

CHAPTER - II

Page

PERFORMANCE AUDITS 11 to 90

- 2.1 *Implementation of National Rural Drinking Water Programme*
- 2.2 *Implementation of Information and Communication Technology Scheme in Secondary and Higher Secondary Schools in Maharashtra*
- 2.3 *Implementation of Mumbai Urban Infrastructure Project*
- 2.4 *Audit of Social Justice and Special Assistance Department*

Chapter II : Performance Audits

Water Supply and Sanitation Department

2.1 Implementation of National Rural Drinking Water Programme

Government of India (GoI) launched the National Rural Drinking Water Programme (NRDWP) in April 2009 with the objective of providing rural population with adequate and safe water for drinking, cooking and other basic domestic needs on a sustainable basis.

A performance audit of NRDWP was conducted for the period 2009-10 to 2012-13 in 30 blocks in nine selected districts. Audit scrutiny revealed that the village and district water security plans and five-year rolling plan were not prepared. The GoI imposed cuts on the funds released by it due to short-release of matching funds by the State, under- utilisation of funds and delay in submission of annual action plans. As on April 2013, 48 per cent of the total habitations did not have access to piped drinking water supply. Measures taken for sustainability of drinking water sources and Schemes suffered due to inadequate funding by the GoI. A large number of rural water supply schemes were non-functional due to poor maintenance/non-payment of electricity bills. The water quality monitoring was poor; water samples were not tested for pesticides and toxic/heavy metals. The Integrated Management Information System, the chief mechanism for monitoring the programme, was unreliable. The key findings are highlighted below.

Highlights

NRDWP was implemented in the State without preparation of village and district water security plans and five-year rolling plan. There were delays in approval of annual action plans for the years 2009-10, 2011-12 and 2012-13 by the State Level Scheme Sanctioning Committee.

(Paragraph 2.1.6.2)

The GoI imposed a cut of ₹ 64.84 crore due to short-release of matching share by the State Government, non-submission of utilization certificates and delay in submission of annual action plans. The State Government utilized ₹ 153.05 crore from funds released under NRDWP on completed Schemes, price variations, extra items, centage charges etc. in violation of programme guidelines.

(Paragraph 2.1.6.3)

As on March 2013, of the total 1,00,683 habitations in the State, 12,963 habitations (13 per cent) remained uncovered while 48 per cent of the total habitations did not have access to piped water supply.

(Paragraph 2.1.6.4)

Of the 40,328 completed piped water supply schemes in the State, 5,909 Schemes were non-functional as on March 2013. Of the 5,909 non-functional Schemes, 2,835 Schemes (48 per cent) were non-functional due

to drying up of source and 1,257 Schemes (21 per cent) due to poor maintenance/non-payment of electricity bills.

(Paragraphs 2.1.6.5 and 2.1.6.6)

Water samples were not tested for pesticides and toxic/heavy metals. In 33 districts, surface water testing of 20,79,472 samples conducted during 2010-13 revealed bacteriological contamination in 3,22,289 samples (15.50 per cent). Only 4,000 field test kits were procured for chemical testing of drinking water sources, against the requirement of 27,924 kits in all the Gram Panchayats.

(Paragraph 2.1.6.7)

The Integrated Management Information System, the chief mechanism for monitoring the programme, was unreliable. There was mismatch in key data as indicated in the IMIS and that maintained by the implementing agencies. The State Government did not conduct any monitoring and evaluation studies to evaluate the implementation of the rural water supply programme.

(Paragraph 2.1.6.8)

2.1.1 Introduction

Adequate drinking water is a major problem in rural India. Government of India launched the centrally sponsored Accelerated Rural Water Supply Programme (ARWSP) in 1972-73 to ensure adequate drinking water supply to the rural community and extended technological and financial support to State Governments. The ARWSP was renamed in April 2009 as National Rural Drinking Water Programme (NRDWP).

The prime objective of NRDWP is to provide rural population with adequate and safe water for drinking, cooking and other basic domestic needs on a sustainable basis. The ultimate goal of NRDWP is to provide all rural households with adequate piped safe drinking water supply within the household premises. The NRDWP has five components as under :

Coverage: To provide safe and adequate drinking water supply to unserved, partially served and slipped-back¹ habitations. 45 per cent of the total funds allotted by GoI is earmarked for coverage with a matching contribution by the State Government.

Sustainability: To encourage the States to achieve drinking water security at the local level;. 20 per cent of the funds allotted by GoI is earmarked for sustainability.

Water Quality: To provide potable drinking water to quality affected habitations². 20 per cent of the total funds allotted by GoI is earmarked for water quality with a matching contribution by the State Government.

Operation and Maintenance (O&M): To meet expenditure on operation, repair and replacement costs of drinking water supply projects. 10 per cent of

¹ Habitations which after being provided initially with 40 litres of water per capita per day (lpcd), slipped back subsequently in supply of 40 lpcd due to various reasons such as, drying up of source, non-maintenance of water supply infrastructure, increase in population etc.

² A cluster of households

the total funds allotted by GoI is earmarked for O&M with a matching contribution by the State Government.

Support Activities: To train Panchayati Raj Institution functionaries and Village Water and Sanitation Committees (VWSCs), research and development in the field of rural water supply and sanitation programme, hardware and software support for Management Information System and Water Quality Monitoring and Surveillance (WQMS) *etc.* Five *per cent* of the total funds allotted by GoI is earmarked for this component.

From April 2012, the funds available under NRDWP at the State level for different components were revised to 47 *per cent* for Coverage, 10 *per cent* for Sustainability, 20 *per cent* for Water Quality, 15 *per cent* for O&M and five *per cent* for Support Activities. Three *per cent*³ of the total funds allocated by GoI was earmarked for a separate component called Water Quality Monitoring and Surveillance (WQMS) with effect from 2011-12.

The Government of Maharashtra (GoM) incurred an expenditure of ₹ 4,618.08 crore on NRDWP during 2009-10 to 2012-13.

2.1.2 Organisational set up

The NRDWP is implemented in the State under the overall guidance of the State Water and Sanitation Mission (SWSM) constituted in April 2004 under ‘Swajaldhara⁴’ and is headed by the Chief Secretary to the Government of Maharashtra (GoM). The Principal Secretary, Water Supply and Sanitation Department (WSSD) is the nodal Secretary responsible for all the activities and convening meetings of the SWSM. A State Level Scheme Sanctioning Committee (SLSSC) headed by Principal Secretary, WSSD, formed in July 2006 under ARWSP continued to function under NRDWP for according approval to Annual Action Plan of the State. As per NRDWP guidelines issued (April 2009) by the GoI, each State was to set up a support organisation to deal with support activities⁵. For this purpose, Water and Sanitation Support Organisation (WSSO) was constituted (April 2012) under SWSM. Further, the Maharashtra Jeevan Pradhikaran⁶ (MJP) and Ground Water Survey and Development Agency (GSDA) were designated (August 2009) as State Technical Agencies (STA) under the administrative control of WSSD for providing technical support for implementation of various components under NRDWP. At the district level, a District Water and Sanitation Mission (DWSM) was constituted under the supervision, control and guidance of Zilla Parishads (ZPs). The DWSM *inter alia* is responsible for formulation, management and monitoring of projects and progress in achieving drinking water security. Further, the VWSCs were set up in each Gram Panchayat (GP) for planning, designing and implementation of all rural drinking water supply

³ Prior to April 2012, funds available under Coverage component was reduced from 45 *per cent* to 42 *per cent* and three *per cent* was provided towards Water Quality Monitoring and Surveillance

⁴ A Centrally Sponsored Project involving community in the planning, implementation and management of drinking water schemes

⁵ Support activities like Information, Education and Communication (IEC); Human Resource Development; Monitoring and Evaluation; Water Quality Monitoring and Surveillance *etc.*

⁶ An autonomous body constituted by GoM for executing water supply schemes

schemes. The VWSCs implements single village Piped Water Supply Scheme (PWSS) with the necessary technical support of the Rural Water Supply (RWS) Division of the ZP while the Regional Rural Water Supply Schemes (RRWSSs) covering more than one village are implemented by the MJP.

2.1.3 Audit objectives

The audit objectives were to assess whether:

- an institutional mechanism existed to ensure effective implementation of the schemes;
- planning was adequate to ensure drinking water supply for all on a sustainable basis and in a time bound manner;
- allotment of funds was adequate and fund management was effective; and
- an adequate and effective mechanism existed at different levels for monitoring and evaluation of the rural water supply programme.

2.1.4 Audit criteria

The audit criteria have been adopted from the following documents:

- Guidelines on ARWSP/NRDWP issued by the GoI;
- Government resolutions issued by the GoM from time to time for implementation of water supply schemes;
- District Schedule of Rates, Bombay Financial Rules, 1959; and
- Zilla Parishad Accounts Code, 1968

2.1.5 Scope and methodology of audit

A performance audit covering the period from 2009-10 to 2012-13 was conducted between March and July 2013. For this purpose, records of WSSD at Mantralaya, Mumbai, WSSO at Navi Mumbai, MJP⁷ and GSDA⁸ were test-checked. Nine⁹ districts from four regions¹⁰ in the State were selected on random sampling so as to ensure that at least two districts from each of the region were selected. Records in the Divisional offices of ZP (Rural Water Supply) were also test-checked in the selected districts. Of the total number of blocks in the nine selected districts, 30 blocks¹¹ were selected for the purpose of selection of PWSSs in the GPs. From the selected blocks, total 255 PWSSs were selected randomly (subject to maximum of 10 PWSSs from each block) for audit scrutiny.

⁷ 34 out of 62 RRWSSs executed under erstwhile ARWSP and subsequently funded under NRDWP were examined in MJP Divisions of nine test-checked districts

⁸ GSDA Headquarters in Pune and Office of Senior Geologist in nine test-checked districts

⁹ Ahmednagar, Beed, Buldhana, Gondia, Jalna, Kolhapur, Raigad, Ratnagiri and Nashik

¹⁰ Konkan, Marathwada, Vidarbha and Western Maharashtra

¹¹ 25 *per cent* blocks in each district subject to a minimum of two blocks per district

Physical verification of 29 PWSSs was also done jointly with the officials from ZPs. An entry conference was held in July 2013 with the Principal Secretary, WSSD wherein the audit objectives, criteria and the scope and methodology of audit were discussed. An exit conference was held in October 2013 to discuss the audit findings.

2.1.6 Audit findings

2.1.6.1 Institutional set up

As per NRDWP guidelines (April 2009), SWSM, WSSO, DWSM, VWSC were to be constituted for effective implementation of various components of NRDWP. The deficiencies observed are discussed below:

- The Secretaries of Agriculture and Water Resources Department were not included in the SWSM as envisaged in the guidelines. Further, the functions of SWSM *inter alia* included coordination with various State Government Departments, convergence of water supply and sanitation activities, monitoring and evaluation of physical and financial performance of the schemes, maintaining the accounts for Programme Fund and Support Fund and carrying out the required audits for the accounts. These activities and functions were to be implemented and evaluated through regular meetings. However, only three meetings of SWSM headed by the Chief Secretary were held¹² as against eight meetings during the period 2009-13. In the absence of regular meetings, the issues related to timely preparation of accounts of the programme, conducting chemical testing of water, convergence with other schemes could not be addressed, as discussed in **paragraphs 2.1.6.3, 2.1.6.5 and 2.1.6.7.**
- The SLSSC which was formed (July 2006) under the erstwhile ARWSP, continued to function under NRDWP. The SLSSC was reconstituted only in November 2013. No representative of Ministry of Drinking Water and Sanitation (MDWS) was present in four out of 10 meetings held between August 2009 and April 2013.
- As against the sanctioned strength of 10 posts¹³ communicated (August 2010) by GoI, the WSSO was functioning with 15 posts with effect from April 2012. However, the pay and allowances of the five excess staff¹⁴ amounting to ₹ 38.02 lakh for the period 2012-14 (up to December 2013) was met from the support activity funds in contravention of NRDWP guidelines. Further, as per NRDWP guidelines, expenditure on Monitoring and Investigation Units (MIU) under other support activities was to be met by GoM on equal sharing with GoI. Audit noticed that the expenditure on pay and allowances of the MIU staff amounting to ₹ 47.40 lakh for the period 2012-14 (up to December 2013) was met entirely from support activity funds instead of sharing the expenditure.
- Scrutiny of the composition of DWSM in the nine selected districts revealed that its members were only Councilors and Officers of ZPs.

¹² February 2011, September 2011 and September 2012

¹³ Director:1, Consultants:6, Accountant:1 and Data Entry Operators:2

¹⁴ Additional Director:1, Sectional Engineer:1, Assistant:1 and Peon:2

However, Members of Parliament, Members of Legislative Assembly/Council and district officers from Education, Health, Water Resources, Agriculture and Women and Child Development Departments were not included in the DWSM as members as envisaged in the NRDWP guidelines. In the absence of members from other Departments, convergence of schemes taken up under NRDWP with other schemes was lacking as discussed in **paragraph 2.1.6.5**. Further, as per NRDWP guidelines, NGOs were to be identified by the DWSM and co-opted into the Mission as members. Scrutiny of the composition of DWSM in the nine selected districts revealed that NGOs were not invited in any of the test-checked districts, except in Beed.

2.1.6.2 Planning

Deficiency in preparation of Action Plans

As per the NRDWP guidelines, a Village Water Security Plan (VWSP) was to be prepared by each VSWC indicating the demographic, physical features, water sources and other details of the village; available water infrastructure and gaps, proposed works to augment the existing infrastructure and water sources and requirement of funds from rural water supply programmes. Based on all the VWSPs of the districts, a District Water Security Plan (DWSP) was to be prepared by the DWSM. A five year rolling plan was also to be prepared by the State and during each financial year, sub-goals and priorities were to be fixed based on mutual consultations with the Centre in the form of a comprehensive Annual Action Plan (AAP). The AAP was to be approved by the SLSSC and submitted to the GoI (MDWS) by February each year.

Audit observed that VWSP and DWSP and five year rolling plan were not prepared in the State. Without VWSP and five year rolling plan, the AAPs were prepared by the State Government based on the demands raised by the villages/districts for the PWSSs and RRWSSs. In the absence of VWSP/DWSP, the schemes taken up lacked an integrated approach in addressing the rural drinking water security issues. Audit also noticed delays in approval of AAPs by the SLSSC. The AAPs for 2009-10, 2011-12 and 2012-13 were approved by the SLSSC in August 2009, June 2011 and June 2012 respectively. Due to delay in approval of AAPs, the GoI imposed cuts in the funds released to the GoM as discussed in **Paragraph 2.1.6.3**.

2.1.6.3 Financial management

As per NRDWP guidelines, the SWSM was to maintain two accounts namely Programme Fund Account¹⁵ and Support Activities Account in any Public Sector Bank at the State Headquarters. The accounts were required to be audited by a Chartered Accountant within six months of the close of the financial year. Allocation of funds under NRDWP is made by GoI every year in the beginning of the financial year. The first instalment amounting to 50 *per cent* of the allocation under the Programme Fund is released by GoI if the State has drawn the second installment of the previous year. The second instalment under Programme Fund is released on receipt of specific proposal

¹⁵ Program Fund Account consists of four component *viz.*, Coverage, Water Quality, Sustainability and O&M

from the State, utilization certificates (UCs) for the preceding year, certificate of actual expenditure for the preceding year *etc.*

The component-wise status of release of funds and expenditure incurred by the State under NRDWP during 2009-13 was as under:

Table 1: Fund released and expenditure incurred during 2009-13 in the State

(₹ in crore)

Component	Year	2009-10		2010-11		2011-12		2012-13		Total	
		Release	Expenditure								
Coverage & Water quality ¹⁶	GoI	451.37	490.64	487.62	468.13	468.23	409.25	586.93	443.30	1994.15	1811.32
	GoM	391.29	329.04	465.42	461.07	575.88	530.02	532.52	505.96	1965.11	1826.09
O & M	GoI	64.48	55.73	69.66	76.22	66.89	48.24	117.39	33.58	318.42	213.77
	GoM	47.95	47.95	57.87	57.87	58.33	52.95	75.03	39.05	239.18	197.82
Total	GoI	515.85	546.37	557.28	544.35	535.12	457.49	704.32	476.88	2312.57	2025.09
	GoM	439.24	376.99	523.29	518.94	634.21	582.97	607.55	545.01	2204.29	2023.91
Sustainability	GoI	128.96	72.30	139.32	150.82	133.78	153.39	78.26	100.46	480.32	476.97
Support	GoI	3.00	6.92	18.33	18.62	27.55	19.52	16.92	21.55	65.80	66.61
WQMS	GoI	0	0	0	0	21.91	11.39	15.42	14.11	37.33	25.50
Total	GoI	131.96	79.22	157.65	169.44	183.24	184.30	110.60	136.12	583.45	569.08
Gross Total		1087.05	1002.58	1238.22	1232.73	1352.57	1224.76	1422.47	1158.01	5100.31	4618.08

Source : Integrated Management Information System

The funds under Support Activities Account is transferred by the SWSM to WSSO while the funds under Programme Fund Account is transferred to the implementing agencies (MJP, GSDA and ZPs) of the districts, based on the approved AAP of the State. The receipts and utilization of funds under NRDWP is entered into the Integrated Management Information System (IMIS) by the SWSM and the districts respectively. In nine test-checked districts, during 2009-13, funds amounting to ₹ 973.96 crore were released for all the components under NRDWP and an expenditure of ₹ 949.37 crore was incurred.

Audit findings on maintenance of accounts, delays in preparation of accounts, non-preparation of statement of expenditure, non-submission of UCs *etc.* are discussed below:

- Two separate accounts (Programme Fund Account and Support Activities Account) were opened in the name of SWSM as late as September 2012, though the programme commenced in the State from 2009-10.
- As per the NRDWP guidelines, the State Government has to match the Programme Fund as per the funding pattern. However, the matching State funds were not credited into the Program Fund Account but given directly to districts by GoM. Further, there was short-release of State share amounting to ₹ 108.28 crore during 2009-10 to 2012-13 under the coverage and water quality and O&M components of NRDWP as indicated in **Table 1**.

¹⁶ In IMIS the release and expenditure for coverage and water quality was shown as one component

- Scrutiny of sanction orders of grants released by GoI revealed that GoI had imposed cuts on the grants on six occasions during 2009-13 due to short-release of matching share by the GoM, late submission of AAPs and unutilized funds of the previous year exceeding more than 10 *per cent*. Though, GoI restored some of the cuts imposed, an amount of ₹ 64.84 crore remained unrestored as of December 2013 (**Appendix 2.1.1**).
- As per NRDWP guidelines, the accounts were to be audited by Chartered Accountant within six months of the close of the financial year. The Annual Statement of Accounts (ASA) for the year 2009-10 and 2010-11 for the Programme Fund Account were audited only in May 2012. The Status of preparation and audit of ASA for the year 2011-12 and 2012-13 were not furnished to Audit by the WSSD.
- In respect of Programme Fund Account, the UC for the year 2011-12 was furnished to GoI by the SWSM belatedly in December 2013 while UC for 2012-13 was not furnished till December 2013. Consequently, no funds were released (December 2013) by GoI against AAP for the year 2013-14 which envisaged coverage of 5,066 habitations at an estimated cost of ₹ 1,629.45 crore.
- For Support activities, ₹ 16.92 crore was released by the GoI as of October 2013 against the allocation of ₹ 51.41 crore for the year 2012-13 and no funds were released against the demand of ₹ 90.48 crore for 2013-14. Reasons for short-release and non-release of funds were not furnished to audit by the WSSD.
- Audit scrutiny revealed that cashbooks were not authenticated/updated in six VWSC in two districts¹⁷ while in two VWSC¹⁸ in these districts, cash books and measurements books were not maintained. Further, 40 cases¹⁹ of misappropriations were detected by the ZPs of six²⁰ out of nine test-checked districts. Of the 40 cases, FIRs were lodged in 20 cases and the remaining cases were under investigation (December 2013). Non-maintenance of proper records and misappropriations indicated poor financial control.

Inadmissible expenditure met from NRDWP funds

As per NRDWP guidelines, funds released under NRDWP should not be utilized against cost escalation, tender premium, completed projects, centage charges *etc.* The Finance Department (FD), GoM stipulated (July 2001) that in case the revised cost of the water supply schemes exceeds the original administrative approved amount by 15 *per cent*, prior sanction of the FD was necessary. Scrutiny in audit revealed the following:

- WSSD accorded revised administrative approvals to 124 PWSSs during 2011-13 without obtaining prior sanction of the FD though the revised costs exceeded the original approved costs by 15 *per cent* (₹ 32.68 crore). Further, the orders for revision of sanctions in 124 PWSSs stipulated that

¹⁷ Beed and Buldhana

¹⁸ Ashti and Murshedpur

¹⁹ Schemes sanctioned during 2004-05 to 2010-11

²⁰ Ahmednagar, Beed, Kolhapur, Nashik, Raigad and Ratnagiri

the increased costs would be met by GoM from Mahajal²¹, DPDC²² funds or other State/district level funds. However, the WSSD did not clarify to audit whether the increased costs in these 124 schemes were met from Mahajal/DPDC/district funds or NRDWP funds.

- During implementation of 10 RRWSSs in five²³ out of the nine test-checked districts, an expenditure of ₹ 10.62 crore was incurred from ARWSP/NRDWP funds on account of price variations, extra items, quantity variations in violation of guidelines (**Appendix 2.1.2**).
- Though NRDWP guidelines provided that expenditure should be incurred only on ongoing and new schemes, MJP, Gondia Division disbursed an amount of ₹ 7.52 crore during 2009-13 towards pending bills of contractors on completed RRWSSs²⁴ (**Appendix 2.1.3**).
- In the RRWSSs implemented by MJP, centage charges²⁵ at the rate of 17.5 *per cent* amounting to ₹ 81.85 crore were levied on NRDWP funds during 2009-13. Similarly, RWS Divisions of ZPs levied charges at the rate of seven *per cent*²⁶ amounting to ₹ 20.41 crore on NRDWP funds in six²⁷ districts during 2009-13. The irregular levy of centage charges resulted in reduction of funds available under NRDWP to that extent.

Non-recovery and short-recovery of popular contribution

As per NRDWP guidelines, sharing of the capital cost of the schemes was to be decided by the States. The GoM decided (July 2000) that 10 *per cent* of cost of the water supply schemes should be collected from the villagers as popular contribution (PC).

Scrutiny of records revealed that in six RRWSSs, PC amounting to ₹ 4.83 crore was not collected in three²⁸ out of nine test-checked districts (**Appendix 2.1.4(A)**). Similarly, in 27 out of 255 test-checked PWSSs, PC amounting ₹ 1.95 crore was collected in seven²⁹ districts against ₹ 4.14 crore to be collected, leading to short recovery of ₹ 2.19 crore (**Appendix 2.1.4(B)**).

Blocking of funds

The GoM released (March 2009) ₹ one crore to ZP, Beed towards O&M component which was kept in District Central Co-operative Bank, Beed in contravention to the scheme guidelines to keep such funds in the Public Sector Bank. Further, the funds could not be drawn by the ZP as of December 2013 due to financial crisis in the bank since 31 October 2011.

²¹ A State sector scheme for rural water supply

²² District Planning and Development Committee

²³ Ahmednagar, Beed, Buldhana, Kolhapur and Raigad

²⁴ The schemes were completed between June 2004 and November 2008

²⁵ Centage charges are loaded in the estimates meant to cover expenditure of implementing agency on establishment, tools, plants *etc.*

²⁶ Estimate charges (two *per cent*) and Supervision charges (five *per cent*)

²⁷ Ahmednagar, Beed, Buldhana, Gondia, Jalna and Kolhapur; information from Nashik, Raigad and Ratnagiri districts was awaited

²⁸ Buldhana, Gondia and Raigad

²⁹ Ahmednagar, Beed, Buldhana, Gondia, Kolhapur, Nashik and Ratnagiri

2.1.6.4 Programme coverage

During 2009-13, funds amounting to ₹ 3,959.26 crore was released by GoI and GoM under the coverage component of NRDWP to provide safe and adequate drinking water supply to unserved, partially served and slipped-back habitations against which, an expenditure of ₹ 3,637.41 crore was incurred till March 2013. Under the coverage component, PWSSs taken up by ZPs and RRWSSs taken up by MJP were funded.

The status of total habitations in the State as well as in the test-checked districts, habitations covered against the targets fixed under the coverage component of NRDWP is indicated in **Table 2**.

Table 2: Habitations targeted and covered during 2009-13

Year	Total habitations	Fully covered habitations ³⁰	Habitations not covered	Habitations targeted for coverage	Habitations covered	Shortfall in achievement (percentage)	Slipped back habitations	Habitations not covered as calculated by Audit (4-6)+8
1	2	3	4	5	6	7	8	9
2009-10	97206	77453	19753	11639	7465	4174(36)	NA	
2010-11	98098	75445	22653	9745	8987	758 (8)	10940	24606@
2011-12	98842	82498	16344	6502	6364	138 (2)	5362	23604
2012-13	100683	87448	13235	5940	4637	1303 (22)	4365	23332
In nine selected districts								
2009-10	35862	28925	6937	4188	2846	1342 (32)	NA	
2010-11	36084	29174	6910	3181	2873	308 (10)	3287	7324@
2011-12	36102	30211	5891	2244	2163	81 (4)	2343	7504
2012-13	36242	31303	4939	2319	1822	497 (22)	1747	7429
Source: IMIS NA: Data not available @ Closing balance in column 9 will become the opening balance in column 4								

The data in the above table revealed the following:

- During 2009-13, the shortfall in achievement of targets for coverage in the State ranged between two *per cent* (2011-12) and 36 *per cent* (2009-10) while in the nine test-checked districts it was between four *per cent* (2011-12) and 32 *per cent* (2009-10).
- As per data available on IMIS, 12,963³¹ habitations (13 *per cent*) in the State and 4,864³² habitations (13 *per cent*) in the nine test-checked districts were not covered as of March 2013. However, calculations done by Audit based on the figures reported in the IMIS revealed that 23,332 habitations (23 *per cent*) in the State and 7,429 habitations (20 *per cent*) in the nine test-checked districts were not covered as of March 2013.
- Further, analysis of 12,963 uncovered habitations in the State revealed that the percentage of uncovered habitations was more than 30 *per cent* in six³³

³⁰ Habitations getting basic minimum quantity (40 litres per capita per day) of potable water within a distance of 500 mtrs from the household from either a public or a community source

³¹ Habitation not covered (2012-13): 13,235 less habitations covered during 2012-13: 4,637 plus slipped back habitations during 2012-13: 4,365= 12,963

³² Habitation not covered (2012-13): 4939 less habitations covered during 2012-13: 1,822 plus slipped back habitations during 2012-13: 1,747= 4,864

³³ Hingoli: 44 *per cent*; Buldhana, Akola and Jalagon: 33 *per cent*; Aurangabad: 31 *per cent*; Jalna: 30 *per cent*

out of 33 districts and ranged between 30 *per cent* (Jalna) and 44 *per cent* (Hingoli).

Scrutiny of AAP for the period 2013-14 revealed that there were 4,484 habitations proposed to be covered by the ongoing schemes (PWSSs and RRWSSs) in the State. However, 414 habitations (out of 4,484) in the nine test-checked districts for which schemes were sanctioned prior to 2009-10³⁴ (more than three years old), were still continuing as of March 2013 (**Appendix 2.1.5**).

In six out of 33 districts, the percentage of habitations not having access to piped water was more than 60 *per cent*³⁵ and ranged between 66 *per cent* (Thane) and 93 *per cent* (Gadchiroli).

Audit further observed that 47,979 out of 1,00,683 habitations (48 *per cent*) in the State as on April 2013 did not have access to piped water supply though the goal under NRDWP was to provide all rural households with adequate piped drinking water supply within the household premises. Further, of the 631 RRWSSs in the State as on March 2013, 100 RRWSSs were not utilised/functional due to lack of demand from the villagers, non-payment of electricity charges by the operators of the schemes and drying up of the source. As a result, 1,466 villages/habitations remained uncovered.

Non-formation of water grid

As per NRDWP guidelines, to ensure drinking water security under all circumstance and at all times, it may be required to have an alternate sub-district, district and or State level water supply system in the form of a grid supplying metered bulk water to GPs/village by adopting an appropriate system of pricing. State or district or sub-district level grid could be in the form of major pipelines, canals or any other appropriate system connecting major water bodies/sources.

However, no water grid has been developed in the State. In the absence of water grid, the problem of scarcity of water in the drought prone districts could not be mitigated as discussed in the succeeding paragraph. In the exit conference, the Principal Secretary stated (October 2013) that the MJP would be directed to hire technical persons so that a good grid system is created in Maharashtra.

Coverage in test-checked drought prone districts

Of the nine test-checked districts, four districts *viz.*, Ahmednagar, Beed Jalna, and Nashik were drought prone. Scrutiny of records in these districts revealed the following:

- 2,392 out of 15,847 habitations (15 *per cent*) in the four districts were not fully covered as on March 2013.
- Of the 15,847 habitations, PWSSs had been executed in 7,560 habitations (48 *per cent*) while the remaining 8,287 habitations were dependent on borewells/dugwells or any other natural source.

³⁴ Sanction up to 2009-10 has been considered since as per GR dated 10 March 2010 a work has to be completed within three years including planning phase

³⁵ Gadchiroli: 93 *per cent*; Sangli: 84 *per cent*; Gondia and Thane: 79 *per cent*;; Nandurbar: 73 *per cent*; and Thane: 66 *per cent*

- Of 7,560 completed PWSSs in these four districts, 1,005 PWSSs (13 per cent) were non-functional. Of the 1,005 PWSSs, 751 PWSSs were non-functional due to drying up of the water source.
- Six to 14 per cent of the covered habitations in four districts (13,455) slipped back during 2010-11 to 2012-13 due to various reasons³⁶. The percentage of slipped back habitations due to drying up of water source ranged between 24 and 84 per cent.
- As of March 2013, 344 habitations³⁷ proposed to be covered by PWSSs were delayed by more than three years. Test check of implementation of 14 out of 109 PWSSs valuing ₹ 5.61 crore in these four districts revealed delays between 12 to 53 months.
- During the period 2009-12, water was supplied through tankers to four to 12 per cent of the total villages in these four districts. The condition worsened in 2012-13 when 36 per cent villages had to depend on water tankers for drinking water. The details are given below:

Table 3 : Tanker supply in the selected drought prone districts

Districts	Beed	Jalna	Ahmednagar	Nashik	Total
Number of villages	1354	955	1596	1933	5838
Year	Villages supplied water through tankers (percentage with respect to number of villages)				
2009-10	134	122	52	240	548 (9)
2010-11	46	35	15	165	261 (4)
2011-12	208	65	261	164	698 (12)
2012-13	518	441	497	662	2118 (36)
Source: Information furnished by WSSD					

The dependence of the drought prone districts on tankers for supply of drinking water reflected lack of prioritisation in completing the schemes. Further, as water grid was not formed in the State, water could not be diverted from surplus areas to scarcity areas.

Tackling of water quality affected habitations

As per NRDWP guidelines, habitations in which the quality of water is beyond the permissible limit set by the Bureau of Indian Standards (BIS) for biological and chemical contaminations were to be designated as Water Quality Affected (WQA) habitations. Such WQA habitations were to be given priority for coverage while planning for new schemes.

The details of WQA habitations identified and tackled during 2009-13 is shown in the table below :

³⁶ Drying up of source, migration of people, poor water quality, poor O&M, less supply at delivery point and shortage of electricity

³⁷ Ahmednagar (130), Beed(130), Jalna (03), and Nashik (81)

Table 4: Status of WQA habitations identified and tackled during 2009-13

Year	WQA Habitations identified	Targeted Habitations	Tackled Habitations	Achievement (per cent)	
				Against targeted habitations	Against total WQA habitations
2009-10	3989	2086	1009	48	25
2010-11	4112	2177	1866	85	45
2011-12	2698	1367	1177	86	44
2012-13	1671	887	579	65	35

Source : IMIS

As could be seen from the table above that though large number of WQA habitations were identified only few were targeted each year and still fewer number were actually provided with alternative source of potable drinking water. By the end of March, 2013, 1,092³⁸ habitations remained water quality affected.

Audit scrutiny in two out of nine test-checked districts revealed the following:

- ZP Gondia procured 25 ‘hand pumps attached fluoride removal units’ in January 2013 at a total cost of ₹ 62.50 lakh which were lying uninstalled as of July 2013, though the same were to be installed by the contractor within 45 days from the date of issue of supply order (29 November 2012). The reasons for non-installation of the hand pumps were not available on record. A payment of ₹ 40.48 lakh was made to the contractor as of February 2013.
- The Jalgaon (Jamod) and Sangrapur blocks of Buldhana district were drought affected and lying in the salty alluvial³⁹ track of the Purna river basin. In a review meeting held by the Guardian Minister of Buldhana district in February 2010, it was decided to take up a RRWSS to be implemented by the MJP with surface water as a source for the 140 WQA villages in these two blocks. The technical sanction was accorded belatedly in September 2012 for the RRWSS by the MJP. However, the RWSS was not implemented as of October 2013.

Thus, effective and sustainable efforts in tackling WQA habitations were lacking.

Implementation of schemes under coverage component

Scrutiny of records of 255 PWSSs (172 ongoing and 83 completed) executed at an estimated cost of ₹ 291.64 crore in the nine test-checked districts revealed the following:

▪ Inadequacies in preparation of Detailed Project Reports

As per para 15.6 of the NRDWP guidelines, Detailed Project Reports (DPR) of water supply schemes were required to be prepared by the State Rural Water Supply Departments in consultation with the local community. The DPRs were to be prepared by taking into account the existing and projected population of the habitations/villages, schemes already implemented with supporting structural reports or design life of the schemes and the need for the new schemes. The DPRs were to be scrutinized and vetted by the STA.

³⁸ 1,671 – 579 = 1,092 (refer Table 4 above)

³⁹ A fine grained fertile soil deposited by water flowing over flood plains or in river beds

Audit scrutiny revealed that DPRs relating to 57 out of 255 PWSSs in five⁴⁰ districts were prepared without mentioning details of the existing schemes with supporting test reports, structural reports or design life. Further, DPRs relating to five out of 57 schemes in two districts⁴¹ indicated errors in calculation of the projected population leading to an increase in the estimated cost of these five schemes by ₹ 1.36 crore, against the original estimates of ₹ 4.07 crore. These five schemes were sanctioned between November 2007 and December 2010.

▪ **Works executed without competitive bidding**

The WSSD vide Government Resolution (GR) of March 2010 stipulated that works valuing more than ₹ 50 lakh should be executed by inviting tenders as per the procedure prescribed in the Maharashtra Zilla Parishads and Panchayat Samitis Account Code, 1968. It was noticed that in five⁴² districts, 15 PWSSs with an estimated cost exceeding more than ₹ 50 lakh each totalling ₹ 28.13 crore were undertaken by VWSCs without inviting tenders in contravention of the GR (**Appendix 2.1.6**).

▪ **Acceptance of tenders in excess of estimated cost without Government approval**

As per Maharashtra Zilla Parishads and Panchayat Samitis Accounts Code, 1968, for works estimated to cost between ₹ 20 lakh to ₹ one crore, tenders up to two *per cent* above the estimated cost or ₹ 1 lakh, whichever is more, can be accepted. Further, for works estimated to cost more than ₹ one crore, tenders up to one *per cent* above the estimated cost or ₹ two lakh, whichever is more, can be accepted. For works exceeding the above limits, prior approval of the Government was required before finalization of tenders. In 26 PWSSs in five districts⁴³ the percentages accepted above the estimated costs ranged between 2.20 *per cent* and 22.45 *per cent* leading to an excess of ₹ 3.60 crore over the estimated cost (**Appendix 2.1.7**). No prior approval of the Government was obtained before finalization of tenders in these 26 schemes.

▪ **Non-inclusion of Clause of one-year maintenance**

As per GR of March 2010, a Clause stating that the contractors should successfully run the PWSSs for one year after its completion, was to be incorporated in the agreements signed with the contractors. However, in 21 out of 255 ongoing PWSSs in five districts,⁴⁴ the said Clause was not incorporated in the tenders and thus, did not feature in the agreements signed with the contractors, in violation of Government orders.

▪ **Incomplete schemes**

Of the 255 PWSSs test-checked, 84 PWSSs were completed/functional as on June 2013. Of the remaining 171 incomplete PWSSs, there was time overrun in 28 PWSSs (estimated cost ₹ 45.83 crore) in six⁴⁵ districts ranging from

⁴⁰ Buldhana, Jalna, Nashik, Raigad and Ratnagiri

⁴¹ Raigad and Ratnagiri

⁴² Ahmednagar, Beed, Buldhana, Jalna and Nashik

⁴³ Ahmednagar, Kolhapur, Buldhana, Nashik and Ratnagiri.

⁴⁴ Beed, Buldhana, Kolhapur, Raigad and Ratnagiri

⁴⁵ Ahmednagar, Beed, Jalna, Kolhapur, Nashik and Raigad

seven to 53 months from their scheduled dates of completion due to land disputes, non-availability of funds/construction material, electrification problems *etc.* The expenditure incurred on these 28 PWSSs as on June 2013 was ₹ 18.99 crore (**Appendix 2.1.8**).

▪ **Excess payment to contractors**

In eight out of 38 PWSSs in Buldhana district, payment of ₹ 1.17 crore (**Appendix 2.1.9**) was made by VWSCs to nine contractors during the period October 2008 and May 2013 in excess of the measurements recorded in the Measurement Books (MB).

Four VWSCs agreed (July 2013) to recover the excess amount of ₹ 0.17 crore from the contractors where the works were completed, while the remaining four VWSCs stated (July 2013) that payment of ₹ one crore was made for works which were done but not measured. The replies furnished by the four VWSCs were not acceptable as payment for works done without recording measurements in the MBs violated the provisions of paragraph 177 of the Maharashtra Zilla Parishads and Panchayat Samitis Accounts Code, 1968.

▪ **Irregular appointment of Technical Service Providers**

As per GR (September 2009), services of regular engineers of ZPs or contract Engineers should be utilised for the work of preparation of estimates and supervision of PWSSs. The GR clearly prohibited appointment of Technical Service Providers (TSP) for such works.

Audit scrutiny revealed that 12 VWSCs in three⁴⁶ districts appointed 12 TSPs between May 2010 and September 2011 and paid ₹ 1.04 crore to them for preparation of estimates and supervision of 12 PWSSs.

Ten VWSCs stated (July 2013) that due to non-appointment of contract Engineers, the services of TSPs were utilized whereas, two VWSCs did not furnish any specific reply.

The replies of VWSCs are not acceptable in view of GR of September 2009.

▪ **Non-recovery of differential cost**

As per Clause 3(c) of General Conditions of contract, if a contractor fails to execute the work as per schedule or executes inferior quality of work, the Department can withdraw the work and get it completed at his risk and cost.

Test check of 34 out of 62 RRWSSs, which were taken up under the erstwhile ARWSP and continued to be funded under NRDWP, revealed that in eight RRWSSs in three⁴⁷ districts, works were awarded (August 1998 to February 2007) to contractors at a total cost of ₹ 21.54 crore. Due to non-execution of works by the contractors, the balance works valuing ₹ 9.20 crore were withdrawn between July 2008 and February 2010 under Clause 3 (c) of the contract and reawarded (February 2009 to May 2011) to other contractors after retendering at a total cost of ₹ 19.52 crore (**Appendix 2.1.10**). However, the differential of ₹ 10.31 crore was pending recovery from the original contractors (January 2014).

⁴⁶ Buldhana, Beed and Nashik

⁴⁷ Ahmednagar, Nashik and Raigad

The MJP Division Office, Nashik stated (November 2013) that in four works court cases have been filed against two contractors for recovery of ₹ 3.64 crore while in the remaining four works, recovery notices have been issued to the contractors.

2.1.6.5 Sustainability of drinking water

As per NRDWP guidelines, sustainability of drinking water sources and schemes is a process that facilitates the existing/new drinking water supply projects to provide safe drinking water in adequate quantity, even during distress periods, through conjunctive use of groundwater, surface water and roof-water harvesting. The main aim of sustainability of drinking water schemes is to ensure that the existing schemes do not slip back from universal access of safe drinking water to the community, throughout the design period of the schemes. An amount of ₹ 480.32 crore was provided by GoI during 2009-13 under the sustainability component against which, an expenditure of ₹ 476.97 crore was incurred till March 2013.

Scrutiny of records in GSDA and RWS Divisions of ZPs, which were responsible for implementation of this component of NRDWP, revealed the following:

Target and achievement of sustainability structures

The target and achievement of sustainability structures which include construction of check dams, recharge trench, recharge shaft, rainwater harvesting, hydrofracturing *etc.* and the expenditure incurred thereon for the State as a whole is as indicated below:

Table 5: Target and achievement under sustainability component during 2009-13

(₹ in crore)

Year	Target (in number)	Funds required as per target	Funds received from GoI	Achievement in number (percentage)	Expenditure incurred (₹ in crore)
2009-10	Information not available in IMIS				
2010-11	Information not available in IMIS				
2011-12	7664	249.97	133.78	3473 (45.32)	151.35
2012-13	3759	124.60	78.26	1775 (47.22)	100.45
Total	11423	374.57	212.04	5248 (45.94)	251.80

Source: IMIS

The table above reveals that against 11,423 sustainability structures targeted at an estimated cost of ₹ 374.57 crore during the year 2011-13, the achievement was only 5,248 (45.94 *per cent*) due to receipt of only ₹ 212.04 crore from GoI. This was also due to reduction in allocation under the sustainability component (April 2012) from 20 *per cent* to 10 *per cent* by the GoI. Further, scrutiny of data revealed that of the 40,328 completed PWSSs in the State, 5,909 schemes were non-functional as of March 2013. Of the 5,909 non-functional schemes, 2,835 schemes (47.97 *per cent*) were non-functional due to drying up of source.

As the main reason for non-functioning of PWSSs was drying up of source, sustainability measures were required to be taken up either through enhanced funding by GoM under NRDWP or in convergence with other State sector schemes.

Non-execution of sustainability works

In four⁴⁸ out of the nine test-checked districts, funds amounting to ₹ 37.51 lakh was provided (between May 2006 and February 2012) by GSDA to 12 VWSCs for execution of various sustainability works⁴⁹. Audit observed that 11 VWSCs did not execute the works and seven⁵⁰ out of 11 VWSCs refunded ₹ 10.95 lakh after a period ranging between 79 and 558 days from the date of receipt of the funds. The remaining four VWSCs neither executed the works nor refunded ₹ 14.90 lakh⁵¹ to GSDA.

In respect of one work of cement nalla bund (check dam) constructed by Andhera VWSC (Buldhana district), heavy leakages was noticed by GSDA from the check dam. Therefore, GSDA directed (August 2010) the VWSC to take action to plug the leakages. Joint verification (July 2013) of the site by Audit with the Departmental officials however, revealed that the leakages persisted.



Cement nalla bund at Andhera village with heavy leakages

Inadmissible expenditure under the sustainability component

Scrutiny of records of GSDA in nine test-checked districts revealed that 60 works of desilting of ponds in seven⁵² districts were carried out during 2009-13 by incurring an expenditure of ₹ 2.13 crore (**Appendix 2.1.11**) under the sustainability component, instead of executing these work in convergence with Mahatma Gandhi National Rural Employment Guarantee Scheme as stipulated in the NRDWP guidelines.

2.1.6.6 Operation and maintenance of water supply schemes

As per NRDWP guidelines, 10 *per cent* of the total funds allocated by GoI with matching contribution from the State Government is to be earmarked for O&M of water supply projects. NRDWP guidelines further stipulated that expenditure on O&M during the particular year should not exceed 10 *per cent* of the total funds released in the previous year. The PWSSs are to be

⁴⁸ Beed, Buldhana, Kolhapur and Ratnagiri

⁴⁹ Cement nalla bunding, hydrofracturing, recharge shaft *etc.*

⁵⁰ Five VWSCs refunded the entire amount of ₹ 8.90 lakh while two VWSCs refunded only ₹ 2.05 lakh out of ₹ 4.94 lakh

⁵¹ ₹ 37.51 lakh minus ₹ 8.90 lakh minus ₹ 4.94 lakh minus ₹ 8.77 lakh (being cost of one completed work)

⁵² Ahmednagar, Beed, Buldhana, Gondia, Kolhapur, Nashik and Raigad

maintained by the GP. In respect of RRWSSs for multi village or bulk water supply schemes, the source, treatment plants, rising mains *etc.* are to be maintained by MJP while the distribution network and other components within the village are to be maintained by the GP. The funds provided under this component including those provided by the Finance Commission are to be deposited in a corpus fund for use by the ZPs for meeting the running, repair and replacement costs of drinking water supply projects. During the period 2009-13, ₹ 557.60 crore was provided by GoI and GoM against which, an expenditure of ₹ 411.59 crore was incurred till March 2013. Scrutiny in audit revealed the following:

- Against the total funds of ₹ 1,087.05 crore released under NRDWP in the year 2009-10 expenditure incurred by GoM on O&M in the succeeding year (2010-11) was ₹ 134.09 crore which exceeded the 10 *per cent* limit by ₹ 25.38 crore.
- Of the 40,328 completed PWSSs in the State, 5,909 PWSSs were not functioning as on March 2013. Of the 5,909 non-functional PWSSs, 1,257 PWSSs (21 *per cent*) were non-functional due to poor maintenance/non-payment of electricity bills. In the nine test-checked districts, 411 out of 2,290 non-functional PWSSs (18 *per cent*) were not functioning due to maintenance/non-payment of electricity bills. Similarly, of the 100 non-functional RRWSSs in the State, 16 were not functioning due to poor maintenance/non-payment of electricity bills.
- Audit compared the number of water connections projected to be provided as per DPRs of 26 test-checked PWSSs in three districts⁵³ with the number of connections actually provided. The comparison revealed that of the 13,857 water connections projected to be provided via 26 PWSSs, the connections actually provided were only 6,140 indicating huge resource gaps in sustaining the O&M operations.

In two instances, the RRWSSs could not be utilised due to poor O&M, as discussed below:

- The work of Dongar Shevali RRWSS in Buldhana district covering three villages was completed in March 2010 at a cost of ₹ 3.10 crore. The electric connection and the source of this scheme was a sump well of another scheme at Undri covering 17 villages, which was completed in 2001 at the cost of ₹ 8.59 crore. The Undri scheme was closed since August 2006 due to non-payment of electricity charges of ₹ 25 lakh by the ZP. Consequently, Dongar Shevali scheme was lying unused since its completion in March 2010. The ZP, Buldhana forwarded (November 2012) an estimate of ₹ 2.87 crore for renovation of Undri scheme (including payment of pending electricity bill) to the GoM through MJP, approval to which was pending (June 2013). Thus, due to poor O&M, 20 villages intended to be covered through these two schemes were deprived of drinking water despite incurring an expenditure of ₹ 11.69 crore and time lapse of three to seven years.
- In Buldana district, the head works from Jackwell (source) up to the Water Treatment Plant (WTP) of Deulgaon Sakharsha RRWSS (coverage: seven

⁵³ Buldhana, Gondia and Jalna

villages; estimated cost: ₹ 4.93 crore) was attached to Lakhanwada RRWSS (coverage: 21 villages; estimated cost: ₹ 8.17 crore). The Deulgaon Sakharsa scheme was completed in March 2011 and water supplied from May 2011. Meanwhile, Lakhanwada RRWSS stopped functioning from July 2011 due to non-payment of water charges by the villagers leading to non-payment of electricity charges by the ZP. Since the source and the WTP was common to both the schemes, the Deulgaon scheme also stopped functioning from July 2011. While the Lakhanwada scheme resumed operations from May 2013, the Deulgaon scheme remained non-operative, as several parts⁵⁴ of the water supply infrastructure deteriorated due to prolonged non-supply of water. Approval of the GoM towards the cost of repairs (₹ 11.49 lakh) was awaited (June 2013). Physical verification (July 2013) of the common head works of both the schemes by Audit jointly with the officials of MJP revealed leakages in the pipelines and from the valve of the common Elevated Service Reservoir.



Leakages at the common head works of Lakhanwada/Deulgaon Shakharsa

2.1.6.7 Support activities

Under the Support activity component, GoI provided ₹ 65.80 crore during 2009-13 against which an expenditure of ₹ 66.61 crore was incurred, including the unspent balance of previous years. The funds under this component are provided for creating awareness and training activities, setting up of the district and sub-divisional water quality testing labs, supply of field test kits and training to grass root level workers for simple water quality tests and for providing hardware and software support for IMIS.

Water quality testing

NRDWP guidelines envisaged that drinking water sources should be tested at least twice a year for bacteriological contamination and once a year for chemical contamination.

Apart from the district health laboratories carrying out bacteriological and chemical tests, there are 337 mini laboratories in rural hospitals carrying out only bacteriological tests. The Department of Public Health, GoM decided (March and November 2012) to upgrade 138 out of 337 mini laboratories into

⁵⁴ PVC pipes and pumping machinery

sub-divisional public health laboratories in order to carry out both bacteriological and chemical tests. Accordingly, an amount of ₹ 14.92 crore was released (March and December 2012) by WSSO to the Director of Health Services, Mumbai (DHS). As of November 2013, 136 out of 138 mini laboratories had been upgraded.

Scrutiny of records of WSSO revealed the following :

- A campaign was conducted for chemical testing of drinking water during 2012-13. In the campaign, of the 2,81,941 drinking water sources (ground water), only 1,72,061 sources (61 *per cent*) were tested for five chemical parameters⁵⁵ in district health laboratories which revealed nitrate content beyond the permissible limits in 42,618 sources (25 *per cent*). Excessive fluoride in ground water drinking sources causes incurable diseases like fluorosis. Further, 9,233 sources (five *per cent*) were found contaminated with fluoride content beyond the permissible limits. Audit analysis revealed that in eight districts⁵⁶ the contamination for nitrate content was high and ranged between 52 *per cent* (Hingoli and Gadchiroli) and 72 *per cent* (Yavatmal). Further, in eight districts⁵⁷, the fluoride contamination ranged between 11 *per cent* (Nanded) and 20 *per cent* (Chandrapur and Gadchiroli).
- In 33 districts, surface water testing of 20,79,472 samples⁵⁸ conducted during 2010-13 revealed bacteriological contamination in 3,22,289 samples (15.50 *per cent*). Audit analysis revealed that in three districts (Aurangabad, Nanded and Parbhani) more than 25 *per cent* of the total samples indicated bacteriological contamination continuously during the period 2010-13.
- Water samples were not tested for pesticides and toxic/heavy metals although the Uniform Protocol on Water Quality Monitoring Order, 2005 issued by the Ministry of Environment and Forest prescribed such testing.
- As per NRDWP guidelines, Field Test Kits (FTK) were to be provided to each GP for chemical testing of drinking water sources. Audit observed that only 4,000 FTKs valuing ₹ 24 lakh were purchased (2012-13) by GSDA, as against the requirement of 27,924 FTKs⁵⁹ in the State.

The Principal Secretary stated (October 2013) during exit conference that water samples are now being tested for pesticides and toxic/heavy metals.

Training of functionaries

As per NRDWP guidelines, training of Panchyati Raj Institution (PRI) functionaries⁶⁰ and VWSC members is essential for effective management of

⁵⁵ Iron, nitrate, fluoride, pH, total dissolved solids

⁵⁶ Yavatmal: 72 *per cent*; Wardha: 66 *per cent*; Chandrapur: 58 *per cent*; Jalgaon: 55 *per cent*; Washim and Auranagabad: 53 *per cent*; and Hingoli and Gadchiroli: 52 *per cent*

⁵⁷ Chandrapur and Gadchiroli: 20 *per cent*; Bhandara and Jalgaon: 18 *per cent*; Beed and Osmanabad: 13 *per cent*; Nagpur: 12 *per cent*; and Nanded: 11 *per cent*

⁵⁸ 2009-11: 6,78,180 samples; 2011-12: 7,11,213 samples; and 2012-13: 6,90,079 samples

⁵⁹ There are 27,924 GPs in the State

⁶⁰ Gram Sevaks, members of GPs *etc.*

water supply schemes. During 2011-13⁶¹ an expenditure of ₹ 5.53 crore was incurred by WSSO on training.

Audit scrutiny revealed that as against 1.03 lakh GPs and VWSC members envisaged to be trained on the role and responsibilities in water and sanitation sector during 2011-13, only 0.63 lakh GPs and VWSC members were trained. In nine test-checked districts, no training was held for PRI functionaries and VWSC members up to 2011-12.

2.1.6.8 Monitoring and evaluation

Online monitoring

As per NRDWP guidelines, the Integrated Management Information System (IMIS) will be the chief mechanism for monitoring the Programme. To this end, the officials are required to furnish online all the data and information, as may be prescribed by the Department of Drinking Water Supply, GoI from time to time, in the relevant module of the online IMIS.

Audit scrutiny revealed mismatch in data with regard to estimated costs, expenditure incurred, population expected to be covered as indicated in IMIS and that maintained by the implementing agencies (MJP, GSDA and ZPs) in 41 out of 255 test-checked PWSSs (**Appendix 2.1.12**).

Further, receipts from GoI and GoM as per Annual Statement of Accounts (ASA) and that reported in IMIS also showed discrepancies as indicated in **Table 6** below:

Table 6 : Data discrepancy as per ASA and IMIS (₹ in crore)

Year	As per ASA		As per IMIS		Data discrepancy	
	GoI Share	GoM share	GoI share	GoM share	GoI share	GoM share
2009-10	1182.67	403.28	647.81	439.24	534.86	35.96
2010-11	1155.73	588.59	714.93	523.29	440.80	65.30

Source: Annual Statement of Accounts and IMIS

The data maintained on IMIS also showed discrepancies between the opening and the closing balances of the funds under various components of NRDWP during 2009-13 (**Appendix 2.1.13**).

Further, IMIS showed three schools in the State that were not being provided with drinking water facilities whereas, information provided to Audit by two ZPs alone (Ahmednagar and Jalna) indicated that there were 194 schools which did not have drinking water facilities (March 2013).

The amounts released by ZPs to VWSCs towards PWSSs were uploaded in the IMIS as expenditure instead of showing the actual expenditure incurred by VWSCs.

The year-wise status of the ongoing, completed and balance PWSSs and RRWSSs in the State during 2009-10 to 2012-13 obtained from IMIS is shown in **Table 7** below.

⁶¹ WSSO did not have any information of expenditure incurred for training during the year 2008-11 as it was set-up only in 2011-2012

Table 7: Status of schemes taken up in the State during 2009-13

Year	Number of schemes				
	Ongoing	New	Total	Completed	Balance
2009-10	8947	268	9215	5190	4025
2010-11	7877	670	8547	6323	2224
2011-12	7439	13818	21257	18451	2806
2012-13	5971	8189	14160	9319	4841

Source- IMIS data as on 02 September 2013

As may be seen from the table above, the balance number of schemes of previous years do not match with the ongoing schemes of subsequent years.

The above discrepancies indicate unreliability of data maintained on IMIS which is expected to be the key tool for monitoring and evaluation of the programme.

Evaluation of the programme

As per NRDWP guidelines, the State Governments should take up monitoring and evaluation studies on the implementation of the rural water supply programme through reputed organizations/institutions from time to time for which 100 *per cent* financial assistance would be provided by the Centre under support activities fund. Based on the reports of these studies the State Governments should initiate immediate corrective action as a follow up to improve the quality of programme implementation. However, no such evaluation studies were got conducted by the GoM to improve the implementation of the rural water supply programme.

2.1.6.9 Conclusion

The National Rural Drinking Water Programme in Maharashtra was deficient in planning and implementation. The Village and district water security plans and five year rolling plans were not prepared, as a result, the water supply schemes taken up lacked an integrated approach. Due to short-release of State share, non-submission of utilisation certificates and delay in submission of annual action plans, GoI imposed cut on the funds released under the programme. NRDWP funds were utilised for meeting expenditure on account of price variation, extra items, centage charges, completed schemes in violation of programme guidelines. As on April 2013, 48 *per cent* of the total habitations did not have access to piped water supply. No water grid was developed in the State consequently, the problem of scarcity of water in drought-prone districts could not be mitigated. Deficiencies were noticed in preparation of project reports for the schemes, awarding of works and payments made to contractors. The achievement of targets under the sustainability component of NRDWP was low. A large number of rural water supply schemes were non-functional due to poor maintenance/non-payment of electricity bills. The water quality monitoring for detection of chemicals, pesticides, toxic/heavy metals and bacteriological contamination was poor. Data discrepancies in the Integrated Management Information System and that maintained by the implementing agencies undermined the reliability of the system as a viable tool for monitoring.

2.1.6.10 Recommendations

- The institutional set up should be strengthened for effective coordination, implementation and monitoring of the schemes taken up under NRDWP;
- Water security plan at the village and district levels should be prepared to ensure sustainable drinking water supply to the rural population;
- Timely release of State's matching share, submission of utilisation certificates and annual action plans should be ensured to receive full allocation from GoI;
- State Government should conduct monitoring and evaluation studies of the water supply programme for taking corrective action and improving the quality of programme implementation; and
- The integrity of data maintained in the integrated management information system needs to be restored for effective monitoring of programme at various levels.

The matter was referred to the Government in September 2013; their reply was awaited as of January 2014.

School Education and Sports Department

2.2 Implementation of Information and Communication Technology Scheme in Secondary and Higher Secondary Schools in Maharashtra

The Government is implementing the Information and Communication Technology Scheme in secondary and higher secondary schools of Maharashtra on Built, Own, Operate and Transfer model with a view to enhancing the quality of teaching and creating an environment for self-learning. The Scheme is implemented in two phases covering 3,000 schools. Performance audit of the Scheme for the period 2008-09 to 2012-13 revealed delay in commencement of phase-II and procurement of software, deficient infrastructure in computer laboratories, use of pirated software, non-installation/updation of anti-virus software, shortfall in imparting training to the teachers and laxity in monitoring and supervision of the Scheme. The key findings are highlighted below.

Highlights

The School Education and Sports Department took nine months to finalise the tendering process and another year to award the contracts leading to delay in commencement of phase-II of the ICT Scheme in 2,500 schools by two academic sessions. After the award of contracts, the initially approved 220 out of 2,500 schools were replaced by another set of schools, without the prior approval of the Ministry Human Resources Development.

(Paragraphs 2.2.6.1(a) and 2.2.6.1(b))

Multimedia-based computer aided learning software was supplied by the contractors after lapse of first two academic years. The Department procured and supplied the MS-Office software belatedly leading to further delay in commencement of phase-II in all the 2,500 schools by eight months. The School Management software was not activated by the contractors in number of schools thus, not permitting the Department to capture and present school and student data in a meaningful manner.

(Paragraphs 2.2.6.1(c) to 2.2.6.1(e))

The infrastructure in computer laboratories was deficient. The computers were not connected to the local area network. Internet provided by the contractors was either slow or not-working. In one school in Amravati district, food grains supplied under mid-day meal Scheme were stored in the ICT laboratory due to which, the speakers, microphones, false ceilings etc. were damaged by the rats.

(Paragraph 2.2.6.3(a))

The operating system software provided by the contractors was pirated. Anti-virus software were either not installed or updated by the contractors. There was delay in appointment of instructors ranging from three to more than 365 days. The instructors did not possess the requisite

qualification and the prescribed numbers of teachers were not trained by them.

(Paragraphs 2.2.6.3(b) to 2.2.6.3(d))

The monitoring and supervision of the Scheme was lax. The State Government did not conduct third party evaluation of the Scheme and no student evaluation examinations were conducted in any of the 2,500 schools of phase-II even after expiry of more than two academic sessions. In some schools, the ICT laboratories were not handed over by the contractors to the school managements after conclusion of phase-I. The State Government was yet to devise a mechanism for post-contract use of ICT laboratories.

(Paragraph 2.2.6.4)

2.2.1 Introduction

The Ministry of Human Resource Development (MHRD), Government of India (GoI) introduced (December 2004) a Scheme named “Information and Communication Technology (ICT) in Schools”, a Centrally Sponsored Scheme with the following objectives:

- To make all the students of secondary and higher secondary level ICT literate;
- To enable computer-aided teaching and learning for all the subjects in all the classes;
- To develop age and class-appropriate e-content for use in classes;
- To create an environment of self learning;
- To bring about a change in the trend from teacher-centric education to student-centric education by making use of the technical support mechanism; and
- To enhance the quality of teaching and learning through ICT.

In Maharashtra, the Scheme is implemented by the School Education and Sports Department (Department) on Built, Own, Operate and Transfer (BOOT) model in two phases of five years each. In phase-I (April 2008 to March 2013) 500 secondary and higher secondary schools¹ and in phase -II (July 2011 to July 2016) 2,500 secondary and higher secondary schools¹ were covered. The phase-I of ICT Scheme covered class VIII to XII while phase-II covered class V to XII. The phase-I was completed in May 2013.

Under the Scheme, basic infrastructure such as, adequate room with safety, ventilation, electricity and Microsoft (MS) Office software was to be provided by the Department. The supply of the operating system and other related software² including installation, commissioning and maintenance of hardware/equipment were to be done by the BOOT contractors. Ten computers with a projector, printer, generator/UPS along with internet connection were also to be provided by the BOOT contractors to each school. Financial arrangement between the Centre and the State for the

¹ Including private aided as well as Government schools

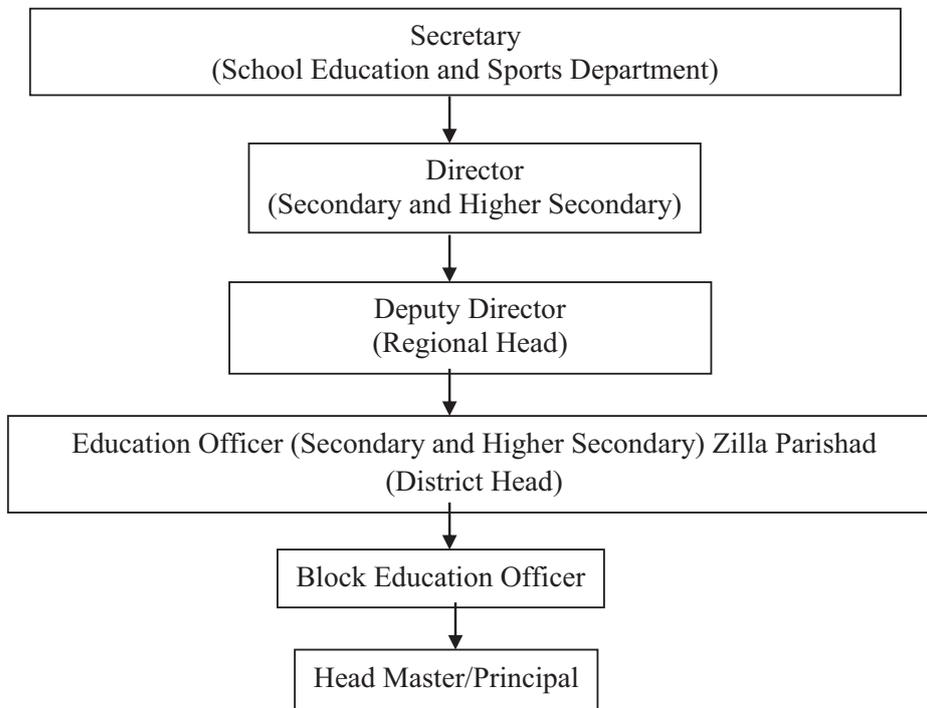
² Educational software and anti-virus

implementation of the Scheme is in the ratio of 75:25. The GoI's share is restricted to ₹ five lakh per school for five years or ₹ one lakh per school per year.

The BOOT contractor was to provide one full time instructor to each school for the entire duration of the contract. After completion of contract period of five years, the contractors were to handover the assets in good working condition to the concerned schools.

2.2.2 Organisational set up

The Secretary, School Education and Sports Department, Government of Maharashtra (GoM) is responsible for budgetary control, release of funds and overall administration and implementation of the Scheme through Director of Education, Maharashtra State, Pune. The organizational set up of the Department for implementation of the Scheme is given below:



2.2.3 Audit objectives

The objectives of performance audit were to assess whether:

- the planning process was adequate and effective;
- allotment of funds was adequate and fund management was effective;
- the Scheme was implemented efficiently and effectively; and
- the internal controls and monitoring mechanism were effective.

2.2.4 Audit criteria

The criteria for performance audit were derived from the following documents:

- Guidelines of ICT Scheme issued by GoI from time to time and minutes of meeting of Project Monitoring and Evaluation Group of the MHRD;
- Computer Education Plan of the State Government;
- Contracts executed between GoM and BOOT contractors; and
- Circulars and instructions issued by GoI and GoM from time to time.

2.2.5 Scope and methodology of audit

The ICT Scheme is being implemented in all the eight regions of the State viz., Mumbai, Pune, Nashik, Kolhapur, Aurangabad, Latur, Amravati and Nagpur in two phases covering 3000 schools (phase-I: 500 and phase-II: 2,500). Eight³ districts (25 per cent from each region) and 233 schools (25 per cent from each selected district) were selected randomly based on simple random sampling without replacement method.

The performance audit was carried out during April to June 2013 and records for the period 2008-09 to 2012-13 in the offices of the Director of Education, Pune, District Education Officer of Zilla Parishads (ZP) of selected districts and 116 out of 233 schools (phase-I: 37 and phase-II: 79) through field visits were examined. The remaining 117 schools (phase-I: six and phase-II: 111) were requested to furnish information in the prescribed questionnaire through post. Audit received information from 89 out of 117 schools (phase-I: two and phase-II: 87). No response was received from the remaining 28 schools as of December 2013.

An entry conference was held on 20 May 2013 with the Additional Chief Secretary, School Education and Sports Department to discuss the audit objectives. The audit findings were discussed in the exit conference held on 17 October 2013 with the Additional Chief Secretary. The Government furnished its reply in October 2013 which has been suitably incorporated at appropriate places.

2.2.6 Audit findings

2.2.6.1 Planning

(a) Replacement of schools without the approval of MHRD

As per guidelines issued (December 2004) by the GoI, each State/UT was required to formulate a Computer Education Plan (CEP) indicating the steps already taken and the assistance which they further required. A Project Monitoring and Evaluation Group (PMEG) under the Chairmanship of the Secretary, MHRD was to approve the State CEPs.

The PMEG approved (November 2008) 2,500 secondary and higher secondary schools under phase-II in Maharashtra and MHRD sanctioned and released (February 2010) the first instalment of ₹ 12.5 crore with the condition that in case the State Government desired to make any change in the approved list of schools, the same may be done with prior approval of MHRD. Contracts for

³ Thane, Ahmednagar, Nashik, Satara, Beed, Nanded, Amravati and Nagpur

phase-II were executed (April 2011) on BOOT model with three contractors⁴ for the period July 2011 to July 2016.

Scrutiny of records (June 2013) of the Director of Education, Pune revealed that after award of contracts in April 2011 for phase-II, 220 out of 2,500 schools initially recommended by the GoM and approved by MHRD were replaced by the GoM with another set of 220 schools between August 2011 and January 2012 without prior approval of MHRD, based on contractors' survey reports that indicated lack of infrastructure in the initially selected 220 schools.

Clearly, 220 schools were initially recommended by the GoM to MHRD without conducting an assessment of the availability of infrastructure facilities in those schools. While this was indicative of inadequate planning by the GoM, this also delayed the commencement⁵ of ICT laboratories in the 220 replaced schools.

The Government stated (October 2013) that it has full powers to carry out changes in the list of schools already sanctioned by MHRD as per Government Resolution (GR) of 15 April 2010 and thus, the changes made were not required to be referred to MHRD.

The reply is not acceptable, as paragraph 3 of MHRD, GoI sanction of 10 February 2010 clearly stipulated that if the State Government desired to make any changes in the approved list of schools, the same should be done with the prior approval of MHRD.

(b) Delay in commencement of phase-II of ICT Scheme

As per sanction accorded by MHRD, GoI (February 2010), phase-II for 2,500 schools was to commence from academic session 2009-2010. However, GoM formed a Steering Committee⁶ (SC) and an Implementation Committee⁷ (IC) only in February 2009. The tenders for selection of BOOT contractors were invited in July 2009.

Technical bids were opened on 16 October 2009 by the IC. Of the seven bidders, four were found to be qualified and their financial bids were opened on the same day and submitted to the SC for approval. However, the SC directed (29 October 2009) the IC to re-verify the technical bids with the assistance of the State e-Governance Monitoring Team (SEMT)⁸. Accordingly, the IC re-examined (15 January 2010) the technical bids and of the three initially disqualified bidders, two were found to be technically qualified and their financial bids were opened on the same day. Three⁴ out of six bidders were finally short-listed for implementation of phase-II which was approved by the GoM in March 2010.

⁴ i) M/s NIIT, Chennai for Nagpur, Amravati and Aurangabad regions (1013 Schools);
ii) M/s Core Project and Technologies, Mumbai for Mumbai, Pune and Kolhapur regions (947 Schools); and iii) M/s Educomp Solutions, Gurgaon, for Nashik and Latur regions (540 Schools)

⁵ ICT laboratories commenced between August 2011 and January 2012 with delays ranging from one to six months

⁶ Responsible for taking policy decisions relating to ICT Schemes

⁷ Responsible for finalization of tenders, implementation of ICT Scheme, *etc.*

⁸ SEMT was formed by Department of Information and Technology, GoM

Audit scrutiny revealed that one of the unsuccessful bidders (M/s Everonn Education, Chennai) filed (March 2010) a writ petition in the Mumbai High Court against one of the successful bidders (M/s Core Project and Technologies, Mumbai). The stay initially given by the Mumbai High Court in March 2010 was subsequently vacated in April 2010. However, instead of executing the contracts with the successful bidders immediately, the Department took another 12 months and awarded the contracts in April 2011 at a total cost of ₹ 314.50 crore.

The sequence of events indicated that the Department initially took nine months to finalise the tendering process (July 2009 to March 2010) and another year to award the contracts leading to delay in commencement of the Scheme by two academic sessions (2009-10 and 2010-11).

The Government stated (October 2013) that though the stay was vacated in April 2010, it was decided not to implement the Scheme in the midst of the academic session 2010-11 as it was likely to affect the scheduling of the classes as planned by schools and the State Government.

The reply is not acceptable because after the stay was vacated in April 2010 the Government had ample time to implement the Scheme from the academic session 2010-11 which commenced from July 2010.

(c) Delay in procurement of MS-Office software

As per contracts concluded for phase-II in April 2011, the contractors were required to establish computer laboratories within 75 days of handing over of the site by the school management. MS-Office software was to be provided by the Department.

Audit observed that an order for supply of software was placed with M/s Microsoft Corporation, Singapore only in January 2012 and the software was received in February 2012. Thus, delay in procurement of the software by the Department resulted in delay in commencement of ICT Scheme in all the 2,500 schools under phase-II by eight months (July 2011 to February 2012).

The Government stated (October 2013) that initially, the BOOT contractors were instructed to load the Open Office software at the factory level in all the computer systems. However, in order to ensure that ICT operations do not get hampered, MS-Office software were procured subsequently and installed in all the systems.

The explanation given by the Government is not acceptable as MS-Office software should have been procured *ab inito* and installed in the systems for ensuring smooth implementation of the ICT Scheme.

(d) Non-activation of School Management Software

School Management Software is web based and total menu driven, user friendly, complete suite of software modules that empower one to automate various process of school education management without data redundancy and proper inter module interface.

As per Annexure-I to the scope of contracts (phase-II) signed with BOOT contractors in April 2011, the Department was to provide the software while

the contractors were required to install and maintain⁹ it. The Department placed an order (January 2012) for procurement of this software free of cost from M/s Microsoft Corporation, Singapore along with purchase of MS-Office.

Audit observed that in 71 out of 166 schools¹⁰, the software was not activated by the BOOT contractors and hence, could not be used in the schools. Consequently, the Department was not able to capture and present school and student data in a meaningful manner by integrating admission management, student billing, student attendance, student report card, staff appraisal, store management *etc.* into one integrated easy-to-use application.

The Government accepted (October 2013) the audit observation.

(e) Delay in supply of Computer Aided Learning Software

As per Clause 4.3 of the contracts concluded by the Department with BOOT contractors (April 2011) for phase-II, the contractors were required to supply Multimedia based Computer Aided Learning (CAL) Software for Class V to XII as per approved syllabus for various subjects. The software was to be technically evaluated by a Committee appointed by the Director of Education, Pune at no extra cost to the contractors.

Audit scrutiny revealed that the contractors purchased the CAL software between June 2011 and January 2012 and the Director of School Education constituted a technical Committee in January 2012. The Committee submitted (June 2012) its report to the Department, indicating various errors in the software. Finally, error free CAL software was supplied to the schools only in June 2013 by which time two academic sessions (2011-12 and 2012-13) had already gone by.

The Government stated (October 2013) that the errors in the software were minor in nature which were subsequently corrected and installed in the systems and thus, did not affect adversely e-learning.

The reply furnished by the Government is not acceptable as error free software was made available in all the phase-II schools only after loss of two academic sessions.

(f) Delay in implementation of phase-III

Even though the PMEG recommended (May 2011) coverage of 5,000 schools under phase-III from 2011-12 for a period five years, tenders were invited in March 2012 and finalised in March 2013. Phase-III was yet to commence (December 2013).

2.2.6.2 Financial management

The project cost of phase-I (2008-2013) for 500 schools was ₹ 42 crore while for 2,500 schools under phase-II (2011-2016) it was ₹ 314.50 crore. The details of total budget provision and total expenditure incurred on ICT Scheme during 2007-14 for phase-I, II and III was as under:

⁹ The term 'maintenance' relates to online/offline telephonic activation, online updates or other technical support for the entire BOOT period of five years

¹⁰ 79 schools through field visits and 87 schools through questionnaire

Table 1: Total budget provision and total expenditure incurred during 2007-14 for phase-I and II (₹ in crore)

Year	Total Requirement			Budget Provision			Actual allotment	Actual expenditure incurred	Percentage of actual	
	Phase I	Phase II	Total	Central Share (75 per cent)	State Share (25 per cent)	Total			allotment to total requirement of funds	expenditure to budget provision
2007-08	0.00	0.00	0.00	0.00	14.00	14.00	4.2	4.2	0.00	30.00
2008-09	9.87	0.00	9.87	35.00	2.00	37.00	1.7	1.7	17.22	4.59
2009-10	7.56	0.00	7.56	24.00	1.23	25.23	9.95	9.95	131.61	39.44
2010-11	7.56	0.00	7.56	59.00	18.40	77.40	5.36	5.36	70.90	6.93
2011-12	7.56	82.00	89.56	60.00	12.75	72.75	23.55	23.55	26.29	32.37
2012-13	7.56	56.61	64.17	80.00	21.33	101.33	56.65	56.65	88.28	55.90
2013-14	1.89	56.61	58.50	339.00	113.00	452.00 ^{ss}	71.48	71.48	122.19	--
Total	42.00	195.22	237.22	597.00	182.71	779.71	172.89	172.89		
Source	Requirement worked out as per contract conditions for phase-I, II and III			Civil budget estimates of School Education and Sports Department (Demand No.E-2) of respective years			Figures provided by the Department			
^{ss} Rs. 452.00 crore includes the budget provision for phase III covering 5000 schools										

As could be seen from the table above that against the requirement of ₹ 237.22 crore, the Department allotted only ₹ 172.89 crore (72.88 per cent) during 2007-08 to 2013-14. Further, the percentage of actual allotment to total requirement of funds was more during 2009-10 (131.61 per cent) and 2013-14 (122.19 per cent) while during 2008-09, 2010-11, 2011-12 and 2012-13 it was less and ranged between 17.22 and 88.28 per cent. During 2007-08 to 2012-13, the percentage of actual expenditure to total budget provision ranged between 4.59 and 55.90 per cent.

2.2.6.3 Implementation of the Scheme

Audit observations based on scrutiny of information obtained from 205¹¹ schools with regard to implementation of the ICT Scheme are detailed below.

(a) Deficient infrastructure in computer laboratories

As per Clause 6.2 of contracts for phase-I and II, the contractors were to provide and maintain computers, printers, projectors, UPS, Generators, furniture, fans, tube lights etc. in good working condition during the period of contract.

Stolen hardware/equipment not replaced by contractors

As per Clause 13 of contracts of phase-I and II, the contractors were to insure all the equipment at their cost against theft, burglary, fire and natural calamities for their full value and submit the insurance documents to the Director of Education and the Headmasters (HM) or Principals of the concerned Schools.

In 113 schools, insurance documents were not submitted by the contractors to the HM/Principals of the schools.

Further, in 16 schools, hardware/equipment¹² were stolen between September 2008 and May 2013. The contractors replaced the stolen equipment only in six schools. In the remaining 10 schools, equipment as detailed in **Appendix 2.2.1** were not replaced by the contractors.

¹¹ 116 schools (phase-I: 37, phase-II: 79) through field visits and 89 schools (phase-I: two, phase-II: 87) through questionnaire

¹² LCD monitors, key boards, mouse, CPU, Web Camera etc.

The Government (October 2013) stated that all the hardware/equipment had since been replaced by contractors in 10 schools.

However, supporting documents furnished by the Government along with the reply did not contain the details of the replaced equipment in six out of 10 schools.

Slow/ non-working internet

As per contract conditions (phase-I and II), internet connection of at least 256 kbps, wherever available, was to be provided by the contractors.

In 52 schools (phase-I: 14 and phase-II: 38), the HMs/Principals expressed dissatisfaction over the internet facility provided in view of either slow speed or non-working of the internet. In 53 schools (phase-I: 5 and phase-II: 48), the internet connection was deactivated due to non-payment of internet charges by the contractors. In another seven schools of phase-II, internet connection was provided only in March 2013 although the ICT laboratories in these seven schools were commissioned in September 2011.

The Government (October 2013) stated that the contractors have supplied 3G data cards and the internet connectivity was good.

The Government furnished the confirmation reports on satisfactory working of internet connections only in 24 out of 52 schools. Regarding deactivation of internet connections in 53 schools, documentary evidence for restoration of connections was provided for 15 schools. No reply was furnished by the Government for delay in providing internet connectivity in seven schools of phase-II.

Computers were not connected to network

As per contract conditions (phase-I and II), a 16 port switch networking (Local Area Network) was to be provided by the contractors.

Audit observed that in 14 schools (phase-I: 4 and phase-II: 10), although 16 port switch was provided by the contractors, these were not connected to LAN. Hence, the projector and the printer in these 14 schools had to be attached to only one computer.

The Government stated (October 2013) that the contractors have since re-instated the LAN connections in all the 14 schools. However, it furnished compliance reports in respect of only eight out of 14 schools.

Computers provided without speakers

In 27 phase-II schools (20 from Nagpur, five from Satara and two from Amravati), the computers and multimedia projectors were provided without speakers.

The Government stated (October 2013) that as per terms of tender, the contractors were not supposed to supply the speakers. However, considering the students' interest, the contractors had since supplied the speakers in all the 27 schools.

Speakers are an essential part of ICT mode of education. The exclusion of speakers from the BOOT contracts showed inadequate planning in framing the

contract conditions. Further the Government did not furnish the details of supply of speakers in seven out of 27 schools.

Damaged false ceilings in ICT laboratories

As per terms and conditions of contracts (phase-I and II), false ceilings were to be provided by the BOOT contractors in the ICT laboratories.

In two¹³ schools, the false ceilings were found damaged.



Damaged ceiling at ZP High School, Mukrambad, Nanded

In respect of ZP High School, Mukrambad, Nanded, the Government stated (October 2013) that due to heavy rains during school vacations, the ceiling got damaged which had since been repaired.

Deteriorated condition of ICT laboratories

Audit observed that in Rashtrapita Mahatma Gandhi Vidyalaya, Susarda, Dharni, District Amravati food grains supplied under Mid-day Meal Scheme were stored in ICT laboratory due to which the speakers/microphones, false ceilings *etc.* were damaged by the rats. This indicated lack of awareness among the Principal/HM with regard to safety and protection of ICT assets.



Food grains stored in ICT laboratory at Rashtrapita Mahatma Gandhi Vidyalaya

The Government accepted (October 2013) the audit observations and stated that food grains had since been shifted to another location.

Non-maintenance of log books for recording downtime of computers

As per Clause 11.1 of contracts of phase-I and II, contractors were required to maintain log books for recording downtime of the computers and other accessories and submit the same to HMs/Principals every week.

In 64 schools (phase-I: 21 and phase-II: 43), log books were not maintained.

¹³ 1) ZP High School, Mukrambad, Nanded; and 2) B.B.Jadhao High School, Vasai, Thane

The Government stated (October 2013) that the log books have been updated in the respective schools.

The reply is not acceptable as the log books were not at all maintained during the currency of contracts and therefore, the question of updation of log books does not arise. Further, the log books cannot be updated from retrospective effect.

(b) Deficiencies in provision of software

Use of pirated operating system

As per the terms and conditions of contracts¹⁴ concluded with BOOT contractors for phase-I and II, licensed operating system software (Windows XP and Linux for phase-I and Windows 7 for phase-II) were to be provided by the contractors.

Audit observed that in four¹⁵ schools (phase-I: one and phase-II: three), the operating system software provided by the contractors were not the licensed version.

The Government stated (October 2013) that necessary action has now been taken to ensure that schools do not use pirated operating system.

The reply is not acceptable as use of pirated operating system by the contractors in the ICT Scheme violated the contract conditions and also pointed to absence of oversight mechanism in the Department.

Non-activation of MS-Office software and use of pirated software

The Department procured (February 2012) 25,000 licenses (10 licenses for each school of phase-II) of MS-Office 2010 Pro Plus (64 bit) software at a cost of ₹ 3.38 crore and distributed to the contractors of phase-II for installation.

As per procedure prescribed for the installation of MS-Office software by the Microsoft Company, the licences should be registered with the Company through permanent product key. After registration, any updates and support to the software are provided by the company to the authorised users of the software.

Audit observed that in four¹⁶ phase-II schools, pirated version of MS-Office software was in use. Further, in another two¹⁷ phase-II schools, although the software was installed, it was not activated.

The Government stated (October 2013) that necessary action has now been taken to ensure that schools do not use pirated MS-Office software.

¹⁴ Annexure 1A of Technical Specifications of operating system software appended with phase-I and II contracts

¹⁵ 1. V.K. Lakhani High School Madhyamik Vidyalaya, Thane 2. Shastri Hindi High School, Virar, Vasai Dist Thane. 3. New English School, Boregaon, Wai Dist Satara 4. Bawadhan High School, Bawadhan Wai, Dist Satara

¹⁶ 1) B.B.Jadhav High School, Vasai, Thane; 2) Shastri Hindi High School, Virar, Thane; 3) New English School, Mahimangad, Satara; and 4) Raja Bhagwantrao High School, Aundh, Satara

¹⁷ 1) New English School, Boregaon, Wai, Satara; and 2) Bawadhan High School, Bawadhan, Wai, Satara

The reply clearly shows the failure of the Department to enforce the legally binding services that were expected to be provided by the BOOT contractors.

Non-installation/non-updating of anti-virus software

As per terms and conditions of contracts¹⁸ (phase-I and II), the contractors were required to provide and maintain anti-virus with updates for the entire period of contract.

Audit observed that in 27 schools (phase-I: 13 and phase-II: 14), anti-virus software was not installed and in 64 schools (phase-I: 7 and phase-II: 57), the software was not updated by the contractors.

The Government stated (October 2013) that due to summer vacations in the schools, regular patches could not be updated earlier.

The reply is not acceptable as it was the sole responsibility of the contractors to maintain and update the anti-virus software. Further, the Government did not furnish any explanation for non-installation of anti-virus software in 27 schools.

(c) Inadequacies in appointment of instructors and imparting of training to teachers

Lower qualification of instructors

As per terms and conditions of contracts¹⁹ (phase-I and II), one full time instructor (faculty) was to be deployed by the contractors at each school having minimum qualification of basic graduation with post graduation diploma in Computer Applications/DOEACC 'A' level/BCA or higher from reputed institutions.

Audit observed that in 98 schools (phase-I: 23 and phase-II: 75), the qualifications possessed by the instructors were lower²⁰ than that mentioned in the contract conditions, resulting in dilution of training quality.

The Government stated (October 2013) that phase-I project was completed in May 2013 and most of the faculty were out of city for further employment. The BOOT contractors would provide the proof of qualifications possessed by the faculty within 30 days, which was awaited in audit.

Shortfalls in imparting training to teachers

As per Clauses 8.1 and 8.3 of contracts (phase-I and II), the role of the instructor was to provide computer education to the students and impart training to at least five schools teachers including the HMs/Headmistresses of the schools (per year) in computer aided learning and computer education.

In 12 phase-II schools, the prescribed number of teachers was not imparted training.

¹⁸ Annexure 1A of Technical Specifications of operating system software appended with phase-I and II contracts and Annexure 1 to the Scope of Contract- Paragraph No. 17 appended with phase-II contract

¹⁹ Annexure 1 to the Scope of Contract; Paragraph 2 of phase-I and II contracts

²⁰ The instructors were not even basic graduates and possessed other qualifications such as, Diploma in Computer Applications, Maharashtra State-Certification in Information Technology (MS-CIT) – an online examination which can be taken by any 10th passed student

The Government stated (October 2013) that the contractors had imparted training to the teachers in all 12 schools but, furnished documentary evidence in respect of only two out of 12 schools.

Delay in appointment of instructors

The BOOT contracts (phases-I and II) concluded by the Department do not specify the time frame within which the instructors were to be appointed. Audit observed that in 40 schools (phase-I: 5 and phase-II: 35), the instructors were appointed after a delay ranging from three days to more than 365 days, after the establishment of computer laboratories. The details are indicated below:

Table 2: Delay in appointment of instructors

Delay (in months)	No. of schools involved
Up to 1	14
1-2	5
2-3	5
3-4	2
4-5	6
5-6	0
6 -12	6
More than 12	2

The Government stated (October 2013) that the phase-I project was closed in May 2013. The faculty appointment orders would be provided by the contractors within 15 days, which was awaited (December 2013).

(d) Other violations of contract conditions

Non-availing of benefits of ICT Scheme during vacations

As per paragraph 4.4 of GR dated 15 April 2010, it was binding on the contractors/vendors to allow use of computer laboratories by the students during Diwali and summer vacations. This GR was an integral part of phase-II contract signed in April 2011 and therefore, expected to be followed scrupulously by the contractors.

Audit observed that in 49 phase-II schools, the HMs/Principals were not aware of this condition of contract and thus, the computer laboratories of these 49 schools could not be utilised by the students during Diwali/summer vacations.

The Government stated (October 2013) that as per the contract condition, the laboratory may be used in vacations by the local population but not by the students.

The Government's reply is not tenable in view of GR dated 15 April 2010 which was an integral part of the contract.

Non-maintenance of student attendance registers

As per Clause 11.1 of contracts (phase-I and II), the contractors were required to maintain a separate attendance register for each class/section for recording attendance of the students.

Physical verification by audit in 35 schools (phase-I: 12 and phase-II: 23) revealed that student attendance registers were not maintained by the contractors. In the absence of attendance registers, the exact number of students who had actually attended ICT classes was not verifiable.

The Government stated (October 2013) that student attendance was being recorded in separate printed format and the relevant records were maintained in school ICT laboratories.

The contention of the Government could not be verified as no documentary evidence was furnished to audit in this regard.

2.2.6.4 Monitoring and evaluation

(a) Non-inspection of equipment installed

As per Clause 5.3 of phase-I and II contracts, the contractors were required to provide to the Department a list of the equipment, computer hardware and software along with each equipment's specifications/serial number/license number *etc.* (wherever applicable), upon their installation and commissioning in each school. The contractors were also required to provide the same list to each school. The Department, through its authorised representatives, was to inspect the equipment to ensure total quality compliance by the contractors.

Audit scrutiny revealed that no such inspections were carried out by the Department or through its authorised representatives in any of the 3,000 schools (500 of phase-I and 2,500 of phase-II).

The Government acknowledged the audit observation and stated (October 2013) that the Director of Education, Pune is planning to conduct third party evaluation very shortly.

(b) Non-supervision by Education Officer

During the presentation given by the Department in the entry conference held on 20 May 2013, it was pointed out that at the district level, the Education Officer (ZP) was responsible for monitoring the implementation of the ICT Scheme.

However, during performance audit of ICT Scheme, in 111 schools (phase-I: 24 and phase-II: 87), no inspections were found to have been carried out by the District Education Officers.

The Government stated (October 2013) that no separate inspection was mandatory by the District Education Officer. Routine inspections are sufficient to monitor the Scheme.

The Government's reply is not in harmony with that stated in the presentation made in May 2013.

(c) Non-evaluation of the Scheme through an independent agency

The Scheme guidelines of GoI (December 2004) lay down that the States should explore the possibility of getting the Scheme evaluated through an independent agency. The objectives of such evaluation were to study and evaluate the:

- impact made on students' achievement;

- impact made on teacher capacities and practices; and
- overall model of implementation of the Scheme.

In a meeting held in May 2011, the PMEG observed that the State Government has not got the ICT Scheme evaluated and therefore, it was suggested that the Government should get a third party evaluation done immediately. However, no such evaluation was carried out as of October 2013.

The Government accepted (October 2013) the audit observation and stated that a third party evaluation would be conducted shortly.

(d) Capacity building of school heads

The head of the schools were responsible for the school level implementation of the Scheme.

In 121 schools (phase-I: 25 and phase-II: 96), the HMs/Principals stated that no training /guidelines on implementation of the Scheme were given to them by the Department. Thus, they were not aware of the contract conditions or well equipped to implement the Scheme.

The Government stated (October 2013) that guidelines of the Scheme was given to all the HMs of the schools. The contractors had also guided the HMs from time to time about the Scheme.

The reply furnished by the Government lacks conviction because, if the heads of the schools had been adequately trained and informed of the contract conditions timely, the deficiencies in the implementation of the Scheme as pointed out in **paragraph 2.2.6.3** could have been avoided.

(e) Handling of ICT assets and equipment after contract period

As per Clause 9.1 of phase-I contract signed in February 2008, at end of the contract period, the computer laboratories including software and hardware were to be handed over by the contractors to the school managements in good working condition. To an audit observation as to how the Department was going to manage the IT assets and other equipment after the contract period of five years was over, the Director of Education, Pune opined in June 2013 that no decision has been taken so far with regard to use of ICT laboratories after termination of phase-I contract.

Test check of records in 17 schools of phase-I revealed that no instructions were received by the school management from the higher authorities with regard to use of ICT laboratories²¹ post-contract, which also confirmed the opinion expressed by the Director of Education in June 2013. In addition, in 12 schools of phase-I, the laboratories were not handed over by the contractors to the school managements even after the expiry of the contract period.

The Government stated (October 2013) that it has circulated the handing over formats to all the schools in June 2013 and the duly filled in formats have since been received from all the schools duly countersigned by the District

²¹ Maintenance of computer hardware, stationery and consumables, fuel charges for generators, telephone charges for internet connections, electricity charges for operating the ICT laboratories *etc.*

Education Officers. However, audit observed that the formats did not contain any instructions for the school managements as to how the ICT assets and equipment were to be used and maintained post-contract.

(f) Non-conducting of evaluation examinations

As per Clause 7.1 of contract of phase-II, payment at six *per cent* per year of the total contract value (30 *per cent* for five years) was to be made to the contractors based on the performance of the students in an annual examination in computer subject to be conducted by the Director of Education, Pune as detailed in **Table 3**.

Table 3: Norms for performance based payment

Sr. No.	Percentage of students passed	Payment to be released
1.	70 to 100	100 <i>per cent</i>
2.	60 to 70	75 <i>per cent</i>
3.	50 to 60	50 <i>per cent</i>
4.	40 to 50	25 <i>per cent</i>
5.	Less than 40	0 <i>per cent</i>

Audit scrutiny revealed that even after expiry of more than two academic sessions²² during which the contractors imparted training to students in 2,500 phase-II schools, no evaluation examinations were conducted in any of the schools as the mechanism for conducting the examination was not devised by the Director of Education. Audit further observed that an amount of ₹ 37.74 crore payable to the contractors based on the performance of the students in annual examinations in the first two years of the Scheme was initially withheld by the Department. However, ₹ 35.79 crore was subsequently released (September 2013) by the Department to the contractors, after it was realised that the accountability for not holding the examinations lay with it and the contractors were not to be blamed for the situation.

The Government accepted (October 2013) the facts and stated that necessary steps for conducting the evaluation examinations for the third year (2013-14) in all the 2,500 schools were being taken.

Thus, due to non-conducting of evaluation examinations, the BOOT contractors were unduly benefited to the extent of ₹ 35.79 crore.

(g) Lack of internal mechanism for overseeing the implementation of the Scheme

As per the revised guidelines of GoI (February 2011), the main parameters for monitoring would include timely installation of requisite hardware, power supply, supply of specified software, engagement of teaching and administrative staff, teachers training, extent of use of e-content developed *etc.* The State Government was thus, expected to have an internal mechanism for overseeing the implementation of the Scheme through a monitoring Committee constituted for the purpose. The State Government was also expected to undertake a monitoring mapping at each level *i.e.* School, District and State level.

²² 2011-12 and 2012-13, up to December 2013

Audit observed that there was no internal mechanism in place for overseeing the implementation of the Scheme by the Department. The Director of Education, Pune informed audit in October 2013 that each BOOT contractor has formed a three level monitoring mechanism which included a project manager (at school level), district manager (at district level) and zonal manager (at zonal level) to oversee the implementation of the Scheme. The Department, it appeared, was relying on the BOOT contractors for monitoring of the Scheme instead of having its own mechanism. The Director of Education also confirmed that no meetings were held at the Regional level by the Deputy Director of Education in connection with the implementation of ICT Scheme (phase-II). Only periodic updates were obtained from the respective District Education Officers for the general meetings.

2.2.7 Conclusion

The implementation of ICT Scheme in the secondary and higher secondary schools of Maharashtra was deficient. The planning for 2,500 phase-II schools was poor leading to delay in commencement of the Scheme by two academic sessions (2009-10 and 2010-11). The Department procured the MS-Office software belatedly which further pushed the commencement of phase-II by eight months. The School Management software was not activated by the contractors in number of schools thus, not permitting the Department to capture and present school and student data in a meaningful manner. There was delay in supply of error-free multimedia based computer aided learning software. The infrastructure in computer laboratories was deficient. The computers were not connected to the local area network. Internet provided by the contractors was either slow or not-working. There were instances of stolen hardware/equipment from the schools. In one school, food grains supplied under mid-day meal Scheme were stored in the ICT laboratory due to which, the speakers, microphones, false ceilings *etc.* were damaged by the rats. The operating system software provided by the contractors was not the licensed version. Anti-virus software was either not installed or updated by the contractors. There was delay in appointment of instructors ranging from three to more than 365 days. The instructors did not possess the requisite qualification and the prescribed numbers of teachers were not trained by them. The monitoring and evaluation of the Scheme was lax. The State Government did not conduct third party evaluation of the Scheme and no student evaluation examinations were conducted in any of the 2,500 schools even after expiry of more than two academic sessions. In some schools, the ICT laboratories were not handed over by the contractors to the school managements after conclusion of phase-I. The State Government was yet to devise a mechanism for post-contract use of ICT laboratories.

2.2.8 Recommendations

The Government may:

- ensure that the contractors fulfil their obligations timely and as per terms and conditions of the contracts;
- conduct student evaluation examinations for phase-II of the ICT Scheme at the earliest;
- devise a suitable policy for effective management and use of ICT laboratories of phase-I; and
- strengthen its monitoring and evaluation mechanism.

Urban Development Department

Mumbai Metropolitan Region Development Authority

2.3 Implementation of Mumbai Urban Infrastructure Project

The Mumbai Metropolitan Region Development Authority (MMRDA) initiated a project called Mumbai Urban Infrastructure Project (MUIP) at an estimated cost of ₹ 2,647 crore, with the objective of improving road network for efficient traffic dispersal in Greater Mumbai. The project was approved by GoM in November 2003 for completion by November 2006. The performance audit of MUIP covering the period 2008-09 to 2012-13 revealed that only 38 out of 157 items of works were taken up for execution as of November 2013 on which an expenditure of ₹ 3,736 crore was incurred which was 41 per cent more than the overall sanctioned cost of ₹ 2,647 crore. Works were awarded without availability of clear sites leading to foreclosure of works. The manual provisions and tender conditions were not followed which led to extra expenditure in number of works. There were inadequacies in Project Management Consultancy agreements. Internal controls and monitoring mechanism were lax. The key findings are highlighted below.

Highlights

The Mumbai Urban Infrastructure Project approved by the GoM at an estimated cost of ₹ 2647 crore for completion by November 2006 was beset with time and cost overruns. Of the 157 items of works planned to be completed at an estimated cost of ₹ 2,647 crore by November 2006, only 38 items of works were taken up, incurring an expenditure of ₹ 3,736 crore by the end of November 2013. The remaining 119 items of works were abandoned by MMRDA.

(Paragraph 2.3.6.1)

The execution of contracts was deficient. In seven test-checked contracts valuing ₹ 1,029.63 crore, additional works of ₹ 94.05 crore were awarded to the original contractors without inviting tenders in violation of Maharashtra Public Works manual. In two cases, the works were foreclosed after incurring an expenditure of ₹ 19.50 crore, due to non-availability of clear sites.

(Paragraph 2.3.6.5)

The agreements signed with the consultants were open-ended. In the absence of any cap on their fee, the fee payable to them tended to increase with the increase in the project cost. Despite appointment of consultants, excess quantities ranging from 25 per cent to 1,05,657 per cent were executed in eight test-checked contracts due to change in dimension of foundations/piers and additional scope, modification of road profile to protect utilities, incorrect approximations and assumptions made while carrying out initial surveys etc.

(Paragraph 2.3.6.7)

The internal controls and the monitoring mechanism were weak. The measurements were not recorded periodically by the consultants and the MMRDA and the measurement books did not indicate the dates of

measurements and the progressive quantities of works executed. The prescribed number of measurements recorded by the consultants was also not test-checked by the Engineers. No monthly meetings were held during 2008-13 to review the progress of projects.

(Paragraph 2.3.6.9)

2.3.1 Introduction

Mumbai Metropolitan Region Development Authority (MMRDA) was established in January 1975 by the Government of Maharashtra (GoM) under the MMRDA Act, 1974 as an apex body for planning and co-ordination of development activities in Mumbai Metropolitan Region¹. MMRDA functions under the administrative control of the Urban Development Department (UDD), GoM. MMRDA initiated a project called Mumbai Urban Infrastructure Project (MUIP) at an estimated cost of ₹ 2,647 crore with the objective of improving the road network for efficient traffic dispersal in Greater Mumbai. The MUIP was approved by the GoM in November 2003. To achieve the objectives, the items of works to be undertaken for implementation of MUIP was categorised into three priorities i.e. Priority I, II and III to be completed within three years i.e. up to November 2006. The works under Priority II and III were to be taken up only on completion of works of the preceding Priority.

The main objectives envisaged to be achieved under MUIP were to:

- provide major North-South road links in suburbs including a Mass Rapid Transit connectivity; strengthen/augment the East-West connectivity in the suburbs; provide efficient/fast public transport corridors.
- facilitate safe and convenient movement for pedestrians (Subways/foot over bridges/footpaths) including Station Area Traffic Improvement Schemes.
- provide high capacity uninterrupted connectivity to airport, SEEPZ², MIDC³ areas and remove railway level crossings in Mumbai.

The MMRDA also decided (December 2007) to undertake projects for efficient traffic dispersal in the Municipal Corporations of Thane, Navi Mumbai, Kalyan-Dombivali, Mira-Bhayandar Municipal Corporations and Municipal Councils of Panvel, Vasai-Virar under extended MUIP at an estimated cost of ₹ 1,493.26 crore.

2.3.2 Organizational set up

The overall supervision and control of all the activities vests with MMRDA which consists of 17 members with the Minister for Urban Development, GoM as its chairman. The Executive Committee of MMRDA consists of nine members with Chief Secretary to GoM as its Chairman and is responsible for planning and implementation of projects of MMRDA. The Metropolitan Commissioner heads the MMRDA.

¹ Includes Municipal Corporation of Greater Mumbai, Thane, Kalyan-Dombivali, Navi Mumbai, Ulhasnagar, Bhiwandi-Nizampur, Vasai-Virar and Mira-Bhayandar; Municipal Councils of Ambarnath, Kulagaon-Badlapur, Matheran, Karjat, Panvel, Khopoli, Pen, Uran and Alibaug along with more than 1,000 villages in Thane and Raigad districts

² Santacruz Electronics Export Processing Zone

³ Maharashtra Industrial Development Corporation

2.3.3 Audit objectives

The audit objectives were to assess whether:

- planning for development/creation of infrastructure was done effectively;
- sound financial management was in existence;
- works were executed efficiently, effectively and economically; and
- inspection and monitoring of works were effective.

2.3.4 Audit criteria

The audit criteria have been derived from the following documents:

- Mumbai Metropolitan Region Development Authority Act, 1974;
- Maharashtra Public Works Manual;
- Maharashtra Public Works Accounts Code; and
- Government Resolutions (GRs) and circulars issued by GoM from time to time.

2.3.5 Audit scope and methodology

The Performance Audit of MUIP was conducted between March and July 2013 covering the period 2008-09 to 2012-13. For this purpose, records at MMRDA were examined. Besides, 27 out of 115 contracts⁴ (23 per cent) awarded under MUIP and 10 out of 31 contracts (32 per cent) awarded under extended MUIP were selected for audit using stratified sampling method⁵. The audit objectives and audit criteria adopted for performance audit were discussed with the Metropolitan Commissioner, MMRDA in the entry conference held on 20 May 2013. Audit findings and conclusion were discussed in the exit conference held on 30 October 2013. All the recommendations were discussed in the exit conference and accepted by the Metropolitan Commissioner.

2.3.6 Audit findings

2.3.6.1 Planning for the project

Planning is an integral part of project implementation. Sound planning is necessary to ensure that a project is executed and completed effectively, efficiently and economically. Though MMRDA prepared (June 2003) the Master Plan⁶ of MUIP with a timeline of three years for completion of the Projects, the execution remained largely incomplete as discussed below.

⁴ Contracts awarded upto November 2011

⁵ Based on the value of tender, the contracts were stratified as follows (i) above ₹ 100 crore (100 per cent check); (ii) between ₹50 and ₹ 100 crore (67 per cent check); (iii) between ₹ 25 and 50 crore (19 per cent check); and (iv) less than ₹ 25 crore (18 per cent check)

⁶ The Master Plan *inter alia* envisaged review of the adequacy/deficiency of the existing road networks; establish technical, financial and economic feasibility on each Scheme; prioritisation of the feasible Schemes and fixing time frame; recommend funding options and the implementation programme

Non-adherence to Master Plan

The GoM approved (November 2003) the Master Plan of MUIP at an estimated cost of ₹ 2,647 crore⁷ which involved execution of 157 items of works⁸. The works were to be taken up in the Island City of Mumbai and its Eastern and Western suburbs within the jurisdiction of Municipal Corporation of Greater Mumbai (MCGM) as per the fixed priorities.

Though the works under MUIP were to be completed within three years (November 2006), only 38⁹ out of 157 items of works (24.20 *per cent*) as envisaged in the Master Plan were undertaken by MMRDA. In financial terms, against the estimated cost of ₹ 2,647 crore for 157 items of works, works valuing ₹ 1,552.96 crore were taken up for 38 items of works, indicating a deficit of 41 *per cent*. Whereas, the actual expenditure incurred on 38 items of works as of November 2013 was ₹ 3,735.76 crore (**Table 2**). The remaining 119 items of works were not taken up by MMRDA even after a lapse of more than seven years (December 2006 to January 2014). Further analysis revealed that only 37 out of 101 items of works (36.63 *per cent*) were taken up under Priority I while one out of 29 items of works (3.45 *per cent*) was undertaken under Priority II. No works were taken up under Priority III.

While only 11 *per cent* of works¹⁰ under MUIP were completed as of November 2006, the MMRDA, on the demand of local representatives, decided (December 2007) to take up another project called 'extended MUIP' at Thane, Navi Mumbai, Kalyan-Dombivali, Mira-Bhayandar Municipal Corporations and Panvel, Vasai-Virar Municipal Councils falling outside the jurisdiction of MCGM at an estimated cost of ₹ 1,493.26 crore. The extended MUIP envisaged 31 works which included construction of flyovers, subways, widening of roads *etc.* The extended MUIP commenced from January 2009 and the MMRDA used its own funds for the execution of the works. An expenditure of ₹ 945.49 crore had been incurred till November 2013 under extended MUIP.

Metropolitan Commissioner in the exit conference stated (October 2013) that the MUIP *per se* was not a project but loosely tied bundle of works and only a small percentage of works have been completed. The MCGM under whose jurisdiction the works were to be executed, did not release its share of ₹ 300 crore and instead, took up and completed 49 works. As a result, the target of MMRDA under MUIP was reduced to that extent. The Principal Secretary, Urban Development Department further added that with the passage of time the priorities shifted from roads and bridges to public transport like metro corridors and rail corridors and accordingly, a conscious decision was taken by the MMRDA to not take up the remaining MUIP works which were thought to be localised and related to the Urban Local Bodies (ULB).

⁷ Priority I: ₹ 1,980 crore (Island City: 26 works, Western suburbs: 23 works, Eastern: 52 works; Total 101 works); Priority II: ₹ 497 crore (Island City: 8 works, Western suburbs: 10 works, Eastern: 11 works; Total 29 works); and Priority III: ₹ 170 crore (Island City: one work, Western suburbs: 19 works, Eastern: 7 works; Total 27 works)

⁸ 157 items of works translates into 267 structures

⁹ 38 items of works translates into 64 structures

¹⁰ Of the total 115 work orders placed (for 38 items of works comprising 64 targetted structures), only 13 works were completed as of November 2006

The reply of Metropolitan Commissioner/Principal Secretary is not acceptable as even after spending ₹ 3,735.76 crore on merely 38 items of works as of November 2013 (against the original estimates of ₹ 2,647 crore for 157 items of works) and then abandoning the whole project midway, on the plea of shifting of priorities, clearly indicated flaws in the planing for the MUIP. The contention of Metropolitan Commissioner that the MCGM had completed 49 works is not acceptable because these works were not included in the Master Plan of MUIP. Further, Audit noticed that no proposal to treat MUIP as complete was forwarded to GoM for ratification. Further verification by Audit revealed that 10 other works valuing ₹ 34.41 crore were undertaken by MMRDA between January 2009 and April 2011 within the jurisdiction of MCGM (the ULB for Mumbai and Greater Mumbai) which nulifies the contention of the Metropolitan Commissioner that the MMRDA was not mandated to take up localised works related to ULBs.

2.3.6.2 Financial management

The funding pattern approved by the GoM in November 2003 for MUIP is shown in **Table 1**.

Table 1: Approved and actual funding pattern

(₹ in crore)

Particulars	Number of targetted structures	Name of agencies and funds contribution					Total
		MMRDA	GoM	MCGM	GoI	Megacity ¹¹	
Funds sharing as approved by GoM with reference to approved cost of ₹ 2647 crore	267 (for 157 items of works)	1247.00 (47)	500.00 (19)	300.00 (11)	100.00 (4)	500.00 (19)	2647.00 (100)
Funds actually contributed and expended up to November 2013 with reference to approved share	64 (for 38 items of works)	3162.52 (254)	113.40 (23)	00.00 (00.00)	51.68 (52)	408.16 (82)	3735.76 (141)

Source: Government Resolution of November 2003 and information furnished by MMRDA; Figures in bracket indicate percentage

The table above indicates that against 47 *per cent* contribution envisaged to be made by MMRDA, the funds actually contributed and expended by MMRDA was 254 *per cent* of its initially approved contribution. Further, the MCGM did not contribute its share of ₹ 300 crore for the project but executed 49 regular works¹², as also admitted by the Principal Secretary. The MMRDA did not avail of other funding options such as, auctioning of commercial space under flyovers, levy of toll, cess on buildings, contribution from end beneficiaries like Mumbai Port Trust, levy of betterment charges under Section 26 of MMRDA Act, 1974 *etc.* as envisaged under the Master Plan.

¹¹ Megacity Scheme was launched by GoI in 8th Five year Plan and was applicable for five metropolitan cities of India. The funds for the Scheme in Mumbai were channelized through MMRDA and project related finance was provided for urban infrastructure. The Scheme was discontinued in 11th Five Year Plan

¹² 49 works included - concretisation of existing roads and laying of paver blocks on the roads and footpaths, which were executed in three Divions (Eastern suburbs, Western suburbs and City) but not mentioned in the Master Plan of MUIP; an expenditure of ₹ 761.13 crore was incurred by MCGM on these 49 works

During exit conference, the Principal Secretary stated (October 2013) that though there was a provision of betterment charge in the MMRDA Act it was not easy to implement. Steps are being taken to simplify the process and link it to the sale of property. The Metropolitan Commissioner stated that auctioning of commercial space under flyovers could not be done due to High Court orders and other security restrictions imposed by the Police and levy of toll was not feasible to implement within the city limits.

2.3.6.3 Implementation of project

Targets and achievements

The physical and financial status of works taken up under MUIP as on November 2013 is shown in **Table 2**.

Table 2: Physical and financial status of works taken up under MUIP

(₹ in crore)

Priority	Total items of works	Cost	Items of works actually taken up	Estimated cost of works taken up	Expenditure on works taken up
Priority I	101	1,980.00	37	1,501.96	3,443.60
Priority II	29	497.40	1	51.00	292.16
Priority III	27	170.18	Nil	Nil	Nil
Total	157	2,647.58	38	1,552.96	3,735.76

Source: Master plan and information furnished by MMRDA

As could be seen from the **Table 2** above, against the estimated cost of ₹ 2,647 crore envisaged for the completion of 157 items of works, the actual expenditure incurred was ₹ 3,735.76 crore (November 2013) in respect of merely 38 items of works (initial estimated cost : ₹ 1,552.96 crore). **Table 2** also reveals that MMRDA did not take up the remaining 119 items of works (75.80 per cent) valuing ₹ 1,094.62 crore.

The component-wise break up of works targeted, taken up and shortfalls under MUIP is given in **Table 3**.

Table 3: Component-wise works targeted, taken up and shortfall under MUIP

Components	Number of targeted structures	Number of structures taken up	Shortfall	Shortfall percentage
Number of Development Plan Roads (Length in km)	134 (462.28)	18 (155)	116 (307.28)	86.57 (66.47)
Number of Elevated Roads	10	2	8	80.00
Number of Flyovers	41	13	28	68.29
Number of Rail Over Bridges	16	2	14	87.50
Number of Vehicular Subways	10	5	5	50.00
Number. of Pedestrian Subways/Foot Over bridges	56	24	32	57.14
Total	267	64	203	76.03

Source: Master plan and information furnished by MMRDA

As seen from **Table 3**, there was significant shortfall in taking up development plan roads, elevated roads, flyovers, Rail Over Bridges (ROB) and Pedestrian subways/Foot Over Bridges (FOB).

The shortfalls are discussed as under:

- For Mumbai city and suburbs, MMRDA was to prepare a traffic dispersal model for efficient mobility and connectivity. However, no such model was prepared as of January 2014.

- Construction of efficient and fast public transport corridors, bus priority lanes and bus corridors for improving productivity of BEST buses, bus terminals and depots with integrated facilities especially in potential corridors¹³, were not taken up.
- Construction of Station Area Traffic Improvement System (SATIS) for improving access roads to suburban railway stations and providing rapid and efficient traffic dispersal system was not taken up.



Traffic congestion at Dadar Station



Traffic congestion at Kurla Station

- The MUIP envisaged removal of traffic congestion at important junctions¹⁴ by constructing flyovers and widening of roads. However, due to non-execution of works in these important junctions the traffic congestion problem remained unresolved as evident from the photographs below.



Traffic congestion at Tardeo Haji Ali road



Traffic congestion at Nana Chowk

- Under MUIP, 16 ROB's were proposed to be constructed to eliminate rail crossings. However, only two ROB's at Milan sub-way and Dahisar were constructed in the Western suburbs.
- A six lane Eastern Freeway road connecting Prince of Wales Museum to Anik Junction was to be constructed. However, only four lanes were constructed.

¹³ Eastern Express Highway, Western Express Highway, Western Relief Road, Lal Bahadur Shastri Road, Swami Vivekanand Road, Anik Panjarpole Link Road, V.N. Purav Marg, Andheri Ghatkopar Link Road, Aarey Colony Road, Dr. E. Moses Road, Senapati Bapat Marg, Baburao Jagtap Road, N.M. Joshi Road

¹⁴ Nana Chowk, Keshavrao Khade Marg from Haji Ali to Mahalaxmi railway station (via Tardeo), Sardar Vallabhbhai Patel Marg (Nal Bazar to Opera House), Sane Guruji Marg at Jacob Circle (Saat Rasta), Dr. E. Moses Road (Worli Naka to Mahalaxmi railway station)

2.3.6.4 Time and cost overruns

For execution of 38 items of works under MUIP and 31 works under extended MUIP, 146 contracts (115 + 31) were awarded between March 2004 and November 2011 at a total cost of ₹ 3,201 crore of which, 37 contracts (27 under MUIP and 10 under extended MUIP) valuing ₹ 2,517.22 crore were examined in audit. Of the 146 contracts, 113 works were completed between 2006-07 and 2011-12 and 33 works were ongoing as of November 2013.

There was cost overrun of ₹ 1,016.01 crore in 90 out of 146 contracts (62 per cent) while the cost overrun in 25 out of 37 test-checked contracts (68 per cent) was ₹ 693.96 crore up to November 2013. The time overrun in 29 out of 37 test-checked contracts ranged between two and 79 months. In 27 out of 29 test-checked contracts, there was time overrun due to delay in acquisition of land/encroachments (six cases), shifting of utilities (two cases), rehabilitation of project affected persons (two cases), change in original design (13 cases) and other reasons (four cases). A case in point is the construction of Anik-Panjarpole Link Road which is discussed below:

The work of construction of *Anik-Panjarpole Link Road in Eastern suburbs* was awarded (April 2004) to a contractor at a cost of ₹ 148.03 crore to be completed by April 2007. However, due to delays in acquisition of land and rehabilitation of project affected persons (PAPs), works valuing ₹ 9.19 crore was completed up to April 2007. The physical progress of work was 91.56 per cent and an expenditure of ₹ 263.42 crore was incurred up to November 2013. The delay of 79 months up to November 2013 also resulted in cost overrun of ₹ 115.39 crore.

2.3.6.5 Deficiencies in execution of contracts

MMRDA did not formulate any Code or Manual for regulating the execution of works through contractors nor did it adopt the Maharashtra Public Works (MPW) Manual formulated by GoM. The deficiencies noticed in the execution of contracts are discussed below:

Awarding of works without inviting tender

As per paragraph 200 of MPW Manual, tenders should be invited publicly for all works to be given on contract except extra items for which tenders have originally been invited publicly and which are required to be executed while the original work is in progress and which are inseparable from the original contract and cannot be conveniently done by a different agency.

Audit scrutiny revealed that in seven test-checked contracts valuing ₹ 1,029.63 crore, additional works of ₹ 94.05 crore were awarded to the original contractors without inviting tenders in violation of MPW manual (**Appendix 2.3.1**). Two test-checked cases (Sl. No.1 and 7 of **Appendix 2.3.1**) are discussed below.

- The work of construction of *Eastern Freeway section from Panjarpole to Chembur Mankurd Link road (Chainage 0/000 to 2/500 km)* was awarded (August 2009) to a contractor at a cost of ₹ 168.02 crore to be completed in 18 months (February 2011). However, in September 2011, additional works of elevated road from tunnel end to Panjarpole junction (4/500 to 5/000 km) and service and slip road were awarded to the same contractor at an additional cost of ₹ 44.80 crore without inviting tenders. The Superintending Engineer (SE), MMRDA stated (June 2013) that had

separate tenders been invited for a small length of 500 metres, offers could have been on the higher side and also the bidders would have to be provided with separate land for casting yard which would have delayed the execution. The reply is not acceptable in view of the provisions contained in the MPW Manual. Further, the contention of the SE of higher rates if fresh tendering had been done is a mere assumption without any supporting data.

- The work of *Improvement of Vasai-Sativali-Kaman Road (Package III)* was awarded (August 2009) to a contractor at a cost of ₹ 31.39 crore to be completed in 18 months (February 2011). Subsequently, based on the instructions of the Chief Engineer, MMRDA the work of construction of a minor bridge on this road, in consonance with the Development Plan for avoiding traffic jams, was awarded (January 2011) to the same contractor at a cost of ₹ 1.27 crore as extra item, indicating defective estimation for the work.

Avoidable expenditure due to change in design

In three of the 37 test-checked contracts, it was observed that the designs were changed by the MMRDA during execution of works resulting in extra expenditure as discussed below.

- In the work of construction of *Eastern Freeway section from Panjarpole to Chembur Mankhurd Link road* as discussed above, the elevated freeway was initially planned to be connected with the existing ROB at first level at Govandi. At the time of finalising the General Arrangement Drawings (GAD) and after checking the condition of the existing Govandi ROB, it was decided to take the elevated freeway at the second level over the Govandi ROB. Accordingly, the revised proposal was submitted to MCGM and railway authorities for approval. In December 2010, MMRDA decided to execute the work as per the original design as approvals from railways and MCGM was not forthcoming. Consequently, five piers already constructed in accordance with the revised design had to be cut in order to match the revised vertical profile, for which an expenditure of ₹ 1.02 crore was incurred. In addition, foundation ramp 3, 4 and 5 which were already cast at a cost of ₹ 1.89 crore were rendered redundant as the Bharat Petroleum Company Limited (BPCL) high pressure gas pipeline was found running parallelly, resulting in wasteful expenditure of ₹ 1.89 crore. The Project Management Consultant (PMC) who was paid an amount of ₹ 32.36 lakh (July and September 2010) for survey and preparation of GAD failed to point out the alignment of BPCL gas line.
- The work of construction of *Flyover at Amar Mahal Junction on Eastern Express Highway (EEH)* was awarded (June 2009) at an estimated cost of ₹ 59.51 crore to be completed by June 2011. However, before awarding the contract, MMRDA did not obtain No Objection Certificate (NOC) from the Public Works Department (PWD) who was responsible for the maintenance of the EEH. However, after receipt of NOC from the PWD, the alignment of flyover had to be shifted to ensure that three lanes of the road were available for traffic movement. The change in alignment also necessitated construction of two span of the flyover using structural steel

instead of pre-stressed concrete, resulting in an extra expenditure of ₹ 8.73 crore.

- The MMRDA awarded (July 2009) the work of construction of *Flyover at Kapurbavdi junction to Maharashtra State Road Development Corporation* on deposit basis. However, the alignment of the flyover had to be shifted by 20 metre as it was overlapping the alignment of the proposed monorail project in Thane-Bhiwandi-Badlapur corridor. Due to change in alignment/design an expenditure of ₹ 3.80 crore on construction of storm water drain and ₹ 1.21 crore on shifting of utilities had to be incurred. Audit further observed while the work order for construction of flyover was placed in July 2009, the feasibility study of the monorail project already stood conducted in January 2009. Thus, by not taking into account the feasibility report of the monorail project before awarding the flyover project, the MMRDA incurred an avoidable expenditure of ₹ 5.01 crore.

Foreclosure of works due to non-availability of clear site/non-removal of encroachments

As per Paragraph 251 of the MPW manual, no work should commence on land which has not been duly made over by the responsible civil officer. The roads constructed by the MMRDA are required to be handed over to the MCGM/PWD for further maintenance. Audit however, observed that the manual provisions were not followed as revealed in two cases discussed below.

▪ Widening of Andheri-Kurla Link Road

The work order for *Widening and construction of Andheri-Kurla Link Road (AKLR) on the Sakinaka, Jari Mari Road and Kale marg stretch* was awarded (March 2004) to a joint venture company at a cost of ₹ 14.93 crore with stipulated date of completion of 12 months. The total length of AKLR was 4.83 km. The alignment of AKLR was passing through thickly populated area and 1,383 structures existed at the time of awarding the work. However, without removing these structures, MMRDA issued the work order. Consequently, after incurring an expenditure of ₹ 3.87 crore, the work was foreclosed in December 2005. The MMRDA could not furnish the related documents (work order, tender, running account bills, payments made to PMC, measurement books etc.) to Audit stating that the records were being searched. However, till December 2013 the records were not produced to Audit.



Traffic congestion at Andheri Kurla Road

The MMRDA reawarded the work (December 2006) to another joint venture company at an estimated cost of ₹ 24.45 crore for completion within 15

months (March 2008). However, after completion of only 500 metres of the Jari Mari stretch admeasuring 1.45 km till January 2008 and incurring an expenditure of ₹ 10.74 crore, the work was foreclosed as the existing structures continued to hinder the work. The incomplete work was handed over to the MCGM in March 2008.

▪ **Widening of Main Link Road at Oshiwara**

The work of road *Widening of the Main Link Road (MLR) at Gilbert Hill-I, Oshiwara* was awarded (June 2008) to a joint venture company at a cost of ₹ 7.06 crore to be completed by June 2009. The company was unable to execute the work due to non-availability of clear site and the work was foreclosed in June 2009. A payment of ₹ 72.57 lakh was made to the company on account of pavement works (₹ 53 lakh), drainage works (₹ nine lakh), excavation and dismantling of structures on roadways (₹ nine lakh) etc.



Narrow lane at Gilber Hill II, Oshiwara

Similarly, the *Road widening work of MLR at Gilbert Hill-II, Oshiwara* awarded (June 2008) to the same company at a cost of ₹ 7.13 crore was foreclosed after incurring an expenditure of ₹ 4.16 crore¹⁵, due to non-removal of encroachments by MMRDA from the site. The incomplete work was handed over to the MCGM in August 2009.

Thus, the decision of MMRDA to undertake the road improvement works were not backed by sound strategy of removal of all the hinderances before award of works, leading to their foreclosure after incurring an expenditure of ₹ 19.50 crore.

Inadequacies in preparation of estimates

As per Paragraph 140 (2) of MPW Manual, estimates should be prepared in sufficient detail to ensure that the responsible officer has given proper consideration to the requirements of the work. Audit noticed inadequacies in preparation of estimates in two out of 37 test-checked contracts resulting in time and cost overruns as discussed below.

- *Construction of Anik Panjarpole Link Road* was awarded (April 2005) at a cost of ₹ 148.03 crore. Subsequent to award of work, an expenditure of ₹ 23.21 crore was incurred on construction of compound wall, drains, water tank, toilet, religious structures etc. during 2009-13 as extra items. Incorrect preparation of estimates resulted in an extra expenditure of ₹ 7.64 crore, being the difference between the rates at which the extra items were awarded and the SoR¹⁶ at the time of award of work.

¹⁵ Pavement works (₹ 2.88 crore); drainage works (₹ 54 lakh); general items (₹ 32 lakh); excavation (₹ 15 lakh) etc.

¹⁶ Schedule of Rates

- The work of *Providing mastic asphalt wearing course on Eastern Express Highway (Package 11)* was awarded (February 2007) to a contractor at a cost of ₹ 7.76 crore. The work was foreclosed (May 2008) after partial execution (expenditure incurred: ₹ 1.72 crore) due to several road skidding accidents caused by application of mastic asphalt. Subsequently, the entire work was re-sanctioned (March 2009) as an extra item and got re-executed through another contractor by using bituminous concrete at a cost of ₹ 4.83 crore. Thus, awarding of the initial contract without assessing the potential danger of mastic asphalt resulted in wasteful expenditure of ₹ 1.72 crore.

2.3.6.6 Irregular payments to contractors

Inadmissible payment of price escalation

The PWD vide GR of 16 May 2005 revised the price escalation formula included in the tender document. As per the revised formula, price escalation was payable only on labour, material, petrol, oil and lubricant, bitumen, high yield steel deformed and mild steel, cement and cast iron and ductile iron pipes. Audit observed that in 10 out of 37 test-checked contracts awarded after May 2005, price escalation of ₹ 2.52 crore (**Appendix 2.3.2**) was paid to contractors for plant and machinery, spares and structural steel components, which was inadmissible.

The Chief Engineer, MMRDA stated (June 2013) that the escalation clause for all the components including plant and machinery was provided in the tenders as a regular practice. It added that had the formula been changed bidders would have quoted higher. The reply is not acceptable as price escalation was allowed on items that were not included in the GR.

Further, for the work of *Design and construction of flyovers of Bharatmata Cinema, Lalbaug Junction on Dr. Babasaheb Ambedkar Road under package II*, Audit observed that the contractor was allowed escalation on ₹ 11.73 crore instead of ₹ 8.10 crore being the net amount arrived at after recovery of ₹ 3.63 crore on account of reduced depth in pile foundation. This led to an excess payment of price escalation amounting to ₹ 77.98 lakh as detailed in **Appendix 2.3.3**.

Payments made in violation of tender provisions

In two out of 37 test-checked contracts, the MMRDA made an irregular payment of ₹ 1.91 crore to the contractors in violation of tender provisions. The cases are discussed below.

- Work of *Construction of ROB across Western Railway Tracks between Dahisar and Mira Road* was inclusive of the rates for launching of girders as per the schedule rate of item stipulated in the tender. However, the contractor was sanctioned (July 2010) an extra amount of ₹ 1.06 crore on account of hiring of hydraulic cranes for placing the girders which was irregular.
- For the *Work of Eastern Freeway Section from Panjarpole to Chembur Mankhurd Link Road*, the contractor was paid ₹ 84.83 lakh as extra item for deploying traffic wardens for regulating the traffic, though the tender conditions clearly stipulated that no separate payment towards traffic diversion/direction measures would be payable. The PMC appointed for

the project also failed to point out the inadmissibility of the payment. The SE, MMRDA stated (June 2013) that provision of traffic wardens were made as per directions of Traffic Police.

Payment made without obtaining completion certificate/ payment vouchers

Public utilities like electric cables, electric poles, water pipelines, sewer lines *etc.* which are required to be shifted/relocated needs to be done by the contractor under the supervision of the owner of such utilities. Payments made by the contractors to the utility owners was reimbursable by MMRDA on production of payment receipt and a certificate of completion from the owners of such utilities. Audit scrutiny revealed that in the work of *Widening of Shilphata-Mahape road, Navi Mumbai* the contractor was reimbursed ₹ 48 lakh on account of supervision charges paid to MSEDCL¹⁷ for shifting of electrical lines. However, the completion certificate from MSEDCL and payment voucher in token of supervision charges having been paid by the contractor were not available on record.

Avoidable expenditure on encasing of pipeline

The MMRDA awarded (January 2008) the work of *Designing and construction of flyover on Dr. Babasaheb Ambedkar Road in Package-I* on lump sum basis to a joint venture company at a cost of ₹ 111.90 crore to be completed by September 2009.

Though the company was informed by the MCGM during site visits about the existence of underground water pipelines through the alignment of flyover, the company did not take necessary precaution while drilling at site for pile foundation, causing damage to the water pipelines. Consequently, MMRDA had to pay ₹ 20 crore to the company for encasing¹⁸ of pipelines. MMRDA however, did not recover the cost of encasing from the company for its failure to take precautionary action during pile foundation work.

Short-recovery of Value Added Tax

As per Circular of GoM of March 2008, Value Added Tax (VAT) at the rate of two *per cent* and four *percent* is to be recovered from registered contractors/societies and un-registered contractors/societies respectively in all cases where the cost of works is more than ₹ five lakh.

Scrutiny of test-checked contracts revealed that VAT at the rate of two *per cent* instead of four *per cent* was recovered from two unregistered contractors resulting in short-recovery of ₹ 2.21 crore as shown in **Table 4**.

Table 4: Short recovery of VAT (₹ in crore)

Name of work	Date of award of work	Expenditure incurred	RA Bill No. (Date)	Short-recovery
Construction of seven FOBs along the Eastern Express Highway	02 June 2008	12.79	Up to 10 th (June 2011)	0.26
Flyover at Kapurbavdi Junction	24 July 2009	97.38	Up to 21 st (December 2012)	1.95
Total		110.17		2.21

¹⁷ Maharashtra State Electricity Distribution Company Limited

¹⁸ Provision of suitable reinforced cement concreting at relevant points affected by pile foundation in order to avoid any damage to underground pipelines

Non-deduction of VAT at the applicable rates also indicated weak internal controls in MMRDA.

2.3.6.7 Inadequacies in Project Management Consultancy

The MMRDA appointed 12 Project Management Consultants (PMC) in 37 test-checked contracts for the works executed under MUIP and extended MUIP. As per Terms of References (ToR) of the agreements, the PMCs *inter alia* were responsible for following:

- Preparation of tender documents, evaluation of offers, certification of bills of contractors;
- Carry out detailed topographical surveys and geo-technical investigations, detailed designs for preparation of estimates;
- Ensure high quality construction in full compliance with the engineering designs, technical specifications and contract documents within the stipulated period; and
- Preparation of Cadastral Maps¹⁹ for precisely identifying lands and any structures which are affected by the projects so as to enable preparation of land acquisition proposals.

Audit observed that the lowest offers of the PMCs, which were invariably quoted as a percentage of the tendered costs, were accepted without any cap. Consequently, whenever the works got delayed due to change in designs, delays in acquisition of land, non-availability of clear sites due to encroachments, utility shifting, non-clearance of structures at sites, rehabilitation of PAPs *etc.* the PMCs stood to gain on account of increase in the cost of works. During exit conference, the Principal Secretary accepted the audit observation.

It is also pertinent to mention that the MMRDA had 113 Engineers/technical persons in position as against the sanctioned strength of 71. Despite excess deployment of technical persons, consultancy fee amounting to ₹ 117.28 crore was paid to 23 PMCs during the period 2004-05 to 2013-14 (November 2013) in 79 contracts, which lacked justification.

Further, the purpose of appointment of PMCs was also not served as discussed in the succeeding paragraphs.

Improper survey and preparation of estimates by PMCs

As per the ToR of the agreements, the PMCs should carry out proper site surveys for preparation of estimates. A proper survey and estimation prevent wide variations and excess expenditure during execution of works.

Audit scrutiny revealed that despite appointment of PMCs, excess quantities ranging from 25 *per cent* to 1,05,657 *per cent* were executed in eight out of 37 test-checked contracts (**Appendix 2.3.4**) due to change in dimension of foundations/piers and additional scope, modification of road profile to protect utilities, incorrect approximations and assumptions made while carrying out initial surveys *etc.* The execution of excess quantities in effect, resulted in payment of higher consultancy fee to the PMCs.

¹⁹ It depicts the area, title, legal status and taxation jurisdiction of the land

The SE, MMRDA stated (June 2013) that in the work of *Eastern Freeway Section from Panjarpole to Chembur Mankhurd Link Road* (Sr. No. 2 of **Appendix 2.3.4**), the increase in quantity was due to changes in design *i.e.* instead of circular piers rectangular section was adopted to give it a aesthetic look and adoption of safe bearing capacity of 500 ton per sqm for foundation design. The reply confirms lack of proper survey before execution of work.

Excess payment made during extended period of consultancy

The MMRDA entered into an agreement (September 2009) with M/s STUP Consultants (PMC) for the work of *Eastern Freeway Section Panjarpole to Chembur Mankhurd Link Road*. Consultancy fee of ₹ 2.61 crore (1.604 per cent of total estimated cost of the project) was payable to the PMC in phases as per details indicated in the **Table 5** {(B) refers}.

Audit scrutiny revealed that the PMC was granted extension of 29 months for which an excess payment of ₹ 79.46 lakh was made by the MMRDA, in contravention of the PMC agreement as detailed in the **Table 5** {(C) refers}.

Table 5: Excess payment made to PMC for extended period

Total estimated cost of the road project: ₹ 16,261.00 lakh (A)			
Schedule of payment of PMC (B)			
1.	Total Fee payable to PMC - 1.604 per cent of (A)	₹ 260.83 lakh	
2.	Design fee (30 per cent of Sr. No. 1)	₹ 78.25 lakh	
3.	PMC fee for supervision period (70 per cent of Sr. No. 1)	₹ 182.57 lakh	
4.	Fees towards manpower deployment (70 per cent of Sr. No. 3)	₹ 127.80 lakh	
5.	Fee payable towards progress related components (30 per cent of Sr. No. 3)	₹ 54.77 lakh	
Calculation for payment to PMC for extended period (C)			
6.	Extension granted to PMC (June 2011 to October 2013)	29 months	
7.	Construction period allowed to the contractor including variation of two months (as per PMC agreement)	20 months	
8.	Payment admitted by MMRDA for extended period of 29 months granted to PMC	₹ 182.57 lakh ÷ 20 months (worked out on PMC fee for supervision period; Sr. No. 3)	₹ 9.13 lakh per month
9.	Payment admissible to PMC for extended period of 29 months as per Audit	₹ 127.80 lakh ÷ 20 months (worked out on fee towards manpower deployment; Sr. No. 4)	₹ 6.39 lakh per month
10.	Difference (Sr. No. 8 minus Sr. No. 9)		₹ 2.74 lakh per month
11.	Excess payment made by MMRDA (Sr. No. 10 x 29 months)		₹ 79.46 lakh

The SE, MMRDA stated (June 2013) that as per the PMC agreement signed in September 2009, payment for the extended period of 29 months was to be made on the supervision fee of the PMC, without further bifurcating it into manpower deployment and progress related components. The reply is not acceptable as the payment during the extended period was for deployment of manpower and therefore, as per the PMC agreement, payments for the extended period were to be made on actual man months, and the progress related components, which was part of the total supervision fee, was not be reckoned.

2.3.6.8 Irregular allotment of transit tenements

The road widening work of Main Link Road in the Gilbert Hill area at Oshiwara taken up (June 2008) by MMRDA was passing through a plot²⁰ occupied by the slum dwellers. The PMC identified 450 out of 797 slum dwellers that were expected to be affected by the road widening work.

Audit observed that the Slum Rehabilitation Authority (SRA) initiated (August 2007) a Scheme on the same plot for rehabilitation of the existing slum dwellers who had formed a Society namely Sarvadharmiya Sahakari Gruhanirman Sanstha (Society). The developer of the SRA Scheme *viz.* Grace Property India Private Limited (Developer) requested (October 2007) MMRDA for allotment of 450 tenements in the Resettlement and Rehabilitation (R&R) buildings owned by MMRDA and agreed to pay the rent, water and electricity charges *etc.* The MMRDA agreed to provide 300 tenements to the Developer on rent to accommodate PAPs for a period of two years or till the completion of the SRA Scheme, whichever was earlier. A tripartite agreement to this effect was signed (February 2008) between the MMRDA, the Developer and the Society for allotment of 300 transit tenements to the PAPs in R & R building of MMRDA.

Audit scrutiny revealed the following:

- The SRA Scheme for rehabilitation of the slum dwellers affected by the widening of the Main Link Road at Oshiwara was not initiated by the Developer as of January 2014. However, 329 PAPs (instead of 300 PAPs initially agreed upon) continued to occupy the transit tenements of the MMRDA from February 2008 to January 2014, even as the validity of allotment expired way back in February 2010.
- As mentioned in **paragraph 2.3.6.5**, the road widening works of Main Link Road in the Gilbert Hill area at Oshiwara were foreclosed in June and August 2009 due to non-availability of clear site and encroachments. Further, the SRA Scheme also never took off. The sequence of events therefore, raises doubts over the credentials of the 329 PAPs who were occupying the transit tenements of the MMRDA since February 2008.
- The Developer/329 PAPs occupying the transit tenements did not pay to MMRDA rent, electricity and water charges *etc.* for the entire duration of occupation from February 2008 till January 2014.

2.3.6.9 Internal controls and monitoring

An effective internal control system provides a reasonable assurance on overall management process and shows the extent of monitoring of operations carried out by an organization. The internal control mechanism and monitoring in the MMRDA was weak as discussed below.

Maintenance of measurement books

As per Appendix 24 of MPW Manual, payments to contractors, pieceworkers, suppliers, departmental labours should be made only after ascertaining the quantity and quality of works done.

²⁰ CTS No 208 (part), 211 (part), 212, 215 and 224 (part)

In respect of contracts awarded by the MMRDA, measurements for the works executed were to be recorded by the PMCs. Scrutiny of records of 37 test-checked contracts revealed that measurement books (MB) were not maintained in the proforma prescribed under MPW manual both by the PMCs and the MMRDA. The measurements were neither recorded periodically in the MBs by the PMCs and the MMRDA nor did the MBs indicate the dates of measurements and the progressive quantities of works executed.

The MMRDA in November 2007 stipulated that SE, Executive Engineer and Deputy Engineer should test-check five *per cent*, 10 *per cent* and 25 *per cent* of the measurements recorded by PMCs. However, in 24 out of 37 test-checked contracts, the prescribed test-checks were not conducted by the Engineers.

Monitoring of progress of MUIP works

The Metropolitan Commissioner, MMRDA issued (March 2004) instructions that a meeting should be held by the Engineering Division and the Transport and Communication Division of MMRDA in the first week of every month under the Chairmanship of the Metropolitan Commissioner, to review the progress of projects. In addition, quarterly physical and financial progress reports on implementation of MUIP works were required to be submitted to the Executive Committee of the MMRDA.

Audit observed that that no meetings were held during the period 2008-13 under the Chairmanship of the Metropolitan Commissioner. Further, quarterly physical and financial progress reports were also not submitted to the Executive Committee of the MMRDA.

2.3.7 Conclusion

The objectives of the Mumbai Urban Infrastructure Project for planning and execution of infrastructure development works in the Mumbai Metropolitan Region remained largely unachieved. Only 38 out of 157 items of works were taken up for execution on which an expenditure of ₹ 3,736 crore was incurred which was 41 *per cent* more than the overall sanctioned cost of ₹ 2,647 crore. Implementation of works suffered due to non-availability of clear sites, delay in rehabilitation of project affected persons, non-removal of encroachments/structures, delay in utility shifting, changes in designs after approval of works *etc.* leading to foreclosure of works and time and cost overruns. A number of works were awarded without inviting tenders and payments were made to the contractors in violation of tender provisions. In the absence of any cap, the remuneration paid to the Project Management Consultants increased significantly with the increase in the project costs. The monitoring and internal control mechanism were weak.

2.3.8 Recommendations

- As MMRDA has decided not to take up the remaining MUIP works, MMRDA/Government should review the Master Plan and draw up a strategy to address the infrastructure issues identified at the time of launching of MUIP;
- The MMRDA should award the works only after availability of clear and unencumbered sites so as to avoid delays and cost overruns;

- The MMRDA should secure its financial interests while hiring the services of Project Management Consultants; and
- The MMRDA should ensure that works are executed strictly as per the tender conditions and the provisions of Maharashtra Public Works Manual are complied with.

The matter was referred to the Government in September 2013; their reply was awaited as of January 2014.

Social Justice and Special Assistance Department

2.4 Audit of Social Justice and Special Assistance Department

The Social Justice and Special Assistance Department is responsible for ensuring welfare of Scheduled Castes and Nav Boudhhas, Denotified Tribes, Nomadic Tribes, Other Backward Classes, Special Backward Classes, Physically Disabled persons and other weaker sections of the society.

A Performance Audit covering the period from 2008-09 to 2012-13 revealed deficiencies in planning, financial management, implementation of Schemes, procurements etc. There were shortfalls in inspections of Government hostels, aided and ashram schools and arrears in internal audit. Tuition fee were collected from students belonging to Scheduled Castes, Other Backward Classes, Special Backward Classes and Denotified and Nomadic tribes even though they were exempt from payment of such fee. The Department did not formulate any criteria for selection of beneficiaries under Motor Driving Training Scheme. There was a delay of 11 years in formulating the Rules for issuance and verification of caste certificates to the beneficiaries belonging to Scheduled Castes, Other Backward Classes etc. Overlapping purchases of LCD TVs and bedding material were observed due to lack of coordination between the Commissioner, Social Welfare and the field units. Some of the major findings are highlighted below.

Highlights

Shortfall in inspections of Government hostels, aided schools and ashram schools to be conducted by the seven Regional Deputy Commissioners in the State ranged from 9.09 per cent to 100 per cent during 2008-13. Arrears in internal audit in six out of the seven regions in the State ranged from 14.44 per cent to 100 per cent during 2008-13.

(Paragraphs 2.4.7.1 and 2.4.7.3)

During 2008-10, two Drawing and Disbursing Officers in the Commissionerate drew ₹ 808.83 crore at the end of the respective financial years though not required for immediate disbursement.

(Paragraph 2.4.8.2)

In violation of Government orders, in seven of the nine test-checked districts, educational institutions collected (2008-13) tuition fee of ₹ 15.67 crore from 64,440 students belonging to Scheduled Castes, Other Backward Classes, Special Backward Classes and Denotified and Nomadic tribes though these students were exempt from payment of fee.

(Paragraph 2.4.9.1)

The Department did not formulate any criteria for selection of beneficiaries under Motor Driving Training Scheme. In nine test-checked districts, of the 2,667 licences issued to beneficiaries 1,827 licences (68.50 per cent) were of non-transport category which would be useful only for driving personal vehicles thereby reducing the scope of employment.

(Paragraph 2.4.9.2)

In eight out of the nine test-checked districts, the Department purchased (2004-13) 3,663.94 acres of land under Karmavir Dadasaheb Gaikwad Sablikaran and Swabhiman Yojana of which 3,522.33 acres was distributed to 1,087 beneficiaries. However, the details of actual utilisation of land distributed under the Scheme were not available on record.

(Paragraph 2.4.9.3)

There was a delay of 11 years in formulating the Rules for issuance and verification of caste certificates to the beneficiaries belonging to Scheduled Castes, Denotified Tribes, Nomadic Tribes, Other Backward Classes *etc.* As of October 2013, there were 18,313 cases pending for more than six months relating to verification of caste certificates.

(Paragraph 2.4.9.5)

Due to lack of coordination between the Commissioner, Social Welfare and the field units, instance of overlapping purchases of LCD TVs and bedding material were observed. In two of the nine test-checked districts, micro nutrients worth ₹ 21.56 lakh expired due to non-distribution to the beneficiaries before the expiry date. Though nameplates for display on houses constructed under Ramai Gharkul Yojna were not installed payment of ₹ 11.11 crore was made for this purpose, which was irregular.

(Paragraph 2.4.10)

2.4.1 Introduction

The Social Justice and Special Assistance Department (Department) is responsible for promoting social, education, economic interests of the weaker sections and in particular, welfare of Scheduled Castes and Nav Baudhas (SC), Denotified Tribes (DTs), Nomadic Tribes (NTs), Other Backward Classes (OBCs), Special Backward Classes (SBCs) and Physically Disabled persons in the society and protecting them from social injustice and all forms of exploitation. Monitoring of various Government of India (GoI) and Government of Maharashtra (GoM) programmes for the educational and economic benefits implemented through the district administration, establishment and maintenance of Government hostels for SCs, verification of caste certificates issued by the competent authorities *etc.* are some of the important functions of the Department. As per Census 2011, the SC population in the State was 1.32 crore *i.e.* 11.81 *per cent* of the total population. The population of DTs and NTs was estimated by the Department at 82.67 lakh while the population of OBCs has been estimated at 3.38 crore¹ as per the 2001 Census. The Department ensures compliances to four² Acts in the State.

¹ 35 *per cent* of the population in the State as per 2001 Census

² (i) The Scheduled Castes and the Scheduled Tribes (Prevention of Atrocities) Act, 1989;
ii) The Persons with disabilities (Equal opportunities Protection of Rights and Full Participation) Act, 1995;
iii) Maharashtra Scheduled Castes, Scheduled Tribes, Denotified Tribes (Vimukta Jatis) Nomadic Tribes, Other Backward Classes and Special Backward Category (Regulation of Issuance and Verification of) Caste Certificates Act, 2000; and
(iv) Maintenance of Parents & Senior Citizen Act, 2007

2.4.2 Organisational set up

The Secretary, Social Justice and Special Assistance Department is the Chief Controlling Officer (CCO) and the Head of the Department. The Commissioner, Social Welfare, Pune is responsible for the implementation of Schemes for the welfare of SCs. The Director (DT, NT, OBCs and SBCs) is in-charge for implementation of welfare Schemes for the benefit of DTs, NTs, OBCs and SBCs and the Commissioner, Social Welfare, Pune, is in-charge for implementation of welfare Schemes for the physically disabled persons. The Secretary is assisted by seven Regional Deputy Commissioners (RDCs) for monitoring the functions of the Department at the regional level, the Assistant Commissioners (AC) at the district level and District Social Welfare Officers (DSWO) at the Zilla Parishad (ZP) level for implementation of various Schemes.

2.4.3 Audit objectives

The audit objectives were to assess whether:

- effective planning was done by the Department for achieving its objectives;
- the Schemes were implemented economically, effectively and efficiently;
- provision of funds was adequate, financial management was in adherence to the financial rules, budgetary procedure and the financial reporting system were sound;
- effective monitoring system and the internal controls existed; and
- human resources were adequate and utilised optimally to fulfill the departmental mandate.

2.4.4 Audit criteria

Appropriate criteria have been derived from the following documents:

- Rules, notification, guidelines and instructions issued by the GoM and GoI from time to time;
- Maharashtra Budget Manual, 1965;
- Maharashtra Treasury Rules, 1968;
- Bombay Financial Rules, 1959; and
- Maharashtra Contingent Expenditure Rules, 1965

2.4.5 Audit scope and methodology

The performance audit of Social Justice and Special Assistance Department was conducted during April 2013 to August 2013 and records for the period 2008-13 were test-checked. For this purpose, nine³ districts were selected randomly ensuring selection of at least one district from each of the seven regions⁴ in the State, to assess the status of implementation of major Schemes and compliance to two out of the four Acts. Besides, the offices of the Secretary, Social Justice and Special Assistance Department; Commissioner,

³ Amravati, Aurangabad, Kolhapur, Latur, Mumbai City, Nagpur, Nashik, Pune and Solapur

⁴ Amravati, Aurangabad, Latur, Mumbai, Nagpur, Nashik and Pune

Social Welfare, Pune; Director (DTs, NTs, OBCs and SBCs); six out of seven RDCs (except Mumbai city); nine ACs; 47 out of 138 Wardens/House Masters of Government Hostels and six Caste Verification Committees were selected for audit. A list of test-checked Schemes and Acts is given in **Appendix 2.4.1**. Further, the findings of joint physical verification of Government hostels and beneficiary interviews⁵, conducted in the presence of departmental officials are also incorporated at appropriate places in the Report.

Audit objectives, audit criteria and the scope of audit were discussed with the Secretary in an entry conference held on 21 May 2013. Further, the audit findings were also discussed with the Secretary during an exit conference held on 20 November 2013. The Government replies to the audit observations received in November 2013 have also been incorporated at appropriate places in the Report.

Audit Findings

Institutional weaknesses

A defined mandate covering the areas of activities with objectives and goals supported by planning based on reliable inputs, internal control and monitoring mechanism are essential requirements for successful functioning of any Department. The weaknesses noticed in audit are discussed in the succeeding paragraphs.

2.4.6 Planning

2.4.6.1 Deficiency in planning for construction of residential schools

The GoM decided (June 2006) to construct 100 residential schools for SC students in the first phase out of 353 such schools to be constructed in the State. The Department accorded (February 2007) administrative approval of ₹ 442 crore (₹ 4.42 crore per school). The GoM decided to give preference to blocks having literacy below 55 *per cent* and less facilities in the form of hostels. The list of 100 schools was finalized by a Committee headed by Chief Secretary. The Commissioner and 10 ACs⁶ disbursed (March 2007 to April 2012) ₹ 571.17 crore to the Public Works Department (PWD) for construction of schools. It was observed in audit that:

- The State had 99 blocks where literacy rate was below 55 *per cent*, of which only 35 blocks were selected for establishment of residential schools in first phase.
- 24 out of 100 schools were sanctioned in areas where literacy rate was more than 55 *per cent*.
- The location of 15 out of 100 schools had to be changed due to non-availability of land. In two out of these 15 schools, land was not available even in the changed location and therefore work did not commence (August 2013) in these schools.

⁵ 34 beneficiaries under Motor Driving Training

⁶ Ratnagiri, Sangli, Nandurbar, Dhule, Solapur, Nashik, Ahmednagar, Sindhudurg, Pune and Kolhapur

- Only 63 out of 100 schools could be completed by PWD and were handed over by March 2013

The Government stated (November 2013) that land was available at 99 places for the first phase and construction has now been completed at 76 places and the objectives of the Scheme would be achieved soon.

2.4.6.2 Poor planning for procurements

The Department procures stationery, blankets, utility items such as water heaters, inverters, bio-metric systems *etc.* under various Schemes for the benefit of the students. For this purpose, proper planning for ascertaining actual requirement with reference to the existing number of beneficiaries, identification of space for installation of utilities *etc.* was to be done. Further, a centralised and coordinated procurement system was to be in place to avoid excessive and overlapping purchases.

However, it was observed that the Department purchased items such as television sets, inverters, blankets, bed sheets, *etc.* without assessing the actual requirements as a result, items procured were lying unused in the field units of the Department. The Commissioner, Social Welfare, purchased items without ensuring that similar items were not purchased at the regional and district levels. Audit observations on irregularities in purchases are discussed in **paragraph 2.4.10** of the report.

2.4.7 Monitoring

As per the targets fixed (November 2004 and September 2008) by the Department, 10 *per cent* of the Government and aided hostels and ashram schools for DTs, NTs run by NGOs were to be inspected by the RDCs every year while the ACs were required to inspect all the hostels and residential schools in the districts each year. Weaknesses noticed during audit are discussed below.

2.4.7.1 Shortfalls in inspections

The shortfalls in conducting inspections by RDCs and ACs in the test-checked districts were as detailed below:

- In respect of aided hostels there was a shortfall in inspections by RDCs in all regions ranging from 9.09 *per cent* in Aurangabad to 100 *per cent* in Mumbai, Amravati and Nashik during 2011-13 (**Appendix 2.4.2**).
- There was a shortfall of 100 *per cent* and 7.69 *per cent* in conducting inspections of Government hostels by the AC, Solapur (2010-13) and the AC, Nashik (2011-12) respectively. In case of AC, Aurangabad there was shortfall of 68.42 *per cent* in conducting inspection of ashram schools (**Appendix 2.4.3**). The Government stated (November 2013) that instructions have been issued and efforts were being made to achieve the targets fully in the year 2013-14.
- GoM decided (December 1996) to establish district-level Inspection Committees⁷ to oversee the working of the hostels and give directions

⁷ Members of Inspection Committee consisted of Education Officer, Zilla Parishad, Executive Engineer, PWD, District Health Officer; and two non-government officials recommended by Guardian Minister

for improving the working of the hostels. However, it was noticed that Inspection Committees under the Chairmanship of the district Collector were not formed in Pune, and Latur districts while formation of Inspection Committee was in progress in Nagpur district.

2.4.7.2 Non-submission of returns to CCO

The ACs and the DSWOs were required to submit monthly returns to the RDCs on maintenance of hostels, residential schools, ashram schools, implementation of various welfare Schemes and Acts by the Department. Consolidated reports prepared on the basis of information received from the field units were required to be submitted by the Commissioner, Social Welfare to the CCO. It was observed that the monthly reports detailing the status of maintenance of hostels, residential schools, ashram school, implementation of the Schemes and the compliance to the Acts were not being submitted to the CCO.

The Government while accepting (November 2013 and January 2014) the facts stated that the requisite returns would be obtained from the field offices.

2.4.7.3 Internal controls

An effective internal control system gives reasonable assurance on overall management process and shows the extent of monitoring of operations carried out by an organization. Review of the internal control system in the Department disclosed deficiencies in maintenance of financial records and internal audit arrangements.

▪ Maintenance of cashbooks

Non-reconciliation of cash books with bank accounts

Scrutiny of cash books maintained by 45⁸ DDOs revealed that there were differences between cash books and bank pass books to the extent of ₹ 108.54 crore (**Appendix 2.4.4**) as of March 2013. However, reconciliation of cash book balances with balances as per bank pass books was not done.

The Government stated (November 2013) that reconciliation was done in Latur district and instructions have been issued to the officers concerned to reconcile the differences.

Monthly verification of cash balances

As per Rule 98 (2) (iv) of Maharashtra Treasury Rules, 1968, at the end of each month, the head of the office should verify the closing cash balance in the cash book with dated signature and record the balance in words and figures.

In Kolhapur, Solapur and Pune districts, the ACs did not verify the closing cash balance at the end of each month during the entire period covered by audit.

The Government while accepting (November 2013) the facts stated that necessary instructions have been issued to all the DDOs in this regard.

⁸ Nine ACs, 23 Government hostels for boys and 13 Government hostel for girls

▪ Response to Inspection Reports

There were 750 paragraphs in respect of 297 Inspection Reports issued by the Principal Accountant General (Audit)-I and Accountant General (Audit)-II up to 31 December 2012 which were outstanding with the Department as on 30 June 2013.

▪ Internal Audit

In terms of Government Resolution (GR) issued in February 2006 and April 2010, an Internal Audit Wing (IAW) was constituted in all the seven regional offices with 34 posts. As per norms fixed (January 2007) by the Commissioner, Social Welfare, the IAW was to audit at least 15 units (hostels, residential schools and ACs' offices) per month under jurisdiction of each RDC.

It was observed that in six regions viz., Amravati, Aurangabad, Latur, Nagpur, Pune and Nashik there was shortfall in internal audit ranging from 14.44 to 100 *per cent* during 2008-13. Further, as of April 2013, compliances were not submitted to 3,281 out of 3,584 audit paragraphs issued by the IAWs.

The Government stated (November 2013) that the shortfall in conducting internal audit was due to shortage of staff.

Compliance with the Acts, Rules, Regulations, Orders, Manuals etc.

2.4.8 Fund Management

2.4.8.1 Allocation of funds and budget management

A synopsis of budget provisions and expenditure⁹ incurred by the Department during 2008-13 for welfare of SCs and OBCs is given in **Table 1**.

Table 1: Budget and expenditure of SJSA Department (₹ in crore)

Year	Original Grant	Supplementary Grant	Final Modified Grant	Expenditure	Savings	Savings percentage
2008-09	2062.25	832.19	2894.44	2871.79	22.65	0.78
2009-10	1543.86	1855.75	3399.61	3276.59	123.02	3.62
2010-11	3023.94	652.58	3676.52	3630.99	45.53	1.24
2011-12	3874.52	-2.31	3872.21	3810.15	62.06	1.60
2012-13	4597.93	43.5	4641.43	4634.26	7.17	0.15
Total	15102.5	3381.71	18484.21	18223.78	260.43	1.41

Source: Appropriation Accounts

It was observed in audit that:

- In 2008-09 the Department incurred expenditure of ₹ 3.29 crore without any budget provision for implementation of Scheme of Motor Driving Training. Further, there was saving of ₹ 2.77 crore in the Scheme of Opening and Maintenance of Government hostels.
- In 2010-11 an amount of ₹ 14.64 crore was drawn on 31 March 2011 for providing biometric systems in the Government hostels, residential schools, ashram schools and aided institutions of which, ₹ 2.97 crore was lying with the Commissioner, Social Welfare (October 2013).

⁹ Major Heads 2216, 2225, 4225 and 6225

- In 2011-12 ₹ 400 crore each was provided for urban and rural area low cost housing Scheme (Ramai Gharkul Yojana) for SC beneficiaries against which, ₹ 109 crore was surrendered in March 2012.

2.4.8.2 Unnecessary drawal of funds at the end of the financial year

As per Rule 57 of the Bombay Financial Rules, 1959 money should not be drawn from the treasury unless it is required for immediate payment. It is not permissible to draw advances from the treasury either for the execution of works, the completion of which is likely to take considerable time or to prevent the lapse of appropriations.

Scrutiny of records revealed that the DDOs in the office of the Commissioner, Social Welfare, Pune drew ₹ 808.83 crore during 2008-10 though not required for immediate use as indicated in **Table 2**.

Table 2: Details of funds drawn at the end of the financial year

Sr. No.	Name of the DDO	Date of drawal	Amount (₹ in crore)	Remarks
1	Accounts Officer (Loan)	31 March 2009	175.60	Funds drawn for implementation of low cost housing Scheme in rural areas were disbursed to implementing District Rural Development Agencies (DRDAs) in October 2010. Nine DRDAs ¹⁰ returned ₹ 99.21 crore to the Commissioner between March 2011 and March 2012 as there were no eligible beneficiaries. The Government confirmed (November 2013) the facts.
		31 March 2010	305.81	
		31 March 2009	117.36	
		31 March 2010	202.05	
2	Assistant Commissioner, Pune	March 2010	8.01	Funds drawn for the implementation of post matric scholarship Scheme for SCs and OBCs were retained in DDO's bank account and finally credited (December 2011) into Government account. The Government stated (November 2013) that instructions were given to all the ACs regarding payment of fee under the Scheme to the beneficiaries.
Total			808.83	

Source: Data obtained from the Department

In four out of five financial years, the Commissioner, Social Welfare, drew ₹ 400.53 crore for implementation of Scheme of grant of long term loan and Share Capital to Co-operative Societies of SCs of which, ₹ 17.49 crore was lying with the Commissioner for the period ranging from nine months to four years. Drawal of funds at the end of the financial year was not only unjustified, it also violated the provisions contained in the Bombay Financial Rules, 1959.

The Government stated (November 2013) that the DDO disbursed the amounts as per the Government directives. However, the funds could not be utilized in absence of the eligible beneficiaries, non-execution of agreements with Co-

¹⁰ Ratnagiri: ₹ 5 crore (March 2011); Solapur: ₹ 36.22 crore (December 2011); Thane: ₹ 0.01 crore (May 2011); Latur: ₹ 13.17 crore (February 2012); Pune: ₹ 8.41 crore (May 2011); Satara: ₹ 15.71 crore (February 2012); Dhule: ₹ 5.26 crore (March 2012); Aurangabad ₹ 9 crore (March 2012); and Buldhana: ₹ 6.43 crore (May 2011)

operative Societies *etc.* The reply indicated deficient planning that resulted in funds remaining unutilized.

2.4.8.3 Pendency in submission of utilization certificates

As of January 2014, 8,712 utilisation certificates (UCs) for grants aggregating ₹ 2,510.93 crore were pending since 2001-02, which indicated lack of monitoring by the Department in submission of UCs by the grantees. Non-submission of UCs in time also increases the possibility of mis-utilisation of the grants.

2.4.9 Service delivery

The Department has been implementing various individual benefit Schemes for the upliftment of SCs, DTs *etc.* and is responsible for implementation of four Acts. Audit observations on the status of implementation of the test-checked Schemes and Acts are discussed in the succeeding paragraphs.

2.4.9.1 Implementation of Post Matric Scholarship Scheme

The Post Matric Scholarship Scheme (PMS) is one of the main Schemes being implemented by the Department. Under the Scheme, there is a well defined system for award of Scholarship as laid down in the GR of November 2003. The system became online in July 2010 wherein, the application of the student is processed by the College and checked by the AC of the district, online. Tuition and examination fee are released through Electronic Clearance System¹¹ (ECS) to the college and maintenance allowance is released directly to the students' account. Weaknesses noticed in the implementation of PMS Scheme are discussed below.

Disbursement of scholarships through ECS

In seven¹² out of nine test-checked districts (2010-13), it was observed that ₹ 21.81 crore (₹ 8.21 crore pertaining to students and ₹ 13.60 crore pertaining to colleges) could not be credited to the bank accounts of 38,165 students and colleges due to invalid bank account number, closed bank account, mismatch of names *etc.* Failure of the Department to take prompt action to ascertain the correct details of the beneficiaries and the colleges deprived the beneficiaries of the timely benefits under the Scheme.

The Government stated (November 2013) that of the ₹ 21.81 crore lying in the banks, ₹ 1.59 crore had since been disbursed as of October 2013 and efforts were being made to disburse the balance scholarships.

Irregular collection of fee from the students

As per item 1(B) of Appendix 2 to GR of November 2003, any type of fee *i.e.* tuition fee/term fee/enrolment fee/registration fee/library fee/magazine fee/medical examination fee and such other mandatory fee payable by the students to the Institutions or University/Board was not to be recovered from the SC, OBC, SBC and DT/NT category students.

Scrutiny of records revealed that in seven out of nine test-checked districts, tuition fee amounting to ₹ 15.67 crore pertaining to the period 2008-13 was

¹¹ A system of on-line transfer of funds through a designated bank

¹² Amravati, Aurangabad, Kolhapur, Nagpur, Nashik, Pune and Solapur

collected from 64,440 students belonging to SC, OBC, SBC and DT/NT categories, which was not reimbursed by the Department to the Institutions or University/Board. Thus, the Government orders were violated and students of weaker section of society were put to financial hardship.

The Government stated (November 2013) that necessary instructions had been issued to the Principals of the colleges. The Government added that the possibility of reimbursing the examination fee directly to the students was being explored.

Irregular payment of scholarship

As per the GR (July 2008), scholarship including maintenance allowance, tuition fee, examination fee and other fee should not be sanctioned for students who are admitted through institutional level quota¹³.

It was observed that in five colleges in three out of nine test-checked districts (Latur, Pune and Solapur), an amount of ₹ 9.46 lakh was disbursed irregularly to 27 students who were admitted through institutional level quota.

Government stated (November 2013) that an amount of ₹ 8.77 lakh had been recovered by the three ACs and agreed to review similar cases.

2.4.9.2 Implementation of Motor Driving Training Scheme

GoM introduced (July 1995) 'Motor Driving Training Scheme' for the benefit of unemployed youth belonging to the SC category for their social and economic upliftment. It was envisaged that transport licences issued to the beneficiaries would enable them to improve chances of getting employment in Government/Semi-Government/Public Sector Undertakings.

The Department awarded¹⁴ (February 2008) contract to M/s Ramesh Motor Driving School, Jalgaon (RMDS) for providing motor driving training to the beneficiaries for an initial period of five years. The contract period was extended (March 2013) for two years *i.e.* up to February 2015. The rates payable to RMDS for providing training to the beneficiaries including boarding and lodging are given in **Table 3**.

Table 3 : Type of training to be provided, rates and duration of the course

Type of training to be provided	Rate per course	Duration
Light Motor Vehicle (LMV)	₹ 3,520	40 days
Heavy Motor Vehicle (HMV)	₹ 4,100	40 days
Conductor	₹ 1,465	8 days

The Department vide GR of July 2009 modified the condition of agreement by stipulating payment of stipend of ₹ 300 (LMV and HMV training) and ₹ 150 (conductor training) per beneficiary per course by RMDS not availing of lodging and boarding facility. The Scheme was extended (July 2009) to DTs, NTs, OBCs and SBCs. The Department spent ₹ 145.36 crore¹⁵ on providing

¹³ The admissions given without adopting central admission procedure and students admitted through institutional level quota are not eligible for scholarship

¹⁴ The GoM issued a GR in February 2008 specifying the terms and conditions of the contract awarded to M/s Ramesh Motor Driving School, Jalgaon

¹⁵ ₹ 87.32 crore (SC) and ₹ 58.04 crore (DT/NT/OBC and SBC)

motor driving and conductor training during 2008-09 to 2012-13. Audit observed the following:

- Though the contract with RMDS was inclusive of boarding and lodging, the Department did not determine the cost of boarding and lodging separately. The Department did not review the rates or invite fresh tenders excluding the elements of boarding and lodging but extended the contract with RMDS up to 2014-15 at the same rates. It is pertinent to mention that the Industrial Training Institutes (ITI) was providing motor driving course at ₹ 3,080 per person for LMV and HMV, excluding boarding and lodging.
- Interview of 28 out of 34 candidates conducted in the presence of departmental officials revealed that RMDS neither provided lodging and boarding facilities nor did it pay any stipend to the beneficiaries.
- As per Central Motor Vehicle Rule, 1989, training for 21 days was to be provided, but the contract with RMDS specified training for 40 days. However, 28 out of 34 candidates interviewed stated that training was given for only 20 to 30 days.
- As per Central Motor Vehicle Act, 1988, only transport category license holder is allowed to drive public transport vehicle. In nine test-checked districts, out of 2,667 licences issued to beneficiaries, 1,827 licences (68.50 *per cent*) were of non-transport category which would be useful only for driving their own vehicles thereby reducing the scope of employment substantially.
- There were no criteria for selection of beneficiaries other than minimum educational qualification and age. As a result, in the nine test-checked districts, 120 driving licences were issued to professionals and highly qualified persons such as, doctors, engineers, lawyers *etc.* and 207 driving licences were issued to the beneficiaries in the age group of 40 to 60 years.
- Licences were also issued before commencement of training or during training period and licences for two wheelers were also issued.
- The Department did not devise any mechanism for ascertaining the number of beneficiaries who actually benefitted under the Scheme by securing suitable employment.

The Government while accepting the facts stated (November 2013) that the GR of February 2008 stipulating the terms and conditions of the contract with RMDS would be amended.

2.4.9.3 Implementation of Karmaveer Dadasaheb Gaikwad Sabalikaran and Swabhiman Yojana

The landless SC labourers below poverty line have to depend on the Employment Guarantee Scheme (EGS) or on the private land owners for their wages to make a living. Hence, to increase their source of income permanently and improve their standard of living, GoM introduced (June 2004) Karmaveer Dadasaheb Gaikwad Sabalikaran and Swabhiman Yojana (Scheme), which envisaged distribution of land to landless SCs. Under this Scheme, either two acres of irrigated land or four acres of rain fed land was to be distributed to SC

landless beneficiaries (including deserted women and widows) who were Below Poverty Line (BPL). As per the Scheme guidelines, 50 per cent of the cost of land was to be borne by the Government and the balance cost was to be provided as interest free loan. The loan amount was to be recovered in 10 equal annual instalments from the third year of allotment of land.

The Commissioner, Social Welfare was to maintain accounts of loans and subsidies disbursed while the AC of each district was to maintain the records of actual utilisation of the land. A Committee under the chairmanship of Collector consisting of four members¹⁶ and the AC as a Member Secretary selects beneficiaries on lottery system. During the period 2004-13, non-irrigated land of 13,985.89 acres and irrigated land of 3,171.91 acres was purchased by the Department at a cost of ₹ 116.93 crore. Of this, 13,069.82 acres and 3,149.56 acres of non-irrigated and irrigated land was distributed to 3,477 and 1,528 beneficiaries respectively. Audit observed the following:

- In eight¹⁷ out of nine test-checked districts, the records showing the purchase and distribution of land to beneficiaries, the amount recoverable towards loans disbursed and the utilisation of land was not maintained. In the absence of proper records, the impact of the Scheme, amount of loan outstanding and recoveries made could not be assessed in audit.
- In these eight districts, the Department purchased (2004-13) 3,663.94 acres of land valuing ₹ 27.17 crore of which, 3,522.33 acres of land was distributed to 1,087 beneficiaries and 141.61 acres of land remained undistributed.

The Government stated (November 2013) that Commissioner, Social Welfare, had issued instructions (October 2013) to the ACs to maintain the requisite records of land distribution, utilisation and recovery of loans from the beginning of the Scheme.

2.4.9.4 Implementation of Ramai Gharkul Yojana

The Department decided (November 2008) to implement Gharkul Yojana - a low cost housing Scheme. The Scheme was renamed as Ramai Gharkul Yojana (RGY) from November 2011 for implementation in rural and urban areas for BPL SC beneficiaries residing in Maharashtra for 15 years and having own land or 'Kaccha house'. The Department initially decided to grant ₹ one lakh, ₹ 1.5 lakh and ₹ two lakh per beneficiary in rural, Municipal Council and Municipal Corporation area respectively. The Scheme envisaged provision of constructed houses of 269 sq ft to each beneficiary. The Department reduced the grant (March 2010) to ₹ 70,000 per beneficiary in the rural areas. The Scheme commenced from October 2010.

The details of funds provided, funds disbursed to implementing agencies, targets fixed and achieved during 2010-13 are given **Table 4**.

¹⁶ (i) Commissioner, Social Welfare; (ii) CEO, ZP; (iii) District Inspector, Land Records; and (iv) Joint Registrar, Registration and Valuation

¹⁷ Except in Mumbai City, where agriculture land was not available for distribution

Table 4: Allocation of funds vis-à-vis targets set during 2010-13

Details	Target				Achievement/Disbursal			
	Rural	Urban		Total	Rural	Urban		Total
		Municipal Councils	Municipal Corporation			Municipal Councils	Municipal Corporation	
Number of houses	2,92,886	74,992	38,832	4,06,710	1,34,974	4,180	1,192	1,40,346
Release (₹ in crore)	1,618.85	515.24	153.35	2,287.44	1,300.72	156.12	41.00	1,497.84
Test checked districts (except Mumbai)								
Number of houses	68,776	24,381	26,485	1,19,642	27,197	1,372	872	29,441
Funds provided (₹ in crore)	299.81	196.82	128.12	624.75	259.10	39.29	36.54	334.93

It could be seen from **Table 4** that as of October 2013 only 46.08 per cent, 5.57 per cent, 3.07 per cent houses were completed against the target in rural, municipal council and municipal corporation areas in the State. In respect of the test-checked districts, only 39.54 per cent, 5.63 per cent and 3.29 per cent houses were completed.

Against the amount of ₹ 624.75 crore provided in the test checked districts an amount of ₹ 334.93 crore was utilized leaving balance of ₹ 289.92 crore unutilised. In the municipal council areas in four test-checked districts of Aurangabad, Nashik and Pune not a single house was completed, while the Department disbursed¹⁸ ₹ 60.73 crore to Municipal Corporations in Kolhapur, Nashik and Pune districts but the same was lying unutilised. Thus, identification of beneficiaries was not done correctly which indicated weak planning.

The Government stated (November 2013) that due to non-availability of land, construction could not be started. Instructions would be issued to concerned districts to solve the land and other related problems to achieve the targets. The Government added that the unutilised amount would be redistributed to the needy implementing agencies.

2.4.9.5 Issuance of caste certificates

The Maharashtra State Legislature passed (May 2001) The SC, DT, NT, OBC, SBC and ST (Regulation of Issuance and Verification of) Caste Certificate Act, 2000 to formulate regulations for issuance and verification of caste certificates. However, the Department took 11 years to formulate (August 2012) the Rules¹⁹ under the Act. There were 15 Caste Verification Committees (CVCs) in the State to verify the caste certificates issued. As per Rule 18(5), CVCs were to decide the validity of the caste certificates within a period of three months and in exceptional circumstances additional two months were allowed.

¹⁸ October 2010 - ₹ 28.48 crore; July 2011 - ₹ 30.92 crore; March 2013 - ₹ 1.33 crore

¹⁹ The Maharashtra Scheduled Castes, Scheduled Tribes, Denotified Tribes (Vimukta Jatis), Nomadic Tribes, Other Backward Classes and Special Backward Category (Regulation of Issuance and Verification of) Caste Certificate Rule, 2012

As per the Clause 9(2) of the Rule, extracts of the register of caste certificates issued by the Competent Authorities²⁰ were to be forwarded to the CVCs every month for verification. In five²¹ out of nine test-checked districts, the extracts of the register of caste certificates were not forwarded to CVCs.

The delay in formulating Rules stipulating the time period for deciding the validity of the caste certificates led to huge pendency in the number of cases which stood at 3,23,138 as on October 2013. The age wise status is given in **Table 5**.

Table 5 : Number of cases pending for verification by CVC

Period	Number of pending cases
Up to six months	304825
Six to 12 months	16366
12 to 24 months	1040
More than 24 months	907
Total	323138

Source: Information furnished by Department

The Government stated (November 2013) that due to lack of manpower and delay in police verification there was a delay in caste verification process and the proposal to sanction nine additional posts of CVCs to accelerate caste verification is in progress.

2.4.9.6 Implementation of the Scheme of Financial Assistance to the Co-operative Societies

The Department introduced (February 2004) a Scheme of Financial Assistance to the Co-operative Societies for economic upliftment of the SC beneficiaries who are members of a registered Co-operative Society²² in which 70 per cent of the members and staff belong to SC community. Salient features of the Scheme *inter alia* are:

- The Department would provide 35 per cent share capital and 35 per cent loan to the Co-operative Societies for financing projects with cost ranging between ₹ five crore and ₹ seven crore. The balance was to be raised through financial institutions (25 per cent) and the Members' share (five per cent) to be arranged prior to sanction of the share capital and loan.
- The projects were to be completed within one year from the date of disbursement of first instalment of share capital and loan by the Department.
- Repayment of loan was to start after two years from the date of receipt of the Government assistance of 70 per cent. Recovery of loan amount was to be made in six years.

²⁰ Sub-Divisional Magistrates and other officers of equivalent rank were authorized to issue the caste certificates

²¹ Kolhapur, Latur, Solapur, Pune and Nagpur

²² The Societies involved in activities such as looms, knitting, garments, textile processing units, agro industries, sugar factories, conversion and modernisation of Khandsari units *etc.* were eligible under the Scheme

Since February 2004, share capital amount of ₹ 374.90 crore and loan amount of ₹ 373.19 crore was disbursed to 372 Societies. Audit observed the following:

- As on March 2013, 84 Societies received full assistance of share capital and loans amounting to ₹ 291.90 crore. Of the 84 Societies, repayment of loans amounting to ₹ 95.50 crore were due from 58 Societies. However, these Societies did not commence repayment of loans (November 2013), even after two years of the receipt of Government assistance.
- Out of 372 projects sanctioned, 330 projects (for which an amount of ₹ 624.57 crore was disbursed during the period 2004-05 to 2010-11) were incomplete and the delays ranged between one and seven years. The delay in completion of projects defeated the basic objective of economic upliftment of SC community.
- The first instalment of ₹ 170.09 crore and ₹ 168.40 crore towards loans and share capital respectively had been disbursed to 245 Societies by March 2011. However, these societies did not apply for the second instalment. The Department, however, did not initiate any action to recover the loans sanctioned, though the period for completion of project was one year from the date of disbursement of first instalment.
- Technical evaluation reports and loan sanction letters purportedly issued by Dena Bank, Kranti Chowk, Aurangabad to two societies²³, to whom first instalment of ₹ 1.90 crore was disbursed but did not subsequently apply for second instalment, was cross verified by audit with the bank. The bank informed audit that the technical evaluation reports and loan sanction letters *prima facie* appeared to be forged.

The Government stated (November 2013) that a detailed enquiry would be conducted into all such matters.

2.4.9.7 Implementation of the SC and ST (Prevention of Atrocities) Act, 1989

The GoI enacted the Scheduled Castes and the Scheduled Tribes (Prevention of Atrocities) Act, 1989 to prevent offences and atrocities against the SCs and STs, to provide relief and rehabilitation to the victims *etc.* Punishment for offences and atrocities prescribed under the Act was imprisonment from six months to five years with fine. As per the provisions of the Act, a State Level High Power Vigilance and Monitoring Committee under the Chairmanship of the Chief Minister and District Vigilance and Monitoring Committees under the Chairmanship of the Collector were to be constituted to review the implementation of the provisions of the Act. The State-level committee was to hold at least two meetings (January and July) and the District-level committees were to hold four meetings (once in a quarter) during the year.

²³ Samyak Nirman Magasvargiya Audyogik Utpadak Sahakari Sanstha, Aurangabad : ₹ one crore and Khasdar Ramdasji Athawale Magasvargiya Audyogik Sahakari Sanstha Aurangabad: ₹ 90 lakh

Further, the Department directed (January 2007) the District-level committees to hold the meetings every month.

Though the State-level committee meetings were held as per the provisions of the Act, the District-level monthly meetings were not held regularly and annual shortfall in holding the meetings ranged between 8.33 and 91.67 *per cent* in seven out of nine test-checked districts.

The number of pending cases in the State under the Act was 4,675 at the end of 2008 which increased to 6,221 at the end of 2013. For speedy disposal of pending cases and improving the conviction rate from the existing four to six *per cent* during 2008-10, GoM decided (November 2011) to establish six special courts with 78 posts²⁴. After a delay of one year, only 54 posts were sanctioned (November 2012) by GoM. However, the process of establishment of six special courts was still in progress (November 2013).

2.4.10 Material and stores management

The Department provides various material like blankets, books, water purifier, mattresses, footwear *etc.* to Government hostels, aided hostels and residential schools. Irregularities in the procurement and distribution of the material and payment to the suppliers noticed in audit are discussed below.

2.4.10.1 In respect of four new Government hostels²⁵ the RDCs placed (June and October 2011) two supply orders for bed sheets, blankets, cotton mattress and pillows for all new residential schools and Government hostels under their jurisdiction. The Commissioner, Social Welfare also placed (June 2011) supply orders for similar items, resulting in overlapping of purchases of bedding material valuing ₹ 33.72 lakh, which were lying idle.



Bedding material lying idle at Government BC Girls' Hostel (Unit 4), Amravati

²⁴ One District and Sessions Judge, Superintendent, Steno Higher Grade, two Senior Clerks, three Junior Clerks, two Baliefs and three Class IV in each special court

²⁵ Rasalpur (Nashik); Babhulgaon (Nashik); Nimbhora Unit-1 (Amravati); Girls Hostel Unit-4, Camp Amravati (Amravati)

2.4.10.2 In two districts²⁶ 43,550 bottles of micro nutrients valuing ₹ 21.56 lakh supplied (2010-11) were not distributed to the beneficiaries before expiry date (December 2011 and May 2012), resulting in wasteful expenditure of ₹ 21.56 lakh.

2.4.10.3 In 10 Government hostels²⁷ in two test-checked districts, 674 pairs of footwear of ‘Size 2 to 5’ was supplied against requirement of ‘Size 6 to 9’, leading to wasteful expenditure of valuing ₹ 1.61 lakh.

The Government stated (November 2013) that the excess material on account of overlapping orders was supplied to other hostels, residential schools *etc.* The Government further stated that action would be taken to fix responsibility regarding non-distribution of the micronutrients before expiry date.

2.4.10.4 The Department placed (May 2012) an order on M/s Ace Brain System and Software Private Limited (supplier) for supply of 5,345 biometric attendance devices²⁸ at a cost of ₹ 14.40 crore. The devices were to be supplied within 12 weeks of the receipt of list of locations for installation.

- The Department could supply (August 2013) such list only in respect of 465 locations. As of November 2013, only 5,050 out of 5,345 devices were delivered by the supplier. Further, data in respect of only 3,321 out of 5,050 devices was loaded on the central server.
- As per agreement, the supplier was eligible for 90 *per cent* payment only after loading the data on the central server and its satisfactory working for a period of 24 days. Against data loading of 3,321 devices on the central server, an amount of ₹ 8.23 crore²⁹ was payable. However, the Commissioner, Social Welfare released (November 2011 to June 2013) ₹ 11.67 crore, resulting in an excess payment of ₹ 3.44 crore to the supplier.

The Government stated (November 2013) that 90 *per cent* payment was released on supply of the devices as per the provisions of the GR of October 2011. The reply is not acceptable as 90 *per cent* payment was to be released only after loading the data on the central server as per Clause 16 of the agreement with the supplier.

2.4.10.5 Nagpur region had 67 Government hostels and residential schools. RDC, Nagpur purchased (January 2012), 39 Liquid Crystal Display (LCD) Television (TV) sets (42 inches, LG make) at a cost of ₹ 18.72 lakh (at ₹ 47,990 each) which was also intimated to the Commissioner, Social Welfare. However, the Commissioner, Social Welfare also placed (April 2012) a supply order for 440 LCD TV sets (42 inches Videocon make) at ₹ 59,310 each, which included supply of 50 LCD TV sets for RDC, Nagpur.

²⁶ Pune: ₹ 7.43 lakh and Solapur: ₹ 14.13 lakh

²⁷ Six hostels in Amravati and four in Aurangabad

²⁸ 4,376 for aided schools, aided hostels *etc.* @ ₹ 26,800 per device and 969 for the Women and Child Development Department, GoM @ ₹ 27,528 per device (including SIM cost of ₹ 728 each)

²⁹ 3,321 X ₹ 27,528 = ₹ 9.14 crore x 90 *per cent* = 8.23 crore

Since Nagpur region had 67 Government hostels and residential schools, the purchase of 89 LCD TV sets resulted in an avoidable extra expenditure of ₹ 13.05 lakh³⁰ on 22 excess LCD TV sets.

Though the cost of procurement was inclusive of installation of LCD TV sets, the Commissioner, Social Welfare released the entire payment of ₹ 2.35 crore without these being installed.

The Department placed an order (April 2012) on M/s Gusto Pharma for supply of 904 inverters along with two batteries for each inverter at a cost of ₹ 3.92 crore. Though the cost of procurement was inclusive of installation of inverters, the Commissioner, Social Welfare released the entire payment of ₹ 3.53 crore without installation of inverters.

2.4.10.6 The RDC, Nashik finalized (October 2011) Rate Contracts (RCs) for supply of stationery articles for the period September 2011 to March 2012 for Nashik district while the Commissioner, Social Welfare finalised (June 2012) rate contracts for the period March 2012 to March 2014 for the entire State.

Scrutiny of records in 11 hostels in Amravati (four) and Nashik (seven) districts revealed that the rates paid for 15 stationery articles³¹ were in excess of the Maximum Retail Price (MRP)³² printed on the articles and ranged between 6.25 per cent and 228.00 per cent. Further, in five³³ articles the rates were more than twice the MRP. This resulted in avoidable excess expenditure of ₹ 2.39 lakh. Irregularities in procurement of articles at prices more than the MRP were also pointed out in Paragraph 3.3.12.4 of Audit Report (Civil) for the year 2006-07.

The Government stated (November 2013) that the excess payment made to the suppliers was recovered and review of such cases would be conducted in other hostels.

2.4.10.7 The Department purchased (June to October 2011) *chaddars* (thick bed sheets), bed sheets, blankets, pillow, pillow covers and cotton mattresses for supply to new/old Government hostels and new Government residential schools at a total cost of ₹ 27.58 crore. As per the conditions of supply orders, the suppliers³⁴ were to get samples certified from the Commissioner's office. Further, two samples from each region were to be collected by the RDCs jointly with the suppliers for testing with reference to the sample certified by the Commissioner. It was observed that :

³⁰ ₹ 59310 per television X 22 excess television = ₹ 13.05 lakh

³¹ Note Books (188 pages), Registers (2 quire), Dissection Boxes, Compass Boxes, A4 size Papers, Sketch Pens, candles, lead pencils, graph books, practical books, water colours, assignment book, drawing books, practical and ruler (30 cm)

³² As per the Maharashtra Consumer Protection Act and Maharashtra Standards of Weights and Measures (Enforcement) Rules, 1987, articles were not to be sold above the Maximum Retail Price (MRP) printed on the articles and consumers could lodge complaints to the statutory authorities in cases where excess payment was demanded

³³ Water Colour; Assignment Book; Drawing Book, Register and Paper Ream

³⁴ Ten supply orders were placed with three agencies namely M/s Solapur Zilla Ahilyadevi Ghongadi Utpadak Co-operative Sanstha, Pandharpur; Maharashtra State Khadi and Village Industries Board; and Maharashtra State Handloom Co-operative Federation Limited

- The samples were not certified by the Commissioner's office nor test-checked by the RDCs/ACs concerned.
- Joint physical verification conducted by audit along with departmental officials in eight Government hostels³⁵ in two test-checked districts revealed that the dimension of *chaddars*, bed sheets, blankets, pillow and cotton mattresses were not as per specifications. Thus, the Commissionerate did not enforce the conditions laid down in the supply orders.

The Government stated (November 2013) that except for difference in dimension of blankets at Amravati district the difference at other places were minor. The Government also acknowledged the audit observation and added that henceforth, samples would be examined judiciously through notified laboratories.

2.4.10.8 Under RGY, houses were to be constructed for BPL SC beneficiaries who had their own land or *kachcha* house. As funds under the Scheme were lying unspent, the Department with the approval of the Minister sanctioned (November 2011) procurement of woollen blankets and Satranjis (carpets) from the grants of RGY for supply to the RGY beneficiaries. The Department also irregularly issued (March 2012) amendments to RGY guidelines of November 2008 incorporating procurement of blankets and Satranjis in the RGY guidelines, without the concurrence of Finance Department.

The Commissioner, Social Welfare irregularly diverted ₹ 41.90 crore from RGY grants (April-October 2012) for supply of 4.69 lakh blankets and 4.71 lakh Satranjis, supply orders for which were placed in March 2012. Scrutiny of records in seven³⁶ out of nine test-checked districts (except Mumbai City and Pune) revealed that 0.77 lakh blankets valuing ₹ 4.03 crore and ₹ 0.79 lakh Satranjis valuing ₹ 2.93 crore supplied during June 2012 were lying undistributed as of August 2013.

The Secretary, Social Justice and Special Assistance Department stated (February 2014) that since RGY had the approval of Finance Department, the approval of Finance Department for inclusion of these items under RGY was not required again.

Reply is not acceptable as the Department neither took authorisation for this 'New form of Service' from the Legislature nor sought any clarification on the issue from the Finance Department.

2.4.10.9 The Department took up (June 2007) construction of 100 new hostel for BCs of which, 61 hostels were completed and handed over (up to March 2012) to the Department. The Commissioner, Social Welfare placed 17 purchase orders valuing ₹ 35.07 crore during January 2012 to June 2012 for procurement of various items like blankets, books, LCD TVs, water purifiers *etc.* for 100 hostels including 39 hostels which were running in rented premises pending construction of new hostels, without assessing whether the

³⁵ Three Government hostels for girls at Amravati and five Government hostels for boys at Aurangabad

³⁶ Amravati, Aurangabad, Kolhapur, Latur, Nagpur, Nashik and Solapur

hostels were actually functional. Scrutiny of status report of these 100 hostels revealed that six hostels³⁷ were not functional (August 2013), which resulted in excess procurement of material valuing ₹ 44.08 lakh.

2.4.10.10 The GoM decided (March 2012) to purchase nameplates with logo of RGY for display on all the houses constructed under RGY. The Commissioner placed (April-June 2012) supply orders for 1.30 lakh nameplates with two suppliers including installation. The total value of order was ₹ 19.84 crore (₹ 1,526.25 each including ₹ 75 per installation) and 90 *per cent* of the cost was to be paid against delivery challan and on receipt of a certificate of installation by the Gramsevak. An amount of ₹ 18.86 crore (95.06 *per cent*) was paid (August to November 2012) to the two suppliers against 1.30 lakh nameplates supplied.

It was observed that in six test-checked districts³⁸ though 26,534 houses were constructed (July 2013) and 26,875 nameplates were supplied by the suppliers, none were installed in the completed houses (July 2013). Further, in four districts (Nagpur, Aurangabad, Kolhapur and Latur) entries for receipt were not made in the stock registers on delivery of nameplates. As of November 2013, even though 72,801 nameplates were not installed the Commissioner, Social Welfare made an irregular payment of ₹ 11.11 crore³⁹ to the suppliers.

The Government stated (November 2013) that on receipt of nameplates necessary entries have been made in stock registers in Aurangabad, Kolhapur and Latur districts. The Government added that 1,50,807 houses were completed as of October 2013 and installation of 72,801 nameplates was in progress in the State.

2.4.10.11 The Government sanctioned (May 2012) purchase of 1,00,000 solar lanterns at a cost of ₹ 30 crore (₹ 3000 each) for the beneficiaries of RGY on completion of houses. Accordingly, supply order was placed (June 2012) with a supplier for 1,00,000 solar lanterns. As of October 2013, the Commissioner, Social Welfare received 98,106 lanterns and ₹ 29.43 crore was paid to the supplier.

It was observed that in seven⁴⁰ out of nine test-checked districts, 6,215 solar lanterns valuing ₹ 1.86 crore were not distributed to the beneficiaries as of November 2013.

The Government while accepting the fact stated (November 2013) that distribution of remaining lanterns was in progress.

2.4.11 Management of human resources

2.4.11.1 Status of sanctioned posts *vis-à-vis* men-in-position

The status (October 2013) of sanctioned posts *vis-à-vis* men-in-position under the Commissioner, Social Welfare and Director (DTs, NTs, OBCs and SBCs) is given in **Appendix 2.4.5**.

³⁷ Kalmeshwar, Savner, Parshivani (Nagpur); Sindhkheda,(Dhule); Kadegaon (Sangli); and Masud Male(Kolhapur)

³⁸ Amravati, Aurangabad, Kolhapur, Latur, Nagpur and Nashik

³⁹ 72,801 x ₹ 1,526.25= ₹ 11.11 crore

⁴⁰ Pune, Kolhapur, Nashik, Amravati, Nagpur, Aurangabad and Latur

It was observed that there were significant shortages in key posts *i.e.* Social Welfare Officer, Group B (65.57 *per cent*), Group C (38.22 *per cent*) and Social Welfare Inspector⁴¹ (50.14 *per cent*), who play a vital role in implementing the Schemes for the welfare of SCs. Similarly, in respect of welfare of Denotified/ Nomadic Tribes, Special Backward and Other Backward Classes there was shortage in key post of Social Welfare Officer Group B (23 *per cent*).

On the basis of recommendations of the 9th Report of the State Public Accounts Committee (2007-08), a proposal to strengthen the Department through creation of offices in ZPs and block levels was submitted by the Commissioner, Social Welfare in February 2009, January 2011 and April 2011 for sanction of 3,057 additional posts. The Department has however, not taken any initiative for re-organisation and expansion of the Department.

The Government stated (November 2013) that the Maharashtra Public Service Commission had conducted interviews for 36 posts of Social Welfare Officer, Group B and six posts were filled through promotion. The Government added that proposals for strengthening the Department was under consideration.

2.4.12 Conclusion

Due to poor planning and lack of coordination, the Social Justice and Special Assistance Department procured various items in excess of requirement. There were shortfalls in inspection of Government hostels, aided hostels *etc.* by the Regional Deputy Commissioners and the Assistant Commissioners. The Chief Controlling Officer did not get any feedback on progress of implementation of the Scheme, as no mechanism existed in the Department to ensure submission of periodical returns on physical progress of implementation of various Schemes from time to time. Instances of the Drawing and Disbursing Officers not reconciling the cash books with the bank statements/pass books and funds drawn at the end of financial year though not required for immediate disbursement were noticed. Shortfalls in implementation of test-checked Schemes such as, ‘Motor Driving Training Scheme’, ‘Karmavir Dadasaheb Gaikwad Sablikaran and Swabhimani Yojana’ and ‘Ramai Gharkul Yojana’ were noticed. Cases of procurement of material other than of approved specifications, procurement of stationery items at prices more than the maximum retail price, non-utilisation of procured material, irregular payments made to the suppliers *etc.* were also noticed. Implementation and monitoring of Schemes was hampered by significant number of vacancies in key posts.

2.4.13 Recommendations

The Government should ensure that:

- the funds are drawn only when there is an immediate requirement for disbursement and utilisation;
- inspections are carried out as per the prescribed norms and a timely feedback is sent to the Chief Controlling Officer for initiating timely remedial action;

⁴¹ Responsible for inspecting the implementation of Schemes in hostels, schools and Ashramshalas

- requirements of the beneficiaries are properly assessed and the benefits of the Schemes are extended to the target groups;
- a centralised procurement system is put in place to avoid excessive and overlapping purchases; and
- the Department is manned by adequate staff for smooth implementation of the Schemes.