

CHAPTER III

PERFORMANCE REVIEWS

This chapter contains performance reviews on Sarva Shiksha Abhiyan (3.1), Valmiki Ambedkar Malin Basti Awas Yojana (3.2), Computerisation of Employment Exchanges in Maharashtra (3.3), Information Technology review of SETU (Integrated Citizen's Service Centers) (3.4), Audit of grants-in-aid to educational institutions (3.5), Functioning of Dr. Babasaheb Ambedkar Technological University (3.6) and Food Security, Subsidy and Management of Foodgrains (3.7).

SCHOOL EDUCATION DEPARTMENT

3.1 Sarva Shiksha Abhiyan

Highlights

Sarva Shiksha Abhiyan, a programme aimed at Universal Elementary Education was launched in January 2001 to provide useful and relevant education for all children in the age group of 6 to 14 years by 2010. The objective was to have all children either in school, or in an education guarantee centre, or in an alternative schooling facility or back to a school camp, by 2003 (later modified as 2005). In Maharashtra, the programme was introduced from January 2002. Implementation of Sarva Shiksha Abhiyan in the State suffered due to under utilisation of funds, poor development of infrastructure in schools and inadequate monitoring of activities. More than one lakh children continued to remain 'out of school' even after implementation of Sarva Shiksha Abhiyan. With the present pace of implementation, achievement of the objectives of the Sarva Shiksha Abhiyan appeared to be a remote possibility.

During 2001-2005, only Rs 911.37 crore were available with Maharashtra Prathamik Shikshan Parishad against the approved outlay of Rs 2,155.87 crore; short release by Government of India and State Government was Rs 909 crore and Rs 335.50 crore respectively. Utilisation of available funds was poor during 2001-02 (nil) and 2002-03 (54 per cent).

(Paragraph 3.1.6.2)

As of March 2005, 370 out of 72,033 habitations did not have schooling facility. As of November 2005, 1.06 lakh children continued to remain 'out of school', out of 15.79 lakh identified in March 2002.

(Paragraph 3.1.7.1)

Despite availability of funds, only 37 per cent of civil works (construction of class rooms, toilets and provision of drinking water facilities) taken up could be completed as of March 2005, mainly due to land problem.

(Paragraph 3.1.8.1)

Though the teacher to pupil ratio in the State as a whole was adequate, this ratio in single teacher schools was low. Out of 76,407 primary and upper primary schools, 6,480 were single teacher schools.

(Paragraph 3.1.9)

Supply of textbooks to 8.06 lakh children was delayed upto six months, affecting the quality of education.

(Paragraph 3.1.11.2)

In eight districts, 1.07 lakh disabled children were identified. However, 858 disabled children were provided aid and appliances out of 5,521 selected for this purpose.

(Paragraph 3.1.12.1)

The Governing Council and the Executive Committee did not monitor the implementation of Sarve Shiksha Abhiyan regularly. The Council never met during 2002-2005.

(Paragraph 3.1.14.1)

3.1.1 Introduction

Sarva Shiksha Abhiyan (SSA), a Centrally sponsored scheme, was launched in January 2001 with the primary objective of universalisation of elementary education for all children in the age group six to 14 years by 2010, with the active participation of the community. The SSA is designed to subsume all other major educational interventions by the Government. All existing schemes of elementary education of the Central Government are to converge with SSA from April 2002. In Maharashtra, the programme was introduced from January 2002. However, no expenditure was incurred during 2001-02.

The objectives of the SSA are:

- to have all eligible children in schools, Education Guarantee Centres (EGC), alternate schools or 'Back to School' camps by 2003 (since revised to 2005 in March 2005);
- to ensure that all children complete five years of primary schooling by 2007;
- to ensure that all children complete eight years of elementary schooling by 2010;
- to bridge regional, gender and social category gaps at primary stage by 2007 and at elementary education level by 2010 and universal retention by 2010.

The objectives were sought to be achieved by enrolment of all 'out of school' children, supplementing existing infrastructure such as buildings, teaching material, text books, *etc.* and quality improvement through training and research.

3.1.2 Organisational set-up

At State level, State Project Director (SPD), Maharashtra Prathamik Shikshan Parishad (MPSP), Mumbai implemented the SSA in a mission mode with the

Chief Minister as Chairman of the Governing Council and the Chief Secretary as Chairperson of the Executive Committee. At District level, the District Project Office is headed by the Chief Executive Officer of Zilla Parishad (ZP) who implements the programme through District Education Officer (DEO) in the districts, Block Education Officer (BEO) in the block and the Panchayati Raj Institution and the Education Officers in the Municipal Corporations. At village level, Village Education Committee (VEC) consisting of Sarpanch of Gram Panchayat as Chairman, Headmaster of one of the Schools as Secretary and the Members¹ assist the basic education system in securing the co-operation and participation of local community.

3.1.3 Audit objectives

The audit objectives were to examine and assess whether:

- the components of the programme were need based and well designed;
- the funds were assessed carefully, provided timely and utilised efficiently as per the approved plan;
- the infrastructure provided to schools was adequate;
- the major interventions were carried out as per the norms fixed;
- the quality of educational standards has been effective as a result of implementation of SSA;
- the outreach of education for girls, SC/ST children and disabled children was optimum;
- a proper monitoring system was in place and was effective.

3.1.4 Audit criteria

Audit criteria used to assess the performance of SSA were:

- Annual Work Plans, standards of output and benchmark of performances for each component of the scheme.
- Norms for appointment of teachers and facilities to be provided in schools.
- Standards of education including curricula, teaching-learning material, teachers training.
- Coverage of special focus groups and achievements.

3.1.5 Audit coverage

The performance audit covered the period 2001-02 to 2004-05. It was conducted (April to October 2005) by a test check of records in the offices of the MPSP, School Education Department, Mantralaya, nine² districts including eight Zilla Parishads (ZPs) and 28 Block Education Officers (BEO), Education Officers of 11³ Municipal Corporations (MCs), and 162 schools under their jurisdiction. Mumbai District being capital district was selected

¹ Five to 15 members consisting of parents of the students, Panchayat Members, teachers, members of women organisation, minorities, Non-Government organisation, etc.

² Ahmednagar, Aurangabad, Jalgaon, Mumbai, Nagpur, Nanded, Nasik, Pune and Thane

³ Ahmednagar, Aurangabad, Jalgaon, Mira-Bhayandar, Mumbai, Nagpur, Nasik, Nanded, Pune, Pimpri-Chinchwad and Thane.

and eight out of the remaining 34 districts were selected through statistical random sampling method of probability proportional to size with replacement adopting total expenditure under SSA as the basis for selection.

An entry conference was held in April 2005 with the Secretary, School Education Department and Project Director, MPSP. The audit objectives, the audit criteria and audit coverage were discussed in the meeting. The audit methodology included discussions with the Executives, scrutiny of records maintained in various offices, review of the documents published by the MPSP. Basic information was gathered by issuing questionnaire and audit queries to the selected field offices.

The Social and Rural Research Institute (SRI), a specialist unit of Indian Market Research Bureau International (IMRB), was commissioned by Audit for assessing the impact of the SSA from the perspective of the beneficiaries and their parents. The sampling methodology design for the beneficiary assessment is given in **Appendix 3.1**.

In Maharashtra, SRI covered a total of 351 primary sampling units (207 in urban areas and 144 in rural areas) in January 2006 for the assessment of SSA. A total of 39,820 households were listed, out of which 18,974 were found eligible. Of them, 6,695 households were covered for the study. Their findings have been incorporated in this report wherever found appropriate. The summaries of the findings of the survey are given in **Appendix 3.2**.

Audit findings

3.1.6 Financial Management

3.1.6.1 Funding pattern

The assistance given by the Government of India (GOI) under SSA was on 85:15 sharing basis during Ninth Plan (2001-02), 75:25 during the Tenth Plan (2002-07) and would be 50:50 thereafter. The GOI was to release the assistance directly to MPSP. The State Government was to transfer its share to the MPSP within 30 days of the receipt of the GOI share. Funds were then to be transferred by MPSP to the ZPs and the MCs for implementation of the programme. The appraisal and approval of plans was to be completed in time to meet the proposed expenditure of the first six months out of the first instalment, which was to be released by 15 April. Further, the instalments were to be released only after transfer of State's matching share to the MPSP and expenditure to the extent of at least 50 *per cent* of the available funds (Central and State) had been incurred.

3.1.6.2 Financial outlay and expenditure

The year-wise details of the annual approved outlay, funds released by the GOI and State Government and expenditure incurred are given in the following table and the intervention-wise expenditure is given in **Appendix 3.3**.

(Rupees in crore)

Year	Annual outlay approved by Project Approval Board			Funds received by Maharashtra Prathamik Shikshan Parishad from			Expenditure out of funds available (percentage)
	GOI share	State Government share	Total	GOI	State Government	Total	
2001-02	88.82	15.67	104.49	48.18	00.00	48.18	Nil (0)
2002-03	323.41	107.81	431.22	110.00	19.90	129.90	96.71 (54)
2003-04	573.58	191.19	764.77	205.27	89.63	294.90	333.64 (89)
2004-05	641.54	213.85	855.39	354.90	83.49	438.39	385.16 (80)
Total	1627.35	528.52	2155.87	718.35	193.02	911.37	815.51 (89)

No expenditure was incurred during 2001-02 and only 54 per cent of available funds were utilised in 2002-03

GOI share of the approved outlay for SSA for 2001-02 was Rs 88.82 crore against which GOI released (July 2001-March 2002) Rs 48.18 crore. State Government introduced the scheme in the State only in January 2002 and did not make provision for its share (Rs 15.67 crore) in the budget for 2001-02. Consequently, GOI did not release the balance provision of Rs 40.64 crore for 2001-02 and permitted (May 2002) the State Government to utilise the unspent amount during 2002-03. As the Scheme was evolved on the recommendations of the State Education Ministers' conference held in October 1998, the State Government was expected to be in readiness to implement the programme as and when launched by GOI. MPSP stated that the State Government did not make appropriate budget provision for SSA during 2001-02.

The Project Approval Board (PAB) approved a total outlay of Rs 2,155.87 crore during the years 2001-2005. The MPSP, however, received only Rs 911.37 crore (42 per cent) from Central and State Governments. Thus, there was an overall shortfall of Rs 1,244.50 crore in release of funds during 2001-2005. Of the funds available, the MPSP utilised Rs 815.51 crore (89 per cent) and unspent balance of Rs 95.86 crore was lying with it.

There were delays ranging from two to five months in release of funds both by GOI and State Government

As per the scheme guidelines, GOI was to release the grants to meet the proposed expenditure of the first six months by 15 April. It was, however, seen that there were delays ranging from two to five months in release of funds by the GOI. The State Government's share was also released with delays up to five months. MPSP not only failed to mobilise resources but also failed to utilise available funds and thus lacked in providing expected impetus to the implementation of SSA in the State.

3.1.6.3 Unspent funds of existing schemes of elementary education

All existing schemes of elementary education of the Central Government were to converge with SSA from the Tenth Five Year Plan. It was observed that as of November 2005, MPSP did not transfer the unspent amount of Rs 1.52 crore under District Primary Education Programme closed in June 2003 to the SSA fund.

3.1.6.4 Parking of funds

SSA funds of Rs 148 crore were kept in fixed deposit in contravention of the scheme guidelines

Under SSA, each entity was to open a savings bank account in any nationalised or scheduled bank at the district level and any nationalised or scheduled bank or post office at the block and village level. Scrutiny revealed (November 2005) that during 2002-2004, MPSP invested Rs 148 crore in fixed deposits and earned interest of Rs 7.21 crore. Parking of funds in term deposits was irregular. The MPSP, however, continued to park funds in fixed deposits and again parked Rs 3.29 crore between April and November 2005 in fixed deposits.

SSA funds of Rs 1.47 crore kept in Co-operative bank which failed to honour withdrawals

In May 2001, MPSP instructed the ZPs to open savings bank accounts in District Central Co-operative Bank (DCC Bank). This order was withdrawn in September 2002 with directions to open savings bank accounts in State Bank of India for crediting SSA funds. Contrary to these directions, the schools under the ZP, Nanded continued to keep the scheme funds in Nanded DCC Bank. It was noticed that since September 2004, the school authorities could not utilise SSA funds to the extent of Rs 1.47 crore, as the DCC Bank was unable to honour withdrawals due to its poor financial condition. Thus, failure of the schools in adhering to the instructions affected implementation of various interventions under SSA and locking of funds.

Scrutiny revealed that Brihanmumbai Municipal Corporation (BMC) did not open savings bank accounts in any nationalised banks as of October 2005 to deposit Rs 11.50 lakh received (2004-05) under the National Programme for Education of Girls at Elementary Level.

Similarly Municipal Corporations Pimpri-Chinchwad and Pune and Zilla Parishad Ahmednagar received Rs 3.27⁴ crore for civil works under SSA in 2003-05. The amounts were transferred to the Municipal Corporation Fund account, Primary education fund account and ZP cess account.

3.1.6.5 Submission of utilisation certificate

MPSP did not submit utilisation certificates for Rs 4.28 crore received for the pre-project activity

MPSP was to submit utilisation certificates (UCs) of grants to the Central and State Governments within nine months of the close of the financial year. MPSP submitted the UCs for the year 2002-03 to GOI in October 2004 *ie.*, after a delay of 10 months. However, the UCs for the amount of Rs 4.28 crore received during 2001-02 for the pre-project activity was not submitted.

The school authorities were also required to submit utilisation certificates in respect of grants received to the concerned authorities within one month after the close of the financial year.

UCs for Rs 48.54 lakh were not received from 864 schools

Test-check of records of the two MCs⁵, seven blocks⁶ and Inspector of schools, North Zone, Mumbai revealed that during 2002-2005 grants of Rs 3.64 crore and Rs 77.46 lakh were distributed respectively to 3,662

⁴ Pimpri-Chinchwad: Rs 1.56 crore; Pune: Rs 0.87 crore and ZP Ahmednagar : Rs 0.84 crore

⁵ Aurangabad and Pimpri-Chinchwad

⁶ Bhokar, Kandhar, Khed, Nanded, Paithan, Pathardi and Shirur

Government and 1,265 private schools. Utilisation certificates from 1,831 Government schools for Rs 1.64 crore for the years 2002-05 and from 864 private schools for Rs 48.54 lakh for the year 2003-04 were not received. This indicated poor monitoring of implementation of the scheme.

3.1.7 Programme Implementation

3.1.7.1 Profile of access of schooling and enrolment

As of March 2005, 370 habitations remained without access to schooling

As of 2002-03, total number of habitations in the State was 72033. Out of these, 3,281 habitations were without any schooling facility. During 2003-2005, Government did not open new primary schools. However, in most of the villages Vastishala (alternate schools) were opened. As of March 2005, 370 habitations (0.51 *per cent* of total habitations) were without access to schooling. MPSP stated (November 2005) that these habitations would be covered during 2005-06. Survey report of the SRI, however, revealed that 2.1 *per cent* of villages and 3.8 *per cent* of the urban blocks were without any schooling facility.

As of November 2005, 1.06 lakh children were 'out of school', out of the 15.79 lakh identified in March 2002.

Survey by SRI disclosed that about 28 children per 1000 'out of school'

Out of 1.75 crore children in the State in the age group of six to 14 years, 15.79 lakh children were identified in February and March 2001 as 'out of school'. Of them, 14.43 lakh children were covered up to November 2004. The second survey conducted in December 2004, however, indicated 4.29 lakh children as 'out of school'. MPSP stated (December 2005) that 3.23 lakh more children were covered in regular and alternate schools leaving only 1.06 lakh children 'out of school' (0.63 *per cent* of 1.67 crore children population as of November 2005). Thus, the objective of SSA to have all the children to be enrolled by 2003 was not achieved by November 2005. Beneficiary survey by SRI, however, revealed that about 28 children per 1000 (2.8 *per cent*) in the age group of six to 14 years were 'out of school' in Maharashtra. In rural areas, 36 out of 1000 children and 19 out of 1000 children in urban areas were 'out of school'.

'Drop out' rate of children, which was four *per cent* during 2001-02 increased to six *per cent* in 2004-05

In 162 schools test checked, it was noticed that the 'drop out' rate of children was four *per cent* during 2001-02 when the implementation of SSA was not started in the State. However, the dropout rate increased to six *per cent* during the years 2002-2005.

3.1.7.2 Pre-project activities

Approach of SSA is planning with habitation as a unit of planning and habitation plans formed the basis for formulating the district plans for implementation of SSA. GOI released (2001-02), Rs 4.28 crore for conducting pre-project activities for micro planning, house hold surveys, studies, community mobilisation, school based activities, etc. for identifying the focus areas for implementation of SSA in the State. MPSP, however, did only house hold survey. It, however, could not produce any records to indicate that State level perspective plans and other pre-project activities were conducted. As

such, Audit could not assess whether the results of pre-project activities were used for planning and implementation of SSA.

Major interventions under Sarva Shiksha Abhiyan

3.1.8 Civil works

3.1.8.1 Delay in completion of works

Despite availability of sufficient funds, completion of civil works was delayed; 705 works remained incomplete after spending Rs 10.41 crore

SSA allowed expenditure on civil works up to a ceiling of 33 *per cent* of entire project cost. The civil works were to be executed through Village Education Committee (VEC). As against Rs 623 crore provided (2002-2005) for 54,658 civil works, 19,999 civil works were completed (2003-2005) after incurring an expenditure of Rs 309 crore. MPSP attributed (November 2005) the delay in completion of works to delay in approving the works by the State Government. Scrutiny revealed (November 2005) that 705 works in 31 blocks of seven⁷ districts, on which expenditure of Rs 10.41 crore was incurred during 2003-2005 remained incomplete for one to 15 months from the scheduled date of completion due to water scarcity, local problems of VECs and land problems.

Further, in seven blocks, 42 works, on which expenditure of Rs 39.80 lakh was to be incurred, were either not started or stopped mainly due to land problem resulting in blocking of money.

3.1.8.2 Infrastructure facilities in the schools

SSA stipulated provision of drinking water, toilets for boys and girls, boundary wall, play ground and black board *etc.*, in the schools. It was, however, observed that a large number of schools did not have the basic facilities as detailed below:

Year	Total numbers of schools in State	Number of schools not having facilities (percentage in bracket)					
		Boundary wall	Play ground	Girls toilets	Common toilets	Drinking water	Black board
2002-03	74534*	33946 (45)	25392 (34)	46751 (63)	41467 (56)	13924 (19)	4257 (6)
2003-04	77487	34056 (44)	26212 (34)	46400 (60)	40453 (52)	14804 (19)	581 (1)
2004-05	76407*	33602 (44)	24330 (32)	43187 (57)	36092 (47)	14835 (19)	3680 (5)

* Figures are excluding Mumbai as the department did not furnish data in respect of Mumbai

Infrastructure facilities in schools were inadequate

Poor infrastructure facilities in the schools adversely impacted the enrolment, retention and also quality of education to children.

Beneficiary survey by SRI disclosed that about 3.4 *per cent* of primary schools, 3.5 *per cent* of upper primary schools and 5.2 *per cent* of high schools with upper primary sections were operating in *Kuccha* structures, which are basically not structurally stable and hence not suitable for running an

⁷ Ahmednagar, Jalgaon, Nagpur, Nanded, Nasik, Pune and Thane

institution like a school. In 25.3 *per cent* of primary schools, 12.6 *per cent* of upper primary schools and 12.5 *per cent* of high schools with upper primary sections, the structures were *semi-Pucca*. Interestingly, 0.4 *per cent* of primary schools and 0.9 *per cent* of upper primary schools did not have any building at all.

Quality of education

3.1.9 Single teacher schools

The quality of education suffered due to deployment of the single teacher in the schools

The reports of MPSP on SSA for 2002-03 and 2003-04 indicated that the teacher to pupil ratio (TPR) in the State was 1:36. During 2004-05 the TPR was 1:37. The position was better than the prescribed norm of 1:40. Further, the SSA guidelines stipulate that the schools should have at least two teachers and no school should be with a single teacher. Scrutiny of records of MPSP, however, revealed that during 2002-03 and 2003-04 the number of single teacher schools were 8,735 and 7,441 respectively. During 2004-05, out of 76,407 primary and upper primary schools, 6,480 were single teacher schools.

In eight⁸ test checked blocks and three⁹ test checked MCs it was noticed that the TPR ranged between 1:48 and 1:92 during 2002-03 and 2003-04, due to deployment of only one teacher in the schools. MPSP admitted (November 2005) that the quality of education in these schools suffered due to deployment of single teacher.

As per the SRI report the TPR in primary schools, upper primary schools and in upper primary section of high schools were 1:41, 1:33 and 1:31 respectively.

3.1.10 Research and training

3.1.10.1 Teacher's training

Despite availability of funds, the targets for training of teachers were not achieved

SSA stipulated capacity building for teachers through 20 days in-service course for all teachers, 60 days refresher course for untrained teachers and 30 days orientation for freshly trained recruits. District Institute of Education and Training (DIET) were to conduct these courses at district level. Test-check revealed that in three¹⁰ BEOs, three¹¹ MCs, ZP Nagpur and in Education Inspector, South Mumbai, out of 78,921 teachers targeted for training during 2002-05, only 51,097 teachers (65 *per cent*) were imparted training and 27,824 (35 *per cent*) teachers remained to be trained. It was further observed in three¹² test checked ZPs, that out of Rs 58.09 lakh released by the CEOs to the DIETs for imparting training to teachers, Rs 28.45 lakh (49 *per cent*) were utilised and the balance of Rs 29.65 lakh remained unutilised with DIET. Thus, the targets for training of teachers were not achieved despite availability of funds.

⁸ Bhokar, Daund, Kamptee, Kandhar, Katol, Nanded, Trimbak and Umred

⁹ Aurangabad, Mira-Bhayandar and Nasik

¹⁰ Chandwad, Khed and Palghar

¹¹ Pimpri-Chinchwad, Pune and Mira-Bhayander

¹² Aurangabad, Jalgaon and Pune.

3.1.10.2 Utilisation of funds under research and evaluation

Only 32 per cent of funds were utilised under research and evaluation

As per the guidelines of SSA research and evaluation activities have to be undertaken by the Department within the specified period and the research findings disseminated to facilitate quality improvement in teaching / learning. Against the provision of Rs 33 crore during 2002-05, only Rs 10.72 crore (32 per cent) was spent as of March 2005 towards conducting of seminars, workshops and exhibitions, etc., indicating meagre expenditure on research activities.

3.1.11 Procurement

Provisions have been made for various grants under SSA to schools for procurement of teaching equipment, preparation of teaching learning material, assisting schools upgraded from EGS to primary schools to buy equipment and also in order to integrate disabled children with the mainstream education.

3.1.11.1 Supply of computers

Due to non-supply of educational software, students were deprived from computer education

To provide computer education to children in simplified manner, a computer laboratory consisting of five computers along with peripherals and education software was to be established in selected upper primary school. To establish 540 laboratories in all the districts, MPSP paid Rs 9.04 crore during the period March 2004 to March 2005 to the suppliers. The suppliers completed (September 2004) installation of 1,445 computers in 289 laboratories and supply order of educational software for these computers was placed in April 2005 by MPSP. Out of these, educational software was installed in 1,194 computers as of July 2005 leaving 251 computers without educational software. Further, supply order of educational software for 251 laboratories (1,255 computers installed in July 2005) had not been placed as of November 2005. Thus, due to delay in placing supply orders for educational software, the laboratories were not put to use depriving the students from computer education.

Beneficiary survey by SRI disclosed that about 10.4 per cent of primary schools, 6.5 per cent of upper primary schools and 2.1 per cent of high schools with upper primary sections reported that no teaching learning material had been provided.

3.1.11.2 Supply of textbooks

Eight lakh students did not receive text books in time

Text books were to be provided free of cost to all girls and SC/ST boys of Standards I to VIII before commencement of the academic session. Scrutiny of the records of 19 blocks¹³, six MCs¹⁴ and Inspectors of schools (South and West Mumbai) revealed that during the year 2004-05, 6.02 lakh students received part consignment of text books three months after commencement of the session and 2.04 lakh students received the books more than three to six

¹³Bhiwandi, Bhokar, Chandwad, Dahanu, Daund, Jamner, Kalwan, Kamptee, Kandhar, Kannad, Katol, Khed, Palghar, Rahuri, Raver, Shahapur, Trimbakeshwar, Umred and Wasai.

¹⁴Ahmednagar, Aurangabad, Mira-Bhayandar, Pimpri-Chinchwad, Pune and Thane.

months after the commencement of session. The delay in supply of the text books might have affected the quality of education of the children.

SRI survey revealed that while 84 *per cent* of primary schools, 91.3 *per cent* of upper primary schools and 91.7 *per cent* of high schools with upper primary sections reported that girl children were given free text books, about 86.3 *per cent* of primary schools, 90.4 *per cent* of upper primary schools and 92.7 *per cent* of high schools with upper primary sections reported that free text books are given to the SC and ST students in the schools.

3.1.12 Coverage of special focus groups

3.1.12.1 Providing aid and appliances to the disabled children

Only 858 disabled children were provided aid and appliances out of 5,521 selected

SSA provided that every child with special needs, irrespective of kind, category and degree of disability should be provided education in appropriate environment. It was noticed in 10¹⁵ MCs in eight test checked districts that 1.07 lakh children were identified (2003-2005) as children with special needs (CWSN). Out of 51,738 CWSN present (March 2004 to February 2005) in various camps organised at district/sub-district level, 5,521 CWSN were selected for providing aid and appliances. However, the aid and appliances were provided to only 858 CWSN (16 *per cent*). MPSP attributed the failure to the Artificial Limbs Manufacturing Corporation of India for non-supply of sufficient number of appliances for the CWSN.

3.1.12.2 Construction of ramps

Due to ramps constructed with steep slope, disabled children were deprived from easy access to classrooms

To facilitate easy access to the CWSN in school premises, ramp with a slope of 1:12 feet with supporting structure was to be constructed. During test-check it was noticed that in 13 blocks¹⁶ and three MCs¹⁷, 151 ramps were constructed with the slope ranging between 1:6 and 1:9. Thus, due to steep slope of the ramps, disabled children were deprived from easy access in school premises, which rendered the expenditure of Rs 7.55 lakh on construction of these ramps unfruitful. Further, in seven blocks and three MCs grant of Rs 5.90 lakh was released to 125 schools for construction of ramps even though the classrooms were located at ground level. Though the schools did not have requirement of ramps, none of these schools returned the amounts to the BEOs and the MCs.

¹⁵ Ahmednagar, Aurangabad, Jalgaon, Mira-Bhayandar, Nagpur, Nanded, Nashik, Pune, Pimpri-Chinchwad and Thane

¹⁶ Bhokar, Chandwad, Jamner, Kandhar, Kalwan, Kamptee, Kannad, Katol, Muktainagar, Parner, Pathardi, Rahuri and Trimbak

¹⁷ Ahmednagar, Mira - Bhayandar and Nanded

3.1.12.3 Model cluster schools for girls

Due to delay in completion of model cluster schools, the objective of giving special facilities for girls for education at elementary level was not fully achieved

One hundred sixty seven model cluster schools (MCS) for girls were to be constructed (38 in 2003-04 and 129 in 2004-05) initially in nine¹⁸ districts for which provision of one time grant upto a maximum of Rs 2 lakh for each school was payable to the Village Education Committee. It was, however, observed that as of March 2005, 56 MCS were constructed and 94 were stated to be in progress. Works for 17 MCS had not been commenced even though funds were available. MPSP attributed the reasons for non-commencement of the work to delay in according administrative approval, delay in finalisation of location of schools and delay in appointment of Engineers. Thus, the objective of giving special facilities for the girls for education at elementary level was not fully achieved.

3.1.13 Involvement of community leaders and Non-Government organisations

3.1.13.1 Involvement of community leaders

Only 57 per cent of the community leaders were trained

SSA conceives a vibrant partnership with the community leaders and the NGOs in the area of capacity building, both in community and resource institutions. Under SSA, several activities such as research, evaluation and monitoring, mainstreaming 'out of school' children, organising community for capacity development for planning and implementation and work in the sphere of disability among children are proposed to be done in partnership with NGOs. SSA also envisaged providing of training to at least four community leaders per village plus two per schools. In urban areas and in revenue villages covering a vast area, training to three community leaders per school was envisaged. Scrutiny revealed that against 8.18 lakh community leaders required to be trained, only 4.65 lakh (57 per cent) were trained in the State during 2002-2006.

MPSP attributed the shortfall in training to the disinterest of some of the community leaders. It might have, however, affected the formation of Education committees in the schools.

SRI observed that in about 61.9 per cent of schools the community members had been trained under SSA. SRI also observed that about 39.3 per cent of primary schools, 32.6 per cent of upper primary schools and 14.6 per cent of high schools with upper primary sections had education committees formed of the community members.

3.1.13.2 Inadequate involvement of Non-Government organisations

One hundred EGC of NGOs did not continue for the stipulated period depriving 1,615 children from education

Government introduced (October 2000) Mahatma Phule Education Guarantee Scheme (MPEGS) on the lines of Education Guarantee Centres (EGC) for involving NGOs under SSA for coverage of 'out of school' children including child labourers. The MPEGS was to be implemented through registered NGOs who are supposed to continue the EGC for a minimum period of two years. In

¹⁸ Beed, Gadchiroli, Hingoli, Jalna, Nanded, Nandurbar, Nashik, Parbhani and Thane

eight¹⁹ sample blocks and three²⁰ sample MCs it was seen (June-July 2005) that to cover 60,921 'out of school' identified (2002-2005) children, 1,182 EGCs were opened by the NGOs and 25,061 'out of school' children were enrolled as of March 2005. It was also observed that 100 EGC run by NGOs under MPEGS did not complete the stipulated period of two years. As a result, Rs 5.27 lakh paid to the NGOs were rendered unfruitful and 1,615 children were deprived from primary education. Thus, the objective of bringing the 'out of school' children in the mainstream with the help of NGOs was not fully achieved.

3.1.14 Monitoring and Evaluation

3.1.14.1 Inadequate monitoring and evaluation

Monitoring by Governing Council and Executive Committee was not adequate

The Governing Council was to meet at least twice in a year. However, during 2002-2005 no meetings were held. State level Executive Committee headed by the Chief Secretary was to meet once in three months. The committee, however, met 10 times during 2002-2005. In the State, work of monitoring of SSA had been entrusted to Shrimati Nathibai Damodar Thackersey (SNDT) Women's University, Mumbai, which was to submit the report to Maharashtra State Council of Educational Research and Training, Pune. The SNDT University had taken up the evaluation of the basic assessment survey of four districts during August-September 2004. The final report was not submitted as of November 2005.

Appraisal mission had not been established so far in the State

Similarly, an appraisal mission in the State constituted by GOI was to carry out appraisal in the initial years. Once adequate capacity had been built, this exercise was to be undertaken at the State level. It was, however, observed that the appraisal mission was not constituted as of November 2005.

MPSP stated that such an appraisal mission had not been established so far in the State. As such there was no regular monitoring of SSA programme. The programme was thus deprived of the benefit of guidelines/directions and policy inputs from the Executive Committee and the Governing Council periodically.

3.1.14.2 Internal Audit

The quantum of internal audit by MPSP during 2002-2004 was inadequate

Internal Audit is one of the important controls that examines the adequacy and effectiveness of other controls throughout the organisation. As per SSA guidelines, the State Project Director should introduce proper internal audit system to ensure proper utilisation of scheme funds. It was, however, observed that internal audit wing of MPSP conducted (2002-03) internal audit only in Mumbai and six²¹ districts (2003- 04). The MPSP stated (November 2005) that due to inadequate staff, Chartered Accountants were appointed as Internal Auditors who had completed the internal audit for 2004-05. The quantum of internal audit by MPSP during 2002-04 was not sufficient to assure that there

¹⁹Bhokar, Daund, Kamptee, Kandhar, Katol, Nanded, Trimbak and Umred

²⁰ Municipal Corporations Nanded, Nasik and Pimpri-Chinchwad

²¹ Kolhapur, Raigad, Sangli, Satara, Sindhudurg and Thane

was no misutilisation including misappropriations of funds, if any, at the level of SSA implementing agencies.

3.1.15 Conclusion

Implementation of SSA was delayed in the State and utilisation of scheme funds was very low in the initial two years. Against Project Approval Board's approved outlay of Rs 2,155.87 crore for 2001-2005, though MPSP received only Rs 911.37 crore (42 *per cent* of the approved outlay), it had an unspent balance of Rs 95.86 crore as of March 2005. Schooling facility was not available in 370 habitations. Despite availability of funds, only 37 *per cent* (20,000) of the targeted civil works were completed as of November 2005. About 1,500 schools did not have drinking water facility and 36,000 schools had no toilets. As of November 2005, more than one lakh children were 'out of school'. Due to deployment of only one teacher in the schools, teacher pupil ratio (in the test checked units) ranged between 1:48 and 1:92 as against the norm of 1:40. Due to delayed supply of educational software, computers were not put to use and children were deprived of computer education. Aid and appliances were not provided to disabled children as required. Construction of ramp with steep slope affected easy access of the children with special needs in school premises. The Governing Council and the State Executive Committee did not adequately monitor the implementation of SSA, as a result the programme was denied their valuable inputs and directions.

3.1.16 Recommendations

For successful implementation of the programme Government may consider the following:

- Release the funds as per the annual plans approved by the Project Approval Board;
- Speed up all the interventions of SSA so as to optimise utilisation of funds;
- Encourage community participation so as to achieve the target of cent *per cent* enrolment of "out of school" children;
- Complete all civil works on priority basis so as to provide basic facilities to the children and ensure providing aids and appliances for the disabled children and
- Ensure regular meeting of the Governing Council and the Executive Committee so as to provide necessary inputs for effective implementation of SSA.

These points were reported to the Secretary to Government of Maharashtra in October 2005. Reply had not been received (October 2006).

HOUSING DEPARTMENT

3.2 VALMIKI AMBEDKAR MALIN BASTI AWAS YOJANA

Highlights

Government of India introduced the Valmiki Ambedkar Malin Basti Awas Yojana in December 2001 with the objective of providing shelters or upgrading the existing shelters for people living below the poverty line and members of other weaker sections in urban slums. In Maharashtra identification of the beneficiaries was not done in accordance with the scheme guidelines, utilisation of funds was slow and only half of the approved dwelling units were completed.

The Deputy Collector, Mumbai and the Latur Municipal Council selected 18,463 beneficiaries in violation of the selection criteria.

(Paragraph 3.2.6)

In Dhule, the beneficiaries did not take possession of 510 dwelling units, completed during 2003-2004 at a cost of Rs 2.04 crore, as the convenience of the beneficiaries was not ensured by the Municipal Corporation.

(Paragraph 3.2.6.2)

Though sanitary latrines were an integral part of the dwelling units to be constructed under the scheme, 13,539 dwelling units were constructed without sanitary latrines under three Regional Boards.

(Paragraph 3.2.6.3)

In Amravati and Pune regions, 23,047 beneficiaries were provided dwelling units but the title/patta of land was not conferred on them, though required under the scheme guidelines.

(Paragraph 3.2.6.4)

As of March 2006, programme funds of Rs 209.67 crore and Rs 1.66 crore were lying unutilised with the Maharashtra Housing Area and Development Authority and its Regional Boards. Interest earned on VAMBAY funds was not transferred to the scheme accounts.

(Paragraphs 3.2.7 and 3.2.7.1)

Scheme funds of Rs 4.86 crore kept in a deposit account were shown as utilised by the Regional Board, Nashik.

(Paragraph 3.2.7.5)

3.2.1 Introduction

In Maharashtra, more than one crore people (about one-fourth of the total urban population) were living in urban slums. Government of India (GOI) introduced a scheme called the Valmiki Ambedkar Malin Basti Awas Yojana (VAMBAY) in December 2001 for upgrading urban slums as a supplement to the National Slum Development Programme (NSDP). The primary objective

of VAMBAY was to provide shelters or upgrade the existing shelters for people living below the poverty line (BPL) and members of economically weaker sections who did not possess shelters in urban slums. The scheme also aimed to provide a healthy and enabling urban environment. The cost of the scheme was equally shared by the Central and the State Governments. In September 2002, Government of Maharashtra (GOM) decided to implement VAMBAY in 62 cities, each having a population of 50,000 or more, as per the 1991 census. They also decided (January and May 2004) to implement the scheme in 18 more cities, each having a population of 50,000 or more, as per the 2001 census. The main components of the scheme were construction and delivery of dwelling units (DUs) with sanitary latrines, upgradation of the existing DUs and construction of community toilets.

3.2.2 Organisational set-up

VAMBAY was implemented by the Housing Department in the State. The Maharashtra Housing and Area Development Authority (MHADA) was the nodal agency for implementation of the scheme. The Mumbai Slum Improvement Board (MSIB) executed the scheme in Mumbai city. The respective Councils/ Corporations prepared the estimates and the detailed project reports (DPR) in respect of the areas under them and submitted them to the Chief Officers of six Regional Boards (RBs) of MHADA, who implemented the scheme in all other areas. A State Level Coordination Committee (SLCC), under the Chairmanship of the Principal Secretary, Housing Department, monitored the implementation of the scheme. The RBs or the beneficiaries themselves constructed the DUs and the community toilets were constructed by the Urban Local Bodies (ULBs).

3.2.3 Audit objectives

The audit objectives were to assess whether:

- adequate information was available with the Government and the nodal agency for implementation of the scheme;
- identification of the beneficiaries was in accordance with the scheme guidelines and the norms fixed by GOM;
- the intended benefits as envisaged in the scheme could be provided to the targeted people;
- adequate funds were released by MHADA for smooth implementation of the scheme and their utilisation and
- the monitoring system for the scheme was in place and was effective.

3.2.4 Audit criteria

The audit criteria adopted for arriving at the audit findings and conclusions were as under:

- procedure prescribed in the guidelines for preparation of estimates and submission of detailed project reports, census data on urban slum population;
- norms and procedure for identification of beneficiaries;

- guidelines set for execution of the projects and distribution of the dwelling units to the selected beneficiaries;
- financial codes and rules as well as instructions from the Central and State Governments regarding utilisation and accounting of the scheme funds and
- prescribed mechanism for monitoring and co-ordination.

3.2.5 Audit coverage and audit methodology

Performance audit of the scheme was conducted (April to June 2006) covering the period 2001-06, by test-check of records and collection of data in the Housing Department, MHADA and its five²² Regional Boards (out of six), the MSIB and 17²³ out of 62 ULBs. In the entry conference (May 2006), audit objectives and audit criteria were discussed with the Principal Secretary, Housing Department, the Chief Engineer and the Finance Controller of MHADA. Exit conference was held (September 2006) with the Government to discuss the audit findings and their views were considered while finalising the review report.

Project implementation

There were various irregularities like selection of ineligible beneficiaries, non-provision of sanitary latrines on the DUs and title of land not conferred on the beneficiaries as discussed below:

3.2.6 Selection of beneficiaries

The criteria stipulated for selection of the beneficiaries under the scheme were the appearance of the names of the slum dwellers in the voters' list of 1 January 1995 and staying in those slums. Also their names should be in the list of BPL families prepared for the Swarna Jayanti Shahari Rojgar Yojana.

The list of eligible slum dwellers satisfying the above criteria was to be prepared by the ULBs and submitted for approval of the State Level Co-ordination Committee (SLCC) through the Regional Boards. However, the MHADA did not have the list of BPL and the voter list which were required for verifying the eligibility of the beneficiaries selected by the ULBs.

In the 17 Councils/Corporations test checked, 32,558 beneficiaries were provided DUs. Scrutiny revealed irregularities in selection of beneficiaries in the following cases.

²² Amravati, Aurangabad, Konkan, Nashik and Pune.

²³ Municipal Corporations/Councils: Achalpur, Akola, Akot, Ambernath, Aurangabad, Dhule, Ichalkaranji, Kalyan, Kolhapur, Latur, Mumbai, Nashik, Panvel, Pune, Sangli, Solapur and Thane

Rs 38.73 crore was incurred on beneficiaries without any evidence of their BPL status and residential proof

In Mumbai, 6,455 heads of families from 129 slum pockets were selected and allotted houses between April 2003 and March 2006 on the basis of information orally collected by the Deputy Collector from the slum dwellers, without verifying the BPL list and the voter list mentioned above. An expenditure of Rs 38.73 crore was thus incurred on beneficiaries without any documentary evidence of them being BPL and staying in slums before 1 January 1995.

12,008 beneficiaries were provided with dwelling units in violation of eligibility criteria during 2002-2006

In the Latur Municipal Council, the number of eligible occupiers of slums in existence prior to 1 January 1995 on Government and private land were 1,262 and 1,167 respectively. However, 14,437 beneficiaries were selected *i.e.*, an excess of 12,008 beneficiaries were provided DUs in violation of the eligibility criteria during 2002-06. An expenditure of Rs 48.03 crore (12,008 x 40,000) was thus incurred on ineligible beneficiaries.

3.2.6.1 Preparation of Detailed Project Report

The District Housing Committees²⁴ (DHCs), were to formulate DPRs and prepare estimates in consultation with the Councils/Corporations. The DHCs were to submit the DPRs to the Regional Boards for onward submission to HUDCO through MHADA for sanction by the Ministry of Urban Development and Poverty Alleviation, GOI. It was observed that DPRs had not been prepared in respect of 12 out of 80 Councils/Corporations as of March 2006, mainly due to land problem. During exit conference the Government stated (September 2006) that action was being taken to include these Councils/Corporations under the new scheme, namely the Integrated Housing and Slum Development Programme introduced by GOI from December 2005.

3.2.6.2 Execution of works

The DUs were constructed in the Council/Corporation areas by the RBs or the beneficiaries themselves and the toilet seats were constructed by the Councils/Corporations. The Housing Department, GOM approved (June 2003) 78 pre-qualified agencies and non-government organisations by inviting tenders for execution of VAMBAY works and the DHCs issued work orders to them for execution of the approved projects. The work of construction of the DUs was supervised by the Executive Engineers of the RBs and monitored by the Chief Engineer, MHADA. The work of construction of toilet seats executed by the ULBs was also supervised by the Chief Officers /Commissioners of the Councils/Corporations. The beneficiaries were to construct their houses under the guidance of the approved NGOs. The design of the house was to be decided by the beneficiaries themselves in the cases of houses constructed by them. In the cases of DUs constructed by prequalified

²⁴ Under the Chairmanship of the District Collectors in respect of Councils and Commissioners in respect of Corporations, Executive Engineers of the RBs of MHADA and other elected members and officials of the districts. For Mumbai, the Housing Minister is the Chairman.

agencies/NGOs, the area of the houses was 225 sq ft and the design was technically approved by the RBs.

The execution of the scheme revealed the following irregularities:

In five²⁵ Councils/Corporations under three RBs, 1,080 out of 2,960 DUs sanctioned during the period 2003-2005 were transferred by SLCC to other Councils/Corporations, reasons for which were not available on record. This indicated poor planning and unrealistic preparation of DPRs by the Councils/Corporations.

Further, approval was accorded for construction of 510 toilet seats in 2004-05 in the Parli-Vaijnath Municipal Council. In July 2005, the SLCC decided to transfer 470 toilet seats to six other Councils/Corporations due to non-availability of land. Work orders were issued (October 2005) to the executing agencies for completion of 470 toilet seats within six months. The works were not started as of 31 March 2006. Reasons for the same, called for in May 2006, had not been received as of August 2006. Similarly, out of 1,240 DUs and 138 toilet seats approved (June 2003) in the Thane Municipal Corporation, it was noticed (May 2006) that 810 DUs and 128 toilet seats could not be taken up due to non-availability of land. These were transferred (July 2005) to other Councils. These indicated lack of proper planning in preparing DPRs.

As per GOI guidelines, in cases of relocation of slums, the convenience of the slum dwellers so relocated was to be paramount and as far as possible, their consent was to be taken. It was, however, noticed (June 2006) that the work of relocating slums was taken up (2003) by the Dhule Municipal Corporation by constructing DUs under VAMBAY. This was done without seeking the convenience of the slum dwellers. Though the DUs were completed between March 2003 and March 2004 some slum dwellers did not take possession of the DUs. As a result, 510 out of 1,054 DUs were lying vacant (June 2006). Thus, the investment of Rs 2.04 crore on the DUs remained unfruitful.

3.2.6.3 Non-provision of sanitary latrines

As per the guidelines, the unit cost of each house included the cost of a sanitary latrine, which formed an integral part of the DU. The Councils/Corporations, while submitting the DPRs, had given undertakings to HUDCO that the above infrastructural facilities would be provided. It was, however, noticed that 13,539 DUs in 13 Councils/Corporations under three²⁶ RBs were constructed during 2002-05 without sanitary latrines, due to non-availability of sewerage/drainage lines, the responsibility for which rested with the Councils/Corporations. Thus, the construction of DUs without sanitary latrines defeated the objective of providing a healthy urban environment.

Slum dwellers' consent was not sought before relocating the slums; as a result 510 newly constructed DUs remained vacant

13,539 DUs were constructed during 2002-2005 without sanitary latrines

²⁵ Bhusaval, Dhule, Nashik, Mira-Bhayandar and Udgir

²⁶ Konkan, Mumbai and Pune

3.2.6.4 Title of land

Titles/tenure of land had not been provided to 23,047 beneficiaries

Provision of title/tenure of land in favour of the beneficiaries was a precondition for GOI subsidies under VAMBAY. However, the responsibility for providing land for the projects rested with GOM, MHADA, Councils and Corporations, either through regularisation *in situ* or by relocation. In the DPRs submitted by the Councils/Corporations to HUDCO through MHADA, the status/ownership of the land for the proposed DUs was shown as vested with GOM/MHADA/Councils/Corporations. It was also mentioned by the Councils/Corporations in their DPRs that the titles/tenure of the land would be provided to the beneficiaries while handing over the possession of the DUs to the beneficiaries.

In the cases of DUs constructed under VAMBAY between October 2002 and March 2006, the titles/tenure of the land had not been provided to 23,047 beneficiaries by two²⁷ RBs as of June 2006. Information from the remaining four RBs were awaited (August 2006).

Forty DUs were constructed by TMC on BMC land without the latter's permission

Further, the Thane Municipal Corporation (TMC) had constructed (August 2004) 40 DUs costing Rs 16 lakh under VAMBAY on the land owned by the Brihanmumbai Municipal Corporation (BMC) without obtaining their prior permission. Subsequently, BMC refused (November 2004) to give a no objection certificate and TMC could not issue occupation certificates to the beneficiaries. The beneficiaries, however, occupied the DUs. The construction of DUs without prior permission from BMC deprived the beneficiaries from the title of land. Besides, there was also a probability that these houses, being unauthorised, could be demolished some time in the future.

Financial Performance

3.2.7 Funding pattern

Separate cash book was not maintained by MHADA for the VAMBAY scheme

The scheme was to be funded by 50 *per cent* subsidy from GOI and 50 *per cent* loan from the Housing and Urban Development Corporation (HUDCO) or the States' own resources. The Government of Maharashtra (GOM) decided to implement the scheme with its own resources instead of taking any loans from HUDCO. On receipt of proof of deposit of 50 *per cent* of the State's share from the nodal agency *i.e.*, MHADA, GOI released its share of assistance to them. The GOI guidelines stipulated maintenance of separate accounts. It was observed that MHADA had maintained a separate bank account for the scheme, but had not maintained a separate cash book for it. The transactions under VAMBAY were being booked in the general cash book maintained for all its schemes. Consequently, the correctness of the unspent balances under VAMBAY from time to time could not be verified.

Year-wise funds deposited by MHADA in the designated account of VAMBAY and Central share of assistance released, their distribution to the RBs including MSIB and expenditure during 2001-2006 were as follows:

²⁷ Amravati and Pune Board

(Rupees in crore)

Year	Release of funds by		Total funds available	Year-wise distribution to regional boards (including MSIB)	Balance with MHADA at the end of the year	Year-wise expenditure incurred by the RBs, (including MSIB) up to 31.03.2006
	GOI	MHADA on behalf of GOM				
2001-02		12.64	12.64	Nil	12.64	NIL
2002-03	12.64	49.65	74.93	1.88	73.05	1.88
2003-04	49.66	25.01	147.72	77.28	70.44	67.65
2004-05	121.92	164.98	357.34	115.85	241.49	121.07
2005-06	37.77	34.31	313.57	104.30	209.27	107.05*
Total	221.99	286.59		299.31		297.65

(* figures are yet to be reconciled)

It may be seen from the table that as of March 2006, balances of Rs 209.27 crore and Rs 1.66 crore were lying unspent with MHADA and the RBs respectively, which was due to non-commencement and non-completion of DUs and community toilets.

The total release (by GOI and GOM) and total expenditure included Rs 120.70 crore and Rs 70.88 crore respectively for community toilets.

3.2.7.1 Interest earned not credited to the scheme account

Interest earned on short term deposits amounting to Rs 8.50 crore was not accounted for in VAMBAY funds

As per the GOI guidelines, interest earned on VAMBAY funds was to be utilised for the scheme. MHADA had invested VAMBAY funds amounting to Rs 205 crore in 15 short term deposits between March 2002 and December 2005 and earned interest of Rs 8.50 crore on them. The interest accrued was, however, neither accounted for as a part of VAMBAY's resources in the designated bank account nor the fact was intimated to GOI.

3.2.7.2 Non-transfer of Lok Awas Yojana balances to the VAMBAY fund

GOM decided (January 2004) to deposit unutilised funds under the Lok Awas Yojana²⁸ (LAY) closed in January 2004 in a separate bank account. The amount was to be utilised for construction of DUs under VAMBAY. However, it was noticed that the balance of Rs 1.63 crore under LAY which remained unutilised as on March 2005 was retained by MHADA and was not deposited under the designated VAMBAY account as of August 2006.

3.2.7.3 Recovery of agency charges

Agency charges of Rs 3.04 crore was recovered contrary to GOI guidelines

Though the GOI guidelines did not provide for levy of agency charges, GOM allowed (September 2002) agency charges at the rate of five *per cent* on the expenditure incurred on VAMBAY works. This was, however, discontinued by GOM in October 2003. Scrutiny revealed that agency charges amounting to Rs 3.04 crore were charged by the Mumbai Slum Improvement Board and by two RBs at Nashik and Pune till December 2004. This resulted in reduction of

²⁸ Lok Awas Yojana was a component of the National Slum Development Programme for providing houses for Scheduled Castes, Scheduled Tribes and weaker sections.

scheme funds to that extent. Similar information in respect of the remaining four RBs though called for was not furnished (August 2006).

3.2.7.4 Non-submission of utilisation certificates

Utilisation certificates (UCs) for the funds released under VAMBAY were to be submitted by MHADA to GOI within 12 months from the date of release of the funds. As against Rs 184.21 crore released by GOI till 2004-05, UCs for Rs 126.45 crore were submitted and UCs for Rs 57.76 crore had not been submitted (August 2006). Consequently, GOI did not release the balance subsidy of Rs 65.26 crore for the schemes sanctioned during 2005-06.

3.2.7.5 Submission of false utilisation certificate

The Chief Officer, Nashik Board, submitted (December 2003) a UC for Rs 11.24 crore released during 2001-02 under VAMBAY. However, it was seen that as of 31 December 2003, the expenditure incurred was only Rs 6.38 crore and the balance fund of Rs 4.86 crore had been kept in a deposit account. As a result, the UC sent by MHADA to GOI was also inflated to that extent.

MHADA sent inflated utilisation certificate to GOI

3.2.8 Physical progress

The year-wise DUs/community toilets approved by GOI and constructed during 2002-06 were as follows:

Year	Dwelling Units				Community toilets		
	Approved during the year		Constructed during the year	Shortfall (percentage)	Approved during the year	Constructed during the year	Shortfall (percentage)
	DUs	Upgradation					
2002-03	4989	0	4989	--	597	597	--
2003-04	17171	141	16137*	1034 (6)	3900	3900	--
2004-05	46353	501	26030*	20323 (43)	21380	14813	6567 (31)
2005-06	33357	0	2733	30624 (92)	4314	--	4314 (100)
Total	101870	642	49889	51981 (51)	30191	19310	10881 (36)

* figures inclusive of upgraded DUs

It may be seen from the table that out of 1,01,870 DUs and 642 DUs for upgradation, only 49,889 DUs (including 642 upgraded DUs) and 19130 community toilets were completed. Work of 8,108 DUs and 3,268 community toilets was in progress.

3.2.9 Monitoring

A State Level Co-ordination Committee (SLCC) was constituted to monitor the proper implementation of VAMBAY as well as the quality of construction and to suggest changes or modifications for its efficient implementation. Though the SLCC was supposed to meet frequently, it met only twice (June 2004 and July 2005) to discuss the constraints in the implementation of VAMBAY.

Construction of DUs was to be supervised by the Executive Engineers of the RBs. The RBs were to submit accounts and report on the progress of work and

the utilisation of funds to MHADA, which in turn was to submit reports of fund utilisation and progress of work to GOI. It was, however, noticed that adequate steps were not taken as only 49 *per cent* of the approved DUs and 64 *per cent* of the approved community toilets were completed as of 31 March 2006.

3.2.10 Evaluation

The Government of Maharashtra appointed (July 2004) the Yashwantrao Chavan Academy of Development Administration (YASHADA), an autonomous body, to evaluate the proper implementation of VAMBAY, improvement in the living standards of the slum dwellers, environmental development, proper utilisation of funds and the quality of construction. The evaluation report was also to compare the impact of VAMBAY with reference to the living standards of the slum dwellers prior to the implementation of VAMBAY. The evaluation report, which was to be submitted within 30 days, had not been submitted till August 2006.

3.2.11 Conclusion

Implementation of the scheme in the State was slow, as 41 *per cent* of the available funds remained unspent as of March 2006. As a result, a shortfall in construction of nearly 52,000 and 11,000 dwelling units and community toilets respectively was noticed. Selection of beneficiaries was made without adhering to the stipulated eligibility criteria. Irregularities such as non-provision of sanitary latrines, issue of work orders without ascertaining availability of land and non-obtaining of the consent of the beneficiaries were noticed in the execution of works. The pattas/titles of land were not conferred on the beneficiaries, as required. There were irregularities in financial management, such as submission of inflated utilisation certificates and interest earned not being credited to the scheme funds. The overall implementation of the scheme was affected by lack of monitoring and its objectives remained largely unachieved.

3.2.12 Recommendations

- Government should ensure adherence to the eligibility criteria while selecting the beneficiaries.
- MHADA should speed up the execution of the approved works. While preparing the projects, availability of land and convenience of the beneficiaries should be ensured.
- Government should take necessary steps for conferring the title of lands/pattas on the beneficiaries, as envisaged in the GOI guidelines in a time bound manner.
- Government should ensure efficient management of scheme funds besides regular and effective monitoring of scheme implementation at all levels.

The matter was referred to the Principal Secretary to the Government in August 2006. Reply had not been received (October 2006).

Employment and Self Employment Department

3.3 Computerisation of Employment Exchanges in Maharashtra

Highlights

A project of computerisation of the functions of the Employment Exchanges was being implemented by the Directorate of Employment and Self Employment with the objectives of improving the efficiency of employment exchanges, networking of all employment exchanges and speedy collection of data to provide the job seekers opportunities and the employers with skilled manpower. Lack of various controls in the system has made the information derived from the system unreliable. Lack of audit trails and security controls made the system vulnerable to unauthorised access and consequent changes to data.

An Oracle based applications package implemented in 36 units (1997-99) by incurring an expenditure of Rs 2.06 crore was left incomplete. The Directorate switched over in 2001-02 to the development of a new DB2 based package named 'Rojgar Mitra' but the deficiencies of the old package on ORACLE continued in the new package also.

(Paragraph 3.3.6.1)

Lack of adequate documentation led to lack of proper control over the development process and undue delays.

(Paragraph 3.3.6.2)

Due to the absence of validation checks in the applications package to detect duplicate registration, multiple registration numbers were incorrectly allotted to candidates in 7,129 cases.

(Paragraph 3.3.7.1)

The dates of qualifications recorded at the time of registration should have been the dates when the relevant examinations were passed by the candidates. In 13,054 cases, the dates of qualifications of candidates were shown to be before the dates of passing the relevant examinations signifying lack of data integrity of the system.

(Paragraph 3.3.7.1)

The percentage of coverage of employers by the District Employment Exchanges in Mumbai and Thane were as low as 8.38 and 12.10 respectively.

(Paragraph 3.3.7.2)

Dates of registration of qualifications were changed in 117 instances in Mumbai employment exchange and in 310 instances in Thane employment exchange, without authorisation, signifying lack of adequate audit trails built into the system and security controls.

(Paragraph 3.3.9.2)

3.3.1 Introduction

A project of computerisation of the functions of the Employment Exchanges (EEs) of Maharashtra was being implemented by the Directorate of Employment and Self Employment with the following objectives:

- improving the efficiency of the EEs;
- speedy collection of data from private employers to provide the job seekers opportunities and the employers with skilled manpower.

The activities of the EE units included registration of applicants seeking employment assistance, registration of vacancy notifications received from employers, selection and supply of suitable applicants for employers and preparation of employment statistics reports and employment market information. There were 45 Employment Exchanges (EEs) under the Directorate where 39.96 lakh job seekers were registered (as of March 2006), 0.52 lakh vacancies were notified by employers against which applications of 4.58 lakh candidates were submitted and 0.14 lakh candidates were placed (2005-06) in various jobs. A total of 0.26 lakh employers were registered with the EEs as of September 2005.

For computerisation of the EEs, an Oracle based applications package was developed by National Informatics Centre, (NIC) Pune during 1997-98 and implemented in 36 EEs. Later, a DB2 based applications package namely 'Rojgar Mitra' was taken up for development by NIC from 2001-02, which was implemented in all 45 units during October 2003 to July 2005, after porting data from the Oracle to the DB2 platform.

'Rojgar Mitra' had five modules according to the functional requirements of the EEs viz., (i) Main (for registration and renewal of candidates), (ii) Submission²⁹ (for vacancy order (VO) booking and preparation of candidates' lists for submission to employers), (iii) Employment Market Information (EMI)³⁰ (for employer registration and employment market information returns), (iv) Employment statistics (ES) and (v) User administration.

3.3.2 Organisational set-up

The Directorate of Employment and Self Employment headed by the Commissioner, had six divisional offices headed by Deputy Directors and 45 Employment Exchange units (35 District Employment and Self Employment Guidance Centres), three additional Employment and Self Employment Guidance Centres, six University Employment and Self Employment Information and Guidance Bureaus and one Employment and Self Employment Guidance Centre for the Physically Handicapped (Special EE/PHP).

²⁹ Submission is the process of supplying list of suitable candidates to the employers.

³⁰ EMI is the information about employers, their staff position, vacancies and employment trends.

The information technology (IT) needs of the Directorate were overseen by a core group of eight staff members headed by an Assistant Director at the Directorate.

3.3.3 Audit objectives

The audit objectives were to evaluate:

- the efficiency and effectiveness of the system in achieving the stated objectives;
- the completeness and correctness of data captured in the system in respect of registration of candidates, vacancy order bookings and registration of employers;
- the generation of employment statistics and Employment Market Information and
- the adequacy of security controls to ensure the integrity of data.

3.3.4 Audit criteria

The applications package developed and implemented for the EEs was evaluated with respect to the National Employment Service Manual. Planning of computerisation, methodology of development of the application packages, data management and monitoring were also examined keeping in view the best practices of IT governance.

3.3.5 Scope of audit and audit methodology

Scrutiny of records and information furnished by the Directorate and nine³¹ test checked units in respect of the computerisation and the data available in the computerised system was done during December 2005 to April 2006. Structured Query Language (SQL) was used to export the data from the DB2 database system to the Interactive Data Extraction and Analysis (IDEA)³² package and the data analysis was done using the IDEA package. After completion of the IT Audit, an exit conference was held (June 2006) at NIC Pune with the Commissioner of Employment and Self Employment, the Assistant Directors/Employment Officers of the audited units and the Technical Director of NIC. The replies of the Directorate have been suitably incorporated in the report.

³¹ Employment Exchanges at Mumbai, Physically Handicapped Persons (PHP); Mumbai Suburban; Mumbai Technical; Mumbai University; Nagpur; Pimpri; Pune; Pune University and Thane

³² IDEA is a PC based File Interrogation Tool for use by auditors, accountants, investigators and IT staff. It analyses data in many ways and allows extraction, sampling and manipulation of data in order to identify errors, problems, specific issues and trends

Audit findings

3.3.6 Planning and project implementation**3.3.6.1 Incomplete development of applications packages under Oracle and DB2**

While switching over to a new DB2 based Rojgar package the deficiencies of the old applications package continued

The Oracle based applications package implemented during 1997-98 and 1998-99 (expenditure: Rs 2.06 crore) in 36 units was incomplete as the Statistical module and Submission module had not been developed. While switching over to a new DB2 based 'Rojgar Mitra' applications package, the deficiencies of old package in respect of non-generation of statistical reports were continued. The new applications package was implemented in all the 45 units during October 2003 to July 2005 (expenditure: Rs 2.76 crore for hardware). Though 'Rojgar Mitra' was to be completed by December 2004, the Rojgar Wahini module- web site, Rojgar Mitra - self employment module, Rojgar Mitra - the web version module, the employment statistics and the employer market information modules were still under development as of May 2006. It was noticed that there was no clause in the MOU³³ for claiming penalty charges for delay in completion.

Thus, the employment exchanges relied on manual compilations defeating the objective of computerisation. The Commissioner stated (June 2006) that as designing of the Rojgar Wahini website was taken up on a priority basis, the development of modules such as Registration and Submission was delayed and modules for ES and EMI could not be completed. The delay in development of the applications package and non-enforcing of the time frame given in the MOU resulted in underutilisation of the hardware purchased for the system.

3.3.6.2 Lack of documentation on system development

The applications package was developed on an incremental approach basis and no detailed System Requirement Specifications were prepared

It was observed that the applications package was developed on an incremental approach basis and no detailed System Requirement Specifications (SRS) were prepared. The User requirement specifications were also not prepared. Besides, no technical documents relating to the process flow, data flow, data dictionary, database schema and coding convention were available with the Directorate. Lack of adequate documentation led to lack of proper control over the development process and undue delays.

3.3.7 Input controls and validation checks

The system design must include validation checks to minimise data entry errors. While implementing the system, various controls have to be put in place to ensure correct and complete capture of data.

³³ Memorandum of understanding entered into by the Commissioner, Employment and Self Employment with the NIC, Pune

3.3.7.1 Input controls

Analysis of the databases of candidates' registrations revealed that input controls had not been provided and even the validation checks were not built into the applications package. The lacunae and discrepancies in respect of 11.27 lakh registrations in the test checked EEs bringing out deficiencies of input controls and validation checks are detailed below:

Allotment of multiple registration numbers

3,257 candidates were allotted two or more registration numbers

In 7,129 cases duplicate/multiple registration numbers were incorrectly allotted in respect of 3,527 candidates. Consequently, the number of candidates enrolled was inflated. This could result in undue benefits to the candidates with duplicate registration numbers while sending names to employers.

During the exit conference, the Directorate accepted (June 2006) the position and promised to provide proper validation in the system with the help of NIC.

Inconsistency in the dates of registration and qualifications

There were irregularities and discrepancies in the registration data

- In 13,054 cases, the dates of registration of qualifications were shown to be before the dates when the candidates had passed the relevant examinations.
- In 8,083 cases, the dates of registration of additional qualifications fell even before the dates of initial registration.
- In 1,128 cases, the years of passing of the Higher Secondary Certificate examination were seen to be before the years of passing of the Secondary School Certificate examinations.

The above irregularities/ discrepancies were likely to result in granting undue seniority benefits. During verification of the details of submissions for the month of December 2005, it was found that in 10 submissions to employers, undue benefits had been granted to 51 candidates.

Unreasonable data in the database

- Dates of birth were recorded as future dates beyond 2006 in 62 cases.
- In 456 cases, the dates of birth recorded indicated that the candidates were registered before attaining the age of 14 years.
- Invalid years of passing of examination like 1, 2, 9, 1900, 1908, 1909, 2200 and 2995 were recorded in 4,675 cases.
- In 149 cases, the candidates' heights were recorded as more than 270 centimeters.

Incorrect validation control

Sixty physically handicapped candidates were wrongly shown as not-PH depriving them of the chances of being referred to potential employers

In the Special EE/PHP, Mumbai, catering to the physically handicapped candidates only, it was found that 60 candidates were treated as non-physically handicapped as the concerned records had a flag 'N' against the PH category. Thus, these 60 candidates were likely to be deprived of being referred to potential employers.

In reply, the Special EE/ PHP stated (April 2006) that corrections would be made to the data and that NIC had agreed to provide a validation check which would take all candidates registered with this unit as PH by default. However, remedial action had not been taken (August 2006).

3.3.7.2 Incomplete database

Information of placed candidates not entered

The details of candidates placed with employers are required to be entered into the system and their names are to be transferred from live registers to dead registers. It was seen that the details of the candidates placed were not entered in the computerised system. Thus, statistics about the number of candidates in the live registers was not only inflated but posed a risk of submission of candidates who had already got a job depriving the other candidates.

In reply, the EEs stated (March-April 2006) that the facility for recording placement entries was still to be implemented.

Insignificant coverage of employers

The District EEs are required to maintain databases covering all employers within their jurisdiction. The information about the number of employers received from the Employees' State Insurance Corporation (ESIC) and the Directorate Employment and Self Employment (DESE) was as detailed below:

Area/ Sub regions of Employees' State Insurance Corporation	Number of Employers			
	As per information received from ESIC	As per information received from DESE	Difference (2 - 3)	Percentage of coverage (3/2 x 100)
1.	2.	3.	4.	5.
Mumbai	39552	3314	36238	8.38
Thane	11316	1369	9947	12.10
Pune (Dhule, Jalgaon, Kolhapur, Pune, Nasik, Sangli, Satara and Solapur)	10965	9012	1953	82.19
Nagpur (Akola, Amravati, Bhandara, Chandrapur, Gondia, Nagpur, Wardha and Yavatmal)	4306	5068	-762	117.70
Aurangabad (Aurangabad and Nanded)	1896	1602	294	84.49

The coverage of employers of Mumbai and Thane was very low

It was noticed that Street surveys³⁴ had also not been conducted since the last five years by the Mumbai unit for better coverage of the employers. The low coverage of employers indicated that EEs had not made adequate efforts to collect information about employers.

In reply, the Assistant Directors in charge of the Mumbai and Thane Employment Exchanges accepted the audit observations and stated (April-

³⁴ Street surveys are conducted by Employment Officers to collect employers' data by visiting employers' offices situated within their jurisdiction.

May 2006) that necessary steps were being taken to enlarge the employers' databases.

3.3.8 Inadequate process control

The process is to be test checked and it is to be ensured through various process controls that the resultant information is correct as per the manual provisions.

A candidate has to renew his registration after a period of three years from the date of registration following a grace period of three months. Scrutiny of the database of the Thane EE revealed that amongst the 2,30,371 candidates on the live register, in 4,916 cases, the due dates of renewal were wrongly arrived at by the system between the years 2011 and 2085.

In reply, EE, Thane stated (April 2006) that in 194 cases, project affected persons³⁵ were given special benefit of 99 years' validity for their registration for which renewal would not be necessary. In the rest of the cases, such facility had been given erroneously and remedial action would be taken through NIC.

The reply is not acceptable as these 194 cases were not included in the 4,916 cases. The wrongly calculated due dates of renewal were as a result of faulty system.

3.3.9 Security controls

Security controls ensure the safety and security of data from loss, theft or unauthorised modification. Weaknesses in these controls were observed as detailed below:

3.3.9.1 Access controls

A generalised user ID and password known to all core users was used to access the data in all the test checked EEs.

3.3.9.2 Audit trail

Various unauthorised modifications were not being recorded though the system had an inbuilt facility for the same.

The Directorate agreed (June 2006) to take remedial action with the help of NIC.

It was noticed during the scrutiny of the data for 2005-06 in respect of the Mumbai Suburban EE and the Thane EE that changes to dates of registration of qualifications were made in 117 instances in the Mumbai EE and in 310 instances in the Thane EE. Out of this, in the Thane EE, four cases related to cases of wrong entry of dates of qualification mentioned in para 3.3.7 earlier. Details of officials who made the changes had not been captured in the system and the reasons for making these changes were also not recorded. Thus, the

³⁵ Project affected persons are persons displaced by developmental projects.

authentication and authorisation of the changes made to the database could not be ensured.

In reply, EEs, Thane and Mumbai accepted the facts.

Thus, lack of security controls made the system vulnerable to unauthorised changes of data.

3.3.9.3 Non-updation of antivirus

It was noticed that the Antivirus version - 2004 installed in the computers of all the test checked units had not been updated.

The Directorate agreed (June 2006) to take remedial action with the help of NIC.

3.3.10 Conclusion

Lack of various controls in the system has made the information derived from the system unreliable. Lack of audit trails and security controls made the system vulnerable to unauthorised access and consequent changes to data. Delayed and incomplete roll out of modules for implementation led to incomplete databases and underperformance of the application itself. The databases were also incomplete as all the relevant data was not entered, specifically in cases of prospective employers leading to non-fulfilment of the objectives of the Employment Exchanges by restricting the opportunities available to the candidates. Further, lack of data integrity, reliability and incompleteness of data available with the Employment Exchanges led to inconsistent information being supplied to the Directorate of Employment and Self-employment and Director General Employment and Training for use in policy making as well as compilation of employment statistics.

3.3.11 Recommendations

- Comprehensive software should be rolled out within a stipulated time frame to ensure the following:
 - Business Rules are comprehensively mapped.
 - There are proper input and validation controls.
- The system security and audit trail should be strengthened for ensuring data security and integrity.
- The employers' register maintained by the District Employment Exchange should be made up to date so that all the public and private sector employers are covered for the Employment Market Information as well as to ensure better employment opportunities for the job seekers.

The matter was referred to the Principal Secretary to the Government in July 2006. Reply had not been received (October 2006).

**General Administration Department and
Revenue and Forests Department**

**3.4 Information Technology review of SETU (Integrated
Citizen's Service Centres)**

Highlights

Lack of uniformity in the software implemented in various centres rendered consolidation and transmission of the data from root level to apex level difficult. The system had no security policies/procedures exposing the system to potential risks of invalid inputs, processing, output and access by unauthorised users. SETU service provided to citizen was not at a low cost.

Non-development of uniform software by State Level SETU Society resulted in failure to provide envisaged information at apex level.

(Paragraph 3.4.6)

Due to the absence of adequate input and validation control, cases of duplicate record and gaps in the database were noticed.

(Paragraphs 3.4.7 and 3.4.8)

Non-existence of adequate business continuity plans and change management system led to vulnerability to disasters.

(Paragraphs 3.4.11 and 3.4.12)

Citizens were charged more for issue of various certificates than the rates prescribed by Government, which led to excess collection of Rs 22.09 lakh from citizens by Collector, Thane.

(Paragraph 3.4.13.1)

Government did not pass on the benefit of lower rates of service charges to the citizens from the unspent balance of fees (Rs 12.96 lakh) with State Level SETU Society.

(Paragraph 3.4.13.2)

3.4.1 Introduction

With a view to harness the benefits of Information Technology (IT) for effective and transparent functioning of the administration, Government decided (August 2002) to provide different services to citizens through an IT based project SETU (Project) connoting a 'Bridge' for connecting Government with people.

The first phase of the project contemplated issue of various certificates, licenses and affidavits concerning the Revenue Department to citizens through a single window system. Remaining three phases of the project were to cover

similar activities of other departments inclusive of acceptance of government receipts, taxes *etc.* It was also to cater to the citizens' requirement of facilities like Railways / Bus reservations, issue of passports, issue of election identity cards, *etc.* By May 2006, out of 35 Districts and 358 Talukas in the State, the project was in operation in 27³⁶ District headquarters and 307 Talukas.

3.4.2 Organisational set-up

Director of Information Technology (DIT) was to monitor the implementation of the Project in the State. At the District / Taluka level, existing staff of District Collector was to work at the back-end of the SETU IT system and maintain the basic record and authenticate the certificates issued through the system. District Level SETU Societies (DLSS) registered under the Societies Registration Act, 1860 were to engage software development agencies (Agencies) on the principle of Build-Operate-Transfer (BOT) for front-end manual activities such as issue of blank application forms, stamp papers, scrutiny of documents attached with the applications, ensuring availability of required information and generating receipt of applications through software. Procurement cost of hardware, counters, furniture, stationery, payment to staff, electricity bills and maintenance of hardware for SETU centers was also to be borne by the Agencies. The DLSS was to pay to the Agencies an agreed percentage of the fees levied for the services provided to citizens. All SETU centres were to be connected through Local / Wide Area Network to the District Control Room and the data was to be transmitted to the Mantralaya for display on the Government web-site. A State Level SETU Society (SLSS) was to guide and monitor the work of DLSS. Building for the SETU centers at district as well as taluka places was to be made available by Government on no cost basis.

3.4.3 Audit objectives

The audit objectives were to evaluate:

- the completeness and correctness of data captured in the system;
- whether arrangements exist for ensuring business continuity and
- the efficiency and effectiveness of the system in achieving the stated objectives.

3.4.4 Scope and methodology of audit

The audit of SETU IT system conducted between February 2006 and June 2006 involved scrutiny of records (including digital) and the SETU IT systems for the period August 2001 to May 2006 in seven³⁷ out of 27 Districts

³⁶ Ahmadnagar, Akola, Amravati, Aurangabad, Bhandara, Buldhana, Beed, Dhule, Gondia, Hingoli, Jalgaon, Jalna, Kolhapur, Latur, Nagpur, Nanded, Nashik, Osmanabad, Parbhani, Pune, Ratnagiri, Sangli, Sindhudurg, Solapur, Thane, Wardha, Yavatmal

³⁷ Collector Offices at Chandrapur, Jalgaon, Kolhapur, Nagpur, Nanded, Thane and Yavatmal

along with Taluka SETU centres. Computer Assisted Audit Techniques were used for data analysis and reporting.

Audit findings

3.4.5 Non-implementation of all the phases of SETU

Government had resolved (August 2002) to implement the SETU project in four phases. However, no benchmarks/time limits were fixed for phase-wise implementation of project. As of June 2006, the SETU centres were providing the services envisaged in the first phase only.

DIT stated (May 2006) that the integration of services of various departments in SETU centres was a matter of policy of the department concerned. This reply was not in conformity with the objectives of setting up of the SETU centres.

3.4.6 Absence of uniformity in software

SLSS was to develop a common software for all SETU centres for facilitating consolidation and transmission of data available at Taluka and District levels to the official web site of the Government. It was, however, observed that different back-end software for databases were in use in various SETU centres.

Centralised software for SETU system was not developed

SETU centre	Front-end	Back-end database and number of BOT agencies
Collector, Chandrapur	Access, Visual Basic	Access: 2,
Collector, Jalgaon	Access, Visual Basic	Access: 14, SQL:2
Collector, Kolhapur	Access, Visual Basic	SQL: 1, Access: 1
Collector, Nagpur	Access, Visual Basic	Access: 1, SQL: 1
Collector, Nanded	Access, Visual Basic	SQL: 1, Access: 10, DB-2: 1
Collector, Thane	Access, Visual Basic	SQL: 2, Access: 1
Collector, Yavatmal	Access	Access 2000: 2

DIT stated (May 2006) that development of a common software was under active consideration.

3.4.7 Input controls and validation checks

The system lacked input controls as it did not ensure complete and correct collection of the required primary data in its database. Absence of various validation checks in the system design made the system vulnerable to data inaccuracies as is evident from cases cited below:

3.4.7.1 Incomplete database

As data relating to certificates for caste, non-creamy layer, senior citizen, domicile certificates *etc.*, was not being maintained, the system was unable to generate such certificates. Instead, these certificates were being word processed from the manually available data thus defeating the objective of the system (Kolhapur).

3.4.7.2 Inaccurate database

The system accepted applications from persons below 18 years of age to execute affidavits

- In seven cases, applicants below 18 years of age had executed affidavits (Jalgaon).
- It was observed that nine duplicate token numbers were issued during June 2003 to October 2005 (Kolhapur).
- Out of 147 cases, in 31 cases the date of issue of certificate was earlier than the date of application (Kolhapur).
- The master table for castes contained duplicate data. In 55 out of 114 cases for same caste and category, different Caste_ID were noticed (Nanded).
- In domicile certificate table, out of 516 cases, in 90 cases the date of birth was not mentioned. In 23 cases it was shown as 31 December 1899 and in three cases it was shown as 3 January 1900 (Nanded).

Thus, in the absence of input and validation controls, the databases were incomplete and unreliable.

3.4.7.3 Incomplete generation of tokens

In SETU center at Kolhapur, 65,969 tokens from February 2003 to May 2006 for issue of certificates were generated, whereas actual number of certificates issued was 57,119

In SETU center at Kolhapur, the database indicated generation of 65,969 tokens from February 2003 to May 2006 for issue of certificates, whereas actual number of certificates issued, as per cashbook was 57,119. The receipt of Rs 0.89 lakh towards fees were, thus, was either not accounted for or was not collected.

In SETU center at Kolhapur further, affidavits executed as per database were 81,445, whereas the cashbook indicated the number of affidavits issued as 77,055 which led to less realisation of Rs 0.44 lakh on account of SETU charges.

Thus, in the absence of adequate input controls less realisation of Rs 1.33 lakh towards fees went unnoticed till it was pointed out in audit.

3.4.8 Processing controls

Some cases of inadequate processing controls are detailed below:

- There was no provision in the software for generating Token numbers for execution of affidavits (Nanded and Kolhapur).
- In 21,696 out of 37,242 cases, software allowed generation of Affidavits without photographs (Jalgaon).
- One hundred and eighty three gaps and 329 gaps were detected in the auto-generated fields respectively for tokens and certificates (Jalgaon and Nanded).

Audit trail was also not available. Thus, the correctness in issue of affidavits and charges collected therefore could not be ensured.

3.4.9 Logical access control

In the seven³⁸ SETU centres, there was no documented password policy for the SETU application, databases and operating system.

- In Collectorates Chandrapur and Yavatmal it was seen that the BOT agencies had purchased readymade software and the password to the databases was not available with them nor the Department insisted upon it. In absence of password, access to the databases was not possible.
- In Collectorates Jalgaon, Kolhapur and Thane there was no password provided for user_ID to the application software and databases implemented by the BOT agencies. Hence the system was prone to risk of unauthorised access.

Thus, in the absence of logical access control, the data security could not be ensured.

3.4.10 Non-availability of source code

Tender documents for operating SETU center on BOT basis envisaged that the source code of the application software would be the intellectual property of DLSS. However, none of the DLSS had collected the source code for the SETU system from the BOT agency.

DIT stated (May 2006) that as the BOT agencies had developed the software at their own cost, taking possession of source code did not appear justified. This reply was contradictory to the terms of contract with the BOT agencies.

3.4.11 Business continuity and disaster recovery plan

It was observed in seven³⁸ SETU centres that documented business continuity and disaster recovery plans did not exist. The District Collectors also did not have the backup of data generated by the SETU agencies though it was envisaged in the contract with the agencies.

DIT stated (May 2006) that the establishment of data centers at the State level was under consideration and also stated that the Collectors had the backup of the data. The reply of DIT was not acceptable in view of non-availability of backups with Collectors Chandrapur, Jalgaon, Nagpur, Nanded, Kolhapur and Yavatmal.

3.4.12 Change management system

Records in seven³⁸ Collectorates revealed that there was no documented policy for change management. The Collectors at Chandrapur, Kolhapur and Nagpur stated that the changes required in the application software were communicated verbally.

DIT stated (May 2006) that changes in the software were done as and when some problem arose at the execution level.

³⁸ Chandrapur, Jalgaon, Kolhapur, Nagpur, Nanded, Thane and Yavatmal

There was no policy for change management

3.4.13 Collection of fees

3.4.13.1 Excess collection

SETU centres under Collector Thane unauthorisedly collected excess fees of Rs 22.09 lakh from citizens

Government had prescribed (September 2002) a fee of Rs 10 to be charged by BOT agencies for issue of caste certificates, income certificates, affidavits, solvency certificates, domicile certificates, senior citizen certificates *etc.* Similarly, maximum fees to be collected for issue of 7/12³⁹ certificate from August 2004 was Rs 15 subject to actual expenditure incurred for issue of the certificate.

It was, however, noticed that the charges levied for issue of various certificates varied from district to district as shown below:

District	Rate per certificate (Rupees)	Rate for issue of 7/12 certificate (Rupees)
Chandrapur	15	15
Jalgaon	20	10
Thane	23 to 29	17
Yavatmal	19	15

This resulted in extra burden of Rs 13 to Rs 19 per certificate to each applicant in Thane district and consequent unauthorised collection of Rs 22.09 lakh from them during October 2004 to February 2006.

Collector, Thane stated (July 2006) that as per the decision taken in the meeting held on 11 September 2003 (of the district level society) the rates were increased to Rs 25 per certificate. The reply was, however, not acceptable as there were no orders from Government for increasing the fees payable by citizens for availing of the services from SETU centres.

3.4.13.2 Unspent balance of fees with SLSS

Unwarranted formation of SETU society

Government approved (August 2002) formation of the SLSS and DLSS for providing services which the Government was providing through their own staff. The SETU societies were to charge Rs 10 per certificate to be issued to the citizens through the BOT agencies operating the SETU centres. The BOT agencies utilised Government buildings, infrastructure and the services of the Government staff for backend work and monitoring. The role of DLSS in maintaining the SETU system was, thus, reduced merely to collecting service charges from citizens. Government had also directed (August 2002) that 10 *per cent* of the collections made by the DLSS were to be transferred to SLSS. It was observed that the SLSS had Rs 12.96 lakh as of May 2006 towards the transfer of service charges by six⁴⁰ Collectors to SLSS through DIT.

As the SETU system was operated on the principle of BOT by private agencies, Government should have passed on the benefit of lower rates of

³⁹ Village form No. 7 depicting the details of land, owner of the land, rate of land revenue and Village form No. 12 depicting the details of crops yielded by the farmer during the year.

⁴⁰ Aurangabad, Chandrapur, Dhule, Jalgaon, Osmanabad and Yavatmal

service charges to the citizens. Government, thus, failed to ensure service to citizen at a low cost.

3.4.14 Conclusion

Though the SETU project was launched in 2002, Government failed to implement all the phases of the SETU project. In the absence of a common software, consolidation and transmission of the data from SETU centres to Government was not possible. Incomplete modules and failure to enter all relevant data led to incomplete databases. IT security was deficient exposing the system to potential risks of unauthorised access and modifications. Due to non-observance of the provisions of tender agreement the business continuity could not be ensured. Failure to levy service charges at the rates approved by Government led to excess burden on the citizens in terms of certificate and village form fees.

3.4.15 Recommendations

- Single window service provided to citizens should be made available at a least cost and
- A comprehensive software should be rolled out within a stipulated time frame to cover:
 - the requirements of all the phases of the project and
 - adequate input, validation and access controls.

The matter was referred to the Principal Secretary to the Government in August 2006. Reply has not been received (October 2006).

HIGHER AND TECHNICAL EDUCATION DEPARTMENT AND SCHOOL EDUCATION DEPARTMENT

3.5 Audit of grants-in-aid to educational institutions

3.5.1 Introduction

Education plays an important role in the economic development of the nation. In Maharashtra education is made available free of cost for all students up to standard X and for girls up to standard XII. As of March 2004⁴¹, there were 60,316 primary, 811 secondary schools and nine colleges⁴² run by the Government. Also 18,689 aided institutions (3,827 primary, 13,451 secondary and 1,411 colleges) imparted education to approximately 1.04 crore students in the State.

Recognised aided schools and Arts, Science, Commerce and Law colleges are eligible for salary grants, non-salary grants, building grants and other grants (*i.e.*, equipment, furniture, library, laboratory and workshop grants) at the discretion of the sanctioning authority. The average annual expenditure of Rs 3,961 crore on grants-in-aid to these institutions was 48 *per cent* of total expenditure of Rs 8,250 crore under education sector in the State. The Principal Secretary in Higher and Technical Education Department and the Secretary in Secondary Education Department oversee, monitor and review the implementation of the policies of the Government. The Directors of Primary, Secondary and Higher Education are the Chief Controlling Officers responsible for monitoring the school activities and improvement of academic excellence in the institutions.

A test-check of records of the Directors of Primary, Secondary and Higher Education, Joint Directors of Higher Education, Education Officers of Zilla Parishads, schools run by Municipal councils, Municipal Corporations and Zilla Parishads covering the period 2001-02 to 2004-05 was conducted during March-May 2006. Further, 6,383⁴³ schools and 608 colleges out of 7,278 schools and 1,411 colleges were checked from Mumbai and eight⁴⁴ (out of the remaining 33) districts using statistical random sampling method on the basis of total expenditure under grants-in-aid to the educational institutions. This was conducted with a view to assess whether the budgeting and release of grants done after proper assessment; the grants were paid to the institutions in accordance with the norms set and utilised for the intended purpose and that the intended benefits of the grants were achieved by the institutions. An entry conference at the beginning and exit conference after completion of audit were

⁴¹ Information for the year ended March 2005 could not be supplied by the Department, as computerisation of data is under progress.

⁴² excluding the Medical Colleges, Engineering Colleges and Sports academies

⁴³ Records of 6,383 schools and 608 colleges were checked at Director of Education, Joint Director of Education and Education Officers of Zilla Parishad offices.

⁴⁴ Aurangabad, Jalgaon, Kolhapur, Nagpur, Nanded, Pune, Raigad and Yavatmal

held with the Principal Secretary, Higher and Technical Education Department. The Government accepted (August 2006) audit conclusion and the recommendations at the time of exit conference.

Audit findings

3.5.2.1 Financial management

The Director Primary and Secondary Education released ad hoc grants through the Education Officer of Zilla Parishads to the schools. The Director of Higher Education release grants to the colleges through Joint Directors. The expenditure on grants-in-aid during the period of audit was as under:

(Rupees in crore)

Year	Primary Education	Secondary Education	Higher Education	Total	State expenditure on education
2001-02	310.72	2483.12	681.39	3475.23	8285.81
2002-03	345.53	2783.20	692.91	3821.64	7669.35
2003-04	378.79	2980.38	714.59	4073.76	8248.25
2004-05	420.30	3279.51	773.76	4473.57	8797.24
Total	1455.34	11526.21	2862.65	15844.20	33000.65

Percentage of total GIA to State expenditure on education was 48 *per cent*. It would be seen from the above that there was continuous increase in grants-in-aid expenditure every year.

3.5.2.2 Release of grants without assessment

As per Government Resolution of October 1979, ad hoc salary grants were payable to the colleges based on the estimated expenditure of the respective year. These grants are assessed by the Joint Director, Higher Education on the basis of the statements of annual audited accounts submitted by the colleges.

In seven⁴⁵ regions assessment of ad hoc grants by the Joint Directors in respect of all 780 colleges were in arrears for three to ten years. Ad hoc grants paid, (without assessment) to these colleges during last four years, were as under:

Name of the Joint Director's Office (Region)	Number of Colleges	Year upto which assessment carried out	Grant released without assessment (Rupees in crore)	Period
Aurangabad	75	2002-03	126.88	2003-2005
Jalgaon	71	2001-02	191.56	2002-2005
Kolhapur	132	2002-03	235.14	2003-2005
Mumbai	177	2002-03	339.56	2003-2005
Nagpur	146	2001-02	241.44	2002-2005
Nanded	56	2001-02	166.97	2002-2005
Pune	123	1995-96	488.22	2001-2005
Total	780		1789.77	

The grants of Rs 1,789.77 crore paid to 780 colleges thus, remained un-assessed for three to 10 years.

⁴⁵ Aurangabad, Jalgaon, Kolhapur, Mumbai, Nagpur, Nanded and Pune

Non-assessment of grants and poor financial control resulted in blocking of Rs 16.19 crore

It was noticed that due to non-assessment of grants by five⁴⁶ Joint Directors, there was blocking of funds amounting to Rs 16.19 crore in 217 colleges as of May 2006.

In reply, the Government attributed (August 2006) manpower shortage as the reason for non-assessment and stated that the assessment will be completed by February 2007.

3.5.2.3 Excess payment of salary grant

The excess salary grant paid during the previous years was to be reduced from the grant payable during the current year.

Excess salary grant of Rs 75.96 lakh paid to five colleges of Nagpur and Nanded regions

It was noticed that in five⁴⁷ colleges of Nagpur and Nanded region excess salary grants amounting to Rs 75.96 lakh paid during the previous years (2002-03 to 2004-05) was added to the adhoc grant payable during the current year, instead of reducing the grants. This resulted in excess release of salary grants amounting to Rs 75.96 lakh.

The Government stated (August 2006) that excess salary grant paid would be recovered by October 2006 after carrying out the assessment.

3.5.2.4 Number of students considered for calculating tuition fees recoverable

Excess salary grant of Rs 11.79 lakh released to three colleges due to consideration of less number of students for tuition fees

The salary grant admissible to the colleges should be reduced to the extent of tuition fee recoverable by the colleges from the students. However, the Department continued to release salary grant without considering the reduction of tuition fee recoverable.

It was observed that in three colleges, the Administrative Officer had considered less number of students for calculating tuition fees recoverable than the number of under graduate students enrolled in the respective year. This resulted in excess release of salary grant of Rs 11.79 lakh as detailed below:

(Rupees in lakh)

Name of the college	Year	Number of Students enrolled	Students considered for assessment of tuition fee	Difference	Excess salary grant paid @ Rs 800 P.M. per student
JM Patel College, Bhandara	2003-04	973	478	495	3.96
	2004-05	1699	1192	507	4.06
RM Patel College, Bhandara	2001-02	261	239	22	0.18
CJ Patel College, Tirora	2001-02	287	278	9	0.07
	2004-05	781	341	440	3.52
Total		4001	2528	1473	11.79

⁴⁶ Aurangabad (Rs 6.65 crore), Kolhapur (Rs 5.99 crore), Mumbai (Rs 0.93 crore), Nanded (Rs 2.38 crore) and Pune (Rs 0.24 crore)

⁴⁷ Maharashtra Arts and Commerce College, Nilanga, Nutan Mahavidyalaya, Selu, Peoples College, Nanded, PP College of Education, Gondia and SN Mor College, Tumsar

During discussion (August 2006) Government stated that the difference of students enrolled and students considered during assessment is due to inclusion of students enrolled in non- aided courses of the colleges. However, no details were furnished in support of the statement.

3.5.2.5 Unspent funds lying with Zilla Parishads

Unspent balance of grants-in-aid of Rs 7.06 crore were lying with the Zilla Parishads

Government in Rural Development Department notified (1991) that the unspent grants lying with the ZPs should be credited to Government account by the end of August every year, without waiting for completion of assessment. It was noticed that Rs 7.06 crore were lying with the 31 ZPs towards unspent balance of grants-in-aid to primary schools upto 1999-2000. The Director, Primary Education, however, continued to release the grants during the subsequent years without adjusting the unspent amount lying with the ZPs.

Government agreed (August 2006) to ascertain the facts and intimate the position.

3.5.2.6 Excess expenditure on transport allowance

Transport allowance paid for entire vacation period resulting in excess payment of Rs 1.62 crore to 4,608 lecturers

As per orders issued by Government in December 1998 and reiterated in May 2003, the transport allowance (TA) was admissible proportionately to the number of days on which the teaching staff attend to their duty during the vacation period.

In Mumbai region, the colleges had paid the TA for entire vacation period instead of paying proportionately to the duty days attended by the staff, resulting in excess payment of TA to 4,608 lecturers amounting to Rs 1.62 crore during 2001-02 to 2004-05. In reply, the Government accepted (August 2006) the omission and agreed to recover the excess payment.

3.5.2.7 Payment of non-salary grant to secondary schools

Non-salary grants of Rs 11.34 lakh meant for educational purpose were diverted for administrative purpose

As per Secondary Education Department Resolution (November 1999), out of the total non-salary grant admissible to secondary schools, the educational institutions should spent 70 *per cent* for educational purposes⁴⁸ and the balance (30 *per cent*) for administrative purposes⁴⁹.

In three⁵⁰ districts, it was noticed that the amounts spent for educational purposes by the educational institutions was only 20 *per cent* and 80 *per cent* of the grants was spent for administrative purposes. As a result, grant of Rs 11.34 lakh for educational purposes was diverted for administrative purpose.

In reply, Government agreed (August 2006) to ascertain the facts and intimate the position.

⁴⁸ Library books, laboratory equipment, furniture for classes, computer printing and stationery

⁴⁹ Electricity charges, office equipment, advertisement, telephone expenses, building maintenance and repairs, garden expenses etc.

⁵⁰ Jalgaon, Kolhapur and Raigad

3.5.2.8 Unauthorised collection of fee by colleges

Unauthorised fee collected from students by two colleges

Government orders (1979) specified that no fee which was not authorised by the Government or the University should be collected from the students.

It was observed that one college each in Nasik and Aurangabad collected fees like campus development fee, laboratory development fee, center fee, breakage fee and computer fee amounting to Rs 74.89 lakh unauthorisedly from the students during the period 2001-02 to 2004-05.

Government stated (August 2006) that unauthorised fee collected would be verified and action to refund the fee to the students will be taken.

3.5.2.9 Reduction of tuition fee in assessment

Government allowed (September 2003) transfer of an amount equal to 5 *per cent* of salary grant of previous year as non-salary grant from the tuition fee recoverable from the students.

It was observed from the annual accounts statement of six⁵¹ colleges of Kolhapur region that the colleges had not transferred the tuition fees (equivalent to 5 *per cent* of salary grant) for non-salary expenditure. The assessing officers, however, wrongly showed tuition fee of Rs 17.95 lakh as transferred for non-salary expenditure in the assessment of salary grant for the years 2003-2004 and 2004-2005. The amounts were not reduced from the salary grant assessed. Assessment of non-salary grant was also pending.

In reply the Government agreed (August 2006) to recover the excess non-salary grant and intimate suitable action against erring officials.

3.5.2.10 Release of grants without receipt of audited statements

Grants of Rs 51.30 crore released to colleges without receipt of audited statements of grants paid during previous years

According to the instructions issued (October 1979) by the Director, Higher Education, the grants received by the colleges were required to be audited by the Chartered Accountants and the audited statements of the colleges should be submitted to the Joint Director by August every year. Grants were not payable to the college who fails to submit the audited statements of accounts within the stipulated dates. It was observed that 20 colleges in Jalgaon and 11 colleges in Nanded region did not submit the audited statement of accounts for periods ranging from one to four years. However, the Joint Directors continued to release the grants (Rs 51.30 crore) to these colleges during the years 2001-02 to 2004-05 (**Appendix 3.4**).

In reply, the Government stated (August 2006) that in Nanded region responsibility will be fixed and for Jalgaon region detailed explanation will be called for.

⁵¹ DD Shinde Sarkar College, Kolhapur, Minalben Mehta College, Panchgani, Sangola Mahavidyalaya, Sangola, Shankarrao Mohite Mahavidyalaya, Akluj, Y C College (KMC), Kolhapur and YC College, Warna

3.5.2.11 Un-productive expenditure on surplus teachers

Unproductive expenditure of Rs 11.45 lakh per annum incurred on pay and allowances of surplus teachers

The Government ordered (August 2004) to accommodate the surplus teachers of Government aided primary and secondary schools against the existing vacancies in other aided schools. If sufficient posts were not vacant in aided schools, the surplus teachers should be adjusted against the vacant posts in ZP or Nagar Parishad schools. It was, further ordered (October 2004) that if the local bodies refused to accommodate the surplus teachers against the vacant posts, then the schools under those local bodies would not be eligible for payment of grant.

Scrutiny of records of Director of Primary and Secondary Education, Pune revealed that 716 teachers (110 primary and 606 secondary school teachers) were declared surplus in the year 2004-05 by the Department and they could not be accommodated due to lack of vacancies and continued to remain in service. Their pay and allowances of Rs 7.45 crore paid during 2004-05 thus proved unproductive.

It was, further noted that Education Officer, ZP, Jalgaon appointed 126 new teachers during the year 2004-05 without accommodating the 11 surplus teachers identified in the year 2004-05 resulting in nugatory expenditure on payment of salary of Rs 11.45 lakh per annum.

In reply, the Government agreed (August 2006) to ascertain the facts and intimate the position.

3.5.2.12 Irregular payment of house rent allowance to staff

HRA of Rs 7.49 lakh paid to the staff provided with quarters

According to instructions (January 1999) issued by the Directorate of Higher Education, no house rent allowance (HRA) was admissible to the employees residing in quarters provided by the management.

It was noticed that one educational institution at Pune (Ferguson College), provided quarters to 13 teachers and also paid HRA of Rs 7.49 lakh to them between the period 2001-02 and 2004-05. The Government accepted (August 2006) the omission and agreed to recover the amount.

3.5.3 Programme implementation

3.5.3.1 Irregular release of grants to colleges with poor enrolment

Grants of Rs 3.63 crore were released to colleges with poor enrolment

No grant was payable to the colleges who failed to fulfill the condition of minimum enrolment of 40 students for Urban and 30 students for Tribal/Rural areas as per the Government norms (1979) to first year of degree course of each faculty. It was observed that in 22 colleges (**Appendix 3.5**) under the jurisdiction of four⁵² Joint Directors, the minimum enrolment during the period 1999-2000 to 2004-05 of students was below the norms fixed by the Government. The Department, however, continued to release the grant to these colleges resulting in irregular release of grants of Rs 3.63 crore. Of these, in

⁵² Jalgaon, Kolhapur, Mumbai and Nanded regions

five⁵³ colleges of Dhule, Nanded, Parbhani and Solapur Districts, two to three lecturers each were appointed (salary: Rs 0.93 crore) for two to 14 students only by the colleges during the period 1999-2000 to 2004-05.

In reply the Government stated (August 2006) that corrective action would be taken after obtaining clarification from the concerned colleges.

3.5.3.2 Poor performance of aided schools

In order to improve the quality of secondary education, the Government issued (November 2003) orders for initiating action against teachers for inefficiency, for de-recognition of schools and curtailment of non-salary grant to those aided schools where Secondary School Certificate (SSC) examination results were below 30 *per cent* in three consecutive years.

It was observed that the SSC result of 178 out of 13,451 secondary schools in the State ranged from 0 to 30 *per cent* during the three consecutive academic years (2003, 2004 and 2005). No action was, however, initiated as envisaged in the order, against these schools by the Director of Secondary Education.

The Government agreed (August 2006) to ascertain the facts and intimate action proposed.

3.5.3.3 Continued recognition to schools despite default

As per provision contained in the Secondary School Code, the recognition of school is subject to fulfillment of basic requirement by the school management, non-adherence of which may lead to de-recognition of schools.

Deputy Director of Education, Nagpur had recommended (April 2003, March 2004, May 2005) to Director of Secondary Education, Pune de-recognition of Devdia High School, Nagpur as appointment of teachers was not made as per rules and the SSC examination result was below 20 *per cent* during last four academic years. The school was also running on the first floor of unauthorisedly constructed building, cash book was not properly maintained since 1998, audit of accounts not conducted since 1987-88 and Kallanmiya High School, Kamptee, Nagpur for claiming salary grants for more teachers than sanctioned posts and inadequate space for students. Director of Secondary Education, Pune, however, continued recognition of these schools. The Director also released the grant of Rs 66.27 lakh and Rs 88.89 lakh respectively to these schools during the period 2002-03 to 2004-05.

The Government agreed (August 2006) to ascertain the facts and intimate the action proposed.

Grants of Rs 1.55 crore were released to two schools despite violation of school code provisions

⁵³ SB Zadbuke College, Barshi, Arts, Commerce and Science MV Kusumba Guru Budhiswami Mahavidyalaya, Purna, Degloor College, Degloor and Mamatatai Jamkar MV Parbhani

677 students were deprived of the scholarship of Rs 2.39 lakh

3.5.3.4 Students deprived of merit scholarship

The scheme of open merit scholarship to the meritorious students of middle school and high school students is operated by the Government. The scholarship was awarded for three years based on the results of a competitive examination conducted every year by the Bureau of Maharashtra State Examination, Pune. The rate of scholarship was Rs 25 for middle and Rs 40 per month for high school students to be paid for 10 months every year.

In Jalgaon District, 215 middle and 462 high school eligible students were deprived of the scholarship amounting to Rs 2.39 lakh though funds were available.

The Government agreed (August 2006) to ascertain the facts and intimate the action proposed.

3.5.4 Monitoring and evaluation

The Government neither prescribed any returns nor Management Information System (MIS) except monthly expenditure statement. However, the Department was publishing the information on important indicators of performance such as school-drop out rate, teacher-pupil ratio, pupil to school ratio, details of surplus staff, *etc.*, every year. The approval/sanction to the staff and the sections are monitored by inspecting the schools and strength of students as on 1 August every year. Release of excess ad hoc grants to the colleges, release of grants without receipt of audited statements and arrears in assessment of ad hoc grants indicated poor financial monitoring. Further, the Department had not carried out any evaluation of performance of schools and colleges during the period covered by audit.

The Government accepted (August 2006) that no monitoring system was in existence. They, however, stated that an on line monitoring system would be evolved.

3.5.5 Conclusion

The review of release and utilisation of grants-in-aid to non-government educational institutions disclosed that grants were released without assessment and without considering the tuition fee collected resulting in huge amount of unspent grants lying with the institutions and the Zilla Parishads. Incorrect assessment of grants due to irregular adjustment of tuition fees, institutions having unauthorisedly collected laboratory development fee, campus development fee, centre fee *etc.*, were also noticed. Release of grants to colleges with poor enrolment, continued recognition to schools despite default and students deprived of merit scholarship also came to light. The important indicators of performance could not be monitored due to non-maintenance of up to date statistical data.

3.5.6 Recommendations

- Assessment of grants needs to be carried out regularly to release grants on need basis.
- Inspection of colleges should be carried out periodically to ensure proper utilisation of grants and adherence to other norms stipulated.
- Colleges with poor enrolment record at same station need to be clubbed to avoid nugatory expenditure on pay and allowances of lecturers.
- The Department should devise a Management Information System (MIS) on important parameters of the functioning of the institutions and closely monitor their working.

Higher and Technical Education Department

3.6 Functioning of Dr. Babasaheb Ambedkar Technological University

3.6.1 Introduction

Government of Maharashtra established the Dr. Babasaheb Ambedkar Technological University (University) under a State Act of 1989 by upgrading an existing polytechnic with the objective of providing facilities of higher technical education and promoting economic development of the region. The University located at Lonere in Raigad District, is a unitary university, which does not provide affiliation.

The Governor is the Chancellor of the University. The Vice Chancellor is the principal executive and academic officer of the University. The executive council, academic council, the planning and evaluation board, the finance committee and the board of studies are the authorities which deliberate and plan the policies of the University. There are Deans for each faculty, who are responsible for implementation of the academic policies approved by the academic councils. The Registrar is the Chief Administrative Officer of the University, whereas the Finance and Accounts Officer is responsible for supervision over the funds of the University and for preparation of the annual accounts.

The University conducts eight⁵⁴ diploma, seven⁵⁵ undergraduate and six⁵⁶ postgraduate courses along with doctoral programmes and a special course in water quality management. Fifteen *per cent* of the seats of the various courses are reserved for students belonging to the four⁵⁷ districts of Konkan region. During 2005-06, 2,512 students had enrolled in the University.

Audit of the University was conducted in February and March 2006 by test-check of records for the period from 2001-02 to 2005-06 to assess whether the technical education imparted was accredited and culminated in effective linkages with the industry for job generation; the infrastructure was adequate; and the management of manpower was efficient. The results of the test-check are detailed in the succeeding paragraphs.

⁵⁴ Chemical, Petrochemical, Polymer & Plastic, Instrumentation, Computer, Electrical, Electronics & Telecommunication, Information & Technology, each course has intake capacity of 40 students

⁵⁵ Chemical, Computer, Electrical, Electronics & Telecommunication, Information & Technology, Mechanical each having intake capacity of 60 students and Petrochemical having capacity of 30 students

⁵⁶ Chemical, Computer, Electronics & Telecommunication, Environmental, Thermal & Fluids each course has intake capacity of 18 students

⁵⁷ Raigad, Ratnagiri, Sindhudurg and Thane

Audit findings**3.6.2 Financial management****3.6.2.1 Receipts and expenditure**

The receipts and expenditure of the University during the period 2001-02 to 2005-06 are as detailed below:

(Rupees in lakh)

Year	Receipts				Expenditure	
	State Government grant		Central assistance ⁵⁸	Own receipts ⁵⁹	Revenue	Capital
	Recurring	Non-Recurring				
2001-02	187.66	NIL	33.00	168.08	290.69	258.77
2002-03	150.20	560.82	NIL	154.18	320.70	177.91
2003-04	139.92	353.00	17.50	205.24	316.27	512.04
2004-05	158.82	940.00	230.00 ⁶⁰	203.49	357.81	1007.56
2005-06	202.08	NIL	300.00 ⁶¹	NA	NA	NA

Note: figures not available for 2005-06 as accounts for the year are still not finalised as of July 2006.

3.6.2.2 Recurring grants

Grants were released on ad hoc basis without verifying the accounts

The State Government gives annual recurring grants for meeting the expenditure on salaries and office expenses of the University. The amount of grants is decided after adjustment of the University's own receipts. The grants are released by the Government in four instalments, based on the estimated recurring expenditure for the year. The first three instalments are to be paid as advance grant and the last instalment is to be paid on receipt of the audited statement of expenditure for the previous year. While releasing the final instalment, excess payments of grants, if any, made during the previous year, are to be adjusted. It was, however, noticed that grants were released without adhering to the procedure stated above. It was noticed that the annual accounts of the University for the years 2001-02 to 2004-05 showed excess of income over expenditure. University's accounts for the year ending on 31 March 2005 depicted excess income of Rs 5.03 crore. This indicated that grants were paid to the University in excess of requirement.

3.6.2.3 Preparation of accounts

Preparation of accounts for the years 2001-02 to 2004-05 was delayed by six to 20 months

As per Section 70 of the Act, the annual accounts of the University were to be submitted to the Government before 15 August every year. It was, however, noticed that the accounts for the years 2001-02 to 2004-05 were prepared six to 20 months after the due date of submission of the accounts. As of July 2006, none of the accounts were submitted to the Government.

⁵⁸ AICTE assistance directly paid to the University

⁵⁹ Various fees and interest receipts

⁶⁰ & ⁶¹ Rs 200 lakh and Rs 300 lakh received from Technical Education Quality Improvement Programme assisted by World Bank

The Registrar stated (July 2006) that the post of Finance Officer had been lying vacant from 1998 to December 2004 and the officer in charge could not prepare the accounts in time.

The reply indicated that the University contravened the provisions of the University Act on preparation of the Accounts and submission of the same to the Government. Further, in the absence of timely preparation of accounts, it was not clear as to how the expenditure was monitored and the requirement of funds was assessed.

3.6.2.4 Depreciation Fund

Assets worth Rs 13.65 crore of the Institute of Petrochemical Engineering were not reflected in the University's accounts

Section 68 of the Act prescribed that a depreciation fund should be created out of the University's own funds with the prior sanction of the Government. It was observed that the University had created no such Fund. It was also seen that depreciation was not provided on the assets of the University. The assets of Rs 13.65 crore created⁶² during 1998-99, in setting up of the Institute of Petrochemical Engineering, were not reflected in the balance sheet of the University even after seven years. Hence, the balance sheet did not reflect a true and fair picture of the University's finances.

The Registrar stated (February 2006) that the matter would be placed before the appropriate authorities and necessary steps would be taken accordingly.

3.6.3 Academic activities

The University conducts eight diploma, seven undergraduate and six postgraduate courses along with doctoral programmes and a special course in water quality management.

3.6.3.1 Accreditation of courses

Accreditation of three out of seven undergraduate courses and three out of eight diploma courses were not granted by AICTE

The University was required to obtain accreditation for all its courses from the All India Council for Technical Education (AICTE), a statutory body of the Government of India. Four⁶³ out of seven undergraduate courses were accredited in May 2003 by AICTE for three years. Similarly, five out of eight diploma courses were accredited in February 2005 for three years. Accreditation was not granted by AICTE for the remaining undergraduate and diploma courses due to high pupil teacher ratio (29 : 1 during 2005-06) than the prescribed norms (15 : 1), deficiencies in qualifications and experience of the faculty members and lack of space and equipment. It was also noticed that no accreditation was sought by the University for postgraduate courses and doctoral programmes. On this issue, the reply of the Registrar (June 2006) was silent about the steps taken by the University for obtaining accreditation for the post-graduate courses and doctoral programmes.

⁶² Main building, workshop and boy's hostel

⁶³ Petrochemical, Chemical, Mechanical and Electrical.

3.6.3.2 Research and consultancy project

One of the indicators of the professional and technical competence of faculty members and the adequacy of infrastructure facilities available at a university to undertake project assignments is the number of consultancy projects received by it. It was observed that the University undertook only four consultancy projects costing Rs 1.20 lakh during the period 2001-02 to 2005-06. The University stated (July 2006) that the facilities were being improved and that they had planned to undertake more consultancy projects.

3.6.3.3 Job placement

One of the standards of assessing the quality of technical education imparted by a university is the extent of job placements secured by the students after completing their studies. About 201 students *i.e.*, 20 per cent succeeded in securing job placements through campus and off-campus interviews during 2003-04 to 2005-06. Of these 26 students got placement in the adjoining industrial areas.

Thus, the objective of creating an effective linkage with the industry for employment generation was not fully achieved.

3.6.4 Transfer of technology

One of the objectives of establishing the University in the backward area of Raigad was to achieve transfer of technology for the upliftment of the region and to disseminate knowledge of technological advances to the local community, thereby creating awareness. The University Act prescribed establishment of extension of education services to make useful information based on the research findings available to the people in the rural areas. The University was to conduct demonstrations and training programmes for the benefit of students, extension workers and other rural people, through the regional extension centres and extension service units. It was noticed that no extension service centres and extension service units had, however, been set up since establishment of the University, thus defeating the objective of transfer of technology to the people in the rural areas. The Registrar stated (July 2006) that an extension centre was proposed to be established by the end of December 2006.

3.6.5 Infrastructure

3.6.5.1 Delay in completion of new academic and administrative building

In the beginning (1989), the University ran only one course *viz.*, petrochemical engineering and was housed in three old sheds. In December 1999, the work of Phase I of an academic and administrative building (estimated cost: Rs 19.49 crore) was started which was to be completed in 36 months *i.e.*, by December 2002. The work was to be executed through a contractor under the supervision of the Building and Works Committee of the University. Government, however, released only Rs 65 lakh during the period 1999-2000 to 2001-02. As the work was not completed in time, the estimates had to be

Job placement through campus and off-campus interviews during 2003-04 to 2005-06 ranged between eight and 23 per cent

Regional extension centres were not established to make useful information based on research findings available to people in the rural areas

The construction of an academic and administrative building, started belatedly in December 1999, had not been completed

revised (November, 2003) to Rs 29.60 crore and the period of completion of work had to be extended to December 2006.

Sixty five *per cent* of the work had been completed as of July 2006 after incurring an expenditure of Rs 20.07 crore (68 *per cent* of revised estimate).

The Registrar stated (July 2006) that due to paucity of funds, the contractor could complete only 40 *per cent* of the work during the stipulated period of three years 1999-2002.



Photo showing Incomplete Administrative Building of the University

There was, however, nothing on record to show that the Registrar had taken any effective initiatives for the required funds and the Building and Works Committee had reviewed the progress of the work periodically. Thus, the project suffered from lack of planning and inadequate monitoring.

3.6.5.2 Purchase of laboratory equipment

In order to upgrade the existing laboratory for Computer Aided Design/Computer Aided Manufacturing (CAD/CAM), the University purchased (between September 2005 and January 2006), Computerised Numerical Control (CNC) machines worth Rs 37 lakh under the Government of India scheme 'Technical Education Quality Improvement Programme'. These machines were not tested and installed due to incomplete building works and non-availability of power supply. The warranty period for the machines was one year from the date of commissioning or 15 months from the date of supply of the machines, whichever was earlier. Similarly, computers and networking components worth Rs 1.12 crore purchased between December 2005 and March 2006 were lying idle as of July 2006 due to non-completion of the work of the computer centre. Thus, machinery worth Rs 1.49 crore was lying idle for six to 10 months.

The Registrar stated (June 2006) that these equipments were required as part of the curricula and that the purchases had been made in anticipation of completion of the building works and availability of high tension power connection, for which an application had been submitted (November 2004) to the Maharashtra State Electricity Board.

The reply is not tenable as the date of completion of the building was revised as December 2006, which was known in November 2003 itself. The purchase of equipments should have been arranged in such a way that they should have been available by the time the construction of the building was completed.

Further, the AICTE released (2000-01) Rs 14 lakh each for 'Modernisation of the University's Material Science and Metallurgical Laboratory' and for 'Modernisation of the Mechanical Workshop'. It was noticed that equipments

Computerised Numerical Control machines and computers and networking components worth Rs 1.49 crore, were not installed due to non completion of computer centre

and instruments worth Rs 7.24 lakh for modernisation of the Material Science and Metallurgical Laboratory were procured in October 2004. The remaining purchases worth Rs 7.06 lakh were made only in March 2006 as the total cost of the machine exceeded the budget provision.

Cylindrical grinding machines and horizontal milling machines were not purchased despite availability of funds

It was noticed that under the programme 'Modernisation of the Mechanical Workshop', a cylindrical grinding machine and a horizontal milling machine (estimated cost: Rs 7 lakh) needed for conducting practical work by B Tech and M Tech students had not been purchased as of June 2006 though AICTE funds (Rs 7.44 lakh) were available. As a result, for practical work included in these courses, the students had to be sent to other institutions.

The Registrar attributed (June 2006) the delays to re-tendering for supply of the machine and inadequate responses from vendors. The fact remains that the objective of modernisation of laboratory to enhance instructional facilities and to develop facilities for carrying out research, consultancy, training and extension activities for the neighbouring industries was not achieved due to delays in purchase of the equipment.

3.6.5.3 Inadequate hostel facilities

Hostel facilities were inadequate and there was overcrowding in the hostels

The University was envisaged as a residential university; but its hostel facilities were inadequate. It could provide only five hostels for boys with an intake capacity of 1,120 students, against which 1,455 students were housed. There were no designated hostels for girls. Two out of the existing five boys' hostels were converted into girls' hostels. Thus, the existing hostel accommodation was insufficient as 1,000 students still to be provided with hostel facility and there was overcrowding in the hostels.

The Registrar attributed (June 2006) the shortfall in hostels to inadequate funds; but the fact remains that the University was not able to match the requirement of hostels with the number of students.

3.6.5.4 Non-availability of medical room

Medical facilities were not provided in the hostels

As per AICTE norms, there should be a medical room having an area of 50 sqm in each hostel. It was observed that no such rooms were provided in the hostel. The nearest public health centre was located at a distance of six kilometer (km) while the cottage hospital was at a distance of 12 km.

The University stated (June 2006) that no post of medical officer had been sanctioned for the University even though the matter was repeatedly taken up with the Government. A temporary arrangement of a visiting doctor was made; but that could not be continued even for a year. Thus, the students were deprived of medical facilities.

3.6.6 Manpower management

Adequate administrative, technical and professional staff was essential for effective functioning of the University. It was observed that the manpower available in the University was not commensurate with the requirement sanctioned by the Government.

3.6.6.1 Vacancy

Vacancies of staff in various cadres ranged between 26 and 64 per cent

It was observed that vacancies in various cadres of staff ranged between 26 to 64 per cent as per details given below:

	Staff	Post sanctioned by Government	Persons-in-position	Percentage of vacancies
Degree course	Professor	11	4	64
	Assistant Professor	23	17	26
	Lecturers	61	43	30
	Non-teaching	120	79	34
Diploma course	Teaching	47	32	32
	Non-teaching	59	39	34

In the four departments of electrical engineering, electronics and telecommunication, computer engineering and information technology, no professor had been recruited since the starting of the first three courses in 1995 and the information technology course in 2001. The University employed faculty on ad hoc basis for running these courses.

The Registrar attributed (June 2006) the vacancies to the remoteness of its location.

The reply cannot be justified as availability of regular qualified teaching faculty is one of the requirements for AICTE accreditation of the courses run by the University. Moreover, non-availability of regular faculty could also adversely affect the quality of education. Further, despite shortage of faculty the University continued to send the teachers on deputation, for higher education, as mentioned elsewhere.

3.6.6.2 Training facilities for staff

Though the University was facing staff constraints, 50 to 100 per cent of faculty members were sent on deputation for higher studies

As per AICTE norms, adequate leave training reserves had to be maintained before sponsoring teachers for staff development programmes. Under the Government of India's Quality Improvement Programme (QIP), faculty members could be deputed for pursuing higher education programmes to other institutions. The duration of such deputation was 18 months in the case of post graduate courses and 36 months in the case of doctoral programmes.

In four departments out of seven, 50 to 100 per cent of the faculty members was on deputation at any given time. During the years 2000-01 and 2005-06, eight out of 18 faculty members in the Department of Mechanical Engineering, two out of three faculty members in the Department of Computer Engineering, one out of two faculty members in the Department of Mathematics and the sole faculty member of the Department of Information Technology were sent on deputation under the QIP programme.

The Registrar stated (March 2006) that no specific rules for deputation of faculty members were available with them but care would be taken in future.

Since the University was already facing severe staff constraint, sending the faculty members on deputation does not appear to be appropriate.

3.6.7 Internal Control Mechanism

Internal control in the University was to be achieved through the holding of prescribed meetings of five⁶⁴ statutory committees of the University. The members of these committees invariably included the Vice-Chancellor as ex-officio Chairman, the Director of Technical Education, Deans of the various faculties, teachers of the University and eminent scientists nominated by the Government.

3.6.7.1 Statutory Committee meetings

There were shortfalls in the required number of meetings to be held by various statutory committees

As per the Act, the various statutory committees of the University were required to conduct meetings on a regular basis. Scrutiny of records revealed that there were shortfalls in holding the prescribed number of meetings as shown below:

Name of the committee	2002-03			2003-04			2004-05		
	Norms as per Act	Actually held	Short-fall	Norms as per Act	Actually held	Short-fall	Norms as per Act	Actually held	Short-fall
1. Executive Council	7	8	-	7	6	1	7	5	2
2. Academic Council	4	4	-	4	6	-	4	3	1
3. Planning & Evaluation Board.	3	1	2	3	-	3	3	-	3
4. Finance Committee	3	-	3	3	-	3	3	2	1
5. Board of studies	--	7	--	--	11	--	--	12	--

It would be seen from the above that the statutory committees did not meet regularly.

3.6.7.2 Inspections of hostels

Scrutiny revealed that a Hostel Committee was constituted in July 2002 to inspect the hostels and assess the needs of the students as well as the adequacy of the amenities in the hostels. However, no physical inspections of any of the hostels had been conducted. Though the University stated that the Committee held regular meetings, there were no recorded minutes of such meetings and or any follow up action.

3.6.7.3 Annual Report

Annual report of the University had not been submitted to the Government as required

The University Act prescribed the preparation of an Annual Report on the performance of the University and its submission to the Government by 15 May every year. It was noticed (March 2006) that Annual Reports had not been prepared since inception of the University. The University prepared (July 2006) an Annual Report for 2005-06 on being pointed out by Audit, but the same had not been submitted to Government.

⁶⁴ Executive council, academic council, the planning and evaluation board, the finance committee and the board of studies

3.6.8 Conclusion

Delay in preparation of annual accounts, non-provision of depreciation on the assets and huge unspent balances lying at the end of each year indicated poor financial management. Poor job placement indicated lack of linkages with industries. Extension service centres for transfer of technology were not established. Grants given by AICTE were either not utilised or utilised belatedly. The construction of the academic and administrative building, started belatedly in December 1999, had not been completed. Despite being a residential university, availability of hostels was not commensurate with the requirements, resulting in overcrowding in the hostels. In spite of huge shortage of teaching staff, the University continued to send many of its staff on deputation for higher studies.

3.6.9 Recommendations

The University should ensure:

- timely preparation of annual accounts and regular submission of the same to Government;
- fulfilling the AICTE conditions for obtaining accreditation for all its courses;
- expediting establishment of extension centres for transfer of technology;
- expediting construction of buildings and providing other infrastructure facilities;
- staggering deputation of the faculty for higher studies so as not to hamper the academic programmes and
- regular meetings of the Statutory Committees for effective monitoring of various activities.

The matter was referred to the Principal Secretary to the Government in August 2006. Reply had not been received (October 2006).

**FOOD, CIVIL SUPPLIES AND CONSUMER PROTECTION
DEPARTMENT**

**3.7 Food Security, Subsidy and Management of
Foodgrains**

3.7.1 Introduction

Food management involves implementation of a well targeted Public Distribution System (PDS) for ensuring availability of foodgrains to public at affordable prices and for ensuring food security for the poor. For proper functioning of the PDS, it is necessary to ensure that the foodgrains of proper quality are obtained and the food is made available at concessional rate only to eligible persons. In Maharashtra, wheat was lifted as per the allocations of Government of India (GOI) from the Food Corporation of India (FCI), whereas paddy was procured by the State under the Minimum Support Price (MSP) scheme. In the State, Targeted Public Distribution System (TPDS), Antyodaya Yojana (AAY), Annapurna Scheme are implemented for distribution of foodgrains. About 2.36 crore (24.35 per cent) of the State population are covered under the Schemes.

The PDS is implemented under the administrative control of Food, Civil Supplies and Consumer Protection Department. The Supply Commissioner is responsible for the allotment of foodgrains to the districts on the basis of their demand and allocation received from GOI. In the districts the lifting, transportation, storage and distribution of foodgrains is entrusted to the District Supply Offices (DSOs). In Mumbai and Thane Rationing Area (MRA/TRA), the lifting, transportation, storage and distribution of foodgrains are co-ordinated by the Controller of Rationing.

A test-check of records was conducted between August and October 2005, in the Food, Civil Supplies and Consumer Protection Department, offices of the Financial Adviser and Deputy Secretary (FA&DS), Supply Commissioner, Director of Civil Supplies (Warehousing and Movement) and Controller of Rationing and six DSO offices⁶⁵ (18 blocks) and three regions in Mumbai rationing area (MRA), to assess the efficiency of procurement functions and ensuring quality of foodgrains and arrangements of distribution to ensure that all needy people have access to foodgrains.

3.7.2 Budget and expenditure

The budget allocations and expenditure incurred under PDS and Annapurna Scheme for the period 2001-06 are as follows:

⁶⁵ Jalna, Nagpur, Osmanabad, Pune, Sindhudurg and Solapur

(Rupees in crore)

Year	Budget		Expenditure		Saving	
	PDS	Annapurna	PDS	Annapurna	PDS	Annapurna
2001-02	1,955.30	0.50	1,080.61	0.12	874.70	0.38
2002-03	2,076.32	0.15	1,282.36	0.15	793.96	-
2003-04	2,524.61	8.78	1,249.08	1.26	1,275.53	7.52
2004-05	2,771.86	5.00	2,689.52	2.78	82.34	2.22
2005-06	1,485.73	0.00	1,556.16	7.78	(-)70.43	(-)7.78
Total	10,813.82	14.43	7,857.63	12.09	2,956.09	2.34

It may be seen from the above that there was under utilisation of funds in PDS and Annapurna Scheme, which was due to less lifting of wheat and rice.

3.7.3 Allotment, lifting and distribution of foodgrains

The details of allotment, lifting and distribution of foodgrains under the PDS during the period 2001-2006 were as under:

(Quantity in lakh MT)

Year	Allotment by GOI		Lifting by the State		Distribution	
	Wheat	Rice	Wheat	Rice	Wheat	Rice
2001-02	7.74	9.23	7.84	4.43	8.53	5.18
2002-03	50.37	27.19	10.58	6.05	11.59	6.78
2003-04	48.34	26.10	13.22	7.10	13.41	7.20
2004-05	47.49	26.98	15.06	8.81	15.02	8.50
2005-06	35.96	18.43	14.63	8.69	14.63	8.91
Total	189.90	107.93	61.33	35.08	63.18	36.57

Note: The excess distribution of wheat and rice during 2001-04 was out of the previous stock.

It could be seen from above table that lifting of foodgrains compared to the allocation by GOI was only 32 per cent.

3.7.4 Lifting of foodgrains and hiring of godowns

Advance payment of Rs 1.04 crore to FCI remained unadjusted

The foodgrains (mainly wheat and rice) are lifted by the Department from FCI godowns by making advance payments for the quantity mentioned in the Delivery Order (DO). The advance payments are adjusted by FCI based on the quantities lifted by the State Department of Civil Supplies. The advance payments made to FCI during the period up to 2005-06 to the extent of Rs 1.04 crore remained unadjusted due to non-reconciliation of actual lifting of foodgrains with the advance payments made to FCI.

3.7.4.1 Non-utilisation of hired godowns

Avoidable expenditure of Rs 22.17 lakh was incurred on unutilised hired godown

Prior to July 2001, the foodgrains were transferred from FCI godowns to godowns of the State Government. From July 2001, the Controller of Rationing, Mumbai delivered foodgrains from FCI godowns to fair price shops directly. Eight godowns under the control of Controller of Rationing, Mumbai were lying unutilised, out of which two godowns were hired from private parties. During the period July 2001 to March 2006 the Controller of Rationing, paid rent of Rs 22.17 lakh on these hired godowns. The Department replied (August 2006) that two godowns were not de-hired due to court cases. The Department's reply is silent on reasons for non-utilisation of the hired godown.

3.7.5 Procurement of foodgrains

In Maharashtra paddy is procured under MSP through two agencies *viz.*, Maharashtra Co-operative Marketing Federation (MSCMF) and Tribal Development Corporation (TDC). The agents are responsible for testing and quality control of paddy. During 2001-06 paddy procured was 4,03,688 MT at a cost of Rs 219.60 crore. Wheat was lifted as per the allocations of GOI from the FCI. Following irregularities were noticed:

3.7.5.1 Non-testing of foodgrains

To ensure the prescribed quality of foodgrains, PDS Control Order, 2001 provided for conducting joint inspection by FCI officials and Department's officials of foodgrains stored in FCI godowns before lifting of foodgrains. In Mumbai and Solapur Districts it was noticed that no such joint inspection was carried out during 2001-06. PDS Control Order also provided that FCI shall issue to the State Government sealed samples of the stock of foodgrains supplied to them for distribution. This was also not done in these districts.

Further, the State Government issued (November 2004) directions that the moisture content in the paddy should be tested before procurement and paddy with moisture content beyond specified limit (17 *per cent*) should not be accepted. In Sindhudurg District, moisture content of the paddy could not be tested, as the moisture meter was not available.

3.7.5.2 Excess payment in procurement of paddy

As per the GOI directives (February 2001) one *per cent* shortage in procurement was permissible. It was seen that the State Government allowed (November 2003) two *per cent* shortages to MSCMF. During the period 2001-2006, the value of the actual shortages allowed in excess of 1 *per cent* was Rs 5.19 crore of which Rs 80 lakh was recovered from MSCMF. Thus, excess payment of Rs 4.39 crore was made to MSCMF.

Further, custody and maintenance charges for the period of one month (two months from 2003-04 onwards) are payable to the procurement agents as fixed by the GOI. It was seen that the payments were released to the procurement agents by the Department in excess of limit prescribed. This resulted in excess payment of Rs 3.56 crore during 2001-2006. Thus, total excess payment made was Rs 7.95 crore due to non-compliance of the prescribed norms of procurement.

3.7.6 Distribution of foodgrains

3.7.6.1 Fixation of higher retail price of wheat for below poverty line beneficiaries

As per the instructions from the Government of India, the State Governments are required to fix the end retail price at Fair Price Shops levels at not more than 50 paise per kg over and above the Central Issue Price (CIP) for below poverty line (BPL) population. It was observed that the end retail price of wheat was fixed 85 paise per kg above the CIP from September 2001. This

Excess payment of Rs 7.95 crore due to shortages, custody and maintenance charges allowed in excess of the limits prescribed

BPL families were charged in excess by Rs 0.35 per kg of wheat sold

resulted in excess charging to the beneficiaries to the extent of 35 paise per kg and thus the State Government recovered Rs 153.57⁶⁶ crore during the period from September 2001 to March 2006. The Department replied that the end prices at FPS for BPL families were increased due to non-availability of adequate budget provisions. The reasons are not correct, as the available budget provisions were not utilised fully by the Department.

3.7.7 Identification of beneficiaries

Given the resource constraints of the Government and the large amount of subsidy involved, it is absolutely essential that selection of beneficiaries is done in a foolproof manner. The deficiencies noticed in the identification of beneficiaries is discussed below.

3.7.7.1 Targeted Public Distribution System (TDPS)

The BPL cards issued under PDS were higher than the identified BPL families

Under the TPDS, foodgrains are supplied to BPL families at specially subsidised prices. For distribution of foodgrains to BPL families, the threshold level of income was Rs 15,000 per annum. The total number of BPL cards issued by the State under PDS as on March 2006 was 73.26 lakh.

The total number of BPL families in the State, as per the survey conducted by Rural Development Department (RDD) for Integrated Rural Development Project (IRDP) applying the criterion of family income below Rs 15,000 per annum was 65.34 lakh (including urban poor) as on March 2000. The difference in identified BPL families and number of BPL cards was on the higher side.

3.7.7.2 Antyodaya Anna Yojana

Antyodaya Anna Yojana (AAY) was launched in May 2001 for the poorest of the poor. Under the scheme, foodgrains are supplied at rates lower than those applicable under TPDS.

Ineligible beneficiaries were selected under the scheme

As per the directives of the State Government, selection of the targeted number of beneficiaries for the scheme was to be made out of BPL beneficiaries, arranging them in the ascending order of the income and thus giving preference to those with lower income. The names of the beneficiaries were also required to be approved by Gram Sabha by inviting applications from the head of the BPL family after certification of details by the Gram Sevak concerned. There were 10.02 lakh beneficiaries identified under the scheme (May 2001).

It was noticed in Mumbai (E region) and Solapur Districts that the procedure of arranging all BPL families in ascending order of income was not observed in respect of 4,540 families selected for AAY. Further, 561 above poverty line (APL) families were issued AAY cards at Sangola and Deogad blocks (Sindudurg District). Further, 29 beneficiaries at Deogad block who had been rejected by the Gram Sabha were selected and AAY cards were issued to

⁶⁶ Quantity of wheat 43,73,629 M.T. x Re 0.35

them. In four blocks⁶⁷, cards were issued to 2,372 beneficiaries though their names were not approved by the Municipality/Gram Sabha.

3.7.7.3 Annapurna Scheme

Annapurna scheme was launched from April 2000 under which 10 kgs of foodgrains is to be supplied free of cost to 'destitute' persons of the age 65 years or above, who are not in receipt of old age pension. As per the eligibility criteria of the scheme, photograph of beneficiary, proof regarding age, income and residence are required to be produced. The names of the applicants are required to be recommended by talathi/gramsevak and approved by tahsildar.

In Mumbai region (G ward) 2,561 beneficiaries were selected without verification of whether they received any old age pension. Further, 388 beneficiaries in Mohol and Sangola blocks of Solapur District and Washi block of Osmanabad District were identified without proof of income, residence and age and photograph. Further, 202 beneficiaries were selected even without recommendation of talathi and approval of tahsildar.

During 2004-06, in 17 districts 23,536.40 quintals of foodgrains was distributed to 49,825 beneficiaries even though they were entitled for 19,697 quintals of foodgrains resulting in issue of excess quantity of 3,839.40 quintals as detailed in **Appendix 3.6**. The additional outflow of subsidy due to issue of excess quantity of foodgrains was Rs 18.81⁶⁸ lakh. As the foodgrains under the scheme are distributed free of cost possibility of misuse of foodgrains cannot be ruled out.

3.7.8 Review of ration cards

Ration cards issued were more than the projected population of the districts

Three types of ration cards were in circulation in the State. White cards were issued to families with annual income of rupees one lakh or more, saffron colour cards to families having annual income less than rupees one lakh but more than Rs 25,904 and yellow cards to families whose annual income was less than Rs 25,904. The number of persons covered by the ration cards (447.58 lakh) as on March 2003 in nine⁶⁹ districts was more than the projected population (339.63 lakh) by 107.95 lakh. Considering that the figure of total population also consists of people who may not have applied for issue of cards, the difference is alarming. The Department has not compiled the information as regards to number of units covered under ration cards from April 2003 to March 2006.

As per the PDS (Control) Order, 2001, the State Government has to get the lists of BPL and Antyodaya families reviewed every year for the purpose of

⁶⁷ Baramati, Pandharpur, Solapur and 'D', 'E' and 'F' regions of Mumbai

⁶⁸ 3839.40 quintal of foodgrains x Rs 490 (average price of rice and wheat during the period) = Rs 18.81 lakh

⁶⁹ Dhule, Hingoli, Jalgaon, Jalna, Mumbai, Nadurbar, Osmanabad, Pune and Satara (District having variation between card population and projected population upto 10 *per cent* have not been commented upon)

deletion of ineligible families and inclusion of eligible families. For this purpose, State Government issued instructions in January 2003. In five blocks of Osmanabad District, 1,063 BPL/AAY cards were cancelled only in February-July 2004 *i.e.*, after a delay of 12 to 16 months. The belated cancellation of cards resulted in supply of essential commodities to ineligible cardholders in the intervening period.

Out of 21 sample blocks selected in seven districts, it was noticed that the list of BPL/AAY families were not reviewed in respect of 14 blocks⁷⁰ in six districts. In Mumbai ('E' region), the ration cards were not reviewed in 505 shops out of 978.

3.7.9 Functioning of fair price shops

The fair price shops did not display the prices and samples of foodgrain stocked under PDS

The success of the PDS depends considerably on efficient functioning of the fair price shops (FPSs). The PDS Control Order, 2001 stipulated that the licensee of FPSs shall display details such as list of beneficiaries, entitlement of essential commodities, scale of issue and authority for redressal of grievances. It was observed (September 2005) that in 14 shops in seven districts no information was displayed on the notice board and in 59 shops information was incomplete. In 29 shops, samples of foodgrains were not displayed though required under the order. The Department did not ensure compliance of the PDS control order through regular visit of FPSs by DSOs.

3.7.10 Monitoring

With a view to ensuring proper functioning of the scheme, the PDS control order emphasised the need for adequate monitoring through different mechanisms such as inspection of shops, formation of vigilance committees, prescription of periodical returns, use of computerised system to monitor the functioning of PDS at FPS level, *etc.*

3.7.10.1 Inspection of fair price shops

Inspection of FPSs was neglected by various district authorities

Public Distribution System (Control) order, 2001 specifies that the State Government should ensure regular inspection of fair price shops by the designated authority not less than once in six months. Accordingly, the Department prescribed norms for inspection of shops by various authorities *viz.*, Additional Collector, District Supply Officer, Tahsildar, Nayab Tahsildar, Supply Inspection Officer and Supply Inspector.

In Solapur District, against 3,576 to 3,624 shops required to be inspected during 2000-05, targets fixed for inspection were between 2,300 and 3,480 shops; shortfall being three to 55 *per cent*. Even with reference to these low targets shortfall in achievement ranged between four and 58 *per cent* during 2000-05. The District Supply Officer, Solapur did not fix any targets for inspection by Nayab Tahsildar.

⁷⁰ Baramati, Bhivapur, Bhokardan, Deogad, Ghansangvi, Jafrabad, Kamptee, Lohara, Malshiras, Mohol, Sangola, Tuljapur, Vengurle and Washi

In two blocks of Sindhudurg District, the shortfall in achieving the target ranged between 11 and 48 *per cent*. In Jalna, Osmanabad Districts and three blocks in Pune District, information relating to targets fixed and achievement there against was not available.

Further, out of 12 shops inspected by Audit jointly with departmental officers in the three⁷¹ blocks of Sindhudurg District it was noticed that eight shops were not inspected by departmental officers during the last two to five years. Thus, the inspection of FPS was neglected by various district authorities. In absence of inspection, proper functioning of FPSs was not ensured.

3.7.10.2 Preparation and submission of returns

The PDS Control Order, 2001 provided for a system of periodical (monthly) reporting from fair price shop to district authorities, from district authorities to State Government and from State Government to Central Government. These returns relate to vital data such as number of ration cards attached to FPS, opening stock with FPS, allocation for the month and quantity actually received and distributed *etc.* In 84 shops inspected in seven districts, 50 shops did not furnish such information to the district authorities. In the absence of returns from FPSs, the correctness of information furnished by district authorities to the State Government and from State Government to the Central Government was doubtful. Further, the State Government had not sent the prescribed returns under PDS to the Central Government since March 2004 (May 2006).

3.7.10.3 Functioning of vigilance committees

To monitor the distribution of essential commodities under Public Distribution System, constitution of vigilance committees at village level, block level and district level was prescribed by the State Government in November 1999. It was envisaged that the committees would hold monthly meetings. District level vigilance committee was not formed in Nagpur District. No information was available in Osmanabad District as to the formation of district level vigilance committee. In eight⁷² out of 21 blocks in seven districts, vigilance committees were not constituted and in respect of two⁷³ blocks no information was available regarding this constitution. Monthly meetings of vigilance committees were also not held as required.

Non-constitution of vigilance committees at various levels and failure to hold regular meetings indicates lack of seriousness in ensuring proper functioning of the Public Distribution System.

3.7.11 Conclusion

The Department did not ensure the quality of the foodgrain while lifting the same from FCI. Excess payments were released to procurement agents by

⁷¹ Devgad, Dodamarg, Vengurle

⁷² Pune-Baramati, Mulshi and Purandar, Osmanabad-Lahara and Tuljapur Nagpur-Kamptee, Nagpur, Bhivapur

⁷³ Washi in Osmanabad District and 'E' region in Mumbai

The vigilance committees either were not formed or were ineffective

allowing shortage in procurement and custody and maintenance charges in excess of the limits stipulated. Deficiencies were noticed in identification of beneficiaries of PDS. The State Government did not undertake periodical review to weed out bogus cards and ineligible units. There was substantial difference between the number of BPL cards issued under PDS and BPL families identified through survey as per Government of India norms. The monitoring of the functioning of Fair Price Shops was inadequate. The Vigilance Committees to be constituted for monitoring the distribution of foodgrains to the beneficiaries were either not formed or were ineffective.

3.7.12 Recommendations

- Government should ensure proper testing of foodgrains before its lifting from the Food Corporation of India or procurement from the farmers;
- There is a need to ensure that the identification of PDS beneficiaries is done in a foolproof manner and the list of beneficiaries is reviewed at regular intervals to prevent leakage of subsidy to ineligible persons;
- Inspection of fair price shops by the various administrative authorities needs to be strengthened and
- Vigilance Committees should be constituted in the districts where they are not formed. The functioning of the existing Vigilance Committees should be streamlined.

The updated review was reported to the Government/Department in June 2006. Reply had not been received (October 2006).