

## OVERVIEW

This Report includes two chapters containing Audit observations on Finance and Appropriation Accounts of Government of Maharashtra for the year 2000-2001 and four other chapters comprising 7 Audit Reviews and 36 paragraphs based on the audit of certain selected schemes, programmes, activities and financial transactions of the Government. A synopsis of the important findings contained in the Report is presented in this Overview.

As per existing arrangement, copies of the draft audit paragraphs and draft audit reviews are sent to the concerned Secretary to the State Government by the Principal Accountant General/Accountant General, demi officially with a request to furnish replies within 6 weeks. Despite such efforts, in 18 Paragraphs out of the total number of 36 and in 6 Reviews, out of 7 Reviews, no response were received from the concerned Secretary of the State Government.

### 1 An overview of the Finances of the State Government

- The revenue receipts of the Government increased from Rs 19255.24 crore in 1996-97 to Rs 29566.92 crore in 2000-2001 registering an average annual growth of 12.35 *per cent*. Along with the increase in revenue receipts, the arrears in revenue collection also increased from Rs 3553.87 crore in 1996-97 to Rs 7953.69 crore in 2000-2001.
  - The revenue expenditure increased from Rs 20845.80 crore in 1996-97 to Rs 37400.95 crore in 2000-2001, showing an average annual increase of 17.01 *per cent*. The revenue expenditure (Rs 37400.95 crore) during the year exceeded the revenue receipts (Rs 29566.92 crore) resulting in a revenue deficit of Rs 7834.03 crore. The Revenue Deficit increased from Rs 4268.75 crore in 1999-2000 to Rs 7834.03 crore in 2000-2001, an increase by 83.52 *per cent*.
  - Fiscal Deficit decreased from 11706.15 crore in 1999-2000 to Rs 8975.80 crore in 2000-2001. This indicated that borrowings are now mostly spent for revenue expenditure.
  - The revenue receipts as a percentage of total receipts of the State decreased from 39.68 *per cent* in 1996-97 to 37.76 *per cent* in 2000-2001. The revenue expenditure as a percentage of total disbursements of the State increased from 42.82 *per cent* in 1996-97 to 48.04 *per cent* in 2000-2001.
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- The spurt in revenue expenditure from Rs 20845.80 crore in 1996-97 to Rs 37400.95 crore in 2000-2001 was mainly due to increase in non-plan expenditure on Social Services and General Services which increased by 94 *per cent* and 87 *per cent* respectively during this five year period. Expenditure on interest payments shot up by 113 *per cent* from Rs 2447.21 crore in 1996-97 to Rs 5224.54 crore in 2000-2001.
- Return on capital investments in various Government Companies and Corporations was insignificant. On an investment (including loan) of Rs 9681.35 crore at the end of 2000-2001, the Government received dividend/interest of Rs 3.95 crore which was less than one *per cent*. Fortysix Government Companies having equity investment of Rs 589.35 crore, had accumulated losses of Rs 714.20 crore.
- The ratio of States own tax receipts to the Gross State Domestic Product was stagnating at 7 *per cent* during 1996-97 to 2000-2001 suggesting that it was possible to raise more resources through better tax compliance. The State Government, however, preferred to go in for more borrowings to meet its increasing revenue deficit with adverse implications for the finances of the Government.
- During the past five years, the financial condition of the State Government has considerably declined as seen from nearly five fold increase in Revenue Deficit and doubling of Fiscal Deficit. The debts of the Government has more than doubled due to the increased borrowings and brought with it the liability of more than 100 *per cent* increase in interest payments. As nearly 90 *per cent* of the borrowings are used for revenue expenditure, asset formation has suffered. Thus the asset liability ratio has declined from a healthy 1.06 to 0.74 in five years. Despite impressive growth in GSDP, States own tax/ GSDP ratio is stagnating while the Government relied more on borrowing to meet its revenue gap. The Revenue Deficit would have further increased but for the receipts of interests from MSEB, which again were mainly an adjustment against dues payable to them.

Unless Government controls the revenue expenditure and improves tax compliance, the financial condition is vulnerable to further deterioration.

*(Paragraphs 1.1 to 1.11)*

## **2 Appropriation Audit and Control over expenditure**

- The expenditure of the State Government during 2000-2001 exceeded the budget provision in 53 grants and 14 appropriations by Rs 2290.30 crore and Rs 8.50 crore respectively. The excess expenditure required regularisation by the State Legislature under Article 205 of the Constitution.

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- The Supplementary provision of Rs 19162.92 crore obtained during 2000-2001 constituted 39.75 *per cent* of the original provision of Rs 48203.10 crore. In 60 grants/appropriations, supplementary provision totalling Rs 556.00 crore proved unnecessary. Supplementary grants and appropriations totalling Rs 14373.18 crore were obtained in 62 other grants/appropriations when the additional requirement of the fund was Rs 7812.51 crore only, the savings in each case being in excess of Rs 10 lakh.
  - Supplementary grants aggregating Rs 1889.07 crore in 25 grants/appropriations proved insufficient by more than Rs 10 lakh in each grant/appropriation leaving an aggregate uncovered excess expenditure of Rs 2253.41 crore.
  - Persistent savings in excess of Rs 10 lakh in each grant/appropriation and also 20 *per cent* or more of the provisions occurred in 33 grants/appropriations during 1998-99 to 2000-2001.
  - Injudicious reappropriation of funds resulted in excess expenditure in 88 grants/appropriations and savings in 11 grants/appropriations (Appendix X).
  - Savings of Rs 1 crore and above in each grant/appropriation aggregating Rs 4258.03 crore (36.04 *per cent* of total savings) in 39 grants and appropriations were not surrendered before the close of the financial year by the concerned departments. In 32 grants/appropriations, though there was a total savings of Rs 293.87 crore (2.49 *per cent* of the total savings), no amount was surrendered. On the other hand, as against the savings of Rs 3204.16 crore available for surrender in 60 grants/appropriations, an amount of Rs 3565.83 crore was actually surrendered.
  - Corpus of the Contingency Fund was temporarily increased from Rs 150 crore to Rs 500 crore with effect from 31 January 2001. Advances totalling Rs 55.45 crore made from the Fund were not recouped till the close of the year.
  - A review of the operation of the Contingency Fund disclosed that in some cases (i) sanctions for advances were issued when the money was not needed and (ii) more advances than necessary were sanctioned.

(Paragraphs 2.1 to 2.15)

**REVIEWS**

**3 Management of loans given by the State Government**

The State Government disburses loans to Co-operative societies, statutory corporations, Government companies, quasi-public bodies and private institutions for development of socio-economic purposes. Some of these loans are made under special laws, others for special reasons or as a matter of recognised policy. Records of the books relating to loans disbursed/recovered during the period 1996-97 to 1999-2000 of the six departments of the State Government, as maintained by eleven Controlling officers reviewed in audit between April and June 2001 disclosed that :

- The State Government does not have data on the loan recoveries overdue. The Budget Estimates for recoveries of loans are unrealistic and the recoveries are not properly pursued.
- Government funds of Rs 271.79 crore remain blocked with sugar and other co-operatives due to failure on the part of the State Government to take effective/legal steps for recoveries of the loans. Despite poor past recoveries Government continued to sanction loans to such units.
- Under the National Co-operative Development Corporation Scheme, whereas Rs 312.41 crore was repaid by two departments during 1997-2000 only Rs 5 crore were recovered from the beneficiaries. Government had not taken action either to recover the loans or invoke the mortgages but the liabilities increased by granting of fresh every year.
- Government ordered waiver in March 2000 of recovery of loans of Rs 637.92 crore and accrued interest of Rs 104.65 crore under the Cotton Monopoly Procurement Schemes from the Maharashtra State Co-operative Marketing Federation. Despite poor financial condition of the Federation Government sanctioned a further loan of Rs 542.40 crore during 1999-2000.
- Internal controls in the Administrative and Finance Departments to ensure loan recoveries were non-functional in the absence of data on overdue amounts, incomplete records and non-submission of returns/reports.

*(Paragraph 1.12)*

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## **4 Implementation of Environmental Acts and Rules relating to Air Pollution and Waste Management**

A review of the Environment Protection Act and the rules for the control and prevention of Air Pollution and management of Hazardous, Biomedical and Solid Waste revealed major gaps in compliance of the provisions of the Act/rules.

- The ambient air quality in the State had exceeded the prescribed standards indicating increase in air pollution in the State and is at high levels in majority of the stations including Mumbai city.
- The vehicular air pollution in Mumbai city had gone up to alarming levels as all the parameters have far exceeded the prescribed standards.
- Industrial air pollution could not be assessed by the Board due to 90 *per cent* shortfall in the stack monitoring. Twentysix *per cent* of industries had not installed air pollution control devices/equipments. Imported air monitoring instruments costing Rs 3.17 crore were not useful due to frequent technical faults.
- Out of 15581 red and orange category industries in the State 6305 are air polluting industries. The Board does not have industrial categorywise data of air polluting units.
- Monitoring of the pollution caused by the stone crushing industry had been neglected by the Board due to inadequate sampling and field inspection.
- Fly ash content of five thermal power stations of the Maharashtra State Electricity Board had exceeded the limits and thus added to the air pollution.
- Compliance of Biomedical Waste Rules was weak as only 962 units out of 6423, applied for authorisation and 278 units were granted authorisation. Only 22 hospitals had adequate treatment facility of the wastes generated by them.
- All the major municipal corporations in the State including Mumbai and Pune were dumping the solid wastes without proper treatment or segregation.
- Though required statutorily, the Board has not spent the water cess amount on pollution control measures and their annual accounts and reports are in arrears since 1997-1998.

(Paragraph 3.1)

## **5 Drinking Water Supply Programme**

### **Accelerated Rural Water Supply Programme**

The State Government took up an ambitious programme of water supply schemes in November 1995 to provide 55 lpcd of water to the rural population as against the Government of India norm of 40 lpcd of water and also declaring the State as tanker free. As of March 2001, 30551 habitations were covered and 28376 were left uncovered. Accelerated Rural Water Supply Programme funds were utilised as supplementary grants and the State Government resorted to heavy market borrowings amounting to Rs 1556 crore from 1997-98 to 1999-2000 resulting in an additional financial burden on the State. Implementation of the scheme were affected due to non-prioritisation of problem villages, delays in execution of works and taking up of schemes without assured source of water, non-maintenance of adequate information on sanctioned schemes etc. Some of the major audit observations are highlighted below :

- Despite an expenditure of nearly Rs 11 crore on computerisation, State Government did not have any Information System of the number of schemes sanctioned, in progress and completed under the programme. Thus, there was no effective monitoring of sanctioned schemes and their completion. Audit of Maharashtra Jeevan Pradhikaran, the main implementing agency, revealed that there were 4390 schemes sanctioned for execution of which only 1474 schemes were completed, 1666 were in progress which required another Rs 2082.08 crore for completion. Besides, there were 1615 schemes sanctioned under the programme during 1997-2001 for Rs 4384 crore which could not be started due to resource crunch.
- In four districts test-checked, 254 schemes taken up for execution by Zilla Parishad during 1997-98 to 1999-2000 were under progress and 38 schemes were not started.
- State Government spent Rs 25.34 crore on scarcity relief measures on account of temporary water supply schemes and supply of water by bullock carts/tankers during October 1997 to June 2000.
- The expenditure on water supply schemes over and above the norms of 40 lpcd, which was required to be met from the State MNP funds, was booked under accelerated water supply programme. In six districts the excess expenditure of Rs 9.44 crore, was booked under the ARWSP during 1997-98 to 2000-2001 by seven divisions of the Maharashtra Jeevan Pradhikaran. Five Zilla Parishads also booked excess expenditure of Rs 4.21 crore under ARWSP for the same period.

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- The State Government could cover 30551 (65 *per cent*) out of 46984 problem villages during 1996-2001. Due to non-prioritisation, 28376 problem habitations, (60 *per cent*) remained uncovered as of March 2001. Further 80 *per cent* of high priority problem villages remained to be covered.
  - There was re-emergence of 11943 problem habitations as per the Comprehensive Action Plan of April 1999.
  - The programme guidelines envisage due prioritisation to water quality affected villages. However, 502 habitations remained uncovered due to 44 incomplete rural water supply schemes and nine schemes sanctioned for 145 quality-affected habitations were not taken up due to paucity of funds.
  - The State Government and the Zilla Parishads did not have any information on the schools and anganwadis which were with safe drinking water. Thus this aspect of the programme was not monitored.
  - Two schemes in Ratnagiri and Raigad districts were taken up without assured water source, resulting in blocking of funds of Rs 4.33 crore.
  - Zilla Parishads did not take over the completed water supply schemes as these were considered expensive by them. As a result, Maharashtra Jeevan Pradhikaran was saddled with the maintenance of the schemes.

(Paragraph 3.2.1)

### **Accelerated Urban Water Supply Programme**

The Accelerated Urban Water Supply Programme was launched by Government of India in 1993-94 for supplying drinking water to towns with population less than 20000 as per 1991 census.

- Accelerated urban water supply schemes were to be completed in two years. However of the 13 schemes sanctioned upto 1998-99, only four were completed and handed over to the Municipal Councils. Of the remaining schemes, water supply was started in seven towns though schemes were incomplete.
- Out of the 11.01 lakh eligible population, schemes for 2.98 lakh (27 *per cent*) population covering 20 towns were approved upto March 2001. In the remaining 43 towns water supply schemes had been taken up by the State/Maharashtra Jeevan Pradhikaran out of their own funds.
- Government of India released to the State Rs 18.59 crore during the period 1993-94 to 2000-01 of which Rs 17.83 crore was released to the implementing agency and the balance Rs 0.76 crore was lying with the

State as of March 2001. Similarly, Rs 3.31 crore released to the MJP during above period was lying unutilised as of March 2001.

- In contravention of the Government of India guidelines, the urban water supply schemes were sanctioned and taken up without the 5 per cent popular contribution from the beneficiaries.
- Without assured source of water execution of the Shendurjana Water Supply Scheme was taken up in Amravati district. Rs 8.21 crore are lying blocked since March 1999.

(Paragraph 3.2.2)

## **6 Implementation of Road and Bridge Projects through private sector participation.**

Under the scheme of development of roads and bridges through private sector participation commonly known as Built, Operate and Transfer, the private entrepreneurs build the roads, bridges etc, maintain them and transfer them to the department after a specified period. During this period the entrepreneurs are allowed to collect toll from the beneficiaries to recover the investment made by them. The works were completed in time and within the accepted cost. However, the entrepreneurs were unduly benefited at the cost of public. Some of the important findings are:

- In 21 works, the entrepreneurs were allowed excess of toll collection period ranging from 5 months to 8 years beyond the admissible period. This resulted in scope for collection of extra toll income of Rs 533.71 crore to the entrepreneurs.
- For determining the toll income, the department accepted the vehicle census data furnished by the entrepreneurs and did not compare with the census data available with it. This resulted in scope for collection of excess toll by Rs 90.12 crore in 11 works.
- An entrepreneur unauthorisedly collected toll at the rate of Rs 50 instead of the permissible rate of Rs 30 per vehicle resulting in undue benefit of Rs 96.70 crore.
- Twelve entrepreneurs computed the interest on their investment at the rate of 17 to 30 per cent against the permissible rate of 13 to 15 per cent fetching them undue benefit of Rs 172.99 crore.

(Paragraph 4.1)



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## **7 Financial assistance to co-operative spinning mills**

The financial assistance given by the Government to the Co-operative Spinning Mills in the form of share capital contribution, loans and subsidy was to be utilised for erection, rehabilitation, modernisation and expansion of the mills. Government released the funds to the mills without examining the financial viability of the mills and ignoring the advice of the Finance and Planning Departments. As a result the investments have become dead investments. Some of the significant audit findings are:

- Out of Rs 752.44 crore released to 116 mills during 1961-2001, 46 mills have not been commissioned, 12 have been closed, 15 had gone under liquidation and 39 have suffered accumulated loss of Rs 381.67 crore.
- Due to incomplete and poor record maintenance, the department did not know the exact amount of loan, share capital and subsidy given to the mills and the dues recoverable from the mills.
- Share capital contribution to the tune of Rs 14.30 crore was released to 9 mills in excess of assistance admissible to them.
- Financial assistance of Rs 5.50 crore was misutilised by 3 mills. The department did not take any action against these mills.
- Loan and interest of Rs 38.50 crore due for recovery was not recovered from 19 mills.
- Only 42 *per cent* of the mills were set up in cotton producing areas as against the Government policy to set up 70 *per cent* of the mills in such areas.

(Paragraph 5.1)

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## **8 National AIDS Control Programme**

In the State, the National AIDS Control Programme was implemented through societies formed for the purpose with the help of the infrastructure of the State Health Department and Non-Government Organisations. The first phase of the programme till March 1999 aimed at slowing the spread of Human Immuno Deficiency Virus infections, morbidity and mortality associated with it and to minimise socio-economic impact thereof by creating public awareness on AIDS. In the second phase which is under implementation, the focus was proposed to be shifted to targeted interventions on high risk groups like commercial sex workers, truckers etc with the help of Non-Government Organisations. A review of the programme (1996-2001) revealed that:

- The blood safety programme was adversely affected by delay in the modernisation of Blood Banks and setting up Voluntary Testing Centres in 20 districts.
- Out of 29007 cases of AIDS reported in the country till October 2001, 6768 cases (23 per cent) were from Maharashtra. In order to generate reliable data on trend of prevalence of Human Immuno Deficiency Virus, Sentinel Surveillance Centres had not been established in all the districts.
- Huge amounts (Rs 5.04 crore) were spent on repairs/furnishings of the offices of Maharashtra State AIDS Control Society, Maharashtra District AIDS Control Society and United States Agency for International Development. Despite expenditure of Rs 1.49 crore on office of United States Agency for International Development, it remained unoccupied.
- Voluntary Testing Centres were not established in 20 districts and as a result Human Immuno Deficiency Virus testing facilities were not available for assessing the status of the disease.
- Due to non-supply/delayed supply of equipment, programme of modernisation of blood banks was affected. Equipment worth Rs 27.69 lakh supplied to a blood bank in Nagpur remained idle due to belated receipt of licence.
- Targeted interventions amongst Commercial Sex Workers were not carried out in Sangli and Pune districts, which had high prevalence of Human Immuno Deficiency Virus. Regular supply and distribution of condoms in red light areas was not monitored.

(Paragraph 5.2)

## **9 Government Printing Presses in Maharashtra**

There are eight Government Printing Presses in Maharashtra and expenditure of Rs 288.86 crore was incurred on the working of these Presses during the period 1996-97 to 2000-01.

- Despite the modernisation expenditure of Rs 9.73 crore, the cost of A-3 impression has considerably gone up during 1996-2000 and *per capita* productivity also decreased at Pune and Nagpur Presses.
- The aggregate capacity utilisation at Mumbai Press was 40 per cent and at Pune 22 per cent. No steps were taken to improve the capacity utilisation.

- The lino operating machine at Nagpur Press was under repairs for entire 72 machine months during 1997-98 to 2001 and this was idle wages payment of Rs 5 lakh. Utilisation of DTP machine at Aurangabad Press delay of 19 to 23 months resulting in blockage of funds of Rs 0.75 crore and loss of production of Rs 0.32 crore.
- No standards were fixed for working out labour index at Aurangabad and Pune Presses. Consequently Rs 23.06 crore was paid as Idle wages due to low labour productivity.

(Paragraph 6.1)

## PARAGRAPHS

### *Avoidable expenditure*

**I)** The Maharashtra Jeevan Pradhikaran had to incur expenditure of Rs 90.05 crore (1995-96) to Rs 133.81 crore (1999-2000) for maintenance and repairs of 261 Water Supply Schemes completed between 1996 and 2000 as the operation and maintenance of these water supply schemes were not handed over to the concerned local bodies.

(Paragraph 5.24)

**II)** An Insurance scheme called Jijamata Mahila Adhar Vima Yojana was implemented by the State Government in May 1999 without estimating the actual number of families to be covered and unnecessarily spent Rs 2.80 crore on payment of premium for insuring 1.60 crore families. Government could have directly paid compensation to the affected families, who were very few and thus achieved the same objective at a much lower cost.

(Paragraph 3.9)

**III)** Procurement of huge quantity of mild steel plates by the Executive Engineer, Ujjani Canal Division XI, Sholapur without verifying their suitability for the works resulted in blocking of funds of Rs 4.06 crore and an avoidable extra expenditure of Rs 2.49 crore on transportation of the mild steel plates from Sholapur to Sangli and back.

(Paragraph 5.19)

**IV)** Maharashtra Housing and Area Development Authority did not monitor the receipt of loan instalment and its repayments to Housing and Urban Development Corporation. This delayed payment of interest/repayment of principal for 13 to 60 months and resulted in additional interest and penal interest payment of Rs 89.87 lakh.

(Paragraph 5.17)

**V)** Abnormal delay on the part of the Executive Engineer, Medium Project Division, Osmanabad in pursuing the land acquisition with the SLAO resulted in avoidable expenditure of Rs 84.44 lakh on land acquisition.

*(Paragraph 3.6)*

**VI)** Inadequate survey and stoppage of work for over 2 years in construction of Marnewadi minor irrigation tank in Pune District resulted in avoidable expenditure of Rs 70.41 lakh.

*(Paragraph 4.2)*

**VII)** Just before execution of work of widening, strengthening and black topping of a road, the Executive Engineer, Public Works Division, Chandrapur incurred avoidable expenditure of Rs 69.45 lakh on the work of semi-dense bituminous concrete for the Jam-Warora- Chandrapur road.

*(Paragraph 4.7)*

**VIII)** The reconstruction of a building of a Co-operative Housing Society under the Urban Renewal Scheme entrusted it to the Rajiv Gandhi Zopadpatti Sudhar and Nivara Prakalp (project) of the Maharashtra Housing and Area Development Authority as per the Government directives resulted in a loss of Rs 54.27 lakh on the implementation of the scheme.

*(Paragraph 5.18)*

#### ***Diversion of funds***

Contrary to the guidelines issued by the Central Government, the Tenth Finance Commission grants of Rs 75.90 crore was irregularly diverted by Zilla Parishads for an ongoing Centrally Sponsored Scheme.

*(Paragraph 5.10)*

#### ***Excess/Extra expenditure***

**I)** Abnormally low quantity of earthwork was shown by the Executive Engineer, National Highway Division, Creek Bridge, Mumbai in the tender document as compared to the quantity sanctioned in the estimate resulting in extra expenditure of Rs 1.25 crore and further liability of Rs 7.54 crore.

*(Paragraph 4.4)*

**II)** Sewerage charges of Rs 3.86 crore was paid by Maharashtra Housing and Area Development Authority to the Brihanmumbai Municipal Corporation though only sewerage tax of Rs 37 lakh was payable for the two colonies at Tagore Nagar and Kannamwar Nagar where the sewerage system was maintained by the Authority.

*(Paragraph 5.13)*

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***Idle Outlay***

**I)** A building purchased in July 1994 at a cost of Rs 11.37 crore for establishment of 15 courts in Mumbai remained vacant for 7 years for want of additions and alterations in the building.

*(Paragraph 4.6)*

**II)** The Management Information System in the Forest Department planned to be completed by August 1998, remained incomplete and unutilised despite expenditure of Rs 8.11 crore on the scheme.

*(Paragraph 3.7)*

**III)** The Maharashtra Housing and Area Development Authority developed residential and amenity plots at Charkop, Kandivili (West), Mumbai without completing the Coastal Regulation Zone formalities as stipulated by the Government of India before taking up construction activities. The Authority constructed a Sewerage Treatment Plant at a total cost of Rs 1.64 crore which is lying idle as the Brihanmumbai Municipal Corporation did not give permission to the allottees to undertake construction.

*(Paragraph 5.16)*

***Irregular expenditure***

State Government repeatedly directed the State Autonomous Bodies against incurring expenditure on furniture and furnishing/renovating the offices/chambers of Ministers/Officials in Mantralaya building. In contravention of these directives, Maharashtra Housing and Area Development Authority spent Rs 43.57 lakh on furniture and furnishings and other Government activities by diverting funds allocated for earmarked activities.

*(Paragraph 5.14)*

***Loss of revenue***

**I)** The Maharashtra Housing and Area Development Authority allotted land to a co-operative Housing Society of the employees of the daily "Saamana" in excess of the norms while Government decided not to apply the revised market rate for the land causing revenue loss of Rs 89.55 lakh to the Authority.

*(Paragraph 5.15)*

**II)** The milk chilling centre at Khadegaon, Taluka Khanapur in Sangli District was leased at a throw away price leading to a loss of Rs 51.68 lakh, to Khanapur Dudh Utpadak Krishi Purak Sahakari Sangh Limited, Sangli without inviting competitive offers or negotiation of offers received from two Co-operative Societies.

*(Paragraph 3.3)*

**III)** Mumbai Metropolitan Region Development Authority failed to allot a plot for a school at the rate of Rs 14285 per sq. metre to the highest bidder in 1996 and delayed retendering for over three years. Subsequently they leased the plot to the same bidder at Rs 3400 per sq. metre resulting in a loss of premium of Rs 5.76 crore to the Authority.

*(Paragraph 5.21)*

***Unproductive expenditure/Blocking of funds***

**I)** The Governments failed to sort out the financial arrangement and identify an agency for running and maintaining the Nhava Sheva Subregion Water Supply Scheme Stage II and as a result expenditure of Rs 290.32 crore already incurred remained blocked for almost two years. The beneficiaries of Navi Mumbai and Nhava Sheva Port Trust, two strategically important areas developed to decongest Mumbai City were deprived of the Water Supply expected from the Scheme.

*(Paragraph 5.25)*

**II)** The State Government delayed resolving the financial tie up for completion of Phase I, execution of Phase II and future maintenance and repairs of the Vasai-Virar subregion Water Supply Scheme. This resulted in stoppage of work of Phase I and II of the scheme over one year and blocking of funds of Rs 55.20 crore in the incomplete works and the beneficiaries were deprived of water supply.

*(Paragraph 5.22)*

**III)** The University of Pune, spent Rs 50 lakh on purchase of computers and semen analysers from the grants released by the Government for a research project. The project was not successful or viable. The Government did not assess the viability of the project before release of grants.

*(Paragraph 5.8)*

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