

## CHAPTER III

### CIVIL DEPARTMENTS

#### AUDIT PARAGRAPHS

### GENERAL ADMINISTRATION AND HOME DEPARTMENTS

#### 3.1 Non-recovery of licence fees

**Non-recovery of licence fees from Government employees on overstay in staff quarters resulted in accumulation of arrears amounting to Rs 1.54 crore.**

(a) The allotment of residential quarters to Government employees is governed by the Bombay Civil Services Rules 1959 (Rules 831 to 861) and orders issued by Government of Maharashtra from time to time. Government orders of December 1985 stipulated that Government quarters allotted should be vacated within one month of death, dismissal or retirement from service. However, in case of an allottee dying in harness, the quarter could be retained by his family for a period of four months. Further, as per Government orders of September 1996, occupation in excess of prescribed time limits would attract market rate of Rs 10 per square foot for the carpet area occupied.

Scrutiny of records of General Administration Department (GAD), which is the Estate Manager for all Government quarters in Mumbai, (January 2002) and information received subsequently revealed that as of October 2002 licence fees of Rs 69.60 lakh was outstanding from 248 Group B, C and D employees who had overstayed at Government Colony, Bandra. Similarly licence fee of Rs 18.58 lakh was also due as of October 2002 from 21 Group A Officers who had overstayed.

The Under Secretary to the Department stated (January 2002) that Government stayed the eviction of the 248 B, C and D category employees upto May 1998. Subsequently, Government decided in December 1999 to evict the occupants of these quarters and initiated action in June 2000. As some of the employees approached the High Court, (the grounds for which were not available on record) and as per Court's directives action for eviction was started after September 2000. Though, instructions were issued in November 2001 to recover the licence fee from Fifth Pay Commission arrears, the department failed to effect the recovery. The reasons for delay in taking

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the decision for evicting the occupants and initiating action thereafter were not on record.

(b) Similarly, scrutiny of the records of Commissioner of Police, Mumbai (June 2001) revealed that Rs 41.35 lakh was outstanding from 51 retired employees/family members of deceased employees, who had retained the quarters beyond the period of six months. On being brought to the notice of Commissioner of Police, Mumbai and the Government (September 2001) all the quarters were got vacated (July 2002) but the outstanding dues of Rs 18.67 lakh from 33 persons were not recovered. No reasons were given for non-recovery.

(c) Scrutiny of records of the Commissioner of Police, Thane (November 2001) revealed that the Commissionerate did not take any measures either to evict those who had overstayed nor recovered licence fees at market rate. The licence fee outstanding as of October 2001 was Rs 47.59 lakh approximately.

The Commissioner stated (November 2001) that notices for vacating the quarters were issued. Instructions were also issued to the Police Stations to either recover the dues immediately or from third instalment of fifth Pay Commission arrears of pension. Besides issuing notices/instructions no further follow up action was initiated by the department.

Thus, failure to enforce timely vacation of houses and regular recovery of licence fee resulted in accumulation of arrears and non-recovery of licence fee of Rs 1.54 crore.

## **GENERAL ADMINISTRATION DEPARTMENT**

### **3.2 Nugatory expenditure on pay and allowances on staff of Nagpur Flying Club**

**Delay in taking appropriate decision to revive the Nagpur Flying Club to promote flying skills, rendered the expenditure of Rs 73.35 lakh unproductive.**

The Nagpur Flying Club (NFC) was registered as a private club in the year 1947 with main objective of promoting art and science of flying and aeronautics. Owing to financial crises and request from the Board of Directors of NFC apart from imparting flying training to National Cadet Corps (NCC), Scheduled Castes/Scheduled Tribes (SC/ST) and general students and promote flying skill in Central India, Government decided (September 1990) to take over the NFC and declared the staff working with NFC as State Government employees.

Scrutiny of records (November 1999) of Divisional Commissioner (DC), Nagpur revealed that from September 1994, the NFC virtually became defunct as all the flying activities of NFC were suspended in the absence of the Chief

Flying Instructor to provide flying instructions and the Chief Engineer to maintain the aircrafts. The NFC incurred Rs 73.35 lakh from October 1994 to March 2002 on pay and allowances of the remaining technical and supporting staff working in NFC. As the staff did not perform any activity for promotion of art and science of flying and aeronautics after October 1994, the expenditure of Rs 73.35 lakh upto March 2002 was nugatory.

On this being pointed out DC stated (March 2000) that the remaining technical and supporting staff performed general duties. The DC also stated that a proposal for privatisation of the club was pending with Government since September 1995. Thus, due to delay in taking appropriate decision to revive the NFC, there was virtually no activity for promotion of art and science of flying and aeronautics in Nagpur and Central India for nearly 8 years.

The matter was referred to the Secretary to the Government in June 2002. No reply has been received (December 2002).

## **HIGHER AND TECHNICAL EDUCATION DEPARTMENT**

### **3.3 Blocking of funds in Training Hotel**

#### **Non-functioning of Hotel Management training hotel since January 1999 resulted in blocking of Rs 95 lakh.**

Government took up the upgradation of the Maharashtra State Institute of Hotel Management and Catering Technology (Institute), Pune in 1991-92 with the assistance of the World Bank and granted academic autonomy to the Institute in 1995 to conduct training courses and impart practical training to the students of Hotel Management Courses.

Accordingly, construction of buildings for the Institute (College and Office) and attached hotel was got executed in 1998 at a cost of Rs 7.67 crore (approximately) through the Public Works Department (PWD). The Institute was shifted to the new premises in June 1998. The Training Hotel consisting of 30 air conditioned rooms and 3 banquet halls was completed in January 1999 at a cost of Rs 95 lakh but had not started functioning as the Government was yet to decide the operational details for running such a hotel. Further, occupation certificate from PWD, permission from the Pune Municipal Corporation (PMC) and police authorities were not obtained. The requisite staff for running the hotel was not sanctioned. The Institute has made only a part payment of property tax of Rs 10.02 lakh to PMC in April 2001.

Scrutiny by Audit in July 2000 revealed that the Government had taken important decisions in February 2000 to establish a trust for running the hotel, appoint the staff on contract basis, pay the taxes and obtain necessary approvals from PMC/Police Authorities etc for making the hotel functional. The Higher and Technical Education Department, however, circulated the

minutes of the meeting after one year in February 2001 which showed lack of seriousness on the part of the department in implementing the decision.

Subsequently, in August 2001 a proposal was submitted by the Institute to run the hotel on lease basis. This was approved by the Government in October 2001 but the consultant was yet to be appointed to work out different options to operationalise the hotel (September 2002).

Indecision on the part of the Institute as well as Government to make the hotel functional resulted in blocking of funds of Rs 95 lakh for a period of nearly four years. The Government while confirming the facts, replied (September 2002) that the process of appointing a consultant was in progress and requisite NOC to start the hotel would be obtained from the concerned authorities.

## HOME DEPARTMENT

### 3.4 Excess payment to the supplier

#### **Incorrect computation of the price of the vehicles resulted in excess payment of Rs 48.90 lakh to the supplier.**

Under the Centrally Sponsored Scheme of modernisation of State Police Force the Director General of Police (DGP), Mumbai placed (March 2001) two orders for supply of 100 Swaraj Mazda Police Light Vans, on the Director General of Supplies and Disposal.

Scrutiny of the records of the DGP, Mumbai (July 2001 and July 2002), revealed the following:

The supply orders indicated the specification as "Police Light Van WV-26A Hard Top Wheelbase 2815 mm with fully built and equipped drivers' cabin with fixed side cargo box, galvanised iron (GI) hard top instead of soft top, wiremesh stone guard for window glasses and front wind screen." The composite price per vehicle was shown as Rs 468839.16 (excluding sales tax). The price per vehicle (including sales tax at 5.4 per cent) thus worked out to Rs 494156.

However, as per rate contract as well as the *pro forma* invoice, the basic cost per vehicle worked out to Rs 445254 including sales tax. The cost of the super structure with tarpaulin cover was Rs 46397 per vehicle and the cost of GI hard top was Rs 40,236. While computing the price in the supply order, the DGP's office included the cost of both the items of super structure ie with tarpaulin cover as well as GI hard top resulting in excess payment of Rs 46397 + 5.4 per cent sales tax (Rs 48902) per vehicle. The total excess payment made to the supplier for 100 vehicles was Rs 48.90 lakh.

Though the point was raised by Audit (July 2001), no action was taken by the department. Only on reiteration of the point by Audit (July 2002) and further follow up, the matter was taken up with the supplier.

The matter was forwarded to the Secretary to the Government in August 2002. No reply has been received (December 2002).

## PUBLIC HEALTH DEPARTMENT

### 3.5 Non-utilisation of hospitals and loss on account of rental charges

#### **Non-use of three hospitals constructed at a cost of Rs 25.20 crore, resulted in a loss of Rs 7.68 crore on rent.**

The Employees State Insurance Scheme (ESIS) is being implemented in the State with the approval of Employees State Insurance Corporation (ESIC), established by the Central Government. The scheme provides for extending medical facilities to the insured persons (IPs) through Insurance Medical Practitioners, ESIS Hospitals and Specialised Centres. The expenditure on the scheme is initially borne by the State Government and 7/8th of the total expenditure is reimbursed by the ESIC, subject to ceiling limits prescribed from time to time.

A scrutiny of the records of the Commissionerate of ESIS, Mumbai in July 2001 revealed that the State Government in view of the increase in number of insured persons and possibility of extension of the scheme to the shops, hotels, restaurants, theatres etc had proposed construction of three hospitals at Chinchwad, Bibwewadi and Kolhapur to ESIC in 1973 and 1976 respectively. However, before the construction of the hospital at Bibwewadi was started (July 1991) the State Government declined to go ahead with the project as the project would increase the financial burden of the State Government. Notwithstanding these facts, the ESIC constructed all the three hospitals at a cost of Rs 25.20 crore from their funds.

The State Government did not take possession of these hospitals as it was not in a position to undertake additional financial burden.

As the State Government did not take possession of the hospitals, ESIC unilaterally recovered Rs 7.68 crore, towards rental charges of these hospitals for the period from September 1998 to February 2001 from the dues payable to the State Government for the years 1999-2000 and 2001-02.

The Director (Medical) ESIS, Mumbai stated (July 2001) that the Government of Maharashtra has been requested to take up the matter with the ESIC. The Commissionerate is also pursuing the matter with the ESIC separately.

Thus, failure on the part of the State Government to prevail upon ESIC not to construct three hospitals had resulted in blocking of Rs 25.20 crore. In addition infructuous expenditure of Rs 7.68 crore on rental charges was incurred.

The matter was referred to the Secretary to the Government and Commissioner of ESIS in February 2002. No reply has been received (December 2002).

### **3.6 Underutilisation of facilities in Rural Hospitals**

#### **Unfruitful expenditure of Rs 62.37 lakh on Rural Hospital, Mandangad and Pendurkatta due to delay in construction/sanctioning of additional staff and delay in functioning/underutilisation of facilities.**

Primary Health Centre (PHC), Mandangad, district Ratnagiri was upgraded to a Rural Hospital (RH) in May 1983, under the scheme of upgradation of PHC into RH and eight posts were sanctioned as minimal additional staff as against the 32 posts required till the construction of the hospital is completed. Sanction for the construction of RH building and staff quarters was also accorded by the Public Health Department in January 1987 at an estimated cost of Rs 12 lakh and Rs 14.34 lakh respectively.

The construction of the building commenced by the Public Works Department (PWD) in 1991 was completed in 1999 after incurring an expenditure of Rs 62.37 lakh against the estimated cost of Rs 26.34 lakh. The delay in completion of the building was attributed by the Executive Engineer, Chiplun Division (June 1998) to non-availability of contractors, material and skilled workers as the work was to be executed in a distant and remote area.

Scrutiny of records in Civil Hospital, Ratnagiri in December 2001 revealed that the RH had not been shifted to the new building and had been functioning at the old PHC building with the skeletal staff sanctioned in 1983, as the required staff was not appointed by Government inspite of repeated requests by the Civil Surgeon.

Further, with the lapse of time the hospital building had been damaged, plumbing work rusted and electrical fittings dysfunctional. In order to make the building usable, major repairs were required as assessed in a joint survey conducted by the Public Health and PWD in October 2001. The hospital was yet to be shifted to the new building (November 2002).

Thus, besides cost overrun of Rs 36.03 lakh due to inordinate delay in construction of RH, the expenditure of Rs 62.37 lakh was rendered unfruitful due to non-appointment of additional staff by the Government despite posts being sanctioned 15 years back in January 1987.

2) Scrutiny of records of Civil Hospital, Sindhudurg in May 2001 and May 2002 revealed that construction of the RH building and staff quarters at Pendurkatta, Malvan estimated to cost Rs 97.08 lakh, commenced by the PWD in 1994 was completed in May 1998 at a cost of Rs 1.06 crore. The Civil Surgeon, Sindhudurg, took possession of the buildings after one year in June 1999, due to delay in completion of operation theatre, X-Ray room, minor electrical works, garage, sanitation etc.

Despite completion of building in all respect by June 1999 the RH was shifted only in July 2001 for which no reasons were found on record and was functioning with skeletal staff of 8 plus one medical officer thus rendering the expenditure of Rs 1.06 crore largely unfruitful.

The matter was referred to the Secretary to the Government in August 2002. No reply has been received (December 2002).

## **RURAL DEVELOPMENT AND WATER CONSERVATION DEPARTMENT**

### **3.7 Rural Housing Scheme (Indira Awaas Yojana)**

#### **3.7.1 Introduction**

In order to address the problem of Rural Housing, Government of India (GOI) in 1985-86 introduced Indira Awaas Yojana (IAY) as a sub scheme of the Rural Landless Employment Guarantee Programme (RLEGP) for construction of houses for Scheduled Castes (SC)/Scheduled Tribes (ST) and freed bonded labourers. IAY was made an independent scheme from January 1996. As part of IAY, a separate upgradation component for conversion of *Kutch* house to *semi-pucca* houses at a unit cost of Rs 10000 was introduced from 1999-2000. To supplement the efforts of IAY, five new schemes viz Pradhan Mantri Gramodaya Yojana - Gramin Awaas (PMGY-GA), Credit-cum-Subsidy (CCS), Samagra Awaas Yojana (SAY), Rural Building Centres (RBC) and Innovative Stream for Rural Housing and Habitat Development (ISRHHD) were also started in 1999-2000 by the GOI.

The status of implementation of each scheme in the State is discussed in the succeeding paras.

#### **3.7.2 Organisational set-up**

At the State level the Rural Development (RD) and Housing Department (HD) are responsible for planning, monitoring and evaluation of the Scheme. The rural housing schemes are implemented by the District Rural Development Agencies (DRDA) through the Panchayat Samitis (PSs).

#### **3.7.3 Audit coverage**

Records of ten\* districts out of 33 alongwith at least three blocks in each district pertaining to the period 1997-98 to 2001-02 were test-checked from February to June 2002. An attempt was also made to cover at least one district from each of the six\*\* Revenue Divisions of the State.

\* Ahmednagar, Beed, Dhule, Nashik, Nagpur, Pune, Raigad, Solapur, Thane and Yavatmal.

\*\* Amravati, Aurangabad, Konkan, Nagpur, Nashik, and Pune.

### 3.7.4 Indira Awaas Yojana

**3.7.4.1** The primary objective of IAY was to help the rural poor in construction of the dwelling units with grant-in-aid/subsidy with 60 per cent weightage in favour of the members of SC/ST community. The non-SC/ST categories covered under the Schemes include widows or next of kin of defence personnel killed in action, ex-servicemen, retired members of paramilitary forces and disabled persons.

The GOI and Government of Maharashtra (GOM) provided scheme funds in the ratio 80:20 (revised to 75:25 from 1999-2000) to the DRDA. The ceiling limit for assistance for construction of house was Rs 20000 for plain areas and Rs 22000 for hilly areas from the year 1996-97. From March 1996, the GOM increased their share of assistance by Rs 8500 so as to increase the assistance to Rs 28500. The beneficiary's contribution was to be in the form of labour component worth Rs 1500.

#### 3.7.4.2 Financial and physical progress

The details of funds released (Central and State) houses targeted, constructed and percentage of achievement under the scheme during the period 1997-98 to 2001-02 as reported to GOI by the GOM is as under:

Year	Opening balance	Central grants	State grants	Interest and other receipts	Total grants available	Expenditure	Closing balance	Houses Targeted	Houses constructed	Percentage of achievement
( Rupees in crore )										
1	2	3	4	5	6	7	8	9	10	11
1997-98	30.01	100.44	73.58	--	204.03	168.57	35.46	61122	60709	99.32
1998-99	34.69	136.56	86.92	2.04	260.21	199.69	60.52	78092	54532	69.83
1999-2000	60.73	83.97	61.53	2.86	209.09	184.49	24.60	56451	63121	111.81
2000-01	24.66	82.05	63.73	4.66	175.10	160.28	14.82	56461	60202	107.00
2001-02	21.07	88.27	54.82	4.04	168.20	156.78	11.42	57732	62060	107.00
<b>Total</b>		<b>491.29</b>	<b>340.58</b>	<b>13.60</b>		<b>869.81</b>		<b>309858</b>	<b>300624</b>	<b>97.02</b>

The table has inconsistencies in closing and opening balances. The Additional Director, Integrated Rural Development Programme Cell, attributed (December 2002) the differences to subsequent changes made in the Accounts by the DRDAs. The reply was not tenable as the differences should have been reconciled before reporting the financial information to the GOI. The final reconciled figures were yet to be made available to GOI.

**Beed, Raigad and Solapur lost the Central assistance of Rs 2.64 crore due to poor utilisation of funds**

**3.7.4.2.1** GOI released fifty per cent of the allotted funds as first instalment. Subsequent instalment was released subject to the furnishing of utilisation certificate of funds received. Audit scrutiny revealed that DRDAs, Beed, Raigad and Solapur lost Central assistance of Rs 2.64 crore due to poor utilisation of funds. This resulted in denial of benefits to 1762 beneficiaries.

**Five districts lost Rs 4.59 crore due to incorrect presentation of claims**

**3.7.4.2.2** Test-check of records of five hilly districts viz Ahmednagar, Nashik, Raigad, Pune and Thane revealed that, due to presentation of incorrect claims at the rate of Rs 20000 instead of Rs 22000, the GOM received Rs 4.59 crore less from GOI. Information regarding the other hilly districts was not furnished by the Government (November 2002).



### 3.7.4.2.3 *Diversion/retention of funds*

**DRDAs/PS diverted IAY funds amounting to Rs 1.58 crore**

There was diversion of IAY funds to the tune of Rs 1.58 crore as detailed below:

DRDA/PS	District	Period	Amount (Rupees in lakh)	Purpose of diversion
DRDA, Thane	Thane	1997-98 to 1998-99	17.87	Establishment charges
DRDA, Ahmednagar	Ahmednagar	--	42.49	Establishment charges
DRDA, Nagpur	Nagpur	1997-98 2001-02	0.60 1.00	Establishment charges Construction of Panchayat Samiti Building
DRDA, Yavatmal	Yavatmal	1999-2000 to 2000-01	0.18	Construction of Panchayat Samiti Building
DRDA, Nashik	Nashik	1997-98	78.50	Jawahar Rozgar Yojana
DRDA, Pune	Pune	1997-98 to 2001-02	1.33	Establishment/ Contingency
PS, Mouda	Nagpur	1999-2000	8.00	Integrated Rural Development Programme
PS, Dindori	Nashik	2000-01	2.00	Jawahar Gram Samrudhi Yojana
PS, Malegaon	Nashik	-do-	5.98	Jawahar Gram Samrudhi Yojana
		<b>TOTAL</b>	<b>157.95</b>	

Due to such unauthorised diversion 554 IAY houses could not be constructed. The DRDAs/BDOs agreed to recoup the diversions except that of establishment charges. It was contended that establishment cost was permissible under Jawahar Rozgar Yojana of which IAY was a component. The reply was not tenable in view of the fact that under IAY no such expenses are allowed.

Occasionally houses initially sanctioned by the DRDAs were subsequently cancelled due to reasons of death, ineligibility, non-approval by Village Panchayat etc.

**In 4 districts Rs 62.76 lakh were retained by PS inspite of their proposals being cancelled.**

**3.7.4.2.4** In Beed, Nagpur, Raigad and Yavatmal districts 326\* approvals were so cancelled and Rs 62.76 lakh were retained by the Panchayat Samiti for more than two years.

**3.7.4.2.5** The guidelines provide that the interest accrued on the IAY funds should be treated as part of IAY resource. Audit scrutiny revealed that five<sup>+</sup> PSs did not remit the interest of Rs 17.26 lakh.

**3.7.4.2.6** Several Panchayat Samities did not maintain separate cash books for IAY funds. Consequently the utilisation and balance of IAY funds could not be verified in audit.

\* Nagpur (98), Beed (193), Raigad (6) and Yavatmal (29)

<sup>+</sup> Saoner/Nagpur (Rs 5.64 lakh), Nagpur/Nagpur (Rs 7.75 lakh), Mouda/Nagpur (Rs 2.67 lakh), Yavatmal/Yavatmal (Rs 0.80 lakh) and V.P. Belapur/Ahmednagar (Rs 0.40 lakh)

### 3.7.4.3 *Physical achievement*

#### 3.7.4.3.1 *Shortfall in houses constructed*

The yearly target for each district is intimated by the GOI alongwith the financial allocation of the district. The DRDA intimates the target to the VPs through PS, based on ratio of SC/ST population in a village. The table below indicates the funds made available and the shortfall in houses constructed.

Year	Total funds available (Rupees in crore)	Possible number of houses at the rate of Rs 28500 per house	Houses targeted	Number of houses actually constructed	Shortfall in houses constructed (3-5)
1	2	3	4	5	6
1997-98	204.03	71589	61122	60709	10880
1998-99	260.21	91302	78092	54532	36770
1999-2000	209.09	73365	56451	63121	10244
2000-01	175.10	61438	56461	60202	1236
2001-02	168.20	59017	57732	62060	3043 (excess)
<b>TOTAL</b>			<b>309858</b>	<b>300624</b>	

Further, due to the State Government's short release of its share of Rs 49.67 crore there was a shortfall in construction of 17428 houses during the period 1997-98 to 2001-02.

It was also noticed that there were delays ranging from two to six months in release of grants by the Government, which also affected the implementation of the scheme.

3.7.4.3.2 The guidelines are silent about the period within which a house should be completed. The information regarding the houses remaining incomplete for more than two years was not available with the Government. Audit scrutiny revealed that 714\* houses were lying incomplete for more than two years in the test-checked districts.

3.7.4.3.3 In Babhulgaon PS, district Yavatmal GOI had sanctioned construction of 200 houses during 1999-2000 for the rehabilitation of persons affected by the Bebhala Project. However, upto March 2002 only 58 houses had been completed due to delay in acquisition of land.

#### 3.7.4.4 *Selection of beneficiaries*

In Nagpur district the Guardian Minister sanctioned the list of beneficiaries for 1998-99 in March 1999, resulting in only 42 out of 2977 houses sanctioned being constructed. In Beed district, the list for 2001-02 was sanctioned only in April 2002 resulting in delay in construction of 971 houses targeted for that year.

\* Beed (135) Dhule (6) Nagpur (407) Pune (136) and Yavatmal (30)

### 3.7.4.5 *Purchase of materials*

DRDA, Nagpur purchased cement costing Rs 3.60 crore out of IAY funds and supplied it to the PS for various works including those under IAY. Balance of Rs 48 lakh had not been recouped to IAY account upto March 2002.

**3.7.4.5.1** Audit scrutiny revealed that 173 beneficiaries\*, were paid lump sum subsidy amounts ranging between Rs 20000 and Rs 28500 during 1998-to 2002, after the beneficiary had constructed the houses. The PS replied that the beneficiaries had purchased material like cement, steel, doors/windows on credit and paid the supplier later. The reply is not tenable as such payment in lump sum is against the scheme guidelines.

### 3.7.4.6 *Construction of houses by the Panchayat Samities/Village Panchayats*

In terms of scheme guidelines, houses are not to be constructed by a contractor or by the Government Department. However, in 4 districts, 46795 houses# were constructed at a cost of Rs 133.37 crore by the PS/VP, which was in contravention of the Scheme guidelines.

### 3.7.4.7 *Construction of sanitary latrines and smokeless chulhas*

Construction of sanitary latrines and provision of fuel efficient chulhas is an integral part of the scheme but a number of houses were constructed without sanitary latrines and smokeless chulhas as indicated below:

Number of houses constructed			Number of houses provided with		Number of houses not provided with	
IAY	Upgradation	Total	Sanitary Latrines	Smokeless Chulhas	Sanitary Latrines	Smokeless Chulhas
300624	56459	357083	273374	241765	83709	115318

### 3.7.4.8 *Allotment of houses*

Guidelines require allotment of dwelling units in the name of a female member of the beneficiary household or in the joint names of both husband and wife. Audit observed that out of 357083 houses reported as completed (IAY and upgradation) during the period from 1997-2002, 76789 houses (21.5 per cent) were in the name of males. In the test-checked districts, 51748 houses out of 159289 constructed were in the names of male beneficiaries.

### 3.7.5 *Upgradation component*

The upgradation component was introduced in 1999-2000 for conversion of unserviceable *kutch* houses to *pucca/semi pucca* houses at a cost of Rs 10000 to be shared by Central and State Government in the ratio of 75:25 and 20 per cent of IAY funds were earmarked for this purpose.

As per the reports of the State Government furnished to GOI following is the physical and financial progress of the scheme for the period 1999-2002.

\* 23 in PS Mangaon, 34 in PS Alibag (District Raigad), 101 in PS Dindori, 4 in PS Peth (District Nashik) and 11 in PS Parali (District Beed)

# Dhule = 18892, Pune = 7660, Solapur = 9117, Yavatmal = 11126

(Rupees in crore)	
<b>GOI funds received</b>	<b>54.09</b>
<b>State's share to be released</b>	<b>18.03</b>
<b>State share released</b>	<b>17.58</b>
<b>Interest earned</b>	<b>0.46</b>
<b>Total grants available</b>	<b>72.13</b>
<b>Expenditure incurred</b>	<b>67.34</b>
<b>Closing balance-March 2002</b>	<b>4.79</b>
<b>Number of houses targeted</b>	<b>85322</b>
<b>Number of houses upgraded till March 2002</b>	<b>56459</b>
<b>Shortfall in achievements (In numbers)</b>	<b>28863</b>
	<b>(33 per cent)</b>

In the test-checked districts it was observed that the DRDA, Raigad did not claim the second instalment under this component for the entire period 1999-2002 resulting in Rs 1.78 crore of GOI grants not being available for upgradation of 1775 houses. Similarly, the DRDA, Solapur also lost Rs 61.73 lakh under the upgradation component during 2000-01 due to less utilisation of funds in 1999-2000, resulting in 617 houses not being upgraded.

**In Ahmednagar and Thane districts the implementation of IAY under upgradation component was very poor**

In Ahmednagar and Thane districts where 158 houses were sanctioned, only 90 houses were repaired, 16 houses were under progress and 52 not yet started (March 2002). The BDO, Shirampur, district Ahmednagar, replied that 45 houses were not started, as the beneficiaries wanted benefits for a new house under IAY instead of upgradation.

It was seen by audit that two beneficiaries in taluka Sakri and nine in Shirpur, district Dhule, who did not own any *kutcha* houses but only a hut with grass matting were selected under the scheme. These beneficiaries should have been selected under new house category instead of upgradation category.

### 3.7.6 *Pradhan Mantri Gramodaya Yojana (Rural Housing Component)*

**The State Government delayed the implementation under PMGY for period of more than one year**

PMGY(GA) a housing scheme on the same lines as IAY was introduced by the GOI in 1999-2000. Even though the GOI released Rs 20.42 crore between March 2000 and January 2002, the GOM delayed the implementation of the scheme for more than a year. Rs 15.21 crore out of the Central grants released by the GOM in March 2002 was only demonstrative as Rs 1.53 crore was withdrawn from treasury by the DRDAs and Rs 13.68 crore lapsed. Further the GOM did not release its matching share of Rs 6.80 crore. Thus, in effect the Central grants were not used for the Scheme.

### 3.7.7 *Credit cum subsidy scheme*

This Scheme introduced in 1999-2000 was applicable to beneficiaries having annual income of Rs 32000. The scheme was included as a component of Gramin Niwara Yojana (Scheme name given by GOM). The total cost of the project under Scheme being Rs 40000 of which Rs 10000 would be subsidy to be shared by the GOI and GOM in the ratio of 75:25 and the rest of the project cost would be in the form of bank loan. 60 per cent of the available funds were earmarked for the benefit of SC/ST and bonded labourers.

During 1999-2000 the GOI released Rs 3.38 crore as first instalment of allocated funds of Rs 6.75 crore. GOM also released its matching share of Rs 1.12 crore in August 2000. The expenditure on Credit cum subsidy (CCS) Scheme and number of houses constructed in the State as a whole as of March 2002 was not available with the Government (October 2002) nor did they furnish utilisation certificates to the GOI.

The GOM fixed a target (for 2001-02) for construction of 125 houses in each district and advised the DRDAs to claim the State's matching share of 25 per cent from Maharashtra Housing and Area Development Authority.

**Implementation of CCS in districts of Ahmednagar, Beed and Buldhana was very poor**

From the information received from 10\* DRDAs, 726 beneficiaries had been sanctioned loan by the banks and 449 had constructed their houses. The Scheme was not implemented at all in Beed. In Ahmednagar and Buldhana districts only one house in each district was constructed out of the 153 and 86 beneficiaries who had been sanctioned loans. Thus, the implementation of the scheme was poor and therefore the State did not receive the second instalment of Rs 3.38 crore from GOI.

It was also noticed that DRDA, Thane had requested for funds for ST beneficiaries but funds were not received (December 2002). Thus, despite GOI grants being available, scheme was not implemented due to wanting share of the GOM.

The matter was referred to the Secretary to the Government in September 2002. No reply has been received (December 2002).

### **3.8 Swarnajayanti Gram Swarozgar Yojana**

Government of India (GOI) restructured the self-employment programmes as "Swarnajayanti Gram Swarozgar Yojana" (SGSY) from 1 April 1999, covering all aspects of self-employment such as organisations of the poor into Self Help Groups (SHGs), training, credit, technology, infrastructure and marketing. In Maharashtra the scheme was implemented from 1 June 1999.

#### **3.8.1 Diversion of SGSY funds**

**Scheme funds of Rs 1.92 crore were diverted for DRDA-administration**

(i) In nine<sup>1</sup> districts test-checked SGSY funds amounting to Rs 2.14 crore were utilised for administrative purpose during 1999-2002 as there was delay in receipt of funds from GOI for the scheme District Rural Development Agency (DRDA) administration. Rs 1.92 crore have not yet been recouped (December 2002).

(ii) Project Director (PD), Sindhudurg adjusted SGSY funds of Rs 33.59 lakh during 1999-2001 for payment of tool kits purchased in 1995-96 under the scheme 'Supply of Improved Tool kits to Rural Artisans' (SITRA). The

\* Ahmednagar, Beed, Buldhana, Dhule, Nashik, Nagpur, Osmanabad, Pune, Raigad and Yavatmal

<sup>1</sup> Amravati, Bhandara, Dhule, Jalna, Latur, Nagpur, Osmanabad, Sangli and Sindhudurg

expenditure was also not disclosed in the monthly progress report (MPR) submitted to GOI during 1999-2001.

### **3.8.2 Risk fund for consumption credit**

To meet the small consumption needs of weaker sections of society a risk fund for consumption credit with one *per cent* of SGSY fund at district level was to be provided to the bank to the extent of 10 *per cent* of the total consumption loan (Rs 2000 per *swarozgari*) disbursed by the bank during that year to the weaker sections.

In all, the nine districts test-checked, neither the risk fund was created nor the consumption loan was disbursed resulting in denial of facility to the weaker sections.

### **3.8.3 Strengthening of Development of Women and Children in Rural Areas groups under SGSY**

As per guidelines of SGSY, DRDAs were to put in concerted effort to strengthen existing Development of Women and Children in Rural Areas (DWCRA) groups by assisting them in SGSY during 1999-2000.

As of March 1999 there were 12589 DWCRA groups in the State of which 9160 groups were functioning and only 957 groups (10 *per cent*) could be strengthened under SGSY. In 9 districts test-checked only 92 (2 *per cent*) out of 3862 existing DWCRA groups were assisted under SGSY in 1999-2000. This indicated the lack of concerted efforts by DRDAs in strengthening existing DWCRA groups under SGSY.

While PDs (Amravati and Jalna) stated (March 2002) that most of the DWCRA groups have members whose names were not included in Below Poverty Line (BPL) census of 1997-98 notwithstanding the fact that GOI in September 1999 had clarified that DWCRA groups be assisted under SGSY, even though their names do not appear in the BPL list, the PD, Bhandara stated (April 2002) that some groups were not found fit by the banks for assistance.

### **3.8.4 Preparation of project report**

Project Reports (PR) of Key Activity were prepared in all the nine districts test-checked. PR on dairy project in two<sup>2</sup> districts disclosed the daily milk yield by Pandharpuri buffalow at 10 litres per day as against the norms of 5 litres per day fixed by NABARD (September 2000). The over estimating the yield projected an incorrect income generation of Rs 2000 per month.

PD, Sindhudurg accepted the facts and stated (June 2001) that necessary corrections would be carried out.

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<sup>2</sup> Sangli and Sindhudurg

### 3.8.5 *Excess release of subsidy*

#### 3.8.5.1 *Release of excess/irregular subsidy*

Subsidy payable under SGSY was 30 *per cent* of the project cost subject to a maximum of Rs 7500 for general, 50 *per cent* of project cost limited to Rs 10000 for SC/ST and 50 *per cent* of the project cost subject to a ceiling of Rs 1.25 lakh for SHG. There was however, no monetary limit on subsidy for irrigation project.

**Rs 17 lakh were paid in excess as subsidy to 1276 beneficiaries**

In six<sup>3</sup> of the nine district test-checked, subsidy of Rs 17 lakh was paid in excess of the prescribed limits to 1276 beneficiaries. The PDs<sup>4</sup> accepted the facts (March to May 2002) and agreed to recover the excess amount paid.

#### 3.8.5.2 *Misclassification of key activity resulted in release of excess subsidy.*

In Chandur Bazar block of Amravati district, subsidy of Rs 14 lakh (Rs 2 lakh each) was sanctioned to 7 SHGs and Rs 1.75 lakh to one SHG for community farming. Subsidy of 50 *per cent* of project cost without limiting to Rs 1.25 lakh was released to all 8 SHGs treating the project as an irrigation project. As the project did not involve irrigation activities, misclassification of activity resulted in excess payment of subsidy of Rs 5.75 lakh<sup>5</sup>.

PD, Amravati stated (March 2002) that the ultimate aim was to bring the land under irrigation. However, the project report of the activity was not made available to audit to confirm the facts.

### 3.8.6 *Infrastructure creation*

DRDAs, Dhule and Latur failed to adhere to the instructions of utilisation of 40 *per cent* of total allocation amounting to Rs 2.22 crore and Rs 1.52 crore respectively during 1999-2000 and 2000-01 for creation of infrastructure of direct relevance to *Swarozgaries* and incurred an expenditure of Rs 2.83 crore and Rs 2.53 crore respectively resulting in excess expenditure of Rs 0.61 crore and Rs 1.01 crore than the admissible limit of 40 *per cent*.

### 3.8.7 *Training*

**An excess expenditure of Rs 1.29 crore was incurred on training by 8 DRDAs in contravention to prescribed norms**

Guidelines provide that expenses on training are to be restricted to Rs 15 per day in addition to travelling and food expenses which was revised to Rs 30 per trainee per day in addition to travelling expenses and food by GOI (April 2001) for maximum two days training. Considering the norms prescribed for training, admissible average expenditure on training per trainee should be Rs 148 (Rs 30X2days+Rs 88 travelling expenses). In nine districts test-checked 70942 *swarozgaries* were trained at an expenditure of Rs 2.34 crore as against admissible expenditure of Rs 1.05 crore. The average expenditure on training per *swarozgary* ranged between Rs 148 and Rs 1075.

<sup>3</sup> Amravati, Bhandara, Dhule, Jalna, Osmanabad and Sangli.

<sup>4</sup> Amravati, Bhandara, Dhule, Jalna, Osmanabad and Sangli.

<sup>5</sup> (Rs 0.75 lakh x 7 SHG and Rs 0.50 lakh to 1 SHG)

The excess expenditure on training in eight DRDAs was Rs 1.29 crore (Appendix XVII). No reasons were furnished by any of the PDs.

### **3.8.8                    *Monitoring and evaluation***

Though block level committees were formed in 19 blocks of the nine districts test-checked, meetings ranging from 0 to 36 were held against 72 meetings required to be held during 1999-2000 to 2001-02. At State level one meeting was held every year during 1999-2002. In five of the nine districts test-checked the record of inspection carried by implementing agencies was not maintained indicating lack of monitoring.

### **3.8.9                    *Other points of interest***

**3.8.9.1**                In Malvan block of Sindhudurg district second instalment of loan of Rs 11.80 lakh pertaining to nine swarozgaries was kept in a fixed deposit for a term of three years by Syndicate Bank, Dhamapur denying the swarozgaries the benefits of SGSY.

**3.8.9.2**                Records revealed that State Bank of India, Koradi had charged interest on full amount of loan including subsidy in two cases and did not pay Revolving Fund of Rs 0.40 lakh to four SHGs although money was received from Block Rural Development Agency.

Physical verification of 151 beneficiaries and 23 SHGs carried out in 19 blocks revealed that assets of Rs 3.31 lakh pertaining to 17 beneficiaries were not in existence.

The matter was referred to the Secretary to the Government in August 2002. No reply has been received (December 2002).

## **SOCIAL JUSTICE, CULTURAL AFFAIRS, SPORTS AND SPECIAL ASSISTANCE DEPARTMENT**

### **3.9                    *Functioning of Hostels for Backward Class Students***

#### **3.9.1                    *Introduction***

The State has a constitutional responsibility of promoting the education and economic interests of the weaker sections of society and in particular of the Scheduled Castes (SC) and Scheduled Tribes (ST).

In pursuance of this constitutional obligation, various educational schemes were being implemented by Central and State Governments for providing educational facilities to Backward Class (BC) students. One of the schemes is of opening and running of hostels by Government as well as providing financial assistance to Non-Government Organisations (NGOs) for running hostels for students of these communities for pursuing higher secondary, graduate and post graduate studies. Students admitted in Government/aided hostels continue to stay in the hostels till completion of their degree/diploma



courses for periods ranging from three to five years and an additional year in case of failure to pass the exams.

Mention was made in Para 3.25.11 of Comptroller and Auditor General's Audit Report for the year ending March 1997 about the functioning of the hostels under the Social Welfare Department.

It was recounted that the first government hostel for these communities was started in 1922 and the scheme has been in existence since 1961. At the end of March 2002, 243 Government hostels (129 for Boys and 114 for Girls) having intake capacity of 19028 were being run by the State Government and financial assistance in the form of grant-in-aid was being provided to 2287 hostels run by NGOs having intake capacity of 96,828 students.

In addition to free lodging and boarding, educational books, exercise books, stationery, uniforms, subsidiary allowances etc are also provided to the inmates of the Government hostels.

Admission to the Government hostels is finalised by the Special District Social Welfare Officer (SDSWO) strictly on the basis of merit, economical background and community representation (80 *per cent* seats are reserved for SCs). Of the vacant seats, 15 *per cent* admission is granted by Government and remaining 85 *per cent* is filled in by the SDSWO by relaxing percentage quota in case of non-availability of students from a particular community. Junior and Senior College students are admitted in the hostels located at Divisional headquarters and while doing so 80 *per cent* seats are reserved for professional degrees/diplomas and remaining 20 *per cent* for other educational faculties. At the district and taluka level, 60 *per cent* seats are reserved for students studying in colleges and 40 *per cent* for the students studying in the secondary schools.

Admission to the hostels run by the NGOs for BC students studying in secondary schools is finalised by the NGO concerned by giving wide publicity in news paper and observing the income limit of parents and percentage quotas reserved for each category/community (The present income limit is Rs 24000 *per annum*).

### **3.9.2 Organizational set-up**

Implementation of the scheme is being monitored by the Department of Social Justice and Director of Social Welfare, Maharashtra State, Pune. The Divisional Social Welfare Officer (DSWO) of each region is the controlling officer for Government hostels whereas the Chief Executive Officer of Zilla Parishad (ZP) is the controlling authority for hostels run by NGOs.

The administrative control of the 168 Government hostels functioning at taluka level has also been transferred to ZPs with effect from 1 April 2001 in pursuance of implementation of the Panchayati Raj reforms.

### 3.9.3 *Audit coverage*

Implementation of the scheme in eleven districts\* from the five regions in the State covering the period from April 1996 to March 2002, apart from the records of the Department of Social Justice, Mantralaya, Mumbai, Director of Social Welfare, Pune and DSWO and SDSWO under State and local sector were taken up for audit review during March to June 2002. In each district four Government and aided hostels were reviewed.

### 3.9.4 *Physical performance*

Actual admission of students in Government and aided hostels during 1997-2002 was as under:

Year	Number of students in	Number of students in
	Government hostels	aided hostels
1997-98	19063	90736
1998-99	18054	86537
1999-2000	17258	85846
2000-01	16750	95077
2001-02	16339	93028

There is a great demand for these hostel facilities and waiting list for admissions ranged from 1000 to 3000 students in every division. But the intake capacity of hostels was not fully utilised. On an average only 15 to 25 *per cent* of the demand of new entrants for hostel accommodation could be met after meeting the demand of existing hostellers in their subsequent years of study. There is therefore, a felt need for expanding the coverage of the Scheme by providing new hostels and fully utilising the capacity of the existing hostels.

### 3.9.5 *Financial performance*

Expenditure on running and maintenance of Government hostels is borne by the State Government. The Government also provides financial assistance to the aided hostels through the ZP at the rate of Rs 335 per inmate per month for 10 months; besides 75 *per cent* of the total expenditure incurred on rent and Rs 600 per month as salary of the Superintendent are reimbursed. Expenditure on construction of Government hostel buildings is shared equally by Centre and State Governments, whereas financial assistance to the NGOs for extension of existing buildings is met upto 90 *per cent* and shared equally by Central and State Governments. Expenditure incurred in the last five years is shown below:

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\* Aurangabad, Ahmednagar, Dhule, Kolhapur, Mumbai, Nagpur, Nanded, Nashik, Pune, Thane, and Yavatmal.

(Rupees in crore)

Year	Government hostels				Aided hostels			
	Running and maintenance		Construction		Running and maintenance		Construction	
	Pro- vision	Expen- diture	Pro- vision	Expen- diture	Pro- vision	Expen- diture	Pro- vision	Expen- diture
1997-98	20.75	20.43	1.74	1.36	30.73	45.52	2.25	0.89
1998-99	21.16	21.27	1.27	1.74	31.79	44.66	2.03	0.18
1999-2000	25.44	27.37	2.29	2.33	32.84	8.37	2.75	0.90
2000-01	28.03	27.32	1.12	1.27	33.56	58.67	4.21	0.06
2001-02	24.92	24.27	0.67	0.84	32.57	63.46	2.03	Nil
<b>Total</b>	<b>120.30</b>	<b>120.66</b>	<b>7.09</b>	<b>7.54</b>	<b>161.49</b>	<b>220.68</b>	<b>13.27</b>	<b>2.03</b>

Excess expenditure on running and maintenance of Government hostels during 1999-2000 was on account of increased pay and allowances of the hostel staff as per recommendations of the Fifth Pay Commission. The variations in actual expenditure on aided hostels were due to assessment and adjustment of expenditure. Though the department has been depositing the estimated amount with the PWD for getting the work (construction) done, but was not maintaining the records regarding total amount deposited, total expenditure incurred against the deposited amount and so on. The excess expenditure/savings on the construction of Government/aided hostels was due to non-monitoring of the expenditure by the department.

### 3.9.5.1 Messing expenses

Prior to December 1989, the messing arrangement for students in Government hostels was made departmentally by employing cooks and helpers and procuring dietary articles. Messing contract system was introduced in December 1989 in 21 hostels functioning at divisional places.

Scrutiny of records revealed the following:

**3.9.5.1.1** The expenditure incurred on supply of diet through departmental mess in two hostels (boys and girls) at Nashik was higher than the messing contract rates fixed in neighbouring Aurangabad Division. Extra financial burden on this account worked out to Rs 57.62 lakh.

**3.9.5.1.2** Facilities of free lodging/boarding and other educational facilities are not admissible to those inmates who remain absent or those who are not staying in the hostels. Audit scrutiny of Government hostels in Aurangabad however revealed that free lodging/boarding and all other educational facilities were being provided to 43 inmates for periods ranging from one to six years during 1996-2002 though they were not actually staying in the hostel, but were shown as present. Audit was informed that it was inconvenient for students to attend college by staying in the hostels as the location of the hostels was far away from the medical colleges.

Extending free lodging/boarding and all other educational facilities to students without their actual stay in hostels was contrary to Government directives and

Facilities of free lodging/boarding were extended to 43 inmates though they were not actually staying in the hostel

hence the expenditure of Rs 19.04 lakh (approximately) was irregular. Information called from other divisions regarding extension of facilities to absent inmates was not furnished (except Pune). The department has proposed that medical/engineering students should not be admitted in Government hostels as they avail college hostel facilities also. The proposal is yet to be approved by Government (November 2002).

### 3.9.5.2 Book bank scheme

All inmates of Government BC hostels are entitled to free supply of textbooks, exercise books and stationery at prescribed scales. The State Government incurs an annual expenditure of Rs 80 lakh (approximately) on 16000 inmates of the 243 Government hostels. Under the Government of India Post Matric Scholarship scheme, a reduced maintenance allowance is also admissible to the SC/ST inmates of Government hostels, for purchase of text books, stationery, etc. This allowance is sanctioned by the SDSWO at rates ranging from Rs 50 to Rs 141 per month per inmate depending on the courses being pursued.

In addition to above, under another Centrally Sponsored Book Bank Scheme (expenditure shared equally by State and Central) introduced from 1978-79, assistance at prescribed rates\* is being paid by the DSWO to the medical, engineering, agriculture, polytechnic and veterinary colleges for purchase of one set of books for two SC/ST students studying in these colleges. During the period 1996-97 to 2001-02, an expenditure of Rs 7.40 crore was incurred for 25295 beneficiaries under the above scheme which included inmates of Government BC Hostels.

**Overlapping benefits of supply of books and stationeries were availed by medical and engineering students under three different schemes**

Thus, due to overlapping of schemes, purchase of books and stationery for SC/ST medical and engineering students in Government hostels is given under three schemes and to other inmates under two different schemes.

While accepting the fact regarding overlap of the schemes, the department agreed to submit a proposal to Government for restricting the supply of books and stationery to the inmates of backward class hostels from State funds.

### 3.9.5.3 Underutilisation of sanctioned strength of hostels

Audit observed that the actual admissions in Government hostels in Sindhudurg and Parbhani districts were less than 50 per cent of the reduced sanctioned capacity during the period from 1996-97 to 1999-2000 as indicated below:

Sr. No	Name of District	No. of hostels	Sanctioned intake	Actual capacity	Actual admission			
					1996-97	1997-98	1998-99	1999-2000
1.	Sindhudurg	3	235	135	59	55	56	56
2.	Parbhani	2	150	130	6	62	62	62

\* Rs 7500 for Medical, Engineering, Rs 5000 for Veterinary, Rs 4500 for Agriculture and Rs 2400 for Polytechnic.

This was so, despite a waiting list of 1000 to 3000 students in all the divisions. Due to less admission in Sindhudurg and Parbhani, the average *per capita* expenditure was high, ranging from Rs 22000 to Rs 34000 per head as against the normal average expenditure of Rs 10000 per year per inmate. As such the DSWOs who are empowered to transfer vacancies could have transferred the vacancies of the Parbhani district to Aurangabad and those in Sindhudurg to Mumbai division (which includes Konkan), which they failed to do.

The Department replied (June 2002) that such vacancies would be transferred to other districts in future.

#### 3.9.5.4 *Hostel buildings*

**Full central assistance was not availed of by the State for building hostels even though there was a need for them**

As on March 2002, out of 243 Government and 2287 aided hostels only 50 Government and 759 aided hostels were housed in own buildings and the remaining were functioning in rented buildings.

Central assistance of Rs 1.55 crore was provided during the period 1996-2002 for construction of 55 Government and 35 aided hostels. Out of this 35 Government hostel buildings and 22 aided hostel buildings were completed at a cost of Rs 78.38 lakh at the end of March 2002 and the unspent balance of Rs 76.71 lakh was yet to be refunded to Government of India (GOI) (November 2002). The State Government did not forward further proposals to GOI for financial assistance.

Thus, despite need for new hostels as well as funds, full central assistance could not be availed of by the State due to non-submission of proposals.

Few instances of utilisation of funds under the Centrally Sponsored scheme are mentioned below :

**3.9.5.4.1** A mention was made in para 3.25.11.3 of Comptroller and Auditor General's Audit Report for the period ending March 1997 regarding non-occupation of tenements purchased in June 1996 for Rs 31.50 lakh from Maharashtra Housing and Area Development Authority (MHADA), for boys hostel, Bhivandi.

Audit scrutiny in June 2002 further revealed that these blocks were constructed and lying vacant since 1989 and the Department had paid Rs 23.85 lakh towards cost of building and Rs 7.65 lakh towards repairs. MHADA was however insisting on an additional amount of Rs 2.36 lakh for the repairs. The Department did not pay the balance amount for want of funds resulting in the building remaining unacquired.

In the absence of watch and ward arrangements, the nearby slum dwellers removed the doors, windows and bricks and the buildings were in a dismantled condition and not fit for use.

As a result thereof the hostel continued to function in a rented building. Thus, despite the purchase of these tenements in June 1996, the department had to incur an avoidable expenditure of Rs 1 lakh on rent (June 1996 to June 2002).

Thus, non-provision of additional funds of Rs 2.36 lakh to MHADA not only resulted in unfruitful expenditure of Rs 31.50 lakh but also defeated the very purpose of providing a departmental building for the hostel, apart from avoidable expenditure on rent.

**Non-provision of funds for balance work led to Rs 26.55 lakh incurred on hostel buildings unfruitful**

**3.9.5.4.2** With a view to provide adequate accommodation for the Government hostel for BC Boys in Mumbai at Worli, the Government approved (August 1982) construction of temporary barracks estimated to cost Rs 22.56 lakh in the campus of Beggars Home for Males, Chembur, which was also on Government owned land. Accordingly, Rs 15.73 lakh were deposited with the PWD in March 1984 against which an expenditure of Rs 26.55 lakh as on December 1988 was incurred on these works. Due to non-provision of additional funds despite repeated reminders, the work of water supply, electrification and compound wall was not taken up.

Due to non-construction of compound wall, the nearby slum dwellers had removed the doors and windows and with the passage of time the Asbestos sheet ceilings were also damaged and the structure is now being used as a dumping ground for garbage. Thus, due to non-provision of funds for construction of balance work, Rs 26.55 lakh incurred by Government was rendered unfruitful.

**3.9.5.4.3** The BC Boys' hostel, Mandangad, though completed in October 2000 had not been occupied till June 2002 due to inadequate water supply. This resulted not only in idle investment of Rs 43.27 lakh for nearly two years but also avoidable expenditure of Rs 4.52 lakh on payment of rent on the hired building.

**3.9.5.4.4 (i)** The work of construction of Government Boys' and Girls' hostel at Phaltan, administratively approved for Rs 133 crore in February 1996 could not be completed by the scheduled date (February 2001) due to slow progress of work by the contractor. Only Rs 69.37 lakh have been incurred as of March 2002 resulting in avoidable expenditure on payment of rent of hired building.

**3.9.5.4.4 (ii)** In respect of four aided hostels (Beed, Nanded and Wardha), only first instalment of Rs 25.82 lakh was released by the Directorate in 1997-98 and release of the second instalment was pending for want of valuation report by the Works Department of the ZPs.

### **3.9.5.5 Supervision of hostels**

The warden/house master is responsible for close supervision of hostel activities to provide better messing and other educational facilities to the inmates and watch educational progress of the inmates and infuse discipline.

**In test-checked districts 29 posts of warden were vacant for the last five years**

Audit scrutiny revealed that 29 (19 girls hostels and 10 boys hostels) posts of wardens (January 2002) were vacant in the last five years and day to day working was managed by giving additional charge to the wardens of other hostels or to junior clerks.

The Directorate clarified that the posts of wardens are vacant because suitable candidates are not available for promotion and the proposal to fill up the posts by direct recruitment has been sent to Government (January 2002). Government decision was awaited (June 2002). The reply of the department is an afterthought, as the vacancies have existed for more than five years. Also in Hatkanagale, district Kolhapur there was a case of suicide by one of the girl inmates because of lack of basic amenities in the hostel, but the department had not posted a regular lady warden since June 1999.

The real reason for the vacancies in warden cadre was the absence of rent free residential accommodation in 14 hostels in six\* districts. In 8 of the 14 cases (Aurangabad and Nagpur) though rent free accommodation was available, the same was not occupied by the house masters/wardens on the ground of unsuitability or insufficiency of accommodation resulting in avoidable payment of House Rent Allowance of Rs 7.30 lakh.

Non-provision of residential accommodation to the wardens and existence of vacancies in this cadre is one of the main reasons for less admissions in some of the hostels.

### **3.9.5.6 Recognition of Non-Government Organisations for aided hostels – non-fulfillment of prerequisite conditions**

Government is competent to recognise new aided hostels if the NGOs desirous of starting hostels fulfil certain prerequisite conditions laid down in Government Resolution (GR) dated 16 March 1998.

**Recognition was accorded to 155 new aided hostels without fulfilment of prerequisite conditions**

Audit scrutiny revealed that Government accorded recognition to 155 new aided hostels during the period from August 1998 to April 1999 without ensuring fulfilment of prerequisite conditions. 62 NGOs had not been in existence for more than one year and 22 hostels in 6 districts did not have basic infrastructure facilities.

### **3.9.5.7 Weeding out bogus aided hostels in the State**

In order to weed out such bogus aided hostels, Director ordered (August 2000) for a special drive of surprise verification which revealed that 808 aided hostels were not having adequate infrastructure facilities and also the number of inmates present was less. Consequently, recognition of 194 hostels was cancelled and sanctioned strength in 111 hostels was reduced by 1835 seats. 157 NGOs appealed against and 107 appeals were allowed while 19 appeals were rejected. Decision was pending in 31 appeals.

Audit of some of the aided hostels whose appeals were allowed, revealed that the deficiencies in infrastructural facilities were not made good by the NGOs concerned till March 2002. The Department did not ascertain the overall improvements made by NGOs in all the hostels whose appeals were allowed. Thus, the living conditions within the hostels continued to be below the prescribed standards.

\* Ahmednagar, Dhule, Kolhapur, Mumbai, Nashik, Yavatmal

Due to delay in deciding the appeals, Rs 37.86 lakh paid as advance to 18 NGOs in Nanded district remained to be adjusted. ZP authorities had also not visited the hostels during 1999-2000 and 2000-01 for verifying the strength of inmates for deciding the quantum of financial assistance payable to these NGOs.

### **3.9.5.8 Inadequate internal controls**

**Inspection committees at divisional, district and taluka levels were not constituted in 8 out of 11 districts**

**3.9.5.8.1** Government directed (March 1991) constitution of Inspection Committees at divisional, district and taluka levels, to monitor the functioning of these hostels. Representatives of Public Works, Health, and Education Departments were also members of these committees. In addition, non-official members of the committee were to be nominated by Government. It was observed that these committees were not constituted in 8 out of 11 districts visited by audit due to non-appointment of non-official members by Government. Though, the committees in the three\* districts were constituted these did not function at all. Thus, monitoring the functioning of these hostels remained unattended.

**3.9.5.8.2** Though separate staff for inspection and supervision of the hostels was sanctioned by Government in May 1982, the posts were not filled up resulting in shortfall in the number of inspections carried out, which ranged from 4 to 20 *per cent* of the targets fixed during the period 1996-97 to 2001-02.

**Internal audit of 57 Government hostels was pending for 10 to 15 years**

**3.9.5.8.3** The internal audit of 57 Government hostels was pending for 10 to 15 years and in respect of 107 hostels from 5 to 10 years.

**3.9.5.8.4** The Director of Social Welfare, being the Head of the department is responsible for efficient running of hostels. It was observed that periodical returns were not prescribed by the Department for the physical and financial progress of the Centrally assisted Schemes for construction of hostels, categorywise admissions given to the BC students in the hostels, position of vacant posts of hostel staff and position of infrastructure facilities available. As a result, the department was unable to ensure implementation of the scheme as per guidelines and take remedial measures for improvement on a regular basis.

### **3.9.5.9 Impact of the scheme and recommendations for improvement**

The State Government appointed a Committee (October 1989) under the chairmanship of Shri Vasant Chavan for suggesting improvement measures in working of Government hostels. The Committee submitted its report in 1991. The Government implemented the recommendations regarding 2 *per cent* reservation to handicapped students and 20 *per cent* seats to the students from junior colleges in Government hostels at divisional places, increase in maintenance allowances etc. The Government appointed another committee after 10 years (October 2000) to decide on some of the recommendations of the above committee. This committee had recommended raising of the

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\* Aurangabad, Ahmednagar and Nanded.



financial limits for supply of uniforms to students, sports equipment etc, raising of scale of food grains per inmate and allowing students to stay in the hostels after completion of examination. Government was yet to suggest any changes (November 2002).

### **3.9.5.10 Audit evaluation**

The scheme of aided hostels has benefited about 1.16 lakh students. The Master Plan of the Government for opening new hostels had remained unimplemented due to lack of funds. Considering the waiting list of the students for the hostels, there is a need for increasing the utilisation of the existing infrastructure of the Scheme.

About 80 *per cent* hostels are housed in rented building and that too with inadequate space and without minimum infrastructure facilities. Therefore, central assistance available for construction of Government hostels, extension of existing buildings of aided hostels needs to be availed to the maximum extent. The Government needs to take early decisions on proposals for revision of rent to ensure smooth functioning of the hostels.

The monitoring and supervision of the scheme is lacking both at Government and divisional level. This needs to be stepped up. The posts of wardens need to be filled up urgently as their regular presence is essential for the smooth running of the hostels.

Finally, though the scheme was introduced keeping in view the constitutional obligations towards these communities, the State Government now needs to review the continuance of separate hostels instead of integrated hostels. The State Government could also meet its obligations by encouraging NGOs as well as educational institutions to open more hostels through extension of financial assistance or on “Build, Operate and Transfer” basis.

The matter was referred to the Secretary to the Government in August 2002. No reply has been received (December 2002).

## **3.10 Blockage of funds on construction of district sports complex at Sindhudurg**

### **Non-completion of a district sports complex and Swatantrotsav Smarak Hall resulted in blockage of funds to the tune of Rs 2.60 crore.**

The Government of Maharashtra sanctioned (November 1997) Rs 0.50 crore for Golden Jubilee celebration of Indian independence for developing a District Sports Complex (DSC) and other activities in Sindhudurg district and further accorded administrative approval for construction of a district sports complex and Swatantrotsav Smarak Hall at Oras in December 1998 for Rs 2.27 crore and sanctioned further grant of Rs 1.95 crore which was released by the Directorate of Sports to the District Sports Officer (DSO), Sindhudurg. Funds were drawn by the Collector, Sindhudurg in March 1998 and March

1999 and released to the DSO, Sindhudurg in February/June 1999. Rs15 lakh were also received from District Planning Development Council etc.

Audit scrutiny of records in the Sindhudurg Collectorate (February 2002) revealed that though the administrative approval stipulated that as far as possible, the work should be got executed through the State Public Work Department, the Committee headed by the Collector constituted for the development of the complex awarded the work to a private agency in February 1999 at an estimated cost of Rs 2.27 crore. The work of the DSC and Smarak Hall was completed by the agency (July 2000) for Rs 3.02 crore but as the balance amount of Rs 0.42 crore was not paid due to paucity of funds, the agency did not hand over the DSC and Smarak Hall to the Committee (September 2002). This resulted in blockage of funds of Rs 2.60 crore for over 18 months besides non-achievement of the objectives of the project.

The Collector and Chairman of DSC, Sindhudurg accepted that the facilities could not be used as the agency's payments have not been made due to non-availability of funds.

The matter was referred to the Secretary to the Government in June 2002. No reply has been received (December 2002).

## **GENERAL**

### **3.11 Functioning of Treasuries**

The major irregularities noticed during inspection of 29 treasuries by the Accountants General (Accounts and Entitlement) Mumbai and Nagpur during 2001-02 are brought out in the following paragraphs.

#### **3.11.1 Overpayment of pension**

Overpayment of pensionary benefits of Rs 46.24 lakh was made to 203 pensioners/family pensioners during 2001-02 due to incorrect calculations of dearness relief, interim relief and revision of family pension apart from non-adjustment of provisional death-cum-retirement gratuity.

#### **3.11.2 Pending recovery from pension/gratuity**

Though the Accountant General (Accounts and Entitlement) had requested for recovery of Rs 5.37 lakh from pension/gratuity, Rs 3.57 lakh in respect of 19 cases is yet to be effected in respect of Nagpur area.

#### **3.11.3 Misappropriation/fraud in Dhadgaon Subtreasury, District Nandurbar**

It was noticed by Accountant General (Accounts and Entitlements), Mumbai that some encashment and drawing schedules were not received from Subtreasury Officer, Dhadgaon. Investigations revealed a suspected fraud of Rs 20.89 lakh committed during the period June 1999 to February 2001. The matter has been referred to police authorities.

### 3.11.4 Excess draws by the District Supply Offices

As per Maharashtra Treasury Rules, 1968 every payment made on the authority of any Letter of Credit must be noted and progressive total must be recorded to avoid overpayment. In Raigad, Ratnagiri, Sindhudurg and Sangli, the District Supply Offices had exceeded the limit which resulted in excess draws to the tune of Rs 102.83 crore.

## 3.12 Follow-up on Audit Reports and Action Taken Notes

### (i) Follow-up on Audit Reports

According to instructions issued by the Finance Department in March 1981, Administrative departments were required to furnish Explanatory Memoranda (EMs) to the Maharashtra Legislature Secretariat within one month of presenting the Audit Reports to the State Legislature. The Administrative departments were, however, not complying with these instructions. The number of outstanding EMs was as follows:

Audit Report	Date of tabling the Report	Number of paras/reviews	Number of EMs received	Balance
1996-97	7 August 1998	64/9	57/9	7/0
1997-98	20 December 1999	59/10	50/8	9/2
1998-99	30 November 2000	39/8	18/5	21/3
1999-2000	14 December 2001	49/6	22/4	27/2
2000-01	29 April 2002	36/7	0/3	36/4
<b>Total</b>		<b>247/40</b>	<b>147/29</b>	<b>100/11</b>

In addition to the above, EMs in respect of 61 paras relating to the period prior to 1995-96 were also outstanding.

### (ii) Action Taken Notes

The Maharashtra Legislature Secretariat (MLS) Rules stipulate that the Action Taken Notes (ATN) on the recommendations of the Public Accounts Committee (PAC) are required to be forwarded to MLS duly verified in Audit. Likewise, ATNs indicating remedial/corrective action taken on the paras that are not discussed are also required to be forwarded to the PAC duly vetted by Audit. However, it was observed that there were inordinate delays and persistent failures on the part of a large number of departments in forwarding ATNs on audit paragraphs. A review of the position regarding receipt of ATNs on the paras included in the Audit Reports upto 2000-01 revealed that ATNs in respect of 90 out of 119 paras discussed in the PAC were awaited. Yearwise details of such paragraphs are indicated as follows :

Audit Report	Total number of paras in the Audit Report	Number of paras		ATN awaited in respect of paras	
		Discussed	Not discussed	Discussed	Not discussed
1985-86 to 1990-91	407	54	353	30	353
1991-92	62	7	55	6	55
1992-93	53	5	48	5	48
1993-94	69	20	49	18	49
1994-95	65	10	55	9	55

Audit Report	Total number of paras in the Audit Report	Number of paras		ATN awaited in respect of paras	
		Discussed	Not discussed	Discussed	Not discussed
1995-96	61	12	49	11	49
1996-97	73	11	62	11	62
1997-98	72	-	72	-	72
1998-99	47	-	47	-	47
1999-2000	55	-	55	-	55
2000-01	43	-	43	-	43
<b>Total</b>	<b>1007</b>	<b>119</b>	<b>888</b>	<b>90</b>	<b>888</b>

### 3.13 Misappropriation of Government monies

**3.13.1** Mention was made in paragraph 3.15 of the Report of the Comptroller and Auditor General of India for the year ended 31 March 2001 (Civil) that final action was pending on 455 cases of misappropriation of Government monies upto September 2001. The position in regard to fresh cases reported during 2001-02 and disposal of pending cases upto September 2002 is as follows:

	Number	Amount (Rupees in crore)
Cases pending on 30 September 2001 out of cases reported upto 31 March 2001	455	5.80
Fresh cases reported during 2001-02	35	0.41
Cases finalised during October 2001 to September 2002	152	0.21
Cases pending on 30 September 2002	338	6.00

The departmentwise analysis of the outstanding cases is given in Appendix XVIII.

Out of 338 pending cases, 320 cases involving money value of Rs 5.53 crore were pending for more than 4 years. In 140 cases orders of recovery/write-off, were awaited, 102 cases were pending in court of law, 14 cases were awaiting investigation in respect of 55 cases, departmental action had not been concluded and 9 cases were pending due to other reasons.

## HOME DEPARTMENT

**3.13.2** In a misappropriation case in the Office of the Commissioner of Police, Thane, the Home Department was advised (March 2000) to take specific remedial measures such as inducting the Maharashtra Finance and Accounts Service (MFAS) officers in Police Department especially in the Commissionerates, computerisation of pay and allowances, strengthening of the internal audit, disciplinary action against delinquent officials etc. However, no response was received from the Government. On the other hand, misappropriation of Government monies continue to occur in the Department due to poor internal control systems. Details of two such cases in Pune and Mumbai further discovered at the instance of audit are given below :

(i) Audit scrutiny of the office of the Deputy Commissioner of Police (DCP) (Anti Narcotic Cell) Crime, Mumbai, (September 2001) revealed that the provisions regarding maintenance of cash book and handling of cash were not being followed and the abstract showing the cash balance was not prepared by the cashier even during handing over of cash resulting in misappropriation of Rs 1.07 lakh.

(ii) Scrutiny of the records of the Commandant State Reserve Police Force (SRPF) Group I, Pune (May 2000), revealed that out of Rs 85354 remitted by the office to the Administration Company only Rs 5354 was accounted for in the subsidiary cash book. The possibility of misappropriation of Rs 80000 cannot be ruled out.

(iii) Further scrutiny of records of the SRPF Gr. I, Pune revealed misappropriation of Rs 10.50 lakh in 'F', 'G' and Administration Companies. Out of the amount misappropriated, Rs 2.90 lakh were recovered from 'G' company and Administration company and Rs 7.60 lakh was yet to be recovered from 'F' Company (December 2002).

Thus, non-adherence to the provisions in the Financial Rules and non-existence of effective supervisory controls resulted in misappropriation of Government funds to the tune of Rs 9.47 lakh in the above two cases. Departmental enquiries were stated to be in progress against the officials involved.

The matter was referred to the Additional Chief Secretary to the Government in June 2002. No reply has been received (December 2002).