under forest and tree cover.

On this being pointed out, the Government stated (October 2025) that most of the projects mentioned in paragraph are undertaken by the Central Government and PSUs. They are allowed to carry out CA on degraded forest land instead of private non-forest land, as they often face difficulties in finding and acquiring suitable private land for afforestation, especially in States where such land is limited or unavailable.

The reply is not acceptable as the majority of the project pertains to the Irrigation Department, and other Projects of GoM. While the constraints in acquisition of private non-forest land, as stated by the Government, are acknowledged, Para 2.7 of the Handbook envisages advance identification and creation of land banks precisely to mitigate such constraints. Continued reliance on degraded forest land, particularly in a State with limited forest cover, does not fully address the objective of expanding forest and tree cover as envisaged in the National Forest Policy, 1988.

The above facts indicate that the absence of a systematic land bank framework has constrained timely and effective implementation of CA in the State.

2.1.7.3 Notification of Reserved/Protected Forest

As per Para 2.4 (v) of the Handbook of guidelines, any non-forest land selected by the State Government for the purpose of CA, in lieu of forest land to be diverted may be accepted by MoEF&CC irrespective of crown density. All such lands shall be mutated in favor of State Forest department and declared as protected forest prior to Stage-I approval.

Audit observed during the scrutiny as of March 2024:

- 63,203.195 ha. (Inclusive of Zudpi Jungle land 14,277.730 ha.) of non-forest land for CA in lieu of diverted forest land was received from the User Agencies.
- 57,475.956 ha. land were notified as Reserve Forest or Protected Forest (RF or PF).
- Remaining 5,727.243 ha. land was yet to be notified under section 4 for RF and section 29 for PF of the Indian Forest Act, 1927.
- Proposals for 1,871.259 ha. land were pending at the Government level.
- Proposals for 3,855.983 ha. land were pending at the CCF/DCF level.

Due to the non-notification of non-forest land as RF or PF, the land could not be brought under the ambit of legal provisions and safeguards as envisaged in the Indian Forest Act, 1927.

On this being pointed out, the Government stated (October 2025) that the process of notifying Non-Forest Land (NFL) under the possession of the Forest Department as Reserve Forest is under progress.

The reply is noted. However, Audit had observed that as of March 2024, 5,727.243 hectare of non-forest land received for CA had not been notified as Reserve Forest or Protected Forest, thereby remaining outside the legal framework and safeguards of the Indian Forest Act, 1927. The position indicates that the prescribed process had not been completed within the required timeframe.

2.1.7.4 Submission of Annual Plan of Operation to the National Authority

As per rule 2 (b) of CAF Rule, 2018, APO refers to the annual plan for physical activities and financial provisions approved by the National Authority or State Authority as the case may be, which describes milestones, conditions for success and explains how, a strategic annual plan will be put into operation during the financial year.

As per Section 38 of the CAF Rules, 2018, the APO for the next financial year of the State shall be submitted by the State Authority before the 31 December of every year to the National Authority.

Audit observed that Maha CAMPA had not submitted the APOs to the National Authority as per prescribed due date and delays ranged between 54 to 141 days during 2019-20 to 2023-24 in submission of APOs as detailed in **Table 2.1.3**.

Table 2.1.3: Delay in submission of APOs

Year	Due date of Submission of APO	Actual Date of submission of APO	Delay in submission (Days)	Date of Approval
2019-20	31 December 2018	08 May 2019	128	17 December 2019
2020-21	31 December 2019	06 May 2020	127	14 July2020
2021-22	31 December 2020	21 May 2021	141	02 July2021
2022-23	31 December 2021	04 May 2022	124	14 June2022
2023-24	31 December 2022	23 February 2023	54	09 May2023

(Source: Information furnished by the department on APOs)

Delays in submission of APOs to the National Authority resulted in delayed approval of APOs, which consequently resulted in delayed implementation of activities planned in APOs affecting the CA works as discussed in **Paragraph 2.1.7.5**.

Key Insights :

- Maha CAMPA consistently failed to submit Annual Plan of Operations (APOs) by the prescribed due date, with delays ranging from 54 to 141 days during 2019-20 to 2023–24.
- Delays exceeded four months in three consecutive years (2019-20 to 2021-22), indicating systemic non-adherence to the planning calendar.
- The maximum delay of 141 days was observed in 2021-22, reflecting weak planning discipline and procedural follow-through.
- Delayed submission resulted in delayed approvals by the National Authority in all years, compressing the effective implementation window.
- The recurring delays adversely affected timely execution of CA works, undermining programme scheduling and field-level delivery.

On this being pointed out, the Government stated (October 2025) that the process of preparation and submission of APO to the committee is routed from Ranges to Divisions and then to Circles and finally compiled at State CAMPA which leads to delays in submission of APO to the SC. It was further added that all efforts are being made to submit the APO timely.

Reply is not acceptable as the steps and process involved in preparation of APO is foreknown and the Maha CAMPA could have planned the preparation accordingly for submission of APO in time.

Implementation of Annual Plan of Operation of Maha CAMPA

Audit observed following discrepancies during scrutiny of implementation of APOs:

2.1.7.5 Execution of works as per APOs resulting in non-achievement of targets

The expenditure incurred for various works and activities like CA, CATP, Integrated Wildlife Management Plan (IWMP), activities under NPV *etc.,* planned in the APOs for the period 2019-20 to 2023-24 were not executed and Maha CAMPA could not achieve the targets as detailed in ***Appendix 2.1.1***.

As against the set physical targets of executing various works on 5,60,468.29 ha. of land, Maha CAMPA could execute works only on 2,65,465.94 ha. of land achieving target of only 47.37 *per cent* of the works planned.

In financial terms, as against the planned expenditure of ₹ 3,094.72 crore Maha CAMPA could spend ₹ 1,314.67 crore (only 42.48 *per cent* of the planned expenditure), which suggests weakness in planning and execution of works under CA.

Further, 122 works planned in APOs of 15 selected divisions amounting to ₹ 56.74 crore were not executed due to non-release of timely funds to the division from Maha CAMPA as detailed in **Table 2.1.4**.

Table 2.1.4: Division-wise details of non-executed works approved in APOs due to non-release of funds (as on 16 July 2024)

(₹ in lakh)

Sr. No.	Name of the division	Number of works not executed	Fund approved in APOs for works not executed
1	DCF(T), Wardha	9	411.85
2	DCF (WL) Gugamal	4	90.00
3	DCF (T), Kolhapur	9	600.00
4	DFO (WL) Kolhapur	5	62.50
5	DCF(T) Nashik	8	207.53
6	DCF(T) Chhatrapati Sambhaji Nagar	7	89.00
7	DCF(T) Central Chanda	4	138.00
8	DD, Pench Tiger Reserve (PTR)	14	758.00
9	DCF (T) Sawantwadi	14	528.05
10	DCF(T) Akola	9	180.00
11	DCF(T), Buldhana	15	959.00
12	DFO, Beed	2	35.00
13	DCF(T), Pusad	3	1,155.00
14	DCF(T) Yawal	11	380.00
15	DCF (T) Dhule	8	79.88
Total		**122**	**5,673.81**

(Source: Information furnished by the department and APOs)

Audit observed that 122 works approved in the Annual Plan of Operations (APOs) of 15 selected divisions, involving ₹ 56.74 crore, remained unexecuted as of 16 July 2024 due to non-release of funds by Maha CAMPA. This indicates that delays in submission and approval of APOs, coupled with weak fund flow management, had a cascading impact on field-level implementation. The accumulation of non-executed works across divisions reflects deficiencies in financial planning and prioritisation and undermines the objective of timely execution of CA and allied activities.

On this being pointed out, the Government stated (October 2025) that the implementing agencies could not achieve the targets due to lesser release of funds than the amount approved in APO, delay in completion of tender process owing to the General Elections and Assembly Elections, non-submission of fund requisitions by the concerned divisions, change or non-suitability of work sites. Consequently, the physical and financial targets remained unachieved.

The reply is noted. However, Audit had observed that the primary reason for non-execution of 122 approved works was non-release of funds by Maha CAMPA, which is within the control of the implementing authority. Delays in submission and approval of APOs, coupled with deficiencies in fund flow management, had already compressed the available implementation window. As the works were predetermined and approved in the APOs, they did not require fresh fund demands from the divisions. The shortfall in achieving physical and financial targets thus reflects weaknesses in implementation and inadequate monitoring of works planned under the APOs.

2.1.7.6 Unapproved execution of works amounting to ₹ 40.37 crore

In 14 out of 15 selected divisions, Maha CAMPA fund of ₹ 40.37 crore was spent on the execution of total 60 works[9] that were not planned in APOs as detailed in **Table 2.1.5**:

Table 2.1.5: Details of unapproved execution Works (As on 16 July 2024)

(₹in lakh)

Sr. No.	Name of the Division	Total number of works	Amount
1	DCF (WL) Gugamal	9	268.27
2	DCF(T), Wardha	1	45.54
3	DCF (T) Kolhapur	2	466.61
4	DCF(T) West Nashik	5	124.03
5	DCF(T), Chhatrapati Sambhaji Nagar	4	161.27
6	DCF(T) Central Chanda	8	360.04
7	DD, Pench Tiger Reserve (PTR)	9	1,215.79
8	DCF (T), Sawantwadi	1	49.61
9	DCF(T), Akola	1	5.00
10	DCF(T), Buldhana	2	57.74
11	DFO, Beed	3	183.85
12	DCF(T) Pusad	9	1,044.45
13	DCF (T) Yawal	5	51.95
14	DCF(T) Dhule	1	3.00
Total		**60**	**4,037.15**

(Source: Information furnished by the department)

Utilization of funds for unapproved works undermines the purpose of the APO; it is also not in conformity with the financial and operational guidelines of the CAF Rules, 2018 as the APOs are not only approved by EC but are also finally approved by National Authority.

These works undertaken were outside the scope of the APOs, approved by the State Executive Committee and the National Authority, thereby undermining the sanctity of the planning process envisaged under the CAF Rules, 2018. Such deviations resulted in misallocation of funds, diversion from prioritized activities.

On this being pointed out, the Government stated (October 2025) that works were executed for preventing encroachment, addressing human-wildlife conflict and rescue operations, undertaking plantation activities. In some cases, the

[9] Construction of Quarters, Silvicultural operations, Animal seizing & capturing devices, Amenities for Women Front line staff, Establishment and maintenance of wireless networks, Cutting and burning of fire lines, Voluntary relocation of villages from Protected areas, Soil & Moisture Conservation work, All wildlife management work, Establishment, operation and maintenance of animal rescue Centre and Transit Treatment Centre, Pre Plantation Operation, First Year of Operation and Second Year of Operation *etc*.

funds were released based on the recommendation of the PCCF (Wildlife) level, CEO (Maha CAMPA) level and CCF (Maha CAMPA) level. In the case of voluntary relocation of villages from protected areas in Kolhapur, as the matter became sensitive, hence on instructions of PCCF (Wildlife), Nagpur, rehabilitation carried out from CAMPA funds.

2.1.7.7 Non-execution of site-specific CA works in 2,592.73 hectares of land due to faulty site selection and diversion of CA land for other plantation schemes

As per Section 6 (a) of the CAF Act, 2016 the money received for CA, additional CA, penal CA, Catchment Area Treatment Plan (CATP) and for any other site-specific scheme may be used as per site-specific schemes submitted by the State along with the approved proposals for diversion of forest land under the FC Act, 1980.

Further, as per Para 12 (2) of the CAMPA guidelines (July 2009) issued by MoEF&CC, State CAMPA, after receipt of the money, shall accomplish the afforestation for which money is deposited in the CA Fund within a period of one year or two growing seasons after project completion, as may be appropriate.

As per Handbook of guidelines (March 2019), the concerned DCF has to certify the suitability of land identified for CA at the time of submission of the proposal for diversion of forest land for non-forest use.

Audit observed that:

- In 11[10] out of 15 selected divisions, CA on 2,592.73 ha. of land received against 28 projects, have not been taken up by the divisions even after passage of two to 32 years since the final approval for diversion have been granted by MoEF&CC as detailed in ***Appendix 2.1.2***.
- In 11 out of total 28 projects in three[11] divisions, the CA could not be taken up due to non-suitability of land for plantation even after issuing of land suitability certificate by concern DCF as detailed in ***Appendix 2.1.3*** which suggests that the divisions have not adequately verified the land to ensure its suitability for plantation at the time of proposal for diversion of forest land.
- In respect of 11 projects, of Kolhapur and West Nashik division, the plantation had done under the Massive Afforestation Program of the State as detailed in ***Appendix 2.1.4*** on the land received for CA and as a result, the plantation under CA remained to be taken up by the divisions.
- The reason for not taking up CA, in the remaining six projects as detailed in ***Appendix 2.1.5*** was not found on the record.

On this being pointed out, the Government stated (October 2025) that the CA could not be taken due to non-suitability of land for plantation, and proposals for new sites have been sent to the Government for approval.

[10] DCF (T) Wardha, Kolhapur, West Nashik, Dhule, Pusad, Sawantwadi, Chhatrapati Sambhaji Nagar, Buldhana, Akola, Central Chanda and DFO, Beed

[11] DCF (T) Wardha, Dhule and Chhatrapati Sambhaji Nagar

Reply is not tenable as the divisions have not adequately verified the land to ensure its suitability for plantation at the time of proposal for diversion of forest land.

2.1.8 Financial Management

The fund flow of Maha CAMPA begins with the user agencies, which deposit amounts towards compensatory afforestation for diversion of forest land in the accounts of National Authority. Out of the total receipts in a year, 90 *per cent* is to be remitted to State Fund, while the remaining 10 *per cent* is to be credited to the National Compensatory Afforestation Fund. The funds are released from State Fund to the Maha CAMPA and further the Maha CAMPA released the fund to the implementing divisions as per the APO approved by the National Authority.

2.1.8.1 Excess release of funds amounting to ₹ 6.87 crore

In 12 out of 15 selected divisions, fund amounting to ₹ 6.87 crore was released in excess of the approved cost of 32 works as given in APOs as detailed in **Table 2.1.6**.

Table 2.1.6: Details of excess release of funds to implementing agencies (As on 16 July 2024)

(₹ in lakh)

Sr. No.	Name of the Division	Total Number of Works	Cost of work approved in APOs	Fund released	Excess fund disbursed
1	DCF (WL) Gugamal	4	92.20	133.68	41.48
2	DCF(T), Wardha	2	119.32	159.99	40.67
3	DCF (T) Kolhapur	2	70.00	81.44	11.44
4	DCF(T) West Nashik	4	112.00	144.14	32.14
5	DCF(T), Chhatrapati Sambhajinagar	2	7.00	13.00	6.00
6	DCF(T), Central Chanda	4	243.11	329.95	86.84
7	DD, Pench Tiger Reserve (PTR)	3	91.00	130.16	39.16
8	DCF(T), Akola	2	64.00	84.00	20.00
9	DCF(T),Buldhana	3	632.74	979.87	347.13
10	DFO, Beed	1	182.00	222.60	40.60
11	DCF(T), Pusad	3	134.00	151.46	17.46
12	DCF(T), Dhule	2	65.00	68.72	3.72
Total		**32**	**1,812.37**	**2,499.01**	**686.64**

(Source: Information furnished by the department)

Audit observed that in 12 out of 15 selected divisions, funds amounting to ₹ 6.87 crore were released in excess of the cost approved in the Annual Plan of Operations (APOs) for 32 works, indicating non-adherence to sanctioned financial ceilings. Such excess disbursement reflects weaknesses in financial control and scrutiny of fund releases and undermines the integrity of the APO as the approved planning and budgeting instrument. The pattern of excess release across multiple divisions suggests systemic lapses rather than isolated deviations, and has the potential to distort prioritisation of works, crowd out funding for other approved activities, and weaken financial discipline under the CAMPA framework.

On this being pointed out, the Government stated (October 2025) that the excess fund was released to meet the additional expenditure due to increase in wages rate and in some cases due to change in scope of works and the additional funds demanded by the division.

The reply is noted; however, any increase in scope of work or additional expenditure on account of revised wage rates is required to be approved through a revised APO by the competent authority, and release of funds in excess of the originally approved cost without such approval is not in conformity with the prescribed planning and approval framework.

2.1.8.2 Short release of funds amounting to ₹ 155.17 crore

Maha CAMPA had released funds with a shortfall of ₹ 155.17 crore for 173 works planned in the APOs in all the 15 selected divisions as detailed in **Table 2.1.7**.

Table 2.1.7: Details of Short release of CAMPA Funds (As on 16 July 2024)

(₹ in lakh)

Sr. No.	Name of the Division	Total number of Works	Sanctioned Amount	Fund Released	Short release of fund
1	DCF (WL) Gugamal	14	732.55	234.77	497.78
2	DCF(T), Wardha	21	2,846.86	1,768.38	1,078.48
3	DCF (T) Kolhapur	11	1,790.69	563.77	1,226.92
4	DFO (WL) Kolhapur	6	88.40	39.36	49.04
5	DCF(T) West Nashik	15	2,428.55	1,375.53	1,053.02
6	DCF(T), Chhatrapati Sambhaji Nagar	6	2,185.76	741.41	1,444.35
7	DCF(T) Central Chanda	22	4,699.59	3,307.23	1,392.36
8	DD, Pench Tiger Reserve (PTR)	8	6710.80	704.23	6,006.57
9	DCF(T), Sawantwadi	3	16.04	14.46	1.58
10	DCF(T), Akola	12	1,296.20	952.02	344.18
11	DCF (T), Buldhana	6	768.53	613.86	154.67
12	DFO, Beed	7	886.29	483.37	402.92
13	DCF(T) Pusad	18	2,074.13	1,438.50	635.63
14	DCF(T) Yawal	10	356.19	174.59	181.60
15	DCF(T) Dhule	14	1,605.75	557.89	1,047.86
Total		**173**	**28,486.33**	**12,969.37**	**15,516.96**

(Source: Information furnished by the department)

Audit observed that against sanctioned amount of ₹ 284.86 crore for 173 works planned in the APOs across all 15 selected divisions, only ₹ 129.69 crore was released, resulting in a substantial short release of ₹ 155.17 crore, with major shortfalls in divisions such as Pench PTR, Chhatrapati Sambhajinagar, Central Chanda, Kolhapur and Wardha. The short release of fund adversely affected the execution of approved works, leading to delays or non-completion of planned activities. During the year 2020-21, against the approved APO of ₹ 5,858 lakh for voluntary relocation of villages from the Protected Area in Pench Tiger Reserve (PTR), Wildlife Division, Nagpur, only ₹ 12.95 lakh was released by Maha CAMPA.

As mentioned in **Paragraph 2.1.7.5**, 122 works planned in APOs of above 15 divisions amounting to ₹ 56.74 crore were not executed due to non-release of timely funds from Maha CAMPA.

On this being pointed out, the Government stated (October 2025) that the short release of funds and non/partial execution of planned works were due to various reasons such as release of funds based on the demands received from implementing agencies, non-availability of labour during the COVID period, non-preparation of estimates in certain cases, and release of funds as per the actual site requirements.

The reply is not tenable, as the works and their costs were already approved in the APOs; therefore, the entire approved amount was required to be transferred to the implementing agencies for proper execution of the works. Short release of funds adversely affected the execution of approved works, leading to delays or non-completion of planned activities.

2.1.8.3 Diversion of ₹ 94.69 crore for execution of budgeted works of Forest Department

As per Rule 5 (4) (i) of CAF Rule, 2018, the funds of Maha CAMPA shall not be used for undertaking forest and wildlife conservation and other activities undertaken under other schemes of the Government for the purpose of partial financing the scheme for completing leftover works or complementary works of such schemes.

Audit observed that Maha CAMPA fund was utilised for works undertaken from budgeted schemes in contravention to the CAF Rule, 2018 *ibid* as detailed in **Table 2.1.8**.

Table 2.1.8: Details of diversion of CAMPA Funds

(₹in crore)

Name of the office	Name of the Scheme	Scheme Major Head	Amount Received from Budgeted Head	Amount Diverted from CAMPA Fund
DCF (WL), Gugamal	Rehabilitation of Villages in National Parks and Sanctuaries (Settlement of Rights) scheme under the core area of Gugamal National Park as per GoM resolution dated 27 December 2007.	MH-2406-2241	49.61	69.92
DCF (T), Kolhapur	Rehabilitation of Villages in National Parks and Sanctuaries (Settlement of Rights) scheme under the Sahyadri Tiger Project in November 2012.	MH-2406-2241	29.57	18.06
PCCF, (Maha CAMPA) Nagpur	Computerization of the Forest Department	MH-2406-8669	23.58	6.71
Total			**102.76**	**94.69**

(Source: Information furnished by the department)

Diversion of ₹ 94.69 crore from CAMPA funds for execution of works already covered under budgeted schemes was in violation of Rule 5(4)(i) of the CAF Rules, 2018. Such diversion not only contravened statutory provisions but also defeated the specific objective of CAMPA.

In reply, the Government stated (October 2025) that:

- The NPV funds are to be used for voluntary relocation of villages from protected areas as per CAF Rule. Additional land compensation beyond ₹ 10 lakh package is financed partly from NPV/interest and the balance from State Plan Head.

- As per Rule 5(3)(c) of CAF Rules, 2018, NPV funds are used for purchase and maintenance of IT and communication equipment for forest and wildlife protection by APCCF (Information, Technology & Policy). Thus, utilization of ₹ 96.82 crore was strictly as per sanctioned APO and GR, with no partial or complementary financing.

The reply is not acceptable as the works were partly funded from State Fund and partly from CAMPA and CAF Rules, 2018 explicitly prohibits the use of CAMPA funds for partial financing of other government schemes, including completing leftover works or undertaking complementary works of such schemes.

2.1.8.4 Irregular expenditure of ₹ 1.36 crore on ineligible works

As per Section 6(b) of the CAF Act, 2016, the money received towards NPV and penal NPV shall be used for artificial regeneration (plantation), assisted natural regeneration, forest management, forest protection, forest and wildlife-related infrastructure development *etc.,* in the manner as may be prescribed. Further, Rule 5 of the CAF Rules, 2018 provides the details of expenditure upon which the money received towards NPV shall be utilised. Also, as per the proceedings of the 5th Meeting of the National CAMPA Advisory Council (January 2015), normal forest activities in the State should be undertaken using the State's own plan funds and there should be no attempt to shift the obligation for such works to State CAMPA.

Audit observed that Maha CAMPA released fund amounting to ₹ 1.36 crore during 2019-20 to 2023-24 to various implementing agencies to meet expenses like utility bills, office expenses, payment of wages, publications, events, housekeeping services *etc*. which were not eligible as detailed in ***Appendix 2.1.6***. The works were not relating to Maha CAMPA activities which is irregular and against the rules governing the fund.

On this being pointed out, the Government stated (October 2025) that owing to a 67 *per cent* budget cut in State Schemes, Maha CAMPA released fund to PCCF (BPD), PCCF (ITP), PIO Nagpur and Resource Utilization, Nagpur, for housekeeping, security services, data entry operators, and video-conference facilities. Further, during 2021-22 to 2023-24, funds were released under approved APO heads for publicity, awareness programmes, workshops, training, and conservation-related activities.

The reply is not acceptable as the expenditure was not eligible to be funded from CAMPA funds.

2.1.8.5 Irregular expenditure of ₹ 3.94 crore on construction of official and residential buildings in urban locations

As per Rule 5 (3) (e) of the CAF Rules, 2018, not more than 20 *per cent* of NPV of forest land diverted for non-forest use from the user agencies shall be utilized for the construction of residential and official buildings in forests for frontline staffs deployed for protection of forest and wildlife.

Audit observed that in six out of 15 selected divisions, the office buildings and residential quarters were constructed in urban locations and not in forest as prescribed in Rule 5(3)(e) which is against the CAF Rules, 2018 as detailed in **Table 2.1.9**.

Table 2.1.9: Details of residential quarters constructed in urban locations

(₹ in crore)

Sr. No.	Name of the Division	Type of building	Location	Cost of construction
1	Buldhana	Range Office Building	Khamgaon	0.29
2	Central Chanda	Typer III quarter	Wirur	0.35
		Range Office Building	Wirur	0.50
		Typer III quarter	Rajura	0.35
		Range Office Building	Rajura	0.50
3	Chhatrapati Sambhajinagar	Range Office Building	Chhatrapati Sambhajinagar	0.35
		Type-III quarter	Khultabad	0.30
4	Dhule	Range Office Building	Dhule	0.35
5	Sawantwadi	Type-I quarter	Sawantwadi	0.22
6	West Nashik	Range Office Building	Mhasrul	0.43
		Type-III quarter	Barhe	0.30
Total				**3.94**

(Source: Information furnished by the department)

On this being pointed out, the Government stated (October 2025) that field forest officers are required to stay at their headquarters for effective forest protection, whether in rural or urban areas. Accordingly, NPV funds are utilized only for constructing office and residential buildings for frontline staff (RFOs, Round Officers, Forest Guards), with all works approved by the State SC and National CAMPA Executive Committee.

The reply is not acceptable as CAF Rule, 2018 provides the construction of residential and official buildings for frontline staffs in forest area only.

2.1.8.6 Irregular expenditure of ₹ 5.50 crore by Gorewada Zoo Authority

As per Rule 5 (4) (j) and (k) of the CAF Rules, 2018, the NPV of forest land diverted for non-forest use from the user agencies cannot be used for establishment, expansion and up-gradation of zoo and wildlife safari, providing financial support, either by way of grant or equity to existing or for setting up new Forest Corporations, Boards *etc.*

GoM, *vide* resolution dated 29 November 2011, approved establishment of an international standard zoo at Gorewada, Nagpur under Public Private Partnership (PPP) mode. The project was to be implemented by the Forest Development Corporation of Maharashtra Ltd. (FDCM) through a special purpose vehicle (SPV) with the Government having the majority stake in it. As per the resolution, till the formation of SPV, preliminary expenses related to the zoo were to be borne from the State budget and the Government had approved ₹ 20 crore in 2011-12. After the formation of SPV, all the expenses were to be borne by the SPV.

Audit observed that Maha CAMPA disbursed ₹ 5.50 crore to FDCM during 2021-22 and 2022-23 for the establishment of Rescue Centre in Gorewada Zoo in violation of the CAF Rules, 2018. Further, FDCM had incurred the expenditure of ₹ 5.50 crore and submitted the Utilization Certificate to Maha CAMPA. The funding to Gorewada Zoo from the Maha CAMPA fund was irregular in view of the fact that the project was established by the GoM under PPP mode. As such, all the expenditures related to facilities inside the zoo should have been met as per the financing pattern of the PPP agreement with the concessionaire.

On this being pointed out, the Government stated (October 2025) that the agreement with the private partner was dissolved in June 2022, and thereafter Gorewada Zoo Limited, a wholly owned FDCM subsidiary was formed. The zoo also functions as a Rescue Centre with CZA recognition, managed by FDCM since 2015. The proposal for CAMPA funding is covered under Rule 5(2)(k) of CAF Rules, 2018.

The reply is not acceptable as Rule 5(4)(j) of the CAF Rules, 2018 explicitly prohibits utilisation of CAMPA funds for establishment, expansion or upgradation of zoos and wildlife safaris, as well as for providing financial support to Forest Corporations or similar entities. The subsequent dissolution of the PPP arrangement or reclassification of the zoo as a rescue centre does not dilute this statutory prohibition. The reference to Rule 5(2)(k) is not tenable in this context, as the specific bar under Rule 5(4)(j) prevails over general provisions.

2.1.8.7 Investment of CAMPA fund in government securities and in term deposits of scheduled banks

Section 26 of the CAF Act, 2016 provides that the State Authority may invest funds available in the CAMPA Fund in the securities of the Central Government and in scheduled banks. Section 30 provides that the Central Government in consultation with State Government may, *inter-alia*, make rules for the investment of funds by the State Authority.

Audit observed that:

- Maha CAMPA has not devised any investment plan for surplus amount available in the State Fund.
- After providing funds for expenditure approved in APOs, there was sizable surplus balance amount ranging from ₹ 2,184.19 crore to ₹ 3,093.40 crore during the years 2020-21 to 2023-24 which could have been invested in government securities or in term deposits of scheduled banks.
- Due to non-investment of surplus amount, the amount remained with the State government and it earned interest at 3.35 and 3.40 *per cent* notified by the Central Government.

Audit concludes that the failure of Maha CAMPA to formulate an investment plan and to invest substantial surplus balances, ranging from ₹ 2,184.19 crore to ₹ 3,093.40 crore during 2020–21 to 2023–24, in government securities or term deposits of scheduled banks, as envisaged under Sections 26 and 30 of the CAF Act, 2016, resulted in sub-optimal utilisation of available funds. The retention of surplus funds with the State Government at lower interest rates of 3.35 and 3.40 *per cent*, instead of securing higher returns through permitted investment avenues, reflects deficiencies in financial management and foregone opportunities to augment resources for CA and allied activities.

On this being pointed out, the Government stated (October 2025) that the Maha CAMPA receives grants from the State Government as per budget allocations and APOs sanctioned by the National Authority. The State Government is giving interest on the balance fund lying with them. It was further added that matter is taken up with the State Government regarding framing of Rules under Section 30 of CAF Act.

The reply is not tenable as Sections 26 and 30 of the CAF Act, 2016 explicitly envisage investment of surplus funds by the State Authority in Government securities and scheduled banks, and payment of interest by the State Government on balances retained does not substitute for compliance with the prescribed investment framework. The absence of an investment plan and the non-framing of rules under Section 30, even after accumulation of substantial surpluses over multiple years, indicate deficiencies in financial management and foregone opportunities to optimise returns for utilisation in CA and allied activities.

2.1.8.8 Irregular remittance of amounts towards CA to the National Authority by the user agencies

As per Section 4 of the CAF Act, 2016, all the monies realized from user agencies by such State towards CA, additional CA, penal CA, present value, CATP or any money for compliance of conditions stipulated by the Central Government while according approval under the provisions of the FC Act, 1980, shall be credited to the State Fund. The GoM vide notification had created (01 March 2019) State Fund in terms of Section 4 of the CAF Act.

Audit observed that contrary to the provisions in the CAF Act, 2016 the user agencies are crediting the amount payable by them towards CA in the account of National CAMPA instead of Maha CAMPA, and the National CAMPA has not remitted the collected amount regularly at the end of the financial year to the Maha CAMPA fund.

The details of amount remitted to Maha CAMPA is shown in **Table 2.1.10**.

Table 2.1.10: Details of delay in remittance by National CAMPA

(₹ in crore)

Year of Collection by National CAMPA	Month of remittance to Maha CAMPA	Amount remitted to Maha CAMPA	Delay period taken from April of each year
2019-20	March 2022	285.22	1 year, 11 months
2020-21	January 2024	211.02[12]	2 years, 9 months
2021-22	January 2024		1 year, 9 months
2022-23	August 2024	259.37	1 year, 4 months

(Source: Information furnished by the department)

The prolonged delays in remittance had direct financial implications for the State. As brought out in ***Appendix 2.1.7***, Maha CAMPA was entitled to receive interest amounting to ₹ 40.80 crore from the National Authority on account of delayed transfer of funds. The principal amounts involved in each tranche ranged between ₹ 211.02 crore and ₹ 285.22 crore, and despite application of modest interest rates of 3.35 to 3.40 *per cent*, the cumulative interest impact was material.

The above indicates systemic weaknesses in inter-governmental fund flow management, resulting in delayed availability of funds to the State and loss of

[12] ₹ 211.02 crore remitted in January 2024 is a combined amount collected during 2020-21 and 2021-22

interest income, thereby constraining timely implementation of Compensatory Afforestation and allied activities.

On this being pointed out, the Government stated (October 2025) that as per the provisions of FC Act and subsequent Rules and circulars issued from time to time, the user agencies and project proponents are depositing all the monies of compensatory afforestation to Government of India in the Savings Bank Account pertaining to the State concerned.

The reply is not acceptable as the State Fund was created by GoM in March 2019 and user agencies were required to credit the amount payable by them towards CA into said fund. Section 4 of the CAF Act, 2016 envisages credit of all CA receipts to the State Fund, and the practice of routing funds through National CAMPA, coupled with delays of up to two years nine months in remittance, is not in conformity with the prescribed framework. The reply does not address the issue of delayed transfers and the resultant non-receipt of interest of ₹ 40.80 crore by Maha CAMPA.

2.1.8.9 Delay in payment of interest amount of ₹ 129.81 crore by GoM

Section 4 of the CAF Act, 2016 provides that the money received in the State Fund shall be an interest-bearing fund under Public Accounts of State. The balance in each State Fund shall be non-lapsable, and interest shall accrue as per the rate declared by the Central Government on a year-to-year basis.

Audit observed that the GoM has not been regular in paying interest on CAMPA funds. The department calculated interest of ₹ 458.26 crore for the period from August 2019 to March 2023 without compounding the interest due, but not paid, by the GoM. However, the actual compound interest for this period amounted to ₹ 483.20 crore and the GoM paid only ₹ 458.26 crore in March 2024 which resulted in short realization of ₹ 24.94 crore. Maha CAMPA later corrected the calculation and raised (October 2024) a demand for ₹ 129.81 crore as interest due up to March 2024, which includes the earlier short realization of ₹ 24.94 crore. This amount remains unpaid by the GoM.

On this being pointed out, the Government stated (October 2025) that a supplementary budget proposal of interest amounting to ₹ 129.81 crore for 2023-24 and ₹ 107.73 crore for 2024-25, totalling to ₹ 237.54 crore was submitted by Maha CAMPA to the State Government, approval of the same from the State Government is awaited.

The reply is noted. However, Audit had observed that interest amounting to ₹ 129.81 crore remained unpaid by the Government of Maharashtra as of March 2024, despite correction of the earlier short calculation and raising of demand by Maha CAMPA. Submission of supplementary budget proposals does not address the delay in payment and the accumulation of arrears over multiple years, and the statutory requirement of timely credit of interest to the State Fund under Section 4 of the CAF Act, 2016 remains unfulfilled.

2.1.9 Other Miscellaneous observations

2.1.9.1 Loss of ₹ 2.55 crore due to availing of overdraft facility

As per Para 10 (3) of State CAMPA guidelines 2009, the money received in the State CAMPA shall be kept in interest-bearing account in nationalized bank and periodically withdrawn for the works as per the APOs approved by the SC.

Union Bank of India (UBI), Nagpur offered (July 2015 and November 2015) Centralized Payment System for all the implementing agencies of Maha CAMPA. The main feature of the system was that the payment instructions issued in district-level accounts and paid during a day would be adjusted fully at the end of the day by sweep-in facility from State CAMPA accounts. The balance of all these subsidiary accounts of implementing agencies would be recouped by debiting the main account of Maha CAMPA at the end of the day. The offer was accepted by the Maha CAMPA, and the bank's Centralized Payment System was adopted from 1 April 2016 onwards, for the sake of fund transfer to implementing agencies.

Audit observed that while accepting the offer of the bank, Maha CAMPA had not finalized and documented the terms and conditions of the facilities of the scheme. The credit/withdrawal limits were not fixed by the Maha CAMPA head office and the implementing agencies withdrew funds without any limitation, resulting in the main account of Maha CAMPA showing a negative balance from time to time. Consequently, the bank charged interest and other fees of ₹ 5.59 crore on the overdraft from the fiscal year 2016-17 to June 2020. After complaint from Maha CAMPA, the bank refunded an amount of ₹ 3.04 crore which was incorrectly charged. However, the remaining amount of ₹ 2.55 crore was not refunded and it turned out to be a loss for the Maha CAMPA due to failure to put cap upon withdrawal limits on implementing agencies.

On this being pointed out, the Government stated (October 2025) that no formal MOU was executed with Union Bank of India (UBI) for the Centralized Payment System. No fixed credit limit was kept for the bank to release the fund to the implementing agencies. In fact, credit limit was depending upon the release of fund to the circle, divisions and ranges as per sanctioned APO. Sufficient balance was available in main CAMPA Fund whenever the bank charged interest and other fees on the overdraft. As soon as the State Authority noticed that the interest and other charges were deducted from subordinate offices as overdraft by bank, action was initiated to recover the amount already charged by meetings with UBI, filing a complaint with the Banking Ombudsman, and appealing to the Deputy Governor of RBI. UBI has returned ₹ 3.04 crore, and recovery of the remaining amount is in process.

Reply is not tenable as the Maha CAMPA has accepted the proposal of bank without evaluation of terms and conditions and formal execution of MOU. Further, the Banking Ombudsman has already disposed of the appeal and rejected complaint of Maha CAMPA resulting in loss of remaining amount.

2.1.9.2 Surrendering of Maha CAMPA fund by Divisions for revalidation

As per section 6(h) of the CAF Act 2016, the State Authority shall release funds to agencies for activity execution in predetermined instalments, as per the APO. As per the standard terms of APO, the validity of APO expires at the end of the financial year on 31st March every year. Further continuation of the incomplete activities planned in an APO of particular year shall be permissible only if they are included in the APO of subsequent year and approved by the National Authority. As such, the implementing agencies should surrender the unutilized amount, if the activities could not be taken during the particular APO period.

Audit observed that in 10 out of 15 selected divisions, Maha CAMPA funds amounting to ₹ 73.41 crore were not surrendered to the Maha CAMPA account for revalidation as of March 2024. Instead, these funds were kept in the Division accounts and carried forward into the next APO year after 31st March without approval from the National Authority.

On this being pointed out, the Government stated (October 2025) that it is necessary to revalidate the unspent amount, and instructions have been issued to all field agencies. The unspent funds at the division/circle level are now being surrendered to the State CAMPA account, and further instructions will be reissued to the field agencies.

2.1.10 Internal Control

2.1.10.1 Meetings of the GB, SC and EC

Audit observed that Maha CAMPA has not convened regular meetings of GB, SC and EC as detailed in **Table 2.1.11**.

Table 2.1.11: Details of GB, SC and EC meetings

Name of Committee	Criteria	Observation
Governing Body	As per Section 17 of the CAF Act, 2016, the GB shall review the working of the State Authority from time to time and shall meet at least once in six months	No meeting of the GB has been held since its constitution in January 2019.
Steering Committee	As per Section 18 of the CAF Act, 2016, SC is, *inter-alia*, responsible for scrutinizing and approving the APO prepared by the EC and shall meet at least once in every three months.	The SC meetings were not conducted at regular intervals. Only six meetings were held against 20 meetings.
Executive Committee	As per Section 19 of the CAF Act, 2016, the EC was to meet at least once in three months.	The EC meetings were not conducted at regular intervals. Against the prescribed meetings of 20 in five years, 13 meetings were held.

(Source: Information furnished by the department)

On this being pointed out, the Government stated (October 2025) that the proposal to convene Governing Body meeting has been sent to the State Government on 15 July 2025.

Thus, facts remained that no meetings of GB were conducted since beginning and meetings of EC and SC were not conducted at regular intervals as provided in Act.

2.1.10.2 Irregular allotment of work of third-party monitoring

As per Rule 2 (e) of the CAF Rules, 2018, third-party monitoring is defined as, monitoring and evaluation of works executed from National Fund and State Fund by the parties which are external to a project's direct beneficiary chain and management structure having no conflict of interest on parameters of evaluation as determined by the National Authority over and above the baseline.

Further, as per GoM resolution (07 May 2021) issued by the Department of Industry, Energy and Labour Department, e-tendering procedure is to be followed for all procurements exceeding ₹ 10 lakh.

The work of third-party evaluation of activities undertaken in CA was awarded directly to Sevanivruttha Van Karmachari Sangh, Maharashtra, Pune (SEVAK), a society of retired officials of the forest department without obtaining bid from the open market by e-tendering. SEVAK was paid ₹ 12.50 lakh for the third-party evaluation of plantation work undertaken during the year 2019. The work of third-party evaluation not awarded after 2019.

Audit observed that:

- E-tendering was not adopted to ensure competitive bid from the open market.
- Further, the agency is the Society of retired officials of the forest department, who might be directly or indirectly related to the implementation and management of activities of CA under Maha CAMPA at some point of time in the past. Hence, getting the third-party evaluation done through same people tantamount to conflict of interest.

On this being pointed out, the Government stated (October 2025) that evaluation of plantation is a technical work and requires technical skills, and sufficient knowledge of forestry activities, so the call was taken to allot evaluation work to Sevak Sangh, as it consists of retired forest officers well acquainted with the forestry work and knowledge of forestry subjects. Due to paucity of time and urgent need to do evaluation work, e-tendering process was not followed. It was further added that in future, the prescribed procedure would be followed, and due care would be taken.

Reply is not tenable as allotment of evaluation work without due tendering process is against the norms, and the allotment of evaluation works to the society of individuals who were once part of the implementation and management of CA activities tantamount to conflict of interest.

2.1.10.3 Preparation of Annual Report and finalization of Accounts

As per section 19 (vi) of the CAF Act, 2016, the EC shall prepare an annual report of the State Authority. Further, sections 28 and 29 of the Act, mention that annual report shall give full account of its activities during the previous financial year and forward a copy thereof to the concerned State Government and it will be laid before each house of the State Legislature.

Further as per Rule 37 of CAF Rules, 2018, State Authority shall prepare monthly statement of accounts in Form-VII; physical and financial achievements in Form-VIII; annual statement of accounts in Form-IX, and maintain its records and accounts in Form-X.

Audit observed the following discrepancies as detailed in **Table 2.1.12**.

Table 2.1.12: Details of Annual Report and Finalization of accounts of Maha CAMPA

Year	Status of Annual Report of Maha CAMPA	Status of Finalization of accounts of Maha CAMPA in Form-VII, VIII, IX and X
2019–20	Approved by EC	PCCF Maha CAMPA had maintained only in Form X and 15 selected divisions maintained only Form VIII.
2020–21	Approved by EC	
2021–22	Not approved by EC	
2022–23	Not Prepared	
2023–24	Not Prepared	

(Source: Information furnished by the department)

On this being pointed out, the Government stated (October 2025) that the Annual Reports for 2019-20 to 2021-22 would be placed before both Houses of the State Legislature in the upcoming Assembly Session. The Annual Report for 2022-23 would be placed after approval of the EC and SC, while the Annual

Report for 2023-24 is under process. The Annual Statement of Accounts in Form IX is to be maintained at the State level on the basis of Forms VII and VIII, and all accounts are maintained in the Tally Accounting Software as per Form X.

Facts remained that the laid down procedure of submission of accounts to State Legislature was not followed.

2.1.10.4 Receipt of Self-monitoring report from user agencies

According to guidelines issued (January 2014) by the MoEF&CC, every user agency to whom forest land has been diverted for non-forest purpose shall prepare an annual Self-monitoring report on compliance with the conditions stipulated in each approval accorded under the FC Act, 1980, in January of the next calendar year.

Audit observed that at the State level, Maha CAMPA did not comply with the instructions issued by MoEF&CC, as it failed to obtain Self-monitoring reports from the user agencies. Further, in 12[13] out of 15 selected divisions, these reports were also not collected. In the absence of self-monitoring report, it could not be ensured whether the user agencies have complied the conditions stipulated in the approval of diversion of forest land.

On this being pointed out, the Government stated (October 2025) that instructions have been issued to all field formations to obtain pending Self-Monitoring Reports from user agencies, and the collection process is in progress, and reports will be compiled and submitted to the competent authority. Directions have also been issued to ensure regular submission of annual reports for effective monitoring.

2.1.10.5 Updating of 'e-Green Watch' portal

As per para 17(1) of the Guidelines on the State CAMPA issued (July 2009) by the MoEF&CC, an integrated online system 'e-Green Watch' was to be developed which presents the data in real-time and is accessible to all the stakeholders and the public at large. It allows monitoring, evaluation and social & ecological audits by independent organizations, researchers and the public. Further, the performance report of the same is generated online and sent to the MOEF&CC on a monthly basis.

The discrepancies noticed by audit in the portal are given below:

- During the period 2019-20 to 2023-24, 80 cases of diversion of land were recorded however, information for only 11 cases was uploaded on e-Green Watch'.
- Further, out of 1,567.868 ha. land received from user agencies only 281.413 ha. land was uploaded on e-Green Watch' portal.
- Expenditure data and performance report were not uploaded on 'e-Green Watch' portal.

Further, none of the 15 selected divisions had updated the 'e-Green Watch' portal and had failed to provide data to enable concurrent monitoring and evaluation of the works implemented through CAMPA.

[13] DCF Pusad, West Nashik, Dhule, Akola, Buldhana, Yawal, Chhatrapati Sambhaji Nagar, Wardha, Central Chanda, Sawantwadi, Beed and Kolhapur (Territorial)

On this being pointed out, the selected divisions stated that the data would be updated at the earliest. Further, the PCCF stated that as the trained NIC coordinators left, there has been very little progress in uploading CAMPA work details since 2017.

In reply, the Government stated (October 2025) that the instructions have been issued to all circles for updating all information on e Green Watch Portal.

2.1.10.6 Maintenance of CAMPA plantation register/measurement book

As per Rule 37 of CAF Rule, 2018 read with Form X appended to the rule, the State Authority shall maintain the records and accounts such as Cashbook, Assets register, Financial Statement, Quarterly Monitoring Register, Plantation Register/journal of the CAMPA activities in the state.

Audit observed that in 10[14] out of 15 selected divisions, the plantation registers and measurement books were not maintained properly. The lack of accurate and updated records makes it challenging to monitor the health and survival of plantations, affecting their long-term success and sustainability.

On this being pointed out, four divisions[15] out of 10 divisions have corrected and updated their plantation registers, one[16] division has agreed to rectify the register and responses from the remaining 5 divisions[17] are still awaited. Further, the Government stated (October 2025) that now all concerned divisions have updated plantation register and measurement books. Due care would be taken in future for keeping all records updated and maintained properly.

Facts remained that plantation registers and proper measurement of books are important for monitoring success of plantations were incomplete at the time of audit and updated only after pointed out by audit.

2.1.10.7 Obtaining approval of Gram Sabha for execution of CAMPA works

As per CAF Rules, 2018 and the conditions of approval of APO, prior to implementation of approved APOs, the EC of the State Authority shall ensure that the certificate is available with them to the effect that the proposed activities are being taken up after due consultation with Gram Sabha and are as per provisions of Scheduled Tribe and Other Traditional Forest Dwellers (Recognition of Forest Rights) Act, 2006; activities proposed in forest areas are in consonance with approved working plan.

Audit observed in 10 out of 15 selected divisions[18] that the approval of the concerned Gram Sabha was not obtained before taking up various works under CAMPA which may result in lack of consultation on the social or environmental impacts, causing unintended consequences.

In reply, the Government stated (October 2025) that the instructions have been issued to all concern implementing agencies regarding obtaining prior approval and consultation of concerned Gram Sabha for execution of all activities under the CAMPA Fund. Due care would be taken in future.

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[14] DCF Akola, Chhatrapati Sambhaji Nagar, Buldhana, Central Chanda, Dhule, Pusad, Sawantwadi, West Nashik, Yawal and Beed

[15] DCF Yawal, Buldhana, Sawantwadi and Beed

[16] DCF Central Chanda

[17] DCF Dhule, West Nashik, Pusad, Akola and Chhatrapati Sambhaji Nagar

[18] DCF Chhatrapati Sambhaji Nagar, West Nashik, Central Chanda, Akola, Buldhana, Dhule, Pusad, Sawantwadi, Yawal and Beed

2.1.11 Conclusion

Maha CAMPA is mandated to manage and utilise the State Compensatory Afforestation Fund in carrying out compensatory afforestation activities approved in the APO by the MoEF&CC to compensate the loss of forest and trees as a result of diversion of forest land for non-forest use.

There have been substantial delays in the process of preparation and approval of APO, as a result, the implementation of APOs also were delayed and targets of CA works planned could not be achieved during the period covered by audit.

As per guidelines, the CA is to be raised on suitable non-forest land. However, CA in respect of 60 projects out of 114 projects planned in APOs of the period covered by audit was planned/done on the forest land without exploring availability of non-forest land as envisaged in guidelines. The audit also observed that CA on 2592.73 ha. of land could not be taken up due to faulty site selection and diversion of approved land for other plantation schemes.

On the financial management part, Maha CAMPA has not ensured that the receipts on account of CA are credited directly to the State Fund by the user agencies as per CAF Act. Routing of these receipts through the National Authority is contrary to the provision in CAF Act which resulted in delayed realization of amounts to State Fund and the National Authority has not paid any interest on that amount to Maha CAMPA.

Maha CAMPA is mandated to manage the State Fund, whereas, it does not have active control over the entire State Fund and manages the State Fund only to the extent of the amount disbursed by GoM. As a result, the Maha CAMPA has not devised an investment plan for surplus amount resulting in getting lower interest to the State Fund. Maha CAMPA has also used State Fund for part funding of some of the budgetary schemes of GoM and ineligible item of works against the norms of utilisation of State Fund.

Internal controls in Maha CAMPA have a scope for improvement due to non-functioning of the Governing Body and insufficient meetings of the Steering Committee and the Executed Committee. Evaluation mechanism for evaluation of compensatory afforestation activities undertaken by Maha CAMPA also needs further strengthening so that Maha CAMPA achieves its objective for which it was established under CAF Act.

Recommendations

- *Maha CAMPA may institute an internal planning calendar with defined timelines and accountability to ensure submission of APOs to the National Authority by the prescribed due dates and release of funds in sync with approved schedules.*
- *The Department may create and operationalise a verified land bank of suitable non-forest land, supported by joint site inspections and geo-referencing, to ensure timely completion of Compensatory Afforestation within one year or two growing seasons as prescribed.*
- *The Government may issue necessary directions to ensure that all CA receipts are credited directly to the State CAMPA Fund by user agencies in accordance with Section 4 of the CAF Act, 2016, and discontinue routing through National CAMPA.*

- *Maha CAMPA may formulate and implement a formal investment policy and invest surplus balances in Government securities or term deposits of scheduled banks in line with Sections 26 and 30 of the CAF Act, 2016.*
- *The meeting of the Governing Body, Steering Committee and Executive Committee of Maha CAMPA may be convened at prescribed intervals and mandated to review physical progress, fund utilisation and record maintenance to strengthen monitoring and internal controls.*

FINANCE DEPARTMENT

2.2 IT Audit on 'Integrated Financial Management System'

2.2.1 Introduction

Government of Maharashtra (GoM) initiated the computerization since 1996-1997 with the development of various modules for its departments, however, these modules were standalone and not integrated with each other. Government of India (GoI) instructed (May 2007) to implement Integrated Financial Management System (IFMS) through an e-Governance project.

GoM initiated the action of automation of budget estimation, allocation and monitoring functions, accounting of expenditures and receipts of Government, Pay and other personal claims of employees including Pension, from April 2008. These functions were automated and integrated with development of five web-enabled modules and were implemented at different phases of time as detailed in **Table 2.2.1**.

Table 2.2.1: Details of five web-enabled modules and its implementation

Sl. No.	Name of the module	Month/Year of go-live	Developed by
1.	TREASURY NET	Legacy system working on Local Area Network developed in 2009 upgraded to web enabled between May 2018 and January 2020	M/s National Informatics Centre (NIC), Pune
2.	Budget Estimation, Allocation and Monitoring System (BEAMS)	May 2007	
3.	BILLPORTAL	March 2015	
4.	Government Receipt Accounting System (GRAS)	June 2010	
5.	SEVAARTH module which has five sub modules viz. (1) Payroll (2) NIVRUTTIVETANWAHINI (Pension) (3) Defined Contribution Pension System (DCPS) & National Pension System (NPS) (4) GPF Group IV and (5) Loans and Advances	Between April 2012 and August 2014	M/s Tata Consultancy Services (TCS), Mumbai

Note: *Other modules shown in Figure 2.2.1 are Management Information System (MIS) and Accountant General (AG) module for which data is fetched from above five modules.*

Of the above, the sub-module of SEVAARTH module *viz.,* NIVRUTTIVETANWAHINI (Pension), module for employees of Zilla Parishads and other aided bodies and institutions have not been implemented.

Mahakosh Portal provides links to various Applications developed by Finance Department, Government of Maharashtra under Integrated Financial Management System (IFMS). This portal provides for link to applications *viz.,* BEAMS, GRAS, Sevaarth, DCPS, Nivruttivetanwahini, *etc*.

2.2.2 Organizational Setup

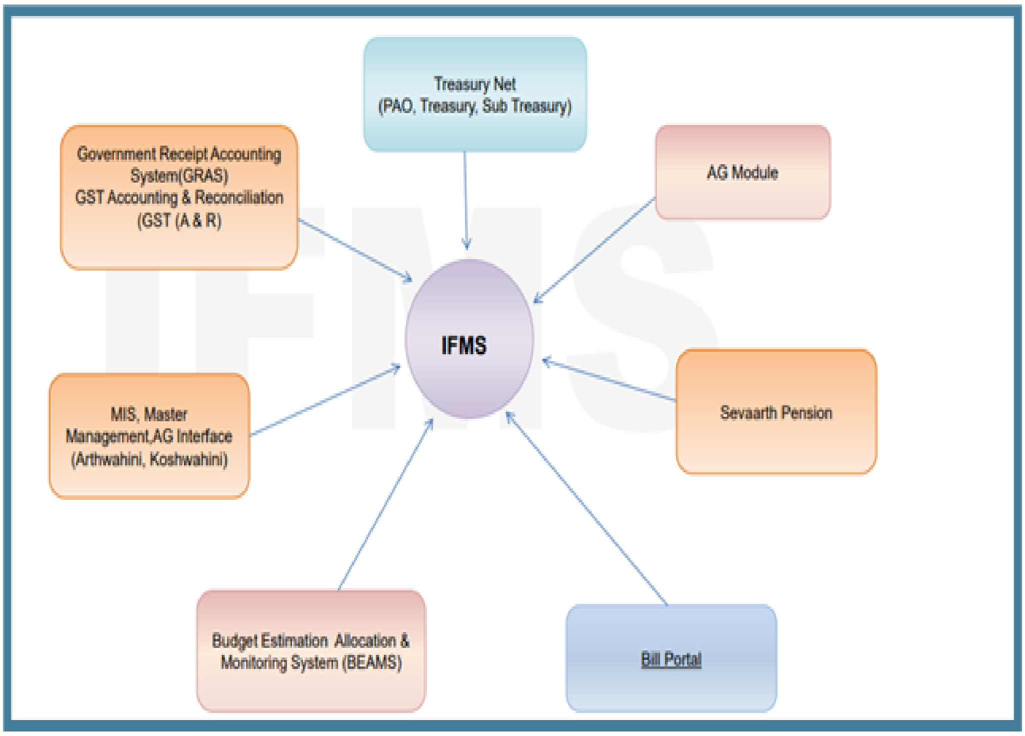
The Additional Chief Secretary is the administrative head of the Finance Department (FD). The automation of the functions of FD was entrusted to the

Director of Accounts and Treasuries (DAT), Mumbai. The Director is assisted by Joint Director (IT), Deputy Director (IT) and Assistant Directors (TREASURYNET).

2.2.3 System Architecture of IFMS

IFMS was developed using DB2 (a RDBMS product launched by IBM) as back-end database and PHP/JavaScript as front end. IFMS is a web-based application having a modular architecture where different modules interact and share data as given in **Figure 2.2.1**.

Figure 2.2.1: Modules of IFMS



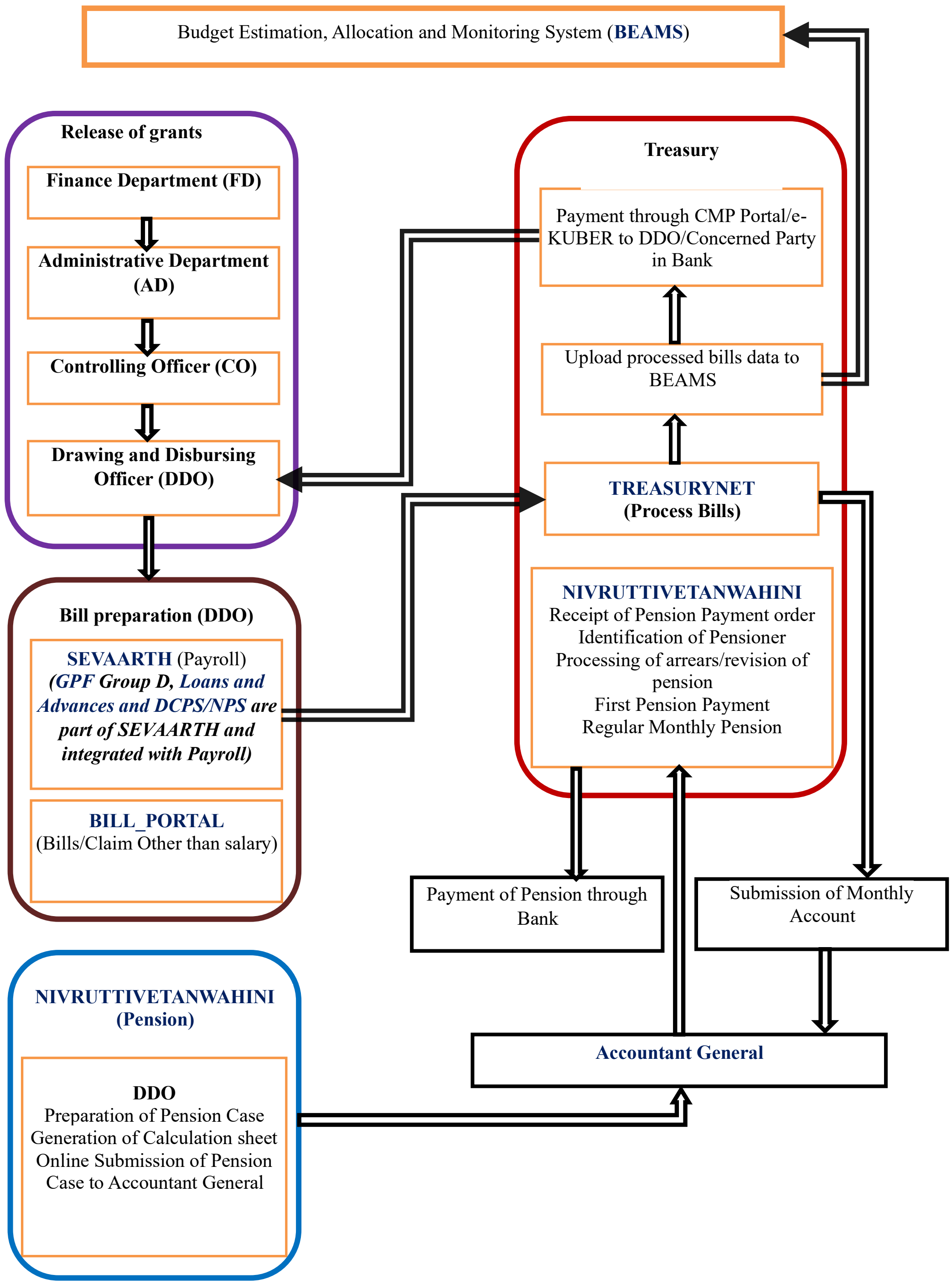
The main users of IFMS are all GoM departments, Controlling Officers (COs) and Drawing and Disbursing Officers (DDOs) thereunder, Treasuries and other stakeholders such as Banks, Reserve Bank of India, Indian Audit and Accounts Department *etc*.

2.2.4 Data flow in IFMS Module

After approval of budget, the grant is disbursed by the FD to the respective Administrative Department of GoM. The Administrative Department further distributes the grant to the DDOs through its COs, using BEAMS module of IFMS. The BILLPORTAL and SEVAARTH modules prepare expenditure bills which are submitted to Treasuries. As soon as the bills are prepared in the BILLPORTAL/SEVAARTH the amount of bill is adjusted against the allocated grant in BEAMS application. Treasury passes the bills for payment using the TREASURYNET module.

A flow-chart depicting expenditure through IFMS is given in **Figure.2.2.2**.

Figure 2.2.2: Data Flow of Expenditure in IFMS



2.2.5 Audit Objectives

The IT Audit was conducted to ascertain whether:

- Project management for implementation of IFMS was effective and efficient;
- Adequate functionalities and controls were available in IFMS and the IT system objectives were aligned with the business objectives and necessary arrangements are in place to recover data after disaster; and
- Input, processing and output controls built-in are adequate to ensure the integrity and security of the system and the transactions processed through the system.

2.2.6 Audit Criteria

The audit criteria is derived from the following sources:

- Maharashtra State e-Governance Policy, 2011
- Maharashtra Treasury Rules, 1968
- Generally accepted good IT practices
- Service Level Agreements (SLAs) for development of IFMS
- Instructions/Guidelines issued by Government of India (GoI) and Government Resolutions (GRs) by the GoM.

2.2.7 Audit scope, sampling and methodology

The IT audit on IFMS covering the period from 2018-19 to 2023-24 were conducted between July 2023 to September 2024. An Entry Conference with the Government was held on 24 May 2023. The audit findings were discussed with the Department of Finance, GoM through an exit conference held on 24 July 2025.

There are seven[19] Administrative Regions having 36 Treasuries in Maharashtra. Six regions are headed by a Joint Director of Accounts and Treasuries and Mumbai Region is headed by Pay and Accounts Officer. The DDOs in 35 Administrative Departments are connected to the treasuries/sub-treasuries.

Audit selected four[20] regions and one district treasury[21] each thereunder through approved sampling methodology. Out of the selected District Treasuries, six sub-treasuries[22] were selected. Audit also selected 55 DDOs ***(Appendix 2.2.1)*** of the seven[23] Administrative Departments in the selected District Treasuries.

The following methodology was adopted for assessment of IFMS modules:

- The applications were scrutinized for assessment of controls and implementation of modules by issue of survey questionnaire to sampled Treasuries and DDOs.
- Analysis of the data and records was done using Computer Assisted Audit Techniques (CAAT).
- Confirmation of the exception report was done through verification of physical documents/confirmation of facts and figures from the DDOs.
- The follow up audit of GRAS module was done at virtual treasury located in Mumbai and selected offices at Kolhapur, Pune, Nashik and Amravati. For Government Receipt Accounting System (GRAS), the users are Virtual Treasury Officer (VTO), taxpayers from tax assessing departments and participating banks.

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19 Amravati, Chhatrapati Sambhajinagar, Kokan, Mumbai, Nagpur, Nashik and Pune.
20 Chhatrapati Sambhajinagar, Mumbai, Nagpur and Pune.
21 Chhatrapati Sambhajinagar, Bandra (Mumbai), Pune and Wardha (Nagpur).
22 Bhor, Fulambri, Hinganghat, Karanja (G), Velhaand, Vaijapur.
23 Food Civil Supplies and Consumer Protection, Medical Education and Drugs, Public Health, Public Works, Revenue and Forest, Skills Employment Entrepreneurship and Innovation, Urban Development.

Audit Findings

The audit findings are categorised under the headings *viz.*, Project Management, General Controls and Application Controls of IFMS as discussed in the succeeding paragraphs.

2.2.8 Project Management

NIC did not charge any development cost for modules developed by them. However, till June 2024, the actual expenditure incurred on IFMS project was ₹ 38.58 crore on the components as detailed in **Table 2.2.2**.

Table 2.2.2: Project cost

Sr. No.	Component	Actual expenditure (in ₹)
1.	Development and maintenance of modules by TCS with maintenance of five years.	
	a. The basic cost for software development	2,45,96,213
	b. The basic cost of Application Support	4,91,52,407
	Total Agreement amount including taxes	**7,37,48,620**
2.	Maintenance of module by MahaIT from 2017 to 2024	16,96,67,047
3.	Hosting of application at Data Centre of TCL, Mumbai from June 2017 to May 2022	2,50,64,676
4.	Extension of contract for hosting of application at Data Centre of TCL from June 2022 to March 2024	11,73,54,303
	Total	**38,58,34,646**

Source: Information provided by DAT

The IFMS modules were developed by NIC and TCS. The modules developed by NIC were maintained by NIC itself. Whereas, modules developed by TCS, were maintained by TCS till July 2017. Thereafter, this responsibility was entrusted to Maharashtra Information Technology Corporation Limited (MahaIT), Mumbai. Both NIC and TCS developed modules were hosted at the data centre of Tata Communication Limited (TCL). Additionally, a disaster recovery site in Hyderabad safeguards the IFMS modules, with TCL managing its operations.

2.2.8.1 Non-deployment of Performance Monitoring Tools

As per the SLA, TCS was to develop and deploy the Performance Monitoring Tools (PMT), which would provide various reports with Performance Key Indicators (PMKI) to management, to closely monitor various activities of the project and its implementation by service provider.

As per paragraph 19 of the SLA, the TCS was to provide maintenance support for five years for IT Solution Software Application based on satisfactory performance of the system which would be assessed through PMKI generated through PMT *viz.* Application Response Time[24], Application availability, Facility Management Response Time[25], Facility Management Issue Resolution

[24] To ensure that the module can be accessed by users within a specified timeframe.

[25] To ensure that the facility management and support team/help desk of the service provider responds to issues reported by the department within a stipulated time frame.

Time[26] and Security Management[27]. However, audit observed that the agency did not develop/deploy the PMT. Despite incorporation of development of PMT in the SLA for monitoring vendor activities during development and maintenance, the department had to rely on third-party assessment reports, which raised concerns about the accuracy and comprehensiveness of the evaluation process.

On this being pointed out, the Government accepted (July 2025), that TCS has not provided PMT, instead of that monthly reports of PMKI were provided by TCL, based on which department acted appropriately. Further, it was also stated that development of PMT would have created additional cost.

The reply is not tenable as, the SLA stipulates deployment of PMT and the Department did not take any efforts for ensuring the same. Further, important modules such as Business Continuity Plan and Disaster Recovery Plan also relied on these reports (as mentioned in **Paragraph 2.2.12**).

2.2.8.2 Non-deployment of Package Key Infrastructure and Digital Signature Infrastructure

Package Key Infrastructure (PKI) ensures that sensitive data is securely transmitted and stored. PKI also enables the use of Digital Signature Infrastructure (DSI), which are legally recognized and provide a way to authenticate the signer and ensures the integrity of the signed document or data. The detailed scope of work as detailed in Part-D of Paragraph 3 of the SLA, for the development of PKI and DSI is outlined.

On scrutinizing records at DAT and verification of IFMS applications, audit noticed that the agency had not developed PKI. Consequently, modules of the SEVAARTH developed by the agency, lacked data encryption, integrity and authorization mechanisms. This left the system vulnerable to security breaches and compromising the integrity of financial transactions and sensitive information.

On this being pointed out, the Government acknowledged the audit observations (July 2025) and confirmed the non-availability of PKI/DSI infrastructure for IFMS. Further, the department also stated that timeline for the phased development of the E-Hastakshar service has been set. All documents under *SEVAARTH* and *NIVRUTTIVETANWAHINI* will be digitally signed. Regular meetings are being held with the MahaIT development agency and C-DAC to monitor progress and integration with related systems.

This highlights the importance of adherence to contractual obligations and the need for robust oversight mechanisms to ensure compliance with SLA terms.

2.2.8.3 Non-development of Pension module by TCS for employees of Zilla Parishads and other aided bodies and institutions

The pension module (NIVRUTTIVETANWAHINI) was to be developed by TCS for State Government employees as well as Zilla Parishad (ZP) employees and employees of other aided bodies and institutions as per SLA. However, TCS had developed the module only for the State Government employees.

[26] To ensure that the facility management and support team of the Service Provider resolves issues reported by the department within the stipulated timeframe.
[27] To prevent the security related issues like Denial of Service, Spam Malware *etc*.

Furthermore, audit noticed that the total development cost for this application for ZP and other organizations was ₹ 34.47 lakh. The department was obligated to deduct the specific cost pertaining to the module from TCS. However, only ₹ 22.50 lakh was recovered. Consequently, TCS received an undue benefit of ₹ 11.97 lakh as detailed in **Table 2.2.3**.

Table 2.2.3: Undue benefit to TCS

Sr. No.	Development stages of application	Percentage of pension	Amount payable for Pension (Z.P) (in ₹)	Amount payable for Pension (Other organization) (in ₹)	Total Amount payable (in ₹)
1.	Complete generation upto generation of monthly pension bill for pilot treasury and complete data migration	25	6,89,441	1,72,360	8,61,801
2.	Generation of arrears bill for pilot treasury	25	6,89,441	1,72,360	8,61,801
3	First payment process and bill generation for pilot treasury	10	2,75,776	68,944	3,44,720
4.	Complete workflow for preparation of pension case by head of office	10	2,75,776	68,944	3,44,720
5.	Development of various interface	10	2,75,776	68,944	3,44,720
6	Go live for All Treasuries	20	5,51,553	1,37,888	6,89,441
Total deductible		**100**	**27,57,763**	**6,89,440**	**34,47,203**
Actual deducted			**18,00,000**	**4,50,000**	**22,50,000**
Excess Paid			**9,57,763**	**2,39,440**	**11,97,203**

Government replied (July 2025) that, facts associated with this will be verified and appropriate action will be taken.

2.2.8.4 Inadequate assessment of User Level Requirements

Based on the audit observations relating to selected 51 DDOs, the reply received from the Government regarding the adequacy of user requirement are tabulated below:

Sr. No.	Audit Observation	Response of the Government
A) Bills prepared manually (Sevaarth)		
1.	Leave Encashment Bill, Gratuity and the pay arrears bills pertaining to retired employees are still being prepared manually as detailed in ***Appendix 2.2.2***.	The Government stated (July 2025) that the facility for arrears bills of retired employees, leave encashment bills will be developed in new SEVAARTH system.
B) Provision for the preparation of Refund Vouchers (Bill Portal)		
2.	Audit observed that BILLPORTAL application of IFMS did not provide for Refund Voucher Bill (RVB) such as Contribution Receipt, GIS, Excess Remittance, Deposits and Lapsed Deposits, Court Fee, stamp and DCPS. Therefore, DDOs prepared 1,47,305 RVB (as detailed in	The Government stated (July 2025) that, the development of facility for generation of refund vouchers bills is under process.

Sr. No.	Audit Observation	Response of the Government
	Appendix 2.2.3) manually for the period 2018-24.	
C) Non-restoration of commutation portion of pension (Nivruttivetanwahini)		
3.	As per Commuted Pension Rules, 1984, a government servant's pension is restored after completion of 15 years from the date of commutation. The application did not facilitate auto-restoration of pension and thus TOs had to manually watch the same.	The Government stated (July 2025) that old pension data was inserted manually in the system. At that time in field related with commutation date was not validated. It is further stated that, if commutation is restored automatically overpayment may be made to the pensioner. To avoid this auto-restoration facility has not been implemented.
D) No facility to increase pension after the age of 80 years (Nivruttivetanwahini)		
4.	The FD decided (24/01/2019) to increase the pension of pensioners attaining the age of 80 years and above. In the selected treasuries, the process of increasing the pension was being done manually as NIVRUTTIVETANWAHINI application did not have facility for auto-working.	The Government stated (July 2025) that old pension data was inserted manually in the system. At that time in field related with date of birth of pensioners and family pensioners was not validated. It is further stated that, if additional pension is restored automatically overpayment may be made to the pensioner. To avoid this auto-restoration facility has not been implemented.

However, the fact remains that, IFMS application lacked provisions for preparation of bills for retired employees. Further, it did not cover the facility for preparation of RVBs. In addition, there was no provision for restoration of the commuted portion of pension or for enhancement of pension on attaining the age of 80 years.

2.2.9 General Controls

General Controls include controls over data centre operations, system software acquisition and maintenance, access security, and application system development and maintenance. They create the environment in which the application systems and application controls operate. The deficiencies identified in implementing these general controls are highlighted below:

2.2.9.1 Physical Access Control

IFMS is a web-based application centrally hosted at TCL datacentre. The primary stakeholders of the IFMS include DDOs and TOs across the State. Audit did not find any physical threats to client-side computer assets. However, audit observed certain issues, such as the use of unlicensed software, external devices being used on client computers and a lack of restrictions on software installation on client machines. Some concerns are illustrated below:

- Audit observed in the offices of the selected DDOs and TOs that no restriction on the usage of external devices such as USB drives, external hard drives, mobile devices and other removable media was emphasised. It was seen that USB ports/CD ROM *etc*. on workstations were not disabled ***(Appendix 2.2.4)***.

- All client terminals used for IFMS should be blocked for installation of any software other than the licensed one. This is first level of defense mechanism for protection from virus/malware. However, audit observed that no such restriction is emphasized on client terminals used for IFMS. The licenses analysis are given in ***Appendix 2.2.5*** which shows large gap in actual number of PCs and licenses operating system and ms-office licenses**.** Therefore, there is risk of accessibility to database from such un-authorized software.

The Government replied (July 2025) that, as far as DDOs are concerned, they are not directly under control of the department. However, for treasuries and sub-treasuries, the instructions were issued in June 2023 prohibiting the use of external devices and mandating the use of only licenced software, with all non-license software being blocked on computers used for running IFMS applications.

The fact remains that these instructions were not consistently followed by end-users, highlighting the need for further sensitization.

2.2.10 Logical Access Control

IFMS comprised of three databases, one for BEAMS and BILLPORTAL, the second for SEVAARTH and the third database is for TREASURYNET. Although these modules were integrated, each database was accessed with separate Universal Resource Locations (URLs) and login credentials. Audit conducted an analysis of the login credentials specific to each database and the findings are outlined below.

2.2.10.1 Need for enhanced security measures

The BILLPORTAL module handles the receipt of budget grants online through BEAMS and the processing of expenditure related bills. SEVAARTH module is responsible for managing the online pay and allowances of nearly six lakh State employees. TREASURYNET module processes the bills processed by BILLPORTAL and SEVAARTH.

It was observed that two-way authentication was enabled for TREASURYNET module. However, BILLPORTAL and SEVAARTH modules lacked two-way authentication. Further, both the modules did not have PKI for data encryption, leaving it exposed to potential unauthorized access. Thus, to enhance security, the login procedure should incorporate two-factor authentication, such as password and OTP verification on registered mobile devices.

The Government replied (July 2025) that the facility of login with two factor authentication including OTP would be made available in BILLPORTAL. For SEVAARTH two factor authentication would be implemented.

2.2.10.2 Gap between user documentation and designing for logical access control and Discrepancies in Role Z permissions

On reviewing the dataflow of TREASURYNET module, audit observed that bills submitted by the DDOs passed through various sections such as SCROLL, AUDIT, COMPILATION, CHEQUEDRAWAL, DAILYCLOSING, DELIVERY, RECEIPT and RECONCILIATION. While assigning access privileges to these sections, three primary roles were defined: 'O' (Operator), 'S' (Supervisor/Assistant Administrative Officer) and 'Z' (In-charge or Assistant

Treasury Officer/APAO). For each section, specific functions were outlined and a role-based access permission matrix was provided, covering each section-function combination.

Though the user manual of TREASURYNET defined role-based access permissions at the section-function level, the current database design had restricted role-based permissions upto section level only, omitting the function level permissions. The functional granularity at conceptual/documentation level was thus not translated into practical design.

This misalignment highlighted a gap between the documented access control requirements and the implemented system. To fully comply with the documentation, it is imperative to revise database design to incorporate role-based permissions for each function within the sections.

The Role-based access policy assigns permissions based on sections and roles in order to create a hierarchy in the system. The Role Z is assigned to Treasury/Sub-treasury-in-charge or Assistant Treasury Officer or Assistant Pay and Accounts Officer. The officers at this stage of administration are not required to scroll bills or deliver cheques/tokens or receive challans or daily close or compile the accounts.

It was noticed that Scroll, Delivery, Receipt, Compilation and Daily closing permissions were assigned to different users with Role Z permission. These highlight a mismatch between documented access policies.

On this being pointed out, the Government stated (July 2025) that at present TRESURYNET version is old, department with the help of NIC is in process of development of unified TREASURYNET in which development for functional level permission would be provided.

Further, it is also stated that, the instructions will be issued to all Treasury Officers regarding not allocating Z role with Employee required to discharge subordinate roles.

The fact remains that there is inconsistency between the documented access control policies and the actual permissions granted.

2.2.10.3 Conflicting privileges to single users in TREASURYNET module

As per documentation, three primary roles were defined ‘O’ (Operator), ‘S’ (Supervisor/Assistant Administrative Officer) and ‘Z’ (In-charge or Assistant Treasury Officer/APAO).

Audit observed that 55 employees entrusted with all kinds of roles (*viz.* ‘O’, ‘S’ and ‘Z’), as detailed in ***Appendix 2.2.6***.

The Government stated (July 2025) that, as a process every user assigned only one role but due to administrative constraint beyond reach of Treasury, sometimes one employee requires discharge function of more than one role.

However, the fact remains that misallocation of access rights posed a significant security risk, as unauthorized users could perform actions outside their designated responsibilities.

2.2.10.4 Absence of User account lockout mechanism

Absence of an account lockout mechanism after multiple unsuccessful login attempts posed a significant security risk. This vulnerability exposed the system to brute-force attacks, where attackers can repeatedly attempt different password combinations without restriction, increasing the likelihood of unauthorized access.

Audit noticed that even after many unsuccessful login attempts, the user accounts were not locked in BILLPORTAL and SEVAARTH module.

The Government stated (July 2025) that, development of locking the user account after three unsuccessful login attempts will be made in appropriate software.

2.2.10.5 Allotment of multiple roles to users

To authorize different transactions on BILLPORTAL database, various roles for users such as COs, DDOs *etc*. are defined in master table entitled BDSROLES. There existed another table by name BDSUSER which had a list of 30,187 users and link with user roles assigned in BDSROLES.

However, analysis of BILLPORTAL module revealed that roles of 560 users in the master table containing details of Users (BDSUSER) were not defined in master table of defining roles for users (BDSROLES), as detailed in **Table 2.2.4**.

Table 2.2.4: Allotment of undefined Roles

ROLE	Roles not defined in Master table	Number of users
1	Admin AG	1
4	Treasury Officer	375
C	Admin EPC	1
D	--	169
J	Joint Director Accounts and Treasury	7
M	Seva-MDC	1
P	--	6
Total		**560**

This indicated that the tables lacked referential integrity and allowed the administrator to allot any undefined roles to users.

In reply Government stated (July 2025) that, in master table (BDSUSER), the missing roles have now been inserted.

2.2.10.6 Allocation of duplicate usernames to individuals

It is mandatory to have a unique login ID (username) for an application. However, on verification of the login credential of SEVAARTH module, audit observed that in 72 cases, duplicate usernames were created. This posed a significant security risk as it compromised user authentication integrity, potentially allowed unauthorized access to sensitive data and made it difficult to accurately track user activity and enforce accountability. Additionally, it increased the risk of data breaches and internal misuse due to lack of unique identifiers for each user.

The Government stated (July 2025) that observed duplicate usernames pertain only to cases where users hold active and inactive post status at different periods. It is further stated that to address this issue, clean-up exercise is initiated.

Further progress in this regard is awaited (January 2025).

2.2.11 Capacity Building

There is separate training section in DAT office headed by Deputy Director (Training). Periodically Online, Offline training on IFMS is conducted for DDOs, COs, TOs/STOs of GoM. Further, there are six training wings at Regional level, headed by Assistant Director (Training), which imparts training to all employees of the Departments of GoM at Sub-Treasury, Treasury and Regional offices at Sub-Treasury, Treasury and Regional level. IT security and protection of IT Assets, Disaster Awareness training, Cyber awareness trainings are also conducted.

The total strength of DDOs, COs, TOs/STOs in GoM offices is 29,919. However, it was noticed that department did not carry out any training needs analysis for effective and efficient utilization of IFMS modules. As a result, audit could not assess the expected number of staff members who required training.

Information provided by DAT for the years 2018-19 to 2022-23 indicated that only 22 *per cent* staff had received training to operate IFMS modules as shown in **Table 2.2.5**.

Table 2.2.5: Training to staff on IFMS modules

Sr. No.	Training Particulars	No. of training sessions	No. of employees undergone training
1	Offline training for IFMS modules	580	3,883
2	Online training for IFMS modules	69	2,611
	Total	**649**	**6,494**

Information relating to training imparted during 2023-24 not made available.

The Government stated (July 2025) that, Training Need Analysis (TNA) has been done. Based on TNA, IFMS training has been implemented in Combined Probationary Training Programme (CPTP) of probationary officers and promotional training of departmental officials.

The reply of the department is not tenable as the fact remains that only 22 *per cent* of staff have been trained till date.

2.2.11.1 In-adequate help desk management

A timely and effective response to IT users' queries and issues is dependent on a well-structured and efficiently managed service desk and incident management process.

As already highlighted in the report, the responsibility of system maintenance for SEVAARTH module is with MahaIT, the BEAMS, BILLPORTAL, and TREASURYNET modules are maintained by NIC.

However, the analysis of feedback obtained from 51 DDOs revealed the absence of a uniform and streamlined procedure for incident reporting. The responses from users showed significant variation, with some stating that they were advised to 'Contact the Division', while others mentioned that they were required to 'Intimate the problem to DAT/NIC through email'. This lack of clarity has led to inconsistent practices across different offices.

Further, DDOs reported that for the SEVARTH module, assistance was relatively accessible. Support could be availed through the district treasury offices and an official helpdesk email (helpdesk.war.mh@gov.in) was available for escalating issues. This arrangement ensured that users had a defined channel for addressing their concerns. In contrast, no such structured support mechanism was reported for the BILLPORTAL and BEAMS modules developed and maintained by NIC.

Government replied (July 2025) that, to address various operational issues and technical difficulties separate team is working at DAT level. To solve operational issues and technical issues, the same is forwarded to the NIC as set mechanism.

However, fact remains that at DDO level many issues regarding BILLPORTAL and BEAMS have not been resolved yet.

2.2.12 Business Continuity and Disaster Management

IFMS being a mission critical system, it is mandatory to have a Business Continuity (BC) and Disaster Recovery (DR) plan. As a part of BC and DR plan, the department should design and implement Recovery Point Objectives (RPO) which defines the acceptable data loss point *i.e.* how much data loss can be sustained in a disaster; and Recovery Time Objectives (RTO) which specifies the maximum acceptable downtime for recovery of systems/processes. Absence of Periodic DR Drills means lack of regular disaster recovery drills or exercises, testing the organization's ability to recover from disruptions.

Audit noticed that DAT had outsourced all BC and DR planning activities through an agreement (March 2017) with TCL for five years, which has been extended till June 2024. As per agreement, TCL was to monitor progress of the activities specified in the contract and submit monthly progress report as per ***Appendix 2.2.7***. Audit test-checked reports pertaining to the period from 2018-24 and observed that:

2.2.12.1 Business Continuity Plan

As per the agreement, TCL was to annually submit a report for the Business Continuity Plan (BCP) to DAT. Verification of such reports revealed the following discrepancies:

a. Verification of the latest (March 2024) BCP document depicted no changes or alterations from the first plan submitted (June 2020) indicating that the business continuity plan had not been reviewed or updated.

b. The test report for simulated exercises or real-life scenarios, which should be enclosed with the annual BCP, was blank in every annual report submitted by TCL.

c. Although a dedicated disaster recovery team was identified and assigned specific roles and responsibilities in the BCP, the sections detailing the contact lists of key personnel, third parties and vendors for vendor support in case of a disaster were found blank.

The absence of RPO/RTO indicates lack of recovery efforts with clear targets, risk of inadequate restoration prioritization and unacceptable business impact.

Further, without periodic drills, there's uncertainty of DR plans being effective, whether staff are prepared, or systems can recover as expected. DR drills validate readiness and identify gaps.

On this being pointed out, the Government replied (July 2025) that, care will be taken to formulate BCP and to review it annually.

2.2.12.2 Inadequate Disaster Recovery Plan (DRP)

Though DRP Awareness plan submitted by TCL was found comprehensive, audit observed that it was specific to the staff of TCL's Data Centre. Additionally, no documentation was submitted to DAT regarding the DRP, including names of individuals with assigned roles and responsibilities, details of training provided, copies of the DRP document and contact details of team members *etc*.

Furthermore, DAT had different sites for development and maintenance of applications such as NIC data centre at Pune and MahaIT at Mumbai, yet there was no DRP awareness plan for these sites or for client locations (such as DDOs/TOs) spread across the State. The department also lacked documentation on conducting DRP awareness training for its staff and clients.

Government replied (July 2025) that, previously TCL being MSP was managing DRP whenever issue arises TCL in consonance with developers at NIC or MahaIT as the case may be, were managing DCDR sites however, sufficient steps will be taken to enhance awareness about DRP to the developers at NIC and MahaIT.

2.2.12.3 Performance monitoring of Data Centre of TCL

The performance monitoring of the IFMS hosted at TCL's Data Centre relied solely on reports submitted by TCL as per Appendix enclosed with an agreement executed in March 2017 without independent validation or audits. There are risks of overlooking vulnerabilities; vendor claims may not reflect actual resilience or compliance.

The feedback was obtained from 51 DDOs to ensure whether any logbook was maintained to record the downtime of the system/service disruption. In 92 *per cent* DDOs confirmed that no such logbook was maintained. As regard to disruption of service, only 4 DDOs reported the downtime ranging between one to 50 days. The details of the same are given in ***Appendix 2.2.8***.

Thus, the department lacked an alternative feedback mechanism from its stakeholders such as DDOs, TOs, Banks and various administrative wings of GoM departments who solely depend on IFMS for functioning.

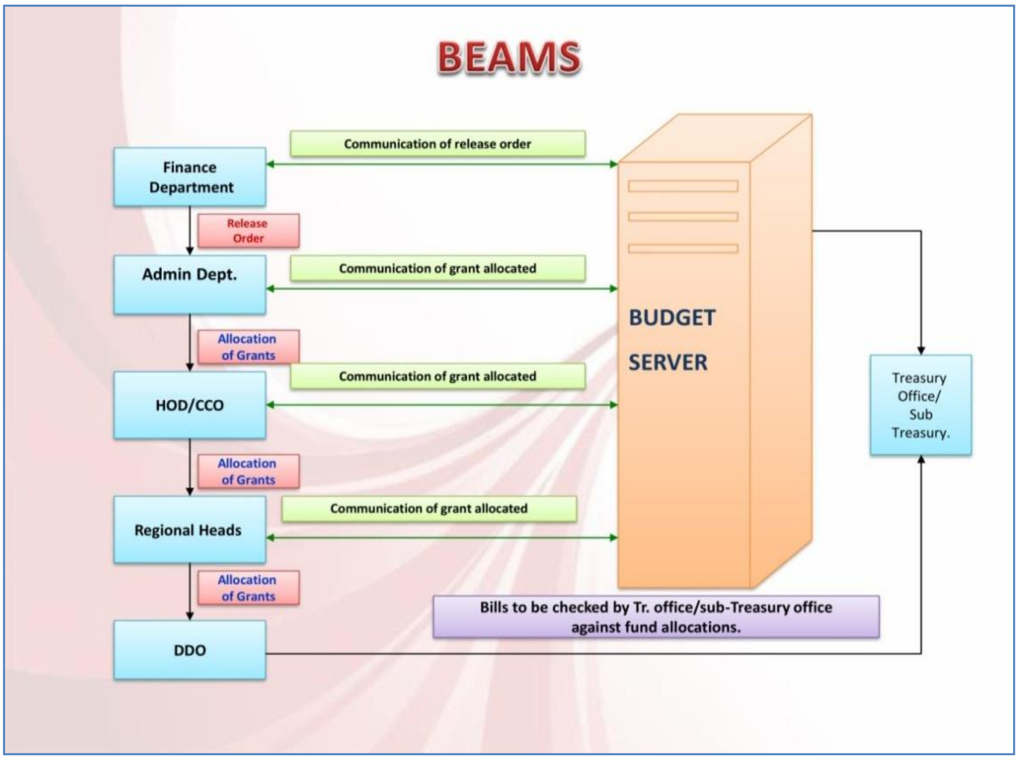
In reply, Government stated (July 2025) that, being this issue is highly technical in nature TCL was entrusted responsibility to manage DC and DR sites is as Manage Service Provider (MSP), It is further stated that since November 2024 MSP is provided by MahaIT, the care will be taken to formulate Business Continuity Plan and to review it annually.

Therefore, the audit concludes that while a BCP exists, it lacks proper implementation and awareness. Additionally, there was no alternative feedback mechanism to assess the performance of the IFMS hosted at TCL's Data Centre.

2.2.13 Application Controls

The application controls include Input, Processing and Output controls. Analysis of data and records relating to BEAMS, BILLPORTAL, TREASURYNET and SEVAARTH including NIVRUTTIVETANWAHINI using IDEA (Interactive Data Extractions and Analysis) revealed inadequate application controls as brought out in the succeeding paragraphs.

2.2.13.1 BEAMS



This is an online computerized system to distribute budget, authorize and monitor the expenditure against the allotted budget.

The DDOs utilize grants using BILLPORTAL and SEVAARTH modules through submission of bills to treasuries. The treasury passes the bills for payment using TREASURYNET module.

2.2.13.2 Analysis of grant-in-aid sanctions and expenditure

The Detailed Head (Object Head) wise analysis of data other than salary expenditure for the period from 2018-2019 to 2023-2024 showed that the detailed heads 31-Grant-in-aid (non-Salary), 33-Subsidies and 36-Grant-in-aid (salary) alone constituted 71 *per cent* of the total expenditure ***(Appendix 2.2.9)***. Further, as per Maharashtra Treasury Rules, bills for Grant-in-aid, contributions *etc*. shall be presented in Form MTR-44 unless some alternate form is authorized by departmental regulations.

Audit observed the following inconsistencies of the system with User Manual:

2.2.13.3 The grants-in-aid sanction order does not align with User Manual for preparation of MTR-44

According to the BILLPORTAL user manual for MTR-44 (Grant-in-aid), sanctions must include the Demand Number, Major Head, Scheme Code, Detailed Head and GIA Type. However, the sanction orders did not adhere to these requirements as detailed below:

A. The Sanction on items which are not defined in grant-in-aid type Master: Audit found that there were sanctions for the grant-in-aid expenditure pertaining to codes (0, 7 and 8) which were not defined in master table. Thus, referential integrity[28] was compromised. Against such missing codes in master table, 1,16,143 sanctions amounting to ₹ 4,37,759 crore were found, which was 27 *per cent* of the total grant-in-aid sanction ***(Appendix 2.2.10)***.

Government replied (July 2025) that said codes are for MIS purpose. They don't affect any authorization or data classification but as point has been raised NIC confirmed the error and assured to take suitable steps so that master data will be corrected properly.

B. Sanction order without Demand Number, Major Head, Scheme Code and Detailed Head: As stated above, sanction must have a Demand Number, Major Head, Scheme Code and Detailed Head.

However, audit found 100 sanctions where no demand number was mentioned. Audit also observed that in 116 sanctions no Major Head was mentioned. In 134 sanctions, the mandatory scheme code was missing. Further, in 12,331 sanctions Detailed Head was missing. In absence of complete classification, the sanctions cannot be reconciled with the expenditure details.

Government replied (July 2025) that, NIC confirmed the error and assured to take suitable steps so that the master data will be corrected properly.

2.2.13.4 Grant-in-aid sanction not reconcilable with grant-in-aid expenditure

According to the database structure, the uniqueness of a grant-in-aid sanction is determined by the Year, Demand Number, Major Head, Scheme Code, Detailed Head and GIA Type. However, the expenditure details included all parameters except the grant-in-aid type. As a result, audit was unable to reconcile the figures of expenditures *vis-à-vis* the grant-in-aid sanctions. Thus, systemic failure in database designing by omitting GIA type field in expenditure table affected MIS centred on GIA type.

Government replied (July 2025) that, development has been made in software so that said parameters are captured automatically from the system database.

2.2.13.5 Utilization certificate submitted before sanction date

Utilization certificates is to be obtained after sanction and utilisation of grant. However, on analysis of data for the year 2018 to 2024, it was noticed that in 728 cases out of 1,35,256 cases, utilization certificates were submitted before their respective sanction dates. This indicates lack of consistency check[29] in the system ***(Appendix 2.2.11)***.

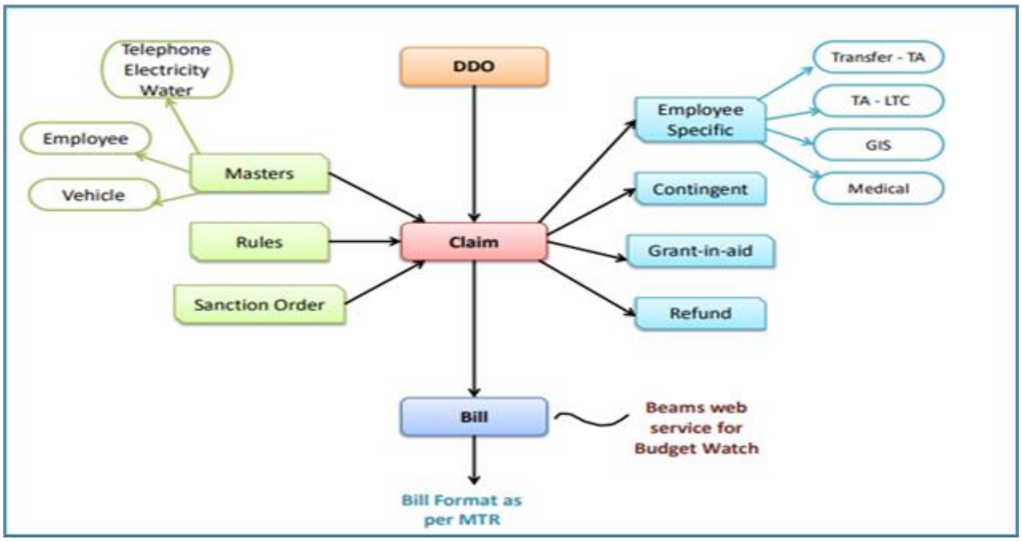
[28] Referential integrity is a concept in a database that ensures the transaction of the entities which are uniquely defined in the master table.

[29] A consistency check is a type of logical check that confirms the data's been entered in a logically consistent way. An example is checking if the delivery date is after the shipping date for a parcel.

The Government stated (July 2025) that, presently utilisation certificate is submitted offline. It was further confirmed that these errors were committed by DDOs.

Thus, it indicates that the system does not provide sufficient control over submission of utilisation certificate in grant-in-aid sanction.

2.2.14 BILL PORTAL



The BILLPORTAL module is tailored to handle various office-related claims (telephone, electricity, water and vehicle bills), employee-centric claims (transfer-TA, TA-LTC, GIS and medical expenses) and bills associated with grant-in-aid.

The claim is prepared in Draft Mode by an Assistant using an appropriate MTR form. It is submitted to DDOs for approval. DDOs approve the bill and then it is checked for availability of budget in BEAMS. If the budget is available, the final bill along with authorization slip is generated for onward submission to treasury for payment.

2.2.14.1 Input validation lapses

(a) The telephone numbers generally range between 6 to 8 digits. Analysis of the MASTER table of the database containing details of 42,697 telephone numbers, revealed that 244 entries were either blank or consisted digits ranging between one and three.

The Government stated (July 2025) that, validations are implemented so that blank and more or less than specified digits of Telephone Numbers may not be registered in the system.

(b) Analysis of MASTER table consisting of electricity bills information, revealed 73 consumer numbers were blank. Similarly, 463 electricity meter numbers entered in the table were blank.

Government in reply stated (July 2025) that, validations are implemented so that blank Electricity Meter Numbers may not be registered.

(c) The format for vehicle registration number should adhere to XXNNXXNNNN, where XX represents alphabetical characters indicating the State; NN represents numerical characters indicating the district; XX represents alphabetical characters indicating the series; NNNN represents numerical characters indicating the registration number.

Analysis of MASTER table containing vehicle details, it was found that:

1. For the State code, in 245 vehicles, details incorrectly used numerical characters instead of alphabetical characters.
2. For the district code, in 11 vehicles, details incorrectly used "00".
3. For the numerical series, in 22 vehicles, details incorrectly listed as "00".

The Government replied (July 2025) that validations will be carried in MASTER table, like (1) only Vehicle numbers in specified format may be registered, (2) restrictions shall be applied to ensure correct use of numerical characters and alphabetical characters. Also unique identification number shall be assigned to each vehicle during manufacturing.

(d) Physical verification of sampled cases identified the following shortcomings in the input validation process of electricity bills:

1. A data entry error was observed in the input data in billing period (from and to) field, despite it being for a different period. To prevent such occurrences, alerts should be incorporated in the system for users or duplicate entries should be restricted using system input validation methods, which were lacking.

2. Multiple partial payments for the same electricity bill were observed. However, the database lacked an arrangement for recording the fact of such partial payments. Similarly, for payment of additional security deposit for the same electricity connection, multiple entries were seen. Requirement was felt for a dedicated field specifying the type of payment, such as security deposit, regular (full) or part payment.

3. It was observed that a user entered the Consumer Number instead of the Invoice Number of the bill in the given field. This highlighted a need for improved user instructions regarding correct data input procedures.

The Government stated (July 2025) that, validations are implemented to restrict to input different bill period (From and to), validations are implemented to restrict partial payments and the validation will be carried out to restrict to enter the Consumer Number or any other number instead of the Invoice Number of the bill in the given field.

2.2.14.2 MASTER data lapses

a. In BILLPORTAL database, the medical claims of the employees are managed through MASTER tables having the hospital details and details of diseases, which are mapped with the diseases and hospitals for treatment. Various other tables are also created to store the details of claims related to medicine, medical expenses and expenses related to IPD treatment.

Analysis of the master tables showed control lapses as discussed under:

1. **Absence of Referential Integrity between Master and Transaction Data:**

   Audit found that, in database design of BILLPORTAL, the medical claims of the employees are managed through i) HOSPITALMASTER table, having the hospital details; ii) DISEASE table, with the details of diseases; iii) DISEASEHOSPITALMAP table, mapping the diseases with hospitals for treatment. Various other tables are also created to store the details of claims related to medicine, other medical expenses and expenses related to IPD treatment.

Data analysis of these tables revealed shortcomings such as Disease master table not up to date, absence of referential integrity between master and transaction tables like DISEASEHOSPITALMAP and DISEASE table and DISEASEHOSPITALMAP and HOSPITALMASTER tables. Further, invalid entries of hospital name and disease names were also found. The medical claims were submitted, processed and claims were paid without employee ID.

2. **Input Validation Failures:**

   Audit also found invalid entries of hospital name and disease names in the MASTER table. The medical claims were submitted, processed and claims were paid without critical identifiers like employee IDs.

3. **Processing Lapses Allowing Reimbursements beyond Admissibility:**

   Audit found that hospital stay claims and medicine claims were not settled as per admissibility as detailed under:

(i) The system allowed reimbursement beyond 75 *per cent* in 143 medical claims for room rent. Even it permitted reimbursement exceeding the medical claims up to 124 *per cent* resulting in an excess sanction amount of ₹ 3.67 lakh.

(ii) Reimbursement at 100 *per cent* in 8,987 medical claims for purchase of medicine resulting in excess of sanction amount of ₹ 1.98 crore.

(iii) Review of medical advance data revealed that DDOs approved 603 advances involving 448 employees amounting to ₹ 5.98 crore. No adjustment either by drawing bills or recovery was done. Audit observed system lacunae such as mistakenly classified regular medical reimbursement bills as advances and adjustment of advances in office notes but failure to update these adjustments properly against the advances in module. One illustration is given below:

Illustration: The Administrative Officer at the Office of the Additional Commissioner of Police, Crime Branch, Mumbai (DDO Code: 7101000454) disbursed ₹ 1,50,000 as medical advance *via* Cheque No. 392367 dated 18/04/2021. However, due to the cancellation of the operation, the hospital returned the cheque to the office. The office failed to reverse this entry in the system to restore the budget amount and clear the advance payment.

The Government stated (July 2025) that, all these master tables will be verified and referential integrity will be implemented. It was further stated that checks will be implemented to prevent invalid entries of hospital names and disease names. Medical claims shall not be processed without employees ID. Checks shall be implemented to prepare hospital stay claims and medicine claims as per admissibility.

b. Analysis of MASTER table containing details of contractual employees and the claims in respect of these employees revealed that 59 claims amounting to ₹ 85,46,047 were prepared for 22 contractual employees whose details were not found in the MASTER table. Further, 18 out of these 59 claims, amounting to ₹ 9,44,774 were also paid to the employees.

Government replied (July 2025) that, the claims for non-registered contractual employees will be verified. Also, necessary validations will be implemented to ensure that only registered contractual employees' claims can be prepared in the system.

c. Analysis of MASTER table for telephone details showed payment amounting to ₹ 1.83 crore in 499 telephone connections not listed in the MASTER table for the years from 2018-19 to 2023-24. The payment was passed by treasuries.

Government replied (July 2025) that, validations will be carried out to restrict generation of bills for unregistered telephone connections.

d. Further analysis of MASTER table containing electricity details, it was noticed that payment of ₹ 2,123.73 crore were passed in respect of 25,814 electric connections not registered in the master table.

Government replied (July 2025) that, validations will be carried out to restrict generation of bills for unregistered electric connections.

e. Also, on reviewing MASTER table containing water connection details, audit noticed that in 6,471 connections involving ₹ 262.81 crore were paid for unregistered water connections.

Government replied (July 2025) that, validations will be carried out to restrict generation of bills for unregistered water connections.

f. On reviewing MASTER tables in respect of vehicles and their repair, audit noticed that an amount of ₹ 0.31 crore was paid for repairing of 121 vehicles that were not registered in the MASTER table. Similarly, claims of petrol/lubricant/oil were paid for 868 unregistered vehicles amounting to ₹ 6.90 crore.

Government replied (July 2025) that, this issue is under examination. If found correct, then the validation controls will be implemented. Controls to restrict the claims of petrol/lubricant/oil for unregistered vehicles will also be implemented.

The fact remains that unique key[30]/composite key[31] constraint was not in place resulting in lack of referential integrity.

2.2.14.3 Duplicate transaction check control failures

a. On analysis of the BILLPORTAL module it was seen that bank details are stored in a MASTER table. Audit found 36 instances where same IFSC code was allotted to more than one branch, ranging from two to five occurrences.

In reply Government stated (July 2025) that Co-operative banks have multiple branches with one IFSC code.

The reply is not acceptable as it is seen that in respect of 16 Co-operative banks the master file is having same IFSC code as that of Nationalized or Private bank.

b. The CHASSIS NUMBER of vehicles consists of 17-digit code, a unique identification number assigned to each vehicle during manufacturing. However, audit found 3,157 instances of duplicate chassis numbers in the MASTER table of the database.

In reply Government stated (July 2025) that restrictions will be applied on registration of duplicate chassis numbers. Unique identification number shall be

[30] A unique key constraint is a concept in a database that does not allow duplicate values in a key field.

[31] A composite key constraint is a concept in a database that does not allow duplicate values in a set of more than one key field.

assigned to each vehicle during manufacturing and entry of duplicate chassis numbers in the MASTER table will be validated.

c. Analysis of MASTER table in respect of contractual employees showed that out of 102 entries, 45 contractual employees had same name, date of birth and sex but different PAN numbers.

In reply, the Government stated (July 2025) that, fact will be verified and if any duplicate PAN number found it will be corrected and validations for duplicate PAN number will be incorporated in the system.

d. Upon analysis of MASTER table containing telephone details, audit identified 466 claims associated with identical service provider ID, telephone number, voucher number, sub-voucher number, billing period (from and to), DDOID and amount. Further, investigation of MASTER table for bills revealed that out of 466 claims, 112 bills amounting to ₹ 1,74,658 was made for unregistered telephone numbers.

In reply, the Government stated (July 2025) that facts will be verified and if any duplicate records found in BDS TELEPHONE DETAILS will be corrected and validations for duplicate records will be incorporated in the system.

e. Analysis of BILLPORTAL also revealed that the MASTER table had 79,799 electric connection entries, out of which 4,944 entries were having same values for service provider, consumer number, meter number, sub meter number and DDO details.

In reply, the Government stated (July 2025) that facts will be verified and duplicate records (if any) in the MASTER table will be corrected and validations for duplicate records will be incorporated in the system.

f. Analysis of MASTER table containing water connection details revealed that out of 13,383 water connections, 230 connections had same values of service provider, consumer number, meter number, sub-meter number and DDO details. Duplicate in 184 entries, triplicate in 30 entries and quadruplicate in 16 entries.

In reply, the Government stated (July 2025) that facts will be verified duplicate records found in MASTER table (if any), will be corrected and validations for duplicate records will be incorporated in the system.

g. Analysis of MASTER table of electricity details showed 288 claims involving ₹ 3.65 crore pertaining to electric connections with identical Service provider, Meter Number, Sub-Meter Number, voucher number, sub-voucher number, billing period (from and to) and DDOID were paid. This indicates that the system permitted submission of multiple claims of an electric bill for the same billing period.

The Government stated (July 2025) that, validations are implemented to restrict submission of multiple claims of Electric bill for the same period.

h. Audit also observed duplicate claims for 10 water connection bills amounting to ₹ 0.12 crore for the same billing cycle which were submitted and processed by DDOs and paid by the treasuries.

Government replied (July 2025) that, validations are being implemented to restrict generation of bills for the same billing cycle.

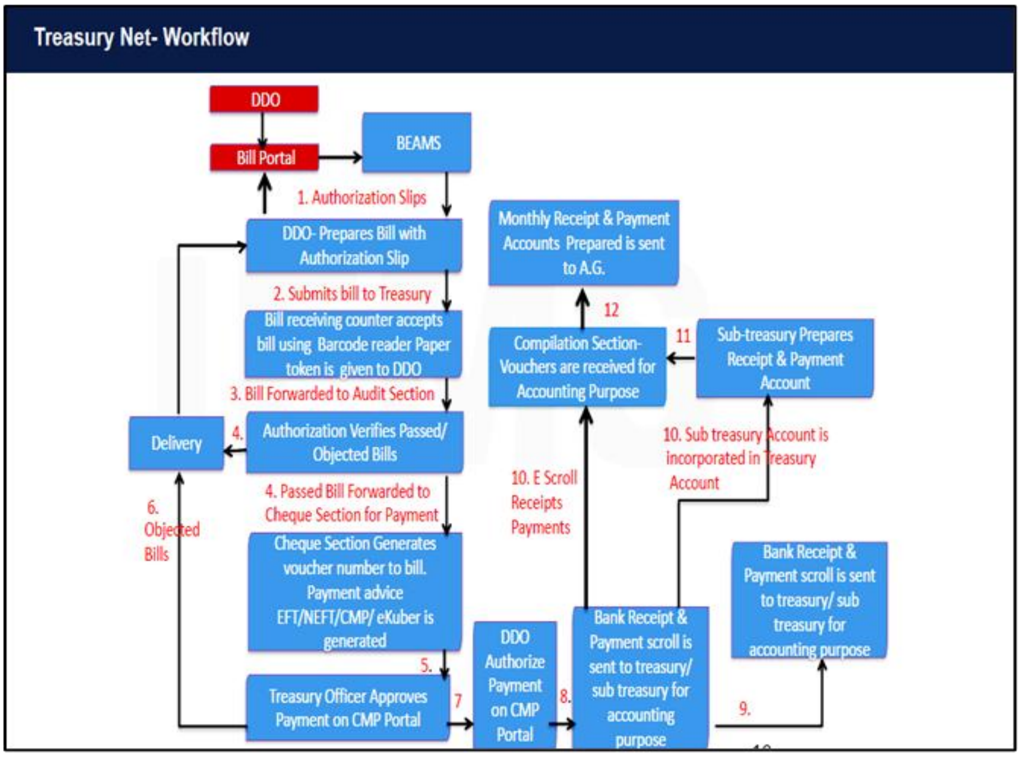
i. On analysis of MASTER table containing vehicle details revealed discrepancies in claims data. Specifically, 254 vehicles had claims with identical details (vehicle numbers, sub-voucher numbers, dates, repairing agencies and claim amounts) amounting to ₹ 0.19 crore. Similarly, claims for petrol and lubricant purchases amounting ₹ 4.26 crore were paid for 1,911 vehicles.

Government replied (July 2025) that, validations will be implemented to restrict to enter identical details such as vehicle numbers, sub-voucher numbers, sub-voucher dates, repairing agency *etc*.

Government replied (July 2025) that, fact will be verified if any duplicate or incorrect payment will find appropriate action will be taken and appropriate validations for same will be incorporated in the system.

However, fact remains that the analysis of the BILLPORTAL application pointed out a critical control weakness due to the lack of referential integrity between master and transaction tables. This deficiency poses a significant risk of fraudulent claims, particularly for non-existent employees ("ghost employees"), as it allows for potential manipulation of data. Similarly, the data structure design's failure to enforce unique key constraints on key fields increases this risk such as financial irregularity, misappropriation, fraud and disrupt budget management.

2.2.15 TREASURYNET



TREASURYNET is one of the module of IFMS which is integrated with BEAMS, BILLPORTAL and SEVAARTH. It is also linked with the SBI CMP portal and the RBI e-Kuber system for payment processing. Currently, around 34 treasuries, one PAO and 324 sub-treasuries are utilizing this software.

Audit observations in bills processing through TREASURYNET are discussed below:

2.2.15.1 *Shivbhojan thali* scheme: Systemic failures by parking of funds in DDOs' accounts

Food, Civil Supply and Consumer Protection Department *vide* GoM resolution (01/01/2020) introduced a scheme to provide *Shivbhojan thali* to the poor and needy individuals @ ₹ 10 per *thali* through at least one restaurant in every district Headquarter. Selected agencies were to supply food with the balance cost borne by GoM. Further resolutions (23/01/2020 and 13/04/2020) mandated online payments to the approved agencies.

GoM *vide* Finance Department resolution (22/01/2013) had already instructed all departments to create a master list of agencies, suppliers and beneficiaries in BEAMS, to ensure direct payment to the beneficiaries' accounts.

Analysis of records at the selected[32] treasuries revealed that as per the above resolutions, direct online payments are made to the selected agencies in Mumbai during 2020-21 to 2023-24. However, at Chhatrapati Sambhajinagar and Pune, the funds were withdrawn and deposited into the DDOs' accounts, instead of direct online credit via RTGS in the bank accounts of approved agencies.

At Wardha, although the online payments were made to the selected agencies during the year 2020-21, from 2021-22 onwards the funds were withdrawn and deposited into the DDOs' accounts before making payment to selected agencies as shown in **Table 2.2.6**.

Table 2.2.6: Deposit of funds meant for agencies in accounts of DDOs

Treasury Name	Period	Amount deposited (in ₹)
Chhatrapati Sambhajinagar	2020-21 to 2023-24	7,48,13,134
Pune	2020-21 to 2023-24	92,03,120
Wardha	2021-22 to 2023-24	5,56,52,733
Total		**13,96,68,987**

The absence of validation and monitoring control measures allowed the district supply offices to park funds in their own accounts. Thus, ₹ 13.97 crore was deposited with the officials of department instead of being credited directly to the agencies, which highlighted the system's inability to monitor adherence to the guidelines set forth in the resolutions (01/01/2020, 23/01/2020 and 13/04/2020).

The Government stated (July 2025) that, facts associated with this will be verified and appropriate action will be taken.

2.2.15.2 Analysis of failed online payments through State Bank of India (SBI) Cash Management Project (CMP) at Wardha Treasury

GoM *vide* Finance Department resolution (22/01/2013) laid down procedure for online payments directly to beneficiaries' accounts using the State Bank of India (SBI) Cash Management Project (CMP). The SBI CMP is accessible via a secured URL: https://www.sbicmp.co.in/mahakosh and provides the facility to add third-party payees, including details such as the bank account number and IFSC code.

Analysis of failed CMP payment cases at Wardha Treasury revealed that in every such event, the CMP portal issued a banker's cheque in the beneficiary's name, which was sent to the treasury. The Treasury Officer then forwarded it to

[32] 1. Chhatrapati Sambhajinagar; 2. Mumbai; 3. Pune and 4. Wardha

the respective DDO, who in turn handed it over to the beneficiary in person. The reasons for failure included "account closed," "invalid beneficiary", "account does not exist" and "account suspended".

In seven[33] cases, it was seen that online payments through CMP consistently bounced in 342 transactions involving ₹ 1.40 crore during the period from 2019-20 to 2023-24 ***(Appendix 2.2.12)***. Despite repeated occurrences of CMP failed payments in specific accounts, the system failed to provide an alert to the DDO to update or correct the payee's bank details, potentially leading to further payment failures.

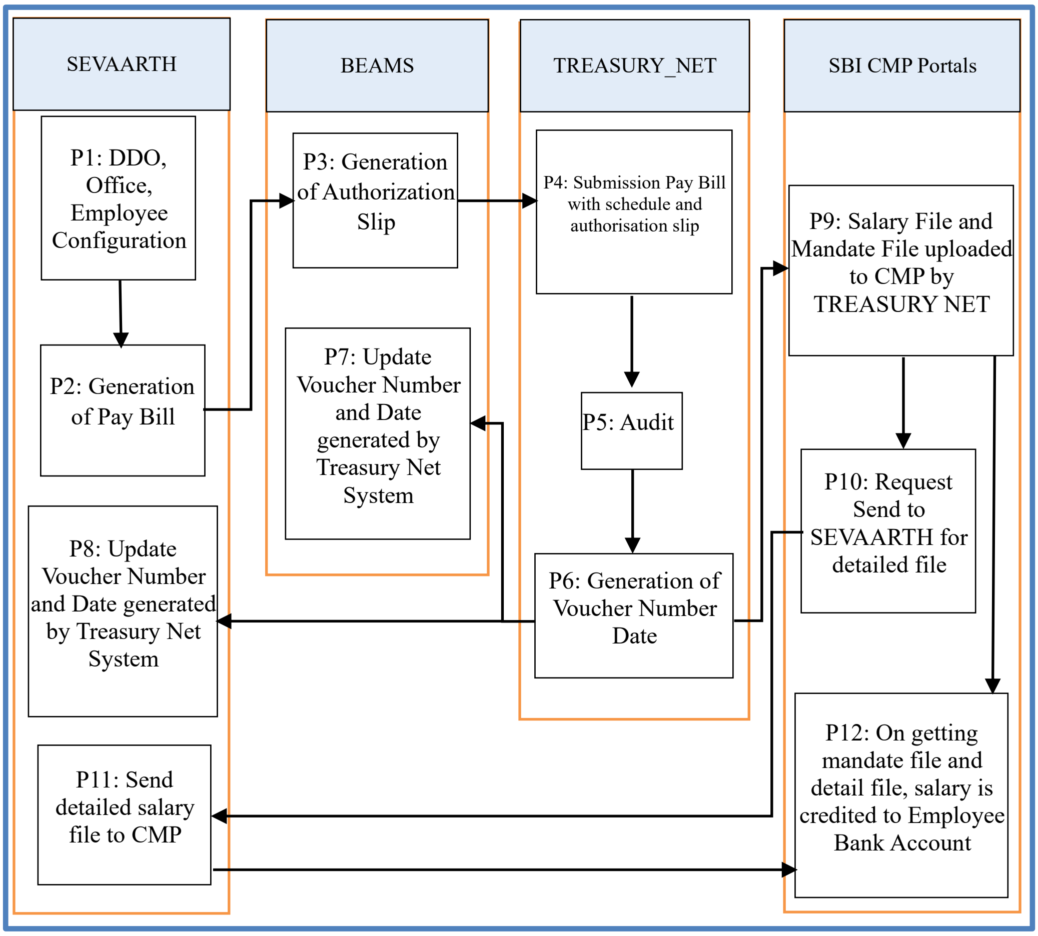
This indicated that the current procedure for handling CMP failed payments posed a risk of payments being made to unauthorized beneficiaries and underscored the need for a system alert to prompt users to update or correct bank details in such cases.

The Government replied (July 2025) that, appropriate provisions have been adopted in the TREASURYNET system to handle the failed transactions by using the RBI e-Kuber payment mode at all the District Treasuries and all the Sub Treasuries along with the Pay & Accounts Office.

However, facts remain that the current TREASURYNET system lacked an alert mechanism in respect of consistently CMP failed transactions in specific accounts.

[33] 1) BEROJGAR STATIONARY STORES PROP. SUMEDHA NAGORAO DUKARE Account No.11036971389 (IFSC SBIN0005764); 2) M S MALHARI AUTOMOBILE Account No.60033189183 (IFSC MAHB0000059); 3) MAA VAISHNAVI DIESELS Account No.62346475890 (IFSC SBIN0014932); 4) PRAFULLA SCREENS Account No.55103070001247 (IFSC SYNB0005510);5) SANKATMOCHAN PETROLEUM AGENCY Account No.32497452125 (IFSC SBIN0001415); 6) SHRI SAI AUTO Account No.355505040000191 (IFSC UBIN0535559) and 7) SR AUTOMOBILES Account No.970820100110013 (IFSC BKID0009708).

2.2.15.3 SEVAARTH



SEVAARTH module is used for generating monthly salary bills of the employees. It is also used for the formulation of pension cases of the employees and prepares first and monthly pension bills for pensioners.

The audit observations are as under:

2.2.15.4 Absence of Input validation control

a) The SEVAARTH database captures the nomination details of employees. The master database had 4,30,448 nominations out of which, in 22 nominations it was observed that the name of nominee, date of birth and address was same, but had different nomination ID.

This indicates that input validation controls (unique composite key constraint) were not in place to prevent duplicate nominations for the same individual.

On this being pointed out, Government stated (July 2025) that, in earlier system these validations were not in place. However, now the control to restrict duplicate nominee entries based on nominee name and date of birth is incorporated.

b) In 4,795 entries of employees, first name, middle name, last name, date of birth, date of joining and grade ID of joining were duplicate.

This indicates that input validation controls (unique composite key constraints) were not in place to prevent duplicate nominations for the same individual.

On this being pointed out, the Government while accepting audit observation stated (July 2025) that, the duplicate payroll entries primarily arose during the initial phase of the system due to co-ordination gaps and the manual re-entry of employee data by end users. This typically occurs during events such as re-joining after retirement, completing probation, promotions, departmental transfer or change in employee details. These entries were made after the employees services end activity. It was further stated that SEVAARTH application has been enhanced with robust validation mechanism to prevent the creation of duplicate employee records.

c) The age of joining government service was in the range of two to 17 years in 3,149 cases and in 20 case, the dates of joining were prior to their respective dates of birth.

This indicates that input validation controls were not in place to check the service joining date against the expected parameters.

On this being pointed out, the Government stated (July 2025) that at initial phase of implementation, such error entries were made due to inadequate validations. However, now SEVAARTH application enforces strict validations rules.

d) Date of service expiry of 1,106 employees, was prior to the date of joining.

This indicates that input validation controls were not in place to check the service end date against the expected parameters.

In reply Government stated (July 2025) that in the SEVAARTH system, the employee service end date is automatically updated based on the date provided during the employee service end activity. If an incorrect date is entered at this point, it gets reflected in the record, leading to inaccuracies. These discrepancies arise from manual input errors, as the system previously lacked validation to check the service end date against the expected parameters. However, now SEVAARTH application enforces strict validations rules.

However, fact remains that though Government accepted these discrepancies arising out of manual input errors due to lack of input validation, the data pertaining to pre-validation control implementation in SEVAARTH module requires data clean up activity.

2.2.15.5 Absence of Referential Integrity Constraints

a) Employee Master table had 9,78,861 employees with details such as employee name, date of birth, date of joining and employee service expiry date. The data analysis of the table revealed that:

The employee code was generated in 36 instances without employee name, date of birth, date of joining and employee service expiry date.

This indicate that system does not enforce critical referential integrity checks between master and transactional data.

On this being pointed out, the Government while citing various reasons for this error, stated (July 2025) that, a review and cleanup of these legacy records will be undertaken to maintain data integrity and validation rules are being improved to prevent similar issues in the future.

b) In the identification codes of 13 employees, in place of employees' names the entries of various designations (such as Assistant Police Inspector, Assistant Director of Town planning *etc.*) were found.

This indicates that system does not enforce critical referential integrity checks between master and transactional data.

In reply Government stated (July 2025) that, these codes were not linked to individual employee records, as they were not associated with comprehensive employee master data.

However, fact remains that though the Government accepted these discrepancies, the Government should initiate steps to enforce referential integrity in the database.

2.2.16 Conclusion

The IT audit aimed to examine Project Management, General Controls and Application Controls of IFMS. IFMS involved development of five web-enabled modules through NIC and TCS at different phases of time. Till June 2024, the actual expenditure incurred on IFMS project was ₹ 38.58 crore.

There were lapses in the implementation of key components outlined in the SLA. The failure to develop and deploy the PMT and the PKI compromised both project oversight and data security. While the IFMS infrastructure is centrally hosted and physically secure, there were vulnerabilities at the client level *e.g.* use of unlicensed software, lack of restrictions on software installations, and unrestricted use of external devices such as USBs. These gaps expose the system to potential security breaches, malware threats and unauthorized access to sensitive financial data.

There were several critical security and access control weaknesses like absence of two-factor authentication and encryption in key modules, inadequate enforcement of password policies, lack of user account lockout mechanisms, and improper role and user management. These gaps expose the system to unauthorized access, data breaches, and internal misuse.

Various modules have certain deficiencies in data integrity, validation controls, and system design. Duplicate entries in master tables, processing of claims for unregistered or duplicate beneficiaries, and lack of referential, and composite key constraints compromised the reliability of financial transactions.

Recommendations

- *The completion of remaining components of the project may be ensured.*
- *Logical access controls should be in place as per Maharashtra e-Governance policy 2011.*
- *Ensure a robust feedback mechanism to regularly assess the performance of the IFMS.*
- *Adequate application controls are in place for data integrity.*

WATER SUPPLY AND SANITATION DEPARTMENT

2.3 Wasteful expenditure of ₹ 94.39 crore

Faulty preparation of Detailed Project Report of 'Water supply to 53 villages of Atpadi taluka in Sangli District' led to wasteful expenditure of ₹ 94.39 crore and non-commissioning of the water supply scheme despite being physically completed

Government of Maharashtra (GoM), Water Supply and Sanitation Department, accorded (30 January 2014) administrative approval (AA) of ₹ 91.09 crore to a scheme of 'Water supply to 53 villages of Atpadi taluka in Sangli district', for which technical sanction (TS) of ₹ 83.57 crore was accorded (13 January 2014) by the Member Secretary, Maharashtra Jeevan Pradhikaran (MJP).

In order to restrict the cost of the scheme, it was decided at the time of preparation (2014) of Detail Project Report (DPR), to utilize the existing 29.50 km mild steel pipeline for this scheme which was laid in 2004 for the 'Savlaj water supply scheme'. At the time of preparation of DPR, the existing pipelines were 10 years old with a total lifespan of 15 years.

Administrative approval of ₹ 91.09 crore included the cost of land acquisition, working survey and estimates, provision for new connection at new sump, procurement of pipes and other miscellaneous expenditure and taxes besides civil and electrical works. While the pipes were supplied departmentally, the civil and mechanical works were awarded by the EE, MJP Division, Sangli through four tenders during August 2014 to June 2019. The four tendered works were to be completed between June 2017 and November 2019.

Meanwhile, on the proposal of the EE, MJP, Sangli, GoM accorded a revised AA for ₹ 103.85 crore (22 February 2019) by considering the increase in cost and new items, for which the Chief Engineer (CE), MJP, Pune had accorded (12 September 2017) revised TS of ₹ 96.02 crore.

The scheme was physically completed (June 2019) after incurring an expenditure of ₹ 94.39 crore. However, by the time all the works were completed, the existing pipes considered in the DPR for utilization had already completed 15 years of their lifespan. During the trial run (July 2019) many leakages were noticed in the old pipeline section and most of the pipes were found damaged due to corrosion. Despite various attempts to repair these leakages/damages in the old pipes until January 2020, the scheme could not be made operational.

From the above facts, it could be seen that the decision taken at the time of preparation of DPR, to utilize the existing pipelines for the scheme, compromised the viability of the project as the 'water supply scheme for 53 villages in Atpadi taluka' could not be made operational as of October 2024, despite its completion in June 2019. Thus, the entire expenditure of ₹ 94.39 crore incurred thereon proved to be wasteful, besides the water supply scheme could not be made operational to provide water supply to the intended villagers.

On this being pointed out (June 2023), the Chief Engineer, MJP, Pune stated (October 2024) that after completing 98 *per cent* of the utility work, the scheme was tested (24 June 2019), but significant leakages were observed in old MS pipe preventing the scheme from operating effectively. Earlier the EE, MJP

Sangli had stated that excess water use for sugarcane, chemical reaction and salinity of the water had caused deterioration in the condition of the pipeline which could not be ascertained at the time of preparation of DPR. The issue was discussed in the meeting held at *Mantralaya* (24 February 2020) and accordingly, an estimate for replacement of 24.50 km pipeline with estimated cost of ₹ 23.31 crore was submitted (July 2020) to GoM. Further, the department made efforts to restart the scheme, for which an estimate of ₹ 44.44 crore was submitted (July 2023). The proposal for closure of account of the scheme was sent (February 2023) to Water Supply and Sanitation Department, GoM for further decision. However, no decision from the GoM has been received so far (October 2024).

Audit concluded that the decision to reuse a pipeline that had already completed 10 years of its 15 year service life at the DPR stage indicated that technical due diligence was not ensured. This decision rendered the scheme unviable at inception and resulted in physically completed but non-functional water supply system. Despite incurring an expenditure of ₹ 94.39 crore, the scheme could not be commissioned even five years after completion (June 2019) and continues to remain inoperative (June 2025). This not only compromised the intended service delivery to 53 villages, but also led to avoidable and wasteful expenditure, demonstrating deficiencies in planning, technical oversight and financial prudence by MJP and the Department. The Chief Engineer, MJP, Pune replied (June 2025) that the scheme is still not operational.

The matter was reported to the GoM (February 2025); reply is awaited.

2.4 Unfruitful expenditure of ₹ 97.28 lakh

Non-availability of electricity supply due to unpaid dues of ₹ 7.77 crore of MSEDCL resulted in keeping pumping machinery procured for Beed Water Supply Scheme idle/unused and expenditure of ₹ 97.28 lakh was rendered unfruitful

The Chief Engineer (CE), Maharashtra Jeevan Pradhikaran (MJP), Chhatrapati Sambhajinagar had accorded (12 April 2017) TS for ₹ 127.81 crore to the work of 'Improvement to BEED Water Supply Scheme' under Atal Mission for Rejuvenation and Urban Transformation (AMRUT).

Urban Development Department (UDD), Government of Maharashtra *vide* GR dated 19 April 2017, accorded Administrative Approval (AA) for ₹ 114.63 crore for said work which consisted of Part A-Civil work for ₹ 78.34 crore and Part B-Mechanical work for ₹ 36.29 crore.

It was envisaged that by execution of this scheme, the water supply will be enhanced from existing 25 million liters per day (MLD) to 48.63 MLD for the Municipal Council (MC) area of Beed city.

As a component of the scheme, tender for the part items of the Mechanical work of the scheme, was awarded (16 January 2019) by the Executive Engineer (EE), MJP, Beed to M/s. Mahavir Electro Mechanical Pvt. Ltd., Akola (Contractor) for ₹ 15.14 crore. This part work included providing, erecting and commissioning of five vertical turbine pumps of 495 HP capacity each, with accessories. It was planned that five existing installed pumps of 200 HP capacity each, which were very old, would be replaced by five new vertical turbine pumps. These five new pumps will be installed and three would be operationalized and two will be kept on standby for emergency to ensure continuous water supply. The required electricity supply for operation of these new pumps was to be increased to 1300 KVA (additional 750 KVA), from the existing 550 KVA.

The work was stipulated for completion within 15 months (upto 15 April 2020). The contractor was paid (August 2024) ₹ 12.21 crore upto 11th RA bill by EE.

Audit observed that:

- The Maharashtra State Electricity Distribution Company Limited (MSEDCL) in July/August 2018 intimated MC Beed and MJP that for sanctioning of additional electricity supply of 750 KVA, the outstanding dues of electricity payment of ₹ 7.77 crore by MC Beed needs to be cleared.
- The work order for part work which includes procurement of five new pumps was issued in January 2019.
- The contractor procured (June 2019) and supplied five vertical turbine pumps (495 HP each) with its accessories at a cost of ₹ 2.43 crore (₹ 0.486 crore * 5).
- Out of five pumps supplied, only three were installed by the contractor at pumping station site due to insufficient electricity power and remaining two pumps along with its accessories were kept idle at water treatment plant (WTP) site.

Thus, due to non-enhancing the electricity supply upto 1300 KVA to run the new pumps, the two pumps remained idle/unused since procurement. This led to an unfruitful expenditure of ₹ 97.28 lakh[34] towards procurement cost of these two pumps.

On this being pointed out, the Chief Engineer, MJP, Chhatrapati Sambhajinagar stated (July 2024) that this office has followed up with MC Beed for clearance of arrears, but MC Beed could not succeed to clear the arrears. Hence, with no option left, MJP decided to upgrade the system in combination of one 495 HP pump and one 200 HP pump limiting power use to 530 KVA against 550 KVA delivering about 40 MLD water to the treatment plant. This arrangement also saved the demand charges of ₹ 499 per KVA for the additional power load of 750 KVA.

The reply is not acceptable as MSEDCL has intimated MJP in July/August 2018 that without payment of outstanding dues of electricity payment, additional electricity supply of 750 KVA would not be sanctioned. In such case procurement of five pumps could have been reduced to the required number of pumps which could have been used with the existing power supply till the enhancement of power load. Further, savings on demand charges should have been considered before procuring five new pumps.

It was further replied (November 2025) that as the existing 200 HP pumps are completely out of order and unfit for operation, the new pumps are being

34 The calculation of two idle/unused pumps is as under:

Item	Per unit cost (₹)	Cost of two units (₹)
Vertical turbine pumps	38,31,281	76,62,562
Vertical Flange mounted TEFC motor	10,32,693	20,65,386
Total	**48,63,974**	**97,27,948**

modified so that two new pumps (one working + one standby) and other three modified new pumps with 240 HP can be used for regulating flow upto 40 MLD. This would also facilitate installation of remaining two pumps.

Thus, the fact remains that the new pumps were procured without ensuring the requisite power load due to which two new pumps which were procured at the cost of ₹ 97.28 lakh in 2019, remained idle/unused as of November 2025.

The matter was reported to the Government on 1 October 2025, reply is awaited.

PUBLIC WORKS DEPARTMENT

2.5 Irregular distribution of fees of ₹ 21.73 crore

Irregular distribution of fees of ₹ 21.73 crore charged for preparation/ scrutiny of detailed plan and estimates or to accord technical sanction from Local Bodies, Municipal Councils and other Government departments among the personnel of the PWD

According to Article 266 (2) of the Constitution of India, all revenues received by or on behalf of the Government of a State shall be credited to the Public Account of the State.

Paragraph 114 of Maharashtra Public Works (MPW) Manual, 1984 prescribed that every member of the department must consider that his salary or pay is his sole legal remuneration and that the receipt of commission or any consideration, directly or indirectly, on account of any business or transaction in which he may be concerned on behalf of Government, is prohibited. Every officer of Government is bound to report to his departmental superior any infringement of this rule which may come to his knowledge.

Appendix 5 of Paragraph 114 lays down rules regarding the recovery and grant of fees and honoraria for work done by officers of Public Works Department (PWD) on behalf of Private Body. It mentions the terms on which the services of members of the department may be made available for work on behalf of Private Body or Institution. Rule 3 of Appendix 5 also states that the officers should not be permitted to undertake such work except in very exceptional circumstances. In case, such permission is granted under Rule 3, the fees to be charged to the Private Body or Institution shall be fixed by Government in each case. Rule 4 (ii) of Appendix 5 provides for the distribution of fees[35] received from a Private Body or Institution for the preparation of detailed plans and estimates, or for the scrutiny of plans *etc*., between Government and the officer concerned.

Further, Appendix 7 of Paragraph 147 lays down rules regarding distribution of Establishment and tools and Plant charges in which Rule 9 of Appendix 7 prescribes for levy of charges for preparation and scrutiny of plans and estimates

[35] Fee means a recurring or non-recurring payment to a Government servant from a source other than the consolidated fund of the Maharashtra State or of any other Government in India whether made directly to the Government servant or indirectly through the intermediary of Government but does not include(i) unearned income such as income from property, dividends, and interest on securities, and (ii) income from literary, cultural or artistic, scientific or technological efforts, if such efforts are not aided by the knowledge acquired by the Government servant in the course of his service.

by PWD on behalf of Local Bodies or Private Bodies or Individuals or any Department of the Central Government and State Government.

Finance Department, GoM *vide* Circular dated 07 September 1992, issued instructions to all the departments, wherein seeking opinion/approval of the Finance Department was made mandatory in respect of all important financial matters.

As per GR dated 16 December 2015 regarding Appendix-42 Para 135 of MPW Manual, the CE is the highest authority to accord technical sanction.

Further, the distribution of fees received for the preparation of detailed plans and estimates, or for the scrutiny of plans *etc*., between Government and the officer concerned is only in respect of fees received from Private Body or Institution and not from Local Bodies or any Department of the Central Government and State Government.

However, Public Works Department, GoM *vide* GR dated 25 February 2019 prescribed procedure for distribution of fees and charges recovered from Other Government Department or Local Body or Private Body for the preparation/ scrutiny of plans and estimates or to accord TS, between the Government and among the Personnel of PWD 'stating that' this procedure is in line with the provisions of Rule 4(ii) of Appendix-5 and Rule 9 of Appendix-7 of MPW manual.

This GR prescribes for the formation of 'Distribution Committee[36]' to quantify the amount, out of fee so recovered. Out of such recovered amount, 50 *per cent* amount would be credited to Government account and the remaining amount would be distributed among the officials of PWD, as detailed below:

a. 25% to concerned field officers
    i. Dy. Engineer – 20%
    ii. Executive Engineer – 20%
    iii. Superintending Engineer – 20%
    iv. Chief Engineer – 20%
    v. Establishment – 20% (Officials of the Sanctioning office involved)
b. 10% to SE quality control Circle
c. 15% to Controlling officers at Government level as under:
    i. Desk Officer – 10%
    ii. Under Secretary – 15%
    iii. Dy. Secretary – 30%
    iv. Secretary – 25%
    v. Principal Secretary – 20%

In seven Regions[37], fees amounting to ₹ 53.44 crore were collected from Local Bodies, Municipal Councils and other Government departments during the

[36] Concerned CE as chairman, Concerned SE as Member and Concerned EE as Member Secretary

[37] Amravati, Chhatrapati Sambhajinagar, Konkan, Nanded, Nagpur, Nashik and Pune

years 2019-2022, of which ₹ 21.73 crore (40.66 *per cent*) was approved to be distributed among the officers/officials of PWD (as detailed in ***Appendix 2.5.1***), which included ₹ 8.14 crore to be distributed among the officers at Department level (from ACS to the Desk officer). Data of actual payment was called for from the seven regions, however, details of payment were made available in respect of four[38] Divisions only wherein, out of ₹ 9.99 crore received as fee for technical scrutiny of estimate, an amount of ₹ 4.03 crore was actually distributed/paid to the PWD officials. Details of actual payment in respect of remaining divisions are not available.

Audit observed (January 2023) that

- Rule 4(ii) of Appendix-5 of MPW Manual provides distribution of fees received from a Private Body or Institution where permission is granted in very exceptional circumstances. The distribution is to be done on case-to-case basis.
- Rule 9 of Appendix-7 of MPW Manual prescribes only for levy of fees for preparation and scrutiny of plans and estimates.
- MPW Manual does not provide for distribution of fees received from Other Government Department or Local Bodies, among the departmental personnel.
- The GR dated 25 February 2019 was related to financial matter, concurrence of FD, GoM was required, which was not obtained by the Department.
- Though, the officers at Department level (from ACS to the Desk officer) had no role in scrutiny of estimates and accord of TS, *etc*., ₹ 8.14 crore were approved to be distributed among them.

The primary cause of the present case was that the Department misapplied the provisions of Appendices 5 and 7 of the MPW Manual, extending their scope to fees collected from Government Departments and Local Bodies, although these provisions are explicitly limited to Private Bodies and do not permit such distribution.

There was also a contributory cause. The Government Resolution dated 25 February 2019 was issued without obtaining the mandatory concurrence of the Finance Department, in violation of the Finance Department Circular dated 07 September 1992.

Finally, weak internal controls were the systemic enabler. The issuance of the said GR without adequate legal and financial vetting indicates deficient internal control mechanisms in policy formulation and financial governance.

As a result, fees amounting to ₹ 21.73 crore collected from Local Bodies, Municipal Councils and other Government Departments were irregularly sanctioned for distribution among departmental personnel, leading to unauthorised diversion of Government revenue.

On this being pointed out (January 2023 and May 2024), the ACS, PWD stated (February 2023 and November 2025) that the claimed GR dated 25 February 2019 was issued in accordance with the provisions of MPW Manual, particularly Appendices 5 and 7 and referred to GR dated

[38] PWD, Beed, North Jalgaon, Ahilyanagar and Kalwan

18 March 2004 and 05 October 2004 (issued with the concurrence of FD). However, they have accepted audit contention that GR (dated 25 February 2019) did not have any approval of FD. In light of the audit objection the said GR has been kept in abeyance with effect from 08 April 2025. Department has now said that it has applied for ex-post facto approval from the FD.

The reply is not acceptable on the following grounds:

i) The GR of 18 March 2004 and 05 October 2004 is about testing fees/surcharge of Laboratory of VQCC while GR dated 25 February 2019 was issued regarding the preparation/scrutiny of plans and estimates or to accord TS.

ii) The provisions of Rule 4(ii) of Appendix-5 and Rule 9 of Appendix-7 of the MPW Manual does not indicate for distribution of fee received from Other Government Department or Local Bodies, among the departmental personnel as inferred by Department in GR dated 25 February 2019.

iii) The GR of 18 March 2004 and 05 October 2004 also stipulated that "The amount to be paid to officers/officials should not exceed one month salary receivable by such person in that year. Further, if the testing work received from private organizations, private individuals or semi-government institutions is done during office hours and as part of office work, then the amount from the surcharge for this work will not be paid as remuneration". No such condition was prescribed in the GR dated 25 February 2019. Further, condition of not exceeding one-month salary was also repealed in this GR dated 25 February 2019 for testing/ surcharge of Laboratory of VQCC.

2.6 Irregular payment of bonus of ₹ 1.34 crore

Irregular payment of bonus of ₹ 1.34 crore to concessionaire for early achievement of milestone not provided in the concession agreement

The work of Improvement to Shelu Washim Road in Washim District (MDR-1, Length-32 Km) two-laning with paved shoulder under Hybrid Annuity Model (HAM[39]) package AM-78B was awarded (November 2018) to M/s R.B. Ghodke with M/s. Jai Sai construction (Concessionaire) for Bid Project cost (BPC) of ₹ 107.77 crore and first year Operation and Maintenance cost (O&M) of ₹ three crores.

- The Concession Agreement (CA) was executed (December 2018) between Public Works Department (PWD) and the Concessionaire.
- The appointed date was declared on 25 January 2019 and work was to be completed in 24 months from the date of appointed date (upto 24 January 2021).

[39] The Hybrid Annuity Model is a balanced PPP framework where both the government and private sector share project costs and risks, promoting sustainable infrastructure development. 60 *per cent* of the Bid Project Cost, shall be due and payable to the Concessionaire in 5 equal instalments (milestone I to V) of 12 *per cent* each during the Construction Period. The remaining 40 *per cent* Bid Project Cost, shall be due and payable in 20 biannual instalments (annuity) commencing from the day of Commercial Operation Date.

- Further, M/s M.S. consultant JV Krishna Techno Consultants Pvt. Ltd was appointed (May 2019) as an Independent Engineer (IE).
- The IE issued Completion Certificate and declared Commercial Operation Date (COD) to be 30 November 2020.
- Total completion cost was ₹ 111.09 crore, of which an amount of ₹ 68.81 crore was paid during construction period and remaining ₹ 42.28 crore was to be paid as annuity during the operation period along with O&M payments.
- The fourth annuity (along with annuity interest and O&M) was paid for ₹ 4.43 crore (December 2022).

Article 23.5 of the CA states that, in the event that the Concessionaire shall achieve COD on or more than 30 days prior to the Scheduled Completion Date (SCD), the Authority shall pay to the Concessionaire a bonus equal to 0.5 *per cent* of 60 *per cent* of the BPC for the first 30 days by which COD shall precede the SCD and thereafter the said bonus shall be calculated on the *prorata* basis for each day preceding the said 30 days period. The bonus shall be due and payable to the Concessionaire along with the first Annuity payment. There was no provision in the CA for early achievement of milestones.

Further, Article 15.1.1 of CA states that the project shall be deemed to be completed when the completion certificate or the provisional certificate, as the case may be, is issued under the provisions of Article 14, and accordingly the COD of the project shall be the date on which such completion certificate or the provisional certificate is issued (the "COD"). Upon entering the project in commercial operation, the Concessionaire shall be entitled to demand and collect annuity payment.

Audit observed (July 2023) that:

- The IE inspected the work on 28 November 2020 and found that the work has been completed and issued Completion Certificate (30 November 2020).
- The stipulated date of completion was 24 January 2021, and COD was achieved by the Concessionaire on 30 November 2020 (*i.e.,* 55 days prior to the stipulated date).
- The Concessionaire claimed a bonus for 236 days as per Article 23.5 of the CA on 14 December 2020.
- However, the division paid the bonus for 179 days (August 2021) instead of 55 days by considering 124 days for early achievement of fifth milestone and 55 days for early achievement of COD.
- The payment of bonus for 124 days for fifth milestone is not correct as it is not provided in Article 23.5 of the CA which has resulted in irregular payment for ₹ 1.34 crore as shown in ***Appendix 2.6.1***.

On this being pointed out (August 2024), the Chief Engineer, PWR Amravati confirmed (October 2024) the facts and figures mentioned therein and stated that GoM vide resolution (29 July 2020) granted extension of six months to all the project affected during the COVID period. Hence, SCD was extended up to 24 July 2021. Accordingly, the Concessionaire had claimed bonus for 236 days by considering COD achieved on 30 November 2020 (30 November 2020 to

24 July 2021). However, the department allowed Early Completion Bonus for 179 days only.

CE further revised his reply and stated (January 2025) that the IE issued Provisional Completion Certificate for the Project declaring it provisionally fit for entry into commercial operation from 28 July 2020. Hence, the Concessionaire was eligible for bonus from 28 July 2020. Considering the Provisional Certificate, the bonus payable to the contractor was for 179 days (i.e. 29 July 2020 to 24 January 2021) which comes to ₹1.93 crore and was paid to the Concessionaire against his claim of ₹ 2.83 crore.

The initial reply of the CE is not acceptable as the Concessionaire completed the project within stipulated period without requiring any extension. No reply for irregular payment of bonus for early achievement of fifth milestone was furnished by the CE. The revised reply of the CE is also not acceptable as:

1. The SE issued the COD order on 25 February 2021 mentioning the COD as 30 November 2020 and ordered the annuity payment to start from 01 May 2021 (six months from the COD).
2. The Concessionaire in his letter of 14 December 2020 addressed to Executive Engineer PW Division, Washim (EE) himself mentioned that work is completed on 30/11/2020.
3. As stated above, the EE paid bonus for 124 days for early achievement of fifth milestone and 55 days for early achievement of COD, considering the COD achieved on 30 November 2020.
4. The IE issued the final Completion Certificate with COD on 30 November 2020 mentioning that project road is fit for entry into commercial operation.
5. The annuity payments were made by considering the COD on 30 November 2020.

This indicated that COD was achieved on 30 November 2020 and as such Concessionaire was eligible for bonus for 55 days only. The bonus amount of ₹ 1.34 crore paid for early achievement of fifth milestone was irregular as there was no provision in article 23.5 of the CA for early achievement of milestone and the same is required to be recovered from the Concessionaire.

The matter was reported to the Government (September 2025); reply is awaited.

DIRECTORATE OF AVIATION
(GENERAL ADMINISTRATION DEPARTMENT)

2.7 Avoidable expenditure of ₹ 2.07 crore

Avoidable expenditure of ₹ 2.07 crore due to delay in appointment of the Maintenance, Repair and Overhaul agency for H-145 Helicopter

With a view to facilitate easy access to anti-Naxalite operations in district of Gadchiroli and other surrounding areas, GoM decided (May 2018) to purchase a helicopter to be stationed at Nagpur. Accordingly, the Directorate of Aviation[40] (DoA), GoM, purchased (July 2019) H-145 (VT-GOV) Helicopter from

[40] Established for operations and maintenance of airplanes and helicopters owned by the Government of Maharashtra and works under Additional Chief Secretary (Civil Aviation).

M/s Airbus Helicopters, Germany at a cost of ₹ 82.78 crore. The Helicopter was received on 18 September 2019 and its acceptance test flight was undertaken on 25 September 2019.

Under Rule 15 of the Aircraft Rules, 1937, an aircraft may be flown only with a valid Certificate of Airworthiness, issued after confirming conformity to the approved type design and safe condition. Rule 133B of the Aircraft Rules, 1937 requires that aircraft maintenance organizations be DGCA approved, as implemented through Civil Aviation Requirement (CAR) 145. Therefore, an agency for Maintenance, Repair and Overhaul (MRO) was to be appointed to perform the mandatory ground run/cranking on the helicopter engine and daily checks with pre-flight turn around/post flight inspection to keep the helicopter in airworthy condition. Due to non-finalisation of MRO, the Helicopter was put under short term preservation in storage by the supplier on 26 September 2019 for a period of three months.

Audit observed (July 2024) that DoA, GoM, Mumbai appointed M/s Indamer Aviation Pvt. Ltd., Mumbai as MRO agency on 13 July 2020 which was after a lapse of about 10 months from the date of receipt of the helicopter. Due to delay in appointing MRO, the Helicopter was compulsorily kept for short term preservation of three months as the mandatory ground run/cranking on the helicopter engine and daily checks with pre-flight turn around/post flight inspection to keep the helicopter in airworthy condition, could not be performed.

Since the Helicopter had remained out of maintenance till July 2020 due to non-finalization of tender of MRO, it required Return to Service (RTS) to bring it back in service. For execution of the RTS work, prior permission of the Directorate General of Civil Aviation[41] (DGCA), (Government of India) was required. The DoA sought (18 August 2020) permission from the Deputy Director General of Civil Aviation, (GoI), Mumbai working under DGCA, which was accorded on 4 September 2020. The work of RTS was given to the MRO agency on 5 September 2020 followed by multiple ground runs and test flights which ended on 1 December 2020. An amount of ₹ 2.07 crore was paid to the MRO agency for the RTS work.

The Deputy Director General of Civil Aviation issued Airworthiness Certificate for Helicopter on 2 December 2020 and finally, it was used on 19 February 2021 *i.e.,* after 1 year and 5 months from the date of handing over on 25 September 2019.

Thus, the delay of about ten months in finalising the Maintenance, Repair and Overhaul (MRO) agency resulted in the helicopter not receiving the mandatory daily checks and engine ground runs required to maintain its airworthiness. Consequently, the helicopter had to be placed under short-term preservation and subsequently undergo Return to Service (RTS) procedures, for which an expenditure of ₹ 2.07 crore was incurred. The delay also rendered the helicopter unavailable for operational use for over 17 months from the date of delivery.

[41] The Directorate General of Civil Aviation is the regulatory body in the field of Civil Aviation primarily dealing with safety issues. It is responsible for regulation of air transport services to/from/within India and for enforcement of civil air regulations, air safety and airworthiness standards. It also co-ordinates all regulatory functions with International Civil Aviation Organisation.

The lapse indicates inadequate planning and weak contract management in the Directorate of Aviation, which led to avoidable expenditure.

On this being pointed out (July 2024), the DoA, Mumbai has not offered any comments even after repeated reminders. Matter has been referred to the Government (September 2025); reply is awaited.

(DATTAPRASAD SHIRSAT)
Accountant General (Audit-II)
Maharashtra, Nagpur

Nagpur
The 29 June 2026

Countersigned

(K. SANJAY MURTHY)
Comptroller and Auditor General of India

New Delhi
The 30 June 2026