



**Report of the
Comptroller and Auditor General of India
on
Local Bodies
for the year ended 31 March 2012**



**GOVERNMENT OF MAHARASHTRA
Report No. 6 of the year 2013**

**Report of the Comptroller and
Auditor General of India**

on

LOCAL BODIES

for the year ended 31 March 2012

GOVERNMENT OF MAHARASHTRA

Report No. 6 of 2013

TABLE OF CONTENTS

	Reference	
	Paragraph	Page No.
Preface		vii
Overview		ix
SECTION A		
CHAPTER I ACCOUNTS AND FINANCES OF PANCHAYATI RAJ INSTITUTIONS		
Introduction	1.1	1
Organisational Set up	1.2	1
Powers and Functions	1.3	2
Funding of Panchayati Raj Institutions	1.4	3
Devolution of funds	1.5	3
Transfer of functions and functionaries	1.6	4
Receipts and expenditure of PRIs	1.7	5
Accounting arrangements	1.8	6
District Planning Committee	1.9	8
Thirteenth Finance Commission Grants	1.10	9
Audit Arrangements	1.11	9
Conclusion	1.12	10
CHAPTER II PERFORMANCE AUDITS		
Planning Department		
Implementation of Mahatma Gandhi National Rural Employment Guarantee Scheme	2.1	11
Rural Development and Water Conservation Department		
Implementation of Pradhan Mantri Gram Sadak Yojana	2.2	34
Functioning of Works Department in Zilla Parishads	2.3	55
CHAPTER III AUDIT OF TRANSACTIONS		
Rural Development and Water Conservation Department		
Avoidable payment of penal interest	3.1	69

	Reference	
	Paragraph	Page No.
Extra expenditure due to non-acceptance of lowest offer	3.2	70
Idle expenditure	3.3	71
Unproductive expenditure on a partially completed project	3.4	72
Unfruitful expenditure due to closure of a project	3.5	73
SECTION B		
CHAPTER IV		
ACCOUNTS AND FINANCES OF URBAN LOCAL BODIES		
Introduction	4.1	77
Organisational set up	4.2	77
Organisational Structure	4.3	78
Financial profile	4.4	78
Thirteenth Finance Commission grants	4.5	80
Accounting arrangements	4.6	80
Audit Arrangements	4.7	81
Lack of response to Audit Observations	4.8	82
Conclusion	4.9	82
CHAPTER V		
INFORMATION TECHNOLOGY AUDIT		
Aqua Super Water Billing System in Municipal Corporation of Greater Mumbai	5.1	83
CHAPTER VI		
AUDIT OF TRANSACTIONS		
Urban Development Department		
AKOLA MUNICIPAL CORPORATION		
Non-commencement of a work and avoidable loss of interest	6.1	101
AURANGABAD MUNICIPAL CORPORATION		
Idle investment	6.2	102
DHULE MUNICIPAL CORPORATION		
Loss of revenue	6.3	103
KOLHAPUR MUNICIPAL CORPORATION		
Avoidable extra expenditure	6.4	104

	Reference	
	Paragraph	Page No.
NAVI MUMBAI MUNICIPAL CORPORATION		
Irregular expenditure	6.5	106
PALGHAR MUNICIPAL COUNCIL		
Loss of revenue	6.6	107
UMRED MUNICIPAL COUNCIL		
Undue benefit to a contractor	6.7	109
APPENDICES		
	Appendix	
Fund flow statement	I	111
Details of expenditure incurred on transferred Schemes, agency Schemes and ZPs own Schemes during 2011-12	II	112
Outstanding paragraphs from the Report of Director, Local Fund Audit	III	113
Statement showing employment provided against the estimated demand in the nine test-checked districts	IV	114
Statement showing the number of registered households and job cards issued in nine test-checked districts	V	115
Statement showing households registered/demanded work/provided work/provided 100 days work in nine test-checked districts	VI	116
Statement showing details of employment provided to SC/ST individuals in nine test-checked districts	VII	118
Shortfall in inspection of MGNREGS works	VIII	120
Statement showing excess execution of items	IX	121
Statement showing list of incomplete works	X	123
Statutory deductions, Machinery Advance, Mobilisation Advance	XI	126
Non-recovery of labour welfare cess	XII	128
Non-commencement of works	XIII	129
Details of incomplete works	XIV	130
Non-inclusion of defect liability period	XV	131
Details of works to be executed by Municipal Council	XVI	132
Organisational structure	XVII	133

	Reference	
	Paragraph	Page No.
Financial position of Municipal Corporations	XVIII	134
Arrears of property tax as on 31 March 2012	XIX	135
Arrears of water charges as on 31 March 2012	XX	136
Statement of item-wise expenditure of all Municipal Corporations during the year 2007-08 to 2011-12	XXI	137
Financial position of Municipal Councils showing receipts, expenditure and arrears of property tax and water charges for the year 2011-12	XXII	138
Glossary		145

PREFACE

The report of the Comptroller and Auditor General of India on Local Bodies for the year ended 31 March 2012, Government of Maharashtra has been prepared for submission to the Governor under Article 151 of the Constitution for being laid before the State Legislature.

The report contains significant results of the compliance and performance audit of Local Bodies of the Government of Maharashtra under the Rural Development and Water Conservation Department and the Urban Development Department.

The cases mentioned in this Report are among those which came to notice in the course of test audit during the year 2011-12 as well as those which had come to notice in earlier years but could not be reported in previous Audit Reports. Matters relating to the period subsequent to 2011-12 have also been included wherever necessary.

Audit has been conducted in conformity with the Auditing Standards issued by the Comptroller and Auditor General of India, based on the Auditing Standards of the International Organization of Supreme Audit Institutions.

This Report contains six Chapters. Chapter I and IV relate to the Accounts and Finances of the Panchayati Raj Institutions (PRIs) and the Urban Local Bodies (ULBs) respectively. Chapter II and Chapter V relate to performance audit/information technology audit of PRIs and ULBs respectively. The remaining Chapters (III and VI) contain observations arising out of transaction audit of selected PRIs and ULBs.

OVERVIEW

The Report comprises six chapters under two sections. Section A includes three chapters containing observations on the Accounts and Finances of Panchayati Raj Institutions, three performance audits on (i) Implementation of Mahatma Gandhi National Rural Employment Guarantee Scheme (ii) Implementation of Pradhan Mantri Gram Sadak Yojana (iii) Functioning of Works Department in Zilla Parishads and five transaction audit paragraphs. Section B comprises three chapters containing observations on the Accounts and Finances of Urban Local Bodies, one Information Technology Audit of Aqua Super Water Billing System in Municipal Corporation of Greater Mumbai and seven transaction audit paragraphs. A summary of major audit findings is presented in this overview.

1. Accounts and Finances of Panchayati Raj Institutions

The allocation from total revenue of the state to Panchayati Raj Institutions showed a marginal increase from 12.42 per cent in 2007-08 to 14.93 per cent in 2011-12 as against 40 per cent recommended by the Second Maharashtra State Finance Commission.

The accounts for the year 2008-09 were published in the Government Gazette and submitted to the State Legislature. The process of preparation of accounts for the years 2009-10, 2010-11 and 2011-12 was in progress (October 2012). The arrears in finalization and publication of accounts were indicative of inefficient internal controls and fraught with the risk of non-detection of irregularities.

The State Government had so far not amended (December 2012) the Maharashtra Zilla Parishads and Panchayat Samitis Account Code and Bombay Village Panchayat (Budget and Accounts) Rules to maintain annual accounts in the format prescribed by the Comptroller and Auditor General of India.

(Paragraphs 1.5, 1.8.4 and 1.8.5)

2. Performance Audits - Panchayati Raj Institutions

(i) Implementation of Mahatma Gandhi National Rural Employment Guarantee Scheme

The performance audit of Mahatma Gandhi National Rural Employment Guarantee Scheme revealed a number of deficiencies in planning and implementation. There was delay in establishment of a separate Commissionerate for the Scheme. Vacancies in key posts, non-appointment of full-time officials and support staff, delay in imparting training to key personnel etc. impacted the implementation of the Scheme. The demand for work was extremely low and assured employment of 100 days to registered households was not ensured. There were delays in execution of works and a number of works were abandoned leading to unfruitful expenditure. Wages and unemployment allowance were not paid timely. The monitoring and evaluation mechanism were inadequate. The Management Information System data base did not provide assurance on its reliability.

(Paragraph 2.1)

(ii) Implementation of Pradhan Mantri Gram Sadak Yojana

About 84 per cent of the programme funds of Government of India were utilized on upgradation of roads while expenditure incurred on new connectivity was only 16 per cent, which was contrary to the guidelines of the Scheme. Shortfalls in site surveys and estimation of quantum of works before the preparation of Detailed Project Reports led to cost overruns, stoppage of works, incomplete works etc. Major portion of the programme funds from Government of India were received in the last two months of the financial year. Consequently, funds were diverted from the security deposits of the contractors and interest earned on programme funds to meet the contractual obligations. The contractors were allowed irregular price escalation. Liquidated damages for delay in completion of works were short-levied. The Online Management, Monitoring and Accounting System for monitoring the programme was not reliable. Inspections of road works conducted by the National and State Quality Monitors were not as per the prescribed norms.

(Paragraph 2.2)

(iii) Functioning of Works Department in Zilla Parishads

The District Planning Committees sanctioned a large number of works which were not recommended by the Subject Committees of the respective Zilla Parishads. Works were taken up without obtaining clearances from other departments. Delay in handing over of assets due to non-completion of other allied works, award of works without acquisition of land and incomplete works led to blocking of Government funds. The inspection and monitoring of works were lax.

(Paragraph 2.3)

3. Transaction Audit Findings - Panchayati Raj Institutions

Delay in release of Thirteenth Finance Commission grants to Panchayati Raj Institutions by the Rural Development Department resulted in an avoidable payment of penal interest of ₹ 1.32 crore.

(Paragraph 3.1)

Implementation of two irrigation projects in close vicinity with overlapping command area of 93 hectares led to an idle expenditure of ₹ 2.09 crore in Amravati district.

(Paragraph 3.3)

Failure of Municipal Council, Bhandara to raise resources for work of beautification of a lake not only rendered an expenditure of ₹ 87.77 lakh unproductive but also defeated the objective of generating employment opportunities for the people in the district.

(Paragraph 3.4)

Tardy implementation of works under integrated wasteland development project in Mahagaon block, district Yavatmal coupled with poor project management by District Rural Development Agency led to closure of the project, thereby rendering an expenditure of ₹ 199.26 lakh unfruitful.

(Paragraph 3.5)

4. Accounts and Finances of the Urban Local Bodies

The total receipts of 23 Municipal Corporations in the State during 2011-12 was ₹ 32,235 crore which was marginally higher by 6.96 per cent over the previous year. The major contribution in total receipts was from rent and taxes (55.22 per cent) and other income (35.06 per cent).

The Government of Maharashtra adopted National Municipal Accounts Manual for implementation from 2005-06. The draft State Account Code for urban local bodies submitted (February 2008) by Project Management Consultant had not been adopted as of December 2012.

Of the 23 Municipal Corporations which have prepared their annual accounts, audit by Municipal Chief Auditor had been completed for 11 and four Municipal Corporations up to the years ended 2010-11 and 2011-12 respectively and the reports have been submitted to the Standing Committees of the Municipal Corporations. In the remaining eight Municipal Corporations, there were arrears in audit by Municipal Chief Auditor ranging between one and six years.

(Paragraphs 4.4.6, 4.6.2 and 4.7.3)

5. Information Technology Audit - Urban Local Bodies

Information Technology Audit of Aqua Super Water Billing System in Municipal Corporation of Greater Mumbai

Though the Aqua Super Water Billing System was being implemented in Municipal Corporation of Greater Mumbai for the last 11 years, no agreement had been signed with the service provider responsible for the development and implementation of the application system, despite an investment of ₹ 9.25 crore. Personnel of Municipal Corporation of Greater Mumbai were not trained on the project design and implementation of the application system. The work of the System Administrator was yet to be taken over by Municipal Corporation of Greater Mumbai. The water bill arrears were not entered into the system and recoveries were not monitored. There were significant delays in generation of water bills. The project for procurement and installation of Automatic Meter Reading meters could not be implemented successfully despite an expenditure of ₹ 257.13 crore. The Municipal Corporation of Greater Mumbai did not have an approved Information Technology security policy, business continuity and disaster recovery plan.

(Paragraph 5.1)

6. Transaction Audit Findings - Urban Local Bodies

The work of underground sewerage system in the city of Akola could not commence even after more than two years of its award. The Government of India share of ₹ 49.98 crore released for the work was unnecessarily retained and parked in the savings account for one year, instead of in term deposit, resulting in loss of interest of ₹ 1.58 crore.

(Paragraph 6.1)

The Aurangabad Municipal Corporation failed to implement an Enterprise Resource Planning based integrated business solution in the Corporation even after a lapse of four years and an investment of ₹ 2.21 crore .

(Paragraph 6.2)

Delay in implementing the revised rates for levy of water charges resulted in loss of revenue of ₹ 3.23 crore to Dhule Municipal Corporation.

(Paragraph 6.3)

Irregular cancellation of tenders by Kolhapur Municipal Corporation for the work of replacement of 1100 mm Pre-stressed Concrete pipes when the lowest tenderer had not backed out and subsequent re-tendering of the work resulted in an avoidable extra expenditure of ₹ 59.84 lakh.

(Paragraph 6.4)

In contravention of the provisions of Maharashtra Public Works Manual, Navi Mumbai Municipal Corporation awarded two new road works to a contractor, initially engaged for an ongoing road work, without preparing any estimates or inviting tenders, resulting in an irregular expenditure of ₹ 3.44 crore.

(Paragraph 6.5)

SECTION A

CHAPTER I

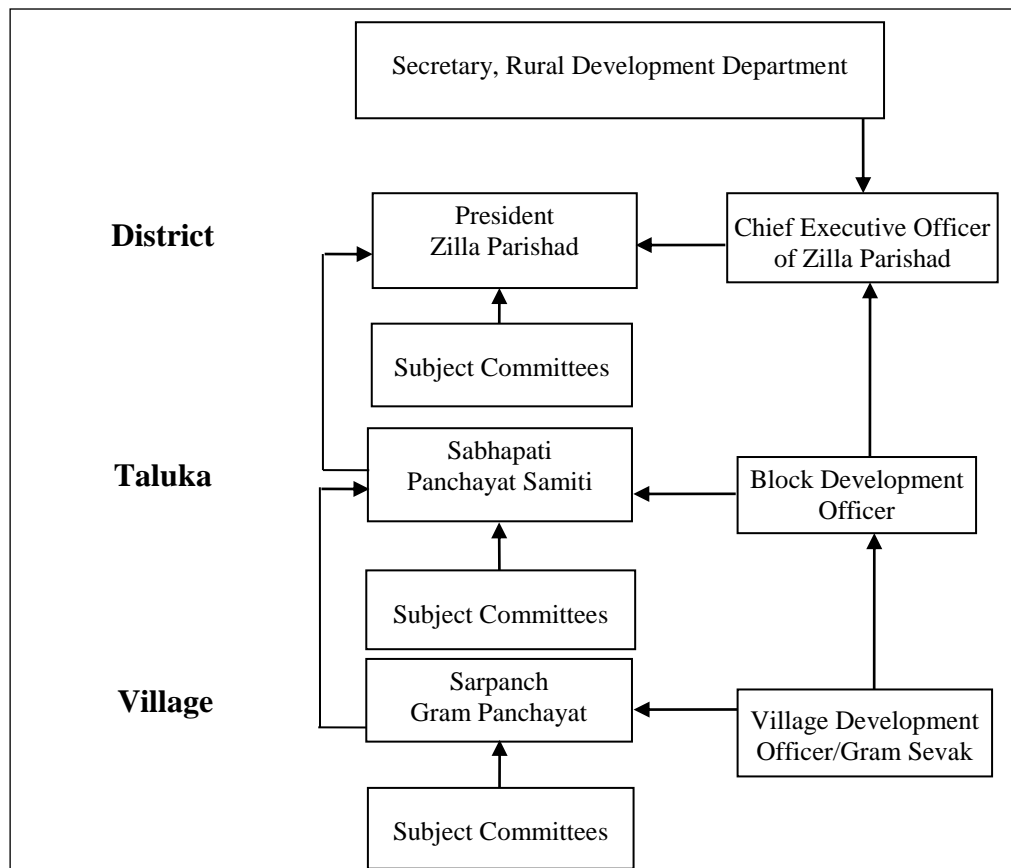
ACCOUNTS AND FINANCES OF PANCHAYATI RAJ INSTITUTIONS

1.1 Introduction

In conformity with the provisions of the 73rd Constitutional Amendment, the Maharashtra Zilla Parishads and Panchayat Samitis Act, 1961 (ZP Act) and the Bombay Village Panchayats Act, 1958 (VP Act) were amended in 1994. A three tier system of Panchayati Raj Institutions (PRIs) comprising Zilla Parishads (ZPs) at the district level, Panchayat Samitis (PSs) at the block level and Gram Panchayats (GPs) at the village level were established in the State. As per 2011 Census, the total population of the State stood at 11.24 crore of which 55 *per cent* was from rural areas.

1.2 Organisational Set up

The organisational set up of PRIs in Maharashtra is depicted below:



The Chief Executive Officer (CEO) in the ZP, the Block Development Officer (BDO) in the PS and the Village Development Officer (VDO)/Gram Sevak in the GP report functionally to the respective elected bodies and administratively to their next superior authority in the State Government hierarchy.

There were 27,906¹ GPs for 43,664 villages in Maharashtra. The VDO/Gram Sevak, a village level functionary, functions as Secretary to the GP and is also responsible for maintenance of accounts and records at GP level. However, sanctioned strength of VDOs/Gram Sevaks was 22,595 which show that even one VDO/Gram Sevak post was not sanctioned for each GP. The persons-in-position was 21,072 only with shortage of 1,523 as of January 2013. No reasons were on record for not sanctioning and filling up of the 1,523 posts of VDOs/Gram Sevaks.

1.3 Powers and Functions

1.3.1 There are 35 districts in Maharashtra. Two districts (Mumbai and Mumbai suburban) do not have rural areas and therefore, there are 33 ZPs in the State. ZPs have departments for Education, Public Works, Health, Minor Irrigation, Rural Water Supply, Social Welfare, Animal Husbandry, Agriculture, Women and Child Welfare, Integrated Child Development, Finance and General Administration.

1.3.2 ZPs are required to prepare a budget for the planned development of the district and utilisation of the resources. Government of India (GoI) Schemes, funded through the District Rural Development Agency (DRDA) and State Government Schemes are also implemented by ZPs. ZPs are empowered to impose water tax, pilgrim tax and special tax on land and buildings.

1.3.3 The intermediate tier of Panchayats at the Taluka level in Maharashtra is called the Panchayat Samitis. There are 351 PSs in the State. PSs do not have their own source of revenue and are totally dependent on the Block Grants received from ZPs. PSs undertake developmental works at the block level.

1.3.4 The VP Act provides for the constitution of Gram Sabha, which is the body consisting of persons registered in the electoral rolls of the villages within GP area. GPs are empowered to levy tax on buildings, betterment charges, pilgrim tax, taxes on fairs/festivals/entertainment, taxes on bicycles, vehicles, shops, hotels etc.

1.3.5 Gram Sabhas are required to meet periodically. They select beneficiaries for the State/Central Government Schemes, prepare and approve development plans and projects to be implemented by GPs, grant permission for incurring expenditure by GPs on developmental schemes. They also convey their views on proposal for acquisition of land by GPs.

¹ Source: Desk Diary 2013 of Government of Maharashtra

1.3.6 The broad accountability structure in PRIs is as follows:

PRIs	Functions Assigned
Zilla Parishad , CEO	<ol style="list-style-type: none"> 1. Drawal and disbursal of fund 2. Preparation of annual budget and accounts 3. Supervision and control of officers of the ZP 4. Finalisation of contracts 5. Publishing statement of accounts of PSs in the Government Gazette
Chief Accounts and Finance Officer (CAFO), ZP	<ol style="list-style-type: none"> 1. Compilation of the accounts of ZP 2. Providing financial advice
Heads of Departments (HoDs) in ZPs	<ol style="list-style-type: none"> 1. According technical sanctions to the works 2. Supervising the work of Class II officers
Panchayat Samiti, BDO	<ol style="list-style-type: none"> 1. Drawal and disbursal of funds 2. Acquisition, sale or transfer of property 3. Preparation of statements of accounts
Gram Panchayat, Gram Sevak	<ol style="list-style-type: none"> 1. Secretary to the Gram Sabha 2. Execution and monitoring of Schemes and maintenance of accounts and records

1.4 Funding of Panchayati Raj Institutions

1.4.1 The District Fund consists of money received from the Central Government grants for Centrally Sponsored Schemes, State budget funds for plan and non-plan State Schemes, assigned tax and non-tax revenues, receipts of ZPs, interest on investments etc.

1.4.2 The cash grants are released to the ZPs through Budget Distribution System (BDS) by the respective administrative departments in accordance with the Government Resolution dated 15 October 2008.

1.4.3 Introduction of distribution of cash grants however does not dispense with the system of assessment of grants of different departments in ZPs by the administrative departments.

1.4.4 A fund flow statement depicting the flow of funds to the PRIs is shown in **Appendix I**.

1.5 Devolution of funds

Allocation of funds

Article 243-(I) of the Constitution requires that the State Finance Commission (SFC) be appointed at the ‘expiration of every fifth year’.

The Second Maharashtra SFC recommended (March 2002) allocation of 40 per cent of State revenues to Local Bodies (LBs). The State Government while placing the Action Taken Note (March 2006) in the State Legislature on Second SFC’s recommendation showed its inability to accept the above recommendation on the ground that they were already giving various grants towards natural calamity, rehabilitation of farmers, assistance for increased electricity bills to farmers. The table below indicates the total revenue of the

State (tax and non-tax) *vis-à-vis* allocation to the PRIs as well as to Urban LBs during 2007-08 to 2011-12.

(₹ in crore)

Head	2007-08	2008-09	2009-10	2010-11	2011-12
State total revenue (Tax and Non-tax revenues)	64,476.42	61,819.88	67,458.95	83,252.14	95,776.16
Amount required to be allocated as per Second SFC to LBs (40 per cent)	25,790.57	24,727.95	26,983.58	33,300.86	38,310.46
Actual allocation to PRIs	8,007.34	10,501.98	11,726.62	13,260.93	14,294.73
Percentage of allocation to State revenue	12.42	16.99	17.38	15.93	14.93
Actual allocation to ULBs	1,351.25	1,651.47	1,708.89	4,350.04*	4,871.33
Percentage of allocation to State revenue	2.10	2.67	2.53	5.23	5.08
Total allocation to PRIs and ULBs	9,358.59	12,153.45	13,435.51	17,610.97	19,166.06
Percentage of allocation to State revenue (Tax and Non-tax revenues)	14.51	19.66	19.92	21.16	20.01

Source: Figures adopted from CAG's Report on State Finances for the year 2011-12, Government of Maharashtra

*Huge variation was due to misclassification in previous year as mentioned in CAG's Report on State Finances for the year 2010-11, Government of Maharashtra

It would thus be seen that only 20 per cent of the State's total revenue was allocated to the LBs during 2011-12.

The Third SFC was constituted in January 2005 and submitted its report in June 2006 and the period covered was from 2006-07 to 2010-11. Although the tenure of the Third SFC is completed, the Report has not been presented to the Legislature (January 2013). The Fourth SFC has also been constituted in February 2011 for the period from 2011-12 to 2015-16 and was to submit an interim report to the Government by September 2012. However, the report has not yet been submitted (January 2013).

1.6 Transfer of functions and functionaries

1.6.1 The 73rd Constitutional Amendment envisaged that all 29 functions along with funds and functionaries mentioned in the XI Schedule of the Constitution of India would be eventually transferred to the PRIs through suitable legislation of the State Governments.

1.6.2 The State Government has transferred 11 functions and 15,480 functionaries to PRIs. Non-transfer of functions and functionaries has been commented in two earlier Audit Reports also.

1.7 Receipts and expenditure of PRIs

(A) Zilla Parishads

1.7.1 As per information collected from ZPs, the position of revenue/capital receipts, revenue/capital expenditure in respect of ZPs and PSs for the period from 2007-08 to 2011-12 was as follows (PSs accounts were incorporated in ZP Accounts).

(₹ in crore)

Year	Receipts						Expenditure		
	Own revenue ²	Government grants*	Other revenue*	Total revenue	Total capital*	Total receipts	Revenue	Capital	Total
2007-08	161	8,246	183	8,590	2,521	11,111	8,494	1,923	10,417
2008-09	542	11,825	443	12,810	3,066	15,876	11,661	3,118	14,779
2009-10	481	15,240	278	15,999	3,573	19,572	15,309	3,365	18,674
2010-11	627	17,721	307	18,655	3,939	22,594	20,847	4,981	25,828
2011-12	703	19,762	376	20,841	5,105	25,946	20,507	4,114	24,621

(Source: figures furnished by ZPs)

*State Government grants

Capital Expenditure

Decrease in capital expenditure in 2011-12 in comparison to the previous year indicated lower infrastructure development activities in PRIs during 2011-12. However, while revenue expenditure increased from ₹ 8,494 crore in 2007-08 to ₹ 20,507 crore (141.43 per cent) in 2011-12, capital expenditure increased from ₹ 1,923 crore to ₹ 4,114 crore (113.94 per cent) only during the same period. To that extent expenditure had not been incurred on activities that would provide durable and long term assets to these institutions.

(B) Gram Panchayat

The details of receipts and expenditures of GPs during 2007-08 to 2011-12 were as under:

(₹ in crore)

Year	Total Receipts					Total Expenditure
	Government grants	Taxes	Contributions	Other receipts	Total receipts	
2007-08	377	482	131	69	1,059	1,075
2008-09	524	506	115	162	1,307	1,252
2009-10	627	525	155	285	1,592	1,359
2010-11	618	745	158	193	1,714	1,560
2011-12	1,163	1,376	336	331	3,206	3,047

(Source: Figures furnished by ZPs)

1.7.2 The following are the component-wise details of the revenue/capital expenditure of GPs and ZPs including PSs from 2009-10 to 2011-12.

² Excludes opening balance

(₹ in crore)

Sr. No.	Components	Gram Panchayats expenditure			ZPs & PSs expenditure		
		2009-10	2010-11	2011-12	2009-10	2010-11	2011-12
1	Education	29	64	122	7,280	8,434	9,705
2	Health and Sanitation	297	399	708	1,481	1,949	1,627
3	Public Works	481	523	1,180	1,092	1,626	1,351
4	Social Welfare	66	145	223	523	935	954
5	Irrigation	9	29	65	429	823	451
6	Animal Husbandry	6	6	9	213	256	286
7	Agriculture	2	6	12	180	277	193
8	Public lighting	34	39	70	56	47	36
9	Forests	-	8	1	5	21	27
10	Administration	206	262	507	1,166	1,368	1,649
11	Other expenditure	207	74	146	2,885	5,111	4,228
12	Capital expenditure	22	5	4	3,365	4,981	4,114
TOTAL		1,359	1,560	3,047	18,675	25,828	24,621

(Source: Figures furnished by ZPs)

The expenditure on GPs had substantially increased by 95.32 *per cent* in comparison to the previous year (2010-11), whereas, expenditure of ZPs had decreased by 4.67 *per cent* during 2011-12.

1.7.3 The works undertaken by the ZPs comes under the categories of (i) ZPs own schemes (ii) Schemes transferred/funded by the State Government (iii) Schemes funded by other agencies. From the information received from 31 ZPs for the year 2011-12, these ZPs incurred an expenditure of ₹ 22,903.69 crore (₹ 18,009.36 crore on transferred Schemes, ₹ 2,391.11 crore on agency Schemes and ₹ 2,503.22 crore on ZPs own Schemes). District-wise break up of expenditure incurred on transferred Schemes, agency Schemes and ZPs own Schemes during 2011-12 are indicated in **Appendix II**.

1.8 Accounting arrangements

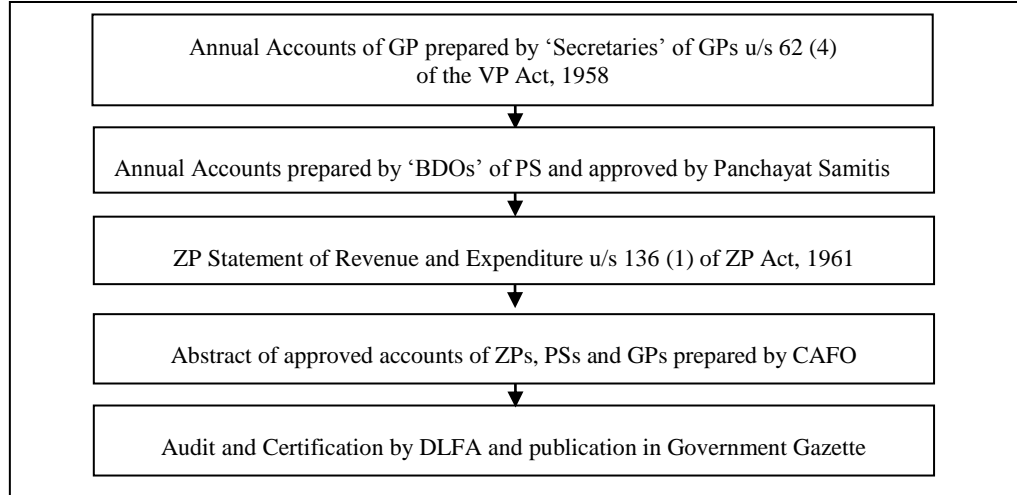
1.8.1 Under the provisions of Section 136 (2) of ZP Act, the BDOs forward the accounts approved by the PSs to the ZPs and these form part of the ZPs' accounts. Under provisions of Section 62 (4) of the VP Act, the Secretaries of the GPs are required to prepare annual accounts of GPs. A Performance Audit on quality of maintenance of accounts in PRIs in Maharashtra State was also conducted and commented in Chapter II of the Report of the Comptroller and Auditor General of India (Local Bodies), Government of Maharashtra (GoM) for the year ended 31 March 2008 and Chapter I of the Report of the Comptroller and Auditor General of India (Local Bodies), GoM for the period ended 31 March 2010.

1.8.2 In accordance with the provisions of Section 136 (1) of the ZP Act and Rule 66 A of the Maharashtra Zilla Parishads and Panchayat Samitis (MZP&PS) Account Code, 1968, CEOs of ZPs are required to prepare every

year statements of accounts of revenue and expenditure of the ZPs along with statements of variations of expenditure from the final modified grants on or before 10 July of the following financial year to which the statement relates. These are then required to be placed before the Finance Committee and the accounts are finally to be placed before the ZPs for approval along with the Finance Committee reports.

1.8.3 The abstracts of the approved accounts of the ZPs/PSs and GPs are prepared by CAFO and forwarded to the Director, Local Fund Audit (DLFA) for audit, certification and publication in the Government Gazette.

Flow Chart of Accounts compilation in PRIs



1.8.4 As per Section 136 of ZP Act and Rule 66 of MZP&PS Account Code, 1968, the prescribed date for preparation and approval of annual accounts of ZPs for a financial year is 30 September of the following year and accounts of ZPs are required to be published in the Government Gazette by 15 November of the year. Accordingly, the accounts for 2011-12 should have been finalized by September 2012 and published in Government Gazette by November 2012. However, information provided by the department (December 2012) indicated that only the accounts up to the year 2008-09 have been published in the Government Gazette and submitted to the State Legislature. The process of preparation of annual accounts for the year 2009-10, 2010-11 and 2011-12 was in progress (October 2012). Arrears in finalisation and publication of accounts were indicative of inefficient internal controls and was fraught with the risk of non-detection of financial irregularities.

1.8.5 Non-adoption of format of accounts prescribed by Comptroller and Auditor General of India

The Eleventh Finance Commission (EFC) had recommended that the Comptroller and Auditor General of India exercise control and supervision over the proper maintenance of accounts of LB. Accordingly, Comptroller and Auditor General of India had prescribed the formats for maintenance of accounts by PRIs in 2002. This was followed by simplified formats in 2007 and 2009. The State Government was required to amend the MZP&PS Account Code, 1968 and Bombay Village Panchayat (Budget & Accounts) Rules, 1959 for adoption of the accounts formats prescribed by the Comptroller and Auditor General of India. It was, however, observed that the State Government has not yet amended MZP&PS Account Code as of

December 2012 due to which, accounts in the prescribed formats were not maintained in any of the ZPs. The department stated (December 2012) that all the PRIs have been instructed to maintain the accounts in the format prescribed by the Comptroller and Auditor General of India.

1.8.6 Pending assessment of grants

The grants released by the Government to ZPs through BDS were required to be assessed by the Heads of the Administrative Departments by July every year according to Government orders (May 2000). They were to inform Rural Development and Water Conservation Department about the amounts recoverable from/payable to ZPs for adjustment for release of further grants.

It was, however, observed that in respect of 10 departments of 29 ZPs³, there were arrears in assessment of grants as follows:

Sr. No.	Name of department	Period of arrears
1	Education	1998-2012
2	Agriculture	2001-2012
3	Social Welfare	1999-2012
4	Animal Husbandry	2002-2012
5	Public Health	2001-2012
6	Family Welfare	1996-2012
7	Water Supply and Sanitation	2000-2012
8	Women and Child Welfare	1992-2012
9	Minor Irrigation	1999-2012
10	Public works	1997-2012

(Source: Figures furnished by ZPs)

The department stated (December 2012) that the cash grants were released to the ZPs through BDS by the respective Administrative Departments and all the Administrative Departments have been directed to clear the arrears in assessment of grants.

1.9 District Planning Committee

After formation of Maharashtra State in 1960, Government has adopted a policy of balanced development on the basis of a district as a unit for formation of five year plans and Annual Plans. For this purpose District Planning and Development Councils (DPDCs) has been constituted in every district. In Maharashtra, DPDCs existing after formation of the State in 1960 were replaced by District Planning Committees (DPCs) constituted as per Article 243 of Constitution of India under the Maharashtra DPC (Constitution and Functions) Act, 1998. This Act came into force from 15 March 1999. The main objective of this law was to consolidate the plans prepared by Panchayats and Municipalities in the district and to prepare a draft development plan for the district as a whole.

The DPCs are concerned with the district level programme. These programmes are basically located in the district or benefits it. The programmes need to be planned at local level for optimum exploitation of the natural and other resources of the district.

³ Except Bhandara, Beed, Nagpur and Yavatmal which did not furnish the information

The department stated (October 2012) that of the 35 DPCs in the State, 33 DPCs with elected members from PRIs and ULBs were functioning in the State and two DPCs (Mumbai and Mumbai Suburban) were functioning with nominated and ex-officio members.

1.10 Thirteenth Finance Commission Grants

The State Government released an amount of ₹ 1,819.67 crore as per recommendations of the Thirteenth Finance Commission of which, ₹ 742.27 crore (41 per cent) has been spent as of August 2012.

1.11 Audit Arrangements

1.11.1 Audit by Director, Local Fund Audit

The Audit of PRIs is conducted by the DLFA in accordance with the provisions of the Bombay Local Fund Act, 1930, the Maharashtra Village Panchayat (Audit of Accounts) Rules, 1961 and VP Act. The DLFA prepares an Annual Audit Review Report on the financial working of PRIs for placement before the State Legislature.

It was observed that local fund (transaction) audit of all ZPs and PSs was conducted for the year 2010-11. The Consolidated Audit Review Report for the year 2009-10 was prepared by the DLFA and presented to the State Legislature in July 2012.

1.11.2 Audit by Comptroller and Auditor General of India

The Comptroller and Auditor General of India conducts audit of ZPs and PSs under Section 14 of the Comptroller and Auditor General of India's (DPC) Act, 1971. Section 142A of the ZP Act, 1961 also contains an enabling provision for audit by the Comptroller and Auditor General of India.

Audit of GPs was also entrusted (March 2011) to the Comptroller and Auditor General of India under Technical Guidance and Supervision by the GoM under Section 20 (1) of Comptroller and Auditor General of India (DPC) Act.

1.11.3 Formation of District Level Audit Committees

The Government directed (March 2001) ZPs to constitute District Level Audit Committees (DLACs) for discussion and settlement of outstanding audit objections raised by DLFA and the Accountant General. The department stated (December 2012) that against 2,26,760 outstanding paragraphs, 25,791⁴ paragraphs had been cleared during 2011-12.

1.11.4 Outstanding Paragraphs from DLFA Report

As per Annual Audit Review Report of DLFA for the year 2009-10, 1,05,428 paragraphs in respect of Government funds involving ₹ 5,502.17 crore and 29,078 paragraphs pertaining to ZPs own funds involving ₹ 711.68 crore were pending for settlement for the period from 1962 to 2010 as indicated in **Appendix III**.

⁴ Accountant General: 1,724; Local Fund Audit: 23,446 and Panchayati Raj Committee: 621

1.11.5 Outstanding Inspection Reports and Paragraphs of Accountant General

Audit observations on financial irregularities and defects in initial accounts/records noticed during local audit by the Accountant General but not settled on the spot are communicated to the heads of offices and departmental authorities through Inspection Reports. More important and serious irregularities are reported to the Government. Statements indicating the number of observations outstanding for over six months are also sent to the Government for expediting their settlement.

For efficient implementation of the schemes transferred to the PRIs and ensuring accountability, all deficiencies pointed out by the Accountant General are required to be complied with promptly.

At the end of December 2012, 2,800 Inspection Reports containing 9,303 paragraphs of ZPs, PSs and GPs issued by audit were pending settlement despite holding of nine Audit Committee Meetings.

Year	Inspection Reports	Paragraphs
Up to 2008-09	1,720	4,252
2009-10	476	1,832
2010-11	370	1,619
2011-12 (up to December 2012)	234	1,600
Total	2,800	9,303

Arrears in outstanding Inspection Reports and paragraphs indicated weak internal controls in PRIs.

1.12 Conclusion

The functioning of Panchayati Raj Institutions in the State revealed that:

- allocations to Local Bodies were meagre at 20 *per cent* (Panchayati Raj Institutions: 14.93 *per cent* and Urban Local Bodies: 5.08 *per cent*) as against 40 *per cent* recommended by the Second Maharashtra State Finance Commission;
- out of 29 functions listed in the XI Schedule of the Constitution of India, only 11 functions were transferred to Panchayati Raj Institutions;
- none of the Zilla Parishads have finalized the accounts for the year 2009-10, 2010-11 and 2011-12 till October 2012. Non-finalisation of accounts was fraught with the risk of non-detection of financial irregularities; and
- the Maharashtra Zilla Parishads and Panchayat Samitis Account Code and Bombay Village Panchayat (Budget & Accounts) Rules have not been amended. As a result, accounts in the formats prescribed by the Comptroller and Auditor General of India were not maintained in any of the Zilla Parishads.

The matter was referred to the Government in March 2013; their reply was awaited as of June 2013.

CHAPTER II

PERFORMANCE AUDITS

PLANNING DEPARTMENT

2.1 Implementation of Mahatma Gandhi National Rural Employment Guarantee Scheme

Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS) is being implemented in Maharashtra since February 2006 with the objective of enhancing livelihood security in rural areas by providing at least 100 days of guaranteed wage employment in a financial year, to every person who volunteer to do unskilled manual work. Audit examined the records of 240 Gram Panchayats in 24 blocks of nine districts of Maharashtra for the period 2007-08 to 2011-12.

It was observed that eight of the nine test-checked districts did not prepare the five year District Perspective Plan and the Annual Development Plans were also unrealistic. Delay in establishing separate Commissionerate for the Scheme, vacancies in the key posts, non-appointment of full-time dedicated officials and support staff, delay in imparting training to key personnel etc. impacted the implementation of the Scheme. The demand for works was extremely low in the test-checked districts. Only 0.42 per cent to 3.22 per cent of the beneficiaries in the test-checked districts were provided 100 days of employment during 2007-12. There were delays in execution of works. A number of works were abandoned leading to unfruitful expenditure and works which were not permissible under the Scheme were also undertaken. Project completion reports were not accompanied with report of the Vigilance and Monitoring Committees or photographs of the completed works. There were delays in the payment of wages and unemployment allowance and differential in wages due to revision in wage rates was also not paid. There were shortfalls in verification/inspection of works and social audits conducted. The Management Information System was not reliable. The key findings are highlighted below.

Highlights

Eight out of nine test-checked districts did not prepare long-term District Perspective Plans while the Annual Development Plans were unrealistic as the quantum of employment actually generated against the estimated demand was substantially low.

(Paragraph 2.1.7.1)

There was delay of more than six years in notifying the State Employment Guarantee Council Rules. The Mahatma Gandhi National Rural Employment Guarantee Scheme Commissionerate was established belatedly in September 2011 and was yet to commence full-fledged functioning in view of vacancies in the key posts.

(Paragraphs 2.1.7.2 (b) and 2.1.7.3(a))

Absence of full-time dedicated Programme Officers and support staff at block and Gram Panchayat levels coupled with non-imparting of training to key personnel impacted the implementation of the Scheme.

(Paragraphs 2.1.7.3(b) and (c))

The demand for work was extremely low in the nine test-checked districts and ranged between 0.29 per cent and 48.45 per cent during the period 2007-12. Only 0.42 per cent to 3.22 per cent of the beneficiaries in the test-checked districts were provided 100 days of employment during the same period.

(Paragraph 2.1.7.5)

Works which were not permissible under the Scheme were undertaken leading to irregular expenditure of ₹ 47.19 crore. There were delays in execution of works and a number of works were abandoned leading to unfruitful expenditure of ₹ 34.28 crore.

(Paragraphs 2.1.7.6(a) and (b))

There were delays in the payment of wages and unemployment allowance to the beneficiaries and differential wages due to revision in wage rates was also not paid.

(Paragraph 2.1.7.7)

The monitoring and evaluation mechanism was inadequate. There were shortfalls in verification/inspection of works and social audits conducted. The Management Information System database did not provide assurance on its reliability.

(Paragraphs 2.1.7.8(a) and (b), 2.1.7.11(a) and 2.1.7.12)

2.1.1 Introduction

The Maharashtra Employment Guarantee Act was enacted in 1977 with the objective of securing the right to work by guaranteeing employment to all adult persons who volunteered to do unskilled manual work in rural areas in the State of Maharashtra. The Government of Maharashtra (GoM) introduced the Employment Guarantee Scheme (EGS) from 26 January 1979.

The National Rural Employment Guarantee Act (NREGA) was enacted in 2005 with the objective of enhancing livelihood security in rural areas by providing at least 100 days of guaranteed wage employment in a financial year, to every household adult member who volunteered to do unskilled manual work. The work guarantee was also to serve other objectives such as generating productive assets, protecting the environment, empowering rural women, reducing rural-urban migration and fostering social equity among others. The Act was renamed (October 2009) as Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA). The Act provided a right to the rural households to register themselves with the local Gram Panchayats (GPs) for employment⁵. Work was to be provided within 15 days from the date of demand, failing which the State Government was required to pay

⁵ Works like water conservation, water harvesting, drought proofing, irrigation canals etc.

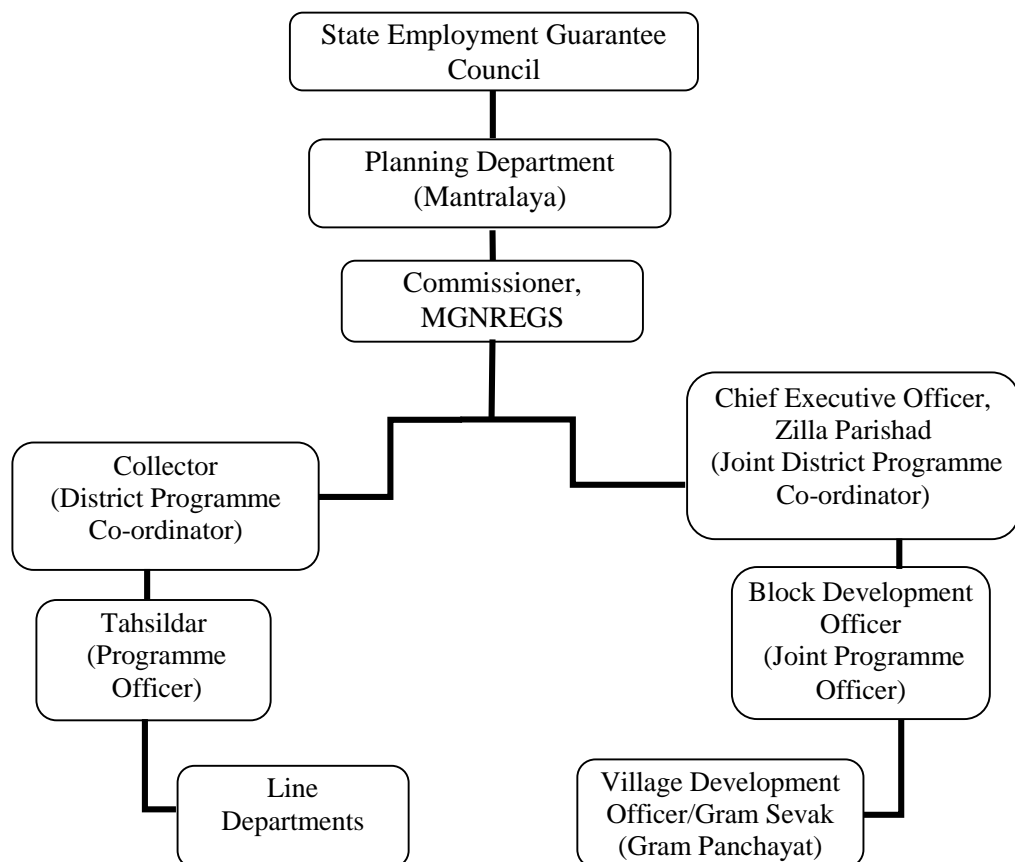
unemployment allowance at the stipulated rates.

In terms of Section 28 of MGNREGA, 2005 the GoM amended The Maharashtra Employment Guarantee Act, 1977 in 2006 to make it consistent with the provisions of the Central Act. The GoM introduced The Maharashtra Rural Employment Guarantee Scheme (MREGS) in February 2006 in 12 of the 33 districts⁶ which was further extended to six more districts with effect from April 2007 and to the entire State with effect from April 2008. The Scheme was renamed as Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS)-Maharashtra in July 2011. The MGNREGS was implemented as Centrally Sponsored Scheme on a cost sharing basis between the Centre and the State. The Central Government was to bear all costs other than 25 per cent of the cost of material and wages for semi-skilled/skilled workers, unemployment allowance and administrative expenses of the State Employment Guarantee Council (SEGC), *i.e.* an apex body to be set up in every State for monitoring and reviewing the implementation of the Act.

During 2007-12, an expenditure of ₹ 2,820.82 crore had been incurred under this Scheme in Maharashtra.

2.1.2 Organizational structure

The organizational structure for implementation of MGNREGS in the State and the roles at State, District, Panchayat Samiti and Gram Panchayat level were as under:



⁶ Excluding Mumbai City and Mumbai Suburban District

The State Government designated (October 2006) the Collectors as District Programme Coordinators (DPCs) and the Chief Executive Officers (CEO) of Zilla Parishads as Joint DPCs for implementation of MGNREGS in the districts. The Tahsildars (Revenue and Forest Department) were designated as the Programme Officers (POs) and the Block Development Officers (BDOs) (Rural Development and Water Conservation Department) were designated as Joint Programme Officers (Joint POs). The POs and Joint POs were responsible for implementation and monitoring of the Scheme within the block.

2.1.3 Audit objectives

The main audit objectives were to ascertain whether:

- works under the Scheme were properly planned and executed in compliance with the Act and the guidelines and durable assets were created, maintained and properly accounted for;
- funds released under the Scheme were accounted for and utilized in compliance with the guidelines;
- there was an effective process of registration of households, allotment of job cards and allocation of employment in compliance with the guidelines;
- the intended objective of providing 100 days of annual employment at the specified wage rates was effectively achieved and wages and unemployment allowance were paid in accordance with the Act and the guidelines; and
- there was an adequate and effective mechanism at different levels for monitoring and evaluation of the Scheme.

2.1.4 Audit criteria

Appropriate criteria have been derived from the following documents:

- The Maharashtra Employment Guarantee Act, 1977;
- The National Rural Employment Guarantee Act, 2005;
- MGNREGA (State Scheme);
- MGNREGA operational Guidelines, 2008; and
- Government Resolutions (GRs) and Circulars issued by GoM from time to time.

2.1.5 Scope of Audit

The Performance Audit of MGNREGS was conducted between February and June 2012 and records for the period 2007-12 were test-checked. Nine districts *viz.*, Ahmednagar, Bhandara, Buldhana, Latur, Nanded, Nandurbar, Sindhudurg, Thane and Yavatmal and 24 blocks in these districts were selected based on Simple Random Sampling without Replacement. Ten GPs were selected from each selected block. Within each GP, 10 works were selected on random basis and where the number of works was less than 10, all

the works were selected for audit and physical verification.

2.1.6 Audit methodology

The audit examination involved scrutiny of records at the Secretariat, Office of the Commissioner, MGNREGS, office of the selected DPCs, Joint DPCs, POs, Joint POs and selected GPs and survey of 2,152 beneficiaries in the 24 selected blocks.

An entry conference with the Principal Secretary (EGS and Water Conservation) of Planning Department, GoM was held in February 2012 wherein the audit objectives, criteria, scope and methodology were discussed. The exit conference was held in October 2012 with the Principal Secretary (EGS and Water Conservation) of Planning Department where audit findings were discussed. The reply received (October 2012) from the State Government had been duly acknowledged and incorporated at appropriate places in the report.

2.1.7 Audit findings

2.1.7.1 Planning

The basic aim of the planning process was to ensure that the districts were prepared well in advance to offer productive employment on demand. The MGNREGA operational guidelines, 2008 stipulate the preparation of a five year District Perspective Plan (DPP) to facilitate advance planning and provide a development perspective for the district. The aim was to identify the types of works to be encouraged in the district and establish potential linkages between these works and long term employment generation for sustained development.

As per Sections 14, 15 and 16 of MGNREGA, 2005 every GP was to prepare a Annual Development Plan (DP) after considering the recommendations of the Gram Sabha and maintain a shelf of possible works to be taken up under the Scheme as and when demand for work arises and forward it to the PO. The PO was to scrutinize the DP of individual GPs for technical feasibility and submit a consolidated DP for the block to the DPC. The DPC was to consolidate the block plans and prepare the District Plan. The DPC was also to formulate the labour budget on the basis of the District Plan to indicate the amount of funds required to implement the Scheme in the next financial year.

Audit scrutiny in nine test-checked districts revealed that only one district *viz.*, Nanded had prepared the DPP for the period 2006-11. Thane district received (December 2007) ₹ 10 lakh for preparation of DPP but, the entire amount was used for printing and purchase of stationery. Ahmednagar, Buldhana, Latur and Sindhudurg districts also received (November 2007) an amount of ₹ 10 lakh each for preparation of DPP. However, despite a time lapse of more than five years and an expenditure of ₹ 3.79 lakh⁷ incurred, the DPPs were not prepared in these four districts. The importance and urgency in preparation of DPP stem from the fact that there was a sharp increase in expenditure from ₹ 357.10 crore in 2010-11 to ₹ 1,592.46 crore in 2011-12 (refer Table 1: paragraph 2.1.7.4).

⁷ Ahmednagar - ₹ 2.34 lakh, Sindhudurg - ₹ 1.45 lakh

The DPs prepared in the nine test-checked districts were inadequate as they did not give information about the benefits to be provided to the community.

Further, the DPs prepared in the nine test-checked districts were also deficient as the assessment of labour demand, one of the components of DP, was found to be unrealistic due to non-consideration of crop pattern⁸ data while preparing the DPs. The employment provided against the estimated demand in the nine test-checked districts ranged between 4.99 *per cent* and 20.57 *per cent* only and in the six⁹ of the nine test-checked districts, the percentage of employment provided against the estimated demand was continuously less than 50 *per cent* during the period 2009-12 as evident from **Appendix IV**.

In the exit conference it was stated that implementation of MGNREGS was a learning process for GoI and GoM due to which cropping pattern data was not taken into consideration while preparing DP. The Government stated (October 2012) that the concept of planning from the grass root level was new and not embedded in the minds of the field authorities for which massive training and capacity building exercise were undertaken. It further stated that the improvement in the process would be reflected in the plan for the year 2013-14.

2.1.7.2 Structural mechanisms

2.1.7.2(a) Constitution of State Employment Guarantee Council

As per Section 12 of the MGNREGA 2005, for regular monitoring and reviewing the implementations of the Act, every State was to constitute a SEGC with a Chairperson and such number of official members as may be determined by the State Government and not more than 15 non-official members nominated by the State Government from Panchayati Raj Institutions (PRIs), organisations of workers and disadvantaged groups. The SEGC was to meet quarterly.

The GoM constituted (January 2006) the SEGC, comprising of 10 official members with the Chief Minister as the Chairman and Deputy Secretary (EGS) of Planning Department as Member Secretary. The SEGC was reconstituted (October 2011) with 12 official members and Commissioner of MGNREGS and Principal Secretary (EGS and Water Conservation) were appointed as the Member and Member Secretary respectively of the SEGC. However, no non-official members were appointed as of October 2012. Further, only one meeting of the SEGC was held (July 2007) as against 20 meetings to be held during five years (2007-12). Thus, SEGC an important oversight mechanism at the apex level was not properly constituted nor did it meet as prescribed.

Further, an Annual Report on implementation of the Scheme, which was required to be prepared by the SEGC to be laid before the State Legislature by the State Government, was prepared only for the years 2006-07 and 2007-08. These were submitted to the State Legislature in the budget session of 2010. Annual Reports for the subsequent periods were not prepared (October 2012).

The Government stated that a meeting of the reconstituted SEGC was held in

⁸ Sowing and harvesting period

⁹ Bhandara, Buldhana, Latur, Nanded, Nandurbar and Sindhudurg

June 2012 and adequate precaution would be taken henceforth to ensure that the meetings of the State Council are convened in the stipulated period. It added that the Annual Reports would be laid in the State Legislature within the stipulated time.

2.1.7.2(b) Non-formulation of Rules

Under the provisions of Section 32 (1) of the MGNREGA, 2005, the State Government was to frame Rules to carry out the provisions of the Act particularly regarding payment of unemployment allowance, terms and conditions for appointment of the Chairperson and members of SEGC, grievance redressal mechanism, utilization of State Employment Guarantee Fund (SEGF), maintenance of books of accounts etc.

The draft Rules for SEGC approved in September 2011 by the Planning Department was notified only in June 2012 due to delay in concurrence from the Law and Judiciary Department. Thus, the SEGC Rules were notified after a delay of more than six years from the date of commencement of MGNREGS. Further, Rules regarding unemployment allowance and grievance redressal mechanism were not formulated as of October 2012.

The Government stated that it had already framed the unemployment allowance Rules and submitted the same to the Law and Judiciary Department for vetting. It further stated that Rules regarding grievance redressal mechanism would be framed before the end of the year 2012-13.

The fact remains that in the absence of Rules, the Planning Department did not have a legal frame work to carry out the provisions of the Act.

2.1.7.3 Capacity Building

To facilitate implementation of MGNREGS it was necessary to provide adequate staff and technical support at various levels in order to perform the work of estimation, data entry, maintenance of accounts etc. effectively and efficiently. Further, the GPs, other PRIs, District and State-level departmental personnel involved in the implementation of MGNREGS were also required to be trained for effective discharge of responsibilities. The deficiencies in capacity building noticed are discussed below:

2.1.7.3(a) Inadequacy in the functioning of Commissionerate

The MGNREGA operational guidelines (paragraph 3.1.3) required each State Government to designate an officer, not below the rank of a Commissioner, as the State Rural Employment Guarantee Commissioner responsible for ensuring that all activities required to fulfill the objectives of the Act were carried out. The guidelines further provided that the Commissioner would ensure that the system of grievance redressal, social audit, applications for right to information, and other measures of public accountability and transparency were effective as well as responsive to the demands of NREGS workers and the community.

GoM designated (October 2006) all the six Revenue Divisional Commissioners (Amravati, Aurangabad, Konkan, Nagpur, Nashik and Pune) as Rural Employment Guarantee Commissioners for implementation and monitoring of the Scheme. It was only in September 2011 that the GoM created a separate Commissioner for MGNREGS and sanctioned 17

permanent posts on deputation basis. Out of these, eight posts were filled between November 2011 and February 2012. However, the key posts of Joint Commissioner, Deputy Commissioner and Research Officer were vacant.

The Government stated (October 2012) that most of the important posts in the Commissioner's office had now been filled and the office was fully functional.

2.1.7.3(b) Non-appointment of dedicated programme officer and support staff at block and GP level

MGNREGA operational guidelines, 2008 (paragraph 3.1) provided for:

- appointment of a full-time dedicated PO not below the rank of BDO. Where the responsibility of PO was discharged by the BDO, another person may be appointed as the Additional PO;
- appointment of a full-time Gram Rozgar Sahayaks (GRS) in all the GPs to discharge considerable organisational responsibilities at the level of GPs; and
- deployment of supporting staff such as engineers, data entry operators and accountant to facilitate programme functioning at the block level.

Scrutiny in audit revealed the following:

- In the nine test-checked districts, instead of appointing full-time dedicated officers, the Tahsildars were designated as POs and BDOs were designated as Joint POs.
- In Kankavali block of Sindhudurg district, Extension Officer, who was much below the rank of BDO, was holding the charge of BDO.
- BDO of Wada (Thane district) was holding additional charge of BDO Jawhar (Thane district) since February 2012.
- In all the 24 blocks of nine test-checked districts, instead of appointing Additional POs on regular basis, Assistant POs were appointed on contract basis who did not possess the requisite qualification, experience and were below the rank of the BDO.
- In Buldhana district, out of 23 posts of support staff only 15 posts were filled up.

The lack of adequate staff at block and GP levels led to delays in payment of wages to labourers, non-recording of payments in the job cards, non-conducting of survey for registration of the beneficiaries under the Scheme etc. as discussed in the succeeding paragraphs.

2.1.7.3(c) Delay in imparting training to staff

Yashwantrao Chavan Academy of Development Administration (YASHADA), the State institute at Pune, Maharashtra, was designated (December 2006) as the nodal agency by the GoI to conduct various trainings under the Scheme for which training modules were prepared for various stakeholders. Time table was prepared at district/divisional level and the training was imparted as per intake capacity. However, the process of training picked up pace only from 2011-12 after the State designated 17 more training institutions for training of various functionaries at GP level and above.

Audit scrutiny revealed that between December 2006 and March 2012, training to 9,589 of the 28,000 Gram Sevaks (34 *per cent*) and 738 out of 3,500 Guardian Technical Officers¹⁰ (21 *per cent*) was imparted in 33 districts where the Scheme was being implemented. However, out of the nine test-checked districts, the Planning Department was not able to arrange for training to various functionaries in six districts of Ahmednagar, Bhandara, Nanded, Nandurbar, Thane and Yavatmal.

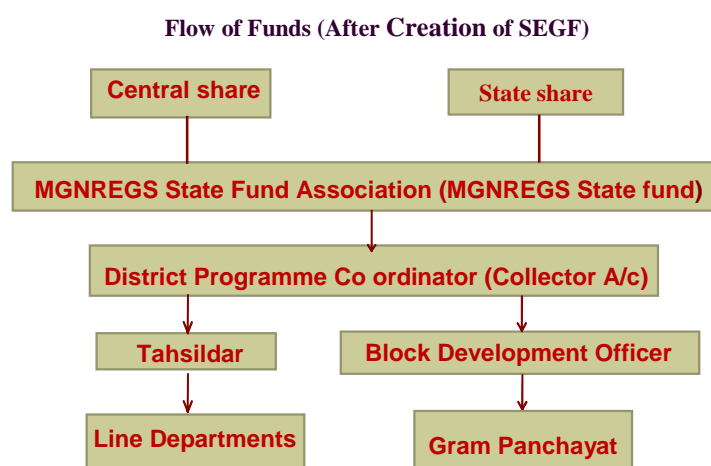
The Government stated that the process of imparting training to staff had gained momentum and Gram Sevaks were being trained through e-learning in the respective talukas. It further stated that the post of Guardian Technical Officer had been scrapped and a new concept of planning under the NREGA Zonal Planning Officer had been introduced. These officers were essentially from PS and familiar with the process of NREGA. The necessity to train them and the module to be created for the same was under consideration.

The fact remains that there was delay in imparting training to important functionaries and many of them remained untrained.

2.1.7.4 Financing pattern and labour budget

As per the financing pattern under the Scheme, GoI was to bear 100 *per cent* cost of wages of unskilled manual workers, 75 *per cent* of the cost of material and wages for skilled and semi-skilled workers and administrative expenses as determined by GoI, while the State Government was to bear 25 *per cent* of the cost of material and wages for skilled and semi-skilled workers, unemployment allowance and administrative expenses of SEGC.

As per the provisions of Section 21 of the MGNREGA, the State Government by notification was to establish a fund called SEGF. However, it was only in March 2012 *i.e.* six years after implementation of the Scheme, that the GoM issued a notification for creation of SEGF wherein the Central and State shares including miscellaneous receipts (interest accrued etc.) were to be credited to the fund from 2012-13 onwards. The fund flow is graphically depicted as under:



¹⁰ Guardian Technical Officers were appointed from within the available technical staff in ZPs for group of 10-15 GPs and were responsible for preparation of plan and estimates, recording of measurements and render all kind of technical assistance

The existing Schemes of Sampoorna Gramin Rojgar Yojna (SGRY) and National Food for Work Programme (NFFWP) were merged (February 2006) with MGNREGS. The unutilised balances under these Schemes were transferred to MGNREGS from 2007-08 onwards. The details of funds received from GoI and GoM and expenditure incurred during 2006-12 is shown in **Table 1**.

Table 1: Statement showing the funds received and actual expenditure during 2006-12

(₹ in crore)

Year	Opening balance	Funds received	Total funds available	Expenditure incurred	Closing Balance (Col. 4-Col. 5)
1	2	3	4	5	6
2006-07	Not available	Not available	486.93	174.61	312.32
2007-08	312.32	185.51	497.83	189.07	308.76
2008-09	308.76	325.20	633.96	361.10	272.86
2009-10	272.86	345.02	617.88	321.09	296.79
2010-11	296.79	328.79	625.58	357.10	268.48
2011-12	268.48	1,535.62	1,804.10	1,592.46	211.64

Note :- Year-wise opening balance, funds received and closing balance have been compiled by audit on the basis of information provided by the Planning Department

2.1.7.4(a) Delay in submission of labour budgets

As per Section 14(6) of the MGNREGA, the DPC was to prepare in the month of December every year a labour budget for the next financial year containing the details of anticipated demand for unskilled manual work in the district. Submission of labour budget by State Government was vital as it enabled GoI to know the estimated demands of the districts in advance so as to facilitate release of funds.

As per Government Resolution (October 2006), entire planning process was to be completed by 15 December every year. Audit scrutiny, however, revealed that despite repeated request from the GoM all the 33 DPCs in the State submitted the labour budget after December of each year during 2007-08 to 2009-10 resulting in delay in forwarding the same to the GoI for approval.

The Government stated that the concept of preparation of labour budget was not only new but extremely complicated requiring high level of expertise and embedding of knowledge to the field functionaries took time which resulted in delay in submission of labour budget.

2.1.7.4(b) Delay in release of State share

The State's share under the Scheme guidelines was to be released within 15 days of release of funds by GoI. Audit scrutiny revealed that the State's share of ₹ 22.05 crore for 2006-07 and 2007-08 was released on 07 July 2007. Further, the State's share due for 2006-11 (₹ 83.75 crore) and for 2011-12 (₹ 273.43 crore) on account of skilled and unskilled expenditure was credited to the SEGF only in May 2012.

The Government stated that the concept of implementation of MGNREGS being new and since the availability of funds from the Central Government was high, no provision appeared to have been made for release of the State's share. Therefore, there was some delay in release of the State's share. However, the backlog had now been cleared and abundant precaution had been taken to ensure that State's share was released on time.

2.1.7.5 Registration and employment eligibility

As per MGNREGA guidelines, the rural households were to submit an application to the GP containing the names of those adult members of the household who were willing to do unskilled manual work with their particulars such as age, sex and Scheduled Caste(SC)/Scheduled Tribes(ST) status etc. A door-to-door survey could also be undertaken to identify persons willing to register under the Act. Job cards were to be issued to the households within a fortnight of the receipt of application for registration. Photographs of all the adult members had to be attached to the job cards and the details in the job card entered in a job card register. A copy of the job card was also to be maintained at the GPs. Under MGNREGS, 100 days of employment was guaranteed during the year which was to be provided within 15 days from the date of demand for employment. Further, as far as possible employment was to be provided within a radius of five kilometres of the village where the applicant resided at the time of applying for the job card failing which extra wages at 10 per cent of the wage rate was payable to meet the additional transportation and living expenses.

As of March 2012, 67,35,119¹¹ households were registered under the Scheme and 66,76,640 job cards were issued. Employment was provided to 34,73,958 households during the period 2007-12 covering 68,32,067 persons. Employment was also provided to 3,73,764 households for 100 days during the period 2007-12 as shown in **Table 2**.

Table 2: Statement showing household registered, job cards issued, employment provided

Period	No. of Registered		Job cards issued	Employment provided			No. of filled muster roll	No. of families completed 100 days
	House-holds	Persons		House-holds	Persons	Person-days		
2007-08	59,40,552	1,46,05,244	53,01,794	3,86,328	7,85,003	1,29,82,704	50,823	18,980
2008-09	59,01,030	1,45,13,735	51,68,544	6,87,622	14,43,509	3,42,14,106	1,23,165	87,212
2009-10	60,59,029	1,49,16,667	57,54,987	4,62,350	9,23,984	1,91,66,206	72,445	40,206
2010-11	63,48,982	1,57,11,422	62,99,878	4,63,398	8,83,820	1,88,90,259	99,091	40,344
2011-12	67,35,119	1,65,94,729	66,76,640	14,74,260	27,95,751	7,42,48,455	7,43,527	1,87,022
				34,73,958	68,32,067			3,73,764

Source: Management Information System

The details of number of registered households and job cards issued in nine test-checked districts during 2007-12 are indicated in **Appendix V**. The deficiencies noticed in registration and employment eligibility were as follows:

¹¹ Figure obtained from Management Information System

- Door-to-door survey for identification of persons willing to register under the Act was not conducted in any of the 240 GPs test-checked. In the absence of door-to-door survey, information about the percentage of households which were not registered under the Scheme was not available.
- In 45 job cards issued in Kankavali block (Sindhudurg district), it was noticed that the photographs affixed on the job cards were not clear or the photographs affixed were more than the number of applicants registered. In Ahmednagar district, 3,93,228 out of 5,28,576 job cards issued (74.39 *per cent*) did not have photographs. Similarly, in Sindhudurg district, 3,569 job cards out of 68,716 (5.19 *per cent*) were issued without photographs. In the absence of photograph, the identity of the person reporting for work was unascertainable.
- In two blocks of Buldhana district, scrutiny of 36¹² muster rolls revealed that though employment to the beneficiaries was provided beyond five kilometers and a payment of ₹ 32.73 lakh was made, yet extra wages amounting to ₹ 3.27 lakh as stipulated under Schedule II (Section 12 and 14) of MGNREGA was not paid.
- The percentage of households demanding work to households registered in nine test-checked districts ranged between 0.29 *per cent* (Sindhudurg) and 48.45 *per cent* (Bhandara) only during the period 2007-12 (**Appendix VI**).
- In the nine test-checked districts, the percentage of households which were provided 100 days of employment during the year to households registered ranged between 0.42 *per cent* (2007-08) and 3.22 *per cent* (2011-12) (**Appendix VI**).
- One of the objectives of MGNREGA was to foster social equity and thus, it was necessary to ensure that the SC and ST individuals were adequately covered. It was, however, observed that the percentage of employment provided to SC and ST individuals during the period 2007-12 decreased from 54.71 *per cent* in 2007-08 to 38.49 *per cent* during 2011-12 in the nine test-checked districts (**Appendix VII**). Further, out of the total 20,42,752 job cards issued up to 2011-12, only 2,67,423 job cards (13.09 *per cent*) were issued to SC individuals. However, the percentage of employment provided to SC individuals during 2011-12 was only 7.67 *per cent*.

The Government stated that a drive for job card renewal was launched during July to October 2012 and door-to-door survey was a part of the same. It added that photographs on the job cards and information on SC/ST were updated during the drive.

2.1.7.6 Execution of works

As per Schedule I of the MGNREGA, creation of durable assets was one of the objectives of the Scheme. The Schedule further lays down the kind of work in the order of priority which could be taken up. As per Section 16 (5) of the Act, the PO was to allot at least 50 *per cent* of the works in terms of cost to be implemented through the GPs. The operational guidelines, 2008 further

¹² Motala block- 12 muster rolls (₹ 1.19 lakh), Khamgaon block- 24 muster rolls (₹ 31.54 lakh)

stipulated that the ratio of wage costs to material costs should be no less than 60:40 preferably at the GP, block and district levels.

2.1.7.6(a) Execution of work not permitted

The work of cleaning of public park (estimated cost ₹ 3.80 lakh) which was not permitted under Schedule I of the Act was executed by the Range Forest Officer in Sindhudurg district. The expenditure incurred as on March 2012 was ₹ 1.77 lakh.



Work of cleaning public park, Amboli GP, Sawantwadi block, Sindhudurg district

Schedule I of MGNREGA (Section 1) permits execution of road projects providing all-weather connectivity in rural areas. It was noticed that 5,182 number of earthen road works involving an expenditure of ₹ 47.17 crore were executed during 2007-12 in eight districts¹³ which did not provide all weather connectivity and thus, were not permissible under the Act.

The Government stated that individual instances of works not permitted under Schedule I of the Act would be examined.

2.1.7.6(b) Delayed and abandoned works

Audit selected 758 works (total estimated cost: ₹ 21.61 crore) in 100 test-checked GPs of four districts¹⁴ and noticed that 424 works valuing ₹ 13.90 crore being executed for the last five years (2007-12) were incomplete as on March 2012 and four works valuing ₹ 0.03 crore were abandoned. Out of 424 incomplete works, delays ranging between two and 42 months were noticed in respect of 212 works (estimated cost: ₹ 6.49 crore). Expenditure incurred on these 212 delayed works up to March 2012 was ₹ 2.87 crore. The delays were attributed by the implementing agencies to shortage of labourers.

Further, in Nanded district, 1,203 nullah training¹⁵ works taken up during the year 2007-09 at an estimated cost of ₹ 65.76 crore were abandoned after incurring an expenditure of ₹ 33.72 crore. The works were abandoned on the ground that the nullah training works did not result in water conservation. Besides, construction of 11 farm ponds was also abandoned after incurring an expenditure of ₹ 1.79 lakh. Also, one public drinking well-constructed at a cost of ₹ 0.99 lakh was abandoned due to submergence.

¹³ Ahmednagar, Bhandara, Buldhana, Nanded, Nandurbar, Sindhudurg, Thane and Yavatmal

¹⁴ Ahmednagar, Nandurbar, Sindhudurg and Thane

¹⁵ Desilting and straightening of the nullahs

In Latur district, work on 220 farm ponds taken up during 2008-09 at an estimated cost of ₹ 1.64 crore were abandoned after incurring an expenditure of ₹ 50 lakh due to labour problems and hard strata of soil.

The reasons for abandoning of works point to lack of proper survey before commencement of work. Thus, the objective of creating durable assets could not be achieved resulting in an unfruitful expenditure of ₹ 34.28 crore.

The Government accepted that there were difficulties in completion of works and the districts would be directed to exercise abundant precaution and complete the abandoned works.

2.1.7.6(c) Non-maintenance of assets

As per para 6.1.3 of operational guidelines, maintenance of assets created under the Scheme was considered as permissible work under MGNREGA. However, maintenance works were not included in the DPs in any of the nine test-checked districts. In the absence of timely maintenance work, there was a risk of faster deterioration of the assets. In six¹⁶ of the nine test-checked districts, plantation works carried out during 2007-12 at a cost of ₹ 15.22 lakh failed due to non-watering.

The Government agreed that the Scheme allowed for maintenance of completed works as and when required and a budgetary provision of 15 *per cent* was available in this regard. Regarding plantations works, the Government stated that the District Collectors would be directed to examine the reasons and undertake corrective measures wherever necessary.

2.1.7.6(d) Non-maintenance of wage material ratio and less allotment of work to GPs

Of the nine test-checked districts, in two districts, Ahmednagar (2011-12) and Thane (2010-11) the wage material ratio of 60:40 was not maintained. In Thane district the expenditure on wages was 43 *per cent* and in Ahmednagar it was 59 *per cent* instead of 60 *per cent*.

In Thane and Yavatmal districts, works in terms of cost ranging between 1.08 *per cent* and 30.45 *per cent* only were entrusted to GPs during the period 2007-12 as shown in **Table 3** against the stipulated 50 *per cent* to be allocated to the GPs.

Table 3: Percentage of expenditure incurred by the Line Department *vis-à-vis* GPs

(₹ in lakh)

Year	Expenditure incurred by Line Department		Expenditure incurred by GPs		Total expenditure		Percentage to total expenditure (line departments)		Percentage to total expenditure (GPs)	
	Thane	Yavatmal	Thane	Yavatmal	Thane	Yavatmal	Thane	Yavatmal	Thane	Yavatmal
2007-08	1,821.16	NA	36.69	NA	1,857.85	NA	98.03	NA	1.97	NA
2008-09	7,529.91	1,640.59	81.96	656.76	7,611.87	2,297.35	98.92	71.41	1.08	28.59
2009-10	3,117.44	971.84	220.66	375.16	3,338.10	1,347.00	93.39	72.15	6.61	27.85
2010-11	936.34	537.27	227.95	198.70	1,164.29	735.97	80.42	73.00	19.58	27.00
2011-12	3,704.27	NA	1,621.42	NA	5,325.69	NA	69.55	NA	30.45	NA

Source: Figures furnished by the Department
NA: Not available

¹⁶ Bhandara, Buldhana, Latur, Nanded, Sindhudurg and Yavatmal

The Government stated that individual instances of districts not maintaining wage-material ratio would be enquired into.

2.1.7.6(e) Discrepancies in allocation of unique identification number to works

As per MGNREGA guidelines, each work should be given a unique identity number to avoid duplication. The generation of unique identity number for the works was done through software application developed by the GoI. Audit scrutiny revealed that 11 works¹⁷ were given more than one unique identity number. In view of allotment of different identity number to the same work, the purpose of preventing duplication of work was defeated. It also pointed to the fact that the system of verification of data before data entry was lax.

The Government stated that attempt would be made to overcome the problem through the support of National Informatics Centre (NIC).

2.1.7.6(f) Improper maintenance of project completion reports

As per MGNREGA operational guidelines (paragraph 6.9), on completion of a project, a Project Completion Report (PCR) was to be prepared in the prescribed format duly verified by a senior officer. Further, photographs of the completed works along with the report of the local Vigilance and Monitoring Committee (VMC) (paragraph 10.1.2) were to be attached to the PCR.

In four¹⁸ out of the nine test-checked districts, the PCR in respect of 330 completed works were accompanied neither by a report of the VMC nor by photographs. Thus, the required assurance to be provided as per MGNREGA guidelines about the satisfactory completion of works could not be obtained in audit.

2.1.7.6(g) Non-maintenance of works register and non-verification of measurement books

As per MGNREGA operational guidelines (paragraph 9.1), works register containing details of works such as number and date of sanction order, completion date, etc. was to be maintained at GP level. Further, as per MGNREGA operational guidelines (paragraph 6.7.5), measurements in respect of works done should be recorded in the measurement books maintained by qualified technical personnel in-charge of the worksite. Verification should also be done by qualified personnel, a week before payment of wages. Scrutiny in audit revealed that works registers were not maintained in 60 GPs (two districts). Further, though the measurements were recorded in the measurement books by the technical persons but verification of measurements *vis-a-vis* works executed were not being done.

The Government stated that verification of works may not have been possible due to shortage of staff. It further stated that many of the posts have been filled and adequate contract staff was being provided to facilitate measurement. The Government added that the District Collectors and CEOs of ZPs would be directed to exercise abundant caution regarding verification of measurements.

¹⁷ Buldhana district- nine works; Sindhudurg district- two works

¹⁸ Ahmednagar, Nandurbar, Sindhudurg and Thane

2.1.7.7 Payment of wages

MGNREGA envisaged 100 days of guaranteed wage employment during the year (Section 3) which was to be provided within 15 days from the date of demand (Section 7). Wages were to be paid according to the Minimum Wages Act, 1948 for agriculture labourers in the State (Section 6). The disbursement of wages was to be done on weekly basis or in any case not later than a fortnight of the date on which work was done (Section 3).

To ensure payment of wages within a fortnight, GoI directed (October 2010) all State Governments to close the muster rolls weekly. On failure to provide employment within 15 days as stipulated, the applicant was entitled to a daily unemployment allowance not less than one-fourth of the wage rate for the first 30 days during the financial year and at one-half of the wage rate for the remaining period of the financial year (Section 7). For this purpose, an employment register was required to be maintained by the GPs. The PO was responsible for payment of unemployment allowance not later than 15 days from the date on which it became due for payment (Section 7). The MGNREGA operational guidelines (paragraph 7.2.1) provided for generation of wage slip showing the amount of wage payment and the period to which it pertained, apart from recording the details of work demanded, provided and payments made in the job cards. Further, the guidelines (paragraph 5.3.8) also provided that a copy of the job card should be maintained at the GPs wherein details of payment made and the number of days worked were to be recorded.

Scrutiny of records revealed the following:

- In six districts, employment registers were not maintained by 160 GPs. During April 2007 to January 2010, 77 beneficiaries in Kandhar block of Nanded district, were not paid unemployment allowance amounting to ₹ 0.82 lakh, even though there was a delay of nine to 201 days in providing employment.
- The Minimum Wages Act, 1948 was adopted by the GoM for the purpose of payment of wages under MGNREGS. During the period 2007-12, wage rates were revised on 24 April 2007, 09 November 2009 and 19 March 2011 retrospectively from 14 March 2007, 13 August 2009 and 14 February 2011 respectively. However, the wage rates were not revised and differential wages were not paid to the beneficiaries by the district authorities in Ahmednagar, Nandurbar, Sindhudurg and Thane.
- In four¹⁹ test-checked districts, audit observed that during the period September 2008 to May 2011, there was a delay of 15 to 240 days in crediting the wages to the bank/post office accounts of the beneficiaries. Payment of wages in respect of five muster rolls in Yavatmal district was delayed by more than 300 days. In Wada block of Thane district, wages in respect of 17 labourers amounting to ₹ 11,979 were not credited to their accounts (May 2012). Further, in Khamgaon block of Buldhana district, attendance of 28 workers on the muster roll was tampered with by applying white fluid and thus, an irregular payment of ₹ 8,810 made on this account could not be ruled out.

¹⁹ Ahmednagar, Buldhana, Nandurbar and Thane

- In all the nine test-checked districts, wage slips were not generated and issued to the workers. As a result, there was no mechanism to intimate the labourers about the credit of wages in their accounts and period of work for which wages were credited.
- Copies of the job cards though required to be maintained at GPs were not maintained in Nandurbar and Ahmednagar districts. Verification of job cards of 2,152 beneficiaries conducted by audit revealed that in 31.20 *per cent* cases, payment entries were not updated; in 26.32 *per cent* cases days on which work was done were not updated; and in 25.68 *per cent* cases the signature column was left blank. The Tahsildars/BDOs of the concerned talukas attributed the discrepancies in the job cards to non-production of job cards in the GPs for updation and shortage of staff. In the absence of updated job cards, the job card holders were not in a position to know the status of the payments made, the number of days for which they were employed etc.

The Government stated that emphasis was now being laid on shifting of payment from post offices to banks since bank transfer funds electronically and have core banking and Real Time Gross Settlement (RTGS). It further stated that the districts have been directed to keep duplicate copies of job cards in GPs and update the status from time to time. It added that instructions have now been issued to adhere to the guidelines of the Central Government in letter and spirit.

2.1.7.8 Monitoring and transparency mechanism

MGNREGA operational guidelines stipulated (paragraph 10.1.2) constitution of local VMC at GP level comprising members of the locality or village where the work is undertaken to monitor the progress and quality of work while it is in progress. It further provided (paragraph 10.3.1) for internal verification of the work by the official functionaries *viz.*, Collector, Deputy Collector and BDO within a quarter as follows (i) 100 *per cent* of the works at block level, (ii) 10 *per cent* of the works at district level, and (iii) two *per cent* of the works at State level.

2.1.7.8(a) Local Vigilance and Monitoring Committees

The VMCs were not constituted in all the test-checked blocks in Buldhana, Nandurbar, Bhandara districts and Kankavali block of Sindhudurg district. Information regarding constitution of VMCs in the remaining test-checked GPs was not furnished to Audit.

The Government stated that VMCs would be constituted in all the GPs during MGNREGS Awareness Campaign.

2.1.7.8(b) Lack of verification of works at various levels

Shortfalls in inspection of works noticed in five of the nine test-checked districts are indicated in **Appendix VIII**. There was persistent shortfall in inspection of MGNREGS works at the block level.

The Government accepted the facts and stated that detailed instructions have been issued in September 2012 regarding inspection norms to ensure that inspections take place at all levels as per norms.

2.1.7.8(c) Delay in appointment of Ombudsmen and disposal of complaints

GoI directed (September 2009) the State Governments to appoint Ombudsmen within three months (by December 2009) in all the districts to ensure that the beneficiaries under the Scheme received the benefits and the complaints of the beneficiaries were disposed off speedily. However, in the nine test-checked districts, it was seen that the Ombudsmen were appointed by GoM belatedly between January 2011 and November 2011. In Buldhana district, out of 84 complaints received by the Ombudsman (such as non-payment of wages, irregularities in execution of works, non-cooperation by post office, etc.) between May 2011 and February 2012, 74 cases were resolved by the Ombudsman. However, no documentation was available in respect of 60 resolved cases while 10 complaints pertaining to non-payment of wages, non-allotment of works etc. were pending for a period ranging between five and 17 months.

As per Section 23(6) of MGNREGA, 2005 the PO was to enter every complaint in a complaint register and dispose of the case within seven days of its receipt. Scrutiny in audit revealed that 17 complaints related to non-issue of job cards, denial of registration, non-payment of wages etc. in Thane district were not disposed off despite delay ranging between 148 days and 1,391 days (July 2012). In Ahmednagar district, seven complaints were pending disposal for period ranging between 118 days and 1,414 days (July 2012).

The MGNREGA operational guidelines provided for a detailed system of grievance redressal (paragraph 11.7). The guidelines also stipulate that the State Government should formulate Rules for grievance redressal. However, GoM had not formulated the Grievance Redressal Rules as of October 2012 (paragraph 2.1.7.2(b)).

Further, the operational guidelines specified setting up of helpline for grievance redressal. It was noticed that even though the State and local helplines were set up for this purpose, the State helpline was non-functional.

The Government stated that after initial difficulties most of the Ombudsmen were functioning from the offices allotted to them. They were also using the guidelines provided to them and were exercising their quasi-judicial functions effectively in a time-bound manner. The Government added that the Grievance Redressal Rules would be formulated shortly.

2.1.7.9 Evaluation

As per MGNREGA operational guidelines (paragraph 10.4.1), district-wise evaluation studies were to be conducted or commissioned by the SEGC and block-wise evaluation studies by DPCs for initiating corrective action based on such studies.

A study was conducted by Central Institute of Fisheries Education, Mumbai in March 2009 with the approval of Ministry of Rural Development, GoI on “Appraisal of NREGA programme in Thane and Akola districts of Maharashtra”.

The report submitted by the Institute revealed that majority of the registered households did not have job cards, unique identity numbers were not given to

each work, wages were not paid in time, measurement of works was done only after completion of works etc. However, the Planning department could not confirm whether the findings of the Institute were used for initiating corrective action in these two districts. The evaluation studies in the remaining eight districts were not conducted by the DPCs despite a lapse of more than six years since the implementation of the Scheme in the State.

2.1.7.10 Impact of MGNREGS

Audit conducted a survey of 2,152 beneficiaries (through interviews) in 24 selected blocks to assess the impact of the Scheme on various parameters like increasing family income, avoiding migration, avoiding the family going hungry etc. As per the survey, 61.06 *per cent* of the beneficiaries interviewed stated that the Scheme helped in increasing the family income. In Bhandara, Thane and Ahmednagar districts, 50 *per cent*, 51.57 *per cent* and 36.44 *per cent* of the beneficiaries respectively stated that the Scheme did not help in increasing the family income. Further, 41.47 *per cent* of the total beneficiaries interviewed stated that the Scheme helped in avoiding the family going hungry.

In Sindhudurg and Thane districts, 66.67 *per cent* and 46.06 *per cent* of the beneficiaries interviewed stated that the Scheme did not help in avoiding the family going hungry. Of the total beneficiaries interviewed, 45.72 *per cent* stated that the Scheme helped in avoiding migration. In Thane district, 46.85 *per cent* of the beneficiaries responded that the Scheme did not help in avoiding migration.

2.1.7.11 Transparency and Accountability: Public vigilance and social audits

2.1.7.11(a) Shortfall in the conduct of social audit

Chapter 12 of MGNREGA operational guidelines deals with public vigilance and social audits. The basic objective of social audit is to ensure public accountability in the implementation of the Scheme. The MGNREGA operational guidelines indicate two types of social audit:

- Periodic assemblies in the Gram Sabha for scrutinizing details of projects, which is referred to as social audit forum; and
- Social audit as a continuous process of public vigilance involving potential beneficiaries and other stakeholders, which covers verification of 11 stages²⁰ of implementation right from registration of families through evaluation and the social audit forum.

The operational guidelines provided that there will be a mandatory review of all aspects of the social audit at the Gram Sabha meetings to be held at least once every six months. The social audit forum was to be chaired by an individual who was not part of the Panchayat or any other implementing

²⁰ (i) Registration of families, (ii) distribution of job cards, (iii) receipt of work applications, (iv) preparation of shelf of project and selection of sites, (v) approval of technical estimates and issue of work order, (vi) allotment of work to applicants, (vii) execution of works and maintenance of muster rolls, (viii) payment of wages, (ix) evaluation of work, (x) payment of unemployment allowances, (xi) mandatory social audit in the Gram Sabha (social audit forum)

agency. The Secretary of the forum was to be an official outside the GP. Further, as per paragraph 11.3.6 of operational guidelines, a District internal audit cell in the office of the DPC was to be constituted to scrutinize the social audit reports of the Gram Sabha and conduct a special audit, if necessary.

Scrutiny of records revealed the following:

- Social Audit in respect of 30 GPs of Yavatmal district and 25 GPs of Buldhana district were not conducted during the period 2007-12.
- Only routine matters relating to works executed, wages paid, job cards issued etc. were discussed in social audit forums. The operational guidelines (paragraph 12.5.3) however, provided for a minimum mandatory agenda consisting of transparency in process of registration; transparency in preparation, issue and updation of job cards; transparency in sanction and implementation of works; *post facto* audit of all records of each work undertaken etc. which was not adhered to.
- Meetings of social audit forums were not chaired by persons from outside the Panchayat or other implementing agencies. Moreover, Secretary of the social audit forum was not found to be an official from outside the GP.
- Internal audit cells were not constituted in Ahmednagar, Latur and Thane districts. Information in respect of remaining six test-checked districts was not available.

The Government stated that a pilot study for social audit had been conducted in six revenue divisions and the report was being submitted to the GoI. It further stated that steps had been initiated to set up an independent unit for social audit. In the exit conference, the Deputy Secretary stated that from the current year onwards, meetings of social audits would be chaired by a person from outside the Panchayat. Regarding constitution of internal audit cell, the Principal Secretary stated that an audit management cell was being constituted.

2.1.7.11(b) Complete details not indicated on the worksite boards

Worksite boards showing complete details such as, commencement and completion dates of the work, wage rates, cost of work, date of administrative and technical approval etc. were not indicated in any of the 1,743 MGNREGS worksites physically verified by Audit. Further, photographs of works to be taken before, during and after the work must be available for public display and scrutiny during social audit forum. Scrutiny in audit revealed that photographs during all the three stages were not taken. Thus, the transparency measures stipulated in the guidelines were not ensured.

2.1.7.12 Data updation and its validation

As per the MGNREGA operational guidelines (paragraph 13.5), active use of Information Technology (IT) was to be made for improving the efficiency and transparency of operational processes. GoI developed an internet-based Management Information System (MIS) named as MGNREGS-MIS with the assistance of NIC, New Delhi. The objectives of the MIS *inter alia* were to provide single window interface for all stakeholders of the Scheme, track the pattern of demand for work and prepare an inventory of works and assets

created for future planning.

To assess whether the data provided in the MIS were reliable, audit cross-checked the manual data maintained at DPCs and GPs with the information available on the website in six test-checked districts²¹. Major audit findings are discussed below:

- There was no system to ensure the correctness of data regarding the number of job cards registered as per records maintained in the GPs and as per the data entered in the MIS. In 138 of 160 test-checked GPs, the data regarding the number of job cards issued did not match the data in the MIS.
- The MIS did not prevent entry of the name of a person whose name was already registered. Double registration either through the same job card or different job cards was noticed in 173 cases.
- The master data of job cards could be modified without any supervisory permission or authentication. Additions of names in the job card without authenticating documents were noticed in 194 cases. The modules made for data entry at the block level and GP level were placed at the block level and could be accessed with single user_id shared by many operators.
- Data regarding demand for work was not entered into the MIS in 45 of 160 test-checked GPs. In the absence of data entry, it was not possible to monitor the payment of unemployment allowance and track the pattern of demand for work for future planning.
- In 53 of the 153 muster rolls test-checked, it was found that data in the MIS did not match with the number of labourers employed, amount paid etc.
- The data entry in respect of post office savings account number was found incorrect to the extent that one post office account number was allotted to more than one beneficiary and the post office account numbers did not match with post office records.
- The receipt of funds and expenditure incurred as per records maintained at DPC did not match with MIS data. Further, there were variations in actual expenditure and the expenditure shown in MIS in respect of 35 works in Kankavali block of Sindhudurg district, 62 works in Sangamner block of Ahmednagar district and 50 works in Shahada block of Nandurbar district.
- In Sindhudurg district, information in MIS regarding registration of households, photographs affixed etc. in respect of two GPs did not match with the records maintained at GP level.
- In Buldhana district, the job card number mentioned in the muster roll did not match with the MIS data. Further, the name of the GP entered into the MIS was incorrect as verified during the scrutiny of works.
- An expenditure of ₹ 34.90 lakh incurred on farm ponds and tree plantation works in Buldhana district was not uploaded in the website.

²¹ Ahmednagar, Bhandara, Buldhana, Nanded, Nandurbar and Sindhudurg

- There was difference in the unspent balance as furnished by the DPCs and as per MIS at the end of 2011-12 as shown in **Table 4**.

Table 4: Difference in unspent balances

(₹ in lakh)

District	Unspent balance	
	As per DPCs	As per MIS
Nanded	1,050.68	(-) 3,116.08
Yavatmal	382.97	(-) 2,068.38
Bhandara	1,538.64	704.13
Latur	522.57	134.34
Buldhana	824.76	125.79

Source: Information furnished by DPCs and information available on MIS

Thus, the reliability of MIS as a tool to facilitate management decision and to provide accurate information to various stakeholders under the Scheme was weak. In the entry conference, the Principal Secretary (EGS and Water Conservation Department) stated (February 2012) that the MIS data was updated up to 85 per cent and added that validation system will be put in place.

The Government while accepting the facts stated that the State had established a State Management Unit with a State MIS Co-ordinator and two Deputy MIS Co-ordinators to manage the MIS more efficiently. Training classes and examinations were also stated to have been held to improve the quality of work and MIS through such efforts.

2.1.7.13 Convergence

As per MGNREGA operational guidelines (paragraph 14.1), convergence of the MGNREGA funds with the funds from other sources for the creation of durable assets was permissible. Funds from other source for the works permissible under MGNREGA could be dovetailed with MGNREGA funds but not vice versa. The MGNREGA guidelines also provided that the social sector programmes such as literacy and health missions must be converged with the MGNREGS to extend the benefits of these programmes to MGNREGS workers and beneficiaries (paragraph 14.2.1). However, no guidelines for convergence were issued by the State Government as of October 2012.

Nandurbar district was identified (November 2009) as the pilot district for convergence with Schemes being implemented by Agriculture, Fisheries, Animal Husbandry Departments and Maharashtra State Electricity Board. However, no Scheme under convergence has been taken up as of July 2012.

The Government stated that instructions have been issued to the Collectors and CEOs of ZPs to organise meetings with technical departments for consideration of convergence of works undertaken by different departments with MGNREGS works so that beneficiaries of the Scheme could avail of benefits of other Schemes.

2.1.8 Conclusion

The implementation of Mahatma Gandhi National Rural Employment Guarantee Scheme in the State was deficient. Eight of the nine test-checked districts did not prepare five years District Perspective Plans to facilitate advance planning for effective implementation of the Scheme. The Annual Development Plans were also unrealistic as the quantum of employment actually provided against the estimated demand was substantially low. Delay in establishing separate Commissionerate for the Scheme, vacancies in the key posts, non-appointment of full-time dedicated officials and support staff, delay in imparting training to key personnel etc. impacted the implementation of the Scheme. The demand for works was extremely low in the nine test-checked districts and ranged between 0.29 *per cent* and 48.45 *per cent* during the period 2007-12. Only 0.42 *per cent* to 3.22 *per cent* of the beneficiaries in the test-checked districts were provided 100 days of employment during the same period. There were delays in execution of works; a number of works were abandoned leading to unfruitful expenditure of ₹ 34.28 crore; works which were not permissible under the Scheme were undertaken leading to irregular expenditure of ₹ 47.19 crore. Project completion reports were not accompanied with report of the Vigilance and Monitoring Committee or photographs of the completed works. There were delays in the payment of wages and unemployment allowance and differential in wages due to revision in wage rates was also not paid. There were shortfalls in verification/inspection of works and conducting of social audit. The Management Information System database did not provide an assurance on its reliability.

2.1.9 Recommendation

The Government may:

- ensure that long-term District Perspective Plans are prepared by all the districts and Annual Development Plans are realistic;
- ensure that vacancies in the key posts are filled-in and training to key personnel are imparted promptly;
- ensure that works taken up under the Scheme are bona fide, properly identified and executed in a time bound manner;
- ensure that wages and arrears of wages on account of wage revision are paid promptly and unemployment allowance due to the beneficiaries are invariably paid;
- strengthen its monitoring and evaluation mechanism through dedicated local Vigilance and Monitoring Committees, social audits and inspections; and
- ensure that data entry checks and input validation are strengthened to increase the reliability of Management Information System.

RURAL DEVELOPMENT AND WATER CONSERVATION DEPARTMENT

2.2 Implementation of Pradhan Mantri Gram Sadak Yojana

Government of India launched the Pradhan Mantri Gram Sadak Yojana as a 100 per cent Centrally Sponsored Scheme in December 2000. The Pradhan Mantri Gram Sadak Yojana aims at providing good road connectivity to the eligible unconnected habitations in rural areas by way of all-weather road operative throughout the year.

Performance audit of the Scheme in the selected Programme Implementation Units during the period 2007-08 to 2011-12 revealed inadequacies in survey and estimation of works; non-observance of schedules for completion of works due to non-availability of land or involvement of forest land. Programme funds were received at the fag end of the financial year. Deviation from the Scheme guidelines and contract conditions resulted in undue benefit to contractors and extra expenditure on works. Prescribed schedule of inspection by the National/State Quality Monitoring Coordinators was not maintained. Data on 'Online Management, Monitoring and Accounting System' was not reliable. Some of the key findings are highlighted below.

Highlights

Contrary to the Scheme guidelines, about 84 per cent of the programme funds of Government of India were utilized on upgradation of roads while expenditure incurred on new connectivity was only 16 per cent, though 192 habitations with a population of 500 persons and above were yet to be connected.

(Paragraph 2.2.6.2)

There were shortfalls in site surveys and estimation of quantum of works before the preparation of Detailed Project Reports resulting in cost overruns, stoppage of works, incomplete works etc. A number of works could not be completed due to non-availability of land or involvement of forest land.

(Paragraphs 2.2.6.3 and 2.2.6.4)

A substantial portion of the programme funds (34.46 per cent) from Government of India were received in the last two months of the financial year. As a result, Maharashtra Rural Road Development Association temporarily diverted the security deposits of the contractors and interest earned on programme funds, towards meeting the contractual obligations. Tender premium amounting ₹ 4.66 crore was incorrectly charged to Pradhan Mantri Gram Sadak Yojna in respect of 13 works executed by two Programme Implementation Units, in contravention of Scheme guidelines.

(Paragraphs 2.2.7.3 and 2.2.7.5)

Bank guarantees furnished by the contractors against various advances drawn by them were found to be fake on verification. The contractors were also awarded works on fake registration. In two cases, special repair

works valuing ₹ 65 lakh were got executed from different contractors within the defect liability period. Liquidated damages amounting to ₹ 8.89 crore were not recovered from the contractors for delay in execution of works.

(Paragraphs 2.2.8.1(a), 2.2.8.1(d) and 2.2.8.2(a))

Irregular price escalations amounting to ₹ 17.84 crore were allowed to the contractors in respect of 61 works though none of the works were completed within the time specified in the contracts. In one work, item rates were revised upwards during execution leading to an irregular payment of ₹ 92.43 lakh to the contractor.

(Paragraphs 2.2.8.2(b) and 2.2.8.2(c))

The Online Management, Monitoring and Accounting System expected to be the chief mechanism for monitoring the programme was not reliable. Inspections conducted by the National and State Quality Monitors were not as per the prescribed norms.

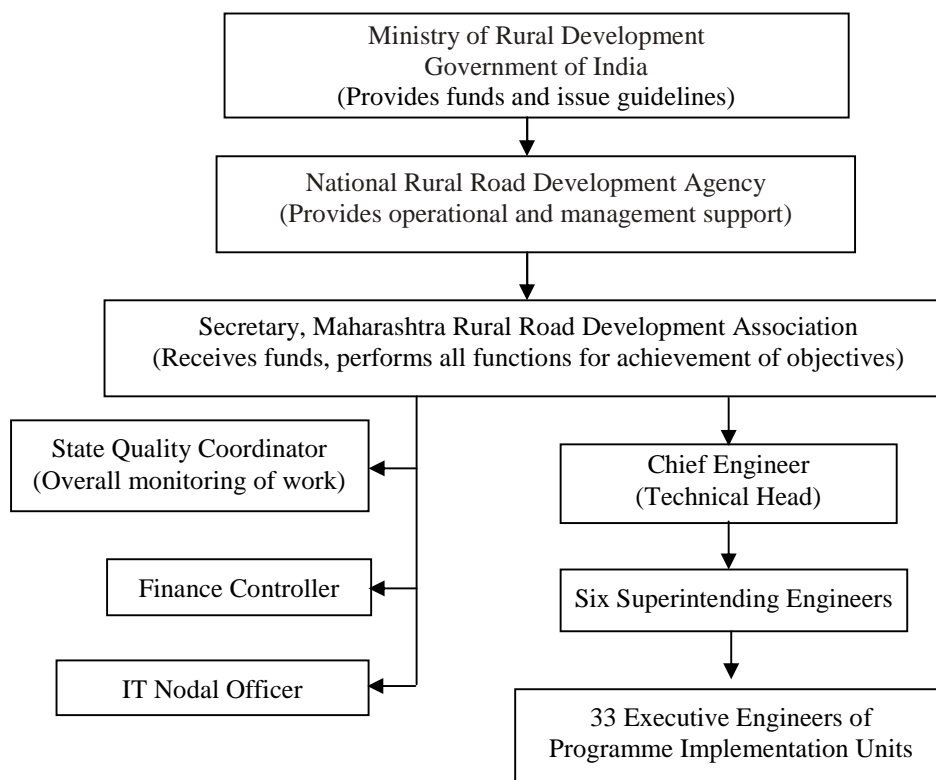
(Paragraph 2.2.9.1 and 2.2.9.2(a))

2.2.1 Introduction

Rural road connectivity is a key component of rural development, promoting access to economic and social services and thereby, generating increased agricultural income and productive employment opportunities in rural areas. The Pradhan Mantri Gram Sadak Yojna (PMGSY), a 100 per cent Centrally Sponsored Scheme was launched in December 2000. The primary objective of PMGSY was to provide connectivity by way of all-weather roads to eligible unconnected habitations in rural areas in such a way that all unconnected habitations with a population of 1,000 persons and above were covered in three years (2003-06) and all unconnected habitations with a population of 500 persons and above were covered by the end of the tenth plan period (2007). PMGSY also permitted the upgradation of existing roads in those districts where all the eligible habitations had already been provided all-weather road connectivity.

In the State of Maharashtra, the Scheme is being implemented since 2000-01 (Phase-I) by Maharashtra Rural Road Development Association (MRRDA) and currently Phase-XI (2012-13) is underway. Since the inception of the Scheme, proposals valuing ₹ 5,389.47 crore had been sanctioned by the National Rural Roads Development Agency (NRRDA), Government of India (GoI) against which funds amounting to ₹ 5,260.60 crore had been received by the State Government. The expenditure incurred on the Scheme as on 31 March 2012 was ₹ 4,829.11 crore.

2.2.2 Organizational set-up



2.2.3 Scope and methodology of audit

The implementation of the Scheme for the period from 2007-12 was reviewed during April to June 2012 by test check of records in Mantralaya/MRRDA, Office of the Financial Controller, IT Nodal Officer and State Quality Coordinator (SQC) at Pune and 11²² out of 33 Programme Implementation Units (PIUs) selected on the basis of Stratified Random Sampling Method.

An entry conference was held on 20 April 2012 with the Secretary, Rural Development Department, Chief Engineer (PMGSY) and other departmental officers in which audit objectives, audit criteria and scope of audit were discussed. The exit conference was held on 15 October 2012 with Principal Secretary, Rural Development Department, Chief Engineer (PMGSY) and other departmental officers where the audit findings were discussed. Reply furnished by the Government (October 2012) had been duly acknowledged and suitably incorporated in the Performance Audit Report.

2.2.4 Audit objectives

The audit objectives were to assess whether:

- the planning process for rural road connectivity was adequate and duly backed up by Detailed Project Reports (DPRs);
- the funds were adequate, provided in time and utilized efficiently and

²² Ahmednagar, Aurangabad, Chandrapur, Gondia, Kolhapur, Latur, Nagpur, Nanded, Nashik, Raigad and Yavatmal

- economically;
- the implementation was as per specifications and works were carried out efficiently, effectively and economically; and
- mechanism for supervision, monitoring and quality control was satisfactory.

2.2.5 Audit criteria

The appropriate criteria were derived from the following documents:

- PMGSY Guidelines and Operations Manual issued by GoI;
- Core Network Plan, District Rural Road Plans and Manuals;
- Fund release orders from GoI;
- Detailed Project Reports, Action Plans, Standard Bidding Documents;
- Statutory Acts and Rules; and
- Instructions issued by Government of Maharashtra (GoM) from time to time.

2.2.6 Audit findings

2.2.6.1 Planning

The rural road plan and the core network²³ constitute the basis for all planning under PMGSY. In the first step of planning, the existing road network is drawn up, unconnected habitations identified and the roads required to connect these unconnected habitations prepared. This constitutes the block level master plan. The core network is then identified and the block level master plan and the core network are placed before the intermediate panchayat for consideration and approval of the core network. After approval by the intermediate panchayat, the plans are placed before the district panchayat for its approval. Once approved by the district panchayat, a copy of the core network is sent to the State Level Agency (MRRDA) as well as the GoI (NRRDA) for approval. The PIUs at the district level prepare the DPR for each proposed road work which, after the approval by the State Technical Agency (STA) and MRRDA, is sent to NRRDA for approval. The programme funds are allocated thereafter by NRRDA for implementation of the Scheme.

2.2.6.2 Upgradation given priority over new connectivity

Paragraph 2.2 of PMGSY guidelines permit the upgradation of the existing roads in those districts where all the eligible habitations of the designated population size (500 and above) have been provided all-weather road connectivity. However, upgradation is not central to the Programme and cannot exceed 20 *per cent* of the State's allocation as long as eligible unconnected habitations in the State still exist.

During the period 2000-12 (Phase-I to IX), 5,309 road work proposals comprising 23,207.27 km were cleared, out of which, 4,970 road works

²³ It is the minimal network of road that is essential to provide basic access to essential social and economic services to all eligible habitations in the selected areas through at least a single all-weather road connectivity

measuring 21,403.83 km were constructed by the end of March 2012 as detailed in **Table 1**.

Table 1 - Coverage of road length

Category	Description of item	Proposals cleared		Achievement as of March 2012		Percentage of achievement
New Connectivity	No. of road works	1,263		1,175		93.03
	Length of road works (in Km)	3,651.67		3,265.13		89.41
	Value of road works (₹ in crore)	896.70		781.69		87.17
	Habitations covered	>1000	251	993	237	953
999-500		742	716			
499-250		395		336		85.06
Upgradation	No. of road works	4,046		3,795		93.80
	Length of road works (in Km)	19,555.60		18,138.70		92.75
	Value of road works (₹ in crore)	4,492.77		4,047.42		90.09
	Habitations covered	>1000	3,475	5,623	3,229	5,143
999-500		2,148	1,914			
499-250		1,109		994		89.63
Total	No. of road works	5,309		4,970		93.61
	Length of road works	23,207.27		21,403.83		92.23
	Value of road works (₹ in crore)	5,389.47		4,829.11		89.60

(Source : Information provided by Information Technology Nodal Officer)

The table indicated that 83.81²⁴ per cent funds were utilized on upgradation works while expenditure incurred on new connectivity was only 16.19²⁵ per cent, though there were 192 unconnected habitations in the State (with population of 500 persons and above). Thus, there was deviation from the Scheme guidelines.

The Government stated (October 2012) that new connectivity for 161 out of 192 unconnected habitations had been sanctioned in August 2012. The balance of 31 unconnected habitations had not been sanctioned till date (March 2013).

2.2.6.3 Inadequate site survey and estimation of quantum of work

As per paragraph 6.2 of operations manual of PMGSY, detailed investigations²⁶ should be carried out prior to preparation of DPRs for road works.

Scrutiny of road works in 11 selected PIUs revealed that the above instructions

²⁴ Value of upgradation (₹ 4,047.42 crore)/total value of road works (₹ 4,829.11 crore) x 100=83.81%

²⁵ Value of new connectivity (₹ 781.69 crore)/total value of road works (₹ 4,829.11 crore) x 100=16.19%

²⁶ Reconnaissance and route survey, preparation of Longitudinal Section (LS) and Cross Section (CS) Plan, soil investigation, traffic survey, hydrological survey, analysis of data, design and report preparation, social and environmental safeguard assessment etc.

were not observed in five²⁷ PIUs while preparing DPRs which resulted in excess execution of tendered quantities, the percentage of which ranged between 40 and 4217 as detailed in **Appendix IX**.

Further test check of works in three other PIUs revealed the following:

- There was cost overrun of ₹ 1.90 crore in two works in Raigad PIU due to change in alignment because of forest land indicating poor initial survey.
- In Nanded PIU, nine works sanctioned between August 2008 and September 2010 at a cost of ₹ 25.28 crore were shown to be completed at a cost of ₹ 13.96 crore as per progress report submitted to GoM. Audit scrutiny however, revealed that all the nine works were foreclosed either due to land dispute/involvement of forest land or deterioration of roads during construction on account of heavy traffic necessitating revision of DPRs.
- Scrutiny of Package MH 0133–Upgradation of Mirajgaon, Nagalwadi-Handalwadi Road in Ahmednagar PIU revealed that in Schedule B of tender, only one cubic metre (cum) quantity was included in items of excavation. However, the quantities increased enormously during actual execution leading to excess expenditure of ₹ 2.35 crore, as indicated in **Table 2**. This showed poor DPR and estimate preparations.

Table 2 - Excess executed quantity

Name of item	Schedule 'B' quantity (in cum)	Rate of execution (per cum)	Quantity actually executed (in cum)	Excess amount (₹ in crore)
Excavation for road way in hard rock (blasting prohibited)	01	₹ 437.80	2,357.50	0.10
Construction of embankment with material from borrow pits	01	₹ 137.67	1,63,811.22	2.25
Total				2.35

(Source: Data collected from PIU)

- In the work of Major District Road 35 to Gopalpur at Ahmednagar PIU, out of the road length of 41 km, about 19 km was passing through submergence of Jayakwadi dam due to which construction was damaged. This road length was redesigned and reconstructed by incurring additional expenditure of ₹ 3.04 crore which was met out from savings in other packages/phases.

The above cases clearly indicated that while preparation of DPRs the instructions contained in the operations manual of PMGSY for conducting detailed survey and investigations, preparation of works estimates *etc.* were not followed.

The Government admitted that there were some lapses and omissions in preparation of DPRs and there were excess execution of quantities in some of the items. The Government attributed the inadequacies in DPR to lack of good technical staff and assured that due care would be taken for project preparation

²⁷ Aurangabad, Chandrapur, Latur, Nashik and Yavatmal

at DPR stage and excesses would be avoided.

2.2.6.4 Incomplete/stopped work due to non-availability of land/non-clearance of forest land

As per paragraph 6.12 of PMGSY guidelines, it would be the responsibility of the State Government/District Panchayat to ensure that land is available for taking up the proposed road work. A certificate that land is available must also accompany the proposal for each road work.

In nine ²⁸ out of 11 test checked PIUs, it was noticed that 32 works sanctioned between 2005 and 2008 at a cost of ₹ 113.54 crore and on which an expenditure of ₹ 61.53 crore was incurred as of March 2012, could not be completed due to non-availability of land, involvement of forest land, encroachment, opposition from farmers, non-availability of material, contractors' failure to execute the works etc. as indicated in **Appendix X**.

The above was a pointer to the fact that actual availability of land was not investigated at the time of preparation of district road proposals and DPR.

During joint inspection by Audit (June 2012) to the worksite of SH-30 to Bangla Tanda, Taluka Paithan; District Aurangabad (serial number 9 of **Appendix X**), it was observed that only embankment earthwork with side drains was completed since 2009-10, as indicated in photograph below.



**Photograph of incomplete road work at Bangla Tanda;
Taluka Paithan; District Aurangabad**

The Government stated that most of the PMGSY roads were passing through Government land and partly through private land which were given with consent or donation by land owners 20-25 years back for construction of road works. Therefore, during survey/DPR it was presumed that the available road width was a Government land. However, land owners during road construction created obstructions and stopped works through court litigation or through other grievance redressal forum and the projects consequently got delayed. The Government added that these were unforeseen reasons which could not be anticipated at the time of preparation of DPRs. The presumption of land availability showed poor planning.

²⁸ Ahmednagar, Aurangabad, Chandrapur, Kolhapur, Nagpur, Nanded, Nashik, Raigad and Yavatmal

2.2.6.5 Inflated estimation of road works

Paragraph 11.5 of PMGSY guidelines envisaged that with the use of Schedule of Rates (SoR), it was expected that on average, the tendered value would approximate the estimated value. Excess/deficit at PIU level will be adjusted by MRRDA provided that in any particular package, the excess/deficit shall not exceed 10 *per cent* of the sanctioned package cost.

In five out of 11 test-checked PIUs it was observed that the cost of works in schedule B of tender was significantly less than the cost approved by NRRDA. The details are indicated in **Table 3** below.

Table 3 Excess estimation

(₹ in lakh)

District	Package number	Length in km	GoI cost	Cost put to tender	Difference	Actual variation (in %)	Government reply/ PIU reply
Ahmednagar	MH-0149	09.48	489.25	412.32	76.93	18.66	Government stated that the correct GoI cost was ₹ 416.97 lakh and not ₹ 489.25 lakh.
Nashik	MH-2042	37.11	1,269.78	971.07	298.71	30.76	Government stated that length of 3.13 km was executed by State PWD and therefore, the cost was reduced.
Aurangabad	MH-0421	15.00	618.07	543.63	74.44	13.69	Government stated that GoI cost was ₹ 551.93 lakh and not ₹ 618.07 lakh.
Chandrapur Phase VI	MH-0814	34.96	1,113.49	926.80	186.69	20.14	Government stated that road width was reduced from 3.75 m to 3.00 m due to less traffic density.
	MH-0821	19.13	548.33	377.21	171.12	45.36	
	MH-0822	13.18	440.79	365.70	75.09	20.53	
	MH-0823	09.21	257.40	206.41	50.99	24.70	
Phase VIII	MH-0832	06.70	262.33	185.13	77.20	41.70	
Gondia	MH-1123	21.37	649.23	568.61	80.62	14.18	PIU stated (August 2012) that in package No. 1140, partial road length was executed by other department while in other package the GoI cost was inclusive of DPR cost.
	MH-1140	52.83	1,187.15	981.86	205.29	20.90	

(Source: Data collected from PIUs)

The replies furnished by the Government/PIU are not tenable for the following reasons:

- The GoI cost and cost put to tender in all the packages mentioned above were indicated in the bid evaluation report duly signed by the Chief Engineer (PMGSY). Therefore, the reasons adduced by the Government for amended GoI cost or reduction in road length lacked credibility.
- Any road designated under PMGSY cannot be executed by other agency.
- As per cost norms fixed by the Ministry of Rural Development (MoRD), GoI (June 2006), the cost of preparation of DPR was only ₹ 20,000 per km in plain areas and therefore, the cost of package even after inclusion of DPR cost should not increase the GoI cost substantially.

2.2.7 Financial management

The MRRDA receives funds for PMGSY from MoRD/NRRDA. These include the programme funds and administrative expenses funds. The grant for maintenance is received from the GoM. There are three main bank accounts with State Bank of India at Mumbai for 'Programme Fund', 'Administrative

Expenses Fund’ and ‘Maintenance Fund’. Each of these three accounts are accompanied with 33 shadow accounts for 33 PIUs. The Executive Engineers of PIUs are the drawing and disbursing officers who draw the funds from these accounts. The Bank issues cheque books to each of the authorized signatories/Drawing and Disbursing Officers. The authorized signatories make payments, as per the established Public Works Department procedure, by account payee cheques to the respective designated payee accounts. They immediately enter the cheque and payee details in the Payment Module²⁹ and issue an advice to the bank.

2.2.7.1 Receipt and expenditure

During 2007-08 to 2011-12, the position of receipt of funds and expenditure incurred by 33 PIUs was as indicated in **Table 4**.

Table 4 - Receipt and expenditure

(₹ in crore)

Year	Programme Fund (from GoI)		Administrative Expenses Fund (from GoI)		Maintenance Fund (from GoM)	
	Receipt	Expenditure	Receipt	Expenditure	Receipt	Expenditure
2007-08	563.96	635.64	0.00	02.39	04.87	2.68
2008-09	1,030.00	934.07	0.00	03.46	13.71	2.71
2009-10	944.18	1,020.88	5.00	00.34	40.00	16.08
2010-11	1,242.55	1,072.25	5.00	02.61	68.20	39.11
2011-12	791.01	564.04	0.00	00.00	130.00	54.54
Total	4,571.70	4,226.88	10.00	8.80	256.78	115.12

(Source: Financial Controller records)

As could be seen, the programme funds, the administrative expenses funds and the maintenance funds were short-utilized during 2007-12.

The Financial Controller, PMGSY in Mantralaya stated (October 2012) that since some of the roads were in the naxal affected area of Gondia and Gadchiroli districts, the programme funds could not be utilized despite its availability. The Government stated that maintenance funds would be fully utilized in the subsequent year.

2.2.7.2 Short-release of administrative expenses funds

As per paragraph 12.2 of PMGSY guidelines, administrative expenses funds³⁰ to the extent of 2.25 per cent of the sanctioned project costs was to be provided by MoRD. Audit observed that during 2007-12, the GoI sanctioned road projects valuing ₹ 3,643.07 crore (refer Table 6) and therefore, ₹ 81.97 crore representing 2.25 per cent of the sanctioned cost was to be provided by MoRD to the 33 PIUs, as administrative expenses funds. However, only ₹ 10 crore was provided (refer Table 4), resulting in short-release of funds to the extent of ₹ 71.97 crore.

The Government stated that the matter was being pursued with NRRDA for last six years for releasing funds for administrative expenses.

²⁹ Online Management, Monitoring and Accounting System (OMMAS)

³⁰ Administrative expenses (1%); Travel expenses (0.50%); Administrative and travel expenses (0.25%); and Independent Quality Monitoring second tier (0.50%)

2.2.7.3 Receipt of programme funds at the fag end of the year

From the audited balance sheet of MRRDA for the year 2006-07 to 2010-11, it was observed (February 2011 and April 2012) that a substantial portion of the programme funds (34.46 *per cent*) was received in the last two months of the financial year. The PIUs also issued cheques on the last working day of the financial year which resulted in heavy booking of expenditure by the PIUs and the account remained un-reconciled on the last day of financial year as indicated in **Table 5**.

Table 5 - Receipt of funds

Year	Fund received during April to January	Fund received in February and March	Total	Percentage of receipt in February and March to total receipts
2006-07	-	103.42	103.42	100.00
2007-08	513.96	50.00	563.96	8.87
2008-09	650.00	380.00	1,030.00	36.89
2009-10	694.18	250.00	944.18	26.48
2010-11	687.54	555.01	1,242.55	44.67
Total	2,545.68	1,338.43	3,884.11	34.46

(Source: Financial Controller records)

In the management letter for 2010-11, the internal auditor of MRRDA also pointed out (October 2011) that receipt of grants during the last three years was not as per guidelines and that almost 45 *per cent* of funds for 2010-11 were received on the last day.

Due to receipt of programme funds at the fag end of the year, MRRDA temporarily diverted the security deposits of the contractors and bank interest received on programme funds, to meet its payment obligations, as detailed in **Table 6**.

Table 6 - Diversion of funds

Year	Cost of sanctioned proposals	Funds received from MoRD	Security deposit diverted	Interest diverted	(₹ in crore)
					Total funds temporarily diverted (4+5)
(1)	(2)	(3)	(4)	(5)	(6)
2007-08	1,467.66	563.96	47.43	31.90	79.33
2008-09	267.67	1,030.00	94.25	39.70	133.95
2009-10	1,719.32	944.18	138.47	46.51	184.98
2010-11	188.42	1,242.55	170.14	51.18	221.32
2011-12	0.00	791.01	225.00	70.00	295.00
Total	3,643.07	4,571.70	675.29	239.29	914.58

(Source: Financial Controller records)

The Government accepted the audit observation.

2.2.7.4 Un-discharged liability towards statutory and other dues

The balance sheet of MRRDA at the end of March 2012 revealed that there was an un-discharged liability of ₹ 26.89 crore towards Income Tax (₹ 3.79 crore), Commercial Tax (₹ 2.30 crore) and others (₹ 20.80 crore).

The Chief Engineer, MRRDA stated (September 2012) that the amount of ₹ 20.80 crore represented various miscellaneous deposits deducted and held as payable, which required detailed scrutiny to set right. As regards statutory deductions (Income tax and Commercial tax), it was stated that after reconciliation, the amount would be credited to proper head of account.

Government accepted the audit observation and stated that a detailed audit would be conducted for these items and difference, if any, would be duly adjusted.

2.2.7.5 Irregular utilization of programme funds

As per paragraph 11.5 of PMGSY guidelines, any excess cost due to tender premium or time overrun, arbitration or judicial award is to be met by the State Government.

In PIU Nanded, the cost of seven works was revised to ₹ 16.21 crore from ₹ 14.29 crore as there was no response from the bidders. In PIU Kolhapur, cost of six works was revised to ₹ 19.96 crore from ₹ 17.22 crore due to forest land problem. No sanction of NRRDA was available for these revisions resulting in excess over GoI cost by ₹ 4.66 crore which was incorrectly charged to PMGSY instead of these being charged to the State Government, in violation of guidelines.

Government stated that in case of Nanded district there was steep rise in prices of petroleum products including bitumen and tenders were received at higher rates. A proposal was stated to have been submitted to NRRDA for approval of the excess cost. In case of Kolhapur, the Government stated that there was time overrun of eight to 10 months as the forest department had stopped the works. It added that there was an excess of ₹ 1.45 crore over GoI cost in three out of six works only which required the approval of NRRDA. Approvals from NRRDA were awaited (June 2013).

2.2.8 Execution of works

2.2.8.1 Inadequacies in contract management

2.2.8.1(a) Non-verification of bank guarantee before acceptance and non-renewal of bank guarantee before expiry

As per note 2 below paragraph 13.2.3 of PMGSY Accounts Manual, it is the duty of the officer accepting the bank guarantee (BG) to obtain confirmation of its genuineness directly from the bank issuing the BG, without any third party intervention. In three cases, the PIUs could not recover the mobilization advance from the contractors or impose any financial penalty for default as the BGs furnished by the contractors had either expired or subsequently found to be fake. The cases are discussed below.

- In case of Majgaon Velste (Package No. MH-2438) road works in district Raigad, a contractor was given mobilization advance of ₹ 30 lakh against BG to be recovered in six months. The work order was issued in July 2009 to be completed in 12 months. The contractor executed works amounting to ₹ 29.88 lakh only (against tendered cost ₹ 2.04 crore) and stopped the work. The department could recover only ₹ 14.45 lakh from the contractor and the balance amount of ₹ 15.55 lakh could not be recovered as the BG

furnished by the contractor against mobilization advance had lapsed. The Government stated that the department was approaching other Government departments where this contractor was executing works, for recovery of dues.

- In Package No. MH-2431, Khanoli-Nigade (Mahad) district Raigad, mobilization advance of ₹ 32.49 lakh was given to a contractor for eight works, against BG of ₹ 34 lakh. An amount of ₹ 19.94 lakh was recovered from the contractor and the balance amount of ₹ 12.55 lakh could not be recovered as the BGs furnished by the contractor had lapsed. The Government stated that the outstanding amount would be recovered from the bills of the contractor pending with department.
- PIU Nashik awarded seven road works to two contractors between March 2005 and March 2008 who had fake registration and submitted fake BGs. The tenders of these contractors were terminated and F.I.R. was lodged. An amount of ₹ 1.21 crore was recovered from the security deposits of the contractors and the balance of ₹ 1.57 crore was still pending for recovery. The Government stated that a departmental inquiry had been initiated against the erring officials.

2.2.8.1(b) Non-recovery of labour welfare cess

According to GoM Circular of 21 April 2008, a labour welfare cess at the rate of one *per cent* of the cost of building works and other works was to be recovered from the bills of the contractors with effect from 01 January 2008 and remitted to the account of Labour Welfare Board, Mumbai immediately.

Scrutiny of records in Gondia, Nanded and Nashik PIUs revealed that while making payment for works during 2011-12, labour welfare cess amounting to ₹ 30.16 lakh was not recovered from the bills of the contractors.

The Government stated that recovery of labour welfare cess was to be made effective from all agreements which were in force on 01 July 2010 and executed thereafter, as per GoM Resolution of 17 June 2010. It added that there was no short-recovery in case of Gondia and Nanded districts and Nashik PIU had been asked to recover the amount of cess from the security deposit of the contractors.

The reply is not tenable as the labour welfare cess was applicable from 01 January 2008 and not from 01 July 2010. The GoM Resolution of 17 June 2010 only prescribed the procedure for maintenance of records with regard to collection of cess and various reports (monthly and annual) to be rendered to the President, Labour Welfare Board, Mumbai.

2.2.8.1(c) Short-recovery/non-recovery of royalty from contractors

According to special conditions of contract³¹ all taxes, levies, Government dues, royalty on account of extraction of construction material payable under Minor Mineral Act prevailing in the State are to be included in the Schedule of Rates (SoR) as dues payable to the Government. If such dues are not paid by the contractor, the same shall be deducted from the contractor's bills.

³¹ Special condition No.7

Scrutiny of records of PIU Ahmednagar, revealed that in three³² works the royalty charges of ₹ 50 per brass³³ (₹ 17.67 per cum) was included in basic rate of SoR. Further, in Schedule 'B' of contract, an item of royalty at the rate of ₹ 35.34 per cum was included which was to be deducted subsequently from the contractor's bill. Thus, the cost of work was loaded by ₹ 53.01 per cum on account of royalty. However, royalty was recovered at ₹ 35.34 per cum only instead of ₹ 53.01 per cum, resulting in short-recovery of ₹ 11.68 lakh³⁴ from the contractor.

Similarly, in Gondia, Nagpur and Nanded PIUs, royalty amounting to ₹ 64.59 lakh, pertaining to 52 works was not recovered from the contractors for the item of work for construction of embankment with material brought from borrow area.

The Government stated that there was no short-recovery in case of Ahmednagar PIU as royalty charges of ₹ 35.34 per cum was added after deducting ₹ 17.67 per cum from basic rate of material. Regarding other three PIUs, the Government stated that royalty was not added as the material was used through excavation of road side gutters.

The reply is not tenable as evidence available with audit indicates that ₹ 17.67 per cum was not deducted from the rate analysis prepared in three works pertaining to Ahmednagar PIU. Further, in case of works relating to Gondia, Nagpur and Nanded the item of work of embankment was to be done through material brought from borrow area (as evident from Schedule 'B' of the tender) and therefore, ₹ 17.67 per cum was recoverable as royalty charges.

2.2.8.1(d) Execution of repair works from other contractors during defect liability period

As per paragraph 17.2 of PMGSY guidelines, all roads constructed under the Scheme will be covered by five years maintenance contract (defect liability period) to be entered into along with the construction contract, with the same contractor.

In PIU Nashik, special repair works valuing ₹ 65 lakh in two cases were got executed from different contractors, instead of through the original contractors, within the defect liability period. The details are indicated in **Table 7**.

³² i) Major District Road 34 to Padhegaon-Kanhagao-Kamalpur road, ii) Pimpalgaon-Kauda-Bhoyarepathar to Hivrebarazar road and iii) Shrigonda-Chikhalthanwadi-Kansewadi road

³³ Brass is a unit of measurement of material such as murum, metal, etc. (1 brass = 2.829 cum)

³⁴ (i) 24,326.35 cum x ₹ 17.67 = ₹ 4.30 lakh (ii) 22,730.25 cum x ₹ 17.67 = ₹ 4.02 lakh and (iii) 19,028.98 cum x ₹ 17.67 = ₹ 3.36 lakh; Total – ₹ 11.68 lakh

Table 7- Special repairs

Sr. No	Name of road	Completed under phase	Estimated cost of repair (₹ in lakh)	Expiry of defect liability period	Government reply
1	SH 26 to Dabholipada Taluka Trimbakeshwar	Phase III	45	28-02-2012	The contractor did not execute the work under the defect liability period which expired on 28 February 2012. An amount of ₹ 15.78 lakh was recovered from contractor's security deposit.
2	MDR 64 to Baradpada Kharwal Velunj Taluka Trimbakeshwar	Phase VI	20	14-02-2015	There was heavy rainfall and wearing coat of Black Topped surface had washed away.
Total			65		

(Source: Data collected from PIU)

2.2.8.2 Undue benefit to contractors**2.2.8.2(a) Short-levy of liquidated damages**

As per paragraph 13.1 of PMGSY guidelines, work should be executed by the contractor as per work programme given in the contract. Further, as per clause 44 of general conditions of contract (PMGSY), liquidated damages are required to be levied if the progress of work is not maintained by contractor as per work programme.

Scrutiny of records in two out of 11 test-checked PIUs revealed that liquidated damages amounting to ₹ 1.21 crore were levied as against ₹ 10.10 crore leviable on contractors for delay in execution of works, leading to short-levy of ₹ 8.89 crore, as detailed in **Table 8**.

Table 8 – Short-levy of liquidated damages

(₹ in crore)

Sr. No.	Name of PIU	No. of works	Cost of works	Delay in execution after extended period (in weeks)	Liquidated damages			Government reply
					To be levied	Actually levied	Not levied	
1.	Chandrapur	27	56.38	12 to 65	5.57	0.92	4.65	There were a number of works grouped together in one package and scattered in 2-3 blocks. Audit therefore, cannot flatly apply one <i>per cent</i> on entire package.
2.	Aurangabad	35	46.53	7 to 44	4.53	0.29	4.24	
Total					10.10	1.21	8.89	

(Source: Data collected from PIUs)

The reply of Government is not tenable as the liquidated damages were worked out by Audit on individual works that got delayed, and not on the entire package.

2.2.8.2(b) Price escalation in projects completed beyond stipulated period

As per paragraph 13.1 of PMGSY guidelines, all projects executed by the

PIUs are to be completed within a period of nine months from the date of issue of work order but not exceed 12 months in any case (if the work is affected by monsoon or where a package comprises more than one road work). There is no provision for payment of price escalation (PE) under the Scheme.

Audit observed that the GoM issued a *suo moto* Resolution in January 2008 allowing PE for PMGSY works from 2008 onwards. However, the provisions of PE included in the main text of the Government Resolution (GR) and that explained in Annexure 'A' to the GR were ambiguous. In the main text, the PE was stated to be payable to the contractors who have completed the work in stipulated period mentioned in the tender. Whereas, in Annexure 'A' the operative period of contract for the purpose of payment of PE was defined as the period commencing from the date of work order and ending on the date on which time allowed for completion expires, taking into consideration the extension of time. From 2008 onwards, all the standard bid documents relating to PMGSY works in Maharashtra contained a PE clause enabling the contractors to claim PE for the extended period of time, in terms of Annexure 'A' to the GR dated January 2008.

Audit further observed that in June 2008, immediately after issue of GR, the Chief Engineer (PMGSY), issued a clarification to all the Superintending Engineers and PIUs that PE would be applicable to only those contracts which are completed within the time stipulated in the contract.

Despite the clarification issued by the CE, PE amounting to ₹ 17.84 crore was allowed to contractors in respect of 61 works in 10 out of 11 test-checked PIUs though none of the works were completed within the time specified in the contracts. The details are indicated in **Table 9**.

Table 9 - Price escalation allowed to contractors

Sr No.	Name of PIU	No. of works test-checked	Payment of PE (₹ in crore)
1	Gondia	7	2.42
2	Ahmednagar	4	2.10
3	Nagpur	7	3.57
4	Raigad	7	1.92
5	Nashik	6	2.59
6	Chandrapur	6	0.59
7	Aurangabad	7	0.34
8	Yavatmal	5	1.34
9	Latur	5	1.23
10	Kolhapur	7	1.74
Total		61	17.84

(Source: Data collected from PIUs)

Incidentally, in the Notes to Accounts of the Balance Sheet of MRRDA for the year 2010-11 and 2011-12, the internal auditor noted that though the State Government had incurred an expenditure of ₹ 196.25 crore (cumulative figures from 2007-08 to 2011-12) on account of PE yet no specific account of utilization of this amount had been provided road-wise.

Government stated that no undue benefit was given to the contractors on account of PE as the interpretation of operative period indicated in Annexure 'A' to the GR was correct.

Reply is not tenable as PE under PMGSY was not allowed and even if it was to be made applicable, then the operative period should be the period stipulated in the contract, as also clarified by the CE in June 2008. The contract documents also need to be made more specific and clear to avoid benefits being paid to contractors.

2.2.8.2(c) Irregular granting of upward revision in item rates for works in progress

As per paragraph 13.4 of standard bid document of PMGSY, the rates and prices quoted by the bidder shall be fixed during the duration of the contract and shall not be subject to adjustment.

In PIU Raigad, in Package No. MH 2428–Construction of road from Virani to Pachgani, the alignment of road was changed due to an objection raised by the forest department. Consequently, the estimates were revised and got sanctioned from the competent authority. However, while revising the estimates, item rates of four items of original tender were revised upwards. Since the work was in progress, increasing the rates during the currency of contract was irregular which resulted in undue benefit to the contractor amounting to ₹ 92.43 lakh as detailed in **Table 10**.

Table 10 - Revision of item rates during the currency of contract

Sr No.	Item	Rate as per original tender (₹/ cum)	Rate as per revised DPR (₹/ cum)	Difference in rate (₹/ cum)	Quantity executed (in cum)	Excess amount paid to contractor (₹ in lakh)
1	Excavation soil- 100 m lead	26.32	44.00	17.68	1,00,390.00	17.75
2	Excavation soil - 1 km lead	53.25	122.90	69.65	41,106.24	28.63
3	Excavation hard soil	85.60	183.10	97.50	28,299.33	27.59
4	Excavation hard rock- requiring blasting	189.75	385.45	195.70	9,433.11	18.46
Total						92.43

(Source: Data collected from PIU)

The Government agreed that the payment for items of excavation as indicated in **Table 10** above were made at enhanced rates which was not covered in the provision of contract. It however, added that there was an overall savings of ₹ 10.97 lakh in the package as the excavated material was found suitable for Granular sub-base and metalling.

The reply is not tenable as upward revision during the duration of contract violated the provisions of the standard bid document prescribed for PMGSY

works and therefore, irregular. This resulted in undue benefit to the contractor amounting to ₹ 92.43 lakh. Further, if there was savings as claimed then DPRs and estimates were wrongly framed.

2.2.9 Monitoring

2.2.9.1 Online Management, Monitoring and Accounting System

Computerization of data had the advantages of reliable storage, easy retrieval and processing and useful in generating high level abstract information for use of efficient project management and monitoring. Online Management, Monitoring and Accounting System (OMMAS) had been designed as an online web-based system for PMGSY with centralized database and expected to be the chief mechanism for monitoring the programme. The PIUs were responsible for data entry and accuracy of the data. The State IT Nodal Officer appointed by State Government was to oversee the regularity and accuracy of the data furnished by PIUs.

Audit collected data from NRRDA, New Delhi through Centre for Development of Advanced Computing, (C-DAC) Pune³⁵ and observed that the balances as on 31 March 2012 in respect of items 'statutory deductions', 'machinery advance' and 'mobilisation advance' on OMMAS database differed significantly from the balances of audited balance sheet/data provided by PIUs. The differences noticed are discussed below:

- Though a sum of ₹ 308.82 crore on account of 'statutory deductions' was recovered from the contractors only an amount of ₹ 258.81 crore was remitted to Government account leaving a balance of ₹ 50.01 crore lying with all PIUs. However, as per the balance sheet prepared by the Financial Controller (FC) for 2011-12, the outstanding balances on account of 'statutory deductions' indicated a figure of only ₹ 26.89 crore. Thus, there was a difference of ₹ 23.12 crore between the balances in the database of OMMAS and audited balance sheet of PMGSY. The details are indicated in **Appendix XI**.

The CE (PMGSY) stated (September 2012) that figures reflected in OMMAS database were incorrect. The FC admitted (October 2012) the need to correct the position of the database and bring it in line with the audited figures.

- Similarly, in respect of 'machinery advance' and 'mobilization advance', it was seen that there was difference between amount paid and recovered from the contractors. When the discrepancy was brought to the notice of PIUs concerned for confirmation, the PIUs submitted the position of payment and recovery of machinery and mobilization advance, which differed from that available in the database. The details are indicated in **Appendix XI**.

From **Appendix XI**, it could be seen that the database did not depict correct picture and therefore, not useful for MIS purpose. Also, abstraction and analysis of information for use in NRRDA was not possible defeating the very objectives of OMMAS.

Further scrutiny of data generated through OMMAS in four test-checked PIUs

³⁵ The software has been developed and maintained/managed by C-DAC, Pune

also revealed huge discrepancies in the receipt and expenditure figures when compared with actuals as detailed in **Table 11**.

Table 11 - Statement showing discrepancies in receipt and expenditure figures
(₹ in crore)

Name of PIU	Actual		Position as per OMMAS		Difference between actuals and OMMAS	
	Receipt	Expenditure	Receipt	Expenditure	Receipt	Expenditure
Gondia	163.54	162.56	104.84	168.41	58.70	(-) 5.85
Nanded	103.62	76.95	52.22	70.08	51.40	6.87
Nashik	234.79	211.99	189.93	199.83	44.86	12.16
Raigad	95.10	94.57	41.40	86.49	53.70	8.08

(Source: Financial Controller records, OMMAS)

The Government admitted that there were deficiencies in filling data on OMMAS and the gaps would be rectified soon.

2.2.9.2 National/State Quality Monitoring

2.2.9.2(a) Inspection by National/State Quality Monitors

The operations manual for PMGSY (paragraph 11.3) provides for a three tier quality management mechanism. The first tier is the PIUs at the district level while the second tier is State Quality Monitors (SQM) at the State level and the third tier is the National Quality Monitors (NQM) who are independent monitors engaged by NRRDA at National level for inspection at random of the road works. The State Government is to appoint a State Quality Coordinator (SQC) at the State level to oversee the functioning of quality control mechanism within the State and follow up on reports of the NQM.

The SQC should arrange inspection programme of SQM in such a way that each road work is visited by SQM thrice (two visits during execution of work and one visit after completion of work). Similarly, the programme of NQM should be arranged in such a way that NQM visits two to four works of one district in one visit (one to two road works completed at least one year back and one to two road works in progress).

Updated information provided by SQC (PMGSY), Maharashtra in October 2012 regarding visits of SQM and NQM in eight out of 11 test-checked PIUs for period 2007-12 revealed the following status:

Table 12 - Statement showing number of visits of NQM and SQM

Name of PIU	No. of road works (completed and ongoing)	No. of SQM inspections due as per norms	No. of SQM inspections carried out	No. of NQM inspection carried out
Ahmednagar	41	121	113	31
Aurangabad	64	179	186	43
Chandrapur	21	58	94	31
Gondia	116	348	250	64
Nagpur	33	99	106	35
Nashik	41	113	140	37
Raigad	23	66	77	31
Yavatmal	31	90	139	28

(Source: Data provided by SQC)

Note :-The highlighted figures indicate the targets of inspection as per stage of work

The above table indicates that there was shortfall in SQM visits in Ahmednagar and Gondia while in respect of NQM visits, the shortage was in Ahmednagar, Aurangabad, Gondia, Nashik, and Yavatmal PIUs.

Further analysis of visits by SQM and NQM to work sites revealed inconsistencies as summarized in **Table 13**.

Table 13 – Analysis of visits of NQM and SQM to work sites

District	Remarks
Ahmednagar	SQM- in two works two visits to each work were made; in three works four visits to each work were made; in the remaining works three visits were made as per norms. NQM- in five works no visits were made; in one work two visits were made; in the remaining works one visit was made.
Aurangabad	SQM- in 14 works only two visits to each work were made; in 16 works four-five visits to each work were made; while in remaining works three visits were made as per norms. NQM- in 18 works no visits were made; while in remaining works one-two visits were made.
Chandrapur	SQM- in one work two visits to each work were made; in 15 works four-five visits to each work were made; in remaining works three visits were made as per norms.
Gondia	SQM- in 13 works only one visit to each work was made; while in 73 works two visits to each work were made; in remaining works three visits were made as per norms. NQM- in 68 works no visits were made; in 41 works only one visit was made; in three works two visits were made.
Nagpur	SQM- in seven works only two visits to each work were made; in eight works four visits to each work were made; in remaining works three visits were made as per norms. NQM- in 32 works one visit was made; in one work two visits were made.
Nashik	SQM- in one work one visit was made; in 30 works three visits to each work were made as per norms; in nine works four visits to each work were made; in two works six-seven visits to each work were made. NQM- in 11 works no visits were made; in 24 works one visit was made; in six works two visits were made.
Raigad	SQM- in three works two visits to each work were made; in 15 works three visits to each work were made as per norms; in four works four-five visits to each work were made. NQM- in four works no visit was made; in 10 works one visit was made; in nine works two visits were made.
Yavatmal	SQM- in one work two visits were made; in nine works three visits to each work were made as per norms; while in remaining works three to seven visits to each work were made. NQM- in 10 works no visit was made; while in remaining 21 works one-two visits were made.

(Source: Data compiled by audit on the basis of information provided by SQC)

2.2.9.2(b) Delay in reporting compliance to SQM's remarks by PIUs

Scrutiny of information provided by SQC regarding 65 maintenance inspections carried out by SQM in eight PIUs revealed that 22 works were rated '*Unsatisfactory*'; 35 works as '*Satisfactory but requiring improvement*'; and the remaining eight works were rated '*Require improvement*'. Action Taken Reports (ATR) in respect of only 21 out of 65 maintenance inspections had been received as of October 2012. The details are indicated in **Table 14**.

Table 14 – Status of Action Taken Reports on maintenance inspections

Sr. No.	Name of PIU	No. of Works inspected	Grading			Reply of Government
			Unsatisfactory	Require improvement	Satisfactory but requiring improvement	
1	Ahmednagar	6	4	--	2	ATR still awaited from PIU
2	Nagpur	4	4	--	--	Rectification carried out and grade improved to satisfactory
3	Gondia	1	--	--	1	Rectification carried out and report received
4	Nashik	12	3	--	9	ATR still awaited from PIU
5	Raigad	26	9	8	9	ATR still awaited from PIU
6	Aurangabad	1	1	--	--	Rectification was allotted to new agency at the risk and cost of original contractor and rectification carried out and report received
7	Chandrapur	11	1	--	10	Rectification carried out and report received in all 11 cases
8	Yavatmal	4	--	--	4	Rectification carried out and report received in all 4 cases
	Total	65	22	8	35	ATR received in 21 out of 65 cases

(Source: Data provided by SQC)

Audit observed that in PIU Nashik, Major District Road-54 Adsar BK to Bhangarewadi (total length 3.57 km) was completed in October 2011 at a cost of ₹ 1.34 crore. While the work was under progress, the SQM in December 2010 pointed out that the road was passing below the existing minor irrigation tank level due to which, the percolation of water from downstream was damaging the road stretch of 250 meter and the water bound macadam was sinking. The SQM therefore, recommended construction of a retaining wall along the damaged stretch.

The construction of retaining wall envisaged an additional expenditure of ₹ 0.20 crore (as per special repair programme of 2011-12). Clearly, the need for a retaining wall could have been foreseen at the time of preparation of DPR after adequate site survey. The action was taken only after the problem was highlighted by the SQM.

Audit further observed that the GoI in March 2011 released ₹ 378 crore to GoM towards balance payment of first installment of Phase-VIII after deducting ₹ 2.31 crore representing the expenditure incurred by the State Government on road works which had a number of non-rectifiable defect as pointed out by the NQM during inspections conducted between April and November 2009. This not only led to short-receipt of ₹ 2.31 crore from GoI but also increased the burden on GoM to that extent. The situation was avoidable had the roads under the Scheme been constructed properly.

The details of non-rectifiable road works were called for from the State Government in December 2012; the reply was awaited as of May 2013.

2.2.10 Conclusion

Contrary to the Scheme guidelines, about 84 *per cent* of the funds were utilized on upgradation of roads while expenditure incurred on new connectivity was only 16 *per cent*, though there were 192 unconnected habitations with a population of 500 persons and above. There were shortfalls in site surveys and estimation of quantum of works before the preparation of Detailed Project Report resulting in cost overruns, stoppage of works, incomplete works etc. A number of works could not be completed due to non-availability of land or involvement of forest land. The costs of road works packages approved by the Government of India were found to be substantially higher than the costs put to tender. A substantial portion of programme funds were received at the fag end of the financial year; consequently, Maharashtra Rural Road Development Association temporarily diverted the security deposits of the contractors and interest earned on the programme funds towards meeting the contractual obligations. Mobilization advances given to the contractors could not be recovered as bank guarantees furnished by the contractors had either lapsed or found to be fake. Labour welfare cess, royalties, liquidated damages from the contractors were either not recovered or short- recovered. Price escalations were allowed to the contractors during the extended period of contract which was contrary to the Scheme guidelines and State Government's own Resolution. The information available on Online Management, Monitoring and Accounting System was not reliable and therefore, the effectiveness of online monitoring was not established. Inspections conducted by the National and State Quality Monitors were not as per the prescribed norms.

2.2.11 Recommendation

The Government may ensure that:

- works for all the eligible unconnected habitations are taken up on priority to ensure connectivity;
- funds, other than the programme funds are not utilized to meet the contractual obligations;
- site surveys are done properly before preparation of Detailed Project Reports to avoid post-contractual complications;
- all recoveries due from the contractors are effected promptly;
- information available on Online Management, Monitoring and Accounting System are accurate and reliable; and
- inspections are carried out as per prescribed norms.

2.3 Functioning of Works Department in Zilla Parishads

In conformity with the provisions of the 73rd Constitutional Amendment, the Maharashtra Zilla Parishads and Panchayat Samitis Act, 1961 and the Bombay Village Panchayats Act, 1958 were amended in 1994. A three tier system of Panchayati Raj Institutions comprising Zilla Parishads at the district level, Panchayat Samitis at the block level and Gram Panchayats at the village level were established in the State.

Performance audit of 'Functioning of Works Department in Zilla Parishads' for the period 2007-08 to 2011-12 in 12 selected Zilla Parishads revealed that the targeted road length as envisaged in the Approved Road Plan (1981-2001) was not achieved. Works other than those selected/recommended by Subject Committees were sanctioned by District Planning Committee. Works were awarded without ensuring the availability of land, resulting in non-commencement of works and additional expenditure on account of retendering. Inspection and monitoring of works were lax. Some of the key findings are highlighted below.

Highlights

The targeted road length as envisaged in the Approved Road Plan (1981-2001) was not achieved in 12 test-checked Zilla Parishads even after a time lapse of 31 years. In three out of 12 test-checked Zilla Parishads, the District Planning Committees sanctioned 430 works valuing ₹ 36.54 crore which were not recommended by the Subject Committees of the respective Zilla Parishads.

(Paragraphs 2.3.6.1 and 2.3.6.2)

The Zilla Parishads did not work in tandem with other departments for requisite clearances prior to commencement of works leading to their abandonment and blocking of funds. Costly social assets created by the Zilla Parishads could not be handed over to the users due to non-completion of electrical works. Works were awarded without ensuring the availability of land and there were delays in handing over of sites to the contractors.

(Paragraphs 2.3.8.1(a), 2.3.8.1(b) and 2.3.8.1(c))

The service delivery mechanism was weak. Work orders valuing ₹ 28.85 crore issued by 12 Zilla Parishads between November 2004 and October 2011 in respect of 196 road and building works remained incomplete as of March 2012, even after incurring an expenditure of ₹ 17.55 crore.

(Paragraph 2.3.8.2(c))

A community hall constructed in Akola district at a cost of ₹ 7.89 lakh in August 2010 was unauthorisedly converted into a commercial complex. Similarly, a road improvement work completed in March 2011 at a cost of ₹ 31.87 lakh in Zilla Parishad, Bhandara could not be utilised optimally due to construction of two phase walls in the middle of the road by the Irrigation Department.

(Paragraphs 2.3.8.2(a) and 2.3.8.2(d))

The inspection and monitoring of works were lax. Detailed inspection notes indicating the status of the ongoing works were not furnished to the Finance Department of Zilla Parishads for proper linking and scrutiny of contractors' bills.

(Paragraph 2.3.9.1)

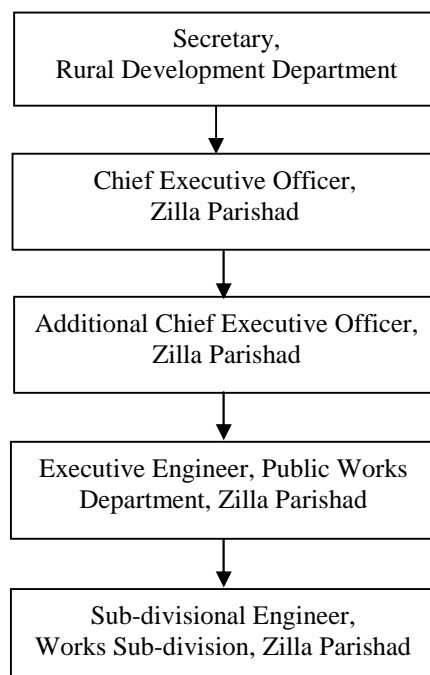
2.3.1 Introduction

In conformity with the provisions of the 73rd Constitutional Amendment, the Maharashtra Zilla Parishads and Panchayat Samitis Act, 1961 (ZP Act) and the Bombay Village Panchayats Act, 1958 (VP Act) were amended in 1994. A three tier system of Panchayati Raj Institutions (PRIs) comprising Zilla Parishads (ZPs) at the district level, Panchayat Samitis (PSs) at the block level and Gram Panchayats (GPs) at the village level were established in the State.

ZPs were established in Maharashtra under the ZP Act for planned development of rural areas under each district. For planned and smooth functioning of ZP, Chief Executive Officer is appointed by the State Government who discharges his responsibilities with the assistance of officers of the State Government who head various departments like Works, Irrigation, Rural Water Supply, Education, Health, Women and Child Development, Animal Husbandry etc. Public Works Department is one of the important departments of ZP and is responsible for planning, construction and maintenance of other district roads (ODRs), village roads (VRs), bridges (minor), buildings (residential and non residential) etc.

2.3.2 Organizational set-up

Organization Chart



2.3.3 Audit objectives

The audit objectives were to assess whether:

- planning for implementation of new works and maintenance of buildings and roads in the ZPs was effective;
- accounting, record keeping, financial management and controls were adequate and effective;
- process of tendering was adequate and works were executed economically, efficiently and effectively; and
- inspection and monitoring of works were effective.

2.3.4 Audit criteria

The appropriate criteria were derived from the following documents:

- Manual of Indian Road Congress;
- Maharashtra Public Works Manual;
- Resolutions/Circulars issued by Government of Maharashtra (GoM); and
- Statutory Acts and Rules in force as applicable to ZPs.

2.3.5 Scope and methodology of audit

A performance audit of 'Functioning of Works Department in Zilla Parishads' was conducted from May to August 2012 covering the period from 2007-08 to 2011-12. In Maharashtra, there are 33 ZPs in Vidarbha, Marathwada and rest of Maharashtra consisting of Konkan, Khandesh and Western Maharashtra. A sample of 12 ZPs³⁶ was selected for audit using Simple Random Sampling without Replacement Method. During field audit, the records of Works Department in selected ZPs were examined, apart from the records of Rural Development Department, Mantralaya, Mumbai.

An entry conference with the Principal Secretary, Rural Development Department, GoM could not be held despite repeated requests. An exit conference with the Principal Secretary was, however, held in October 2012 where the audit findings were discussed. The reply furnished by the Government (October 2012) has been incorporated at appropriate places.

Audit findings

2.3.6 Planning

The GoM enacted the Maharashtra District Planning Committee (Constitution and Functions) Act, 1998 providing for constitution at the district level of a District Planning Committee (DPC) to consolidate the plans prepared by the Panchayats and the Municipalities in the district and to prepare a District Development Plan (DDP). The DPC also considers the Five Year Plan and

³⁶ Akola, Amravati, Bhandara, Gadchiroli, Jalna, Latur, Nanded, Nashik, Pune, Solapur, Sindhudurg and Thane

Perspective Development Plan prepared by the Panchayats and the Municipalities.

The planning proposals should emanate from the grass root levels *i.e.* GPs and PSs, which are to be consolidated at ZP level. The DPC should also monitor and review the implementation of District Annual Plans (DAPs) and to issue instructions for re-appropriation of sanctioned outlay, if any.

The inadequacies in planning are discussed in the succeeding paragraphs.

2.3.6.1 Non-implementation of road length as per plan

Road network is the key to development of any region. The first road plan for Maharashtra was prepared by the State Government for the year 1961-1981. Subsequent plan for next 20 years (1981-2001) was approved by the Indian Road Congress in 1984 which continued up to April 2012. Road plan (1981-2001) provide details of total road length of various types of roads to be constructed in the entire state *viz.*, national highways, express ways, state highways, district roads including ODRs and VRs.

Test check of records of 12 ZPs (May and June 2012) revealed that as against the development target of 72,474.81 km of road (ODR/VR) set by State Government as per road plan of 1981-2001, the achievement was only 57 *per cent* leaving a shortfall of 31,372.30 km (43 *per cent*) as detailed in table below:

Table 1 – Target and achievement of road length

Target (in km)		Achievement (in km)		Shortfall (in km)	
Category of road	Target of road length as per road plan 1981-2001	Length	Percentage	Length	Percentage
Village road	53,647.40 (11 ³⁷ Districts)	28,589.50	53	25,057.91	47
Other district road	18,827.41	12,513.02	66	6,314.39	34
Total	72,474.81	41,102.52	57	31,372.30	43

(Source: Data collected from ZPs)

The Government accepted (October 2012) that the target of road length stipulated in road plan 1981-2001 was not achieved by three ZPs *viz.*, Bhandara, Solapur and Pune. The Government, however, did not furnish its comment with regard to the remaining nine ZPs.

2.3.6.2 Irregular sanction of works by DPC

As per provision contained in Section 109 of ZP Act, 1961, the Standing Committee or the Subject Committee in relation to subjects allotted to it shall (a) be in charge of works and development schemes relating thereto, and (b) ensure that the estimates of works and development Schemes are prepared, sanctioned and supervise their execution.

Scrutiny of records in three³⁸ out of 12 test-checked ZPs revealed that the

³⁷ The target in Sindhurg ZP was achieved

³⁸ Bhandara, Gadchiroli and Sindhurg

DPCs sanctioned 430 works valuing ₹ 36.54 crore during 2010-11 and 2011-12, which were not recommended by the Subject Committee of the respective ZPs as detailed below:

Table 2 – Irregular works sanctioned by DPC

Sr. No.	Year	Major Head	No. of works sanctioned	Amount (₹ in crore)
1	2010-11	MH 3054 Road & Bridges	70	7.02
2	2011-12	MH 3054 Road & Bridges	360	29.52
Total			430	36.54

(Source: Data collected from ZPs)

In ZP Bhandara, the Chairman Subject Committee filed a suit in the Nagpur Bench of Bombay High Court for unreasonable selection of works by the DPC, which was upheld by the Court³⁹. The judgment of the High Court was challenged by GoM in the Supreme Court of India. However, the Supreme Court dismissed the case in July 2012.

The Government accepted the audit observation. The Joint Secretary, Rural Development Department (RDD), GoM stated during exit conference (October 2012) that the matter would be taken up with the Planning Department, GoM.

2.3.7 Financial Management

2.3.7.1 Fund flow arrangement

The ZP receives grants from the Central and the State Government, share of revenue from land, stamp duty, forest, profession tax, tax on vehicles, royalty on mine ores and revenue receipts through taxes, cess, fees, fines etc.

Details of funds available and expenditure incurred by 12 ZPs during 2007-08 to 2011-12 were as under:

Table 3 – Details of release of funds and expenditure

Year	Funds available	Expenditure	Savings (Closing balance)	Percentage of savings
(₹ in crore)				
2007-08	366.52	315.60	50.92	13.89
2008-09	447.07	368.15	78.92	17.65
2009-10	545.67	424.53	121.14	22.20
2010-11	645.34	452.62	192.72	29.86
2011-12	806.17	501.24	304.93	37.82
Total	2,810.77	2,062.14	748.63	

(Source: Data collected from ZPs)

As could be seen, there were savings at the end of each financial year.

The Government did not furnish any specific reasons for non-utilisation of

³⁹ Writ Petition No.1698 of 2011

grants during the respective financial years.

2.3.7.2 Retention of unspent grant

GoM vide resolution dated June 2008 authorised all the ZPs to utilise the unspent grants available during the financial year up to the next financial year only and thereafter, the grants were to be surrendered to the Government.

Scrutiny of records revealed that 11⁴⁰ out of 12 ZPs retained an unspent grant of ₹ 20.15 crore, which were not credited to the Government Account as of March 2012. The details are as under:

Table 4 – Details of unspent grants not surrendered

Year	Unspent grant (₹ in crore)	Permissible period for expenditure	Expenditure (₹ in crore)	Unspent grant to be surrendered (₹ in crore)	Period of unauthorised retention (in months)
2007-08	14.10	March 2009	13.26	0.84	36
2008-09	23.91	March 2010	23.27	0.64	24
2009-10	25.18	March 2011	22.29	2.89	12
2010-11	94.99	March 2012	79.21	15.78	
Total	158.18		138.03	20.15	

(Source: Data collected from ZPs)

The Government accepted the facts and stated that guidelines have been issued in this regard in April 2011. The Joint Secretary, RDD stated during exit conference that appropriate action for depositing of unspent grant would be taken.

The fact that the Chief Accounts and Finance Officer appointed under Rule 3 of Maharashtra ZP and PS Account Code, 1968 was responsible for exercising financial control over the grants received from the State Government. The non-surrender of huge unspent grants up to three years indicated weak internal controls in the respective ZPs.

2.3.7.3 Non-recovery of labour welfare cess

As per GoM Circular of 21 April 2008, labour welfare cess at the rate of one *per cent* of the total cost of works was to be recovered from the bills of the contractors with effect from 01 January 2008 and remitted to the account of Labour Welfare Board, Mumbai.

Scrutiny of records revealed that seven⁴¹ ZPs did not recover labour welfare cess amounting to ₹ 66.66 lakh as detailed in **Appendix XII**.

The Government stated that two ZPs (Nashik and Nanded) had since recovered ₹ 12.31 lakh. The Joint Secretary, RDD stated during exit conference that appropriate action for recovery would be taken.

⁴⁰ Akola, Bhandara, Gadchiroli, Jalna, Latur, Nanded, Nashik, Pune, Solapur, Sindhudurg and Thane

⁴¹ Akola, Jalna, Nanded, Nashik, Pune, Sindhudurg and Thane

2.3.7.4 Non-crediting of lapsed deposit to revenue account

As per Rule 209 (7) (iii) of Maharashtra ZP and PS Account Code, 1968 any deposit which remains unclaimed for a period of more than three accounting years from the date on which they become repayable, should be credited to the revenue head of ZP account as lapsed deposit.

Scrutiny of records revealed that in four ZPs, unclaimed deposit of ₹ 1.26 crore was not credited to revenue head of ZP account as detailed below:

Table 5 – Lapsed deposit

Sr No.	Name of ZP	Period since unclaimed	Amount (₹ in lakh)
1	Bhandara	2008-09	12.39
2	Gadchiroli	2006-07 to 2008-09	91.16
3	Latur	2005-06 to 2008-09	8.59
4	Thane (East)	2007-08 to 2008-09	9.90
5	Thane (West)	2008-09	4.40
		Total	126.44

(Source: Data collected from ZPs)

The Government stated that of the four ZPs, Bhandara had deposited ₹ 9.46 lakh in the revenue head of ZP account and procedure for crediting of lapsed deposits in the remaining three ZPs was in progress. The Joint Secretary, RDD stated during exit conference that appropriate action for crediting of lapsed deposits would be taken.

2.3.7.5 Non-adjustment of advances

As per Rule 220 of the Maharashtra ZP and PS Account Code, 1968 pendency under advances is to be kept at the minimum and all adjustable items are to be adjusted in time.

Scrutiny of advance registers in six ZPs revealed that advances amounting to ₹ 59.01 lakh drawn for various purposes between 1977 and 2012 remained unadjusted as of March 2012, as detailed below:

Table 6 – Outstanding advances

Sr. No.	Name of ZP	Period of advance	Amount (₹ in lakh)
1.	Latur	09/2011	3.20
2.	Gadchiroli	07/1999 to 02/2011	0.59
3.	Nashik	11/1977 to 06/1992	0.71
4	Nanded (North)	08/2011	0.57
5	Akola	2001-02 to 2011-12	48.31
6	Jalna	1995-1999	5.63
		Total	59.01

(Source: Data collected from ZPs)

The Government stated that of the six ZPs, Latur recovered the whole amount of ₹ 3.20 lakh and Gadchiroli recovered ₹ 0.40 lakh (out of ₹ 0.59 lakh). In the

remaining four ZPs, the process of recovery was stated to be in progress. The Joint Secretary, RDD stated during exit conference that appropriate action for recovery of outstanding advances would be taken.

2.3.8 Execution of works

Projects are to be executed in an effective, economical and efficient manner. Transparency in bidding process, allocation of tenders, adequate supervision of the ongoing projects and completion of projects in time with fulfilment of desired objectives are to be ensured during the implementation of the projects.

Review of the execution of works in the selected ZPs revealed a number of deficiencies, such as, delay in completion of projects, incorrect rate analysis, issue of completion certificates without executing all items of works and other cases of inadmissible payments. Some of the cases are discussed in the succeeding paragraphs.

2.3.8.1 Poor project planning

2.3.8.1(a) Commencement of works without obtaining necessary clearances

For smooth project delivery necessary clearances must be obtained from the authorities concerned *viz.*, Forest Department, National Highway Authority of India (NHAI) etc. prior to commencement of works.

Scrutiny of records of ZP, Solapur revealed that work of construction of a compound wall at Primary Health Centre (PHC), Boramani was awarded (March 2011) to a contractor at the tendered cost of ₹ 19.43 lakh with stipulated period of completion of six months. The contractor stopped the work (January 2012) after incurring an expenditure of ₹ 16.82 lakh due to an objection raised by NHAI that the compound wall was adjacent to the four-lane work on National Highway No.9.

The Government stated that compound wall was constructed around the barbed wire fence which was erected by the ZP.

Commencement of work without obtaining requisite clearance resulted in blocking of funds of ₹ 16.82 lakh, besides running the risk of cost and time overruns.

2.3.8.1(b) Delay in handing over of assets due to non-completion of electrical works

Scrutiny of records of ZP, Gadchiroli and Nanded revealed that though the civil works of four PHC buildings (three in Gadchiroli and one in Nanded) were completed between March 2010 and September 2011 at the cost of ₹ 2.43 crore, the buildings could not be handed over to the users (May 2012) due to non-completion of electrical works. Details are as follows:

Table 7 – Non-electrification of completed PHC buildings

Sr. No.	Name of PHC	Date of work order	Cost of civil works (₹ in lakh)	Date of completion
1	PHC, Todsa (Gadchiroli)	13.03.2008	49.90	31.03.2010
2	PHC, Aarewada, (Gadchiroli)	06.08.2008	51.13	07.09.2011
3	PHC, Mahagaon, (Gadchiroli)	11.12.2009	61.79	07.09.2011
4	PHC, Baradshwala (Nanded)	February 2008	80.14	March 2011
		Total	242.96	

(Source: Data collected from ZPs)

The Government stated that two PHC buildings in Gadchiroli, after completion of electrification works had been handed over to the user department in August 2012, while electrification work in the third building was in progress. The Government did not furnish any reply on the status of PHC building at Nanded.

The above case clearly indicates the failure of ZPs to dovetail the civil and electrical works resulting not only in blocking of funds of ₹ 2.43 crore for more than two years but also delaying the handing over of key assets to the users.

2.3.8.1(c) Award of works without acquisition of land and delay in handing over of sites

According to Rule 251 of Maharashtra Public Works (MPW) Manual, no work should commence without acquisition of land.

(i) Scrutiny of records revealed that four ZPs awarded 69 works between March 2007 and March 2012 at a total cost of ₹ 3.08 crore without ensuring availability of land. Consequently, these works could not commence as of May 2012, though the scheduled date of completion of these works was two to 12 months, as indicated below:

Table 8 – Works awarded without acquisition of land

Sr No.	Name of ZP	No. of works	Period of work order	Period of completion as per work order	Estimated cost (₹ in crore)
1	Gadchiroli	6	February 2010 to February 2011	02-12 months	0.45
2	Nashik	24	December 2010 to March 2012	02-12 months	0.96
3	Latur	32	May 2010	02-12 months	1.19
4	Thane (E)	07	March 2007 to August 2011	02-12 months	0.48
	Total	69			3.08

(Source: Data collected from ZPs)

The Government confirmed that for works awarded by ZP Nashik, the required land was not made available by the respective departments as of October 2012.

Awarding of works without acquiring land violated the provisions of MPW Manual, resulting in non-achievement of the objectives for which these works were taken up. It would also entail time extension to the contractor and cost overrun, due to poor project planning.

(ii) Works of construction of staff quarters (Unit- I and II) at PHC-Bhakrondi, District Gadchiroli were awarded to two contractors in October 2007 (Unit- I) and August 2007 (Unit- II) at a total cost of ₹ 16.82 lakh. Scrutiny of records revealed that there was delay of three to four years in handing over of the sites to the contractors. The contractors subsequently expressed their inability to execute the works due to increase in the cost of material in the intervening period. The works were retendered and re-awarded in July 2011 (Unit- I) and December 2011 (Unit- II) at a total cost of ₹ 32.06 lakh, resulting in cost overrun of ₹ 15.07 lakh.

The Government accepted the fact that there was delay in construction of staff quarters (Unit- I) but did not furnish any specific reply with regard to staff quarters (Unit- II).

(iii) Scrutiny of records of nine⁴² ZPs revealed that 330 works amounting to ₹ 18.24 crore could not commence as of March 2012 due to non-availability of land in some cases; administrative constraints, such as, lack of co-ordination/communication at the division and sub-division level; local problems; and site clearance. Incidentally, these works were awarded between May 2005 and April 2011 as detailed in **Appendix XIII**.

The Government did not furnish any reply to this audit observation.

Non-commencement of works even after issue of work orders indicated poor project planning by the ZPs.

(iv) The ZP, Nanded invited tenders (March 2009) for construction of a PHC at taluka-Kandhar. The lowest offer of M/s Buildwell Construction (contractor) at ₹ 125.79 lakh was accepted in August 2009. However, the work order could not be issued to the contractor as the land on which the PHC was to be constructed could not be made available by the health department of the ZP.

The Government replied that the tender had since been cancelled.

2.3.8.2 Poor project management

2.3.8.2(a) Unauthorized conversion of community hall into commercial complex

Construction of a community hall near veterinary dispensary at Nimkarda, district Akola was administratively approved for ₹ 9.97 lakh by the Collector, Akola in July 2009 under Local Area Development Programme. ZP, Akola entrusted the work to GP, Nimkarda in February, 2010 with a stipulated period of completion of six months. The work was completed (August 2010) at a cost of ₹ 7.89 lakh and completion certificate was issued by Deputy Engineer, Sub-Division Balapur on behalf of Executive Engineer (EE), ZP Akola.

Joint inspection of the site conducted by Audit along with ZP officials in August 2012 revealed a commercial complex (shops) at the designated site instead of the community hall.

⁴² Akola, Amravati, Bhandara, Gadchiroli, Jalna, Nanded, Pune, Sindhudurg and Solapur



**Commercial complex constructed instead of community hall at Nimkarda,
Taluka- Balapur, district Akola**

The Government accepted the fact and stated that after handing over the community hall, unauthorised changes were made by GP, Nimkarda.

2.3.8.2(b) Irregular issue of completion certificates without executing complete items of work

The implementing agencies in three ZPs issued completion certificates and released the final payments for construction of PHCs, though certain items of civil works were not executed by the contractors as per Schedule-B of tender (list of items required to be carried out as per tender). The details are shown as under:

Table 9-Irregular issue of completion certificates without executing complete items of works

Name of ZP	Name of work	Date of award	Contract value/cost of completion (₹ in lakh)	Date of completion as per contract/ actual date of completion	Completion certificate issued on	Details of left out works (Cost of left out works)
Gadchiroli	Construction of PHC, Aarewada.	06.08.2008	48.66/ 51.08	05.05.2009/ 07.09.2011	07.09.2011	Flooring, plumbing, skirting, dado and sanitation work (₹ 6.49 lakh)
Gadchiroli	Construction of PHC, Mahagaon	11.12.2009	52.39/ 61.80	10.09.2010/ 07.09.2011	07.09.2011	Flooring, plumbing, skirting, dado and sanitation work. (₹ 6.39 lakh)
Nanded (South)	Construction of PHC and Medical Officers Quarters, Pennur.	01.03.2008	99.95/ 102.83	28.02.2009/ 02.06.2009	29.06.2010	Skirting and dado, shutters on wall cupboard, internal cement plaster and sanitation work. (₹ 3.82 lakh)
Solapur	Construction of PHC, Bhandarkawathe	13.02.2009	46.02/ 44.68	12.02.2010/ 08.10.2010	08.10.2010	Skirting and dado, shutters on wall cupboard, mosaic tiles. (₹ 1.83 lakh)

The Government furnished an explanation only in respect of ZP Gadchiroli. The Government opined that the items of works stated to have been not executed were actually executed but not recorded in the measurement book.

The reply is not tenable as all works executed are invariably required to be recorded in the measurement book.

2.3.8.2(c) Blocking of funds due to incomplete works

All works taken up for execution should be completed as per schedule so as to deliver the intended benefits to the beneficiaries for whom these works were taken up. Scrutiny of records in 12 ZPs revealed that work orders valuing ₹ 28.85 crore issued between November 2004 and October 2011 in respect of 196 road and building works remained incomplete as of March 2012 even after incurring an expenditure of ₹ 17.55 crore as detailed in **Appendix XIV**.

Test check of selected works revealed a number of works with incomplete flooring, plastering and electrification and incomplete bituminous works. This resulted in blocking of funds to the extent of ₹ 17.55 crore.

The Government did not furnish any reply to the audit observation.

2.3.8.2(d) Construction of phase walls in middle of the road

In ZP Bhandara, a road improvement work at Walni-Lonara-Khurja was awarded (January 2011) to a contractor at the tendered cost of ₹ 32.47 lakh. The contractor completed the work in March 2011 for which a payment of ₹ 31.87 lakh was made. Physical verification of the work by Audit along with the ZP officials in July 2012 revealed two phase walls (08 meter x 04 meter) in the middle of the road stated to have been constructed by the Irrigation department in April 2012. These walls were not only obstructing 50 meter of the road length but also abruptly terminating and diverting the traffic at that point, as shown in the photograph below.



Walni Lonara Khurja road

The Government stated that Phase Walls on the road was constructed by the Left Bank Canal Division of the Gosikhurd Irrigation Project in April 2012 without prior permission of ZP.

The above case clearly indicated lack of coordination between two

departments resulting in damaging of the road, break in connectivity and waste of public money.

2.3.9 Monitoring and internal control

2.3.9.1 Lack of inspection and monitoring

Effective monitoring and internal control are of utmost importance for ensuring effective implementation of the Schemes/works undertaken by the Works Department of the ZP.

Test check of records in all the selected ZPs revealed that only Progress Reports (indicating the physical and financial progress of works) were being submitted by the EEs to the Superintending Engineer and Rural Development Department.

GoM Circular of May 1989 stipulated that the EE while presenting the contractors' bills for payment to Chief Accounts and Finance Officer should furnish an inspection note showing the status of the work under execution *i.e.* whether the work was being executed as per sanctioned plan, progress of work was proportionate to that of contract conditions, material was tested before use, requisite measurement of work was done, frequency of quality control test were observed etc. It was, however, observed that except for percentage check of work done, none of the other prescribed checks were carried out by the EEs.

The Government stated that detailed guidelines regarding inspection and quality control had been issued vide Government Resolution dated 10 September 2012.

2.3.9.2 Non-inclusion of defect liability period in the tender clause

A defect liability period is a set period of time after a construction project has been completed during which a contractor has the right to return to site to remedy defects. A typical defects liability period lasts for 12 months. Non-inclusion of defects liability period clause in agreements is detrimental to the financial interest of the Government.

Test check of 20 works agreements valuing ₹ 2.97 crore awarded by ZPs Pune and Akola revealed that no defects liability period clause was incorporated in these agreements, as indicated in **Appendix XV**. These works were completed between November 2010 and February 2012.

The Government stated that explanation of the concerned ZPs would be called for in this regard.

2.3.10 Conclusion

Performance audit of the 'Functioning of Works Department in Zilla Parishads' revealed that works not selected/recommended by the Subject Committee of the Zilla Parishads were sanctioned by the District Planning Committee. Targeted road length as envisaged in the Approved Road Plan (1981-2001) was not achieved even after a time lapse of 31 years. Government directives regarding labour welfare cess, unspent grants and lapsed deposits were not observed. Works were awarded without ensuring the

availability of land, resulting in non-commencement of works and additional expenditure on account of retendering. The preparation of estimates was defective. The inspection and monitoring mechanism to oversee the implementation of works were lax.

2.3.11 Recommendation

The Government may:

- ensure that shortfalls in development of village roads and other district roads are achieved expeditiously;
- ensure that the District Planning Committee selects the project proposals meticulously and do not take up projects not selected/recommended by the Subject Committees;
- ensure that directives regarding labour welfare cess, unspent grants and lapsed deposits are followed scrupulously;
- ensure availability of land and infrastructure before award of works; and
- strengthen its inspection and monitoring mechanism for effective implementation of works.

CHAPTER III

AUDIT OF TRANSACTIONS

RURAL DEVELOPMENT AND WATER CONSERVATION DEPARTMENT

3.1 Avoidable payment of penal interest

Delay in release of Thirteenth Finance Commission grants to Panchayati Raj Institutions by the Rural Development Department resulted in an avoidable payment of penal interest of ₹ 1.32 crore.

On the recommendations of the Thirteenth Finance Commission (ThFC), the Government of India (GoI) conveyed its approval (July 2010) for release of general basic grants and special area basic grants to Panchayati Raj Institutions (PRIs) and Urban Local Bodies through State Governments for year 2010-11. These grants were to be utilised for undertaking the works of water supply, sanitation, solid waste management, drainage, transportation, fire services etc. Accordingly, the GoI released (15 July 2010) the first instalment of ₹ 255.98 crore to Government of Maharashtra (GoM) towards general basic grant and special area basic grant. The grant release order stipulated that the all State Governments should transfer the grants to the concerned PRIs within 15 days of receipt from GoI. The State Governments were liable to pay interest at the Reserve Bank of India's (RBI) rate for the number of days of delay in release of grants to PRIs, along with grant instalment.

Audit scrutiny revealed (November 2011) that Rural Development Department, GoM (RDD) requested (21 July 2010) the Finance Department, GoM to release the first instalment of ₹ 255.98 crore for onward distribution to PRIs. The Principal Secretary, Finance Department, GoM approved the release of grant on 10 August 2010 and the grant release order was finally issued by RDD on 30 August 2010. There was thus, a delay of 31 days in release of ThFC grants to PRIs, which attracted a penal interest of ₹ 1.32 crore at RBI rates *i.e.* six per cent per annum.

Though the GoI release order of July 2010 stipulated that penal interest for delay in release of grants to PRIs should be released concurrently along with grant instalment, the RDD released the penal interest of ₹ 1.32 crore to respective PRIs only in March 2011, after realising that ThFC might not release the future instalments until the penal interest was paid.

The Government stated (July 2012) that year 2010-11 being the first year of the ThFC, policy decisions at the Government level regarding fixing of criteria for the rate of distribution of grants, items to be considered for execution, utilisation of grants etc. took some time. Consequently, distribution of ThFC grants to PRIs was delayed.

Non-adherence to the stipulated conditions, thus, resulted in avoidable payment of penal interest of ₹ 1.32 crore to PRIs. Further, adverse impact on

programme implementation by PRIs due to delayed release of grant could not be ruled out.

3.2 Extra expenditure due to non-acceptance of lowest offer

Acceptance of third lowest offer by ignoring lowest one for supply of dual desks by the Education Officer (Primary), Zilla Parishad, Washim resulted in an extra expenditure of ₹ 27.41 lakh.

In order to uplift Human Development Index, the GoM constituted (June 2006) 'Maharashtra Manav Vikas Mission' (Mission) in 25 talukas of 12 most backward districts in the State. In Washim district, Mangrulpir and Manora talukas were selected under the Mission. According to the release order of GoM (September 2009), the expenditure was to be incurred on innovative Schemes like health, education, income generation and incentive Schemes for the employees.

Scrutiny of records of the Education Officer (EO) (Primary) ZP, Washim revealed (February 2012) that the District Collector (DC), Washim approved (January 2010) the proposal of the Chief Executive Officer(CEO), ZP, Washim for purchase of 3,015 dual desks for 6,030 students of 84 schools in Manora and Mangrulpir talukas at a total cost of ₹ 75.38 lakh. The notice inviting tender (NIT) was published in February 2010 wherein it was specifically mentioned that dual desks should have Education Values (EV)⁴³ which would be verified by the technical committee. It was also mentioned in the NIT that there would be two bids - technical bid and price bid. Once a bidder qualifies in the technical bid and his samples approved, his price bid would be opened.

The tenders were opened in March 2010 and after fulfillment of the technical conditions and approval of samples, price bids of four out of 11 suppliers were considered for opening. On opening the price bids, the offer of M/s Mahavir Labour Industrial Cooperative Society Limited, Beed (L₁ vendor) was found to be the lowest at ₹ 1,391 per dual desk. However, lowest offer was not accepted by the tender evaluation committee headed by the CEO on the ground that EV of dual desk was not satisfactory. The second lowest offer of M/s Asian Steel, Jalgaon at ₹ 2,011 per dual desk was also not considered on account of low EV.

Audit scrutiny revealed that though the L₁ vendor offered to supply the dual desks of the required EV at the same rate of ₹ 1,391 per dual desk yet the offer was rejected without assigning any reasons. Instead, the supply order was placed on M/s Khodke Electronic Engineering, Akola in March 2010 who was technically qualified but the third lowest (L₃ vendor), for supply of 3,015 dual desks at a negotiated cost of ₹ 2,300 per dual desk (total value of supply order was ₹ 69.35 lakh).

The action of the tender evaluation committee in rejecting the lowest offer, after fulfillment of technical criteria and approval of samples, was in breach of Rule 152 of the General Financial Rules, 2005 as well as the tender conditions

⁴³ Pre-laminated stickers showing alphabets, mathematical signs, shapes, colours, State and district maps etc. according to age groups of students

stipulated for this procurement. Once L₁ vendor was found to be technically compliant, its lowest price bid of ₹ 1,391 per dual desk should have been accepted. However, if its technical offer was deficient in any respect, the evaluation committee should not have opened its price bid in the first instance. The entire evaluation process was vitiated leading to an avoidable extra expenditure of ₹ 27.41 lakh⁴⁴ in procurement of 3,051 dual desks.

Incidentally, the quality of dual desks supplied by L₃ vendor was subsequently found to be deficient⁴⁵ and not as per the sample based on the receipt inspections carried out by the Collector, Tahsildar and Block Development Officers.

The matter was referred to the Government in May 2012; their reply was awaited as of June 2013.

3.3 Idle expenditure

Implementation of two irrigation projects in close vicinity with overlapping command of 93 hectares led to an idle expenditure of ₹ 2.09 crore.

Maharashtra Water Conservation Corporation Aurangabad under RDD accorded (January 2004) Administrative Approval (AA) for construction of Mahimapur Minor Irrigation (MI) Tank at Nandgaon Khandeshwar Taluka in Amravati District at a cost of ₹ 2.76 crore for creation of irrigation potential (IP) of 119 hectares. The scope of work included head works and a canal system. The work of construction of earthen dam, approach and tail channel, spillway, etc. was awarded (December 2004) to a contractor at 21.74 per cent below the estimated cost of ₹ 1.66 crore for completion in 24 months (December 2006). The contractor executed the works at a cost of ₹ 2.09 crore within the extended period of time (June 2008).

Scrutiny of records (July 2009) of Executive Engineer (EE) MI (Local Sector) Amravati revealed that at the time of submission of proposal for AA the Engineers confirmed that MI Tank was not coming under command of any other irrigation project. However, in October 2007, when the works for canal system were about to commence, it was noticed by the EE that another work viz. Chandi Medium Project⁴⁶ under the Water Resources Department (WRD) was also taken up on the same nullah by the EE, Amravati Irrigation Project Construction Division, Amravati (EE, AIPCD). Due to overlapping commands, 93 hectares (78 per cent) of the command area of Mahimapur MI project came under the submergence of the Chandi project. The EE made a request (October 2007) to the EE, AIPCD to reduce the storage of Chandi project so that the expenditure on MI Tank would not go waste but, the request was not considered on the ground that Chandi was a medium project with the prospect of creation of an estimated IP of 1,835 hectares.

⁴⁴ (₹ 2300 – ₹ 1391) * 3015

⁴⁵ Laminations were detached, charts were not pasted or found to be torn, side bidding was found to be ruptured, screws of dual desks were found to be detached at some places

⁴⁶ Project was sanctioned in December 2006 at a cost of ₹ 48.19 crore and located within the periphery of 2.5 km

Audit scrutiny further revealed that though the plans and estimates for an alternative canal alignment *in lieu* of the lost command of 93 hectares were submitted to the Chief Engineer MI (Local Sector) Pune in October 2011, these were not sanctioned as of January 2013. Even the land required for the alternative canal had not been acquired by the department.

The Government accepted (January 2013) that 93 hectare of command on left bank of Mahimapur Project got affected due to the Chandi Project and stated that an alternative command had now been proposed on the right bank of the nullah and the estimates were under consideration of the Chief Engineer.

Had there been effective co-ordination between the two departments (RDD and WRD), implementation of two projects in close vicinity could have been avoided. Further, as the plans and estimates for an alternative canal were yet to be sanctioned, expenditure of ₹ 2.09 crore incurred on MI Tank largely remained idle for more than four years.

3.4 Unproductive expenditure on a partially completed project

Failure of Municipal Council, Bhandara to raise resources for work of beautification of a lake not only rendered an expenditure of ₹ 87.77 lakh unproductive but also defeated the objective of generating employment opportunities for the people in the district.

The Chief Officer, Municipal Council (MC), Bhandara submitted a project proposal (September 2005) for inclusion of the work of beautification of *Kham Talao* (lake) at a total cost of ₹ 1.29 crore in the district plan. The project was proposed to be undertaken under Rashtriya Sam Vikas Yojana (RSVY)⁴⁷. The main objective of the project, apart from beautification of the lake, was to create sustained employment opportunities for the people in the district. The proposal was approved by the State Level Steering Committee in December 2007.

As per funding arrangement, while ₹ 0.70 crore was to be provided from RSVY funds, the remaining ₹ 0.59 crore was to be contributed by MC, Bhandara from its own sources. Subsequently, an additional provision of ₹ 0.30 crore was made for the project, thus, raising the total project cost to ₹ 1.59 crore. The details of works to be executed by MC, Bhandara from RSVY funds and from its own sources are indicated in the **Appendix XVI**. The entire RSVY funds amounting to ₹ one crore was released by the District Rural Development Agency (DRDA), Bhandara to the MC in a phased manner between October 2006 and February 2009.

Scrutiny of records (October 2009) of the Project Director, DRDA, Bhandara revealed that the MC executed the works between October 2007 and March 2009 and incurred an expenditure of ₹ 87.77 lakh out of ₹ one crore provided under RSVY. However, the remaining items of work including those expected to create sustained employment opportunities for the local people valuing ₹ 0.59 crore were not executed by MC as of December 2012.

⁴⁷ 100 per cent centrally financed scheme

The Chief Executive Officer, Zilla Parishad, Bhandara stated (February 2012) that the MC could not execute the beautification works due to lack of financial resources. However, an enquiry committee has been constituted by the Collector, Bhandara to investigate whether MC was executing the items of work and expended the funds of ₹ 0.59 crore or expenditure was incurred on items of work for which no provision was made in the allocation. The Project Director, DRDA, Bhandara further confirmed (December 2012) that no enquiry report had been received.

The fact remained that non-execution of remaining items of work by MC, Bhandara for over three years not only rendered an expenditure of ₹ 87.77 lakh incurred from RSVY funds unproductive but also defeated the very objective of generating employment opportunities for the people in the district.

The matter was referred to the Government in March 2012; their reply was awaited as of June 2013.

3.5 Unfruitful expenditure due to closure of a project

Tardy implementation of works under Integrated Wasteland Development Project in Mahagaon block, district Yavatmal coupled with poor project management by District Rural Development Agency led to closure of the project, thereby rendering an expenditure of ₹ 199.26 lakh unfruitful.

Ministry of Rural Development, Government of India (GoI) accorded approval (March 2002) to the implementation of the scheme of “Integrated Wasteland Development Programme” in nine⁴⁸ villages of Mahagaon block, district Yavatmal at a total cost of ₹ 420 lakh (Central share ₹ 385 lakh and State share ₹ 35 lakh). The Deputy Director, Social Forestry, Yavatmal was designated as the Project Implementation Authority (PIA) and the overall control of the project was vested with the District Rural Development Agency (DRDA), Yavatmal. A total area of 7,001 hectares was envisaged to be treated by execution of soil and water conservation works, water harvesting structures and afforestation through Watershed Development Committees (WDCs) within a period of five years from 2001-02 to 2005-06. The cost sharing between the Central and the State Government was to be in the ratio of ₹ 5,500: ₹ 500 per hectare.

Scrutiny of records (June 2011) of Project Director, DRDA, Yavatmal revealed the following:

Release of funds

The State Government was required to release its corresponding share within 15 days from the date of release of the grant by the GoI. The DRDA, Yavatmal received total grants of ₹ 263.84 lakh (Central grant ₹ 224.51 lakh; State grant ₹ 29.04 lakh; and interest element of ₹ 10.29 lakh) between March 2002 and December 2010. While the Central grant of ₹ 224.51 lakh was released in four instalments between March 2002 and April 2009, the State Government released its share of ₹ 29.04 lakh only between October 2004 and

⁴⁸ Botha, Dharkatha, Dongargaon, Lohara, Morath, Uti, Varuna, Veni and Wakodi

December 2010. Thus, there was an inordinate delay in release of grants by the State Government.

Achievement of targets

The village-wise target for treatment works was 7,001.01 hectares. However, only 2,945.81 hectares of land (42 *per cent*) could be treated up to January 2011 during the extended period⁴⁹ of implementation from 2002-03 to 2010-11 by incurring an expenditure of ₹ 199.26 lakh, as detailed below.

Sl. No.	Name of village	Total area to be treated (Ha)	Total area actually treated (Ha)	Total expenditure incurred (₹ in lakh)
1	Veni	1,377.95	591.44	49.51
2	Dongargaon	1,254.04	557.27	39.54
3	Dharkatha	403.18	133.07	19.35
4	Uti	659.27	417.62	20.08
5	Wakodi	877.00	360.86	14.84
6	Botha	1,250.18	719.38	43.12
7	Varuna	439.38	13.97	0.16
8	Morath	355.00	30.80	5.66
9	Lohara	385.01	121.40	7.00
	Total	7,001.01	2,945.81	199.26

An unspent grant of ₹ 49.98 lakh, ₹ 10.83 lakh and ₹ 4.04 lakh lying with WDCs, PIA and DRDA respectively (January 2011) was not refunded to GoI.

Project Management

The overall project management by DRDA was lax. Three out of nine WDCs (in village Varuna-Morath⁵⁰, Botha and Lohara) committed financial irregularities of ₹ 13,360, ₹ 22,685 and ₹ 30,000 respectively. As a result, the bank accounts of these WDCs were frozen and reactivated only after effecting recoveries from them. Similarly, the WDC at village Dongargaon withdrew ₹ 11.29 lakh but did not carry out any treatment work. An enquiry conducted by the PIA subsequently revealed that the WDC had misappropriated ₹ 6.49 lakh. Orders were issued in February 2012 to file FIR against the President/Secretary, WDC Dongargaon. Further, the DRDA/PIA did not have any control over the WDCs. The Presidents/Secretaries of WDCs being the elected members from the Gram Sabha, were not accountable for completion of treatment works within the stipulated time frame. Consequently, the works were carried out by the WDCs at their own pace and convenience, despite availability of huge unspent grants at their disposal.

Closure of project

The GoI released 58 *per cent* of the grants in four instalments between March 2002 and April 2009. However, due to slow progress of works, huge unspent balances and misappropriation of funds by the WDCs, the GoI did not

⁴⁹ Programme period was extended by GoI upto May 2010

⁵⁰ Varuna and Morath have one common Watershed Development Committee

release the fifth, sixth and seventh instalments to DRDA. As a result, the rest of the activities such as, construction of loose boulder structures, gabion structures, check dams etc. could not be undertaken and the project was formally closed in May 2011.

The Government accepted (December 2012) that only 2,945.81 hectares was treated till the closure of project and stated that the District Superintending Agriculture Officer, Yavatmal had been directed to take up the balance area of 4,055.20 hectares for treatment from other Watershed Development Schemes. The Government added that farmers were benefited from soil and water conservation works carried out on 2,945.81 hectares.

The reply is not acceptable as against the total area of 7,001 hectares envisaged to be treated under the project during five year period from 2001-02 to 2005-06, only 2,945.81 hectares (42 *per cent*) could be treated up to January 2011 due to tardy implementation of works and ineffective monitoring by the DRDA as controlling authority, leading to closure of the project and thus, rendering the expenditure of ₹ 199.26 lakh unfruitful.

SECTION B

CHAPTER IV

ACCOUNTS AND FINANCES OF URBAN LOCAL BODIES

4.1 Introduction

4.1.1 In conformity with the 74th Constitutional Amendment (1992), the Government of Maharashtra (GoM) amended (December 1994) the existing Mumbai Municipal Corporation (MMC) Act, 1888; the Bombay Provincial Municipal Corporation (BPMC) Act, 1949; the Nagpur City Municipal Corporation (NCMC) Act, 1948; and the Maharashtra Municipal Council, Nagar Panchayats and Industrial Township Act, 1965. All the Municipal Corporations except Municipal Corporation of Greater Mumbai (MCGM) and NCMC which had their own Acts are governed by the provisions of amended BMC Act. There were 23 Municipal Corporations and 229 Municipal Councils including eight⁵¹ Nagar Panchayats (NP) in Maharashtra. The elections of the Municipal Corporations were held between 2008 and 2012.

4.1.2 Out of the 18 functions referred to in the XII Schedule of the Constitution, 12 functions were assigned to the Urban Local Bodies (ULBs) under Sections 61 and 63 of the MMC Act and Section 63 of the BMC Act, prior to the 74th amendment. The remaining six functions were also transferred/assigned to the ULBs after 1994.

4.2 Organisational set up

4.2.1 As per the Census of 2011, the total population of Maharashtra was 11.24 crore, of which 45 *per cent* were in the urban areas. The state has 45 cities/urban agglomerations having a population of over one lakh.

4.2.2 Twenty three Municipal Corporations in the state have been created for urban agglomerations having a population of more than three lakh. These Municipal Corporations have been classified into four categories *i.e.* A, B, C and D based on the criteria of population, *per capita* income and *per capita* area. At present, apart from MCGM which is in category A, there are two Municipal Corporations⁵² in category 'B' and four⁵³ and 16⁵⁴ Municipal Corporations in categories C and D respectively.

4.2.3 Similarly, 229 Municipal Councils have been created for smaller urban areas and categorised based on their population. At present, there are 15 'A' class (having population more than one lakh), 61 'B' class (having population more than 40,000 but not more than one lakh) and 153 'C' class (having population of 40,000 or less) Municipal Councils which included eight NPs in

⁵¹ Ardhapur (Nanded), Dapoli (Ratnagiri), Kankavali (Sindhudurg), Kej (Beed), Mahur (Nanded), Malkapur (Satara), Ner Navabpur (Yavatmal) and Shirdi (Ahmednagar)

⁵² Nagpur and Pune

⁵³ Nashik, Navi Mumbai, Pimpri-Chinchwad and Thane

⁵⁴ Ahmednagar, Akola, Amravati, Aurangabad, Bhiwandi-Nizampur, Dhule, Jalgaon, Kalyan-Dombivli, Kolhapur, Malegaon, Mira-Bhayander, Nanded-Waghala, Sangli-Miraj-Kupwad, Solapur, Ulhasnagar and Vasai-Virar

the state for towns with population between 15,000 and 25,000.

4.3 Organisational Structure

4.3.1 The organisational structure of Urban Local Bodies (ULBs) is depicted in **Appendix XVII**.

4.3.2 The accountability structure of a Municipal Corporation is as follows:

Sr. No.	Name of the Authority	Accountable for
1	General Body	Policy decisions related to expenditure from the Corporation's Municipal Fund, implementation of various projects, schemes, etc.
2	Standing Committee	All functions related to approval of budget and sanction for expenditure as per the delegation. (It can delegate powers to Sub Committee/s).
3	Municipal Commissioner	Administration and execution of all schemes and projects subject to conditions imposed by the General Body.
4	Municipal Chief Accountant	Preparation of the annual budget and finalisation of accounts and to conduct internal audit.
5	Municipal Chief Auditor	Audit of municipal accounts, preparation and submission of Audit Reports to the Standing Committee.

4.4 Financial profile

4.4.1 Municipal Funds are constituted under the provisions contained in the MMC Act, 1888, NCMC Act, 1948, BPMC Act, 1949 and Maharashtra Municipal Council, Nagar Panchayats and Industrial Township Act, 1965. All the money received by or on behalf of the Municipal Corporations and Municipal Councils under the provisions of the respective Acts, all money raised by way of taxes, fees, fines and penalties, all money received by or on behalf of Municipal Corporation and Municipal Councils from the Government, public or private bodies, from private individuals by way of grants or gifts or deposits and all interest and profits are credited to the Municipal Funds.

4.4.2 The State Government and Central Government release grants to the Municipal Corporations and Municipal Councils for implementation of schemes of the State sector and for Centrally Sponsored Schemes respectively. In addition, grants under the State Finance Commission and the Central Finance Commission recommendations are released for developmental works.

4.4.3 The accounts of each scheme/project are required to be kept separately. Utilisation Certificates are required to be sent to Central Government for Centrally Sponsored Schemes and to State Government for State Schemes.

4.4.4 Under the BPMC Act, the MMC Act and the NCMC Act, Municipal Corporations are required to constitute special purpose funds *e.g.* Water and Sewerage Fund, Depreciation Fund, Sinking Fund, etc. The capital works of water supply schemes and sewerage projects are to be executed out of the Water and Sewerage Fund. The Depreciation Fund is to be created for replacement of capital assets. The Sinking Fund is to be created for redemption of long term loans.

4.4.5 The consolidated position of receipts and expenditure of ULBs are not

maintained at the State level. As per the information furnished by Municipal Corporations, the overall receipts and expenditure of the Municipal Corporations in the State from 2007-08 to 2011-12 was as under:

(₹ in crore)

Items	2007-08	2008-09	2009-10	2010-11	2011-12
Receipts	18,348	23,973	28,860	30,137	32,235
Expenditure	16,320	24,278	28,308	27,558	28,647

The total receipts and expenditure of all the 23 Municipal Corporations during 2011-12 was ₹ 32,235 crore and ₹ 28,647 crore respectively which includes the total receipts (₹ 18,269 crore) and expenditure (₹ 16,871 crore) of MCGM, as indicated in **Appendix XVIII**.

4.4.6 Receipts

The receipts other than Capital Receipts of Municipal Corporations from various sources during the last five years ending 31 March 2012 were as follows:

(₹ in crore)

Item	2007-08	Percentage to total receipts	2008-09	Percentage to total receipts	2009-10	Percentage to total receipts	2010-11	Percentage to total receipts	2011-12	Percentage to total receipts
Rents, taxes etc. including octroi, property tax and water charges	12,094	65.91	12,253	51.11	12,712	44.04	15,989	53.05	17,800	55.22
Government grants	990	5.40	1,084	4.52	1,217	4.22	972	3.23	1,198	3.72
Commercial enterprises	198	1.08	2,387	9.96	2,650	9.18	13	0.04	82	0.25
Deposits, Loans, etc.	2,525	13.76	4,111	17.15	6,242	21.63	1,280	4.25	1,853	5.75
Other Income	2,541	13.85	4,138	17.26	6,039	20.93	11,883	39.43	11,302	35.06
Total receipts	18,348	100	23,973	100	28,860	100	30,137	100	32,235	100

Overall, the total receipts of the Municipal Corporations showed an increasing trend over the five year period from ₹ 18,348 crore to ₹ 32,235 crore during 2007-08 to 2011-12. The share of Government grants in the total receipts of the Municipal Corporations ranged between 3.23 *per cent* and 5.40 *per cent* during 2007-12.

The tax revenue increased by ₹ 1,811 crore during 2011-12 which was 11.33 *per cent* of the previous year (2010-11), whereas the total revenue receipts increased by ₹ 2,098 crore which was 6.96 *per cent* of the previous year (2010-11).

Arrears in tax collection

Property Tax: Information furnished by all the Municipal Corporations revealed that during the year 2011-12 Municipal Corporations recovered 31 *per cent* of property taxes amounting to ₹ 5,058 crore against total demand of ₹ 16,350 crore (**Appendix XIX**).

Water charges: Information furnished by all the Municipal Corporations revealed that during the year 2011-12 Municipal Corporations recovered 44

per cent of water charges amounting to ₹ 1,516 crore against total demand of ₹ 3,442 crore (**Appendix XX**).

4.4.7 Expenditure

As per the information furnished by the Municipal Corporations, the total item-wise expenditure of all Municipal Corporations in the State for the last five years (2007-12) was as indicated in **Appendix XXI**.

The expenditure on administration increased to ₹ 7,929 crore during 2011-12 as compared to ₹ 7,313 crore in 2010-11. In the case of MCGM, out of total expenditure of ₹ 16,871 crore incurred during 2011-12, the share of expenditure on administration was ₹ 5,533 crore which constituted 32.80 *per cent* of the total expenditure. In respect of other four⁵⁵ Municipal Corporations, the share of expenditure on administration to total expenditure exceeded 35 *per cent* and ranged between 42.53 and 49.88 *per cent*. High establishment cost restricted availability of funds for other services to be provided by the Municipal Corporations.

Receipt and expenditure of Municipal Councils

As per the information furnished by 222 of the 229 Municipal Councils, total expenditure of ₹ 3,161 crore was incurred against total receipt of ₹ 3,764 crore during the year 2011-12 (**Appendix XXII**).

As per information furnished by 213 of the 229 Municipal Councils, the arrears of property taxes was ₹ 205 crore against total demand of ₹ 1,759 crore during the year 2011-12 (**Appendix XXII**).

Similarly, as per information furnished by 161 of the 229 Municipal Councils, arrears of water charges was ₹ 92 crore against total demand of ₹ 298 crore during the year 2011-12 (**Appendix XXII**).

4.5 Thirteenth Finance Commission grants

On the recommendation of the Thirteenth Finance Commission, Basic Grant of ₹ 666.69 crore and Performance Grant of ₹ 186.05 crore was released to various Municipal Corporations, Municipal Councils and Nagar Panchayats of which ₹ 356.93 crore (53.54 *per cent*) and ₹ 102.62 crore (55.16 *per cent*) respectively were utilized (September 2012).

4.6 Accounting arrangements

4.6.1 Section 93 of the BPMC Act, 1949 and Section 123 of the MMC Act, 1888 provide that the accounts of the Municipal Corporations should be maintained in the formats prescribed by the Standing Committees. In pursuance of the Eleventh Finance Commission recommendations, the Ministry of Urban Development, Government of India in consultation with the Comptroller and Auditor General of India had finalised the National Municipal Accounts Manual (NMAM) for implementation of accrual based accounting system by ULBs in November 2004.

⁵⁵ Amravati (42.83 *per cent*), Aurangabad (42.53 *per cent*), Nanded-Waghala (49.88 *per cent*) and Sangli-Miraj-Kupwad (46.73 *per cent*)

4.6.2 The GoM adopted (July 2005) the NMAM for implementation from the year 2005-06. The State Accounting Manual in conformity with the NMAM was under preparation. Till finalisation of the Manual, all Municipal Corporations were directed to maintain their accounts on accrual basis from the year 2005-06, as per the NMAM guidelines. The Steering Committee constituted by the State Government also recommended (January 2007) the implementation of the accrual system of accounting in the ULBs. The draft State Account Code for ULBs prepared by the Project Management Consultant appointed by the Director, Municipal Administration (DMA) was submitted to the Steering Committee in February 2008. The revised Account Code has not been adopted till December 2012.

4.7 Audit Arrangements

4.7.1 A Municipal Chief Auditor (MCA) is appointed by each Corporation under Section 78 (a) of the MMC Act, 1888 and Section 45 (i) of the BPMC Act, 1949 except for NCMC where audit is entrusted to the Director, Local Fund Audit. The pay and allowances of the MCA is borne on the establishment expenditure of the respective Corporation.

4.7.2 Section 105 of the BPMC Act, 1949 and Section 135 of the MMC Act, 1888 provide that the MCA should audit the Municipal accounts and submit a report thereon to the Standing Committee. This report should comment on the instances of material impropriety or irregularities which the MCA may, at any time, observe in the expenditure or in the recovery of the money due to the Municipal Corporation. Section 136 of the MMC Act, 1888 further provides that the MCA shall examine and audit the statement of accounts and shall certify and report upon these accounts.

4.7.3 As per information furnished (May 2012 to January 2013) by the Municipal Corporations, of the 23 Municipal Corporations which have prepared their annual accounts, audit by MCA had been completed up to 2011-12 in four⁵⁶ Municipal Corporations; up to 2010-11 in 11⁵⁷ Municipal Corporations and reports submitted to the respective Standing Committees. In the remaining eight⁵⁸ Municipal Corporations there were arrears in audit by MCA ranging between one and six years.

The arrears in audit of the Municipal Corporations by MCA was indicative of weaknesses in the system of internal controls existing in the Municipal Corporations.

4.7.4 The State Government issued orders in October 2002 entrusting the audit of Municipal Corporations to the Comptroller and Auditor General of India under Section 14 (2) of the Comptroller and Auditor General of India (Duties, Powers and Conditions of Services) Act, 1971. The audit of Municipal Councils and NPs was entrusted (March 2011) to the Comptroller and Auditor General of India by GoM under Technical Guidance and Supervision.

⁵⁶ Ahmednagar, Akola, Kolhapur and Ulhasnagar

⁵⁷ Bhiwandi-Nizampur, Dhule, Jalgaon, Kalyan-Dombivli, Malegaon, Mira-Bhayander, Nagpur, Nashik, Pimpri Chinchwad, Sangli-Miraj-Kupwad and Vasai-Virar

⁵⁸ Amravati, Aurangabad, MCGM, Navi Mumbai, Nanded-Waghala, Pune, Solapur and Thane

The audit observations on financial irregularities and defects in initial accounts/records noticed during local audits but not settled on the spot are communicated to the heads of offices and departmental authorities through Inspection Reports. Statements indicating the number of observations outstanding for over six months are also sent to the Government for action.

4.8 Lack of response to audit observations

The Municipal Commissioners, Chief Officers and the elected bodies/Standing Committees are mainly responsible for the system of internal controls in the Municipal Corporations. For efficient implementation of the functions transferred to the ULBs, all deficiencies pointed out in audit by the Principal Accountant General/Accountant General are required to be complied with as early as possible as this would ultimately be helpful in efficient service delivery to the urban population. However, large pendency in Inspection Reports and Paragraphs issued by the Principal Accountant General/Accountant General, Maharashtra to the Corporations, was a reflection of inadequate internal controls.

Year	Inspection Reports	Paragraphs
Up to 2008-09	140	919
2009-10	67	242
2010-11	125	636
2011-12	169	1,193
Total	501	2,990

4.9 Conclusion

The functioning of Urban Local Bodies in the State revealed the following:

- Utilisation of Basic Grants and Performance Grants released by Thirteenth Finance Commission to the Municipal Corporations, Municipal Councils and Nagar Panchayats was only to the extent of 53.54 *per cent* and 55.16 *per cent* respectively.
- Although Government of Maharashtra adopted (July 2005) the National Municipal Accounting Manual for implementation from 2005-06, the Urban Local Bodies did not implement the same.
- There were arrears in preparation of accounts of Municipal Corporations and their audit by Municipal Chief Auditor. Response to Inspection Reports and Paragraphs issued by Principal Accountant General/Accountant General, Maharashtra was not adequate.

The matter was referred to the Government in March 2013; their reply was awaited as of June 2013.

CHAPTER V
INFORMATION TECHNOLOGY AUDIT

URBAN DEVELOPMENT DEPARTMENT

5.1 Information Technology Audit of Aqua Super Water Billing System in Municipal Corporation of Greater Mumbai

The Municipal Corporation of Greater Mumbai is responsible for supply of drinking water to the citizens staying within the limits of the Corporation. The city has three zones viz. City, Eastern and Western and is further divided into 24 wards. In order to computerize the accounting system and for generation of bills, the Municipal Corporation of Greater Mumbai appointed M/s ABM Knowledgware Limited in 1998. The project named Aqua Water Billing System was initially implemented in 2001 which was further enhanced and replatformed as Aqua Super Water Billing System in 2007 as recommended by Tata Consultancy Services, the Information Technology partner of Municipal Corporation of Greater Mumbai.

An Information Technology audit of Aqua Super Water Billing System was conducted covering the period from 2007-08 to 2011-12. It was observed that even after a lapse of 11 years, an error free quality software was yet to evolve due to poor design, inadequate documentation, lack of effective implementation and weak monitoring. Municipal Corporation of Greater Mumbai could not effectively improve the efficiency of water billing system as delay in generation of bills still continues on a large scale. Deficient mapping of business rules and validation checks made the data inaccurate resulting in short-levy of water charges. Some of the significant findings are highlighted below.

Highlights

Though the Aqua Super Water Billing System was being implemented for the last 11 years, Municipal Corporation of Greater Mumbai did not execute an agreement with the service provider responsible for development and implementation of the application system despite an investment of ₹ 9.25 crore.

(Paragraph 5.1.7.1(a))

Personnel of Municipal Corporation of Greater Mumbai were not trained on project design and implementation of the application system. The work of the System Administrator was yet to be taken over by the Municipal Corporation of Greater Mumbai.

(Paragraph 5.1.7.1(c))

Water bill arrears as on 31 March 2001 amounting to ₹ 360.19 crore were not entered into Aqua Water Billing System and recoveries were not monitored. There was delay ranging from 31 to 379 days in generation of 14,39,102 water bills amounting to ₹ 847.05 crore.

(Paragraphs 5.1.7.2(a) and (b))

The system software was not designed to map the consumers according to category, group code and rate charges. Only 23 per cent of the consumers were billed on the basis of actual meter readings.

(Paragraphs 5.1.7.2(c) and (i))

In nine ward offices sewerage charges amounting to ₹ 16.75 lakh were not levied on 34 consumers; bills relating to compounded water and sewerage charges amounting to ₹ 1.05 crore were not generated and issued to consumers of Ramabai Colony since April 2001 till date.

(Paragraphs 5.1.7.2(f) and (g))

Out of 3,02,120 Automatic Meter Reading meters to be procured and installed, only 1,29,775 meters were procured of which only 82,857 meters could be installed belatedly, despite incurring expenditure of ₹ 257.13 crore.

(Paragraph 5.1.7.2(j))

Municipal Corporation of Greater Mumbai did not have an approved Information Technology security policy, business continuity and disaster recovery plan. Generic user names were provided to the users and backup data was not stored at a location other than the data centre.

(Paragraph 5.1.7.3(a) and (b))

5.1.1 Introduction

5.1.1.1 Water charges collection

Mumbai covers an area of 437.71 sq km and houses approximately 12.4 million people. Municipal Corporation of Greater Mumbai (MCGM) was established in 1882 as India's first Municipal Corporation and is the largest Urban local body in Asia with an annual revenue of ₹ 15,292 crore (2011-12).

The MCGM is divided into 24⁵⁹ wards. The Municipal Corporation is responsible for supply of drinking water to the citizens staying within the limits of the Corporation. The Corporation charges the citizens for the supply of water. MCGM has both metered and un-metered connections and billing is done either monthly or on quarterly basis. Water charges is one of the major sources of revenue for MCGM, after octroi and property tax.

The Corporation's total revenue collection from water charges, sewerage charges⁶⁰, additional charges for delayed payments and meter rent for the last five years was as follows:

⁵⁹ A, B, C, D, E, F/North, F/South, G/North, G/South, H/East, H/West, K/East, K/West, P/North, P/South, R/North, R/South, R/Central, M/East, M/West, N, S, T and L

⁶⁰ Rule 4.1 of Sewerage and Waste Removal Rules effective from 1 June 2006 states that wherever water is supplied to any premises by either meter measurement or by way of levying compounded water charges under Rule (2) of the Water Charges Rules, a sewerage charge shall be levied instead of sewerage tax

Year	Collection (₹ in crore)
2007-08	648.85
2008-09	751.30
2009-10	774.08
2010-11	790.63
2011-12	965.62

5.1.1.2 Water billing computerization

MCGM initiated (August 1998) decentralization of computerized water billing due to the following reasons:

- (i) The existing computerized system was very old and obsolete.
- (ii) There was considerable delay between meter reading program, bill production, bill service and revenue collection.
- (iii) In the existing system, bill generation was computerized while accounting system was manual.

MCGM appointed (October 1998) M/s ABM Knowledgeware Limited, (ABM) for development of an application system for ₹ 1.65 crore and in 2001 the agency developed and implemented an application software viz., Aqua Water Billing System.

In order to upgrade the existing system, MCGM decided (August 2006) for replatforming and enhancing of the Aqua Water Billing System to a web-based new system viz., Aqua Super Water Billing System (ASWBS) and appointed (September 2006) ABM for the same and the new system was implemented in April 2007. The program was accessible using a Web Browser, Oracle 10g as RDBMS⁶¹ and J2EE⁶² as the front end tool. The operating system for the Database Server was Linux and the clients were on Windows XP platform. The revenue collected through the ASWBS included water charges, sewerage charges, additional charges, meter rent and deposits. The ASWBS covered the activity of granting new water connection, recording of meter reading, billing for water and sewerage charges, disconnection, reconnection, generation of supplementary bills and amendments to bills. The water bills are accepted through Citizen Facilitation Centre (CFC) located at all ward offices. The Tata Consultancy Services (TCS) had been providing technical support services to MCGM since April 2005 as Information Technology (IT) Partners for implementation of IT strategy and road map of computerization of all MCGM departments.

5.1.2 Organisational set-up

The Municipal Commissioner heads the MCGM. In the Water Billing Department the Municipal Commissioner is assisted by Additional Municipal Commissioner, Hydraulic Engineer, Deputy Hydraulic Engineer, Executive Engineer at Headquarters of MCGM and Assistant Commissioners at ward

⁶¹ Relational Database Management System

⁶² Java 2 Enterprise Edition

offices. The Assistant Commissioners at ward offices are assisted by Executive Engineers, Sub-Engineers, Assistant Engineers, Junior Engineers, Meter Superintendent, Meter Inspectors etc. The IT wing is headed by the Additional Municipal Commissioner (Eastern Suburb) and is assisted by the Deputy Municipal Commissioner (IT) and the Director (IT).

5.1.3 Audit Objectives

The audit objectives were to evaluate:

- planning and management of Aqua Super Water Billing System;
- whether the system met the requirements of Water Charges Rules;
- the completeness of the system;
- the effectiveness of Input, Processing and Output controls; and
- the adequacy of security controls, business continuity and disaster recovery plan.

5.1.4 Scope and methodology

Audit of the ASWBS was conducted between May 2012 and August 2012 by scrutinising the records for the period 2007-08 to 2011-12. Nine⁶³ ward offices were selected on the basis of simple random sampling. Offices of the Hydraulic Engineer and Director (IT) were selected for reviewing the planning, implementation and monitoring of the computerisation work. Data analysis was done on the data obtained from the Data Centre using Computer Assisted Audit Technique (CAAT).

5.1.5 Audit criteria

The audit criteria adopted were:

- Mumbai Municipal Corporation Act, 1888
- Water Charges Rules (effective from 2006)
- Sewerage and Waste Removal Rules (effective from 2006)
- Generally accepted best IT practices

5.1.6 Acknowledgement

Indian Audit and Accounts Department acknowledges the co-operation extended by the Hydraulic Engineer's Office, its subordinate offices and Director of IT. An entry conference was held on 01 June 2012 with the Additional Municipal Commissioner (Projects) and Deputy Secretary, Urban Development Department in which the objectives, scope and methodology of audit were discussed. Audit findings were discussed with the Municipal Commissioner and Additional Municipal Commissioner (Projects) in the exit conference held on 29 November 2012 and their views have been incorporated at appropriate places.

⁶³ D, E, K/East, N, P/North, S, H/East, L and T

5.1.7 Audit findings

5.1.7.1 General controls

Planning and management

For effective implementation of IT, it is essential to have proper planning and active senior level involvement in IT related decisions and implementation. During the scrutiny of the ASWBS, the following inadequacies were observed:

5.1.7.1(a) Non-development of modules

The work of replatforming, enhancement, implementation and post-implementation maintenance/support of ASWBS was awarded to ABM in September 2006 at a cost of ₹ 4.09 crore with terms and conditions recommended by TCS on various services to be provided by ABM such as project start up services, project report services, design services, software development services, data migration, documentation services, training services and maintenance support services. Further, additional works of modification in ASWBS as per user requirements relating to Automatic Meter Reading (AMR) water meters, payment gateway and assistance relating to RTI queries was also awarded (December 2009) to ABM for an amount of ₹ 5.38 crore. Between September 2006 and March 2012, the MCGM paid ₹ 9.25 crore to ABM for the services rendered by it.

Audit observed that MCGM did not execute any agreement with ABM for all the services being rendered by it since September 2006. Further, as per the recommendations of TCS (January 2006), 32 modules were to be developed. Scrutiny of the ASWBS implemented in nine ward offices selected for audit revealed that five modules⁶⁴ of the 32 were not developed in the ASWBS.

Thus, even after a lapse of more than six years, the system remained incomplete despite incurring an expenditure of ₹ 9.25 crore. In particular, the audit module which is an intrinsic part of the system was not developed and required information could not be accessed by the Municipal Chief Auditor when required. Further, by not executing an agreement, the MCGM ran the risk of not being able to initiate any action against ABM in case of any system defects/failures.

MCGM accepted (December 2012) the audit observation and stated that some of the modules were not required as information for the management was available in other formats. It added that agreement could not be executed due to limited availability of staff in IT department and action to execute the agreement would be taken in consultation with the legal department.

The reply furnished by MCGM with regard to non-development of modules is not acceptable as ABM was paid for the development of these modules and TCS being the IT partner should have ensured this, as monitoring the quality of the software was one of their prescribed tasks. Steps may also be taken to enter into an agreement with ABM at the earliest.

⁶⁴ (i) audit (ii) meter supplier (iii) establishment (iv) inward/outward and (v) event trigger

5.1.7.1(b) Monitoring of project development and implementation

The scope of work of TCS included (i) monitoring compliances to contractual deadlines and approved quality standards of the deliverables of the vendors implementing different development projects in different departments of MCGM (ii) compliance of the Software Quality Assurance (QA) plan and review of the QA reports and (iii) advise on the post-implementation review plan.

Further, MCGM was required to appoint two committees for the project governance (i) evaluation committee and (ii) user team with a project review team comprising internal or external consultants appointed by the MCGM.

During audit, MCGM could not provide any document indicating that milestones of the project were achieved timely and payment were released with the approval of TCS. It was also observed that the documents related to review of quality assurance plans and quality assurance reports prepared by TCS were not available with MCGM. Further, there was no evidence to indicate that committees for project governance were formed by the MCGM.

Scrutiny of records in nine ward offices further revealed that the Municipal Commissioner/Hydraulic Engineer/IT department did not prescribe any monitoring report on the functioning of the software and its accessibility in the ward offices, indicating that there was no system in place to monitor the development and implementation of the software by MCGM.

Lack of monitoring of contractual milestones, absence of quality assurance plans, quality assurance reports and non-appointment of evaluation committees indicated weak monitoring by both TCS and MCGM.

The MCGM stated that TCS was entrusted with planning and monitoring the complete project including quality monitoring and after the contract with TCS expired in December 2010, there was nobody to look after the project development and implementation. It added that a new consultant was being appointed and a proposal was in the final stage.

5.1.7.1(c) Training

One of the recommendations of TCS provided for training to MCGM personnel on work flows, project design, database design, application/design, program libraries and system configuration. By imparting such training, ABM was expected to transfer knowledge to MCGM nominated technical personnel after the implementation of the system.

There was, however, no evidence to corroborate that personnel from MCGM were identified and trained by ABM to support and run the project in-house. In the absence of trained personnel in MCGM, the work of the System Administrator continues to be under the control of ABM and was yet to be taken over by the MCGM.

The MCGM accepted the fact and stated that decision on imparting training to MCGM personnel would be taken after exploring the possibilities of staff with IT expertise.

5.1.7.1(d) Documentation

As per the recommendation of TCS, the ABM was to provide MCGM three soft copies and 10 hard copies of all documentation of the required deliverables⁶⁵.

Though a soft copy of System Requirement Specification (version 2.0.2) dated 25 August 2006 and User Manual of some of the modules prepared in November 2008 were made available to audit, its updates incorporating the subsequent changes made in the application modules were not available with the MCGM.

In the absence of documentation of the required deliverables the extent to which the user requirements were incorporated in the system could not be ascertained. Lack of documentation also posed a major risk for future maintenance of the system.

MCGM accepted that requisite documentation were not readily available with them. However, it was being enquired from TCS whether ABM had furnished any such documentation.

5.1.7.2 Application controls

5.1.7.2(a) Arrears in water bills not included in the system

As per the work order issued to ABM in September 2001, outstanding bill amount of the consumers were to be treated separately and the computerized billing was initially to be commenced by considering the outstanding bill as 'Zero'. After finalization of the outstanding bills by MCGM the same were to be included in the system.

Audit observed that the opening balance of outstanding water charges as on April 2001 was pegged at ₹ 360.19 crore which was incidentally, not included in the system and thus, no bills were raised for the outstanding amount. Test check of records of 174 consumers in the nine ward offices revealed that an outstanding amount of ₹ 34.73 lakh was not fed into the system. Further, the arrears of water charges as on March 2012 as per accounts of the MCGM was ₹ 1,121.90 crore (which included arrears prior to 2001) whereas, the ASWBS indicated an arrears of only ₹ 798.44 crore, pointing to the fact that arrears amounting to ₹ 323.46 crore as on March 2012 still remained to be fed into the system. The reasons for not including the arrears in the system were not furnished to audit.

MCGM accepted the fact and stated that verified data of outstanding dues against each connection was not readily available. Hence, an administrative decision was taken at that time to start the system with 'Zero' arrears and recover the outstanding dues prior to 31 March 2001 by making challans. During exit conference (November 2012), the Hydraulic Engineer stated that data relating to arrears prior to March 2001 could not be migrated into the system but in the intervening period partial amount of arrears had been recovered. However, details of amount recovered were not furnished to audit.

⁶⁵ (i) project management plan, (ii) risk management plan, (iii) quality assurance plan, (iv) system test results, (v) user requirements specifications, (vi) system requirement specifications and/or change requirement specifications as applicable, (vii) detailed system design document, (viii) source code, and (ix) user manuals

5.1.7.2(b) Delay in generation of bills

Water bills for metered category of consumers are generated either monthly or quarterly. Meter readings are required to be entered immediately in the system for timely generation of bills and collection of water charges. Scrutiny of the ASWBS data relating to nine ward offices revealed that 15,71,139 bills amounting to ₹ 716 crore were generated within 30 days of meter reading while there was delay of more than 31 to 379 days in case of 14,39,102 bills amounting to ₹ 847.05 crore. Thus, one of the objectives for introducing ASWBS for reducing the time lag between meter reading and generation of bills was not achieved even after 11 years (2001 to 2012) of computerization.

The MCGM accepted the audit observation and stated that the delays were due to shortage of manpower, network problem and problems associated with Automatic Meter Reading (AMR) meters.

5.1.7.2(c) Deficiency in application software

Section 169 (ii) of Mumbai Municipal Corporation (MMC) Act, 1888 stipulates that the Standing Committee of the MCGM would prescribe the rates for various activities on the premises provided with metered water supply *in lieu* of the water tax leviable. Accordingly, the Standing Committee prescribed the rates from time to time for various types of consumers under Water Charges Rules and Sewerage and Waste Removal Rules, 2006. The Hydraulic Engineering Department prepared a list of group codes for different category of consumers *viz.*, domestic, commercial and industrial assigning numeric-alpha character (1A, 1B, 2A, 3A, etc) for domestic consumers; alpha character (AA, BB, CC, etc) for commercial consumers; and alpha-numeric character (A1, B1, C1, etc) for industrial consumers. It also prescribed a separate list of rates code with rates charges.

Scrutiny of the application system in nine ward offices revealed that the system software was not designed to map the consumers according to category, group code and rates charges. There were instances of consumers classified as commercial but rates levied at domestic; consumers classified as industrial but rates levied at domestic; and consumers classified as domestic but rates levied at commercial/industrial. Discrepancies in classification of consumers and rate charges resulted in short-levy of water charges as detailed below:

- (i) Out of 1,74,280 consumers in nine wards, 910 consumers were misclassified with reference to the category, group code and rate charges.
- (ii) In three ward offices (T, L and H/East), out of 15 consumers, nine consumers were classified as commercial but rates were levied at domestic, three consumers were classified as industrial but rates were levied at domestic and three domestic consumers were charged less resulting in short-levy of ₹ 9.65 lakh

The MCGM accepted that there were mismatch between the category, group code and rate charges and stated that the validation of software was under progress.

5.1.7.2(d) Discrepancies in master table

In pursuance of Appendix ‘C’ (Item 2) of the Water Charges Rules, 2006, the Standing Committee of the MCGM prescribes the scale for rents payable for Municipal meters rented out to consumers based on the size of the meter. Scrutiny of database revealed that meter size of 32 mm which was not prescribed in the Rules, was captured erroneously in the system against 851 consumers with ownership of meter as ‘M’(Municipal). Further scrutiny of master tables in the system revealed that though item of meter size of 32 mm was created in ‘meter size’ table yet meter rent for the corresponding meter size was not created. This inconsistency in the master tables was indicative of the unreliability of the database leading to non-levy of meter rent. Some of the instances of non-levy of meter rent in respect of meters owned by Corporation and with ‘MOK’ readings *i.e* acceptable meter reading are detailed below:

Sr No	Consumer No.	Bill No	Bill Date	Ownership of meter/Size	Status of meter	Meter rent
1	GN\$0183429	2008HEW1812089	12.8.2008	M/32 mm	MOK	0
2	GN\$0183429	2008HEW1508869	16.5.2008	M/32 mm	MOK	0
3	GN\$0183910	2008HEW1199717	28.2.2008	M/32 mm	MOK	0
4	GN\$0183910	2008HEW1199768	28.2.2008	M/32 mm	MOK	0

The MCGM accepted the audit observation and stated that meter size 32 mm was erroneously entered into the system and necessary action would be taken to rectify the error.

5.1.7.2(e) Consumer master with rate charges as ‘Zero’

The Hydraulic Engineering Department prescribed a list of rate codes with different rate charges starting from 01 up to 99, applicable for different group codes.

It was observed from the list of rate codes that 34 rate codes were not used and no rate charges were prescribed by the MCGM against 34 rate codes in the range from 01 to 99. Analysis of the database revealed that the master file created in the system for codes from 01 to 99 included 32 codes with ‘₹ 0.00’ rate. Further scrutiny of the database of ASWBS for P/North ward revealed that codes with rates captured against three consumers totaling 14 bills were categorised under rate charges ‘₹ 0.00’ having group code as 1B and 1W, whereas the rate for water charges should have been atleast ₹ 2.25 per 1000 litres. Thus, the consumers were being charged at minimum and not according to the prescribed rates. This also indicated discrepancies in the master files created in the system resulting in wrong levy of rates.

MCGM accepted the audit observation and stated that the system was being validated to capture the correct rates. In respect of three cases pointed out by audit, the MCGM stated that supplementary bills with correct rates were being raised.

5.1.7.2(f) Non-levy of sewerage charges

Rule 4.1 of Sewerage and Waste Removal Rules, 2006 stipulates that wherever water is supplied, sewerage charges at 60 *per cent* of water charges in addition to water charges shall be levied to all categories of consumers on such premises whether or not such premises are connected to Municipal sewer and/or any other Municipal infrastructure. Sub Rule 4.1.1 further stipulates that premises vesting in and belonging to Central and Western Railways in Railway area, Mumbai Port Trust area and Bhabha Atomic Research Centre in BARC area would be exempt from paying sewerage charges.

Scrutiny of data in nine ward offices revealed that 34 consumers other than those exempted, involving 940 bills were not levied sewerage charges amounting to ₹ 16.75 lakh at the rate of 60 *per cent* of water charges as follows:

Sr No.	Name of the ward	Number of consumers	Number of bills	Total amount of sewerage charges (in ₹)
1	D	3	86	29,641
2	E	3	262	56,760
3	H/East	3	31	18,777
4	K/East	3	24	24,518
5	L	4	195	10,55,280
6	N	14	175	1,24,043
7	P/North	2	118	2,93,274
8	S	1	33	66,518
9	T	1	16	5,752
	Total	34	940	16,74,563

It was further observed that MIS reports to monitor such irregularities and errors in the system were not available. This indicated that an adequate system was not put in place to plug the revenue leakage.

The MCGM accepted the audit observation and stated that supplementary bills were being prepared and issued to the consumers for recovery.

5.1.7.2(g) Non-raising of demand of water and sewerage charges

As per Rule 2.4.1 of Water Charges Rules, 2006 compounded water charges⁶⁶ at the rate of ₹ 50 per tenement per month or part thereof shall be levied and recovered in respect of residential tenements in Ramabai Colony ('N' ward) at Ghatkopar. Rule 4.1 of Sewerage and Waste Removal Rules, 2006 further stipulates that sewerage charges at the rate of 60 *per cent* of the water charges shall be levied instead of sewerage tax.

Scrutiny of the database in ASWBS and records of 'N' Ward revealed that bills relating to compounded water and sewerage charges amounting to ₹ 1.05 crore on consumers of Ramabai Colony were not generated and issued since 01 April 2001 as detailed below:

⁶⁶ Compounded water charges are levied on consumers on flat requirement basis

Period	Rate per month (in ₹)	Months	No. of connections	Amount (in ₹)
01.04.2001 to 31.03.2012	50 as compounded water charges	132	996	65,73,600
01.04.2001 to 31.03.2012	30 (60% of water charges) as sewerage charges	132	996	39,44,160
Total				1,05,17,760

During exit conference the Hydraulic Engineer explained that as per MMC Act, either water charges and sewerage charges or water tax and sewerage tax can be levied to avoid double taxation. In case of consumers of Ramabai Colony, water and sewerage taxes had already been charged in Property tax by Assessor and Collector Department of the MCGM. Therefore, a decision was taken not to raise water charges bills after 2001 to avoid double taxation. The MCGM stated that a proposal for an amendment to the Water Charges Rules and Sewerage and Waste Removal Rules, 2006 would be put up for sanction of the Standing Committee.

The reply is not tenable as the action of the Corporation was contrary to the provision contained in Water Charges Rules (2.4.1) and Sewerage and Waste Removal Rules (4.1), leading to non-generation and issue of compounded water and sewerage charges bills amounting to ₹ 1.05 crore. The details of water and sewerage taxes paid by the consumers of Ramabai Colony on property tax were, however, not made available to audit though called for.

5.1.7.2(h) Non-generation of water bills

Rule 4.7 of Water Charges Rules, 2006 stipulates that a notice of demand (Bills) is to be issued to the consumers for making payments.

Scrutiny of the data from ASWBS of nine ward offices revealed that the water bills in respect of 4,940 consumers for the period 2011-12 were not generated resulting in loss of revenue of ₹ 92.93 lakh *i.e.* domestic consumers : ₹ 25.01 lakh, non-domestic consumers : ₹ 33.07 lakh and sewerage charges : ₹ 34.85 lakh. The details are indicated in the table below:

Ward	No. of consumers	Water charges (Domestic) (in ₹)	Water charges (Non- Domestic) (in ₹.)	Total Water charges (in ₹)	Sewerage charges (60% of water charges) (in ₹)	Total (in ₹.) (5+6)
1	2	3	4	5	6	7
D	350	1,42,800	6,06,000	7,48,800	4,49,280	11,98,080
E	07	1,200	16,200	17,400	10,440	27,840
H/East	1,099	6,85,920	5,40,000	12,25,920	7,35,552	19,61,472
K/East	96	46,440	63,000	1,09,440	65,664	1,75,104
L	751	3,38,040	3,90,000	7,28,040	4,36,824	11,64,864
N	135	65,160	67,200	1,32,360	79,416	2,11,776
P/North	1,349	6,60,840	9,16,200	15,77,040	9,46,224	25,23,264
S	667	3,42,240	3,24,600	6,66,840	4,00,104	10,66,944
T	486	2,18,760	3,83,400	6,02,160	3,61,296	9,63,456
Total	4,940	25,01,400	33,06,600	58,08,000	34,84,800	92,92,800

Further, reports in the ASWBS were available only for the current billing cycle and not for the corresponding period of previous billing cycles for the purpose of monitoring and timely generation of water bills.

The MCGM stated that in some cases bills could not be generated due to less availability of staff on account of vacant post of billing clerk, meter inspector etc, staff appointed for census/election duties and in some cases data relating to water disconnection was not updated in the system.

The fact remains that non-generation of water bills leads to loss of revenue and MCGM needs to verify and ensure that all bills have been generated.

5.1.7.2(i) Non-levy of water charges based on actual consumption

As per Rule 3 of Water Charges Rules, 2006 consumers shall be charged on actual recorded consumption during the billing period. When meters are non-functional, water charges are to be collected on the basis of estimated consumption (depending on the meter being out of order for less than 12 months or more than 12 months).

Further, as per provision in Appendix ‘C’, item (f) and (g) of the Water Charges Rules, 2006 the MCGM should periodically test the functioning of meters. In cases where the meters are defective, it should be got repaired by the MCGM and in case of private meters, by the consumer.

Scrutiny of the reports generated in ASWBS in respect of nine ward offices revealed that only 23 *per cent* of the consumers were billed on the basis of actual meter readings. The remaining 77 *per cent* of consumers were billed on average consumption basis due to non-functional meters (29 *per cent*), administrative issues (45 *per cent*) and unmetered water connection (3 *per cent*) as detailed below:

Ward	Total No. of Consumers	Working meters	Administrative Issues	Unmetered connections	Non-functional meters
D	8,212	3,423	2,250	325	2,214
E	4,021	1,631	1,380	547	463
H/East	27,083	6,327	11,773	336	8,647
K/East	30,522	5,840	16,392	943	7,347
L	26,708	2,434	14,884	992	8,398
N	16,656	4,392	6,066	432	5,766
P/North	28,986	7,569	12,613	373	8,431
S	21,050	5,326	8,478	613	6,633
T	11,600	3,993	5,285	954	1,368
Total	1,74,838	40,935	79,121	5,515	49,267

The majority of the consumers were thus not charged as per actual consumption. This indicated that there was no system in place for timely identification of defective/non-functional meters and for taking remedial action.

The MCGM attributed non-levy of water charges on actual consumption on account of administrative issues (45 *per cent*) to non-availability of meter inspectors due to leave and other duties assigned such as census duty, election duty or vacancy in the post. It added that for a particular cycle, if meter inspector is not available for recording reading, the consumer is charged as per average consumption which is subsequently adjusted in the next cycle when actual reading is taken.

During exit conference the Municipal Commissioner accepted the facts and stated that efforts would be made to improve the system.

5.1.7.2(j) Supply, installation and maintenance of meters through private agencies

The MCGM decided (October 2008) to undertake a project for supply, installation and maintenance of Automatic Meter Reading (AMR)⁶⁷ water meters of various sizes in various wards under their three zones for a period of five years and recording monthly readings by private agencies. The objective of the project included accurate, actual and latest measurement of water for better revenue generation.

Work orders were issued for Phase I (pilot project) in January 2009 and Phase II (full-scale project) in October 2009. The project was to be implemented by three different agencies⁶⁸ at a cost of ₹ 785.78 crore (pilot project: ₹ 20.37 crore and full-scale project: ₹ 765.41 crore). The MCGM incurred an expenditure of ₹ 257.13 crore⁶⁹ up to July 2012.

Audit scrutiny revealed that out of the 3,02,120 AMR meters to be supplied and installed under Phase-II by March 2011, only 1,29,775 meters were supplied (43 *per cent*) as of November 2011. Of the 1,29,775 meters supplied, only 82,857 meters (approximately 64 *per cent*) were installed as of July 2013 and remaining 46,918 meters were lying unused. The supply of the remaining 1,72,345 meters (57 *per cent*) was stopped in June 2012 by the Additional Municipal Commissioner (Projects) in view of the delay in supply and installation of the meters within the time specified in the work orders.

Further analysis of the database of ASWBS for the AMR meter reading for the year 2011-12 in the nine ward offices revealed that out of 68,447 instances of meter reading involving 16,986 consumers, 20,570 instances were recorded as '*not acceptable meter reading (other than MOK)*' while the balance 47,877 instances showed '*acceptable meter reading (MOK)*'. This indicated that in 30 *per cent* cases the AMR meter readings were erratic. Further as per special terms and conditions of the contract entered into with the agencies, the responsibility in variation in bills of the consumers was to vest with the agencies concerned for recording false reading. In that case, the agencies were to be charged penalty of two *per cent* per day of supply cost of water meter which was to be deducted from their running bills. Audit, however, observed that no such penalty was levied.

⁶⁷ Automatic meter reading, or AMR is the technology of automatically collecting consumption, diagnostic and status data from water meter devices

⁶⁸ Pratibha Industries, Axelia Unity and Unity Axelia

⁶⁹ Pratibha Industries - ₹ 46.72 crore; Axelia Unity - ₹ 131.38 crore and Unity Axelia - ₹ 79.03 crore

Thus, the objective of the project to get accurate, actual and latest measurement of water for better revenue generation had not been achieved despite incurring expenditure of ₹ 257.13 crore.

During exit conference, the Additional Municipal Commissioner accepted the audit observation and stated that installation of all AMR meters would be completed shortly and matters in respect of AMR meter reading discrepancies would be examined thoroughly. The MCGM assured that the penalty amount from the agencies would be calculated and deducted from their running bills.

5.1.7.2(k) Incomplete data

Data entered into the system should be complete in all respects. During analysis of the data pertaining to nine ward offices available in ASWBS, it was noticed that some of the important mandatory fields as detailed below were not captured and left blank in the system:

Sr No.	Field name	No. of records where the relevant columns were left blank
1	Consumer status	10
2	Address	55
3	Water requirement	42,250
4	Discharge capacity	66,125
5	Average discharge capacity in 10 days	67,496
6	Meter installation date	71,866
7	Consumer name	22

Incomplete information such as water requirement, discharge capacity and average water consumption may lead to wrong estimation of the consumption when the meters are not working.

The MCGM accepted the audit observation and stated that relevant data would be filled up at ward level.

5.1.7.3 IT security

5.1.7.3(a) Lack of IT security policy

It is important, that every organisation establishes an IT security policy which would demonstrate its ability to reasonably protect all critical business information.

It was noticed that MCGM did not have an approved IT security policy to ensure the security of the data by incorporating physical and logical access controls even after substantial investments. Hence, safety and security of IT assets were at high risk and in the absence of a documented IT security policy, users were not aware of their role and responsibility in safeguarding IT assets. For example, in the computerised billing system, the consumer records were maintained in electronic form and its access was required to be restricted to authorised individual users only. Scrutiny of database for the period from August 2009 to March 2012 revealed that the users with generic name 'Administrator aqua' entered/modified the transactions as detailed below.

Sr.No.	Name of the files	Number of records
1	Address Master	45
2	Consumer Master	3,43,923
3	Meter Master	28,718
4	Supplementary Bills	290
5	Supplementary Bill Details	288
6	User Master	33,605

As the users did not have a unique identification (user_id) for their personal and sole use, the activities could not be traced to any individual. This could not only affect security of data but also involve the risk of misuse. Further, though the water billing system was implemented in 24 ward offices, no official was designated with the responsibility of ensuring IT security.

The MCGM stated that since only ABM was entrusted with the responsibility of managing aqua application and database, a generic administrator account 'Administration for Aqua' was maintained in the system. However, administrator based on personal name as user_id was now being maintained in the system. During exit conference the Municipal Commissioner accepted the audit observation and stated that efforts were being made to plug the loopholes.

5.1.7.3(b) Lack of business continuity and disaster recovery plan

An organization should have a business continuity and disaster recovery plan with associated controls to ensure that the organization can accomplish its mission and not lose the capability to process, retrieve and protect information in case of eventualities due to interruption or disaster leading to temporary or permanent loss of computer facilities and data.

Audit observed that MCGM did not have an approved business continuity and disaster recovery plan. Standby server was not planned for taking backup of data relating to ASWBS at regular intervals and storing it at remote locations to ensure continuity of operations, in case of a disaster. Further, it was observed that data backup taken at the end of the day were stored in the server of the ASWBS. The copy of the backup was taken in a tape drive and kept in the cupboards of the server room itself. As the data was not stored at remote locations, it involved high risk of loss of data in the event of a disaster.

The MCGM accepted the audit observation. The Director, IT during exit conference mentioned that by 2013 disaster recovery plan would be introduced.

5.1.7.3(c) Audit trails

Audit trails depict the flow of transactions necessary in a system in order to track the history of transactions, system failures, erroneous transactions, changes/modifications in data etc.

Scrutiny of database for the year 2011-12 revealed the following:

- There were 3,682 missing receipts and 6,661 gaps in the transaction serial number in the receipt table;

- 252 receipts were created at a later date with user_id as 'Bank' in respect of online payments;
- Audit trail did not exist in the system for modification and deletion of receipts made; and
- Receipt data was modified through backend and Oracle database was not configured to record any modifications of data through the backend.

These discrepancies indicated lack of audit trails and controls over modification and deletion of data in the system. This also showed that the system was insecure and vulnerable to fraud and manipulation.

The MCGM stated that back end access rights were with ABM and ABM had now developed facility to allow the MCGM Aqua users to make some changes. During exit conference, the Municipal Commissioner accepted that audit trails were necessary as huge amounts were involved.

5.1.8 Conclusion

The Aqua Water Billing System was implemented in 2001 with a view to improving the efficiency of the system, reduce delay in meter reading, bill production and revenue collection. Further, the system was enhanced and replatformed to Aqua Super Water Billing System in April 2007. However even after an expenditure of ₹ 9.25 crore, many deficiencies persisted primarily due to poor documentation and designing and weak implementation and monitoring, making the system unreliable. Even after 11 years of computerisation, there were huge delays in generation of bills. Deficient mapping of business rules and validation checks made data inaccurate, resulting in short-levy of water charges. Inadequate Information Technology security, non-development of audit module, missing receipt numbers, modification of data by anonymous users coupled with weak audit trails, continuation of system administration by the personnel of private agency made the system vulnerable to fraud and manipulation. Further, the project of procurement and installation of Automatic Meter Reading meters for accurate, actual and latest measurement of water for better revenue generation was only partially implemented despite an investment of ₹ 257.13 crore.

5.1.9 Recommendation

The Municipal Corporation Greater Mumbai may:

- execute an agreement with ABM to ensure their accountability and to safeguard its own interest;
- review and modify the application system as per the work order, user requirements and business rules;
- provide training to the users to ensure availability of trained manpower to manage and support the Information Technology system;
- enforce validation checks in the system to ensure reliability of data and plug revenue loss;

- create audit trails to track missing entries and modifications made in the system;
- establish a business continuity and disaster recovery plan to ensure safety and security of Information Technology system and data; and
- lay down a security policy for the Information Technology system.

The matter was referred to the Government in October 2012; their reply was awaited as of June 2013.

CHAPTER VI
AUDIT OF TRANSACTIONS

URBAN DEVELOPMENT DEPARTMENT

AKOLA MUNICIPAL CORPORATION

6.1 Non-commencement of a work and avoidable loss of interest

The work of underground sewerage system in the city of Akola could not commence even after more than two years of its award. The Government of India share of ₹ 49.98 crore released for the work was unnecessarily retained and parked in the savings account for one year, instead of in term deposit, resulting in loss of interest of ₹ 1.58 crore.

In order to tackle the problem of contamination of water in the Morna river, the work of underground sewerage system in the city of Akola was sanctioned (July 2007) by the Director of Municipal Administration, Mumbai at a cost of ₹ 163.20 crore for implementation under the Government of India (GoI) Scheme named Urban Infrastructure Development Scheme for Small and Medium Towns (UIDSSMT). The cost of the project appraised by the State Level Nodal Agency was ₹ 132.75 crore. The GoI share was 80 *per cent* while the State Government and the Municipal Corporation (MC) were required to contribute 10 *per cent* each. The Akola MC received (November 2009) an amount of ₹ 49.98 crore from the GoI as first instalment for the project.

Scrutiny of records (November 2010) revealed that the Akola MC invited (December 2009) tenders for the above work at an estimated cost of ₹ 133.07 crore. In response to the tenders, three offers were received and the offer of M/s Ramky Infrastructure Limited, Mumbai (contractor) at ₹ 316.70 crore was found to be lowest. After negotiations, the tender was accepted (March 2010) for ₹ 315.70 crore with 10 *per cent* mobilization advance (MA) at an interest of 7.5 *per cent per annum* against bank guarantee of equal amount.

Meanwhile in February 2010, based on the complaint filed by another Company⁷⁰, the State Government directed the Akola MC to enquire into the matter and keep the tender process pending till finalization of the enquiry. However, contrary to the directive of the State Government, the Akola MC issued (March 2010) the work order to the contractor at the negotiated cost of ₹ 315.70 crore with 10 *per cent* MA, though as per conditions of tender no MA was to be paid to the contractors. Audit scrutiny further revealed that a Writ Petition⁷¹ was filed in March 2010 before the Nagpur Bench of the Bombay High Court requesting the Honourable Court to direct the Akola MC not to proceed with the tender and disburse any MA to the contractor. The work was eventually cancelled by the State Government in June 2012.

Thus, the action of Akola MC to issue the work order in March 2010 in contravention of State Government's directive not only led to cancellation of

⁷⁰ M/s Kirloskar Brothers Limited; The Company alleged that they were refrained from submitting the tender by other Companies and the rates quoted by them were substantially higher

⁷¹ No. 7 of 2010

the work order but the work of underground sewerage in the city of Akola which was expected to be completed in 30 calendar months (September 2012) could not commence even as of June 2012. Incidentally, the cost of work as per revised estimates of 2011-12 was pegged at ₹ 337.73 crore, an increase of ₹ 204.98 crore as compared to the project cost initially appraised by the State Level Nodal Agency (₹ 132.75 crore).

As per Section 92 of the Bombay Provincial Municipal Corporations Act, 1949, surplus funds held by the Municipal Corporations, which cannot be immediately used, should be invested in interest bearing deposits. However, despite knowing that the funds received from GoI were not required immediately, the Akola MC retained ₹ 49.98 crore with it and parked them in the savings account from 09 February 2010 till 14 February 2011 instead of in term deposit, thus, resulting in loss of interest of ₹ 1.58⁷² crore for a period of approximately one year. The GoI funds were subsequently parked in term deposit from 15 February 2011 for a period of one year.

The matter was referred to the Government in July 2012; their reply was awaited as of June 2013.

AURANGABAD MUNICIPAL CORPORATION

6.2 Idle investment

The Aurangabad Municipal Corporation failed to implement an Enterprise Resource Planning based integrated business solution in the Corporation even after time lapse of four years and an investment of ₹ 2.21 crore.

One of the mandatory reforms that the Municipal Corporations were expected to carry out as per directions of the Central/State Governments was computerisation of their working. In line with this direction and to provide better and speedy facilities to its citizens, Aurangabad Municipal Corporation (AMC) approved (August 2006) a Scheme of Enterprise Resource Planning (ERP) based solution. Under the Scheme functions of various departments of the Corporation were proposed to be operated on one single computerised system.

The AMC awarded (July 2007) the work of supply, implementation and post-implementation maintenance support of ERP based integrated business solution to M/s CMC Limited (CMC), Mumbai at a total cost of ₹ two crore. The work envisaged project preparation, business blueprint, realization, final preparation and system Go-live in the identified departments (Finance and Accounts, Human Resource and Real Estate Management).

Audit scrutiny revealed (January/October 2011) that AMC incurred an expenditure of ₹ 90 lakh in procurement of computer hardware, system software and networking components under the Scheme. The CMC

⁷² Period for which ₹ 499,848,000 kept in savings account (09/02/2010 to 14/02/2011) = 12 month approximately
Indicative rate of interest on domestic term deposits over ₹ five crore for one year with effect from 08 February 2010 was 5.50 per cent per annum
Amount of interest @ 5.50 per cent on ₹ 499,848,000 for 12 months = ₹ 27,491,640.....(A)
Interest already earned in savings account = ₹ 11,737,250... (B)
Loss of interest (A) - (B) = ₹15,754,390 or ₹1.58 crore

demonstrated the system Go-live in June 2009 for which a payment of ₹ 1.31 crore was released to CMC between November 2007 and September 2009. However, the system could not be made operational (May 2013) in the respective departments of AMC due to lack of motivation and reluctance of the staff to use the system and non-issue of milestone completion certificates for all stages by the heads of the department, after testing and evaluation of the developed system. The AMC did not eventually release the balance amount of ₹ 70 lakh to CMC.

Thus, failure of the AMC to implement the ERP based integrated business solution developed way back in June 2009 resulted in an idle investment of ₹ 2.21 crore⁷³. Besides, the objective of providing improved facilities to the citizens was defeated.

The matter was referred to the Government in May 2012; their reply was awaited as of June 2013.

DHULE MUNICIPAL CORPORATION

6.3 Loss of revenue

Delay in implementing the revised rates for levy of water charges resulted in loss of revenue of ₹ 3.23 crore to Dhule Municipal Corporation.

As per Section 63 (20) of the Bombay Provincial Municipal Corporations Act, 1949, (BPMC), it is the duty of the Corporation to manage and maintain municipal water works for providing sufficient water supply for public and private purposes. The Town Planning Department, Government of Maharashtra (GoM) issued (February 2001) instructions to all municipal corporations to avoid misuse of water and to run water supply schemes on “no profit no loss basis”. It was further instructed that the municipal corporations should revise the water charges from time to time so as to meet the cost of maintenance and repairs of the water supply scheme.

The Commissioner, Dhule Municipal Corporation (DMC) considering Government's instruction to run water supply schemes on ‘no profit no loss’ basis proposed (March 2010) increase in water charges in the budget estimate for the year 2010-11. The budget estimate for 2010-11 was approved (April 2010) by the General Body of DMC, which *inter alia* approved the increase in water charges by ₹ 400 per piped connection and ₹ 500 per non-piped connection per annum with effect from 01 April 2010.

Scrutiny of records of DMC revealed (January 2012) that DMC implemented the revised water charges from April 2011. The delay of one year in implementing the revised rates resulted in loss of revenue of ₹ 3.23 crore during 2010-11 in respect of 34,672 piped connections and 36,916 non-piped connections, as detailed in the following table:

⁷³ ₹ 90 lakh + ₹ 131 lakh

Water connections vis-à-vis water charges to be levied

Water connection type (size)	Number of connections	Rate per connection increased by (in ₹)	Total increase in water charges (in ₹)
Properties having water connections			
Domestic (1/2 inch)	32,847	400	1,31,38,800
Domestic (3/4 inch)	1,519		6,07,600
Domestic (one inch)	45		18,000
Commercial (1/2 inch)	207		82,800
Commercial (3/4 inch)	45		18,000
Commercial (one inch)	9		3,600
Total	34,672		
Properties not having water connections			
Non-piped	36,916	500	(B) 1,84,58,000
Grand total		(A) + (B)	₹ 3.23 crore

The DMC stated (January 2012) that though Section 149 (4) of the BPMC Act did not prohibit DMC to levy a tax from a date later than the first day of April, any tax to be levied under Section 127 (2) (f) was required to be approved by the GoM.

The reply is not acceptable as Government approval is required only for new taxes. Further, the water charges are recovered for water supplied *in lieu* of water tax under Section 134 of BPMC. Thus, the delay in implementing the revised water charges resulted in loss of revenue of ₹ 3.23 crore to DMC.

The matter was referred to the Government in July 2012; their reply was awaited as of June 2013.

KOLHAPUR MUNICIPAL CORPORATION

6.4 Avoidable extra expenditure

Irregular cancellation of tenders for the work of replacement of 1100 mm Pre-stressed Concrete pipes and subsequent re-tendering of the work resulted in an avoidable extra expenditure of ₹ 59.84 lakh.

As per the instructions issued (March 2007) by the Central Vigilance Commission (CVC), GoI, there should be no post-tender negotiations with the lowest tenderer (L₁) except in certain exceptional circumstances such as items with limited sources of supply etc. In case L₁ backs-out, there should be a re-tender.

Kolhapur Municipal Corporation (KMC) invited (December 2009) tenders for the work of 'replacement of existing 1100 mm Pre-stressed Concrete (PSC) pipes Raw and Pure Water Gravity Main by 1100 mm and 1000 mm Ductile Iron (DI) K-9 pipes respectively (Part II)' under Sujal Nirmal Yojna⁷⁴. The estimated cost of tender was ₹ 9.73 crore to be completed within eight months.

⁷⁴ Introduced by Government of Maharashtra (GoM) in August 2009; GoM contribution: 70 per cent, Contribution from Local Bodies: 10 per cent and Loan: 20 per cent

In response to the tender, KMC received (January 2010) eight offers and the offer of M/s Pratibha Construction, Kolhapur of ₹ 10.16 crore at 4.48 *per cent* above the estimated cost was found to be the lowest. KMC invited (January 2010) the L₁ for price negotiation. However, L₁ stated that the rate was competitive and there was no scope for negotiation. The L₁ further stated that the rate was offered on the basis of assurance given by the only manufacturer of specified pipes in the area *viz.* M/s Lanco Industries Limited to supply the pipes after December 2010 as the pipes to be manufactured up to December 2010 were already booked.

Audit scrutiny revealed (September 2011) that though L₁ did not withdraw its offer, KMC invited (January 2010) the second lowest tenderer *i.e.*, M/s Tapi Prestressed Products Limited (L₂), who quoted 6.09 *per cent* above the estimated cost, for negotiation. Inviting L₂ for negotiations when L₁ had not backed out was irregular. The L₂ agreed (February 2010) to execute the work at 4.25 *per cent* above the estimated cost subject to extending the period of execution up to the end of March 2011 since it was not possible to obtain the pipes from M/s Lanco Industries Limited before December 2010. However, the Commissioner, KMC decided to re-invite the tenders with enhanced period of completion of work due to availability of pipes after December 2010. The action of KMC to re-invite the tenders, when L₁ had not backed out was contrary to the instructions issued by the CVC.

KMC re-invited the tenders in March 2010 with stipulated period of completion of 12 months as against eight months stipulated in the earlier tender. KMC received seven offers and the offer of L₂ at ₹ 10.76 crore, which was 10.63 *per cent* above the estimated cost of ₹ 9.73 crore, was found to be the lowest. Offer of L₂ was accepted and work order issued in June 2010. As of August 2012, only 87 *per cent* of the work was completed though the stipulated date of completion was June 2011. A payment of ₹ 10.26 crore had been made to the contractor as of October 2012 (as per 9th Running Account Bill).

Thus, irregular re-tendering of work in violation of CVC instructions resulted in an avoidable extra expenditure of ₹ 59.84 lakh⁷⁵.

The Commissioner, KMC stated (August 2012) that after opening the tenders, both L₁ and L₂ expressed their inability to supply the pipes during the stipulated time period and accordingly, extension of time period for six months was demanded. It was only in the interest of the work and to maintain transparency in the bidding process that re-tendering was done.

The reply is not acceptable as the L₁ had neither requested for extension of time from KMC nor did he back out. In fact, it was L₂ who had sought an extension of time up to the end of March 2011 for completion of the work. Moreover, the action of KMC to re-tender the work, when L₁ had not backed out, violated the instructions issued by the CVC and resulted in an avoidable extra expenditure of ₹ 59.84 lakh.

The matter was referred to the Government in June 2012; their reply was awaited as of June 2013.

⁷⁵ (Estimated cost: ₹ 9.73 crore) x (10.63 *per cent* – 4.48 *per cent*) = ₹ 59.84 lakh

NAVI MUMBAI MUNICIPAL CORPORATION

6.5 Irregular expenditure

In contravention of the provisions of Maharashtra Public Works Manual, Navi Mumbai Municipal Corporation awarded two new road works to a contractor, initially engaged for an ongoing road work, without preparing any estimates or inviting tenders resulting in an irregular expenditure of ₹ 3.44 crore.

Paragraph 198 of the Maharashtra Public Works (MPW) Manual provides that the Executive Engineer must prepare a complete set of drawings showing the general dimensions of the proposed work before a work is given out on contract. Further, Paragraph 200 of MPW Manual provides that tenders should invariably be invited publically for all works to be given out on contract.

City and Industrial Development Corporation (CIDCO) was the New Town Development Authority for the new town of Navi Mumbai. With the constitution of Navi Mumbai Municipal Corporation (NMMC) in January 1992, it was mutually decided to hand over physical infrastructure developed and maintained by CIDCO to NMMC. As per the agreement executed (November 2007) between CIDCO and NMMC, the balance development works not completed by CIDCO were to be carried out and handed over to NMMC.

NMMC accorded (June 2009) administrative approval for ₹ 13.14 crore⁷⁶ for the work of concretisation of the road of 2,450 m length from Diva Circle to MSEB Colony at Sector 20, Airoli. NMMC invited (August 2009) tenders and awarded (February 2010) the work to M/s Mahavir Roads and Infrastructures Private Limited (Contractor) for ₹ 11.26 crore⁷⁷ (10 per cent below the estimated cost of ₹ 12.51 crore). The work was to be completed in 15 months.

Audit scrutiny of records of NMMC revealed (October 2011) that the contractor completed the work of Diva Circle to MSEB Colony from Ch 0 m to 1,690 m only and the remaining work from Ch 1,690 m to 2,450 m was executed by CIDCO through another agency on the ground that the work in question was within its authority/jurisdiction, in terms of the agreement executed in November 2007. NMMC incurred an expenditure of ₹ 8.30 crore (against the tendered cost of ₹ 11.26 crore) on account of substantial curtailment in the scope of work. From the savings so generated, NMMC got executed two new road works⁷⁸ from the same contractor at a cost of ₹ 3.44 crore, without preparing any estimates or inviting fresh tenders, in contravention of the provisions of MPW Manual. The expenditure of ₹ 3.44 crore incurred on two new road works was, thus, irregular.

⁷⁶ The work was to be executed through soft loan from Mumbai Metropolitan Region Development Authority (MMRDA)

⁷⁷ Estimates were based on District Schedule of Rates (DSR) for 2007-08

⁷⁸ STP to Bharat Bijali (Ch 0 m – 715 m) and Diva Circle to Mulund Bridge (Ch 8 m – 300 m)

The Commissioner, NMMC stated (June 2012) that if fresh tenders for additional works had been invited, it would have entailed an extra expenditure of about 24 *per cent* on account of increase in the estimates, which would have to be prepared on current DSR 2010-11. It added that the additional works were within the administrative approval amount initially sanctioned in June 2009 and all the procedures were followed as per the powers delegated to NMMC officials.

The reply is not acceptable as savings realized by NMMC was not on account of execution of the whole work but due to curtailment in the scope of the original work. The execution of two additional works not forming part of the original administrative approval and contract, thus, vitiated the sanctity of the tender and the provisions contained in the MPW Manual. Further, the delegation of powers did not preclude NMMC from preparing estimates and inviting tenders for additional works.

The matter was referred to the Government in June 2012; their reply was awaited as of June 2013.

PALGHAR MUNICIPAL COUNCIL

6.6 Loss of revenue

Non-recovery of development charges on land for the development permissions granted during 2008-11 resulted in loss of revenue of ₹ 65.79 lakh to Palghar Municipal Council.

As per section 124 A of the Maharashtra Regional and Town Planning Act, 1966 (Act), the Development Authority (DA) shall levy development charges on any person who institutes or changes the use of any land or building or develop any land or building at the rate specified in the Second Schedule of the Act, which prescribes the minimum and the maximum rate of development charges to be levied. Section 124 B of the Act stipulates that the DA may enhance or reduce the development charges which shall, however, not be reduced below the minimum or increased above the maximum prescribed under the Second Schedule of the Act.

Part II of the Act further provided that the minimum and maximum rates of development charges for different nature or category of development of lands and buildings for industrial and commercial users shall be one and half times and two times of the minimum and maximum rates of development charges respectively, as specified in Part I of the Second Schedule for residential or institutional users. The minimum and maximum rates of development charges as specified in Part I of the Second Schedule of the Act for any 'B' class Municipal Council in Maharashtra shall be as follows:

Development of land for residential or institutional use, also involving building or construction operations	Minimum	Maximum
	₹ per square metre	
i) for development	10	30
ii) for construction	20	50

The Palghar Municipal Council (PMC), a 'B' class municipal council in Maharashtra, prescribed (June 2002) development charges for construction involving building or construction operations at the rate of ₹ 20, ₹ 30 and ₹ 40 per square metre for residential, industrial and commercial use respectively. The said rates were increased to ₹ 30, ₹ 45 and ₹ 60 per square metre with effect from March 2010, without prescribing or mentioning about the development charges for development of land.

Scrutiny of records revealed (January 2012) that while granting building permission in 218 cases during the period 2008-11, the Town Planning Department of PMC did not recover development charges for development of land at the minimum rate prescribed per square meter under the Act *i.e.* ₹ 10 for residential, ₹ 15 for industrial and ₹ 20 for commercial users⁷⁹. This led to non-recovery of development charges for development of land and consequent loss of revenue of ₹ 65.79 lakh, as indicated in the table below:

Year	No. of building permissions granted	Development charges on land not recovered (₹ in lakh)
2008-09	67	10.92
2009-10	82	32.37
2010-11	69	22.50
Total	218	65.79

The Chief Officer, PMC stated (July 2012) that since the staff were not aware of the levy of development charges, it was not calculated. However, after being pointed out by audit, the development charges for development of land were being calculated.

The matter was referred to the Government in August 2012; their reply was awaited as of June 2013.

⁷⁹ The minimum rates for industrial and commercial users was to be one and half times and two times of the minimum rates of development charges specified for residential or institutional use

UMRED MUNICIPAL COUNCIL

6.7 Undue benefit to a contractor

The Municipal Council, Umred extended an undue benefit of ₹ 56.07 lakh to a contractor by issuing excise duty exemption certificate on supply of 100 mm and 150 mm diameter pipes to be used for a water supply work.

As per Government of India (GoI) notification dated 01 March 2007, pipes of outer diameter exceeding 200 mm shall be exempt from payment of excise duty when such pipes are an integral part of the water supply projects.

Municipal Council, Umred (district Nagpur) invited tenders for the work of “Augmentation to the Umred Water Supply Scheme under Urban Infrastructure Development Scheme for Small and Medium Towns (UIDSSMT)” in May 2009. The estimates of the tender were based on the Maharashtra Jeevan Pradhikaran’s Current Schedule of Rates (CSR) of 2006-07. As per tender, DI pipes of various sizes between 100 mm and 300 mm were to be procured by the contractors and the rates of pipes were inclusive of excise duty. During pre-bid meeting held in May 2009, the Chief Officer, Municipal Council, Umred accepted the request of the contractors to retain the excise duty benefit available on pipes of diameter 200 mm and above provided they quoted their rates taking into account the excise exemption availed of. Accordingly, the contractors quoted the rates for pipes 200 mm and above (excluding excise duty) and pipes 100 mm and 150 mm (inclusive of excise duty). The work was awarded in August 2009 to M/s Laxmi Civil Engineering Services Private Limited, Kolhapur (contractor) at a cost of ₹ 26.20 crore for completion within 30 months.

Scrutiny of records of Municipal Council, Umred revealed (March 2011) that the GoI vide notification dated 04 December 2009 further extended the benefit of excise duty exemption to pipes 100 mm and 150 mm diameters. Accordingly, the contractor requested (March 2010) the Municipal Council for issue of excise duty exemption certificate on DI Pipes of 100 mm and 150 mm diameters to be used for the ongoing drinking water supply work. The Municipal Council issued the requisite exemption certificate to the contractor in April 2010 duly signed by the Collector, Nagpur as detailed below:

Details of Pipes	Exemption granted on total quantity as per tender (in running meters)	Rate of excise duty (in ₹ per running meter)	Total amount of exemption granted (in ₹.)
100 mm	52,197	81	42,27,957
150 mm	11,690	118	13,79,420
Total			56,07,377

The issue of excise duty exemption certificate amounting ₹ 56.07 lakh to the contractor for use of pipes 100 and 150 mm diameters was not in order for the simple reason that the rates quoted by the contractor for supply of DI pipes (100 mm and 150 mm) before August 2009 were inclusive of excise duty, as no excise exemption was available on such pipes at that point of

time. Therefore, the benefit of excise duty exemption of ₹ 56.07 lakh subsequently availed of by the contractor as extended by GoI notification of December 2009 should have been passed on to the Municipal Council. In fact, while granting the exemption certificate to the contractor in April 2010, the Municipal Council should have included a specific condition that the benefit of tax exemption would be passed on to the Municipal Council.

Thus, the action of Municipal Council, Umred to issue excise duty exemption certificate to the contractor on 100 mm and 150 mm pipes led to extending an undue benefit to the contractor for an amount of ₹ 56.07 lakh.

The matter was referred to the Government in June 2012; their reply was awaited as of June 2013.

Mumbai,
The

(MALA SINHA)
Principal Accountant General (Audit) I,
Maharashtra

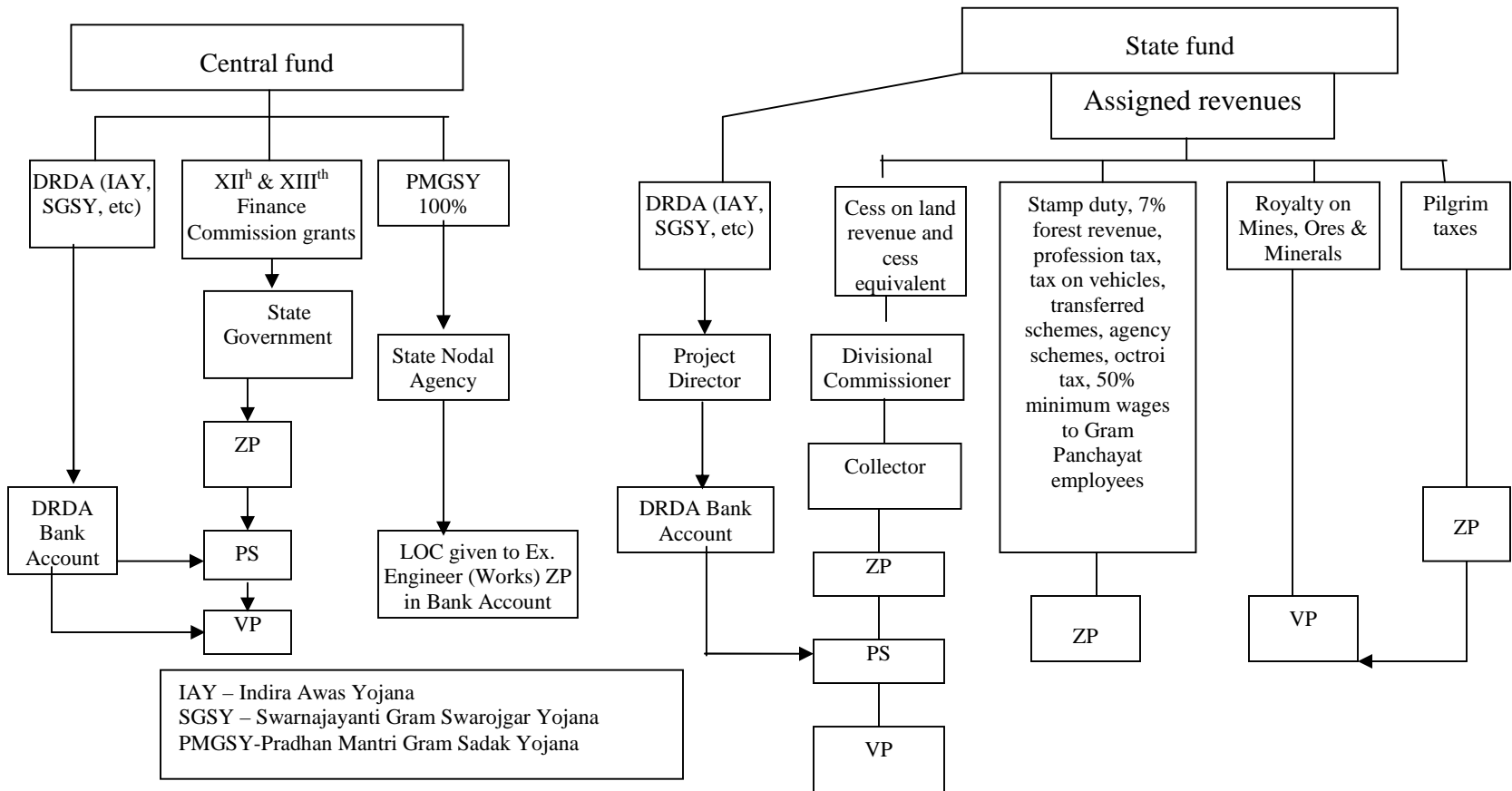
Countersigned

New Delhi,
The

(SHASHI KANT SHARMA)
Comptroller and Auditor General of India

APPENDIX I
(Reference: Paragraph 1.4.4)

FUND FLOW STATEMENT



APPENDIX II

(Reference: Paragraph 1.7.3)

Details of expenditure incurred on transferred Schemes, agency Schemes and ZPs own Schemes during 2011-12

(₹ in crore)

Sr. No.	Name of ZP	Expenditure on transferred Schemes	Expenditure on agency Schemes	Expenditure on ZPs own Schemes	Total expenditure
1	Ahmednagar	895.00	64.00	33.00	992.00
2	Akola	377.97	43.73	17.47	439.17
3	Amravati	602.50	34.91	15.05	652.46
4	Aurangabad	477.29	47.11	60.22	584.62
5	Beed	0.00	0.00	0.00	0.00
6	Bhandara	276.32	25.37	43.17	344.86
7	Buldhana	558.00	34.00	532.00	1,124.00
8	Chandrapur	808.84	117.13	53.75	979.72
9	Dhule	350.91	63.71	26.67	441.29
10	Gadchiroli	315.01	31.08	62.46	408.55
11	Gondia	620.08	66.48	30.84	717.40
12	Hingoli	258.27	16.67	2.91	277.85
13	Jalgaon	665.98	709.28	594.23	1,969.49
14	Jalna	359.36	37.72	8.76	405.84
15	Kolhapur	735.71	56.46	15.45	807.62
16	Latur	542.67	24.98	8.68	576.33
17	Nagpur	0.00	0.00	0.00	0.00
18	Nanded	675.57	51.67	7.32	734.56
19	Nandurbar	331.85	43.23	31.72	406.80
20	Nashik	881.65	70.29	28.40	980.34
21	Osmanabad	424.45	19.63	7.34	451.42
22	Parbhani	345.92	30.04	4.44	380.40
23	Pune	1,206.41	117.93	534.98	1,859.32
24	Ratnagiri	540.23	36.40	10.23	586.86
25	Raigad	602.02	32.15	92.50	726.67
26	Sangli	557.93	69.36	6.08	633.37
27	Satara	749.54	63.27	29.96	842.77
28	Sindhudurg	356.16	33.45	13.89	403.50
29	Solapur	1,526.98	134.63	74.87	1,736.48
30	Thane	782.38	65.09	65.53	913.00
31	Wardha	521.71	50.17	8.06	579.94
32	Washim	237.12	23.31	65.39	325.82
33	Yavatmal	425.53	177.86	17.85	621.24
	Total	18,009.36	2,391.11	2,503.22	22,903.69

(Source: Information received from CAFOs of respective ZPs)

APPENDIX III

(Reference: Paragraph 1.11.4)

Outstanding paragraphs from the Report of Director, Local Fund Audit

Year	Number of outstanding paras		Objected amount (₹ in crore)	
	Government funds	ZPs own funds	Government funds	ZPs own funds
1962-63 to 2000-01	43,394	10,146	1,645.39	201.88
2001-02	3002	1349	77.96	13.35
2002-03	4767	1274	148.25	32.82
2003-04	4113	1583	188.26	29.05
2004-05	6775	2809	167.42	56.47
2005-06	8661	3376	359.64	74.70
2006-07	9776	2752	672.06	68.55
2007-08	7530	957	607.09	34.44
2008-09	8216	1805	667.61	88.14
2009-10	9194	3027	968.49	112.28
Total	1,05,428	29,078	5,502.17	711.68

(Source: As per Annual Audit Review Report of DLFA for the year 2009-10)

APPENDIX IV

(Reference : Paragraph 2.1.7.1)

Statement showing employment provided against the estimated demand in the nine test-checked districts

District	2009-10		2010-11		2011-12	
	Estimated demand (numbers)	Employment provided (per cent)	Estimated demand (numbers)	Employment provided (per cent)	Estimated demand (numbers)	Employment provided (per cent)
Ahmednagar	5,41,608	10,223 (1.89)	2,65,752	12,539 (4.72)	90,528	63,393 (70.02)
Nandurbar	6,16,211	47,482 (7.71)	12,45,618	32,247 (2.59)	3,83,771	45,908 (11.96)
Sindhudurg	25,740	00.00 (0)	25,313	191 (0.75)	30,960	14,655 (47.33)
Thane	4,72,944	39,505 (8.35)	4,40,562	31,355 (7.12)	1,70,345	91,985 (54.00)
Bhandara	3,63,93,685	16,48,025 (4.53)	3,99,75,179	22,42,564 (5.61)	4,21,20,213	44,05,321 (10.46)
Nanded	5,13,12,317	27,44,504 (5.35)	4,04,79,017	30,72,721 (7.59)	2,44,16,873	52,86,853 (21.65)
Yavatmal	1,99,55,248	6,97,598 (3.50)	1,52,80,481	3,56,453 (2.33)	67,21,012	36,83,246 (54.80)
Buldhana	1,11,45,718	2,98,713 (2.68)	32,81,915	1,49,804 (4.56)	27,81,350	8,37,612 (30.12)
Latur	68,50,082	8,66,557 (12.65)	89,06,818	3,78,605 (4.25)	83,98,451	30,79,912 (36.67)
Total	12,73,13,553	63,52,607 (4.99)	10,99,00,655	62,76,479 (5.71)	8,51,13,503	1,75,08,885 (20.57)

Source: As per information furnished by the department and data obtained from MIS

APPENDIX V

(Reference : Paragraph 2.1.7.5)

Statement showing the number of registered households and job cards issued in nine test-checked districts

(In numbers)

District	Cumulative No. of HH registered					Cumulative No. of HH issued job cards				
	Total					Total				
	2007-08	2008-09	2009-10	2010-11	2011-12	2007-08	2008-09	2009-10	2010-11	2011-12
Ahmednagar	5,14,779	5,15,233	5,19,233	5,20,705	5,28,576	5,14,779	5,15,233	5,19,233	5,20,705	5,28,576
Thane	2,41,408	2,41,245	2,41,481	3,43,856	2,53,074	2,35,783	83,870	2,35,725	2,43,643	2,52,916
Sindhudurg	3,780	10,464	56,407	66,002	79,860	0	0	32,207	58,113	68,716
Nandurbar	2,27,466	2,26,407	2,28,717	2,29,552	2,31,337	2,27,466	2,26,407	2,28,717	2,29,552	2,31,337
Buldhana	2,10,982	2,10,744	2,13,878	2,23,881	2,28,493	2,02,416	2,02,188	2,13,717	2,23,875	2,28,493
Latur	NA	1,46,103	1,46,948	1,57,200	1,69,699	NA	1,46,103	1,46,938	1,57,099	1,69,611
Nanded	3,39,874	3,39,101	3,44,621	3,48,243	3,52,274	28,671	28,460	30,654	30,992	31,167
Yavatmal	3,30,488	3,30,403	3,27,086	3,27,086	3,27,086	3,30,488	3,30,403	3,27,607	3,29,639	3,30,219
Bhandara	1,93,764	1,92,373	1,97,210	2,00,130	2,02,267	1,89,991	1,89,830	1,94,007	1,99,570	2,01,717
Total					23,72,666					20,42,752

Source: As per information furnished by the department

NA – Data not available

APPENDIX VI

(Reference : Paragraph 2.1.7.5)

Statement showing households registered/demanded work/provided work/provided 100 days work in nine test-checked districts

(In numbers)

Year/District		Ahmednagar	Nandurbar	Sindhudurg	Thane	Bhandara	Buldhana	Latur	Nanded	Yavatmal	Total
2007-08	HH registered	514779	227466	3780	241408	193764	NA	146265	339874	330488	1997824
	HH demanded work (%)	11190 (2.17)	31701 (13.94)	00	40723 (16.87)	52355 (27.02)	NA	00	26575 (7.82)	9392 (2.84)	171936 (8.61)
	HH provided work (%)	11190 (100)	31668 (99.90)	00	40609 (99.72)	51336 (98.05)	NA	00	29770 (112.02)	8795 (93.64)	173368 (100.83)
	HH provided 100 days work (%)*	272 (0.05)	2391 (1.05)	00	1131 (0.47)	732 (0.38)	44 (0.02)	00	3496 (1.03)	283 (0.09)	8349 (0.42)
2008-09	HH registered	515233	226407	10464	241245	193273	210744	146103	339101	330403	2212973
	HH demanded work(%)	27795 (5.39)	55654 (24.58)	00	70832 (29.36)	77994 (40.35)	23241 (11.03)	23626 (16.17)	42854 (12.64)	25293 (7.66)	347289 (15.69)
	HH provided work (%)	27795 (100)	55374 (99.50)	00	70812 (99.97)	77676 (99.59)	20667 (88.92)	22990 (97.31)	41709 (97.33)	24458 (96.70)	341481 (98.33)
	HH provided 100 days work (%)	729 (0.14)	22079 (9.75)	00	2756 (1.14)	2461 (1.27)	385 (0.18)	2885 (1.97)	4137 (1.22)	2715 (0.82)	38147 (1.72)
2009-10	HH Registered	519233	228717	56407	241481	197210	213878	146948	344621	330987	2279482
	HH demanded work (%)	10223 (1.97)	47703 (20.86)	00	39817 (16.49)	57651 (29.23)	9958 (4.66)	13608 (9.26)	42252 (12.26)	6713 (2.03)	227925 (10.00)
	HH provided work(%)	10223 (100)	47482 (99.54)	00	39505 (99.22)	57560 (99.84)	9120 (91.58)	13606 (99.99)	42696 (101.05)	6611 (98.48)	226803 (99.51)

*Percentage of HH provided 100 days work = HH provided 100 days work/ HH registered

APPENDIX VI (contd.)

Statement showing households registered/demanded work/provided work/provided 100 days work in nine test-checked districts

(In numbers)

Year/District		Ahmednagar	Nandurbar	Sindhudurg	Thane	Bhandara	Buldhana	Latur	Nanded	Yavatmal	Total
	HH provided 100 days work (%)	966 (0.19)	5817 (2.54)	00	594 (0.25)	1568 (0.80)	371 (0.17)	2470 (1.68)	7489 (2.17)	2491 (0.75)	21766 (0.95)
2010-11	HH Registered	520705	229552	66002	343856	200130	223881	157200	348243	332626	2422195
	HH demanded work (%)	12539 (2.41)	32425 (14.12)	191 (0.29)	31681 (9.21)	63975 (31.97)	4614 (2.06)	5842 (3.72)	50201 (14.42)	5085 (1.53)	206553 (8.53)
	HH provided work (%)	12539 (100)	32247 (99.45)	191 (100)	31355 (98.97)	63860 (99.82)	4499 (97.51)	5841 (99.98)	49889 (99.38)	5033 (98.98)	205454 (99.47)
	HH provided 100 days work (%)	1029 (0.20)	2518 (1.10)	00	281 (0.08)	2939 (1.47)	302 (0.13)	1003 (0.64)	8834 (2.54)	1082 (0.33)	17988 (0.74)
2011-12	HH Registered	528576	231337	79860	253074	202374	229382	169804	353983	338771	2387161
	HH demanded work (%)	63393 (11.99)	46284 (20.01)	14655 (18.35)	92584 (36.58)	98042 (48.45)	25174 (10.97)	45735 (26.93)	71114 (20.09)	37032 (10.93)	494013 (20.69)
	HH provided work (%)	63393 (100)	45908 (99.19)	14655 (100)	91985 (99.35)	97926 (99.88)	24798 (98.51)	45733 (99.99)	70730 (99.46)	36681 (99.05)	491809 (99.55)
	HH provided 100 days work (%)	9649 (1.83)	8138 (3.52)	249 (0.31)	10409 (4.11)	9368 (4.63)	1509 (0.66)	8700 (5.12)	16142 (4.56)	12789 (3.78)	76953 (3.22)

Source – Information furnished by department

APPENDIX VII

(Reference : Paragraph 2.1.7.5)

Statement showing details of employment provided to SC/ST individuals in nine test-checked districts

(In numbers)

Year/District		Ahmednagar	Nandurbar	Sindhudurg	Thane	Bhandara	Buldhana	Latur	Nanded	Yavatmal	Total
2007-08	Total PD*	518000	1098000	0	1495000	1307100	75822	0	1023848	272376	5790146
	SC (%)	62000 (11.97)	10000 (0.91)	0	3000 (0.20)	47645 (3.65)	3276 (4.32)	0	120770 (11.80)	30368 (11.15)	277059 (4.79)
	ST (%)	174000 (33.59)	1077000 (98.09)	0	1455000 (97.32)	20718 (1.59)	311 (0.41)	0	102952 (10.06)	60292 (22.14)	2890273 (49.92)
	Other PD	282000	11000	0	37000	1238737	72235	0	800126	181716	2622814
2008-09	Total PD	968000	5784000	0	6728000	2439612	569931	1083687	1782448	1093850	20449528
	SC (%)	69000 (7.13)	289000 (5.00)	0	4000 (0.06)	80721 (3.31)	50369 (8.84)	326813 (30.16)	234246 (13.14)	86429 (7.90)	1140578 (5.58)
	ST (%)	228000 (23.55)	5452000 (94.26)	0	6720000 (99.88)	35846 (1.47)	3614 (0.63)	25811 (2.38)	111152 (6.24)	197597 (18.06)	12774020 (62.47)
	Other PD	671000	43000	0	4000	2323045	515948	731063	1437050	809824	6534930
2009-10	Total PD	446000	2270000	0	820000	1648025	298713	866557	2744504	697598	9791397
	SC (%)	20000 (4.48)	147000 (6.48)	0	3000 (0.37)	61157 (3.71)	19745 (6.61)	194733 (22.47)	509357 (18.56)	46458 (6.66)	1001450 (10.23)
	ST (%)	95000 (21.30)	2088000 (91.98)	0	778000 (94.88)	23972 (1.45)	1987 (0.67)	10942 (1.26)	219509 (8.00)	101476 (14.55)	3318886 (33.90)
	Other PD	331000	35000	0	39000	1562896	276981	660882	2015638	549664	5471061

*PD – Persondays (in numbers)

APPENDIX VII (contd..)

Statement showing details of employment provided to SC/ST individuals in nine test-checked districts

(In numbers)

Year/District	Ahmednagar	Nandurbar	Sindhudurg	Thane	Bhandara	Buldhana	Latur	Nanded	Yavatmal	Total	
2010-11	Total PD	492000	1236000	469	483300	2242564	149804	378605	3072721	356453	8411916
	SC (%)	39000 (7.93)	87000 (7.04)	15 (3.20)	2300 (0.48)	74562 (3.32)	5966 (3.98)	91820 (24.25)	495711 (16.13)	23245 (6.52)	819619 (9.74)
	ST (%)	118000 (23.98)	1112000 (89.97)	0	441000 (91.25)	32493 (1.45)	451 (0.30)	7300 (1.93)	270918 (8.82)	68486 (19.21)	2050648 (24.38)
	Other PD	335000	37000	454	40000	2135509	143387	279485	2306092	264722	5541649
2011-12	Total PD	2527000	3190000	280698	4113000	4319332	780643	3016355	5123070	3221982	26572080
	SC (%)	243000 (9.62)	209000 (6.55)	21242 (7.57)	28000 (0.68)	167870 (3.89)	27068 (3.47)	411565 (13.64)	803389 (15.68)	127558 (3.96)	2038692 (7.67)
	ST (%)	363000 (14.36)	2925000 (91.69)	1460 (0.52)	3463000 (84.20)	77856 (1.80)	4978 (0.64)	36166 (1.20)	388191 (7.58)	930086 (28.87)	8189737 (30.82)
	Other PD	1921000	56000	257996	622000	4073606	748597	2568624	3931490	2164338	16343651

Source – Information on SC, ST and other PD furnished by the respective ZPs

APPENDIX VIII

(Reference : Paragraph 2.1.7.8(b))

Shortfall in inspection of MGNREGS works

Districts	Year	Number of works					Shortfall	
		Sanctioned	To be inspected (as per norms)		Actually inspected			
			District level	Block level	District level	Block level	District level	Block level
Ahmednagar	2007-08	1036	134	1336	235	242	0	1094
Ahmednagar	2008-09	1562	146	1457	226	307	0	1150
Ahmednagar	2009-10	799	108	1084	251	289	0	795
Ahmednagar	2010-11	640	114	1142	212	349	0	793
Ahmednagar	2011-12	15983	853	8528	285	290	568	8238
Thane	2007-08	3867	113	650	180	240	0	410
Thane	2008-09	3814	113	650	127	281	0	369
Thane	2009-10	1424	113	650	310	1523	0	0
Thane	2010-11	643	175	650	230	1506	0	0
Thane	2011-12		150	650	164	306	0	344
Nandurbar	2007-08	2368	125	300	143	17	0	283
Nandurbar	2008-09	3720	125	300	135	16	0	284
Nandurbar	2009-10	4421	125	300	127	21	0	279
Nandurbar	2010-11	4463	125	300	134	22	0	278
Nandurbar	2011-12	5772	125	300	133	60	0	240
Latur	2007-08	NA	NA	NA	NA	NA	NA	NA
Latur	2008-09	NA	NA	NA	NA	NA	NA	NA
Latur	2009-10	NA	NA	NA	NA	NA	NA	NA
Latur	2010-11	NA	NA	NA	NA	NA	NA	NA
Latur	2011-12	4961	7126	7126	175	7034	6951	92
Yavatmal	2007-08	NA	NA	NA	NA	NA	NA	NA
Yavatmal	2008-09	NA	NA	NA	NA	NA	NA	NA
Yavatmal	2009-10	2435	244	2435	165	292	79	2143
Yavatmal	2010-11	2727	273	2727	126	177	147	2550
Yavatmal	2011-12	4585	459	4585	0	0	459	4585

(Source: Information furnished by DPCs and POs)

(NA- Data not available)

APPENDIX IX

(Reference : Paragraph 2.2.6.3)

Statement showing excess execution of items

Sr. No.	Name of PIU & work/Phase No. tender item	Tendered Quantity	Actual Execution	Excess	Excess execution (in percentage)
		(in cum)			
1	Aurangabad				
	Work of Upgradation of Dabhadi Hiwarkhedawadali Road Km 0/00 to 8/19 -Construction of embankment with approved material	1235	8559.421	7324.421	593.07
	-Construction of embankment	310.48	1692.30	1381.82	445.05
	Work of SH-178 to Lakhegaon-BanniTanda –bidkin Ranjangaon Road km 0/0 to 13/610 Tq. Paithan -Construction of unlined surface drains	18000	28062.11	10062.11	55.90
	-Construction of embankment	18000	29388.61	11388.61	63.27
2	Chandrapur				
	Upgradation of Dhaba – Chintaldhaba road /MH-08-14 -Construction of embankment with material obtained from roadway cutting	11066.55	36430.14	25363.59	229.19
	-Hard shoulders (murum+sand 50:50)	5312.13	14810.96	9498.83	178.81
	-Construction of un-reinforced dowel jointed	00	1913.74	1913.74	100
	-Providing A/C cement pipe mm dia	00	263.30	263.30	100
	-Providing sand drainage layer in shoulder	00	8625.55	8625.55	100
	-Upgradation to Majri Morwa road/MH-0820	00	1642.70	1642.70	100
	-Transportation of excavated material upto 500m lead	00	1780.00	1780.00	100
	-Construction of cross drain across the road side	00	17828.80	17828.80	100
	-Providing weep holes in brick masonry/ stone masonry, plain/reinforced	00	88.75	88.75	100
	-Providing and laying reinforced cement concrete	00	93.43	93.43	100
3	Latur				
	Upgradation of road from Kulnur-Kunki-Jalkot-Rawankota road MH-1621 -Construction of sub grade	7706.56	10783.40	3076.84	39.92

APPENDIX IX (contd.)

Statement showing excess execution of items

Sr. No.	Name of PIU & work/Phase No. tender item	Tendered Quantity	Actual Execution	Excess	Excess execution (in percentage)
		(in cum)			
4	Nashik				
	Construction of road work from Vinchur Ghotgewadi. Tah Sinner -Construction of GSB with well graded material spreading in uniform layer.	388.18	10784.20	10396.02	2678.14
	Construction of work of Bharatpada Kharwal Velunje road: Execution of WBM Gr. 1 item	15	647.596	632.596	4217.31
5	Yavatmal				
	Upgradation to MSH-6 to Ramgaon SH-257 / MH-33-30, -Excavation for road work	14116.80	32715.15	18598.35	131.75
	-Execution of Modified Penetration Macadam item.	886.50	17418.15	16531.65	1864.82

APPENDIX X*(Reference : Paragraph 2.2.6.4)***Statement showing list of incomplete works****(₹ in lakh)**

Sr. No	Name of PIU	Package No.	Road Name	Length (in km)	Sanctioned cost	Year of sanction	Cost of work executed	Reply of PIU
1	2	3	4	5	6	7	8	9
1	Ahmednagar	MH0155	Mayam-bawadi	25.000	766.72	2008	349.00	Due to forest area
2	Ahmednagar	MH0158	Pimpalgaon Kauda	19.200	505.00	2008	441.42	Delay due to land problem
3	Aurangabad	MH0432	Bangaon-Gavrai	2.220	63.65	2008	5.20	Work incomplete
4	Aurangabad	MH0433	Vaijapur-Mahaski Virgaon	11.000	332.12	2008	281.67	Work incomplete
5	Aurangabad	MH0435	Adgaon-Chincholi	5.820	204.12	2008	156.80	Work in final stage
6	Aurangabad	MH0439	Lalwan-Naigaon	3.500	82.82	2008	63.38	only black topping completed
7	Aurangabad	MH0443	Mukhed-Pala	3.750	91.86	2008	19.22	G II and WBM completed
8	Aurangabad	MH0446	Ballalisagaj Bhugur Ekodisagi	6.350	135.99	2008	83.69	Black topping in 1 km length completed
9	Aurangabad	MH0432	Bangla Tanda road	1.000	29.38	2008	9.07	Due to court case order, proposal of deletion submitted
10	Chandrapur	MH0825	Pimpalgaon-Borgaon	8.500	269.48	2008	48.00	Problem due to non-availability of material
11	Chandrapur	MH0826	Brahmapuri - MDR33 - MDR32	11.800	365.36	2008	160.00	Work could not be executed in rainy season
12	Chandrapur	MH0833	Kanpa-Jawarbodi	14.800	364.24	2008	180.00	Heavy traffic and material problem
13	Chandrapur	MH0834	Kiloni-MDR	16.400	555.76	2008	378.52	Industrial area, therefore, scarcity of labour and material

APPENDIX X (contd.)

Statement showing list of incomplete works

1	2	3	4	5	6	7	8	9
14	Chandrapur	MH0821	Karva to Taluka Border	19.130	548.33	2008	197.75	Forest permission accorded on September 2011. Now tender process for balance work in progress
15	Kolhapur	MH1536	Alas Kavatheguland Beghar	4.300	125.77	2008	64.88	Work retendered and in progress
16	Nanded	MH1835	MDR-6-Dhamandari	6.270	188.00	2007	0.00	Due to forest land, extension granted upto October 2012, work in progress
17	Nanded	MH1859	Umari-Begumbori Tanda Tembhi Tanda	8.560	214.36	2008	41.00	LD imposed on contractor
18	Nanded	MH1860	Tq.Border Takalgaon-Borgaon	9.930	215.40	2008	71.05	LD imposed on contractor
19	Nashik	MH2034	Savarpada-Bij No.1 & Bej No.2	3.150	125.52	2005	63.41	Site is remote and difficult to access
20	Nashik	MH2045	Rajbari Kalampada Sadadpada Rajbari	28.300	1093.43	2006	971.45	Contractor's failure to complete the work
21	Nashik	MH2047	Taluka Border Ghagbari Rajbhuvan Pangarbari	19.080	728.04	2006	409.26	Issues regarding payment to local people of contractor
22	Nashik	MH2050	Ranwad-Kolwadi	8.000	194.85	2008	22.41	Opposition from farmers to give away the land
23	Nashik	MH2056	Jaikharda-Bijote Kotbel-Nalkas-Sarade	24.000	626.66	2008	329.88	Contractor's failure to complete the work
24	Nashik	MH2059	Dindori Taluka Border	10.800	341.39	2008	179.30	Contractor's failure to complete the work

APPENDIX X (contd..)**Statement showing list of incomplete works**

1	2	3	4	5	6	7	8	9
25	Nashik	MH2061	Jhule-Varambhe	6.950	225.85	2008	72.93	Contractor's failure to complete the work
26	Nagpur	MH 1725	Mathni-chehadi-zuller to NH-6	12.300	315.29	2008	234.69	land encroached by field owner and dispute was being resolved
27	Nagpur	MH 1724	Gadegaon – Nandapur road	1.560	33.90	2008	14.88	Work finalized on 0.70 km out of sanctioned 1.56 km
28	Raigad	MH2428	Virani-Pan	9.570	590.88	2008	38.26	Due to forest land
29	Raigad	MH2434	Kharawakiphata-Kgarwaki Gohe	6.500	234.77	2008	102.90	Due to forest land
30	Yavatmal	MH3323	MSH6-Sunna	29.100	648.48	2007	441.32	No reply received
31	Yavatmal	MH3324	Khadka-Taluka.Border	21.000	594.66	2007	473.58	No reply received
32	Yavatmal	NH3335	SH-126 MSH-(Gaurala)	27.000	541.90	2008	248.45	No reply received
				384.84	11353.98		6153.37	

APPENDIX XI

(Reference : Paragraph 2.2.9.1)

Statutory deductions

(₹ in crore)

Sr. No	Item	As per database			Amount as per Balance sheet	Difference
		Amount recovered from contractors	Amount remitted/paid	Amount lying with PIU		
1	Income Tax	97.72	84.35	13.37	3.79	9.58
2	Commercial Tax	85.89	71.41	14.48	2.30	12.18
3	Royalty charges	125.21	103.05	22.16	20.80	1.36
	Total	308.82	258.81	50.01	26.89	23.12

Machinery Advance

(₹ in lakh)

Name of PIU	As per database			Position as per PIU		
	Machinery advance paid	Machinery advance recovered	Short/ excess recovery (-)	Machinery advance paid	Machinery advance recovered	Difference
Aurangabad	69.99	274.96	(-) 204.97	Information not furnished	Information not furnished	---
Chandrapur	74.77	70.72	4.05	74.77	74.77	0
Kolhapur	165.48	155.18	10.30	173.61	170.11	3.50
Nagpur	225.31	12.33	212.98	290.40	290.40	0
Nanded	27.16	192.86	(-) 165.70	Information not furnished	Information not furnished	0
Nashik	72.00	72.00	0.00	Information not furnished	Information not furnished	0
Yavatmal	372.23	449.73	(-) 77.50	446.13	446.13	0
Latur	NA	6.17	(-) 6.17	15.00	15.00	0
Total	1006.94	1233.95	(-) 227.01	999.91	996.41	3.50

APPENDIX XI (contd..)**Mobilisation Advance****(₹ in lakh)**

Name of PIU	As per database			Position as perPIU		
	Mobilization advance paid	Mobilization advance recovered	Short/excess recovery (-)	Mobilization advance paid	Mobilization advance recovered	Difference
Aurangabad	192.71	318.48	(-) 125.77	Information not furnished	Information not furnished	0
Chandrapur	301.16	259.78	41.38	251.24	251.24	0
Kolhapur	176.53	169.48	7.05	177.35	177.92	(-)0.57
Latur	15.00	34.59	(-) 19.59	66.61	66.61	0
Nagpur	290.77	0.80	289.97	246.53	246.53	0
Nanded	122.55	247.77	(-) 125.22	Information not furnished	Information not furnished	0
Nashik	205.15	153.30	51.85	Information not furnished	Information not furnished	0
Raigad	306.21	222.29	83.92	331.50	265.41	66.09
Yavatmal	419.15	415.04	4.11	421.41	418.63	2.78
Total	2029.23	1821.53	207.70	1494.64	1426.34	68.30

APPENDIX XII*(Reference: Paragraph 2.3.7.3)***Non-recovery of labour welfare cess****(₹ in lakh)**

Sr. No.	Name of ZP/Division	Amount to be recovered	Amount recovered	Balance
1	Akola	1.57	Nil	1.57
2.	Jalna	15.92	Nil	15.92
3	Nanded (North)	4.18	Nil	4.18
	Nanded (South)	2.93	Nil	2.93
4	Nashik (Division-III)	1.69	Nil	1.69
5	Pune (South)	83.73	46.40	37.33
6	Sindhudurg	1.26	Nil	1.26
7	Thane (East)	1.26	Nil	1.26
	Thane (West)	0.62	0.10	0.52
	Total	113.16	46.50	66.66

APPENDIX XIII*(Reference: Paragraph 2.3.8.1(c)(iii))***Non-commencement of works****(₹ in crore)**

Sr No.	Name of ZP	No. of works	Estimated cost	Date of issue of work orders
1	Akola	09	0.37	November 2009 to March 2011
2	Amravati	82	3.27	June 2007 to March 2011
3	Bhandara	9	1.44	March 2010 to January 2011
4	Gadchiroli	19	2.17	September 2008 to March 2011
5	Jalna	19	1.18	August 2009 to March 2011
6	Nanded (N)	8	0.29	February 2009 to March 2011
	Nanded (S)	85	3.24	June 2007 to March 2011
7	Pune (N)	46	4.09	March 2010 to April 2011
	Pune (S)	2	0.16	April 2010 to March 2011
8	Sindhudurg	17	0.71	May 2005 to March 2011
9	Solapur-I	12	0.71	July 2008 to March 2011
	Solapur-II	22	0.61	December 2006 to March 2011
	Total	330	18.24	May 2005 to April 2011

APPENDIX XIV

(Reference: Paragraph 2.3.8.2(c))

Details of incomplete works

Sr No.	Name of ZP	No. of works	Value of work order	Date of issue of work orders	Period of completion	Expenditure incurred (₹ in crore)
1	Akola	21	1.28	February 2010 to April 2011	02 to 12 months	0.78
2	Amravati	09	1.81	February 2010 to June 2011	02 to 12 months	0.40
3	Bhandara	30	2.08	October 2008 to March 2011	02 to 12 months	1.19
4	Gadchiroli	06	2.69	July 2008 to July 2011	02 to 12 months	1.74
5	Jalna	21	3.85	February 2006 to March 2011	02 to 12 months	3.13
6	Latur	04	3.76	August 2008 to September 2011	02 to 12 months	3.41
7	Nanded(N)	01	0.15	February 2011	02 to 12 months	0.14
	Nanded(S)	01	0.45	March 2011	02 to 12 months	0.18
8	Pune (N)	02	0.40	March 2010	02 to 12 months	0.14
	Pune (S)	01	0.47	August 2007	02 to 12 months	0.53
9	Nashik-I	17	2.39	March 2005 to October 2011	02 to 12 months	1.13
	Nashik-II	12	0.51	February 2009 to May 2011	02 to 12 months	0.24
	Nashik-III	02	0.30	February 2009 to August 2009	02 to 12 months	0.18
10	Solapur I	04	0.92	December 2010 to September 2011	02 to 12 months	0.58
	Solapur-II	07	1.48	March 2007 to December 2010	02 to 12 months	0.90
11	Sindhudurg	22	1.94	November 2004 to March 2011	02 to 12 months	0.90
12	Thane (E)	20	2.01	February 2009 to August 2011	02 to 12 months	1.10
	Thane (W)	16	2.36	March 2009 to March 2011	02 to 12 months	0.88
	Total	196	28.85			17.55

APPENDIX XV

(Reference: Paragraph 2.3.9.2)

Non-inclusion of defect liability period

Sr No.	Agreement No.	Name of the work	Name of contractor	Tender cost (₹ in lakh)	Status of Work
Z. P. Akola					
1	B-1/120/2010-11	Improvement to Belkhed Akoli Sirsoli road ODR-2	N. S. Lavhale	12.00	Complete
2	B-1/305/2009-10	Construction of PHC Sub Center at Ghodegaon	A.V. Ruikar	10.12	Complete
3	B-1/310/2009-10	Construction of PHC Sub Center at Gadegaon	A.V. Ruikar	10.07	Complete
4	B-1/191/2009-10	Construction of slab Culvert on Belkhed Akoli Sirsoli road ODR-2	D. P. Tale	21.96	Complete
5	B-1/137/2010-11	STBT NH-6 to Shisa Bondarkheda road	Y.D. Sharma	19.32	Complete
6	B-1/190/2010-11	STBT to Rambhapur approach road VR-84	S.A.Nathe	19.95	Complete
7	B-1/136/2011-12	Special repairs to Rel Dharel Road MDR-7	A.S. Deshmukh	14.98	Complete
8	B-1/203/2011-12	STBT to Jitapur (Khedakar) approach road VR-12	Akola Distt. MKSS Ltd	9.05	Complete
9	B-1/189/2009-10	BT renewal to Dinoda Maroda road VR-25	V.H.Viramani	19.99	Complete
10	B-1/139/2011-12	Special repairs to Nakhegaon Pilakwadi approach road VR-32	Nalnda Magasvagiya MKSS Ltd	6.99	Complete
11	B-1/183/2008-09	Construction of protection wall for Laksheshwar mandir Lakhapur	R. R. Hotwani	9.90	Complete
12	B-1/167/2007-08	Special repairs to Mahan Sakharvira road	Indira MKSS Ltd	9.99	Complete
13	B-1/154/2008-09	Construction of Anganwadi at Mana	Swalambi MKSS	5.24	Complete
14	B-1/166/2007-08	Special repairs to Alanda approach road	Indira MKSS Ltd	4.99	Complete
Z. P. Pune (South)					
15	B-1/405/2007-08	Construction of PHC at Wadebolhai Taluka-Haveli	Eknath Construction	52.01	Complete
16	B-1/554/2009-10	Strengthening and black topping to Karandi to Dhamari road VR-53 Taluka - Shirur	Shiveshankar Construction, Pune	19.76	Complete
17	B-1/172/2010-11	Improvement of Pimperkhed to Bhagdi road at Km 0/00 to 3/00 VR-94 Taluka - Shirur	G.P. Pimperkhed	12.07	Complete
18	B-1/132/2010-11	Construction of Pickup shed at Kanheri Taluka - Baramati	D. K. Sinkar	7.46	Complete
19	B-1/174/2010-11	Improvement of Amdabad to Masherewasti road VR-165 Taluka - Shirur	G.P. Amdabad	11.16	Complete
20	B-1/131/2010-11	Construction of Vehicle Parking at Shree Kshetra Kanheri Taluka - Baramati	D. K. Sinkar	19.49	Complete
	Total			296.50	

APPENDIX XVI

(Reference : Paragraph 3.4)

Details of works to be executed by Municipal Council

Sr No.	Items of work	Estimated cost (₹ in lakh)	Status of completion
Works to be carried out by MC from RSVY funds			
1	Cleaning and deepening of tank	19.77	Completed
2	Retaining wall	22.48	
3	Parking space	2.99	
4	Compound wall	20.52	
5	Entrance	2.00	
6	Service road	5.24	
7	Play station	1.00	
8	Plantation around <i>Talao</i> to form greenery	5.00	
9	Earth/murum filling in embankment for stone-pitching work, dressing etc.	3.50	
10	Development of jetty area with RCC steps, platform etc.	4.50	
11	Remaining WBM road	1.00	
12	Stone-pitching work to retain the earth of bund formation as per requirement	12.00	
	Total	100 lakh	
Works to be carried out by MC from its own funds			
1.	Central fountain	5.00	Not executed
2	Children park		
	(i) Merry-go-round	4.00	
	(ii) Cup and saucer	4.00	
	(iii) Coin operated games	2.00	
	(iv) Caterpillar	3.00	
3	Food plaza	15.00	
4	Joy/Family train	5.00	
5	Electrification	6.00	
6	Landscape garden	8.00	
7	Toilets	4.00	
8	Drinking water points	3.00	
	Total	59 lakh	
	Grand total	159 lakh	

APPENDIX XVIII

(Reference: Paragraph 4.4.5)

Financial position of Municipal Corporations

(₹ in crore)

Sr. No.	Name of the Corporations	2009-10		2010-11		2011-12	
		Receipts	Expenditure	Receipts	Expenditure	Receipts	Expenditure
1	Ahmednagar	115.50	100.80	140.58	118.54	162.05	158.67
2	Akola	245.85	192.16	137.55	182.24	299.72	273.36
3	Amravati	156.80	138.87	124.55	113.43	141.75	146.94
4	Aurangabad	242.82	248.11	263.51	264.42	295.58	287.85
5	Bhiwandi-Nizampur	409.21	187.03	227.08	265.93	511.93	503.63
6	Dhule	109.93	100.32	106.73	96.30	117.67	113.80
7	Jalgaon	111.21	111.15	128.24	128.14	144.31	184.11
8	Kalyan-Dombivli	569.46	598.97	749.79	704.39	827.38	771.78
9	Kolhapur	139.04	155.80	184.33	182.85	151.34	261.79
10	Malegaon	151.39	123.35	129.01	134.08	179.74	174.39
11	MCGM	19035.16	18972.82	19053.07	17683.94	18268.65	16870.76
12	Mira-Bhayander	332.90	267.52	413.65	361.05	469.92	375.90
13	Nagpur	654.71	652.89	807.79	833.07	807.08	746.89
14	Nanded-Waghala	385.39	311.05	348.78	367.11	177.52	95.07
15	Nashik	509.75	570.57	665.53	647.47	785.86	788.48
16	Navi Mumbai	823.63	916.26	1011.38	727.18	993.03	854.92
17	Pimpri-Chinchwad	1281.34	996.58	1576.10	1013.10	2624.22	1304.92
18	Pune	2031.64	2190.85	2327.37	2062.29	2679.09	2468.21
19	Sangli-Miraj-Kupwad	86.70	82.01	116.05	108.73	141.35	116.10
20	Solapur	162.52	196.43	364.40	305.08	156.39	286.92
21	Thane	1074.62	1003.15	1038.88	1019.08	1544.59	1332.31
22	Ulhasnagar	230.51	191.32	222.58	239.57	234.60	236.04
23	Vasai-Virar	*	*	*	*	521.50	293.80
	Total	28860.08	28308.01	30136.95	27557.99	32235.27	28646.64

(Source: Information received from respective Corporations)

* Information not furnished by the Corporation

APPENDIX XIX

(Reference: Paragraph 4.4.6)

Arrears of property tax as on 31 March 2012

(₹ in crore)

Sr. No	Name of the Municipal Corporation	Opening balance of arrears	Current demand	Total demand	Recovery			Closing balance
					Current	Arrears	Total	
1	Ahmednagar	66.17	24.50	90.67	14.53	16.53	31.06	59.61
2	Akola	3.50	15.09	18.59	9.37	6.54	15.91	2.68
3	Amravati	25.28	22.25	47.53	13.77	6.15	19.92	27.61
4	Aurangabad	20.30	35.06	55.36	41.24	0.00	41.24	14.12
5	Bhiwandi-Nizampur	9.60	17.16	26.76	7.66	7.69	15.35	11.41
6	Dhule	9.34	7.85	17.19	2.99	5.91	8.90	8.29
7	Jalgaon	6.41	8.30	14.71	6.32	1.81	8.13	6.58
8	Kalyan-Dombivli	90.54	171.47	262.01	113.59	28.46	142.05	119.96
9	Kolhapur	7.55	25.00	32.55	20.51	0.00	20.51	12.04
10	Malegaon	4.24	7.01	11.25	3.95	1.49	5.44	5.81
11	MCGM	8531.31	4464.88	12996.19	2451.63	771.85	3223.48	9772.71
12	Mira-Bhayander	11.09	44.28	55.37	24.07	6.77	30.84	24.53
13	Nagpur	143.41	102.70	246.11	70.26	59.81	130.07	116.04
14	Nanded-Waghala	5.89	10.44	16.33	8.32	2.44	10.76	5.57
15	Nashik	36.31	51.07	87.38	41.98	23.98	65.96	21.42
16	Navi Mumbai	68.59	282.64	351.23	236.20	35.33	271.53	79.70
17	Pimpri-Chinchwad	148.91	112.87	261.78	81.21	25.94	107.15	154.63
18	Pune	422.01	708.72	1130.73	412.02	129.71	541.73	589.00
19	Sangli-Miraj-Kupwad	20.07	24.42	44.49	16.47	8.32	24.79	19.70
20	Solapur	48.66	39.66	88.32	23.04	18.83	41.87	46.45
21	Thane	68.59	203.05	271.64	189.32	31.31	220.63	51.01
22	Ulhasnagar	85.65	64.85	150.50	17.77	21.33	39.10	111.40
23	Vasai-Virar	17.83	55.72	73.55	35.31	6.49	41.80	31.75
	Total	9851.25	6498.99	16350.24	3841.53	1216.69	5058.22	11292.02

(Source: Information received from respective Corporations)

APPENDIX XX

(Reference: Paragraph 4.4.6)

Arrears of water charges as on 31 March 2012

(₹ in crore)

Sr. No	Name of the Municipal Corporation	Opening balance of arrears	Current demand	Total demand	Recovery			Closing balance
					Current	Arrears	Total	
1	Ahmednagar	19.78	8.00	27.78	4.02	4.89	8.91	18.87
2	Akola	3.46	2.59	6.05	1.44	0.94	2.38	3.67
3	Amravati	0.12	0.02	0.14	0.01	0.05	0.06	0.08
4	Aurangabad	37.98	17.96	55.94	8.50	7.77	16.27	39.67
5	Bhiwandi-Nizampur	17.06	8.44	25.50	3.17	2.37	5.54	19.96
6	Dhule	4.85	7.68	12.53	1.36	2.30	3.66	8.87
7	Jalgaon	6.18	12.31	18.49	9.57	1.73	11.30	7.19
8	Kalyan-Dombivli	27.59	41.72	69.31	32.36	6.91	39.27	30.04
9	Kolhapur	6.01	27.90	33.91	25.35	0.00	25.35	8.56
10	Malegaon	5.90	6.74	12.64	1.20	3.08	4.28	8.36
11	MCGM	1178.99	908.53	2087.52	965.62	0.00	965.62	1121.90
12	Mira-Bhayander	5.17	22.11	27.28	20.50	4.30	24.80	2.48
13	Nagpur	68.20	83.40	151.60	72.21	0.00	72.21	79.39
14	Nanded-Waghala	9.17	6.69	15.86	5.26	2.71	7.97	7.89
15	Nashik	19.04	29.78	48.82	28.94	11.25	40.19	8.63
16	Navi Mumbai	27.79	60.41	88.20	54.38	4.80	59.18	29.02
17	Pimpri-Chinchwad	58.31	35.42	93.73	11.59	11.75	23.34	70.39
18	Pune	301.45	65.00	366.45	61.83	0.00	61.83	304.62
19	Sangli-Miraj-Kupwad	8.71	14.99	23.70	11.11	3.23	14.34	9.36
20	Solapur	36.60	21.98	58.58	9.44	10.37	19.81	38.77
21	Thane	50.02	69.17	119.19	49.32	13.14	62.46	56.73
22	Ulhasnagar	45.66	14.84	60.50	7.03	6.23	13.26	47.24
23	Vasai-Virar	3.70	35.00	38.70	31.67	1.87	33.54	5.16
	Total	1941.74	1500.68	3442.42	1415.88	99.69	1515.57	1926.85

(Source: Information received from respective Corporations)

APPENDIX XXI

(Reference: Paragraph 4.4.7)

Statement of item-wise expenditure of all Municipal Corporations during the year 2007-08 to 2011-12

(₹ in crore)

Items of expenditure	2007-08		2008-09		2009-10		2010-11		2011-12	
	Total Expenditure	Percentage to total	Total Expenditure	Percentage to total	Total Expenditure	Percentage to total	Total Expenditure	Percentage to total	Total Expenditure	Percentage to total
1. Administration										
(a) Establishment	4741	29.05	4735	19.50	4674	16.51	6700	24.31	7307	25.51
(b) Others	196	1.20	850	3.50	1692	5.98	613	2.22	622	2.17
2. Recovery of taxes	20	0.12	131	0.54	0	0	0	0	0	0
3. Street lighting	235	1.44	368	1.52	321	1.13	449	1.63	592	2.07
4. Water Supply	1362	8.35	1857	7.65	1154	4.08	3700	13.43	3474	12.13
5. Public Security	190	1.16	164	0.68	74	0.26	117	0.42	107	0.37
6. Public Health	1383	8.48	1736	7.15	572	2.02	1187	4.31	1266	4.42
7. Drainage and sewerage	1207	7.40	1121	4.62	506	1.79	1163	4.22	1065	3.72
8. Construction works	3540	21.69	5048	20.79	7082	25.02	3505	12.72	3834	13.38
9. Transport	30	0.18	69	0.28	104	0.37	97	0.35	205	0.72
10. Education	793	4.86	1182	4.87	477	1.68	777	2.82	786	2.74
11. Expenditure on weaker sections	402	2.46	541	2.23	237	0.84	227	0.82	443	1.55
12. Extraordinary expenditure and loans extended	547	3.35	687	2.83	266	0.94	440	1.60	680	2.37
13. Other expenditure	1674	10.26	5789	23.84	11149	39.38	8583	31.15	8266	28.85
Total of Sr. No. 2 to 13	11383	69.75	18693	77.00	21942	77.51	20245	73.47	20718	72.32
Total expenditure	16320	100	24278	100	28308	100	27558	100	28647	100

(Source: Information received from respective Corporations)

APPENDIX XXII

(Reference: Paragraph 4.4.7)

Financial position of Municipal Councils showing receipts, expenditure and arrears of property tax and water charges for the year 2011-12

(₹ in crore)

District	Sr. No.	Name of Municipal Councils	Receipt	Expenditure	Total demand of Property Tax	Arrears in Property Tax	Total demand of water charges	Arrears in water charges	Remarks
1	2	3	4	5	6	7	8	9	10
Thane	1	Ambernath	75.07	67.15	9.04	0.38	2.50	0.25	
	2	Kulgaon-Badlapur	88.71	85.28	7.94	1.12	0.00	0.00	WCNA
	3	Palghar	16.80	13.69	11.01	7.39	1.58	1.00	
	4	Jawahar	4.68	3.21	0.48	0.19	0.43	0.20	
	5	Dahanu	17.62	21.07	2.60	0.47	1.74	1.28	
Raigad	6	Panvel	48.95	43.67	9.88	4.32	3.82	1.15	
	7	Khopoli	32.94	30.73	7.41	2.17	0.91	0.34	
	8	Alibag	8.56	12.28	3.84	1.53	1.08	0.24	
	9	Mahad	9.47	6.78	2.39	0.99	0.60	0.22	
	10	Pen	14.87	10.58	2.67	0.41	1.00	0.25	
	11	Roha	9.43	9.86	1.00	0.13	0.67	0.07	
	12	Uran	10.11	9.84	1.89	0.38	1.78	0.72	
	13	Murud-Janjira	2.85	2.78	0.39	0.07	0.24	0.05	
	14	Shriwardhan	6.57	4.67	0.40	0.08	0.21	0.05	
	15	Matheran	5.41	4.81	0.23	0.04	0.00	0.00	WCNA
	16	Karjat	13.77	10.58	1.86	0.18	0.62	0.11	
Ratnagiri	17	Ratnagiri	24.87	28.92	6.46	1.89	2.85	0.44	
	18	Chiplun	27.82	17.77	4.08	1.23	1.06	0.35	
	19	Khed	5.51	4.93	1.00	0.17	0.43	0.15	
	20	Rajapur	5.89	6.53	0.40	0.12	0.25	0.05	
	21	Dapoli	5.81	6.68	1.14	0.45	0.24	0.10	NP
Sindhudurg	22	Malvan	20.36	18.17	0.55	0.03	0.24	0.02	
	23	Vengurla	7.16	4.52	0.50	0.20	0.14	0.00	
	24	Sawantwadi	15.73	9.33	0.74	0.05	0.98	0.12	
	25	Kankavali.	6.61	2.54	0.54	0.05	0.14	0.05	NP
Nashik	26	Manmad	25.05	25.00	2.55	1.01	3.72	3.06	
	27	Yeola	11.31	4.49	1.79	0.35	0.81	0.15	
	28	Igatpuri	9.10	8.30	0.45	0.09	0.76	0.47	
	29	Sinner	10.89	8.20	4.54	3.20	1.39	1.07	
	30	Nandgaon	7.50	5.61	0.44	0.14	0.67	0.21	

APPENDIX XXII (contd.)

(₹ in crore)

1	2	3	4	5	6	7	8	9	10
Nashik (contd.)	31	Trimbak	3.76	3.10	0.49	0.08	0.27	0.10	
	32	Bhagoor	4.00	2.17	0.24	0.06	0.22	0.08	
	33	Satana	11.98	8.25	1.30	0.25	0.65	0.21	
Dhule	34	Shirpur Waravade	15.86	32.33	1.82	0.05	1.29	0.04	
	35	Dondaicha Varwade	32.19	24.44	1.44	0.36	1.27	0.62	
Nandurbar	36	Nandurbar	19.60	19.45	8.53	4.81	2.89	1.47	
	37	Shahada	8.94	8.91	1.98	0.71	1.79	0.97	
	38	Taloda	3.02	5.69	0.81	0.38	0.28	0.15	
	39	Navapur	6.46	3.99	0.91	0.17	0.38	0.07	
Jalgaon	40	Bhusaval	36.75	40.09	15.72	6.78	2.66	1.30	
	41	Amalner	35.15	38.81	5.50	2.60	2.27	1.01	
	42	Chalisgaon	34.26	18.36	3.75	1.25	1.44	0.26	
	43	Chopada	21.08	17.18	1.53	0.31	1.26	0.35	
	44	Pachora	11.34	9.76	3.64	2.11	0.76	0.09	
	45	Yawal	8.49	8.11	0.56	0.19	0.43	0.17	
	46	Savda	5.65	4.93	0.55	0.13	0.37	0.04	
	47	Faizpur	9.44	5.91	0.73	0.05	0.48	0.05	
	48	Raver	5.42	5.65	0.81	0.22	0.52	0.11	
	49	Parola	6.20	3.04	1.35	0.56	0.82	0.29	
	50	Dharangaon	4.12	4.30	0.64	0.21	0.61	0.20	
	51	Erandol	8.74	8.87	0.81	0.08	0.42	0.01	
	52	Jamner	5.57	5.95	1.28	0.45	0.79	0.41	
	53	Bhadgaon	5.41	3.98	2.72	2.00	1.06	0.71	
Ahmed- nagar	54	Kopargaon	22.46	9.27	2.39	0.93	1.96	0.64	
	55	Shrirampur	56.93	61.90	1.88	0.17	1.67	0.20	
	56	Sangamner	34.52	35.31	3.12	0.56	1.84	0.46	
	57	Rahuri	14.69	14.43	2.16	1.17	0.71	0.24	
	58	Devlali Pravara	9.73	3.91	0.39	0.04	0.28	0.03	
	59	Pathardi	10.99	7.13	1.55	0.88	0.39	0.06	
	60	Rahata pimplas	29.31	13.95	0.69	0.33	0.24	0.04	
	61	Shrigonda	6.53	10.86	0.95	0.09	0.31	0.07	
	62	Shirdi	7.32	19.96	2.97	1.29	0.72	0.32	NP
Pune	63	Baramati	35.73	32.70	7.03	2.19	1.75	0.48	
	64	Lonavala	44.89	28.73	5.69	0.68	3.96	1.89	
	65	Daund	12.82	14.74	0.93	0.06	0.75	0.17	
	66	Talegaon Dabhade	16.49	14.94	3.43	2.48	1.53	1.16	
	67	Saswad	13.98	2.67	1.15	0.24	0.68	0.05	

APPENDIX XXII (contd.)

(₹ in crore)

1	2	3	4	5	6	7	8	9	10
Pune (contd.)	68	Jejuri	7.49	6.33	0.74	0.25	0.44	0.20	
	69	Indapur	12.74	12.42	2.02	1.03	0.57	0.31	
	70	Shiroor	8.44	8.88	1.20	0.28	0.83	0.23	
	71	Alandi	5.33	5.01	1.98	0.99	0.74	0.42	
	72	Junnar	5.45	4.58	0.85	0.18	0.58	0.12	
	73	Bhor	8.86	7.04	1.02	0.56	0.76	0.50	
Sangli	74	Islampur	17.89	19.95	1.64	0.38	1.93	0.26	
	75	Vita	56.80	20.75	2.24	0.61	1.02	0.15	
	76	Tasgaon	14.52	12.73	0.81	0.19	0.77	0.12	
	77	Ashta	21.53	15.04	0.87	0.46	0.32	0.17	
Satara	78	Satara	59.99	34.79	16.97	9.17	3.45	1.61	
	79	Karad	27.73	30.06	9.09	4.10	2.67	0.89	
	80	Phaltan	35.74	34.15	4.44	2.23	2.17	1.15	
	81	Rahimtpur	5.91	7.13	0.49	0.14	0.37	0.05	
	82	Mhaswad	6.36	3.77	0.28	0.04	0.43	0.10	
	83	Wai	15.11	18.02	1.99	0.49	0.99	0.46	
	84	Mahableshwar	14.40	15.66	0.63	0.01	1.32	0.43	
	85	Panchgani	8.49	9.84	1.77	0.79	0.00	0.00	WCNA
	86	Malkapur	6.52	11.58	1.25	0.00	0.80	0.05	NP
Solapur	87	Barshi	45.52	55.08	6.21	3.31	5.94	3.66	
	88	Pandharpur	48.38	44.12	4.51	1.58	3.08	1.20	
	89	Karmala	4.60	6.00	1.45	0.69	0.71	0.13	
	90	Sangola	20.66	21.17	0.77	0.06	0.85	0.08	
	91	Akkolkot	19.04	10.26	1.25	0.53	1.31	0.82	
	92	Mangalwedha	10.23	12.50	0.59	0.13	0.37	0.07	
	93	Maindargi	3.78	3.32	0.21	0.07	0.17	0.02	
	94	Dudhani	6.10	3.20	0.18	0.04	0.08	0.02	
	95	Kurduwadi	11.19	8.18	0.78	0.30	1.89	0.30	
Kolhapur	96	Ichalkaranji	126.87	109.66	12.94	1.10	5.76	0.78	
	97	Jaysingpur	16.33	18.29	1.54	0.27	0.80	0.09	
	98	Malkapur	2.46	1.31	0.20	0.01	0.10	0.01	
	99	Murgud	4.39	4.28	0.20	0.02	0.19	0.00	
	100	Vadgaon	9.82	8.91	0.50	0.09	0.27	0.05	
	101	Gadhinglaj	12.90	13.39	1.52	0.27	0.71	0.15	
	102	Kagal	29.28	28.22	1.13	0.44	0.58	0.05	
	103	Kurundwad	8.00	6.08	0.55	0.13	0.60	0.12	
	104	Panhala	4.90	4.51	0.21	0.08	0.00	0.00	WCNA

APPENDIX XXII (contd.)

(₹ in crore)

1	2	3	4	5	6	7	8	9	10
Aurangabad	105	Sillod	16.80	12.17	1.11	0.35	0.67	0.24	
	106	Kannad	6.33	6.06	0.51	0.23	0.00	0.00	
	107	Paithan	7.63	3.80	0.44	0.24	0.00	0.00	
	108	Vaijapur	39.04	25.65	2.68	1.61	0.00	0.00	
	109	Gangapur	5.73	6.01	0.48	0.20	0.00	0.00	
	110	Khultabad	8.27	5.38	0.25	0.05	0.29	0.06	
Jalna	111	Jalna	71.79	12.44	17.42	11.72	0.00	0.00	
	112	Ambad	3.86	12.22	34.28	0.00	0.00	0.00	
	113	Bhokardan	3.23	3.80	0.65	0.26	0.00	0.00	
	114	Partur	39.01	2.03	0.24	0.09	0.93	0.38	
Beed	115	Beed	52.26	45.55	6.97	4.44	0.85	0.10	
	116	Ambejogai	21.93	20.45	0.95	0.29	13.63	0.09	
	117	Parali Vajjnath	28.88	21.37	3.95	1.91	0.07	0.04	
	118	Majalgaon	8.37	10.07	0.59	0.04	0.00	0.00	
	119	Gevrai	6.47	5.96	0.75	0.18	0.75	0.57	
	120	Dharoor	3.07	0.99	0.21	0.14	0.00	0.00	
	121	Kej	6.89	4.69	1.77	1.44	0.00	0.00	NP
Parbhani	122	Parbhani	0.00	0.00	0.00	0.00	0.00	0.00	
	123	Manvat	11.02	9.57	0.15	0.08	0.00	0.00	
	124	Sonpeth	7.26	7.10	0.22	0.06	0.05	0.00	
	125	Purna	12.02	6.47	0.62	0.32	0.63	0.55	
	126	Gangakhed	8.89	14.98	1.16	0.78	0.59	0.38	
	127	Selu	17.85	14.30	1.52	0.78	2.25	2.15	
	128	Jintoor	13.30	12.42	0.89	0.64	0.00	0.00	
	129	Pathri	8.19	8.13	0.36	0.6	0.68	-0.49	
Hingoli	130	Hingoli	8.89	9.40	1.69	0.54	0.00	0.00	
	131	Basmatnagar	15.76	19.77	2.45	1.85	0.42	0.20	
	132	Kalamnuri	10.70	6.36	0.17	0.04	0.00	0.00	
Nanded	133	Degloor	6.92	15.50	0.58	0.13	2.25	2.15	
	134	Biloli	4.47	2.26	0.20	0.09	0.00	0.00	
	135	Umari	2.12	6.71	0.14	0.01	0.00	0.00	
	136	Mudkhed	18.72	9.01	17.61	2.53	0.15	0.08	
	137	Kandhaar	9.37	7.87	0.44	0.41	0.00	0.00	
	138	Hadgaon	6.16	5.16	0.12	0.05	0.00	0.00	
	139	Dharmabad	14.49	10.38	0.19	0.06	0.00	0.00	
	140	Kundalwadi	4.56	3.34	0.17	0.11	0.00	0.00	
	141	Mukhed	11.23	9.69	0.60	0.27	0.53	0.08	

APPENDIX XXII (contd.)

(₹ in crore)

1	2	3	4	5	6	7	8	9	10
Nanded (contd.)	142	Kinwat	6.60	5.48	0.47	0.17	0.00	0.00	
	143	Loha	4.26	3.97	0.52	0.17	0.15	0.08	
	144	Bhokar	3.23	3.80	0.00	0.00	0.00	0.00	
	145	Mahur	0.98	0.09	0.00	0.00	0.00	0.00	NP
	146	Ardhapur	0.00	0.00	0.00	0.00	0.00	0.00	NP
Usmanabad	147	Usmanabad	0.00	0.00	0.00	0.00	0.00	0.00	
	148	Tuljapur	22.83	28.49	0.82	0.31	3.14	1.93	
	149	Paranda	9.34	16.08	0.64	0.18	0.65	0.07	
	150	Umarga	13.39	7.53	73.39	13.57	0.35	0.06	
	151	Bhoom	10.58	19.26	0.70	0.15	0.34	0.23	
	152	Muroom	6.63	2.61	0.67	0.13	0.00	0.00	
	153	Naldurg	7.81	5.11	12.19	0.01	0.09	0.07	
	154	Kallam	12.01	25.75	1.89	0.90	0.00	0.00	
Latur	155	Latur	97.43	1.87	1034.67	0.00	0.00	0.00	
	156	Udgir	16.44	13.57	1.78	0.15	0.94	0.11	
	157	Ahmedpur	5.42	4.28	0.00	0.00	0.00	0.00	
	158	Nilanga	7.79	10.63	29.47	-18.35	0.46	0.30	
	159	Ausa	1.55	6.64	2.59	1.89	0.13	0.00	
Amravati	160	Achalpur	68.02	83.70	4.23	4.23	6.92	3.84	
	161	Anjangaonsurji	6.09	5.67	1.46	-0.27	7.29	4.40	
	162	Warud	11.66	4.18	2.23	0.82	0.00	0.00	
	163	Morshi	22.72	12.59	0.00	0.00	0.00	0.00	
	164	Daryapur	11.11	12.44	0.82	0.34	0.00	0.00	
	165	Chandur Railway	14.55	13.87	0.40	0.20	0.00	0.00	
	166	Chandurbazar	0.00	0.00	0.00	0.00	0.00	0.00	
	167	Dhamangaon	11.58	11.82	1.32	0.88	0.00	0.00	
	168	Shendurja- naghat	16.15	9.77	0.18	0.02	0.00	0.00	
	169	Chikhaldara	4.35	3.14	0.22	0.03	0.00	0.00	
Akola	170	Akot	12.94	20.52	2.17	0.95	0.00	0.00	
	171	Murtizapur	4.79	20.48	0.36	0.16	0.00	0.00	
	172	Balapur	28.78	12.10	0.77	0.38	0.00	0.00	
	173	Telharaa	3.51	10.44	0.22	0.00	0.55	0.16	
	174	Patur	11.68	9.50	0.40	0.24	0.00	0.00	
Buldhana	175	Buldhana	12.94	20.28	5.26	1.46	0.00	0.00	
	176	Khamgaon	23.08	46.68	2.87	0.61	0.00	0.00	
	177	Malkapur	20.43	17.46	1.24	0.46	0.00	0.00	

APPENDIX XXII (contd.)

(₹ in crore)

1	2	3	4	5	6	7	8	9	10
Buldhana (contd.)	178	Shegaon	25.37	17.89	2.37	0.88	0.00	0.00	
	179	Chikali	9.66	16.55	2.07	0.89	0.00	0.00	
	180	Jalgaon Jamod	4.55	1.87	0.37	0.17	0.00	0.00	
	181	Mehakar	12.38	16.72	1.05	0.10	0.00	0.00	
	182	Nanddura	1.96	7.57	1.17	0.28	3.30	2.64	
	183	Deulgaon raja	14.93	8.00	0.47	0.06	0.00	0.00	
	184	Lonar	0.00	0.00	0.00	0.00	0.00	0.00	
	185	Sindkhedraja	7.19	3.06	0.60	0.40	0.00	0.00	
Washim	186	Washim	16.08	9.19	7.00	2.96	0.00	0.00	
	187	Karanja	9.63	10.61	1.19	0.20	0.00	0.00	
	188	Risod	13.54	7.01	1.38	0.34	0.00	0.00	
	189	Mangroolpeer	0.00	0.00	0.00	0.00	0.00	0.00	
Yavatmal	190	Yavatmal	43.45	25.17	3.65	0.32	0.00	0.00	WCNA
	191	Wani	14.30	12.10	1.86	1.09	0.93	0.38	
	192	Pusad	0.00	0.00	0.00	0.00	0.00	0.00	
	193	Digras	22.72	13.45	0.83	0.06	1.64	1.10	
	194	Darva	4.91	7.94	0.26	0.06	0.63	0.56	
	195	Pandharkawada	21.43	23.51	0.00	0.00	0.32	0.08	
	196	Umarkhed	10.47	9.31	0.34	0.34	0.69	0.14	
	197	Ghatanji	6.23	6.46	0.34	0.07	0.77	0.25	
	198	Ner Nawabpur	6.15	8.20	0.48	0.23	0.00	0.00	NP
	199	Arni	0.83	0.39	0.81	0.57	0.00	0.00	
Wardha	200	Wardha	22.94	24.63	7.80	4.99	3.14	1.93	
	201	Aarvi	13.29	10.38	0.58	0.01	0.75	0.18	
	202	Hinganghat	13.33	14.99	7.47	5.92	2.36	1.29	
	203	Pulgaon	12.47	9.95	0.94	0.19	0.82	0.47	
	204	Devli	6.02	4.60	0.15	0.03	0.26	0.11	
	205	Sindi	5.97	4.99	0.35	0.16	2.36	0.29	
Gondia	206	Gondia	25.29	25.36	8.06	5.73	0.00	0.00	
	207	Tirora	35.46	8.50	0.74	0.28	0.00	0.00	
Nagpur	208	Kamptee	21.55	22.95	3.26	2.60	3.30	2.63	
	209	Umred	30.92	28.61	109.64	31.87	0.89	0.23	
	210	Ramtek	4.06	4.19	30.25	3.55	0.58	0.29	
	211	Khapa	3.40	3.08	0.12	0.01	0.18	0.05	
	212	Kalmeshwar	12.80	13.15	0.62	0.07	0.72	0.11	
	213	Mowad	10.45	5.87	0.09	0.01	0.12	0.01	

APPENDIX XXII (contd.)

(₹ in crore)

1	2	3	4	5	6	7	8	9	10
Nagpur (contd.)	214	Savner	14.51	14.48	1.16	0.51	0.00	0.00	
	215	Katol	36.84	39.43	1.35	0.26	0.85	0.10	
	216	Narkhed	42.66	11.72	0.62	0.30	0.42	0.20	
	217	Mohpa	0.00	5.55	0.10	-0.05	0.10	0.01	
Bhandara	218	Bhandara	54.70	36.36	0.00	0.00	38.34	7.68	
	219	Tumsar	16.08	12.22	1.52	0.27	0.31	0.15	
	220	Pavani	9.77	6.56	0.00	0.00	0.00	0.00	
Chandrapur	221	Chandrapur	60.86	29.25	0.00	0.01	0.00	0.00	
	222	Warora	6.34	11.93	1.22	0.41	0.00	0.00	
	223	Bhadrawati	25.80	10.43	1.73	0.43	72.41	10.63	
	224	Ballarpur	32.51	23.37	0.00	0.00	0.00	0.00	
	225	Rajura	16.36	9.41	0.72	0.16	0.00	0.00	
	226	Mool	10.97	4.78	0.09	0.56	0.17	0.05	
	227	Brahmapuri	6.72	7.73	0.53	0.27	0.00	0.00	
Gadchiroli	228	Gadchiroli	20.80	12.17	1.94	0.41	0.32	0.09	
	229	Desaiganj	19.91	14.25	0.36	0.02	1.05	0.83	
		Total	3763.70	3160.70	1758.80	205.10	297.63	91.77	

(Source: Information received from respective Municipal Council)

Information wherever not furnished by any Municipal Council has been indicated as '0'.

WCNA= Water Charges not applicable as water is being supplied by Maharashtra Jeevan Pradhikaran

Glossary

Acronyms and abbreviations

Acronym	Extended form
AA	Administrative Approval
AG	Accountant General
AIPCD	Amravati Irrigation Project Construction Division
AMC	Aurangabad Municipal Corporation
AMR	Automatic Meter Reading
ASWBS	Aqua Super Water Billing System
ATR	Action Taken Report
BARC	Bhabha Atomic Research Centre
BDO	Block Development Officer
BDS	Budget Distribution System
BG	Bank Guarantee
BPMC	Bombay Provincial Municipal Corporation
CAAT	Computer Assisted Audit Technique
CAFO	Chief Accounts and Finance Officer
CAG	Comptroller and Auditor General of India
C-DAC	Centre for Development of Advanced Computing
CE	Chief Engineer
CEO	Chief Executive Officer
CFC	Citizen Facilitation Centre
CIDCO	City and Industrial Development Corporation
CS	Cross Section
CSR	Current Schedule of Rates
CVC	Central Vigilance Commission
DAP	District Annual Plan
DC	District Collector
DDO	Drawing and Disbursing Officer
DI	Ductile Iron
DLAC	District Level Audit Committee
DLFA	Director, Local Fund Audit
DMA	Director, Municipal Administration
DMC	Dhule Municipal Corporation
DPDC	District Planning and Development Council

Acronyms and abbreviations (contd.)

Acronym	Extended form
DPC	District Programme Coordinator/District Planning Committee
DP	Development Plan
DPP	District Perspective Plan
DPR	Detailed Project Report
DRDA	District Rural Development Agency
EE	Executive Engineer
EFC	Eleventh Finance Commission
EGS	Employment Guarantee Scheme
ERP	Enterprise Resource Planning
EV	Education Value
FD	Finance Department
GoI	Government of India
GoM	Government of Maharashtra
GP	Gram Panchayat
GR	Government Resolution
GRS	Gram Rozgar Sahayak
HoD	Head of Department
HYSD	High Yield Steel Deformed
IP	Irrigation Potential
IT	Information Technology
ITNO	IT Nodal Officer
KMC	Kolhapur Municipal Corporation
LBs	Local Bodies
LD	Liquidated Damages
LS	Longitudinal Section
MA	Mobilisation Advance
MC	Municipal Corporation
MCA	Municipal Chief Auditor
MCGM	Municipal Corporation of Greater Mumbai
MGNREGA	Mahatma Gandhi National Rural Employment Guarantee Act
MGNREGS	Mahatma Gandhi National Rural Employment Guarantee Scheme
MI Tank	Minor Irrigation Tank
MIS	Management Information System

Acronyms and abbreviations (contd.)

Acronym	Extended form
MMC	Mumbai Municipal Corporation
MPW	Maharashtra Public Works
MREGS	Maharashtra Rural Employment Guarantee Scheme
MRRDA	Maharashtra Rural Road Development Association
MSEB	Maharashtra State Electricity Board
MZP&PS	Maharashtra Zilla Parishads and Panchayat Samitis
NCMC	Nagpur City Municipal Corporation
NFFWP	National Food for Work Programme
NHAI	National Highway Authority of India
NIC	National Informatics Centre
NIT	Notice Inviting Tender
NMAM	National Municipal Accounts Manual
NP	Nagar Panchayat
NQM	National Quality Monitor
NREGA	National Rural Employment Guarantee Act
NRRDA	National Rural Roads Development Agency
ODR	Other District Road
OMMAS	Online Management, Monitoring and Accounting System
PAG	Principal Accountant General
PCR	Project Completion Report
PE	Price Escalation
PHC	Primary Health Centre
PIA	Project Implementation Authority
PIU	Programme Implementation Unit
PMC	Palghar Municipal Council
PMGSY	Pradhan Mantri Gram Sadak Yojana
PO	Programme Officer
PRI	Panchayati Raj Institution
PS	Panchayat Samiti
PWD	Public Works Department
QA	Quality Assurance
RBI	Reserve Bank of India
RDD	Rural Development Department

Acronyms and abbreviations (contd.)

Acronym	Extended form
RSVY	Rashtriya Sam Vikas Yojana
RTGS	Real Time Gross Settlement
SC	Scheduled Caste
SEGC	State Employment Guarantee Council
SEGF	State Employment Guarantee Fund
SE	Superintending Engineer
SFC	State Finance Commission
SGRY	Sampoorna Gramin Rozgar Yojana
SoR	Schedule of Rate
SQC	State Quality Coordinator
SQM	State Quality Monitor
ST	Scheduled Tribe
STA	State Technical Agency
TCS	Tata Consultancy Services
TFC	Twelfth Finance Commission
TGS	Technical Guidance and Supervision
ThFC	Thirteenth Finance commission
UIDSSMT	Urban Infrastructure Development Scheme for Small and Medium Towns
ULB	Urban Local Bodies
VDO	Village Development Officer
VMC	Vigilance and monitoring Committee
VR	Village Road
WDC	Watershed Development Committee
WRD	Water Resources Department
YASHADA	Yashwantrao Chavan Academy of Development Administration
ZP	Zilla Parishad