

## CHAPTER III

### PERFORMANCE REVIEWS

This chapter contains performance reviews on Pradhan Mantri Gram Sadak Yojana (3.1), Implementation of Child Labour (Prohibition and Regulation) Act, 1986 (3.2), Maharashtra Health Systems Development Project (3.3), Functioning of Agriculture Department (3.4), Swarna Jayanti Shahari Rojgar Yojana (3.5), Integrated Child Development Services Scheme (3.6) and Computerisation of Land Records (3.7).

#### Rural Development and Water Conservation Department

##### 3.1 Pradhan Mantri Gram Sadak Yojana

###### Highlights

Rural road connectivity is a key component of rural development, both social and economic. Notwithstanding the efforts made over the years at the State and Central levels through different programmes, about 40 per cent of the habitations in the country are still unconnected by All Weather Roads. With a view to redress this situation, Government of India on 25 December 2000 launched a programme “Pradhan Mantri Gram Sadak Yojana”, a fully Centrally Sponsored Scheme to provide road connectivity to all rural habitations. As of March 2004, 1920 roads estimated to cost Rs 541.37 crore were approved for the State. Implementation of the scheme, which commenced from 2000-01, was slow and suffered from various shortfalls/shortcomings such as deficiencies in preparation of district rural road plans and execution of works in violation of guidelines.

As against a target of 4299 km of road length to be completed between 2001-2004, 2794 kms road length was constructed as of August 2004.

*(Paragraph 3.1.9)*

Priority in road connectivity was not observed. As a result, 120 habitations with population less than 500 were connected at a cost of Rs 23.09 crore leaving 27 and 458 habitations with population size above 1000 and 500 respectively unconnected.

*(Paragraph 3.1.12)*

Ineligible works wrongly included in district rural road plans deprived the State of Rs 55.91 crore for construction of other eligible roads.

*(Paragraph 3.1.13)*

As against the cost sanctioned by Ministry of Rural Development of Rs 119.51 crore, 18 districts works were awarded at a cost of Rs 137.26

**crore incurring avoidable liability of Rs 17.75 crore which would have to be borne by the State Government.**

*(Paragraph 3.1.7)*

**Fifty-four major district roads were constructed at a cost of Rs 9.44 crore, though these were not permissible under Pradhan Mantri Gram Sadak Yojana.**

*(Paragraph 3.1.16)*

**Use of unsuitable grade of bitumen in built up spray grout work and excessive use of bitumen in tack coat resulted in extra cost of Rs 4.46 crore.**

*(Paragraphs 3.1.20 and 3.1.21)*

**Although completion of works was delayed ranging from 15 days to 270 days, compensation of Rs 1.36 crore was not recovered, thereby extending undue benefit to the contractor.**

*(Paragraph 3.1.24)*

### **3.1.1 Introduction**

With a view to provide road connectivity to the unconnected rural habitations, the Government of India (GOI) launched (25 December 2000) a Centrally Sponsored Programme named “Pradhan Mantri Gram Sadak Yojna” (PMGSY). The programme, fully funded by GOI was implemented by the State Government from 2000-01 and included construction of 3213 km long new roads and upgradation to the prescribed specification of 43066 km long existing water bound macadam (WBM) road.

The scheme envisaged following important objectives:

- To connect unconnected habitations having populations above 1000 by end of 2003 and
- Habitations having population 500 to 999 by end of 2007.

### **3.1.2 Organisational set-up**

Rural Development and Water Conservation Department (RDWCD) had overall responsibility for implementation of programme. A State Level Standing Committee (SLSC) headed by Chief Secretary to Government of Maharashtra is responsible for finalisation and clearance of project proposals and to ensure close and effective monitoring of the programme. At district level the Standing Committee of Zilla Parishad is to vet the proposals prepared by project implementation units (PIU). The PIUs\* are to prepare master plan and detailed project report (DPR). They are also entrusted estimation and tendering, quality control, certifying and making payments, etc.

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\* Executive Engineers of Public Works Department for the year 2000-2001 and Zilla Parishad thereafter are the PIUs, which actually execute the work.

### 3.1.3 Audit objectives

In the course of audit review an attempt was made:

- to evaluate the appropriateness of funds utilisation;
- to assess efficiency in programme implementation,
- to analyse success achieved by executing agencies in providing connectivity to the unconnected habitations during 2000-2004 and
- to ensure that applicable norms for activity schedule/material quality were observed.

### 3.1.4 Audit Coverage

Records at Mantralaya, Mumbai, Chief Engineer, Public Works Region, Nasik (being Nodal Officer), Mumbai and Pune and 14<sup>1</sup> districts (average two districts in six regions<sup>2</sup>) where 43 to 44 *per cent* of the expenditure was incurred were test-checked between February 2004 and July 2004. The results of review are detailed in following paragraphs.

## Financial management

### 3.1.5 Funding pattern

The funds from Ministry of Rural Development (MORD) were routed through District Rural Development Agency (DRDA) to the concerned PIUs. For the year 2000-01, funds were provided by the Centre to the State as Additional Central Assistance (ACA). For 2001-2004 the funds were provided as grant-in-aid to Rural Development and Water Conservation Department. Budget allocation, grants released by MORD and expenditure on the scheme were as under:

(Rupees in crore)

Year	Budget Estimate	Grants released	Expenditure
2000-01	130.00	130.00	127.07
2001-03	263.89	244.58	159.84
2003-04	147.78	75.00	Nil

As regards non-taking up works of the programme year 2003-04, the Government stated (October 2004) that technical sanction was not given by the competent authority (EE, SE and CE), reasons for which were not furnished.

### 3.1.6 Loss of interest

The grants given by MORD to the State was required to be distributed to the DRDAs within 15 days from the date of release. However, in the first year (2000-01) MORD released an amount of Rs 130 crore in two instalments (Rs 31.67 crore on 6 February 2001 and Rs 98.33 crore on 12 March 2001) which was kept in the Consolidated Fund of the State and was released only

**There was loss of interest of Rs 2.56 crore due to delay in obtaining sanction of legislature**

<sup>1</sup> Akola, Buldana, Dhule, Kolhapur, Latur, Nandurbar, Nashik, Osmanabad, Pune, Ratnagiri, Sangli, Sindhudurg, Solapur and Thane.

<sup>2</sup> Amravati, Aurangabad, Konkan, Nagpur, Nashik and Pune.

on 31 March 2001 and 28 September 2001 due to procedural delay in obtaining sanction of the legislature for drawal of money from the Consolidated Fund. Further, it was found that the second instalment was drawn by DRDA between November 2001 and January 2002 attributing delay of over 40 days. Thus, there was total delay of 265 days in release and drawal of funds which led to loss of Rs 2.56\* crore on account of interest at 4 per cent per annum.

Government stated (February 2004) that question of interest did not arise due to amount being in State fund. The reply was not acceptable as grants were to be credited within 15 days of release by MORD in bank account specially opened for PMGSY and the interest so accrued was to be rolled back to PMGSY fund.

### **3.1.7 Avoidable State Government liability due to unrealistic estimates**

**In 18 districts against MORD sanction for Rs 119.51 crore, works put to tender were for Rs 137.26 crore creating avoidable liability of Rs 17.75 crore on the State Government**

The primary responsibility for accuracy of the provisions in DPR rested with the PIU (EE of Public Works Division/Zilla Parishad), who was to ensure correctness of designs and to see that overall cost of project was reasonable. This DPR was to be checked by the district and State level committees. Further, excess over the project cost was to be borne by State whereas any saving was to be rolled back to PMGSY fund.

Scrutiny of the project proposals for the year 2001-2003 revealed that in 18 districts against the MORD sanction for Rs 119.51 crore, works put to tender were for Rs 137.26 crore creating avoidable liability of Rs 17.75 crore, whereas in 11 districts there was saving of Rs 10.17 crore as works put to tender were for Rs 73.76 crore against MORD's sanction of Rs 83.93 crore. No budget provision for Rs 17.75 crore has been made by the State Government nor have Rs 10.17 crore been surrendered to the GOI.

The Government stated (December 2004) that engineers were not properly trained and further stated that excess expenditure over the sanction would be got regularised from MORD.

### **Programme management - planning**

Guidelines provided for preparation of district rural road plan (DRRP) by identification of unconnected or partially connected habitations and priority norms were to be observed while selecting the work. It was, however, noticed that in four districts DRRP was not prepared and where prepared there were deficiencies in project formulation resulting in unrealistic projection, non-observance of priority, inclusion of ineligible works, non-observance of norms as discussed below.

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\* i) 1<sup>st</sup> instalment (21.2.2001 to 31.3.2001): 40 days x 4% x Rs 31.67 crore/365= 0.14 crore  
ii) 2<sup>nd</sup> instalment (27.3.2001 to 28.9.2001): 185 days x 4% x Rs 98.33 crore/365= 1.99 crore  
iii) Delay by DRDA : 40 days x 4% x Rs 98.33 crore/365= 0.43 crore.

### 3.1.8 District Rural Road Plan

MORD directed (December 2000) to prepare a district level master plan for identifying works of new construction for providing connectivity to unconnected habitations and roads requiring upgradation. This plan was to be finalised by District Planning Committee by integrating blockwise rural road plans prepared by a committee headed by Block Development Officer (BDO)/Tahsildar and approved by Panchayat Samiti taking into account the views and suggestions of local Member of Parliament/Member of Legislative Assembly. Such plan was to be approved by Zilla Parishad and subsequently by State Level Standing Committee (SLSC). On approval by SLSC it would become the DRRP which would form the basis for selection of road work.

**DRRP was prepared without involving Block/Panchayat level Officers. No DRRP was prepared for four districts**

In 10 districts<sup>3</sup> during September 2001 to February 2002, the Engineers of PIUs prepared DRRP and directly placed the same before the Standing Committee of Zilla Parishad for approval without involving the Block Level and Panchayat Samiti Officers. Further, the project proposals for the year 2000-01 submitted in January 2001 by the State to MORD were not based on the DRRP as it was not vetted and finalised by the SLSC as the latter was formed on 25 September 2001. Moreover, DRRP of Sangli, Kolhapur, Thane and Gadchiroli districts were not prepared as of April 2002.

The Government stated (December 2004) that selection of roads was done on the basis of Road Plan 1981-2000, which confirms that project proposals were not formulated in accordance with the guidelines.

### 3.1.9 Core network plan and achievement

**As against target of 4299 kms of road length, 2794 kms was constructed as of August 2004**

Based on the proposals submitted by the State, MORD approved 1920 roads having length of 4299.03 km at an estimated cost of Rs 541.37 crore during phase I (2000-01) to III (2003-04). Out of 1920 approved roads, the State could complete only 1377 roads having length 2794.25 km which provided actual connectivity to 176 habitations having population more than 1000 and 398 habitations having populations below 1000 as of August 2004.

Projects and cost approved by the GOI and achievement thereagainst during 2000-2004 was as under:

Phase year	Projects approved			Achievement up to August 2004 (Roads completed)			Percentage of achievement	
	Number of roads	Length (km)	Estimated cost (Rupees in crore)	Number of roads	Length (km)	Expenditure (Rupees in crore)	Number of roads	Length (km)
2000-01	810	1486.52	130.00	800	1461.38	127.07	98.76	98.30
2001-2003	806	1885.85	263.89	577	1332.87	159.84	71.58	70.68
2003-04	304	926.66	147.48	Works not executed			--	--
<b>Total</b>	<b>1920</b>	<b>4299.03</b>	<b>541.37</b>	<b>1377</b>	<b>2794.25</b>	<b>286.91</b>	<b>71.72</b>	<b>65.00</b>

<sup>3</sup> Aurangabad, Bhandara, Buldhana, Chandrapur, Latur, Osmanabad, Pune, Sangli, Satara, and Thane.

The position in respect of test-checked districts was as below:

Phase year	Projects approved			Achievement up to August 2004 (Roads completed)			Percentage of achievement	
	Number of roads	Length (km)	Estimated cost (Rupees in crore)	Number of roads	Length (km)	Expenditure (Rupees in crore)	Number of roads	Length (km)
2000-01	341	587.96	58.72	319	586.77	56.56	99.54	99.79
2001-2003	309	696.28	185.47	231	510.41	76.62	74.76	73.31
<b>Total</b>	<b>650</b>	<b>1284.24</b>	<b>244.19</b>	<b>550</b>	<b>1097.18</b>	<b>133.18</b>	<b>84.62</b>	<b>85.43</b>

As regards not taking up works in the year 2003-04, the Government stated (October 2004) that technical sanction (TS) was not given by the competent authorities (EE, SE and CE). Reasons though called for, were not furnished (December 2004).

### **3.1.10 Unrealistic projection of unconnected habitations**

**In Ahmednagar and Pune over reporting of habitation in core network was noticed**

The Government pointed out (November 2003) that cross check of proposals of two districts (Ahmednagar and Pune) revealed over reporting of unconnected habitations in core network. Consequently, the number of unconnected habitations were brought down from 806 to 193, in all three categories (population above 1000, 500-1000 and above 250). Officer on Special Duty (OSD), Nasik stated (March 2004) that this exercise was conducted at the behest of Joint Secretary, RDWCD while in remaining districts it was not done as no authority had raised such objection. The reply is not acceptable as possibility of unrealistic projections in other districts could not be ruled out in view of 16 road works costing Rs 1.15 crore in nine districts within the distance of 500 metre were erroneously taken up for execution in contravention of the guidelines.

### **3.1.11 Multiple connectivity to habitations**

**29 habitations were provided with multiple connectivity instead of single connectivity**

Programme envisages single road connectivity only to each habitation. Despite clear directives, 29 habitations were provided with multiple connectivity at a cost of Rs 7.94 crore.

PWD, Pune stated that connectivity was provided to connect Scheduled Caste/Scheduled Tribe population. PWD, Nandurbar stated that road was constructed to provide easy access to sugar factory/market while PWD, Kankavali stated that to serve the habitation road was constructed. The Government accepted (December 2004) to verify the position.

### **3.1.12 Non observance of priority**

**Priorities in road connectivity was not observed**

The programme envisaged connectivity in the following order of priority (i) unconnected habitation of 1000 and above, (ii) habitation of 500 and above, (iii) upgradation of gravel roads to desired specification and (iv) upgradation of WBM roads to desired specification.

Scrutiny of records for the years 2000-01 to 2001-2003 revealed that in spite of availability of 27 and 458 unconnected habitations in the category (i) and

(ii), connectivity to 120 habitations with population below 500 was provided at a cost of Rs 23.09 crore violating the provisions of guidelines.

PWD, Pandharpur attributed deviations to public demand/need and as per suggestions of MP. ZP, Pune stated that there were some errors in connectivity status in Pune district. The Government stated (December 2004) that in some districts, villages with lower population might have been tackled.

### 3.1.13 Inclusion of ineligible works

210 approved works were deleted

Guidelines provide for preparation of the project proposal by detailed survey and considering ground realities as MORD released funds on the basis of project cost. However, during 2000-2003, of the 1616 projects approved by MORD, 210 projects costing Rs 50.37 crore had to be deleted for reasons such as works completed under other programme, non-availability of land and objection by Forest Department.

Further, 24 works costing Rs 5.54 crore sanctioned during 2001-2003 could not be started after tendering for the same reasons. Thus, by inclusion of ineligible projects despite scrutiny by PWD for 2000-01 and SLSC for 2001-2003 the State had to forego eligible projects to the extent of Rs 55.91 crore.

The Government accepted (December 2004) to take due care to avoid such deletion in future.

### 3.1.14 Non-observance of schedule of activities

The programme stipulated a period of nine months for completion of works from the date of approval of project proposal. However, completion of works were delayed as shown below:

Programme Year	Month of approval by MORD	Due date for completion	Month of completion
2000-01	February 2001	November 2001	October 2002
2001-03	December 2001	October 2002	Projects yet to be completed
2003-04	February 2004	November 2004	Estimates are yet to be cleared

Non observance of schedule of activities led to postponement of envisaged benefit by one year

Scrutiny of records for the year 2001-2003 of 16 districts revealed that out of 380 works allotted only 114 works (30 *per cent*) could be completed in time for the reasons (i) delay of one to seven months in issue of work order from the date of acceptance of tender, (ii) delay of one and 17 months in tendering the work after receipt of technical sanction, (iii) non-availability of land for work, (iv) obstacles from farmers and presence of standing crop, (v) slow progress of work, (vi) non-availability of material and (vii) non-receipt of revised administrative approval for works. Delay in observance of schedule led to postponement of envisaged benefit of the programme by one year.

### 3.1.15 Non-observance of norms for upgradation works

There was excess expenditure of Rs 32.73 crore over prescribed limit on upgradation

As per guidelines, provision for upgradation was not to exceed 20 *per cent* of the State's allocation during the existence of unconnected habitations.

As against State allocation of Rs 244.58 crore for 2001-2003, the expenditure on upgradation was Rs 81.65 crore (33.38 *per cent*) as of June 2004 and

exceeded prescribed limit by Rs 32.73 crore despite availability of unconnected habitations. Department stated that upgradation works were sanctioned by MORD. Reply was not tenable as the facts regarding infringing guidelines were not specifically reported to MORD while seeking sanction. MORD also failed to notice SLSC's preference for upgradation to connectivity.

### **Programme management - implementation**

Guidelines prohibited construction of major district roads (MDR) and urban roads, repairs to existing black topped roads, enlargement of scope of work and also specified grade and quality bitumen to be used. However, instances of construction of MDR and urban roads, repairs to existing black topped roads, enlargement of scope of work and use of bitumen other than the grade and quality specified were noticed as detailed below.

#### **3.1.16 Construction of roads in violation of norms**

**In violation of norms Major District Roads were constructed / upgraded at a cost of Rs 9.44 crore**

PMGSY does not permit construction/upgradation of MDRs. However, 54 MDRs were constructed/upgraded at a cost of Rs 9.44 crore under PMGSY.

PIU, Aurangabad, Dhule, Sangli, Pandharpur, Pune and SE Dhule stated that works on MDR were taken to provide connectivity to the villages. Reply was not acceptable as works on MDR were not permitted under the scheme.

#### **3.1.17 Construction of urban roads**

Under the programme no urban links were to be constructed. In Osmanabad district, road work costing Rs 49.50 lakh was taken up for connecting Osmanabad *Gramin* which was within urban agglomeration of Osmanabad city.

In reply PIU stated that work was executed as approved by MORD. The reply however, conceals the fact that the ineligibility of this work was not reported to SLSC/MORD.

#### **3.1.18 Repairs to existing black topped road**

**Repairs costing Rs 7.53 crore was carried out to BT Roads in violation of guidelines**

PMGSY guidelines did not permit repairs to black topped (BT) road. However, in violation of guidelines, 50 roads were repaired at a cost of Rs 7.53 crore under PMGSY though departmental statistics showed these roads as BT roads. SE, Nasik stated (August 2004) that the authorities concerned had actually surveyed the sites and accordingly works were proposed, whereas audit had referred to the statistical data and raised objection. The reply amplifies that department's statistical data is not dependable.

#### **3.1.19 Enlargement of scope**

**Excess expenditure of Rs 2.95 crore was incurred by enlarging the scope of works irregularly**

As per guidelines, funds earmarked for each project were to be utilised for that project only and any excess over the project cost was to be borne by the State. However, in 82 works, excess expenditure of Rs 2.95 crore was incurred by enlarging the scope of sanctioned estimate, which was irregular.



When pointed out, ZP Sangli stated that excess execution was due to rectification of damaged length, expansion of habitation and saving in package\* were used for meeting the excess. PWD, Pandharpur attributed it to actual execution, while ZP Sindhudurg executed excess to provide connectivity. PW Pune stated that oral permission was granted to complete the works within the funds allotted for package. The Government stated (December 2004) that the EEs concerned have been directed to prepare revised estimates where cost has increased by 10 per cent.

The reply confirmed the enlargement of scope, which required sanction from MORD and use of saving in one work for accommodating excess in another was against applicable rules/guidelines.

### 3.1.20 Use of excessive bitumen in tack coat

**Excessive use of bitumen in tack coat resulted in extra expenditure of Rs 2.66 crore**

Guidelines stipulated providing 75 mm built up spray grout (BUSG) over WBM and open grade carpet (OGC) thereon. As per specification, tack coat over the base for BUSG and that before laying of OGC is necessary. MOST specification (Edition-1997) provides dose of bitumen as 35 kg and 25 kg per 100 sq mt for tack coat over non-bituminous WBM and normal bituminous (BUSG) surface. Thus, for both the coats total 60 kg of bitumen per 100 sq mt was required.

Scrutiny of estimates for 2000-01 revealed that 50 kg bitumen per 100 sq mt each was used for tack coat for BUSG and carpet. This resulted in excessive use of bitumen by 40 kg per 100 sq mt. The excessive use of bitumen in road length of 1461.38 km in the State during 2000-01 works out to 2192 MT and extra cost of Rs 2.66 crore at an average rate of Rs 12139 per MT. When pointed out by Central Road Research Institute (CRRI), the State Technical Agency (STA) stated (September 2004) that State specifications for application of tack coat were adopted. The Government stated (December 2004) that provisions for tack coat prevailing at the time were made as per MOST specification of 1988 which were later revised in 2002. The reply was not tenable as the MOST specifications were revised in 1997 itself.

### 3.1.21 Use of incorrect grade of bitumen

**Excess expenditure of Rs 1.80 crore was incurred on use of unsuitable costly bitumen**

The National Quality Monitor's (NQM) inspection (April 2002) revealed that BUSG layers penetration of bitumen was not of the desired standards. Consequently, bonding in metal was lacking. The CE, PW Region, Nashik conducted a study (August 2002) which indicated that less penetration of bitumen was due to use of 30/40 grade of bitumen. The guidelines stipulate use of 60/70 grade of bitumen in BUSG works. However, the CRRI approved use of bitumen of 30/40 grade for BUSG and carpet in PMGSY works and works were executed accordingly. Thus, use of unsuitable but costly grade of bitumen in 1461.38 km of road length during 2000-01 caused avoidable

\* Package – Works grouped together for tendering within the financial limit of Rs 3 to 5 crore.

expenditure of Rs 1.80<sup>\$</sup> crore on account of difference (Rs 602 per MT) in cost of two grades of bitumen.

Government stated (December 2004) that estimates were routed through CRRI for technical scrutiny and CRRI approved use of 30/40 grade of bitumen. The reply was not acceptable as the guidelines stipulated use of 60/70 grade of bitumen and also the study conducted by NQM/CE, Nashik shows the incorrect selection.

### **3.1.22 Incorrect booking of cost of completed works**

**Cost of incomplete/  
already completed  
BMS works was  
irregularly charged  
to PMGSY**

MORD allowed (February 2001) inclusion of cost of incomplete portion of “on- going” budgeted works of basic minimum services (BMS) in the project proposals. However, in Aurangabad region instead of charging Rs 88 lakh (cost of incomplete portion of 169 works for the period January to March 2001), expenditure of Rs 2.65 crore incurred during 2000-01 was incorrectly charged to PMGSY.

The Government stated that due to financial stringency of the State, the expenditure of these works was charged to PMGSY and such adjustment was fully justified. The reply contradicts the provisions of the guidelines.

**3.1.23** Under PMGSY, expenditure incurred on incomplete portion of BMS work was admissible. However, expenditure of Rs 2.92 crore on 25 works, already completed before launching the programme (December 2000) was charged to PMGSY.

On being pointed out (March 2004) CE Nashik stated that the works were physically completed before submitting for approval under PMGSY, however, the payments were made after receipt of PMGSY funds. Reply was not acceptable as only incomplete on going BMS works were to be included.

### **3.1.24 Unauthorised aid to contractors**

**Fine of Rs 1.57 crore  
was not recovered /  
irregularly refunded  
though there was  
delay in completion**

The programme envisaged completion of works in nine months from the date of approval of proposal by MORD. Fine was to be imposed for non-achieving the stage wise progress, provided the milestones were not revised.

In three<sup>\*</sup> districts though completion of work was delayed ranging from 15 days to nine months, fine of Rs 1.36 crore was not recovered though there was no revision of milestones. In other three<sup>#</sup> districts fine of Rs 21.22 lakh was wrongly refunded to the contractors. This resulted in undue benefit to the contractors.

EE, PW Akola accepted the omission and stated that non-recovery of compensation was through oversight. EE, ZP, Latur stated that execution was delayed due to standing crop on land, whereas EE, ZP, Ratnagiri stated that works were physically completed but were not finalised for want of approval

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<sup>\$</sup> 1461.38 km x 3.75 m width x 5.46 kg per sqm x 602/1000=Rs 1.80 crore.

<sup>\*</sup> Akola, Latur and Ratnagiri.

<sup>#</sup> Nashik, Pandharpur and Thane.

of variations. Reply of the latter two was not acceptable as the contractor had not requested for grant of extension nor the milestones were revised.

The Government stated that objective of imposing fine was to complete the work in reasonable time, while regarding refund of fine, the Government accepted that it was incorrect.

### **3.1.25 Irregular levy of centage charges**

Under the programme “centage charges<sup>\*</sup>” were not admissible for inclusion in project proposal. Contrary to these instructions, four<sup>+</sup> PIUs loaded the estimate of works with centage charges to the extent of Rs 52.31 lakh which were technically approved by the authorities in contravention of the guidelines besides inflating the cost of works. The Government stated (December 2004) that centage charges wrongly charged were due to lack of knowledge and were withdrawn.

### **3.1.26 Non-maintenance of record**

One of the important functions of the PIUs was to maintain a register pointing out defects to the contractor and watching rectification by or at the cost of the contractor since the defect liability period in PMGSY works was five years. Scrutiny in 12 divisions test-checked revealed that no such record was maintained.

When pointed out, PIUs stated that register would be maintained and defects pointed out got rectified from the contractors.

### **3.1.27 Plantation work not carried out**

PMGSY guidelines provided for planting of fruit bearing and other suitable trees on both sides of the roads. This was to be included in contract conditions. Planting was to be taken up by the State Government from their own funds. Test-check of the records of 10<sup>♦</sup> PIUs revealed that plantation was not done by them except ZP Thane.

The Chief Engineer, Mumbai, EE, ZP, Kolhapur, Solapur and SE, PW Circle, Osmanabad stated that the roadside plantation was not taken as it was not included in the estimate and tender. EE, ZP, Latur, Sindhudurg and Dhule stated that the Social Forestry is being consulted, EE, ZP, Ratnagiri stated that there was no scope for plantation due to non-sparing of land by the farmers whereas ZP, Sangli could not have plantation due to water scarcity.

**No plantation was done on roadside in spite of contract condition**

<sup>\*</sup> Charges levied on percentage basis for contingent expenditure.

<sup>+</sup> PWD Akola, ZPs Nandurbar, Sindhudurg and Solapur.

<sup>♦</sup> CE, Mumbai, EE ZP Dhule, Kolhapur, Latur, Ratnagiri, Sangli, Sindhudurg, Solapur, Thane and SE, PW Circle Osmanabad.

### **3.1.28 Lack of co-ordination between Zilla Parishad and Public Works Division**

**Non-coordination between ZP and PWD resulted in inadmissible expenditure of Rs 62.38 lakh**

Zilla Parishad Nashik awarded (February 1999) work of construction of Takeghoti to Tringalwadi Road (6.30 km WBM with 1.5 km BT) for Rs 22.38 lakh to an agency. The contractor completed the work costing Rs 15.92 lakh till March 2001 leaving balance work costing Rs 3.26 lakh. The work was withdrawn (January 2002) at the risk and cost of the contractor. Disregarding the fact that the road was partly constructed by ZP and was under contractual obligation, PWD Nashik took up (November 2001) the incomplete roadwork under PMGSY. As the WBM done earlier was damaged, PWD reconstructed the road with BT for full length *ie* 6.3 kms and completed it at a cost of Rs 62.38 lakh (November 2003). Thus, non-coordination between ZP and PWD resulted in inadmissible expenditure of Rs 62.38 lakh due to wrongful inclusion of work under PMGSY.

Further, despite spending Rs 62.38 lakh, the habitation did not get the envisaged connectivity as initial reach of 0.5 km of this road was not covered.

### **Programme monitoring**

#### **3.1.29 Finalisation of work without checking its quality**

**658 works out of 810 costing Rs 95.22 crore were finalised without checking by NQM/SQM**

MORD instructed the State Governments to ensure that all the works under PMGSY should qualify atleast 'Good' during implementation and 'Very Good' when completed. For ensuring the quality of the road works, three-tier system was set up by way of controls at PIU level, by Officers/agencies engaged by State Government (other than PIU) as State Quality Monitor (SQM) and by independent NQM.

However, of the 810 works, 658 works finalised by the State during 2001-02 for Rs 95.22 crore were not checked by NQM/SQM keeping the quality of work unverified. MORD pointed out that of the 158 works inspected by NQM, 42 works (27 *per cent*) were reported of poor and average quality. The Government replied that roads, which were ranked below 'Very Good', cannot be treated as completed and the shortcomings noticed by NQM would be attended.

#### **3.1.30 Ineffective online management and monitoring system**

**PIUs were not able to upload/update the data due to lack of connectivity**

Effective monitoring of the programme being critical, the MORD developed (March 2002) online management and monitoring system (OMMS) based on its own configuration in consultation with National Informatics Centre and Centre for Development of Advanced Computing (C-DAC). The hardware was provided to each of 33 PIUs during September 2002 to January 2003 at a cost of Rs 39.30 lakh. OMMS was not effectively functional for monitoring the programme, as 16 PIUs were not able to update/upload the data due to lack of network connectivity. The OMMS was being updated by the Nodal Department (Rural Development Department) on getting hard copies of reports from PIUs. As the OMMS was not made functional, SLSC failed to

have an effective online monitoring of the programme, both at the planning and execution stages.

The Government replied (December 2004) that error noticed would be got rectified with the help of C-DAC.

### **3.1.31 Response of the Government**

The draft review was issued demi-officially to the Principal Secretary (PS), Rural Development and Water Conservation Department in September 2004 for offering his comments within six weeks. The PS was demi-officially invited in October 2004 for discussion. However, on the scheduled date neither the Government's representative came for the meeting nor any intimation received. The Government replied only in December 2004 when the PS was again intimated demi-officially that it was presumed that the Government had no comments to offer and have accepted audit observation is underlined.

### **3.1.32 Conclusions**

The guidelines framed for implementation of PMGSY were comprehensive and covered every aspect of execution of the programme. However, review of actual implementation of the programme revealed that due to procedural aspects, release of funds was delayed thereby delaying the completion of programme. Non-observance of guidelines and inadequate planning resulted in selection of ineligible works, which led to deletion and non-execution of works after approval from MORD. Schedule of activities was also not adhered and due to non-adherence to priority of works, the envisaged connectivity could not be provided to rural areas, defeating the main purpose of the programme.

### **3.1.33 Recommendations**

- DRRP/Core network should be thoroughly checked to ascertain exact status of connectivity to ensure that ineligible works are not taken for execution;
- Selection of roads should strictly follow the order of priority fixed by the GOI to avoid selection of habitations with lesser population;
- Activity schedule should be strictly adhered to avoid postponement of yearly envisaged benefits;
- Monitoring of the programme, including on line monitoring should be strengthened for effective functioning of SLSC.

## **Industries, Energy and Labour Department**

### **3.2 Implementation of Child Labour (Prohibition and Regulation) Act, 1986**

#### **Highlights**

**The Child Labour (Prohibition and Regulation) Act, 1986 seeks to achieve the basic objective of banning employment of all children below the age of 14 years in factories, mines and hazardous occupations and processes and to regulate the working conditions of children in other employments. The Act does not envisage complete elimination of Child Labour and many employers escape penal provisions under the guise of family activities. A review of the implementation of the Act revealed large scale differences in figures of child labour detected by Non-Government Organisations and those detected in survey conducted by the Government. Regulatory and prohibitory functions under the Act were not effectively implemented by the Government.**

**There was a wide variation between the number of child labour identified by Non-Government Organisations (45801) and that identified by the Government (264).**

*(Paragraph 3.2.7)*

**Though required under the Act, occupiers of establishments did not furnish the information regarding engagement of child labour as revealed in five test-checked districts.**

*(Paragraph 3.2.6)*

**Prosecution cases filed were only 59 per cent of the number of children detected in hazardous industries in the 1997 survey while it was 26 per cent in 2001-02. Out of 440 cases filed in 1997, 85 cases were finalised in which 72 cases resulted in acquittals.**

*(Paragraph 3.2.5)*

**Against dues of Rs 1.49 crore, only Rs 8 lakh was recovered in the year 1997 as compensation from employers of child labour. During 1999-2002 no recovery was made against compensation of Rs 8.23 crore due from the employers.**

*(Paragraph 3.2.13)*

**Labour Inspectors failed to inspect every hazardous unit even once in a year.**

*(Paragraph 3.2.16)*

**In eight districts 61 per cent of the funds received from Government of India for awareness and survey remained unspent.**

*(Paragraph 3.2.14)*

**No monitoring system was developed for inspection, prosecution, levy of penalty under the Act. No database of establishments employing child labour is being maintained in the State.**

(Paragraph 3.2.17)

### **3.2.1 Introduction**

The Child Labour (Prohibition and Regulation) Act, 1986 (Act) prohibits employment of children in specified occupations and industrial processes. The Act deals with the regulation of conditions of work of children in establishments where there is no prohibition of employment of children. Under the Act, a child should get one hour rest after continuous work of three hours. No child shall be permitted to work between 7 pm and 8 am and he shall not be allowed to work overtime.

The National Child Labour Policy (NCLP) announced on 14 August 1987 envisaged a legislative action plan, focusing on general development programmes for benefiting children wherever possible and project based action plans in areas of high concentration of child labour engaged in wage/quasi-wage employment.

The Supreme Court of India, in its judgment of December 1996 enriched the law by giving directions regarding the manner in which the children working in hazardous occupations were to be withdrawn from work and rehabilitated, as also the manner in which working conditions of the children employed in non-hazardous occupations were to be regulated and improved upon.

According to the census of 1991 Maharashtra has 8.1 lakh child labour. This increased to 9.5 lakh as per National Sample Survey report of 1999-2000.

### **Objectives**

The objectives of the Act are:

- to ban employment of all children below the age of 14 years in factories, mines and hazardous occupations and processes and
- to regulate the working conditions *viz.* hours and period of work, health and safety, of children in other employments.

The objectives of National Child Labour Project are:

- to withdraw children working in hazardous occupations and rehabilitate them through education in special schools where they are provided non-formal education, vocational training, stipend, nutrition and to mainstream them into formal education.

### **3.2.2 Organisational set-up**

The Act including planning, controlling and monitoring is implemented by the Principal Secretary Industries, Energy and Labour Department. On the orders of the Supreme Court, a separate cell was created in the Department in June 1997 comprising the Deputy Secretary and a Desk Officer to oversee the implementation of the Act.

The Commissioner of Labour at Mumbai is the head of the department. He is assisted by Additional Commissioners, Mumbai, Nagpur and Pune, Deputy Commissioners, Aurangabad and Nashik, Assistant Commissioners and Labour Officers at respective districts are responsible for implementation of the Act.

### **3.2.3 Audit objectives**

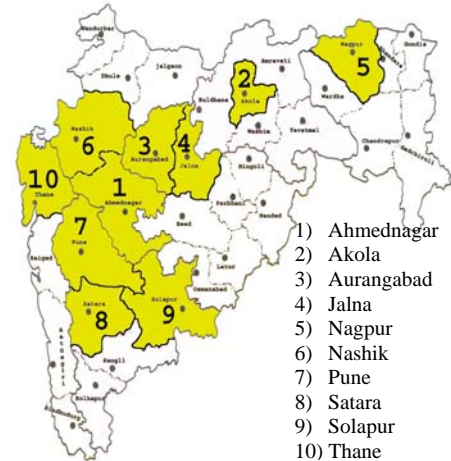
Audit objectives were to assess:

- Legislative framework and its adequacy
- Enforcement of the Act and the rules
- Survey of child labour
- Rehabilitation of child labour under National Child Labour Project
- Performance of Non-Government Organisations
- Compliance of Supreme Court directions

### **3.2.4 Audit coverage**

The implementation of the Act for the period 1999-2004 was reviewed (February-May 2004) by test-check of records of Labour Department, Commissioner of Labour, Mumbai all the Regional Offices and ten districts (out of 35).

The audit findings resulting from the test-check of records are discussed in the succeeding paragraphs.



## **Enforcement of the Act and the Rules**

### **3.2.5 Prohibitory functions under the Act**

According to Section 14 of the Act, whoever employs any child labour in contravention of Section 3 of the Act in any of the occupations or processes, specified as hazardous in the Act, shall be punishable with imprisonment for a term ranging from three months to one year or fine ranging from Rs 10,000 to Rs 20,000 or both.

Survey was carried out on three occasions to detect violation. The first survey was by the district Collectors and the subsequent two by the Labour Department. The cases of violation detected and their follow up were as follows:



Survey conducted in	Number of children below 14 years of age	Number of cases filed in court	Number of cases decided by court	Number of cases acquitted by court	Number of cases convicted by court (4-5)	Fine recovered (Rupees in lakh)	Cases pending with court (3-4)
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1997**	745	440	85	72	13	0.88	355
1999-2000	2983	Nil*	--	--	--	--	--
2001-02	1131	291	Nil	--	--	--	291
<b>Total</b>	<b>4859</b>	<b>731</b>	<b>85</b>	<b>72</b>	<b>13</b>	<b>0.88</b>	<b>646</b>

The prosecution cases filed in court on the basis of survey in 1997 were 59 per cent, whereas it was 26 per cent in 2001-02.

The lower percentage of cases filed were attributed by Assistant Labour Commissioner, Thane in March 2004 to wrong addresses of children identified due to which proper cases could not be filed. Reasons for filing only few cases were not available in other districts test-checked. The acquittal in respect of 72 cases was due to non-obtaining of proof of age of the children.

### 3.2.6 Regulatory functions under the Act

The Act requires furnishing of written notice by every occupier of the establishment in which a child was employed or permitted to work to the labour inspector concerned within whose local limits the unit is situated. The notice was to be sent within 30 days of commencement of establishment with particulars regarding the name and situation of the establishment, the name of person in actual management of the establishment, address, the nature of the occupation or process and engagement of child labour.

It was, however, noticed that no information was furnished by the occupiers of the establishments in five<sup>s</sup> districts test-checked. Though there is penal provision in the Act for non-furnishing of information by the occupier of the establishment, the Government of Maharashtra (GOM) failed to ensure enforcement of this basic provision of the Act.

The Government stated (October 2004) that Bombay Shops and Establishments Act, 1948 prohibits employment of child labour in establishment and therefore, considering the total prohibition of child employment, no information was required to be sent under Section 9 of the Child Labour Act.

Reply of the Government was not acceptable as the provisions of the Bombay Shops and Establishments Act, 1948 were applicable only to specified areas in the State.

\*\* Survey was completed between April and December 1997.

\* Prosecution cases were not filed after survey in 1999-2000 as per the instructions of the Government of Maharashtra in June 1999 which is against the provisions of the Act. The survey was done to ascertain the factual position of child labours.

<sup>s</sup> Aurangabad, Nagpur, Nashik, Solapur and Thane.

### **3.2.7 Survey Data: Labour Department vis-a-vis Non-Government Organisation**

**There was a wide variation in child labour detected by Government and that by NGOs**

In the 12\* districts the number of child labour according to survey by the Government during 1996-2002 was only 264 as against 45081 child labours detected by NGOs during the same period.

The Government stated (October 2004) that the inspection machinery concentrated on establishments covered under the Act under the categories of hazardous occupations and processes whereas NGOs on the contrary, conducted house to house survey and also included self employed category based on the secondary data of school drop outs.

Such discrepancies in basic data, however, raised doubts on the reliability of information available with GOM with consequent effect on planning and implementation.

### **Rehabilitation of Child Labour under National Child Labour Project**

#### **3.2.8 National Child Labour Project**

The NCLP was launched with the objective of withdrawing children working in hazardous occupations and rehabilitating them through education in special schools. Here they are provided non-formal education, vocational training, supplementary nutrition, stipend and health care on which an expenditure of Rs 2.44 lakh per school per year (Rs 4888 per child per year) was allowed. The project was required to be implemented through a registered society. The project society was to be constituted under the chairmanship of the administrative head of the area who may be either the Collector of the district or other appropriate authority. Members of the society were to be drawn from Government departments, representatives of Panchayati Raj Institutions and NGOs.

Two districts viz. Solapur and Thane were selected under the project in March 1996 and March 1994 respectively. The receipt of grants and expenditure thereon during 1999-2004 in these two districts were as follows:

(Rupees in lakh)

		<b>Solapur</b>	<b>Thane</b>
1.	Opening balance as on 1 April 1999	9.25	5.13
2.	Grants received during 1999-2004	250.16	105.30
3.	Interest accrued	2.19	5.42
4.	Total (1+2+3)	261.60	115.85
5.	Expenditure during 1999-2004	257.53	27.52
6.	Balance as on 31 March 2004	4.07	88.33

\* Ahmednagar, Akola, Aurangabad, Beed, Chandrapur, Dhule, Jalgaon, Nanded, Nashik, Osmanabad, Parbhani and Yavatmal.

Unspent balance of Rs 88.33 lakh was lying with project society, Thane

The huge unspent balance of Rs 88.33 lakh lying with the project society, Thane was because stipend was not paid; schools were run only for six months whereas funds were released for the entire academic year; and an NGO running 34 special schools did not accept payment for schools in 2003-04 on the plea that they were teaching 8000 children whereas funds for only 1700 students were being offered to them.

### 3.2.9 Functioning of National Child Labour Projects, Solapur

Though the sanction for 34 special schools was accorded in 1995-96, the number of schools which actually functioned during 1999-2004 was 32.

Upto 50 per cent of students dropped out at NCLP, Solapur

The position of drop out children and children mainstreamed during 1999-2004 was as under:

Year	Number of children enrolled	Number of child drop outs	Percentage of drop outs	Number of children mainstreamed	Percentage mainstreamed
1999-2000	1200	423	35	262	22
2000-01	1400	466	33	296	21
2001-02	1500	720	48	385	26
2002-03	1550	639	41	395	25
2003-04	1600	606	38	Awaited	Awaited

The table above shows that the number of children dropped out ranged between 33 and 48 per cent and children mainstreamed ranged only between 21 and 26 per cent.

The reason for children not joining the mainstream/dropping out was attributed by the Government (October 2004) to migration of families to other places.

In Solapur district during survey conducted in 1997, 1999-2000 and 2001-02, number of children working in hazardous occupations/processes identified ranged from eight to 39, whereas the number of children enrolled in NCLP school ranged from 1000 to 1500. Most importantly, only six children identified in the surveys were enrolled in the NCLP schools.

### 3.2.10 Functioning of National Child Labour Projects, Thane

In a preliminary survey carried out by the Tribal Development Department, children mostly from tribal areas were identified helping their parents at brick kilns during the lean agriculture season. The children who came, had left the school at their native villages and were deprived of education at the working place. On a proposal for temporary schools (*Bhongashala*\*\*), the GOI sanctioned (March 1994) special schools for the period from November to April every year near the brick kilns to provide education to those children.

A society was established and registered in June 1996 and schools commenced from November 1996. Initially, sanction was accorded for 25 schools (50

\*\* A school run in temporary shed near brick kilns.

students in each school) upto 2000-01, thereafter sanction was accorded for 40 schools. The schools so sanctioned were running in the district.

➤ The schools known as *Bhongashala* were established by the NGOs mainly for the benefit of brick kiln workers' children during specific period between November and April. During June to September the children were attending their regular schools in their native villages. Thus, here also the child labours identified under the Act were not covered under NCLP.

➤ Though an amount of Rs 40.97 lakh was paid during 1996-2003 to *Vidhayak Sansad*, Thane an NGO, running special schools, no initial records like vouchers for expenditure incurred were produced. Information on mainstreaming and drop outs of child labour was also not furnished though called for in Audit.

### **3.2.11 Abnormal delay in establishment of National Child Labour Projects in other districts**

**There was delay ranging from seven to eight years in sending proposals for NCLP**

The 17 districts where there was higher incidence of child labour in hazardous industries were selected for implementation of the NCLP by the Ministry of Labour, GOI in September 1995. The project report was to be submitted by the project society for establishing schools.

The proposals for 13\* districts where mainly child labour engaged in *Bidi*-making process, construction work, garage, powerloom and *Agarbatti* manufacturing were sent between October 2002 and October 2003. Proposal for Buldhana district was yet to be forwarded to the GOI (June 2004).

Sanction to five projects at Beed, Dhule, Nashik, Nanded and Yavatmal districts was accorded by the GOI in January 2004 but NCLP was yet to be established (June 2004). No reasons were available on record for delay in forwarding proposals by seven to eight years (July 2004).

The Government stated (October 2004) that due to shortcomings in the proposals, GOI called for revised proposals (July 2002). Thus, due to non-furnishing of sufficient data the proposals were rejected which resulted in depriving the child labour of the benefit of the project.

### **3.2.12 Assistance to Non-Government Organisations**

In the non-NCLP districts, NGOs were being financially assisted to the extent of 75 per cent of the project cost by GOI for taking up welfare projects for rehabilitation of working children. Assistance of Rs 25.20 lakh was paid to five NGOs during 1999-2004 as follows:

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\* Ahmednagar, Akola, Amravati, Aurangabad, Beed, Chandrapur, Dhule, Jalgaon, Nanded, Nashik, Osmanabad, Parbhani and Yavatmal.

(Rupees in lakh)	
Name of Non-Government Organisation	Amount
Ahilyadevi Mahila Mandal Nagpur	3.49
Bal Vikas Academy Aurangabad	3.43
Madhya Bharat Education Society Gondia	8.00
Lok Kalyan Shikshan Sanstha Gondia	7.99
Gram Vikas Sanstha Nagpur	2.29
<b>Total</b>	<b>25.20</b>

Scrutiny of records at Mantralaya revealed that the Bal Vikas Academy (BVA) Aurangabad was not functioning and most of the activities were only on paper. A show cause notice for recovery of financial assistance and for filing of criminal proceedings was issued (August 2003) to BVA by the Ministry of Labour. Further action was awaited (December 2004).

From the information furnished by another NGO to GOM, it was noticed that activities of Ahilyadevi Mahila Mandal, Nagpur were closed due to non-sanction of scheme by GOI from 2001-02. Information on utilisation of funds from Lok Kalyan Shikshan Sanstha, Gondia and Gram Vikas Sanstha, Nagpur was not furnished to GOM (July 2004). Although, regular inspections by GOI and GOM officials were reported by both the NGOs, the information generated by the inspections and follow up action were not available on record.

### Compliance of Supreme Court's directions

#### 3.2.13 Supreme Court's directions not followed up

The Supreme Court of India in its judgement of 10 December 1996 had given directions regarding the manner in which the children working in the hazardous occupation were to be withdrawn from work and rehabilitated. Accordingly, survey for identification of child labour was to be conducted, children working in hazardous occupations withdrawn and their education in appropriate institutes ensured.

Child Labour Rehabilitation-cum-Welfare Fund (CLRWF) was to be created and compensation of Rs 20000 per child from the employers who had employed children in hazardous occupations were to be collected district-wise and deposited in the fund. The GOM was to provide jobs to one adult member of each concerned family or else was to contribute Rs 5000 per child towards the CLRWF.

The compensation and the GOM's contribution was to be deposited in high yielding deposit schemes of any of the nationalised bank. The interest so earned out of the corpus was to be given to the parents of the child concerned every month for education as long as the child was actually sent to school.

Survey was conducted in the State during 1997, 1999-2000 and 2001-02 to identify the child labour. The number of child labour below the age of 14 years identified, compensation from employers recoverable and contribution from GOM payable were as follows:

(Rupees in lakh)

Year	Number identified	Compensation from employers		Contribution from GOM	
		Recoverable	Recovered	Payable	Paid
1997	745	149.00	8.00	37.25	--
1999-2000	2983	596.60	--	149.15	--
2001-02	1131	226.20	--	56.55	5.00
<b>Total</b>	<b>4859</b>	<b>971.80</b>	<b>8.00</b>	<b>242.95</b>	<b>5.00</b>

**Only Rs 8 lakh were recovered from employers against Rs 9.72 crore recoverable**

As noticed from the table above, there was minimal recovery of compensation from employers (Rs 8 lakh) and contribution from GOM (Rs 5 lakh). During inspections carried out by Labour Department (other than surveys), an amount of Rs 3 lakh was recovered as compensation for 15 children identified. Thus, a total amount of Rs 11 lakh was credited into CLRWF established in various districts. No reasons were available with the department for the low recovery (July 2004). Further, even the amounts recovered were not profitably invested in accordance with the guidelines.

In Satara district, no CLRWF was established while in Aurangabad district, the CLRWF was opened one year after receipt of GOM's share (March 2004). It was also noticed that though an amount of Rs 10000 each was sanctioned to Nagpur and Chandrapur districts and Rs 15000 to Ahmednagar district, these amounts were not drawn from treasury and credited to CLRWF.

In Pune district, an amount of Rs 30000, which was drawn in April 2003 was lying in cash chest of Collector's office. A bank account for CLRWF was, however, opened only in March 2004.

The position of CLRWF in the districts test-checked was as under:

Name of district	Amount (Rupees in lakh)	Remarks
Akola	0.40	No share paid by GOM.
Jalna	0.25	No compensation was recovered from employer.
Nagpur	1.00	No share paid by GOM.
Nashik, Pune	0.25 0.30	No compensation was recovered from the offending employers. Only GOM's share of Rs 5000 per child was credited to the fund.
Solapur	0.20	No share paid by GOM.
Thane	1.80	An amount of Rs 0.50 lakh (out of Rs 1.80 lakh) received from GOM in March 2003 was not credited to CLRWF by the Collector, Thane but was kept in bank account maintained for incurring expenditure on general awareness and survey.

Further, the interest accrued on deposits in seven \* districts (Rs 1.14 lakh) had not been utilised for the benefit of child labours.

Similar information in respect of other districts was not furnished by the department (July 2004).

\* Amravati (Rs 8743), Beed (Rs 5399), Latur (Rs 71075), Nashik (Rs 511), Solapur (Rs 587), Thane (Rs 5405) and Wardha (Rs 21900).

The Government stated (October 2004) that the matter was being discussed with the District Child Labour Rehabilitation Committee and action would be taken accordingly. Regarding minimum recovery of compensation from the employers, it was stated that as the cases were subjudice the compensation could not be recovered. The reply was not tenable because as per the Supreme Court judgement, the compensation was to be collected immediately from the employer on detection of children in hazardous occupation.

### 3.2.14 Expenditure on awareness and survey

The Government of India (GOI) released grant-in-aid to the district Collectors under NCLP for awareness generation and survey of child labour as follows:

(Rupees in lakh)

Year	Number of district	Amount paid		Total
		Awareness (per district)	Survey (per district)	
1995-96	17	5.00	1.95	118.15
1996-97	3	Nil	2.00	6.00
1997-98	9	Nil	1.75	15.75
<b>Total</b>				<b>139.90</b>

**Funds of Rs 30.73 lakh on awareness and survey were not refunded to GOI**

According to GOI instructions (July 1998), utilisation certificates for expenditure on awareness and survey were to be submitted and unspent balance refunded. Unspent amounts including interest were, however, refunded only by Collectors Satara (Rs 1.94 lakh in October 1999) and Wardha (Rs 1.91 lakh in September 2003), while a sum of Rs 30.73 lakh (61 per cent of amount received) was not refunded by eight<sup>#</sup> districts and was lying with the Collectors.

**The Government did not have any information about expenditure on awareness and survey in the State**

The GOM did not have any information about expenditure incurred on the scheme in the districts (October 2004) where funds were released by GOI for survey and awareness. When information on allotment of funds for the scheme was endorsed to the GOM by GOI, monitoring of expenditure incurred by the districts was implied.

The Government stated (October 2004) that instructions were being issued to all Collectors and close monitoring would be ensured.

### 3.2.15 Training by National Labour Institute, Noida

Training programme for the benefit of staff of NCLP societies and NGOs who took active part in child labour welfare and rehabilitation programme was to be arranged by the National Labour Institute (NLI), Noida. According to information furnished by the Government (October 2004) only 12 persons attended training during 2000-2002 and no training was arranged thereafter during 2002-2004.

<sup>#</sup> Ahmednagar (Rs 7.86 lakh), Akola (Rs 1.04 lakh), Dhule (Rs 6.54 lakh), Jalgaon (Rs 1.97 lakh), Nagpur (Rs 2.11 lakh), Nashik (Rs 4.06 lakh), Pune (Rs 4.66 lakh) and Thane (Rs 2.49 lakh).

### **3.2.16 Inadequate inspection**

Inspection was an important regulatory function through which the enforcement of the Act could be monitored and this required knowledgeable and trained officers and staff. The Government labour officer, minimum wage inspector and shop inspector in the district offices were declared as the inspector under Section 17 of the Child Labour (Prohibition and Regulation) Act, 1986 in addition to their regular duties under various labour laws and Minimum Wages Act and Bombay Shops and Establishments Act. Each inspector had to inspect 10 units in a month under the Act. It was however, noticed that the department was unable to inspect every hazardous unit even once in a year. The data given below in respect of the six districts emphasise the inadequacy of inspection targets.

<b>District</b>	<b>Number of hazardous occupations during 1999-2000</b>	<b>Number of inspectors (10 per month)</b>	<b>Annual target for inspections of units</b>
Thane	156767	38	4560
Nashik	18263	28	3360
Aurangabad	3667	7	840
Latur	2364	9	1080
Nanded	2261	11	1320
Parbhani	1647	3	360

It would be seen from the table above that with the existing staff all the hazardous units could be inspected only once in every two years in Nanded and Latur, once in every four years in Aurangabad and once in every five years in Nashik and Parbhani. In Thane the staff was totally inadequate and it would require 34 years to cover all the hazardous units.

The GOM should consider categorising hazardous industries further on the level of hazard as high, medium, low and prioritise inspections accordingly, and provide sufficient staff for adequate and effective inspection.

The Government stated (October 2004) that most of the hazardous industries, occupations and processes are in the organised sector and during the course of routine visit by the officers it was noticed by them that the child labour were very rarely engaged in the organized sector. Therefore, question of visiting these industries again does not arise.

The reply was not tenable as the inspections were required to be conducted to look not only into prohibition in respect of hazardous establishment but also regulation in non-hazardous establishments engaging child labour.

### **3.2.17 Monitoring**

A Special Cell had been created in GOM to monitor the implementation of the Supreme Court judgement of December 1996. The District Child Labour Advisory Board was constituted in each district (February 1997) with Collector as Chairman to implement the Child Labour Rehabilitation-cum-Welfare Fund Scheme in its proper perspective. It was, however, found that:

- At State level, only three meetings were held during 1999-2004;



- No database of establishments employing child labour was developed for the State as a whole. Therefore, the true magnitude of the problem was not known for proper planning and implementation;
- No monitoring system was developed for inspection, prosecution and levying of penalties;
- There was no system to monitor the NCLP through periodical inspection.

The Government stated (October 2004) that meetings would be held regularly in future. Detailed information and statistical data on the nature and extent of child labour would be compiled. As regards monitoring of NCLP, it was stated that the necessary instructions were being issued and close monitoring would be ensured.

### **3.2.18 Evaluation**

Information on important aspects of the implementation of the directions of the Supreme Court and on implementation of the schemes drawn by GOI on the subject was not available with GOM. NCLP projects at Solapur and Thane were evaluated by VV Giri National Labour Institute (Institute) in 2001. The Institute rated the implementation of the projects as partially successful in the parameter of sanctioned project staff while the parameters of enforcement of relevant laws and community involvement in local monitoring were reported as unsuccessful. Information on action taken by the GOM on the report was awaited (July 2004).

The Government stated (October 2004) that NCLP, Thane was functioning under the Chairmanship of Additional Tribal Development Commissioner, Thane since 1996. The Collector, Thane has taken over as Chairman since December 2003. The NCLP would be functioning regularly and would look into the deficiencies reported by VV Giri National Labour Institute.

### **3.2.19 Response of the Government**

The review was discussed with the Principal Secretary (Labour) in September 2004. During discussion the Principal Secretary accepted most of the observations, conclusions and recommendations and furnished full and final compliance. Views of the Government expressed during the discussion or otherwise communicated in writing have been incorporated in this review.

### **3.2.20 Conclusion**

There was a wide variation in the number of child labour detected by GOM and that by the NGOs. The utilisation of funds for survey and awareness by the districts was low and the GOM did not have any data on its utilisation. Prohibitory and regulatory functions under the Act were not effectively implemented and monitoring of the implementation of the Act was inadequate.

### **3.2.21 Recommendations**

- Inspection of special schools under NCLPs as well as schools run by NGOs should be carried out periodically to ensure proper utilisation of grants.

- With a view to prioritise their inspection, appropriate grading of hazardous industries should be done considering the hazard levels.

**PUBLIC HEALTH DEPARTMENT**

**3.3 Maharashtra Health Systems Development Project**

**Highlights**

To overcome the constraints existing in the secondary health care system in the State, Government of Maharashtra launched (June 1999) the Maharashtra Health Systems Development Project with the financial assistance from International Development Association with a long term goal to improve allocation of health resources through policy and institutional development and to ensure improvement in performance of health care system. The project scheduled to be completed by September 2004 was lagging behind due to slow spending, delayed construction of buildings, under utilisation of the buildings and equipment, shortage of medical and paramedical staff and inadequate monitoring.

Only 62 per cent (Rs 378.20 crore) of the expenditure planned (Rs 611.88 crore) was incurred upto 31 March 2004 due to delayed implementation of the project.

*(Paragraph 3.3.6)*

Civil works in 123 hospital buildings were completed against 160 due for completion. Sixty-four upgraded hospital buildings were not re-commissioned due to lack of staff/equipments.

*(Paragraphs 3.3.9 and 3.3.14)*

In four divisions, consultancy fees of Rs 2.37 crore were paid against Rs 1.34 crore admissible as of March 2004 without considering the progress of works.

*(Paragraph 3.3.10)*

Three buildings constructed for workshops for Health Equipment Repairs at a cost of Rs 1.57 crore were used for accommodating office staff.

*(Paragraph 3.3.12)*

In several hospitals equipment was supplied before completion of civil works. As a result, equipment valued at Rs 3.03 crore were not installed/commissioned.

*(Paragraph 3.3.17)*

Under the project, implementation of the Biomedical Waste (Management and Handling) Rules, 1998 was poor, adversely affecting the environment and quality of health care in hospitals.

*(Paragraph 3.3.18)*

Retention of user charges in Personal Ledger Account for subsequent use in hospitals led to fraudulent withdrawal of Rs 2.89 crore in two civil

**hospitals. Besides, payments were made to suppliers without receipt of material.**

*(Paragraphs 3.3.22 and 3.3.23)*

### **3.3.1 Introduction**

The Maharashtra Health Systems Development Project (MHSDP) was formally launched in June 1999 to overcome the existing constraints in the secondary health care system. The project was to be completed by September 2004, which included construction of hospitals, equipment procurement, recruitment of staff, as envisaged in the Project Implementation Plan. After re-commissioning *ie* ensuring that the assets created were in good condition, the project was to be closed by March 2005.

### **3.3.2 Project objectives**

The main objectives of the project were

- efficiency in allocation of health resources,
- management development and institutional strengthening,
- improvement in performance of health care system,
- supporting other health programmes.

### **3.3.3 Organisational set-up**

The project was implemented by the Public Health Department (PHD) through a Project Management Cell (PMC) headed by a Project Commissioner and Ex-officio Secretary in the PHD, assisted by Medical, Engineering and Financial Wings in the PMC. At the State level, implementation was monitored by the Project Governing Board (PGB) headed by the Chief Secretary and the Project Steering Committee (PSC) headed by the Principal Secretary, PHD. At district level, the District Management Committee headed by the district Collector was to monitor the project.

### **3.3.4 Audit objectives**

The overall objectives of audit examination was to assess whether

- funds were utilised economically and efficiently;
- infrastructure such as hospital buildings and equipment were utilised;
- the disease surveillance was effective and training imparted to staff;
- user charges collected by hospitals were utilised properly.

### **3.3.5 Audit methodology and scope of audit**

Circle offices in the different regions which incurred huge expenditure were covered. Accordingly, records relating to the PMC in Mumbai, six\* out of eight engineering divisions of the PMC and six out of eight circle offices of PHD for the years 1999-2004 were test-checked. Audit findings are discussed in the succeeding paragraphs.

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\* Aurangabad, Latur, Nagpur, Nashik, Pune and Thane.

### Financial management

70 per cent of Project assistance was loan

The project cost is shared by the International Development Association (IDA) (83.60 per cent) and the Government of Maharashtra (GOM) (16.40 per cent). Thirty per cent was as grant while 70 per cent of financial assistance was in the form of loan carrying annual interest of 12 per cent repayable over 25 years. Expenditure incurred on the project is reimbursed by GOI on the basis of claims submitted by the project management periodically to the IDA. Scrutiny revealed that pace of spending on the project was slow due to slow implementation. Consequently, there was liability on account of commitment charges and avoidable expenditure on payment of interest, as discussed below:

#### 3.3.6 Less expenditure due to slow implementation of project

The budget and expenditure on the project up to March 2004 was as under:

(Rupees in crore)

Years	As per plan	Budget estimate	Expenditure	Percentage to the expenditure planned
1998-99	--	1.00	0.66	66
1999-00	6.04	10.00	2.57	1
2000-01	72.69	70.00	24.47	34
2001-02	129.33	102.19	48.63	38
2002-03	204.00	130.29	111.63	55
2003-04	199.82	227.52	190.24	95
<b>Total</b>	<b>611.88</b>	<b>541.00</b>	<b>378.20</b>	<b>62</b>

Progress of expenditure on the Project was slow

It would be seen that expenditure was very low upto 2001-02. Financial Advisor, MHS DP, attributed (June 2004) this to delay of three months in launching the project, inadequate institutional set-up, wrong selection and delay in handing over sites, vacancies in posts of the Chief Engineer and officers in medical wing, delay in appointment of consultants and non-passing of bills by the treasuries. Further, the project management had to depend on the Directorate of Health Services and its field offices as adequate staff was not sanctioned for the project, leading to inefficient co-ordination in implementation.

#### 3.3.7 Delay in completion of works due to delayed payment

For prompt payment to contractors and speedy execution of works, Government/Accountant General authorised the eight Engineering Divisions under the project to operate drawing account. As Government did not sanction the post of Accountant for Engineering Division at Latur, the drawing account could not be operated there and the payment to contractors for works in Latur Division was delayed. Delayed payment to contractors led to delayed completion of six works\* by six to 24 months.

\* DH at Latur, SDHs at Gokunda, Osmanabad, Tuljapur and Parli and Health Equipment Repair workshop at Latur

It was noticed that in respect of the work of SDH, Parli the contractor claimed interest of Rs 2.96 lakh for the delayed payments. The issue was, however, pending with Arbitrator (October 2004).

### **3.3.8 Increase in expenditure over the cost of contracts without prior IDA approval**

All modifications/extensions involving increase in the cost of contract by more than 15 *per cent* of the original price required clearance of IDA. It was noticed that modifications/extensions due to change in scope of work, delay in handing over the sites/buildings, execution of additional items, variation in quantities resulted in cost overrun by 15 to 84 *per cent* of the contract price in 34 cases. The costs of these works, executed without approval of the IDA, increased from Rs 86.14 crore to Rs 109.71 crore. The project management forwarded (April 2004) the expenditure proposal for clearance of IDA, which was awaited (October 2004).

## **Project performance**

The project included construction of 174 buildings (142 for hospitals and 32 for administrative offices, laboratories and equipment repair workshops), purchase of hospital equipment and its installation and recommissioning of upgraded hospitals. However, construction lagged behind schedule, buildings were used for purposes other than those intended and procurement of equipment had not been completed in time leading to infrastructure created lying unused.

### **3.3.9 Upgradation of hospitals**

The civil works were entrusted to private parties under the supervision of engineering consultants. Construction of the buildings was taken up between March 2000 and December 2003 and 160 buildings were to be completed by May 2004. Expenditure incurred up to May 2004 was Rs 245.93 crore. Categorywise position was as under:

<b>Category of hospitals</b>	<b>Total</b>	<b>Completed</b>	<b>In progress</b>
District Hospitals (DHs)	25	17	8
100 bedded SDHs (SDH-100)	24	15	9
50 bedded SDHs (SDH-50)	52	49	3
Physical inputs to CHCs/RHs	41	35	6
Other buildings	32	7	25
<b>Total</b>	<b>174</b>	<b>123</b>	<b>51</b>

Of the 51 buildings under progress, completion of six buildings at Wani, Bhor, Degloor, Achalpur, Washim and Nashik were delayed for more than a year.

The buildings were to be transferred to PWD for maintenance after the defect liability period of one year from the date of completion. As of October 2004, 47 such buildings were not transferred to PWD. Government stated (September 2004) that the buildings, needed to be transferred expeditiously as project is nearing closure.

**Only 123 buildings were completed against 174 planned**

### 3.3.10 Undue financial aid to consultants

Payment to consultant was not as per progress of work

According to the agreement, consultancy fees were payable monthly to consultants on *pro rata* basis with reference to progress of work. However, consultants were paid fees on monthly basis without considering the physical progress of works. It was noticed that in four divisions (Aurangabad, Latur, Pune, Thane) three consultants were paid fees for Rs 2.37 crore against an admissible amount of Rs 1.34 crore as of March 2004.

### 3.3.11 Construction of *Arogya Bhavan* (Administration building)

Construction works of *Arogya Bhavan* (an eight storey building) in Mumbai were awarded to a contractor in December 2002 at a cost of Rs 12.63 crore. The IDA directed (November 2002) the management to obtain acceptable construction methodology/programme from the contractor before issue of the work order. This was not adhered to on the ground of urgency.

As per milestones, entire reinforced cement concrete work (stilt, ground and eight floors) and lift work was to be completed by February 2004 and work of masonry, plastering and furniture are to be completed by December 2004. However, till the end of June 2004, the RCC work up to sixth floor was completed and expenditure of Rs 3.55 crore only was incurred.

Thus, award of work without obtaining the construction methodology disregarding the conditions of instructions to builders on the ground to avoid delay proved unjustified as the progress of execution of works by the contractor was very slow.

### 3.3.12 Workshop buildings not used for intended purposes

Three health equipment repair workshop buildings were used for other purposes

With a view to upgrade the capacity of Health Equipment Repair (HER) workshops, six new buildings (Akola, Chandrapur, Kolhapur, Latur, Nashik and Thane) were constructed between October 2002 and May 2003 at a cost of Rs 1.57 crore. Of these, the building at Akola was used since February 2003 for accommodating the office staff. The buildings at Kolhapur and Latur were taken over in December 2002 and January 2003 respectively for alternative uses without the approval of competent authority. Thus, the objective of enhancing the level of maintenance, repairs and training services of HER workshops was not achieved adequately.

On being pointed out in audit, the ground floor of HER building at Kolhapur and the building at Latur were transferred to user department (February/April 2004). The remaining buildings/floors were not transferred to user department (October 2004).

### 3.3.13 Idle outlay on infrastructure created for dietary and laundry services

Kitchen and laundry rooms were not used in 79 and 44 hospitals respectively

With a view to improve dietary and laundry services in project hospitals, provisions for suitable rooms for kitchen and laundry were made in the plans. As of May 2004, rooms for kitchen and laundry were completed in 79 and 44 hospitals respectively between November 2001 and May 2004. However, the

required equipment were not procured and supplied to the hospitals (October 2004). A total space of 13195 sq mt (cost: Rs 9.24 crore) for these services remained unused (October 2004). It was noticed that the rooms constructed in Government Medical College, Kolhapur were used as college library.

Government stated (September 2004) that guidelines for outsourcing these services were issued in January 2003. However, the fact remains that infrastructure created for these services remained idle.

### **Recommissioning of upgraded hospitals**

The project hospitals were to be recommissioned within six months of completion of civil works. This also involved completion of buildings, providing clinical support services, staffing and outsourcing non-clinical support services. Till May 2004, 116 hospital buildings out of 142 were completed. These completed hospitals however could not be made fully functional as staff was inadequate and there was lack of appropriate skill mix as brought out below:

#### **3.3.14 Civil works**

**Sixty four subdistrict hospitals were not recommissioned even after their completion**

Sixty four subdistrict hospitals were not recommissioned fully for want of equipment and requisite staff. Physical verification by Audit revealed that the building for DH, Jalna completed in November 2003 (cost: Rs 1.51 crore) was non-functional as the required staff and equipment were not provided. Similarly, buildings for SDH, Parali and Manmad completed in June and December 2003 (cost: Rs 5.95 crore) were used partly (March 2004).

#### **3.3.15 Staffing**

As of May 2004, 420 posts under Medical and Health Services in the State were vacant as shown below:

<b>Sr. No.</b>	<b>Category</b>	<b>Number of post sanctioned</b>	<b>Number of post vacant</b>
1	District Health Officer	259	54
2	Civil Surgeon	468	146
3	Specialist	336	146
4	Medical officers, Nurses and others	4761	74
	<b>Total</b>	<b>5824</b>	<b>420</b>

**There was shortage in key posts**

In December 2002, Government approved staffing norms for upgraded subdistrict hospitals and sanctioned (between December 2003 and May 2004) additional posts for 49 hospitals. Of these, recruitments were made for 23 hospitals (June 2004). Delay in creation and filling of key posts might affect efficient functioning of the hospitals.

Government fixed (December 2002) staffing norms to ensure availability of staff with appropriate skill which included appointment of paediatric,



anaesthetic and medicine specialists. As of July 2004, appropriate skill mix existed only in 18\* hospitals.

Government stated (September 2004) that as the senior officials of Health Department were unable to spare time to oversee the recommissioning due to routine assignments, the task was assigned to heads of Finance, Engineering and Medical wings of the Project. Thus, objectives of the project were not achieved effectively.

### **Equipment management**

Equipment management is an essential component to improve quality and efficiency of a health care system. The work of planning and processing procurement was assigned to consultants. Audit observed delay in appointment of consultants and idling of equipment as discussed below:

#### **3.3.16 Delay in appointment of new consultants**

**Consultants were appointed after a lapse of one year**

The consultancy contract for survey, technical specifications and procurements was assigned (June 2000) to a firm of Bangalore for Rs 76.32 lakh. As the firm failed to mobilise resources it was allowed to withdraw (October 2001) from the assignment and was paid fees of Rs 33.01 lakh (December 2001). The management assigned the consultancy work to Rail India Technical and Economic Services Limited (RITES), a GOI enterprise only in July 2002 for Rs 1.52 crore. This resulted in slow implementation of the project activity and consequent delay in installation and commissioning of equipment.

#### **3.3.17 Blocking of funds in uncommissioned equipment**

**Equipment worth Rs 3.03 crore were lying without commissioning**

Under the project, Rs 72.20 crore was spent (March 2004) for procurement of goods against the allocation of Rs 158.80 crore. There was no proper co-ordination between the Medical and Engineering wings resulting in supply of equipment before completion of civil works. It was noticed that equipment valued Rs 3.03 crore were not installed/commissioned for various reasons. Details are in **Appendix XXVIII**.

Non-commissioning of equipment not only resulted in blocking of funds but also deprived the patients of the benefits of upgraded system. Due to prolonged storage possibility of damage/deterioration of the equipment and expiry of their warranty period cannot be ruled out.

#### **3.3.18 Non-compliance to Biomedical Waste Management Rules, 1998**

With a view to reduce the impact of biomedical waste on environment and human health, GOI framed (July 1998) the Biomedical Waste (Management

\* Three District Hospitals (Kolhapur, Beed and Latur), one SDH-100 (Karad), one SDH-50 (Pen) and thirteen Community Health Centres (MH, Ulhasnagar, Akola, Khandala, Patan, Sangola, Dattawad, Mantha, Ahmedpur, Kalmanoli, Digrus, Wani, BGW, Gondia and Chamorshi).

and Handling) Rules, 1998. These Rules were to be implemented under MHSDP for the project hospitals and other Government hospitals in the State by December 2002. The process of providing autoclave shredders, deep burial pits and staff training on waste management were inadequate even after five years of the project period.

As of June 2004, Maharashtra Pollution Control Board (MPCB) issued authorisation to operate the biomedical waste facility only to 103 hospitals out of 343 hospitals applied for. The project management placed orders for procurement of plastic bins/bags, syringe and needle destroyers and hand sprayer for segregation of waste at the site, only in February 2004 at a cost of Rs 1.10 crore. The supply was stated to be in process (September 2004). For construction of deep burial pits (DBP) for end treatment in 373 hospitals clearance from the MPCB was received in August 2003. The procurement of autoclaves with shredders for 41 hospitals was still under process (October 2004). This adversely affected the process of treatment of hospital waste.

Reorientation training of staff on waste management could not commence for want of source segregation apparatus.

### **Service delivery strategy for tribal areas**

**Tribal areas were inadequately covered**

**3.3.19** A majority of the tribal population resides in remote and far-flung hilly terrain spread over 15 districts of the State. The project envisaged providing health care to disadvantaged groups in these inaccessible areas through health check up camps. A total of 1872 health camps per year were required to be held in these districts. However, against a requirement of 5616 camps during 2001-2004, only 4451 camps were held.

It was noticed that in Nagpur circle, less than 30 *per cent* tribal population responded to the camps. In Gadchiroli, 531 camps were organised against target of 744, for want of funds. The DHO, Zilla Parishad, Thane retained unspent balance of Rs 2.32 lakh. In Nanded, no camps were organised during 2001-02 as grants of Rs 3.04 lakh could not be drawn due to financial crunch. Thus, the scheme was not implemented and monitored adequately. Government accepted (September 2004) the above facts.

### **Disease Surveillance**

**3.3.20** The strengthening of disease surveillance is a component of MHSDP, which envisaged strengthening of district level surveillance cells, imparting training to the medical and paramedical staff and improving reporting system. This was taken up in 28 districts in phases except the five districts already covered under National Surveillance for communicable diseases. Expenditure incurred during 1999-2004 was only Rs 1.85 crore, against total allocation of Rs 9.89 crore, mainly due to financial crunch.

It was noticed that only 3843 Medical Officers and 18888 paramedical staff were trained as of September 2004 against the target of 4746 and 23465

respectively. Government stated (September 2004) that the training activity in phase III was in progress and that the position would improve.

It was noticed that the extent of reporting by District Surveillance Cells (DSCs) ranged upto 19 *per cent* in seven districts, 20 to 38 *per cent* in four districts, 39 to 77 *per cent* in 10 districts and 78 to 94 *per cent* in four districts. Low reporting defeated the very purpose of surveillance to plan strategies for prevention and control of diseases. Government stated (September 2004) that the programme was monitored at various levels and reporting was improving.

### 3.3.21 Training and motivation

The project envisaged providing training under managerial, clinical and subject related categories to improve the performance. The table below shows that achievement was poor as the training activity was taken up towards the end of the project period.

Name of the course	Targets (number)	Persons trained (Per cent)	Remarks
Equipment related and Specific Skill Enhancement Training for Doctors	885	134 (15.14)	Covered training on trauma care, burns, Intensive Care Unit, Neonatal Intensive Care Unit, ultrasound scanners etc. The training commenced from February 2004.
Basic Life Support Training for staff.	5535	1528 (27.61)	The training was provided in six districts only between January and June 2004.
Specialised Nursing Training	610	431 (70.6)	Covered courses on Psychiatry, Neonatal care, ICU management and training methodology. Course conducted during March /April 2004.
Training of paramedical Staff	1561	Nil	The course envisaged providing of skill enhancing training. Selection of consultants was not completed till September 2004.
Management of Inventories, Hospital Accounting Procedures	-	-	The Management did not organise training on these courses.

Government stated (September 2004) that delay in commencement of training was on account of belated receipt of approval to terms of reference of training from IDA and further procedural process.

### Recycling of user charges – fraudulent withdrawals

In November 1999, Government decided to deposit the user charges collected in Personal Ledger Accounts (PLA) of hospitals for subsequent use on maintenance and repairs and contingencies pertaining to the hospital. Adoption of the new system in disregard to provisions of Treasury Rules led to fraudulent withdrawal from PLAs in two cases, as discussed below:

#### 3.3.22 Civil Hospital, Nashik

The Civil Hospital, Nashik remitted the user charges into treasury from time to time. Based on a sanction (November 2003) from PHD and correction memos issued by the Nashik Treasury, Accountant General (Accounts and

User charges were fraudulently withdrawn in two civil hospitals

Entitlement)-I, Maharashtra authorised (29 January 2004) transfer of Rs 2.37 crore to the PLA of the Civil Hospital, Nashik. The amount was credited in January 2004 to the PLA. The officer concerned from PHD, however, denied (April 2004) that the sanction letter bore his signature. Though user charges collected by a hospital were to be spent by that hospital, it was noticed that Civil Surgeon placed (December 2003) orders for 78 items (electrical, furniture, consumables) costing Rs 3.42 crore on M/s Alfa Mahila Grihudyog Sahakari Sanstha (AMGSS), Khamgaon, for supply to the Civil Hospital as well as the Rural Hospitals in Nashik District. The Civil Surgeon who retired on 31 January 2004 withdrew Rs 2.74 crore on five self cheques dated 27/31 January 2004. AMGSS supplied goods worth Rs 30.28 lakh only, but they were paid Rs 2.74 crore.

The Department registered (April 2004) a criminal case of fraud against the retired Civil Surgeon, Chief Administrative Officer (Drawing and Disbursing Officer), cashier, stores clerk and the AMGSS.

### **3.3.23 Civil Hospital, Chandrapur**

Government authorised (November 2003) the Civil Surgeon, Chandrapur to make payment of bills of Rs 67 lakh from the PLA of the Civil Hospital. The Civil Surgeon placed orders on AMGSS and Bharatiya Rashtriya Upphokta Sangh and paid Rs 56.59 lakh and Rs 8.66 lakh against supply of goods worth only Rs 9.01 lakh and Rs 0.69 lakh respectively. Thus, amount paid in excess was Rs 55.55 lakh. The Under Secretary of the Department stated (May 2004) that the sanction letter was not signed by him. Information on action taken against the erring officers and on recovery of the loss was awaited (July 2004).

Government stated (September 2004) that recycling of user charges was introduced as per agreement with IDA. It was also stated that action was initiated against the erring officials and instructions were issued (April 2004) to avoid recurrence of such frauds.

### **3.3.24 Monitoring and Evaluation**

The project was implemented and monitored by the Project Management Cell by evolving information system on various components of the project. The Project Governing Board met on six occasions against 10 till June 2002. The next meeting was held in June 2004. Consequently, major problems remained unresolved.

The District Management Committees (DMCs) were to meet once in a month to sort out problems relating to land, ensure coordination among departments and monitor project activities. In 21 districts, the DMCs met on one to 17 occasions against 60 meetings to be organised. The software on Health Management Information System was under preparation by a consultant (October 2004).

### **3.3.25 Response of the Government**

The review was discussed with the Secretary and Project Commissioner in August 2004. During discussion, the Secretary and Project Commissioner

accepted most of the observations, conclusion and recommendations and furnished full and final compliance. Views of the Government expressed during the discussion or otherwise communicated in writing have been incorporated in this review.

### **3.3.26 Conclusion**

Implementation of the project was very slow. The management could spend only Rs 378.20 crore against Rs 611.88 crore planned. Only 123 buildings (77 *per cent*) were completed by May 2004. Thirty two *per cent* posts of Medical Officers/Specialists remained vacant. Equipments worth Rs 3.03 crore were lying idle. None of the hospitals completed were recommissioned. The necessary momentum through proper monitoring was not ensured. District Management Committees had met only on one to 17 occasions against targeted 60 occasions.

### **3.3.27 Recommendations**

- Recommissioning of upgraded hospital buildings by ensuring staff and equipment may be carried out in a time bound fashion.
- Training component of the project should be implemented so that the skills required for improved health delivery system are in place.
- Procurement of equipment should be synchronized with completion of civil works.
- Utilisation and accounting of user charges retained in PLA should be monitored to avoid recurrence of fraud.

**Agriculture, Animal Husbandry, Dairy Development and Fisheries Department**

**3.4 Functioning of Agriculture Department**

**Highlights**

Main objectives of the Agricultural policy was to increase production and productivity of crops through improved technology high-yielding seeds as well as providing facilities to farmers for credit and agro-industries. The Department failed to achieve the productivity targets for the major crops. Production of seeds and availability of improved seeds was poor. Plants and equipment as well as the laboratories remained non-functional. Evaluation of utility of research works was delayed. Quality control of seeds, fertilizers and pesticides was inadequate. Market information system was not effective. Monitoring and evaluation of implementation of the schemes was not done.

Cotton Development (Demonstration) Project costing Rs 10.50 crore established at Akola and Parbhani failed to yield the expected results, as there was no follow-up of suitability of new technology.

Eight bio control laboratories under Integrated Pest Management Programme remained non-functional after spending Rs 3.27 crore.

*(Paragraph 3.4.7)*

Production of seeds in Taluka Seed Farms declined during 2000-2003. Large quantity of seeds was rejected by Maharashtra State Seeds Corporation Limited. Financial working results of the farms showed a net loss of Rs 11.63 crore.

*(Paragraph 3.4.13)*

Supply of sprinkler set for oil seed production was only 20 and 5 per cent during 2002-03 and 2003-04 respectively. Forty four per cent of drip and sprinkler sets were not functional.

*(Paragraphs 3.4.18 and 3.4.19)*

Submission of evaluation report to assess utility of research for agriculture development was delayed by more than four years.

*(Paragraph 3.4.21)*

Monitoring and evaluation of the schemes was not done.

*(Paragraph 3.4.27)*

### 3.4.1 Introduction

The outlay on Agriculture sector was seven *percent* of the total State outlay\*. The area under cultivation was 57 *per cent* (177 lakh hectares) of total geographical area (308 lakh hectares) and the *per capita* land holding declined from 2.21 hectares to 1.87 hectares during the decade 1990-91 to 2000-01. The Agriculture Policy 1997 aimed at development of the agriculture sector on a sustained basis to increase production and productivity of crops and income of the farmers. The review covers the functioning of the Directorates of Extension and Training and Input and Quality Control.

### 3.4.2 Objectives of the Department

The objectives of the Department of Agriculture include:

- increasing production and productivity of crops by adoption of improved technology,
- promotion of seed production programme,
- promoting research activities,
- incentives to farmers in the form of subsidy,
- safeguarding the income of farmers and providing insurance policy,
- providing facilities for agriculture credit and agri-business.

### 3.4.3 Organisational set-up

Agriculture Department is headed by a Secretary at Government level assisted by the Commissioner of Agriculture (COA), four Directors (covering Input and Quality Control; Extension and Training; Horticulture; Soil Conservation And Watershed Development), eight Divisional Joint Director of Agriculture (DJDA), 33 District Superintending Agriculture Officer (DSAO), 90 Sub Divisional Agriculture Officer (SDAO) and 320 Taluka Agriculture Officers (TAO) at field level for framing the policy and implementation of various agricultural schemes.

### 3.4.4 Audit objectives

The review sought to examine the following:

- Initiatives for improving production and productivity of crops – adoption of improved technology
- Seed production programme
- Utilisation of plants and equipment
- Research activities and quality control
- Initiatives to safeguard farmers' income
- Facilities for agriculture credit and agribusiness

### 3.4.5 Scope of audit and coverage

The functioning of the Agriculture Department, with emphasis on the implementation of the schemes in two out of the four directorates *viz* Extension/Training and Inputs/Quality Control, during the period 2000-2004

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\* Year wise total outlay Rs 12330 crore (2000-01); Rs 11721 crore (2001-02); Rs 11135 crore (2002-03); Rs 11562 crore (2003-04), Total: Rs 46748 crore.

was reviewed in audit (April to July 2004) through test-check of the records of the Commissioner of Agriculture, five DJDAs<sup>1</sup>, seven DSAOs<sup>2</sup>, six SDAOs<sup>3</sup>, 14 TAOs<sup>4</sup>, Maharashtra State Seeds Corporation Limited (MSSCL), Akola, Maharashtra Agro-Industries Development Corporation (MAIDC), Mumbai and Dr. Punjabrao Deshmukh Krishi Vidyapeeth (PDKV), Akola. The findings are discussed in the succeeding paragraphs. The internal control mechanism including internal audit and manpower management of the Department have also been reviewed in audit and the findings have been discussed in Chapter V of this Report.

### 3.4.6 Financial outlay

The outlay for agriculture sector and the expenditure during 2000-2004 incurred by two of the Directorates namely Extension and Training and Inputs and Quality Control were as under:

(Rupees in crore)

Year	Budget allotment		Expenditure		Excess ( + ) Savings ( - )	
	Plan	Non Plan	Plan	Non Plan	Plan	Non Plan
2000-01	338.80	397.51	368.00	502.54	(+)29.20	(+)105.03
2001-02	311.62	414.35	304.33	638.65	(-)7.29	(+)224.30
2002-03	276.24	546.90	279.91	625.45	(+)3.67	(+)78.55
2003-04	342.81	530.65	121.48	530.75	(-)221.33	(+)0.10
<b>Total</b>	<b>1269.47</b>	<b>1889.41</b>	<b>1073.72</b>	<b>2297.39</b>	<b>(-)195.75</b>	<b>(+)407.98</b>

**Budgetary control and expenditure control were deficient**

During 2003-04, there were savings of Rs 221 crore (65 per cent) under Plan due mainly to non-release of subsidy for installing sprinkler irrigation system (Rs 68 crore); surrender of provision for input subsidy under Special Component Plan (Rs 28 crore) and excess provision of Grants in aid to SAUs (Rs 24 crore). Under 'Non-plan' there were huge excess expenditure over the grants during the years 2000-2003. This indicated deficient budgeting by the Department.

### Initiatives for improving production and productivity of crops

One of the main objectives of the National Agriculture Policy 1997, was production and productivity of crops by adoption of improved technology towards which various initiatives were taken.

#### 3.4.7 Intensive Cotton Development Programme

The production and productivity of cotton during 2000-2004 was detailed as follows:

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

<sup>2</sup> Akola, Beed, Kolhapur, Latur, Nashik, Nagpur and Pune,

<sup>3</sup> Beed, Kolhapur, Latur Nagpur, Nashik and Pune

<sup>4</sup> Ajara, Akola, Balapur, Baramati, Beed, Kaij, Kalmeshwar, Karveer at Kolhapur, Katol, Latur, Niphad, Purandhar at Saswad, Renapur and Sinner.



Year	Production (In lakh bales of 170 kg each))			State productivity (In kg per hectare)		
	Target	Achievement	Percentage	Target	Achievement	Percentage
2000-01	35.37	18.02	51	196	100	51
2001-02	32.38	26.90	83	197	147	74
2002-03	34.59	25.96	75	196	158	80
2003-04	32.32	26.78	83	196	165	84

**Production and productivity targets for cotton production were not achieved**

The table above shows that the targets for production and productivity of cotton in the State were not achieved in any of the four years.

The Technology Mission programme (Mini Mission II) was implemented for cotton production since 2000-01 in 21 districts. The Central share of expenditure was 75 per cent. During 2000-2004, Rs 29.10 crore was spent against a provision of Rs 33.48 crore.

The scheme envisaged incentive/subsidy for various components namely, demonstration of production technology, distribution of certified seed, supply of implements, training to staff and farmers, surveillance of diseases, pests, establishment of eight bio control laboratories and three delinting plants. Though the componentwise targets were achieved, the production and productivity were less than 50 per cent of the targets in 10 districts.

#### ➤ Cotton development (Demonstration) project

**No arrangement made for post project operation and follow up**

Against the average national production of 248 kg cotton fibre per hectares (1997), productivity per hectares in the State was only 180 kg. To increase productivity of cotton, the Government implemented (1997-98) the Cotton Development (Demonstration) Project costing Rs 10.50 crore with Israeli technology first on 200 hectares of land of Dr. PDKV, Akola and then on 100 hectares of land of Marathwada Krushi Vidyapeeth (MKV), Parbhani. Main activities were creating irrigation facilities and introduction of micro irrigation and its automation. The achievements against targets fixed based on success criteria are given in the table below:

Success criteria fixed	Achievements	
	Akola	Parbhani
Production of seed cotton <i>ie</i>		
Ist year 2500* kg	900 Kg	1500 Kg
2 <sup>nd</sup> year 3500* kg	900 Kg	700 Kg
3 <sup>rd</sup> year 4500* kg	800 Kg	400 Kg
Farm visit by farmers		
Ist Year - 1 lakh	1.00 lakh	0.26 lakh
2 <sup>nd</sup> year - 1 lakh	0.05 lakh	0.18 lakh
3 <sup>rd</sup> year - 1 lakh	0.05 lakh	Record not maintained

It would be seen that achievement in first three years was very poor in both the Institutes. As regard the impact of adoption of demonstrated technology targets were fixed as 10, 20 and 30 per cent respectively for the first three years. However, no information was available on this.

\* Production of fibre cotton is one third of seed cotton.

During the project period (1998-2001), Rs 1.11 crore were realised from sale of cotton against Rs 2.50 crore spent on inputs. The demonstration project at Parbhani was not functioning from January 2001 due to agitation of field workers against reduction of staff by the Government. The project at Akola was also not functioning due to labour problems, non-availability of security arrangement and non-provision of funds. All the laterals\* were removed and dumped as there were problems in starter system control and repairs estimated to cost Rs 26.27 lakh were necessary. The Government attributed (October 2004) the poor achievement to abnormal weather conditions and spread of epidemic of heliothis in the State. According to a study report of COA, however, the usefulness of the new technology on drip irrigation in rain fed conditions was not proven as the project designed by the consultants was without any previous experience.

There was no arrangement for post project operation and follow up, despite investment of Rs 10.50 crore on the project.

➤ **Delay in establishment of Bio Control Laboratories**

To restore the ecological balance and prevent outbreak of pest on cotton crop due to excessive use of pesticide, integrated pest management component was included in the programme as plant protection strategy.

Under the scheme, Government sanctioned (2000-2002) eight bio control laboratories costing Rs 50 lakh each. The Commissioner drew Rs 2.32 crore during 2000-01, and paid to the Public Works Department (PWD) for construction of laboratories at Amravati, Buldhana, Parbhani, Wardha and Yavatmal and also procurement of laboratory equipments. Further, Rs 94.98 lakh were paid to PWD during 2001-02 for construction of laboratories at Dhule, Jalgaon and Nanded.

Laboratories at Amaravati, Dhule, Jalgaon, Wardha and Yavatmal were completed by October 2003 and Buldhana in August 2004; but these were not put to use (November 2004) as electricity connection was not available. The remaining laboratories were still under construction. Due to delay/non-completion of laboratories, the equipment procured was installed and commissioned temporarily in alternative places. It was noticed that production of all the five laboratories during 2003-04 was only 358 Tricograma cards; 305 kg Tricoderma and 75 litres of HNPV, which was less than eight *per cent* of the rated capacity. Government stated (November 2004) that due to shortage of staff and inadequate provision of funds the production was low.

Thus, Government utilized the GOI funds but failed to provide operational arrangement by appointing staff and the required funds. As a result, not only expenditure of Rs 3.27 crore was blocked but also the objective of production of biopesticides could not be achieved.

**Bio control laboratories were non-functional for want of staff**

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\* Plastic tubes used for distribution system in drip irrigation

### 3.4.8 Sugarcane Development Programme

The production and productivity of sugarcane during 2000-2004 was as under:

Year	Production (In lakh metric tonne))			State productivity (In kg per hectare)		
	Target	Achievement	Percentage	Target	Achievement	Percentage
2000-01	579.11	495.69	85	94000	83000	88
2001-02	596.88	365.47	61	97000	78000	80
2002-03	583.42	370.15	63	96000	62000	65
2003-04	622.00	282.19	45	96000	51000	53

**Productivity of sugarcane was below the targets due to shortage of improved seeds**

In order to increase productivity of sugarcane through transfer of technology by means of intensive training to farmers and conducting demonstration for better awareness among the farmers, two sugarcane development programmes were implemented during 2000-2003, with Central assistance (75 per cent). One was for 21 low productivity districts in Vidarbha, Marathwada and Khandesh regions and another for (Sustainable Sugarcane Based Cropping System) for six western districts where productivity was better but there was scope for further improvement. Department spent Rs 15 crore during 2000-2003 against the budget provision of Rs 21.19 crore. During 2003-04, the schemes were amalgamated and expenditure of Rs 5 crore was incurred.

Due to non-availability of improved seeds and poor awareness among the farmers, the targeted productivity of sugarcane of 96000 kg per hectare could not be achieved. Productivity of 62000 kg per hectare in March 2003 reduced to 51000 kg per hectare in 2003-04. The Government attributed (October 2004) the low productivity to drought conditions and infestation of white wooly aphid in western Maharashtra. Failure in seed production programme has been discussed in paragraphs 3.4.11 and 3.4.12.

### 3.4.9 Oil Seed Development Programme

The production and productivity of oil seed during 2000-2004 was as under:

Year	Production (In lakh metric tonne))			State productivity (In kg per hectare)		
	Target	Achievement	Percentage	Target	Achievement	Percentage
2000-01	34.89	20.98	60	1061	820	77
2001-02	33.26	22.27	66	1094	944	86
2002-03	32.33	23.44	73	1017	941	92
2003-04	35.53	30.44	86	1078	964	89

The production of oil seed in the State was 20.98 MT (2000-01) against the target of 34.89 MT. To achieve the target, Centrally Sponsored Oil Seed Production Programme was implemented in the State with the Central assistance (75 per cent). However, the targets were not achieved in the subsequent years.

**Targets for production under Oil Seed Development Programme were not achieved despite huge spending on subsidies**

In Maharashtra, groundnut, safflower, soyabean and sunflower are the major oil seeds. Of the total 24.45 lakh hectare area under oil seed, soyabean had the maximum area of 18.26 lakh hectare in 2003-04. Under the scheme, breeder seeds were made available free of cost to the universities and the MSSCL, for production of foundation seed. Subsidies were given for production of

certified seed to the growers and distribution of certified seed by the MSSCL, demonstration, training to staff and farmers and supply of improved implements, micronutrients, sprinkler sets and fertiliser. Expenditure incurred during 2000-2004 was Rs 38.51 crore against the budget provision of Rs 52.06 crore. However, the shortfall in production was between 27 and 40 *per cent* of the targets fixed. Department attributed the shortfall to scanty/delayed rainfall, poor germination of soyabean seed produced by the MSSCL, and its short shelf life.

### **Seed Production Programme**

#### **3.4.10 Breeder seed programme not implemented**

For making available certified seeds of improved varieties, breeder seed production was to be taken up by State Agriculture Universities (SAUs). It was observed that the breeder seed programme was not implemented from 1996, as GOI subsidy under Intensive Cotton Development Programme was limited to distribution of seeds. The production of Y1 *Desi* variety of cotton was only 6.42 quintals (7 *per cent*) against the target of 90 quintals set by ICAR for 1997-2001. State Government on its own did not pursue the matter with GOI, nor had taken initiative to implement the scheme from its resources. Thus, due to non-implementation of breeder seed programme production of cotton was adversely affected.

#### **3.4.11 Poor monitoring of seed multiplication programme**

During 2000-2004, Rs 73.20 lakh were provided to Vasant Dada Sugar Institute, Pune, Padegaon Research Institute run by Mahatma Phule Krishi Vidyapeeth, Rahuri and other Krishi Vidyapeeths for seed multiplication programme. But the Department did not monitor the quantity of seed actually multiplied as against the prescribed seed multiplication ratio. Instead, the achievement of targets in terms of area was only watched by the Department.

#### **3.4.12 Failure of breeder seed production programme**

During 2002-03, the entire breeder seed of 109 MT produced at Wani Rambhapur of PDKV was given to sugar factory for crushing instead of issue for multiplication as foundation seed, as there was no demand from sugar factories or farmers. The programme implemented on seven hectare of Wani Rambhapur during 2003-04 substantially failed due to water scarcity. Thus, the objective of making available quality and high yielding sugarcane seed to the farmers had totally failed.

#### **3.4.13 Taluka seed farms**

For making available the certified seeds of hybrid varieties for food grain crops, 194 Taluka seed farms (TSFs) with an area of 4336.63 hectare were established prior to formation of the State. As of March 2004, area under cultivation was 3564.86 hectare and net irrigated area was 1315.75 hectare. The Sub-Divisional Agriculture Officers monitored the working of TSFs and

**Implementation of seed multiplication programme by the SAUs was not monitored**

**Production of certified seed in Taluka seed farms declined; the farms were running at a loss**

the MSSCL, supervised the quality of seed production. From 2000-01, expenditure on basic infrastructure was met by GOI.

The seeds produced in the TSFs were handed over to the MSSCL, who accepted only the certified seeds and disposed of the balance as food grain.

The seed production programme was not implemented in TSF, Pargaon (Thane District) during the last five years due to tidal water problem.

The financial working results of the TSFs for 2000-2003 showed net loss of Rs 11.63 crore. The loss after excluding capital investment was Rs 7.64 crore.

#### ➤ **Low production**

**Large quantity of seeds produced by TSFs was rejected by MSSCL**

The seed production by TSFs declined during 2000-2003. Government admitted the facts and attributed (October 2004) this to scanty rainfall during June to September. Considering total quantity of certified seeds distributed by the MSSCL during the years 2001-2004, certified seed production by the TSFs worked out to five *per cent*, four *per cent* and two *per cent* respectively. Further, MSSCL accepted 49 to 63 *per cent* of the total seed produced in the TSFs. High percentage of rejection indicated poor functioning of the TSFs. The reasons attributed by the COA (June 2004) were (i) seeds were not made available for TSF through the MSSCL as per seed production programme; (ii) non-availability of labour during operations; (iii) non-availability of funds for purchase of inputs and payment to labour. This indicated lack of proper planning and co-ordination in finalising the seed production programme.

#### **3.4.14 Distribution of sub-standard seeds and irregular payment of compensation**

**300 complaint cases received on distribution of sub-standard seeds**

It was noticed that number of complaints received were regarding distribution of substandard seed and payment of compensation by the MSSCL as detailed below, indicating improper handling or distribution of seed.

Year	Number of complaints received	Number of complaints settled	Quantity involved (In lakh quintal)	Compensation paid/payable (Rupees in lakh)
2000-01	67	64	201.66	3.04
2001-02	62	50	245.93	6.80
2002-03	44	33	855.87	16.00
2003-04	131	125	2569.57	71.00
<b>Total</b>	<b>304</b>	<b>272</b>	<b>38723.03</b>	<b>96.84</b>

Besides, 77 cases involving compensation claims of Rs 1.08 crore were pending (June 2004) in various consumer redressal forums.

MSSCL stated (October 2004) that despite all measures taken under Seed (Control) Order, 1983 to ascertain seed germination and seed genetic status, complaints on soyabean seed were received as it loses capacity to germinate if not handled properly and instructions have been issued to the seed distributors for proper handling and for carrying out genetic purity tests.

The Government stated (October 2004) that the MSSCL produced/procured certified seeds of only notified varieties whereas farmers preferred to purchase

seed\* of research varieties in hybrid jowar, maize and cotton crops, developed by private sector.

**3.4.15 Non- use of breeder seed of soyabean for multiplication**

**Only 29 per cent foundation seed put into seed multiplication as large quantity was found unfit**

Out of 2965 quintals of soyabean breeder seed (value Rs 1.13 crore) supplied to the MSSCL during 2000-2004 for its multiplication of foundation seed and certified seed, only 863 quintals (29 per cent) was put into seed multiplication chain. While 1649.41 quintals costing Rs 62.88 lakh was directly used as certified seed (56 per cent) and the balance of 452.34 quintals (value Rs 16.93 lakh) remained unutilized and became unfit for multiplication. This resulted in loss to the Government. The MSSCL stated (October 2004) that requirement of breeder seed was communicated two years in advance and accordingly the quantity of breeder seed was allocated. The quantity once allocated was required to be accepted. But due to changes in farmers' preferences, the demand for particular variety gets reduced. In the above circumstances breeder seed could not be used for multiplication.

➤ **Unspent balances of seed production subsidy**

**Subsidy of Rs 7.81 crore remained undistributed with MSSCL**

Under National Oil seeds and Pulses Development Programme, the COA paid (2001-2004) Rs 15.55 crore to the MSSCL as subsidy to be paid to the farmers for production of foundation seeds and certified seeds at Rs 500 per quintal for distribution to the seed growers. It was noticed that subsidy amount of Rs 7.81 crore remained undistributed with the MSSCL as of March 2004. The details are as under:

(Rupees in crore)

Year	Opening balance	Receipt	Distribution	Balance
2000-01	1.68	5.29	2.69	4.28
2001-02	4.28	0.43	2.21	2.50
2002-03	2.50	4.84	1.73	5.61
2003-04	5.61	4.98	2.78	7.81

The schemewise break up of undistributed subsidies could not be furnished by the MSSCL, as reconciliation was not done during last eight to 10 years. MSSCL replied (October 2004) that Rs 4.15 crore (25 per cent) were retained in terms of guidelines of the scheme; Rs 2.93 crore has been disbursed during 2004-05 and the balance amount (Rs 73 lakh) was retained by the MSSCL.

**Plants and equipment**

**3.4.16 Delay in establishment of delinting plants**

**Setting up of delinting plants delayed. Rs 1 crore for delinting plant not released**

In March 2001, Government paid Rs 2 crore to the MSSCL for establishment of two delinting plants at Akola (Shivani) and Jalgaon for supply of delinted cotton seeds to the farmers with environmental friendly and pollution free technology. The estimated cost of the two projects was Rs 3 crore. The plants were to be commissioned and operated by the MSSCL by March 2002. The plant at Akola was completed in March 2003 and the work of the plant at

\* Seed marked as of good quality by private producers/companies.

Jalgaon was in progress. Under the scheme, financial assistance of 50 per cent of the cost of project subject to a maximum of Rs 1 crore was payable for establishment of delinting plants. Thus, there was an excess payment of Rs 50 lakh. It was stated that additional plants would be erected with the excess financial assistance. In March 2004, the COA drew Rs 1 crore for establishment of one more delinting plant; but the amount was not disbursed as of October 2004. The money was drawn in March 2004 to avoid lapse of grants.

### 3.4.17 Supply of substandard drip sets

**Drip irrigation sets supplied were substandard. No action was taken against the supplier**

Under the drip irrigation scheme, farmers were eligible for subsidy on drip irrigation sets of ISI specification. The department drew 107 samples of laterals, 58 samples of drippers and five samples of pipes during 2002-03 and sent for quality analysis to the Vasant Dada Sugar Institute (VSI), Pune. The analysis report of 56 laterals and 22 drippers revealed (September 2003) that 14 laterals and 10 drippers were substandard. Report of the remaining samples was awaited (June 2004). Government stated (November 2004) that one manufacturer replaced 5500 drippers, whereas 12 manufacturers could not trace out the sub-standard sets, as records were not maintained. Government further stated that from 2004-05 it would be obligatory to mention the batch number in the bills to locate the substandard sets.

### 3.4.18 Declining trend in supply of sprinkler sets

**Distribution of sprinkler sets was only five per cent of the targets**

The oil seed production was mainly undertaken in rainfed areas. With a view to increase the irrigated area under oil seeds, the component regarding supply of water saving device *viz.* sprinkler set at subsidised rate was included in the programme. The achievement declined during 2000-2004 as shown below:

Year	Target (in number)	Achievement	Percentage of achievement
2000-01	3450	1945	56
2001-02	3319	2197	66
2002-03	3920	818	20
2003-04	6838	347	5

Government attributed (October 2004) the shortfall to drought during last four years and reduction in the rate of subsidy. Thus, the object of increasing irrigated area under oil seeds was not achieved.

### 3.4.19 Drip and sprinkler sets not functional

Government encouraged adoption of sprinkler and drip irrigation system to economic usage of water for irrigation. The Central and State funding was in the ratio of 75:25.

Under the scheme, subsidy was payable at 75 and 90 per cent of the cost subject to maximum of Rs 32,000 according to category of farmers. The total area brought under sprinkler and under drip irrigation in the State as of March 2004 was 1.09 lakh hectare and 2.82 lakh hectare (11 per cent of gross irrigated area of 36.68 lakh hectare) and the subsidy given by the Government under the scheme during the period 1986-87 to 2000-2004 was Rs 54.27 crore

and Rs 107.14 crore respectively. The rate of subsidy was reduced to 25 *per cent* from 2003-04.

**Drip irrigation and sprinkler systems failed and the irrigated area did not increase**

The Economic Survey of the State for 2003-04 indicated that there was no increase in gross irrigated area, intensity of irrigated cropping and gross area under irrigation during 1998-2003.

It was noticed that percentage of gross irrigated area to gross cropped area during 1998-2003 was only about 17. Intensity of irrigated cropping was 123 lakh hectare and gross area under irrigation was 36.67 lakh hectare.

Department stated that due to meagre coverage of area under micro irrigation, overall impact in terms of increase in gross cropped area, intensity of irrigated cropping and gross area under irrigation was low. Further, due to scanty rainfall during last four years, the increase in coverage was set off. The reply is only partly accepted as the evaluation report of the department (1997) pointed out that about 44 *per cent* drip and sprinkler sets were not functioning. This might have contributed to non-achievement of the object of micro irrigation.

#### **3.4.20 Excess payment of subsidy**

Subsidy at 25 *per cent* of the cost of the sprinkler set or Rs 6000 per set whichever was less, was payable for the year 2003-04. The Chief Executive Officer (CEO), Zilla Parishad (ZP), reported (March 2004) to the COA that the dealer agreed to supply irrigation set of 3.2 kg at Rs 18000 to ZP for distribution to scheduled caste (SC) beneficiaries and enquired whether subsidy should be at Rs 6000 per set or should it be restricted to Rs 4500 (25 *per cent* of Rs 18000). The COA stated that the subsidy be restricted to 25 *per cent* of the actual cost incurred by the farmers. However, since the beneficiaries produced the bills for Rs 24000, in support of subsidy claims, the CEO, ZP released subsidy at Rs 6000 per set during 2003-04.

Since the sprinkler sets of same specification supplied by the same company were available at lesser rate, the bills obtained by the farmers were inflated to avail of maximum subsidy of Rs 6000. It was seen that the same dealer quoted (June 2004) Rs 18000 as the cost of 3.2 kg sprinkler set.

Thus, ZP, Akola paid excess subsidy of Rs 5.98 lakh during 2003-04 for supply of 399 sprinkler sets. The SDAO, Akola and Telhara also paid excess subsidy of Rs 4.17 lakh on 278 sprinkler sets during 2003-04. In view of the above, the payment of excess subsidy in other districts needs investigation.



## Research Activities and Quality Control

### 3.4.21 Review and evaluation of research projects

**No evaluation report to assess utility of research to agriculture development**

There were 111 agricultural research projects in the State. Of these, the ICAR and the State Government financed (75:25) 47 Projects. Five projects were financed by the ICAR alone; 17 projects were financed by the GOI and 42 projects by the State. These projects were implemented by four SAUs<sup>11</sup>. The Maharashtra Council of Agriculture Education and Research (MCAER), Pune appointed (October 1999) the Director, Centre for Environment Education, Nehru Foundation for Development (CEENF), Ahmedabad to evaluate research in SAUs with particular reference to contribution to development and long term sustainability of agriculture, introduction of policy changes, if need be, and better dissemination of research findings to the farmers.

Evaluation report expected in March 2000 was actually received in September 2004. Recommendations would be submitted to the Government after discussing with the specialists. It was stated that the process of evaluating continuous research projects was in vogue and assessment was discussed in Joint Agricultural Research Subcommittee, Zonal Research and Extension Advisory Committee and ICAR. In the absence of evaluation, the utility of research to agriculture development could not be assessed in audit.

### 3.4.22 Poor response to the new varieties developed by PDKV

**New varieties of crops developed by PDKV were not popular**

The PDKV, Akola implemented 26 research activities under the Indian Council of Agriculture Research (ICAR) sponsored programme and nine activities under the State sponsored programme and developed a number of high yielding diseases and pest resistant varieties as well as hybrid varieties in various crops. As of March 2002, 46 new varieties developed by PDKV, Akola in 17 crops had been notified under Section 5 of the Seed Act, 1966.

It was, however, revealed that only nine\* varieties developed by PDKV were popular and no demand was placed for breeder seed production of 37 varieties for their multiplication and distribution through the MSSCL. The new varieties developed by PDKV were possibly not need based or arrangements for propagation of new varieties with PDKV were not adequate.

Government stated (October 2004) that in recent past, due to initiation of research and development activities by the MSSCL and also by some private seed companies, there was reduction in demand for the breeder seed production varieties developed by PDKV. Government assured to take efforts to popularise these varieties.

<sup>11</sup> Mahatma Phule Krishi Vidyapeeth, Rahuri; Dr. Balasaheb Sawant Konkan Krishi Vidyapeeth, Dapoli; Dr. Punjabrao Deshmukh Krishi Vidyapeeth, Akola and Marathwada Krishi Vidyapeeth, Parbhani

\* PKVHMT in Paddy; TAU 1 in Udid; TAG 24 in Groundnut; PKV Hybrid 2; AKA 5; AKA 7 in Cotton; CSH 14 in Jowar; PKV Kabuli 2 in Gram and AKW 1071 in wheat.

### **3.4.23 Quality control not ensured**

In order to ensure availability of quality inputs viz. seed, fertiliser and pesticides to the farmers, a separate quality control wing was established in the Commissionerate in 1983. Scrutiny of records revealed the following:

#### ➤ **Seed**

**Fifty per cent of seeds distributed in the State were not tested**

The Implementation of Seed (Control) Order, 1983 commenced in the State in April 1994. Under the Act and under Essential Commodities Act, 1955, 795 cases were filed in the court up to March 2004. Of these, 45 were convicted, 212 were acquitted and 538 cases were pending. It was stated that as the inspectors were unaware of the legal procedures, number of acquittal was more.

In the absence of specific provisions in the Seed Act, 1966, the Department could not exercise quality control of seed and penalise the defaulting producers for substandard seeds. As a result, more than 50 per cent seed distributed in the State had not been tested at all. GOI had agreed to amend the Act as recommended by the Department.

#### ➤ **Pesticides**

During 2000-2004, out of 15923 samples of pesticides received in the laboratory, 1659 samples could not be analysed for want of post of Analyst. Out of 513 misbranded samples, suits were yet to be filed in 261 cases. Pendency in filing of court cases defeated the very purpose of ensuring supply of quality inputs to the farmers and facilitate the dealers to escape punishment for supply of substandard pesticides.

#### ➤ **Fertiliser**

During 2000-2004, 48822 samples were analysed out of 59611 samples received and 7651 samples were time barred. Thus, the very purpose of drawal of samples was defeated and fertiliser had been sold without ascertaining its quality. Government attributed (October 2004) this to insufficient staff.

## **Facilities for agriculture credit and agribusiness**

### **3.4.24 Non-availability of adequate agriculture credit to farmers**

**Credit requirement of the farmers not fully met**

Agriculture credit was the main source of finance for the farmers. In Maharashtra, agriculture credit was disbursed through a multi agency network consisting of commercial banks, regional rural banks and district central co-operative banks through village level primary credit societies having 95.40 lakh members.

It was noticed that disbursement of loan decreased sharply from 2000-01 to 2003-04, mainly due to non-clearance of earlier crop loan, non-disbursement of fresh loan to the defaulting farmers, higher rate of interest (ranging from 14 to 16 per cent) and drought like situation in the State.

The study on “Market imperfections and farmers distress in Maharashtra” conducted by Agro Economic Research Centre of Gokhale Institute of Politics

and Economics, Pune (October 2003) indicated that as the credit requirements of the farmers were not fully met by institutional sources, the farmers borrowed from informal sources such as money lenders, landlords, traders at much higher rates of interest. Government stated (October 2004) that Department has no role in Agriculture credit except advising on the quantum of credit required for each crop.

### 3.4.25 Assistance for establishment of Basmati rice processing units

In order to establish grading, packing, sorting, pre-cooling, cold storage facilities, residue testing laboratories and to encourage refrigerated transport, grant of capital subsidy was implemented from 2000-01. Such value addition would lead to increase in income of the farmers.

To meet the requirement of special types of hullers *Basmati* rice processing units, to reduce percentage of broken rice, financial assistance of 50 per cent of the cost of project subject to maximum of Rs 50 lakh was payable. The amount was reduced to Rs 25 lakh from 2003-04.

Six proposals recommended by the District/Divisional Level Committees were approved and financial assistance provided during 2003-04 as indicated below:

Name of Agency	Cost of project		Total	Amount of subsidy sanctioned	Capacity (MT per hour)
	(Rupees in lakh)				
	Building	Machinery			
M/s Patil Rice Mill Kese, Karad	3.50	9.68	13.18	6.75	1.00
Akshata Agro Industries, Kelwade	16.89	16.64	33.53	13.80	2.00
Pashchim Ghat Audyogik Co-op Society, Patan	8.00	13.00	21.00	10.57	1.00
Rethare Sahakari Society Rethare, Karad	9.70	19.00	28.70	9.63	0.50
Satwik <i>Basmati</i> Rice, Kolhapur	28.43	63.12	91.55	22.88	3.00
Nirdhanrao Waghye Patil Basmati Rice Mills Private Limited, Gadegaon, Taluka Lakhani, District Bhandara	35.76	67.60	103.36	50.00	2.00

It would be seen that subsidy was paid to the rice mills based on the expenditure incurred instead of capacity of the mills. Further, it was observed that expenditure shown as incurred on machinery varied considerably for similar capacities created which raises doubt as to the amounts actually spent by the mill owners. Department admitted the audit observation. It was noticed that against the annual installed capacity of 10200 MT, the quantity actually processed during 2001-02 to 2003-04 was 465 MT, 4034 MT and 8098 MT respectively.

➤ **Irregular release of assistance**

**Release of subsidy for setting up Basmati rice processing unit not completed**

The *Basmati* rice unit at Gadegaon, Bhandara District recommended by the District and Divisional Committee (February 2003) was approved by the State Level Committee (SLC) in March 2003. Against Rs 50 lakh to be disbursed in two installments, Rs 40 lakh was disbursed to mill owners as the unit was incomplete. Though a certificate from the technical committee was mandatory for release of subsidy, Rs 40 lakh was released in anticipation of completion of the unit and without observing the formalities of inspection. The unit could not be commissioned due to inadequate electric supply (July 2004).

Hasty decision on the part of the SLC led to undue benefit to the beneficiary by way of excess subsidy of Rs 25 lakh as the quantum of subsidy had been reduced to Rs 25 lakh from 2003-04. The scheme was discontinued from 2004-05.

**3.4.26 National Crop Insurance Scheme**

**Farmers participation in the National Crop Insurance Scheme was declining over the years**

The Rashtriya Krishi Bima Yojana (June 1999) was implemented since *Rabi* 1999-2000 in the State. Commercial crops like cotton, onion, and sugarcane were covered under the scheme. The scheme had unlimited insurance facility. It was optional for non-loanee farmers; but compulsory for loanee farmers.

During 2000-2004, Government spent Rs 84.24 crore on account of 50 *per cent* share of compensation, subsidised premium in respect of small and marginal farmers and service charges. The farmers' participation in the scheme showed a declining trend during last four years as shown below:

Season	Targets		Farmers' participation (in lakh)	
	Area (in ha)	Farmers (in lakh)	Kharif	Rabi
2000-01	222.56	100	25.29	4.21
2001-02	222.56	100	26.05	0.85
2002-03	222.56	100	17.93	2.48
2003-04	222.56	100	17.27	Information awaited

The scheme hardly provided for any compensation towards loss as the threshold yield was taken as average production of three to five years which was quite low. It was noticed that the threshold yield was even less than half compared to the yield in a normal monsoon year. The compensation received, therefore, was much less than the loss suffered by the farmers in terms of yield. Being an area based scheme, insurance claims were not being admitted on individual basis for damages caused by localized calamities, like floods/fire. Since the entire area had to be treated as affected for the claim to be lodged there was no provision to compensate the actual losses caused to the crop by localised calamities like hailstorm, floods and fire. The State Level Crop Insurance Coordination Committee (SLCICC) opined (December 2000) that the scheme should be implemented by treating each village as a unit. Since there were delays ranging from four to six months in getting compensation, cut off date for payment of compensation needed to be fixed.

Further, the farmers faced difficulties in the absence of district level officers as the scheme was implemented by the General Insurance Corporation.

#### **3.4.27 Monitoring and evaluation**

**Monitoring and evaluation of the schemes was inadequate, due to shortage of staff**

It was noticed that the monitoring and evaluation cell evaluated only two schemes every year. Evaluation work of five schemes taken up by the cell during the last three to four years was pending for want of staff. Evaluation of the crop cutting survey of the centrally sponsored schemes of oil seeds, pulses, cotton, cereal, maize entrusted to the cell from 2000-01 to ascertain the success achieved in increasing the production/productivity which was pending as of July 2004.

Government stated (November 2004) that monitoring of the scheme was done regularly by the implementing authorities by arranging meetings, obtaining monthly progress reports and the evaluation of work plan schemes had been entrusted to external agencies during 2004-05. However, monthly progress reports and necessary information were not made available to Audit. Comments on Internal Control Mechanism in these two Directorates have been mentioned in Chapter V.

#### **3.4.28 Conclusion**

The targets of improvement of productivity of major crops were not realised. Production of seeds and availability of improved seed was poor. Plants and equipment as well as the laboratories remained non-functional. Evaluation of the utility of research works for agriculture development was delayed. Quality control of seeds, fertilizers and pesticides was not ensured. Monitoring and evaluation of implementation of the schemes was not done.

#### **3.4.29 Response of the Government**

The draft review was discussed with the Secretary, Agriculture Department in October 2004. Views of the Government expressed during discussion have been considered while finalising review.

#### **3.4.30 Recommendations**

- Supply of improved seeds should be given priority in order to improve production and productivity of crops.
- Review of functioning of the Taluka Seed Farms should be done as large quantities of seeds produced by them were rejected by Maharashtra State Seeds Corporation Limited and they were also incurring losses.
- Quality control of seeds and other inputs like fertilizers/pesticides should be made more stringent through adequate testing.
- Government should ensure that research activities of the Agriculture Universities is directed towards meeting actual needs of the farmers.

## URBAN DEVELOPMENT DEPARTMENT

### 3.5 Swarna Jayanti Shahari Rojgar Yojana

#### Highlights

Swarna Jayanti Shahari Rojgar Yojana was launched by Government of India in December 1997 to provide gainful self-employment/wage employment to the urban people living below poverty line. The scheme was implemented by urban local bodies through two special schemes viz Urban Self Employment Programme and Urban Wage Employment Programme by identifying the below poverty line beneficiaries during 1997-2004. Expenditure of Rs 117.17 crore was incurred on the scheme. Review of the scheme revealed that expenditure was incurred without identifying the below poverty line families, works were executed through contractors instead of below poverty line labours, etc. Due representation was not given to the scheduled caste/scheduled tribe, women and disabled persons while selecting the beneficiaries under the scheme.

Expenditure of Rs 11.28 crore was incurred on various components of Urban Self Employment Programme and Urban Wage Employment Programme without identifying the families below poverty line.

*(Paragraph 3.5.12)*

In 19 urban local bodies, shortfall in coverage of scheduled caste/scheduled tribe and women beneficiaries ranged between 80 and 91 per cent.

*(Paragraph 3.5.15)*

Works costing Rs 1.23 crore were executed in seven urban local bodies through contractors in violation of guidelines.

*(Paragraph 3.5.18)*

Interest of Rs 14.21 crore earned on Swarna Jayanti Shahari Rojgar Yojana fund by State Urban Development Authority was to be utilised on the scheme but it was not distributed to the urban local bodies.

*(Paragraph 3.5.6)*

In 51 urban local bodies excess payment of Rs 2.11 crore was made to 26,302 trainees due to adoption of incorrect rate.

*(Paragraph 3.5.16)*

Expenditure of Rs 1.09 crore was incurred on works in private layouts/lands instead of incurring from development funds/private resources. Thus, urban local bodies and private land owners were relieved of their liabilities.

*(Paragraph 3.5.21)*

### 3.5.1 Introduction

Swarna Jayanti Shahari Rojgar Yojana (SJSRY), a Centrally sponsored scheme, was launched by Government of India (GOI) from December 1997 as replacement of Nehru Rojgar Yojana (NRY), Prime Minister's Integrated Urban Poverty Eradication Programme (PMIUPEP) and Urban Basic Service for Poor (UBSP). The scheme was to be funded by the Central and the State Government in a ratio of 75:25 and was to be implemented by the urban local bodies (ULBs) through two special programmes viz. Urban Self Employment Programme (USEP) and Urban Wage Employment Programme (UWEP). The USEP had three distinct parts namely Subsidy, Development of Women and Children in Urban Areas (DWCUA) and Training. The UWEP was applicable to the ULBs having a population of less than five lakh.

#### Objective of the scheme

The scheme had following important objectives:

- Providing assistance to urban individual unemployed/under employed poor through setting up of gainful self employment ventures;
- Providing special incentives for encouraging the groups of urban poor women for setting up self-employment ventures;
- Imparting adequate training to selected urban poor for upgradation and acquisition of vocational and entrepreneurial skills;
- Generation of wage-employment for the urban below poverty line families by utilising their labour for construction of useful public assets.

### 3.5.2 Organisational set-up

At the State level, State Urban Development Agency (SUDA) of Urban Development Department (UDD) headed by Director of Municipal Administration, Mumbai is responsible for implementation and monitoring of the SJSRY. At district level, District Project Officer (DPO), District Urban Development Agency (DUDA), under the Chairmanship of Municipal Commissioner/District Collector is responsible for implementation of the SJSRY.

### 3.5.3 Audit objectives

In the course of audit review an attempt was made:

- To assess the degree of success achieved in providing gainful self-employment to the urban poor unemployed beneficiaries;
- To examine the strategy in making the urban poor women independent by setting up gainful self-employment ventures;
- To ascertain the effectiveness of training imparted to the beneficiaries for upgradation/acquisition of vocational and entrepreneurial skills;
- To examine whether targeted mandays were actually generated through creation of socially and economically useful public assets.
- To ascertain whether funds were utilised for the defined objectives.

### 3.5.4 Audit Coverage

The implementation of scheme from its inception in December 1997 to March 2004 was reviewed (January to June 2004) by test-check of records of UDD at Mantralaya, Director, Municipal Administration, Mumbai, and 103 out of 245 ULBs in 13<sup>4</sup> out of 35 districts. The results of review are incorporated in the following paragraphs.

### Financial Management

An amount of Rs 16.86 crore remained unspent on 31 March 2004

**3.5.5** Though a total of Rs 134.03 crore was available for SJSRY during the period 1997-2004, expenditure incurred was Rs 117.17 crore only as under:

(Rupees in crore)

Year	Opening balance	GOI share	GOM share	Total funds available	Expenditure incurred
1997-98	66.01	14.02	4.67	84.70	0.49
1998-99	84.21	20.43	6.81	111.45	10.88
1999-2000	100.57	7.15	2.38	110.10	18.15
2000-01	91.95	NIL	NIL	91.95	18.14
2001-02	73.81	NIL	NIL	73.81	26.14
2002-03	47.67	6.19	2.06	55.92	24.94
2003-04	30.98	3.23	1.08	35.29	18.43
<b>TOTAL</b>		<b>51.02</b>	<b>17.00</b>		<b>117.17</b>

It was observed that interest earned on bank deposits was not used for this scheme and instead deposited in fixed deposit. Unspent balances of earlier schemes were also not transferred as discussed below:

### 3.5.6 Non-utilisation of interest earned on deposit

Rs 14.21 crore representing interest earned on bank deposits were not utilised

The funds released by GOI/State Government for SJSRY are deposited in a saving bank account and interest earned on such deposits is required to be distributed between all the components of the scheme on *pro rata* basis.

Interest of Rs 13.73 crore was earned by Director on saving account/short term deposits between April 1998 and March 2004 but instead of distributing it to the ULBs for implementation of the scheme, Rs 11.50 crore were invested (January and March 2004) in short term deposits for 91 to 365 days.

Similarly, the DPO Thane and Buldhana earned interest of Rs 47.63 lakh during 1998-2004, but the same was not distributed amongst the ULBs. Consequently, funds amounting to Rs 14.21 crore although available for the scheme components were not utilised on the scheme.

The Director while admitting the facts stated (November 2004) that format of utilisation certificate indicating the interest earned and interest utilised would be revised.

<sup>4</sup> Amravati, Beed, Buldana, Jalgaon, Latur, Mumbai, Nagpur, Nanded, Nashik, Satara, Solapur, Ratnagiri and Thane.



### 3.5.7 Non-closure of accounts of old schemes

Amount of Rs 24.62 lakh from old schemes was not transferred to this scheme

The balances as of 30 November 1997 under NRY, PMIUPEP and UBSP were to be transferred to SJSRY. Test-check of records of 23 ULBs of nine districts, revealed that Rs 24.74 lakh lying under old schemes was not transferred to the SJSRY as of 31 March 2004.

The Director stated (November 2004) that in DPO, Amravati amount of Rs 0.12 lakh was transferred to SJSRY. However, final position of 23 ULBs was not furnished to audit.

## Programme implementation

### Urban Self Employment Programme

The Urban Self Employment Programme (USEP) had four main components namely Subsidy, Training, Development of Women and Children in Urban Areas and formation of Thrift and Credit Societies.

### 3.5.8 Subsidy

322 beneficiaries to whom subsidy of Rs 23.06 lakh was paid discontinued their business venture

Assistance in the form of subsidy at the rate of 15 *per cent* (subject to a maximum of Rs 7500) of each project cost was to be given to the selected individual urban poor beneficiaries for setting up gainful self-employment ventures. During 1997-2004, against target of 1.36 lakh beneficiaries set to be covered for payment of subsidy in the State, 60000 beneficiaries could only be covered as of March 2004, resulting in overall shortfall of 76000 beneficiaries (56 *per cent*).

The shortfall in achievement of target of self employment during 1997-2004 in 13 test-checked districts ranged between 41 and 64 *per cent* as under:

Year	1997-99	1999-2000	2000-01	2001-02	2002-03	2003-04
Target	14064	10071	13060	17260	19070	8414
Achievement	5111	5914	4463	6356	7571	4581
Shortfall ( <i>per cent</i> )	8953 (64)	4157 (41)	8597 (66)	10904 (63)	11499 (60)	3833 (46)

It was noticed that out of 1177 beneficiaries in seven test-checked ULBs, 322 beneficiaries (27 *per cent*) to whom subsidy of Rs 23.06 lakh was paid during 1997-2003, have discontinued their business ventures.

### 3.5.9 Training

Records relating to beneficiaries who benefited after availing training were not maintained by 83 ULBs

The programme provided training in various trades to the selected/potential beneficiaries and other persons associated with urban employment programme for upgradation and acquisition of vocational and entrepreneurial skills for two to six months at the rate of Rs 330 per month per trainee. As against target of 1.32 lakh beneficiaries to be trained in different trades during 1997-2000, 1.13 lakh beneficiaries were imparted training as of March 2004.

The shortfall in achievement of target for training during 1997-2004 in 13 test-checked districts ranged between 7 and 26 *per cent* as follows:

Year	1997-99	1999-2000	2000-01	2001-02	2002-03	2003-04
Target	2132	5395	5395	23995	29955	15497
Achievement	3662	4029	3989	19566	25917	14428
Shortfall (per cent)	--	1366 (25)	1406 (26)	4429 (18)	4038 (13)	1069 (07)

Test-check of 83 ULBs revealed that records indicating the details of beneficiaries who actually benefited after imparting training in various trades were not maintained.

### **3.5.10 Development of Women and Children in Urban Areas**

The scheme aimed at providing special incentives to the groups of at least 10 urban poor women, who decided to set up self employment ventures suited to their skills, aptitude and local conditions. Such groups were entitled to a subsidy of Rs 1.25 lakh or 50 per cent of the project cost whichever is less. The ULBs were to provide infrastructure to the DWCUA groups.

The position of the DWCUA in the State revealed that no target was set for the year 1997-2001. Further as against target of 3872 groups to be formed during 2001-2004, only 771 groups (20 per cent) were formed as of March 2004, resulting in shortfall of 3101 groups (80 per cent).

The shortfall in achievement of target for DWCUA during 2001-2004 in 13 test-checked districts ranged between 64 and 82 per cent as under:

Year	2001-02	2002-03	2003-04
Target	505	1008	488
Achievement	91	215	174
Shortfall (per cent)	414 (82)	793 (79)	314 (64)

### **3.5.11 Thrift and credit societies**

Where the DWCUA group sets itself as a thrift and credit societies (TCS), it was entitled for a lumpsum grant of Rs 25000 as revolving fund for infrastructure support and child-care activities.

During 1997-2001 no target was set for TCS. As against target of 8161 TCS to be set up during 2001-2004, the achievement was 5352, resulting in overall shortfall of 2809 TCS (34 per cent).

In 13 test-checked districts the shortfall during 2001-2004 was nil, 40 and 46 per cent respectively as under:

Year	2001-02	2002-03	2003-04
Target	520	1835	1855
Achievement	1040	1104	1006
Shortfall (per cent)	Nil	731 (40)	849 (46)

The overall shortfall in achievement of target under various components indicate failure on part of the Director and the District Collectors to monitor the implementation of the scheme.

The Director accepted (November 2004) the facts without assigning any reasons for overall shortfall in the State.

### Irregularities in Urban Self Employment Programme

GOI's guidelines stipulated that, for effective implementation of the SJSRY, community organisations like Neighbourhood Committees, Community Development Societies (CDSs) were to be set-up in the targeted areas. CDSs registered under the Societies Registration Act, 1960 were to be the focal point for identification of BPL beneficiaries, preparation of loan applications and monitoring. The CDSs were to identify viable projects suitable for their particular areas and also to be involved for house-to-house survey for identification of genuine beneficiaries under the guidance of the Town Urban Poverty Eradication (UPE) Cell/Urban Local Body.

There were instances of expenditure on unidentified beneficiaries, non-formation/non-registration of CDSs/UPE Cell\*, execution of works without recommendation of registered CDSs, sponsoring of unviable projects, shortfall in representation of women and SC/ST beneficiaries and extra expenditure on training as discussed below:

#### 3.5.12 Expenditure on unidentified beneficiaries

Expenditure of Rs 11.28 crore was incurred during 1997-1999 on the scheme without identification of BPL beneficiaries

As per the GOI guidelines (October 1997) and instructions of UDD (May 1998), identification of BPL beneficiaries was to be completed through CDS by June 1998. Though by March 1999 identification of the BPL beneficiaries was not done, expenditure of Rs 11.28 crore was incurred during 1997-1999 on the following components:

(Rupees in lakh)

Year	USEP (Subsidy)	USEP (Training)	DWCUA (Subsidy)	DWCUA (TCS)	Infrastructure Support	Community structure	UWEP	Total
1997-98	21.01	0.01	0.95	0.95	0.95	0.86	15.20	39.93
1998-99	195.47	74.98	18.68	12.94	22.02	21.65	741.96	1087.70
<b>Grand Total</b>	<b>216.48</b>	<b>74.99</b>	<b>19.63</b>	<b>13.89</b>	<b>22.97</b>	<b>22.51</b>	<b>757.16</b>	<b>1127.63</b>

In 60 ULBs test-checked, expenditure of Rs 2.68 crore was incurred on various components of USEP and UWEP during 1997-1999 without identifying the beneficiaries.

The Director assured (November 2004) that process of selection of beneficiaries would be documented in future.

#### 3.5.13 Urban Poverty Eradication Cell/Community Development Societies

Scrutiny of records of the Director revealed that, out of 245 ULBs in the State, UPE Cell was not formed in 106 ULBs and out of 268 CDSs formed, 105 CDSs were not registered as of March 2004.

\* Consist of CEO/Deputy Commissioner, three members from banks, members of four departments, Secretary of Social Welfare Institute and District Project Officer.

In 18 test-checked ULBs, works costing Rs 2.50 crore were executed under UWEP during 1999-2004 without recommendations of the registered CDSs. As such, possibility of execution of work by engaging contractors and taking up unviable projects could not be ruled out.

The Director stated (November 2004) that all the CDSs would be got registered by March 2005 and no assistance would be given without recommendations of the registered CDS.

### **3.5.14 Sponsoring of unviable proposals**

**58 per cent of proposals under USEP were rejected by the bank due to submission of incomplete/unviable proposals by the ULBs**

As per the guidelines and GOI instructions (November 2000), the applications received for assistance under USEP were to be screened thoroughly by the sponsoring agencies to minimise the rejection by the banks.

In 25 ULBs during 1997-2003 as against the target of 17,288 beneficiaries 20,035 applications were forwarded to the banks, of which 11581 applications were rejected due to non-viability of projects, non-availability of sites and unsuitable locations. Submission of proposals without proper screening thus resulted in rejection of 58 per cent proposals and denial of contemplated benefits to the beneficiaries under the scheme.

The Director, while accepting the facts agreed (November 2004) to take suitable action to reduce the number of rejection of proposals by issuing necessary instruction to enhance accountability for the lapses.

### **3.5.15 Shortfall in representation of SC, ST and Women beneficiaries**

**The shortfall in sponsoring proposals of SC/ST and women beneficiaries indicates non-observance of norms fixed by Government**

Test-check of records of 19 ULBs revealed shortfall (between 80 and 91 per cent) in sponsoring the beneficiaries from SC/ST and women as under:

Category	Number of beneficiaries identified	Percentage of reservation	Number of applications to be sponsored	Actually sponsored	Shortfall	Percentage of shortfall
General	81254	Not fixed	-	-	-	-
SC	37861	26	9844	1925	7919	80
ST	23773	16	3804	503	3301	87
Disabled	1875	3	56	111	Nil	Nil
Total	144763					
Women (Out of total)	76136	30	22841	2084	20757	91

No reasons were furnished by the ULBs for shortfall.

The Director stated (November 2004) that necessary steps would be taken to minimise the shortfall in representation of the deprived classes.

### **3.5.16 Extra expenditure on training**

**Rs 2.11 crore was paid in excess of the prescribed norms on training under USEP**

Under USEP, training in various trades<sup>5</sup> is imparted to BPL beneficiaries by the ULBs for two to six months subject to minimum of 300 hours at a cost of Rs 330 per month per trainee (training expenses and stipend).

<sup>5</sup> Beauty parlour, computer/two wheeler/electric appliances repairing, electrician, motor driving, plumbing and screen printing.

In nine districts, 51 ULBs imparted training to 26302 trainees for a duration of two to four months during the year 1997-2004 and incurred expenditure of Rs 4.62 crore at the rate ranging between Rs 1500 to 2000 per trainee per trade as against permissible Rs 330 per month. This resulted in extra expenditure of Rs 2.11 crore on training. Of this Rs 1.09 crore was incurred by 15 ULBs in Nashik and Thane districts (**Appendix XXIX**).

The ULBs admitted the extra expenditure without furnishing reasons and assured that training expenses would be restricted as per the guidelines. The Director stated (November 2004) that the defaulting officers would be identified and action initiated against the erring officers.

### Urban Wage Employment Programme

Urban Wage Employment Programme (UWEP) aimed to provide wage-employment to the below poverty line labours living within the jurisdiction of ULBs by utilising their labours for construction of socially and economically useful public assets. However, instances of shortfall in achievement, execution of works through contractors instead of BPL labours, construction of works on private layout, construction without administrative approval and delay in payment of wages were noticed as discussed below:

#### 3.5.17 Shortfall in achievements

During 1997-2004, as against target of 45.56 lakh mandays work to be generated, the achievement was 34.35 lakh mandays, leading to overall shortfall of 11.21 lakh mandays (25 per cent) as of March 2004.

The shortfall in achievement of target for mandays employed in 13 test-checked districts ranged between nil and 63 per cent as under:

Year	1997-99	1999-2000	2000-01	2001-02	2002-03	2003-04
Target	612466	466500	466400	473122	138553	158824
Achievement	226375	403022	302952	318724	278169	159186
Shortfall (per cent)	386091 (63)	63478 (14)	163448 (35)	154398 (33)	Nil	Nil

#### 3.5.18 Execution of works by engaging contractors

Though the works were to be executed through BPL labours, seven<sup>6</sup> ULBs executed works costing Rs 1.23 crore through contractors during 1998-2004. The ULBs accepted the irregularities and stated that guidelines of the scheme will be observed in future.

The Director stated (November 2004) that skilled portion of works was executed through contractor and unskilled portion of work was carried out through labourers and agreed to submit the tender documents and muster rolls to verify the reply given by the Government. The reply of the Director was not acceptable due to the fact that the works like installation of pre-cast fibre urinals (Latur), desilting of *nallah* by using poclain machines (Bhusawal),

<sup>6</sup> Municipal Corporation, Solapur, Municipal Councils: Ambejogai, Bhusawal, Dharur, Latur, Majalgaon and Yeola.

**Works costing Rs 1.23 crore were executed through contractors in violation of guidelines**

construction of Water Bound Macadam (WBM) roads and sewer lines through Labour Cooperative Societies (Ambejogai, Yeola) were executed which was against the guidelines of the scheme.

### **3.5.19 Execution of work not falling within the scope of Urban Wage Employment Programme**

**Works costing Rs 1.75 crore were executed which were outside the scope of UWEP**

During 1999-2003, 14<sup>7</sup> ULBs incurred expenditure of Rs 1.75 crore on execution of 57 works such as beautification of sites, repairing of water tanks, tree plantation, desilting of *nallah*, which were outside the scope of the UWEP.

The Director agreed (November 2004) to review all the 57 works.

### **3.5.20 Unfruitful expenditure on incomplete works**

**Unfruitful expenditure of Rs 40.54 lakh was incurred on incomplete works**

Test-check of eight<sup>8</sup> ULBs revealed that 15 works of WBM roads and sewer lines undertaken between June 1999 and May 2002 at a total estimated cost of Rs 1.04 crore, were abandoned/incomplete between July 1999 and July 2002 after incurring an expenditure of Rs 40.54 lakh. The reasons attributed by the ULBs were non-availability of land and labour, existence of canals, burial grounds, public encroachment and paucity of funds.

These factors should have been verified by the District Project Officer/Collector before taking up the works and according administrative approval.

The Director agreed (November 2004) to call for explanations from the officers responsible for the works remaining incomplete for two to five years.

### **3.5.21 Execution of works in private layouts**

**Rs 1.09 crore was spent from SJSRY funds on developmental works in private layouts, which was against the guidelines of the scheme**

As per the notification of the UDD (August 1992), developmental works like construction of road, sewer lines on private land/layout should be carried out either from Development Fund (DF) created for this purpose or from the resources of private land/layout owners.

Six<sup>9</sup> ULBs incurred expenditure of Rs 1.09 crore from SJSRY fund on 44 developmental works in private layouts (**Appendix XXX**) during April 2000 and March 2004, although ownership of land was not transferred to the Government and no deeds were executed by the ULBs. The works were administratively approved by the District Collectors between December 1999 and November 2003. Thus, SJSRY funds were utilised by relieving ULBs/private landowners of their liability at the cost of the beneficiaries.

The Director stated (November 2004) that money spent from SJSRY funds would be recouped and agreements/deeds would be executed before carrying out developmental works on private land/layouts.

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<sup>7</sup> Ambernath, Bhusawal, Chiplun, Igatpuri, Kamptee, Mohapa, Nandura, Navi Mumbai, Panchgani, Phaltan, Rajapur, Satara, Sindkhed Raja and Vasai.

<sup>8</sup> Amalner, Deulgaon Raja, Erandol, Jalgaon, Malegaon, Parola, Ratnagiri and Trimbak.

<sup>9</sup> Chikhali, Malegaon, Manmad, Navi Mumbai, Savada and Wai.

### 3.5.22 Works executed without administrative approval/ technical sanction

Ten<sup>10</sup> ULBs executed works of Rs 1.01 crore during 1998-2004 without obtaining technical sanction from Engineers of the Government Departments/Maharashtra Jeevan Pradhikaran and administrative approval from District Collectors.

The ULBs accepted the omissions and stated that necessary sanction would be obtained in future. The Director stated (November 2004) that necessary instructions would be issued to the officers concerned to avoid such omissions in future.

### 3.5.23 Delay in payment of wages to the workers

In 19 ULBs, despite availability of funds, payment of wages amounting to Rs 47.89 lakh was delayed by 13 days to eight months during the years 1998-2004, defeating the purpose of wage-employment to the needy beneficiaries. The ULBs accepted the omissions without explaining reasons thereof.

The Director agreed (November 2004) to initiate action against the officers responsible for the default.

### 3.5.24 Monitoring

For effective monitoring of implementation of the scheme, Executive Management Committee under the chairmanship of the Principal Secretary, UDD, Mumbai at the State level and District Urban Development Agency (DUDA) under the chairmanship of the Municipal Commissioner/District Collector at district level was formed. The position of meetings conducted was as under:

Committee	Year	Periodicity of meeting	Target (Number)	Meetings held (Number)	Shortfall (Number)
State Level (Executive Management Committee)	1998-2000	Monthly	24	13	11
	2000-2004	Quarterly	16	05	11
District Level (DUDA)	1998-2000	Not Fixed	Not Fixed	16	-
	2000-2004	Monthly	384 <sup>11</sup>	116	268

The shortfall in meetings and non-fixation of target indicated the poor monitoring at State level, as well as at district level.

The Director agreed (November 2004) to take prospective corrective action.

<sup>10</sup> Ahmedpur, Bhusawal, Buldhana, Chiplun, Degloor, Katol, Mahabaleshwar, Mukhed, Narkhed and Shegaon.

<sup>11</sup> Amravati, Buldana, Jalgaon, Mumbai, Nagpur, Nanded, Nashik and Thane. Information from other districts awaited.

### **3.5.25 Response of the Government**

The review was discussed with the Director, Municipal Administration, Mumbai in November 2004. In the course of the discussion, Director accepted most of the observations, conclusions and recommendations and proposed to furnish the final compliance within 15 days. Views of the Government, expressed during discussion or otherwise communicated in writing have been incorporated in this review. Final compliance from the Director, however, remained unfurnished (December 2004).

### **3.5.26 Conclusion**

The implementation of SJSRY suffered mainly due to shortfall in achievement of targets under various components of USEP and non-generation of targeted mandays under UWEP due to poor monitoring of the scheme at State as well as district level, although sufficient funds and interest earned on deposits were available for spending. The identification of BPL beneficiaries was delayed by two years. There was huge shortfall in sponsoring the beneficiaries from SC/ST and women categories resulting in denial of contemplated benefits of self-employment and wage-employment to the urban poor living below poverty line. Non-formation/non-registration of CDSs led to execution of unviable projects.

### **3.5.27 Recommendations**

- All proposals of projects should be checked thoroughly and availability of funds, land and viability of the project ensured. The execution of projects should be strictly carried out as per the norms.
- Proposals for grant of loans/subsidy under Urban Self Employment Programme should be thoroughly scrutinised by the Task Force Committee to avoid large scale rejection of the proposals by the Bank.
- Formation of Urban Poverty Eradication Cell and registration of Community Development Societies in all the Urban Local Bodies should be completed to have a proper check over the Urban Local Bodies while taking up the works under Swarna Jayanti Shahari Rojgar Yojana.
- Special efforts should be made for the awareness of Swarna Jayanti Shahari Rojgar Yojana amongst targeted beneficiaries and in particular the schedule caste/schedule tribe and women.



## WOMEN AND CHILD WELFARE DEPARTMENT

### 3.6 Integrated Child Development Services Scheme

#### 3.6.1 Introduction

The Integrated Child Development Services (ICDS) Scheme was introduced in the country from 2 October 1975. In the State the scheme is implemented through 270 projects having 48132 Anganwadi Centres. The scheme envisages delivery of an integrated package of services comprising Supplementary Nutrition (SN), health check-up, referral services, immunisation, nutrition and health education and non-formal preschool education. In addition the State also implemented World Bank Assisted Project-III (ICDS-III) for five years from 1998-2004 to improve the quality of existing 50 tribal and 24 urban projects and to meet entire cost of 63 rural and 36 urban new projects in 29 districts.

The scheme objectives were:

- to reduce the incidence of mortality, morbidity, malnutrition and school drop out,
- to improve the nutritional and health status of children under six years, and
- to enhance the capability of the mother to look after the normal health and nutritional needs of the child through proper nutrition and health education.

The Secretary, Department of Women and Child Welfare (WCW) at the Government level and the Commissioner, ICDS, Mumbai are responsible for implementation of the projects in tribal and rural areas. In urban areas, scheme is implemented by the Government Departments. The Anganwadi Centres (AWC) of the project are focal points for delivery of the services under the scheme. The Anganwadi Worker (AWW) is responsible for running the AWC, maintaining the records, survey and reporting of monthly progress to the Child Development Project Officer (CDPO) every month.

In the course of audit review an attempt was made:

- To assess efficiency in programme implementation;
- To ascertain effectiveness of Government spending on scheme.

#### 3.6.2 Audit coverage

The implementation of the scheme for the period 1982-1988 and 1992-1999 was reviewed in 1998 and 1999, results were commented in paragraph 1.1 and 6.7 of the Report of the Comptroller and Auditor General of India (Civil) for the year 1987-88 and 1998-99 respectively. The paragraphs were however, not discussed by the Public Accounts Committee.

Implementation of the scheme for the years 1999-2004 was reviewed (between November 2003 and June 2004) by test-check of the records of 75 out of 270 projects. Besides, records of the Department of WCW, Director of WCW, Pune and Commissioner of ICDS, Mumbai were test-checked. Results of the test-check are incorporated in the succeeding paragraphs.

### **Financial Performance**

**3.6.3** The expenditure on ICDS component of supplementary nutrition is met from the State funds, while expenditure on establishment including pay and allowances of the staff, honorarium to Anganwadi workers and helpers is met from the Central Funds.

The budget allotment (Centre as well as the State) and expenditure incurred on ICDS and ICDS III project during 1999-2004 were as under:

**ICDS (Rupees in crore)**

Year	State Share		Central share		Total	
	Budget	Expenditure	Budget	Expenditure	Budget	Expenditure
1999-2000	210.93	173.72	105.52	95.03	316.45	268.75
2000-2001	193.33	180.22	119.84	113.84	313.17	294.06
2001-2002	169.91	185.59	132.37	89.17	302.28	274.76
2002-2003	200.32	200.30	147.55	122.54	347.87	322.84
2003-2004 upto 2/2004	226.34	153.02	181.69	133.32	408.03	286.34
<b>Total</b>	<b>1000.83</b>	<b>892.85</b>	<b>686.97</b>	<b>553.90</b>	<b>1687.80</b>	<b>1446.75</b>

As could be seen the percentage of unspent amount ranged from six to 30 during the review period.

**ICDS-III (Rupees in crore)**

Year	Budget Allotment	Expenditure incurred	Amount reimbursed
1999-2000	---	---	24.48
2000-01	23.96	15.75	7.00
2001-02	81.90	23.98	---
2002-03	73.72	59.80	61.24
2003-04	50.50	33.40	52.00
<b>Total</b>	<b>230.08</b>	<b>132.93</b>	<b>144.72</b>

**World bank curtailed assistance of Rs 57.63 crore due to casual approach by the State**

**3.6.4** Scrutiny of the records of the Commissionerate revealed that the project (ICDS-III) which was to be implemented from the year 1998-99 was actually implemented from the year 2000-2001. As against total budget allotment of Rs 230.08 crore during 2000-2004, expenditure incurred was Rs 132.93 crore only (58 per cent) of the budget allotment. Due to delay in implementation of the programme and poor physical and financial performance by the State in these years, the World Bank (April 2003) curtailed the assistance by Rs 57.63 crore. Thus, State Government's failure to implement the scheme as envisaged resulted in not availing the World Bank Assistance to that extent, depriving the accrued benefit to the beneficiaries.

In reply Government stated that due to administrative constraints the scheme could not be implemented during 1998-2000.

## Programme implementation

The implementation of the programme suffered with deficiencies such as supply of nutritional support with lesser calories and proteins, high malnutrition in tribal areas, non-supply of supplementary nutrition, for prescribed days in a year *etc* as brought out below:

### 3.6.5 Anganwadi centres were not opened though sanctioned

In the State 48132 Anganwadi Centres were sanctioned under 270 (Rural, Urban and Tribal) projects. Of these, 45882 AWCs were in operation and remaining 2250 were non-functional. Each AWC is required to cover minimum population of 300. Therefore population of 6.75 lakh were deprived of the intended benefit due to non-functioning of these centres. Government stated (November 2004) that these AWCs could not be operated due to non-availability of accommodation and social constrains.

### 3.6.6 Anganwadi centre opened in disregard of norms

AWC in rural project was meant for rural areas only. However, in Jamner Rural Project of Jalgaon district, 15 AWCs were being run in Municipal Council area. The distribution of AWCs needs to be rationalised and shifted to other places as per norms.

### 3.6.7 Supply of supplementary nutrition containing less calories and proteins

To improve the health and nutrition status of the children, expectant and nursing mothers, Supplementary Nutrition (SN) for 300 days at a cost of Rs 1.50 *per* beneficiary *per* day containing 300-325 calories and 10-11 grams of proteins is envisaged in the scheme. In Yavatmal district (2.13 lakh beneficiaries) under 14\* projects and in Nanded district (2.68 lakh beneficiaries) under eight\*\* projects *Usal* and *Khichadi* were supplied in lesser quantity, as a result, nutrition of specified calories and proteins was denied.

Deputy CEO (CD), ZP, Yavatmal stated that supply of required value of calories and proteins was not feasible due to cost norms. Although it was possible for the State Government to revise the cost fixed in 2001, no such revision was done. Consequently, beneficiaries in Nanded and Yavatmal (who were given SN as per preferred local tastes) did not get envisaged calories and protein contents. Government stated (November 2004) that the revision of cost norms of SN was under consideration.

Anganwadi centres were opened in disregard to norms

Supply of nutritional food in lesser quantity deprived the beneficiaries of nutrition of specified calories/proteins

\* Babulgaon, Darwha, Digras, Ghatanji, Kalamb, Mahagaon, Maregaon, Ner, Pandharkawda, Pusad, Ralegaon, Umalkhed, Wani and Yavatmal.

\*\* Bhokar, Billoli, Degloor, Hadgaon, Kandhar, Kinwat, Mukhed and Nanded.

### **3.6.8 Non-supply of supplementary nutrition for prescribed days in a year**

The Supplementary Nutrition was required to be supplied to the beneficiaries for 300 days in a year continuously. In 12<sup>§</sup> test-checked projects food was not supplied continuously on number of occasions. The short fall in supply of food grains ranged from 21 to 131 days, depriving the beneficiaries of Supplementary Nutrition for those days.

The reasons for shortfall stated by Deputy CEO (CD), ZP, Yavatmal were delay in finalisation of tenders for supply of food grains and frequent interruption in supply.

### **3.6.9 Supply of food grains instead of weaning food to infants**

**Supply of incorrect food to the children of age 6 to 12 months**

A weaning food in the form of milk or milk powder or any other easy to swallow nutritive food was required to be supplied to the children in the age group of six-twelve months. It was however, seen in 14<sup>\*\*</sup> projects of Yavatmal district that food grains for preparation of *usal* (sprouted pulses like *Chana, Matki, Watana, Chawali*) and *Khichadi* (made of rice and dal) costing Rs 14.44 lakh was served to 19259 children of the age group 6 to 12 months during August and September 2003. The Deputy CEO (Child Development), Yavatmal accepted the facts and stated that the food grains were served to compensate the break in supply of therapeutic food to the children of 6 to 12 months. The reply was not tenable as this kind of food cannot be termed as weaning food as children of 6 to 12 months cannot swallow it.

### **3.6.10 Adolescent girls deprived of the benefits of ICDS**

**Adolescent girls were deprived of the benefit of scheme due to non-identification**

GOI introduced (September 2000) *Kishori Shakti Yojana* under which the adolescent girls in the age group 11 to 15 years belonging to BPL families and school drop outs were to be selected and attached to the local Anganwadi Centres. These girls were to be trained for improvement in nutrition and health status, non-formal pre-school education, family welfare and provided with supplementary nutrition. During 2000-2004 in 20<sup>\*</sup> projects of Nanded and Jalgaon district, adolescent girls were deprived of the benefit of the scheme including Supplementary Nutrition.

Government accepted (November 2004) the facts and stated that due to financial constraints the benefit could not be given to the adolescent girls. Reply of the Government is not acceptable, as the entire budget provision has not been spent in any of the year in the review period.

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<sup>§</sup> Darwha, Digras, Dhule, Ghatanji, Pandharkawada, Pusad, Ralegaon, Sakri, Shirpur, Sindkheda, Wani and Yavatmal.

<sup>\*\*</sup> Babulgaon, Darwha, Digras, Ghatanji, Kalamb, Mahagaon, Maregaon, Ner, Pandharkawda, Pusad, Ralegaon, Umarkhed, Wani and Yavatmal

<sup>\*</sup> Amalner, Bhadgaon, Bhokar, Bhusaval, Billoli, Chalisgaon, Chopda, Degloor, Edalabad, Erondol, Hadgaon, Jalgaon, Jamner, Kandhar, Kinwat, Mukhed, Nanded, Pachora, Parola and Yaval

### 3.6.11 Malnutrition in tribal areas despite supplementary nutrition

To determine the nutritional status of children, they are weighed and their weight is plotted on the growth chart and graded accordingly. The children of grade III and IV are treated as severely malnourished. The nutritional status of children in the State as a whole (rural/urban and tribal) during 2001-2004 was as follows:

	2001-2002			2002-2003			2003-2004		
	No. of Children weighed	No. of mal-nourished children	Per cent	No. of Children weighed	No. of mal-nourished children	Per cent	No. of Children weighed	No. of mal-nourished children	Per cent
State	4872816	20065	0.41	5196832	16274	0.31	5267680	15561	0.30
Rural/Urban	4135657	14620	0.35	4468986	11349	0.25	4545816	11169	0.25
Tribal	737159	5445	0.74	727846	4925	0.68	721864	4392	0.61

In six test-checked tribal projects the percentage of malnourished children was exceptionally high as under:

Project	2001-2002			2002-2003			2003-2004		
	Number of Children weighed	Number of mal-nourished children	Per cent	Number of Children weighed	Number of mal-nourished children	Per cent	Number of Children weighed	Number of mal-nourished children	Per cent
Chikhaldhara	13086	165	1.26	12227	154	1.26	12285	131	1.07
Dharni	24677	429	1.74	23971	428	1.79	22892	403	1.76
Akkalkuwa	30153	281	0.93	26481	270	1.02	25876	281	1.09
Dhadgaon	15863	156	0.98	15577	155	1.00	14767	200	1.35
Taloda	14683	218	1.48	13530	232	1.71	13142	223	1.70
Harsul	10493	93	0.89	10031	66	0.66	9732	88	0.90

Percentage of malnourished children was high in tribal projects

This indicates that though there was improvement in status of the severely malnourished children in the State, the position in some tribal areas still remains grim.

Therapeutic food was supplied to the beneficiaries under two different schemes

In these projects (tribal districts), the beneficiaries in the age group (six months to three years) were provided SN under Navsanjivan Scheme introduced (22 June 1995) by Tribal Development Department. Therapeutic food was provided under Pradhan Mantri Gramodaya Yojna also. Thus, 1.62 lakh beneficiaries for SN under two different schemes resulted in avoidable expenditure of Rs 1.88 crore. Despite therapeutic food, the percentage of malnourished children in these projects remained high. The CDPOs attributed the high percentage of malnutrition to poverty, non-availing of medical facilities and superstition. The reply confirms that the projects still had a long way to go in reducing level of malnourishment.

### 3.6.12 Irregular payment towards Rice cleaning charges

Cleaning charges of Rs 1.73 crore was irregularly paid to contractors

Although duty list of Anganwadi helper provide for cleaning of food grains before it is cooked, in five\*\* districts during 2001-2004 Rs 1.64 crore were paid to the contractors for cleaning food grains. The Commissioner issued

\*\* Dhule, Jalgaon, Nashik, Nandurbar and Yavatmal

(October 2003) specific instruction to stop payment of cleaning charges of rice after 31 October 2003. Despite these instructions, the order of procurement of rice was not changed and payment of Rs 8.65 lakh was made by Dy. CEO, (CD), ZP, Nanded and Nasik for cleaning of rice supplied during November and December 2003. Government stated (November 2004) that action would be taken after investigation.

**3.6.13 Failure to take action on low cases of immunisation**

**Cases of immunisation below 80 per cent were not reported to Government for improvement**

To safeguard infants, children upto 6 years and expectant mothers against Diphtheria, Whooping Cough, Tetanus, Poliomyelitis, and Tuberculosis, immunisation at regular intervals was envisaged in the scheme. Anganwadi workers were to assist the health staff in immunisation and maintaining records. ICDS manual provides for reporting immunisation cases to the Commissioner. Cases of immunisation below 80 per cent were then noted for improvement. Test-check of 10\* projects revealed that though CDPOs reported immunisation below 80 per cent during 2001-2004, the Commissioner took no action for improvement.

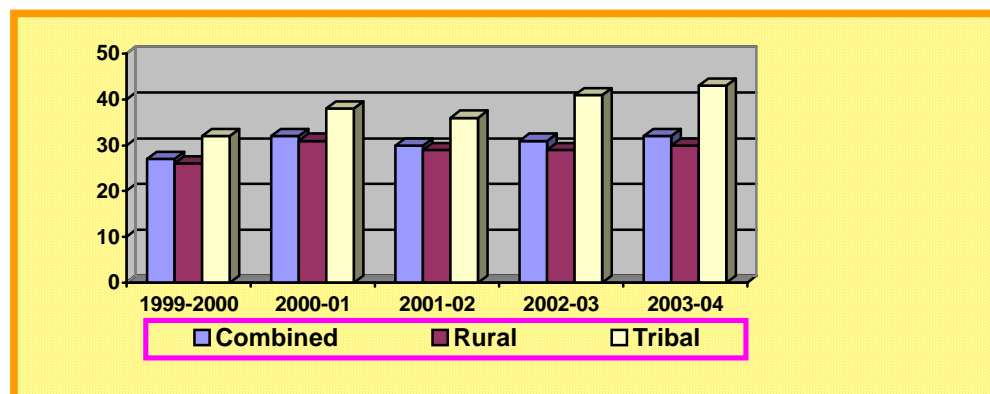
The Commissioner did not furnish any reasons for his inaction.

**3.6.14 Health check-up and referral services**

**IMR in tribal areas was higher than overall IMR of the State**

As against the target of reducing the Infant Mortality Rate (IMR) to 60 per thousand live births, the achievement reported in the State was 30, 43 and 32 per thousand live births in rural, tribal and combined areas respectively as of March 2004. The IMR in tribal areas was higher than overall IMR of the State.

**Infant mortality rate (Deaths per thousand live births)**



There was significant rise in IMR in eight tribal projects during 1999-2004 as under:

\* Akkalkuwa, Chopda, Erandol, Jalgaon, Jamner, Muktainagar, Pachora, Raver, Shahada and Yaval.

Year	Child Development Project Officer							
	Nandurbar	Dharani	Akkalkuwa	Dhadgaon	Taloda	Dhanora	Brahmapuri	Etapalli
1999-2000	32	37	24	15	28	54	26	44
2000-01	31	42	33	30	43	62	34	50
2001-02	42	39	55	54	55	57	33	40
2002-03	51	34	65	60	57	71	51	55
2003-04	51	42	68	102	50	62	49	56

CDPO, Akkalkuwa, Nandurbar and Taloda attributed the rise in IMR to illness, early marriage, poverty and superstition. The reply was not convincing since these factors existed right from the beginning of the scheme and nothing was on record to show escalation in any of them. The escalation of IMR brings into question the effectiveness of the scheme.

### 3.6.15 Doubtful reporting under non-formal pre-school education

For all round development of the child below six years of age, non-formal pre-school education is provided through AWC functioning in the State. Physical verification of 43 AWCs of 21 projects alongwith the CDPOs concerned, the actual attendance observed was between Nil and 75 per cent of the enrolled beneficiaries, whereas at Commissioner level attendance reported during 2003-04 was 86 per cent. Thus, the figures reported at State level were doubtful.

Government stated (November 2004) that instructions would be issued for improvement in attendance.

## Manpower management

### 3.6.16 Operation of posts in excess of sanctioned strength

As per the norms one post of supervisor is to be sanctioned for every 20 AWCs. In Bhusawal (218 AWC) and Erandol projects (221 AWC) of Jalgaon district, 18 and 14 posts were sanctioned against 11 posts admissible to each district thereby resulting in excess sanction and operation of 10 posts. This resulted in nugatory expenditure of Rs 80 lakh on pay and allowances for the period from 1999-2004.

The Dy. CEO (CD), ZP, Jalgaon stated (April 2004) that the posts were sanctioned by the Government and action will be taken after bringing the matter to the notice of the Commissioner.

**3.6.17** In two\* blocks of Nasik and Jalgaon district, services of 11 Auxiliary Nurse Midwives (ANMs) were being utilised in various Public Health Centres instead of the scheme, therefore expenditure of Rs 56.92 lakh on their pay and allowances from ICDS during 1999-2004 was irregular.

**3.6.18** Three ICDS officials were posted on deputation to other department of ZP, Jalgaon and District Rural Development Agency, Dhule. As

\* Surgana and Chalisgaon

There was nugatory expenditure of Rs 80 lakh due to operation of excess posts than norms

they did not render any services for the scheme, expenditure of Rs 11.51 lakh on their pay and allowances from ICDS was irregular.

### **3.6.19 Monitoring and evaluation**

As per instructions contained in ICDS Manual, proforma containing various aspects of all the components of the scheme were to be maintained and reported to Commissioner. However, records of immunisation, field visits by Supervisors, ANM and CDPOs and Health Check-up and no referral services were not being monitored at State level and evaluation of the scheme was being carried out at Commissionerate level. The Commissioner, however, did not state any reasons for the omission of maintaining the data and non-evaluation of the scheme.

### **3.6.20 Response of the Government**

The review was discussed in November 2004 with the designated representatives from Women and Child Welfare Department to convey Government's views. In the course of the discussion, representatives of Government accepted most of the observations/conclusion/recommendations and proposed to furnish the final compliance within 15 days. Views of the Government, expressed during discussion or otherwise communicated in writing have been incorporated in this review. Final compliance from the Government, however, remained unfurnished (December 2004).

### **3.6.21 Conclusion**

The overall implementation of the scheme (as observed in the course of test-check in audit) in the State was characterised by lack of monitoring of important aspects *viz.* Immunisation, Health check-up, Referral services and visits by Supervisory and health staff, negligence in coverage of adolescent girls under the scheme and instances of deficient special nutrition.

### **3.6.22 Recommendations**

- The cost of existing norms of supplementary nutrition needs a reassessment with respect to the feasibility of ensuring its quality.
- Regular health check-up including monthly weighment of each beneficiary below six years should be ensured.
- Arrangement for regular supply of food grains at Anganwadi Centres needs to be ensured to avoid gap in feeding days.



## REVENUE AND FORESTS DEPARTMENT

### 3.7 Computerisation of land records

#### 3.7.1 Introduction

Government of India (GOI) initiated (1988-89) a scheme for the 'Computerisation of Land Records' (CLR) to overcome the problems inherent in the manual system of maintenance and updating of land records. GOI had set a three years time limit for completion of the project. In follow up, Maharashtra launched a pilot project in Wardha district (1989-90), the project thereafter was taken up (1994-95) in 83 Talukas with the help of National Informatics Centre (NIC), Pune.

Even after 14 years, the scheme had not reached a stage where the intended benefits of computerisation could be realised.

#### 3.7.2 Objectives of the scheme

The objectives of the scheme were: (i) computerisation of land records to facilitate easy maintenance and updating of the changes occurring in the land data base, (ii) provide for comprehensive scrutiny to make the land records tamper-proof, (iii) provide data support for implementation of development programme, (iv) facilitate preparation of annual set of records accurately for recording details such as collection of land revenue and cropping pattern, (v) facilitate collection/completion, supply of all information in reply to variety of standard and adhoc queries on land data, (vi) provide database for Agriculture Census and (vii) provide land holders with updated copy of Record of Rights (RoR)/7/12\* extract.

#### 3.7.3 Organisational set-up

The scheme was executed in the State by the Revenue and Forests Department. The Settlement Commissioner and Director of Land Records, Pune was the nodal agency and implemented the scheme through the Collectors.

#### 3.7.4 Audit coverage

Records of Settlement Commissioner and Director of Land Records, and seven\*\* districts out of 35 (14 Taluka Offices out of 356, seven City Survey Offices out of 29 and 10 Taluka Inspector of Land Records Offices out of 319) were test-checked during May to July 2004 covering the period 1994-95 to 2003-04.

\* Form 7 of Revenue Manual gives the details of the land and Form 12 gives the details of crops sown on the land by the cultivator.

\*\* Ahmednagar, Aurangabad, Kolhapur, Mumbai Suburban, Pune, Raigad and Wardha.

### **3.7.5 Audit objective**

To evaluate the software development, identification of problems in software and its rectification, maintenance of data integrity, security features and system controls and provision of maps to land holders.

## **System development and implementation**

### **3.7.6 Lack of definite time frame**

The GOI which financed the project or the Government of Maharashtra (GOM) which implemented it, did not set any specific target date for implementation of the project. After nearly 13 years, the Settlement Commissioner decided a time frame for various aspects namely cross verification and correction of data (15 November 2003), verification by Talati, Circle officer, Tahsildar, Sub Divisional Officer and Collector, printing one copy of 7/12 extract, giving hard copy to *Khatedhar*, receiving objection from *Khatedhar*, rectification of mistakes and issue of certificates by the Collector as to validation being completed by 31 December 2003. Such final validation certificates, however, had not been issued by the Collectors (June 2004) resulting in further delay in the implementation of the scheme.

The Government replied (December 2004) that since the data size exceeded 220 lakhs, the Collector required a lot of time for completing the project. The reply is not tenable as the fact was known at the inception of the project.

### **3.7.7 Lack of documentation**

The land records are the basic records required by the diverse group of users so as to assist development planning, to make the records accessible to people, planners and administrators. In the manual system, the Tahsildar was responsible for the up to date maintenance of RoR and 'register of mutation' in respect of lands in all villages within his jurisdiction. Similarly, the Survey Officer not below the rank of Taluka Inspector of Land Records (TILR) was responsible for the up to date maintenance of RoR and 'register of mutation' in all surveyed cities, towns and villages within his jurisdiction.

The NIC was involved in developing the software and to provide all technical support including training for CLR scheme since its inception in 1994-95. The software package for computerisation of property cards (cities and towns) known as Property Card Information System (PCIS) and for agricultural lands known as Right and Crop Information System (RCIS) was developed (1996) by the NIC in UNIX platform and data entry started from 1997. Neither user requirement specifications were obtained from NIC nor the NIC had done proper system study/analysis and prepared System Requirement Specification (SRS) report for software for acceptance of the department. The above software was, however, abandoned (August 1999) as a comprehensive application package for Land Information System (LIS) as per the objectives was necessary. SRS reports for Land Management Information System (LMIS) was prepared by the NIC in January 2003 and that of LIN-PCIS in March 2004, though the final version of LMIS software package was released

earlier in November 2002 and that of LIN-PCIS was released in June 2002 which indicates lack of planning and documentation.

The Government replied (December 2004) that the software prepared by NIC had gone through various checks. The reply is not tenable as SRS is required to be prepared before development of the software.

### **3.7.8 Delay in capture and lack of validation of data**

It was necessary to prepare a comprehensive software for LIS based on system study which included inputs like land record, crop pattern, rainfall data pertaining to various sources like Revenue Department, Agriculture Department and outputs required for changes in the land records including consolidation, legal changes and for effective planning at grass root level. The NIC developed (1996) an application software known as RCIS catering to RoR of individuals for rural land holders and PCIS for surveyed city and urban areas. The software developed by the NIC did not cater to the LIS required by the department as it was not user friendly and the system did not provide for constant updating and manipulation of data. The data entry on the RCIS package was stopped and the NIC was dissociated from the CLR (August 1999) as per the recommendation of the committee appointed (February 1999) to study the status of implementation, by which time 35.91 lakh 7/12 records were captured in the computer at a cost of Rs 1.58 crore. No progress was achieved in respect of LIS for over two years (October 1999 to January 2002).

The Government, however, decided (January 2002) to entrust the work of software development back to the NIC, Pune, as no alternative solution was available with the technical experts and the NIC released (August 2002) the first version of LMIS after making necessary changes as suggested by Collectors. The final LMIS version 2.1.1 was released in November 2002. Other modules like mutation and query developed by the NIC were under testing. Efforts made to convert data of 35.91 lakh records in RCIS software could not be achieved as the original data in UNIX operating system was not fully validated and the software RCIS was not compatible with the LMIS software. Hence the data entry done earlier could not be converted to LMIS software package. Thus, the initial data entry of 35.91 lakh records captured in RCIS package at a cost of Rs 1.58 crore under the scheme was required to be abandoned and the hardware based on UNIX operating system purchased at a cost of Rs 1.08 crore upto February 1999 for 83 Talukas were no more useful and were transferred to other needy Talukas for office automation.

The Government accepted the fact (December 2004) but mentioned that the package developed by NIC had to be abandoned on the advice of technical advisor. The fact however, remains that while developing the package, the requirements of the Department were neither considered nor did the Department point out the lacuna in the package during trial runs.

## **Deficiencies in database design and application software**

### **3.7.9 Land Management Information System**

➤ In the manual system, the records being permanent, the history of ownership of any piece of land was not lost in the process of updation. In the computerised scenario, only live entries from the year 2002-03 were captured in respect of 207.82 lakh RoR (7/12 extract). Non-capturing of the earlier entries pertaining to 7/12 extract in the computer resulted in denial of an essential facility available in the manual system.

The Government accepted the fact (December 2004) and stated that the provision would be made later.

➤ In the manual system, the total area of land under respective survey number was indicated at the end of the entries relating to each survey number. This helped in ensuring the correctness of the individual areas in spite of repeated splitting or merger. Examination of the data structure in audit revealed that no provision was made for the capture and storage of the total area. As a result, there was no control to ensure that the areas of all the subdivisions were captured correctly in the application due to which the software does not cater to the major need of taxes recoverable, non-agricultural assessment fees recoverable, lease fee for land and agricultural census.

The Government replied (December 2004) that CLR and PCIS had been developed as per forms and procedures prescribed in Maharashtra Land Revenue Code (MLRC), 1966 and there was no provision to enter total area as per provisions of Code. The Government further stated that after stabilisation of computerised mutation process, mandatory checks would be added.

➤ If any part of land was sold, the mutation entry did not indicate the reduction of area on account of sale of part of land and balance part of land pertaining to previous owner, which was available in the manual system. Similarly, there was no built in control for validation of the data for linking it with the cultivable area of the 7/12 extract with the total area of the 7/12 extract.

The Government stated (December 2004) that the area reduction as suggested did not figure in the process designed to be computerised. Reply is not tenable since as per the provision of law the area was required to be measured and sub divided by following the due procedure.

➤ In the manual system, the crop cultivation details pertaining to previous years (atleast 10 years) was shown in the 7/12 extract. Such facility was available in the package for capturing the data only for previous and current year. Similarly, the details of the person/persons who actually cultivated the land had not been provided as was available in the manual system.

The Government replied (December 2004) that, as per the prescribed format, there was no column for cultivator's name, and hence the Government took a policy decision not to include cultivator's name in computerised 7/12 extract. The reply is not tenable as no corrigendum to this effect seems to have been incorporated in the MLRC, 1966

➤ There was no provision to link and generate the report regarding the fees recoverable from the public for issue of RoR *i.e.* 7/12 extract, taxes recoverable, non-agricultural assessment fees recoverable, lease fee for land and report pertaining to total area of cultivation under each crop village-wise/ district-wise which was required for agriculture census.

The Government replied (December 2004) that the same would be included in the software in due course.

➤ There was no provision for mentioning below poverty line (BPL)/ tribal land holders which was essential for framing and implementing schemes for BPL/tribal persons and also did not have provision for recording the date of birth of minors so that when they become major, the guardianship could get nullified. Further, the package did not have provision for address of the *khatedar* especially in cases where the *khatedar* was a non-resident of the village.

The Government replied (December 2004) that query software was under development.

➤ It was noticed that all the masters items in the software package were editable and there was no provision in the software package to assign a part area of the village to one Talathi\* and another part to the second Talathi so that the Talathi could open the module pertaining to his area of jurisdiction.

The Government replied (December 2004) that NIC, Pune would be asked to develop this facility.

### **3.7.10 Property Card Information System**

In the manual system, property cards were maintained as RoR of land holdings by land record department for surveyed cities and towns (urban areas) and the copies of the same were issued to property holders for their use like permission for building construction and litigations.

➤ In the manual process, if there was a ban on making changes/mutations on properties pertaining to the Government land allotted for rehabilitation, properties which had charges on them like mortgage and court order, notings were taken under authorised signature banning further mutations in respect of such properties. The software, however, did not provide the facility for freezing the banned data against making such illegal mutations.

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\* Talathi – a government official posted for a village or group of villages who keeps record of rights, crop information, license fee recoverable for land holding.

The Government replied (December 2004) that such regulations were exercised during enquiry prior to mutation, and it will be impractical to regulate transaction through computer. The reply is not tenable as the lacuna in the software may result in issue of incomplete property cards.

➤ Whenever the details of an entry exceeded one page, the computer did not print the continuation on the next page but printed the next mutation entry resulting in incomplete print of the property cards.

The Government replied (December 2004) that instructions had been issued to NIC to correct the discrepancy.

➤ The software package did not have provision to link and generate the amount of fees recoverable for issue of property cards, to generate area report of the land and tenure reports. The Government replied (December 2004) that the single window software was under consideration for compilation of the total consolidated land holding of each person and village-wise report regarding the total number of property cards.

➤ There was no provision in the software to link the survey number (*khasra*) of the agricultural land of the 7/12 extract with the city survey number of the property cards in respect of agricultural lands converted for non-agricultural use.

The Government replied (December 2004) that this aspect would be taken care of in record-room software.

### **3.7.11 Inadequate System Control**

The software did not have provision for enabling only those modules where the authorised person like Maintenance Surveyor (MS)/Talathi could enter and use that module and disabling of all other modules which were not to be operated by the officials concerned. It also did not provide for limiting the availability of the property cards pertaining to the jurisdiction of the MS as provided under manual procedure. There was no compartmentalisation of the data in respect of the office of each City Survey Officer (CTSO) resulting in access to the data pertaining to other CTSO offices. Thus, security level was not prescribed for each level of officer concerned with the operation of the software for issue of property cards.

➤ Unique user ID code was not given to each authorised person who was allowed to operate the system to avoid confusion in future.

➤ The system allows the System Administrator to register himself as user like MS/Talathi which was not desirable.

➤ Test of the mutation module indicated that there was no foolproof security in the form of providing joint thumb impression of two officials for making modification/changes of the previous certified mutation entries.

➤ The department had not developed disaster management and recovery plan for restoration of the whole database.

The Government replied (December 2004) that necessary instruction had been issued to NIC in this regard.

### **3.7.12 Pilot project on computerisation of Cadastral Survey Maps**

A pilot project for computerisation of Cadastral Survey Maps covering the Talukas of Purandar and Rajgurunagar of Pune district was given to M/s Visionlab Private Limited, Hyderabad (March 1999) at a total cost of Rs 41.98 lakh for completion of the project within four months. The basic software for the project delivered by the agency (June 1999) was not customised to the requirement of the department. An expenditure of Rs 31.32 lakh was incurred for the development of the software and digitisation of cadastral survey maps in respect of the above two Talukas. Mutation module was not developed by the agency as it was not a part of the agreement. Thus, the pilot project was incomplete as the changes/mutations in the digitised maps were not possible. This would not reflect the ground realities for incorporating mutations due to transfer, succession, land acquisition so that the land holder could get copy of up to date RoR alongwith accurate digitized maps of their land. It was noticed that the software was not used in any other Taluka office (June 2004) resulting in unfruitful expenditure of Rs 31.32 lakh.

The Government replied (December 2004) that pilot projects had since been initialised, phalanis had been updated and computerized tippans were used for official work. The reply is not acceptable as the software was not used in any other Taluka so far.

### **3.7.13 Deficiencies in procurement of hardware**

➤ The department purchased 275 P-III computer systems worth Rs 4.34 crore (March 2002) which were supplied to 255 Taluka offices and 20 City Survey Offices to avoid lapse of funds. The actual data entry of 7/12 extract was started from April 2003 by which time the warranty period had expired and the department paid annual maintenance contract charges of Rs 21.66 lakh to the company for the period May 2003 to April 2004. Purchase of computers in advance of requirement without verifying the availability of required software indicated inadequate planning and resulted in extra expenditure of Rs 21.66 lakh on annual maintenance contract.

The Government replied (December 2004) that data entry module (DEM) was expected to be provided by NIC by April 2002 and that GOI provided funds based on actual utilization of previous year's allocation. Consequently, the Government mentioned that to utilize the funds, the purchases were made in March 2002. This clearly indicates that the funds were utilised merely to avoid lapse of grants.

➤ It was noticed that in 11 Tahsil offices, the work of issue of various certificates including 7/12 extract was entrusted on build, operate and transfer (BOT) basis to a private agency and therefore, the responsibility of providing the computer hardware vested with the BOT agency. The department, however, supplied computer systems with UPS, printers to such

offices also. This resulted in unnecessary purchase of 46 computer systems costing Rs 70.38 lakh.

➤ The Collector, Pune made an irregular payment of Rs 15 lakh in advance to a private BOT agency for data entry (February 2004) though the onus of the data entry, its validation including giving printouts, rectifying mistakes and updation of changes fully vested with the agency.

The Government replied (December 2004) that explanation had been sought from Collector, Pune.

➤ The computer systems supplied to Taluka office, Rahuri in April/May 2002, was used for “other office work” as the work of issue of certificates including 7/12 extract was given to private agency on BOT basis.

➤ 275 Flat-bed scanners and 275 Bio-metric devices were purchased at a cost of Rs 28.29 lakh and were supplied to 255 Talukas and 20 CTSO offices in March-April 2002. Though the department stated (July 2004) that the scanners would be used after development of full fledged software, they were not used in any of the Talukas or CTSO offices. Further, the data entry of 7/12 extract was yet to be completed and validated (June 2004) and the mutation module was yet to be installed and tested. Since Bio-metric device could be used after installation and testing of mutation module, it resulted in injudicious purchase of 275 Bio-metric devices costing Rs 17.45 lakh in advance of requirement. The flat-bed scanner was also not used in any of the 275 offices which resulted in unnecessary expenditure of Rs 10.84 lakh.

The Government replied (December 2004) that bio-metric devices were now under use for edit module and scanner would be used after development of software.

### **3.7.14 Monitoring and Evaluation**

The scheme of CLR was started on pilot basis in 1989-90 and full-fledged scheme from 1994-95. However, no physical and financial targets were fixed by GOM for each district/Taluka upto November 2003. There was no proper monitoring of the progress of the scheme and the Government did not fix periodical targets for various milestones of the project like physical completion of the infrastructure, electrical components and installation of computers. Finally, at the State level, the time schedule for completion of the project of CLR was fixed from 15 November 2003 to 31 December 2003 which was approved in the meeting held on 18 December 2003 *i.e.* 13 years from the date of start of pilot project. The department subsequently revised the target for data entry (March 2004), validation (July 2004) and issue of RoR (July 2004). Validation had not been completed in any of the district. No evaluation study was conducted as the project was still incomplete.

### **3.7.15 Conclusion**

Due to faulty planning, poor implementation and monitoring, the CLR scheme which started with the pilot project for computerisation of land records initiated in 1989-90 at Wardha was yet to reach functional level even after



incurring an expenditure of Rs 17.99 crore. Thus, the manual system was still in use for all practical purposes. The software developed by the NIC was devoid of system controls and the application programs were yet to stabilise. None of the objectives of the scheme were fulfilled even after 14 years and frequent changes in policy initiatives by the Government resulted in suspension of the project for over two years and implementation of the scheme was not completed in any of the districts so far. Even after 14 years of data entry, the basic purpose of giving a landholder a computer generated RoR was not achieved.

**3.7.16 Recommendations**

- Basic platform for development of the software should be fixed for uniformity.
- Proper security policy, disaster management and data recovery plan should be well documented and circulated to all the user departments.
- Facility available in manual maintenance of record should be provided in computerisation system.