



सत्यमेव जयते

**Report of the
Comptroller and Auditor General of India
on
General and Social Sector
for the year ended March 2015**



Government of Maharashtra
Report No. 4 of the year 2016

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Auditor General of India**

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**GOVERNMENT OF MAHARASHTRA
Report No. 4 of the year 2016**

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Preface

This Report for the year ended 31 March 2015 has been prepared for submission to the Governor of the State of Maharashtra under Article 151 of the Constitution of India. This Report contains three Chapters.

This Report relates to audit of the General and Social Sector of the Government departments conducted under the provisions of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971 and Regulations on Audit and Accounts, 2007 issued thereunder by the Comptroller and Auditor General of India. This Report is required to be placed before the State Legislature under Article 151 (2) of the Constitution of India.

The instances mentioned in this Report are those, which came to notice in the course of test audit for the period 2014-15 as well as those which came to notice in earlier years, but could not be reported in the previous Audit Reports; instances relating to the period subsequent to 2014-15 have also been included, wherever necessary.

The audit has been conducted in conformity with the Auditing Standards (March 2002) issued by the Comptroller and Auditor General of India.

CHAPTER - I

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Chapter I : Introduction

1.1 About this Report

This Report of the Comptroller and Auditor General of India (C&AG) relates to matters arising from performance audit of selected programs and activities and compliance audit of Government departments and Autonomous Bodies of the Government of Maharashtra (GoM) falling under General and Social Sector.

Compliance Audit refers to examination of the transactions relating to expenditure of the audited entities to ascertain whether the provisions of the Constitution of India, applicable laws, rules, regulations and various orders and instructions issued by the competent authorities are being complied with. On the other hand, Performance Audit examines whether the objectives of an organisation, programme or a scheme have been achieved economically, efficiently and effectively.

The primary purpose of the Report is to bring to the notice of the State Legislature, important results of audit. Auditing Standards require that the materiality level for reporting should be commensurate with the nature, volume and magnitude of transactions. The findings of audit are expected to enable the Executive to take corrective actions as also to frame policies and directives that will lead to improved operational efficiency and financial management of the organisations thus, contributing to better governance.

This chapter, in addition to explaining the planning and extent of audit, provides a synopsis of the significant deficiencies in working of schemes/projects, significant audit observations made during the audit of transactions and follow up on previous Audit Reports. Chapter II of this Report contains findings arising out of three performance and one Information Technology (IT) audit. Chapter III contains observations on audit of transactions in Government Departments and on Autonomous Bodies.

1.2 Audited entity profile

The Departments in the General and Social Sector in the State at the Secretariat level, headed by Additional Chief Secretaries/Principal Secretaries/Secretaries, who are assisted by Directors/Commissioners and subordinate officers and Autonomous Bodies, are audited by the Principal Accountant General (Audit)-I, Mumbai and the Accountant General (Audit)-II, Nagpur.

A summary of the State Government's fiscal transactions during 2014-15 *vis-à-vis* the previous year is given in **Table 1.1**.

Table 1.1: Summary of fiscal operations during 2014-15

(₹ in crore)							
2013-14	Receipts	2014-15	2013-14	Disbursements	2014-15		
Section-A: Revenue					Non-Plan	Plan	Total
149821.81	Revenue receipts	165415.46	154902.42	Revenue expenditure	146244.84	31308.28	177553.12
108597.96	Tax revenue	115063.90	53979.27	General services	60156.61	329.16	60485.77
11351.97	Non-tax revenue	12580.89	70879.08	Social services	57705.59	19246.90	76952.49
16630.43	Share of Union Taxes/Duties	17630.03	27991.32	Economic services	26086.66	11599.91	37686.57
13241.45	Grants from Government of India	20140.64	2052.75	Grants-in-aid and Contributions	2295.98	132.31	2428.29
Section B: Capital							
0.00	Miscellaneous Capital Receipts	0.00	20020.45	Capital Outlay	3278.80	16244.67	19523.47
728.03	Recoveries of Loans and Advances	975.08	1645.10	Loans and Advances disbursed	783.60	356.94	1140.54
26734.80	Public debt receipts*	29373.28	10261.86	Repayment of Public Debt*			8827.78
1350.00	Appropriation from Contingency fund	2350.00	850.00	Appropriation to Contingency fund			4350.00
859.62	Contingency Fund	4360.00	1360.00	Contingency Fund			2350.00
64020.20	Public Account Receipts	83021.94	56434.89	Public Account Disbursements			68985.90
48843.73 [#]	Opening Cash Balance	46883.46	46883.46 [#]	Closing Cash Balance			49648.41
292358.18	Total	332379.22	292358.18	Total			332379.22

[#]Figure differs by 0.01 from previous year due to rounding

Source: Finance Accounts of respective years

* Excluding ways and means advances on 10 occasions for 42 days
(Receipt: ₹ 6,352.90 crore and Disbursement: ₹ 6,352.90 crore)

1.3 Authority for audit

The authority for audit by the C&AG is derived from Articles 149 and 151 of the Constitution of India and the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971. The C&AG conducts audit of expenditure of the Departments of GoM under the provisions of the C&AG's (DPC) Act, 1971 and Regulations on Audit and Accounts, 2007 issued by the C&AG.

1.4 Organisational structure of the offices of the Principal Accountant General (Audit)-I, Mumbai and the Accountant General (Audit)-II, Nagpur, Maharashtra

Under the directions of the C&AG, the offices of the Principal Accountant General (Audit)-I, Mumbai and the Accountant General (Audit)-II, Nagpur conduct the audit of the various Government Departments and Offices/Autonomous Bodies/institutions under them. While 16 districts from Konkan and Western Maharashtra fall under the audit jurisdiction of the Principal Accountant General (Audit)-I, Mumbai, the remaining 19 districts

from Vidarbha and Marathwada are under the audit jurisdiction of the Accountant General (Audit)-II, Nagpur.

1.5 Planning and conduct of Audit

The audit process starts with the assessment of risk faced by various departments of the GoM, based on expenditure incurred, criticality/complexity of activities, the levels of delegated financial powers, assessment of overall internal controls and concerns of stakeholders. Previous audit findings are also considered in this exercise. Based on this risk assessment, the frequency and extent of audit are decided. During 2014-15, 6,106 party days were used to carry out audit of 421 units (compliance audit and performance audits) of the various Departments/Organisations. The audit plan covered those units/entities which were vulnerable to significant risks as perceived by Audit.

After completion of audit of each unit, Inspection Reports (IRs) containing audit findings are issued to the Heads of the Departments. The Departments are requested to furnish replies to the audit findings within one month of receipt of the IRs. Whenever replies are received, audit findings are either settled or further action for compliance is advised. The important audit observations arising out of these IRs are processed for inclusion in the Audit Reports which are submitted to the Governor under Article 151(2) of the Constitution of India.

1.6 Significant audit observations

In the past few years, Audit has reported several significant deficiencies in implementation of various programmes/activities through performance audits, as well as on the quality of internal controls in selected Departments. Similarly, the deficiencies noticed during compliance audit of the Government Departments/Organisations were also reported upon.

1.6.1 Performance audit of programmes/activities/Departments and IT audit of Systems

The Report contains three performance audits and one IT audit, highlights of which are indicated below:

- **Working of Child Care institutions in Maharashtra**

Children are the most vulnerable section of the society and need to be protected against any perceived or real danger or risk to their life, their personhood and childhood. In the State of Maharashtra, there were 1,386 child care institutions as on November 2015 of which, 1,343 (97 per cent) were being run by Non-Governmental Organisations.

A performance audit of 'Working of Child Care Institutions in Maharashtra' for the period 2010-15 revealed that budget provisions made by the State Government *vis-a-vis* that demanded by the districts for meeting the basic requirements of the children were significantly on the lower side. The revised financial norms promulgated by the Central Government for the institutions under Integrated Child Protection Scheme were not implemented by the State Government during 2014-15 and 2015-16 (up to September 2015) thus, depriving a large number of children of the improved facilities. The planning for identification of children in need of care and protection and to bring

them under institutional care was weak. Majority of the child care institutions selected by audit (90 *per cent*) did not prepare individual rehabilitation and care plans for the children as required. A large number of child care institutions were operating in the State without registration under the Juvenile Justice (Care and Protection of Children) Act, 2000. There were deficiencies in providing basic infrastructure facilities to children. The norms for clothing and bedding fixed by the State Government were not followed by the Government-run child care institutions. Further, nutrition and diet scales and scales for clothing and bedding were not prescribed for NGO-run institutions, in violation of Maharashtra Juvenile Justice Rules, 2002. Juveniles in conflict with law and those in need of care and protection were not segregated. A large number of children escaped from children homes due to lax security arrangements. The homes for mentally deficient children did not have special facilities and trained staff. The monitoring of child care institutions was weak.

(Paragraph 2.1)

▪ **Implementation of educational schemes and related activities for tribal students under Tribal Sub-Plan**

The Scheme of Tribal Sub-Plan was conceptualized for rapid socio-economic development and protection of tribal community by narrowing the gap between their levels of development to that of the general communities.

A performance audit of the “Implementation of educational schemes and related activities for tribal students under Tribal Sub-Plan” in Maharashtra State for the period 2010-15 revealed that the Tribal Development Department of GoM did not prepare any long-term perspective plans for the last 22 years for empowerment of tribal students. Only annual plans, based on availability of funds, were being prepared, without any physical targets. During 2010-15, admissions to Government ashramshalas logged a declining trend despite incurring expenditure of ₹ 1,730 crore by the Department. A significant number of ashramshalas did not have teachers for compulsory subjects like Hindi, Mathematics, Science and Social Science. The Department had huge unspent balances pertaining to various educational schemes and activities at the end of March 2015. The tribal students were not being provided food grains as per scales prescribed by the Department. There were significant delays in construction of new Government ashramshalas and hostels. The basic and essential amenities in ashramshalas were inadequate. Despite incurring an expenditure of ₹ 29.81 crore on solar water heaters and biometric attendance systems, these remained non-operational for long periods. The implementation of educational and scholarship schemes for the tribal students studying in other schools suffered due to weak oversight mechanism. The key posts in the education cells, meant to strengthen the monitoring of ashramshalas and hostels, were not filled up. Despite an expenditure

of ₹ 4.71 crore and passage of three years, the e-governance project of the Department remained incomplete.

(Paragraph 2.2)

▪ **Implementation of Mid-Day Meal Scheme**

The Mid-Day Meal Scheme, a Centrally Sponsored Scheme, was intended to boost the universalisation of primary education by increasing enrolment, retention and attendance and simultaneously improve the nutrition levels of students in primary and upper primary classes (I to VIII).

A performance audit of the Scheme for the period 2010-15 revealed inadequate coverage of schools falling under the notified drought-affected districts. There were substantial delays in release of Scheme funds to the districts, blocks and schools. On an average, 66 per cent of the 269 selected schools did not provide cooked meals to children on all school days every year during 2010-15. There were inadequacies in payment of cooking cost to ISKCON (an NGO) during 2010-15 and lifting of rice by 288 other central kitchens for supply to primary and upper primary schools in Mumbai. During 2010-15, 97 per cent of the samples of cooked meals lifted from central kitchens in Mumbai failed to meet the calorific value and protein content prescribed under the Scheme. The efficacy of the iron folic acid capsules procured by the Department at a cost of ₹57.06 crore for the targeted beneficiaries of age group 11-14 years was suspect. Mid-day meals were not tasted regularly by the teachers and School Management Committee members during 2014-15. There were shortfalls in training and health check-up of cook-cum-helpers. The schools were using packaged food items like cooking oil and condiments even after their expiry dates. The monitoring of the Scheme was weak due to non-setting up of District Level Committee, ineffective public grievance redressal system and non-establishment of flying squads. There was decrease in enrolment of children in Government, aided and local body schools in 2014-15 over 2010-11 despite provision of free mid-day meals.

(Paragraph 2.3)

▪ **IT Audit of e-Aushadi System**

The Government of Maharashtra initiated the e-Aushadhi system in February 2013 to streamline the process of inventory management of drugs and consumables in Government hospitals, Primary Health Centres, Drug Warehouses *etc.* throughout the State. An IT Audit of the system conducted for the period 2013-15 revealed that while the demand generation module, a critical module of the supply chain management was not implemented, the finance module was incomplete. The implementation of the System suffered due to poor documentation, weaknesses in IT planning and inadequacies in the application software. Discrepancies in issues and receipts of drugs/consumables, recording of local purchases and incorrect rates of drugs/consumables captured in the system weakened the reliability of

data and transparency in purchases. The monitoring of the system was poor due to insufficiency of MIS reports. Inadequate IT security, especially due to inadequate logical access controls, non-documentation and testing of disaster recovery plan and inadequate audit trail, made the system further vulnerable to errors and manipulations

(Paragraph 2.4)

1.6.2 Compliance audit of Government transactions

The important findings of compliance audit paragraphs (five paragraphs including one theme-based paragraph) are shown below.

▪ **Medical care for indigent and weaker section patients in hospitals run by State-aided public trusts**

The Scheme though took care of reservation to be provided to indigent and weaker section patients as inpatients, the provisions of the Maharashtra Public Trusts Act providing for reservation to such patients as outpatients were not implemented. Hospitals which were granted additional floor space index under Development Control Regulations or given land on lease at concessional rent were not providing higher percentage of reservation to economically weaker section of the society, in violation of the Maharashtra Public Trusts Act. The system of identification of State-aided public trusts running charitable hospitals for their inclusion under the Scheme was not robust. The management of Indigent Patients' Fund by the hospitals was inadequate. There were instances of short-credit and excess debit to the Fund. The hospitals obtained irregular deposits from the indigent patients and there were instances of excess billing to patients, in violation of Scheme guidelines. The system of creating public awareness about the Scheme was weak. The Charity Commissioner, Mumbai did not conduct requisite number of inspections of the hospitals run by State-aided public trusts.

(Paragraph 3.1)

- Failure of Medical Superintendent, Sub-District Hospital, Udgir, Latur to credit the daily receipts of OPD fees and other charges collected from the patients into Government accounts resulted in misappropriation of ₹ 33.87 lakh.

(Paragraph 3.2)

- The Mumbai Metropolitan Region Development Authority did not recover an additional lease premium of ₹ 180 crore from a private developer for delay in construction of a convention and exhibition centre and commercial complex in Bandra-Kurla Complex.

(Paragraph 3.3)

- Due to application of inappropriate penal rates for non-surrender of surplus built-up area, the Mumbai Building Repairs and Reconstruction Board granted an undue financial benefit of ₹ 12.42 crore to 21 Co-operative Housing Societies.

(Paragraph 3.4)

- Non-Payment of arrears of electricity bills in time by the Dean, Swami Ramanand Teerth Rural Medical College and Hospital, Ambajogai, Beed resulted in avoidable payment of interest of ₹ 1.20 crore on arrears.

(Paragraph 3.5)

1.7 Responsiveness of Government to Audit

1.7.1 Inspection reports outstanding

Periodical inspections of Government Departments are conducted to test-check their transactions and verify the maintenance of important accounting and other records as per prescribed rules and procedures. These inspections are followed up with IRs which are issued to the Heads of the Offices inspected, with copies to the next higher authorities. Half yearly reports of pending IRs are sent to the Secretaries of the concerned Departments to facilitate monitoring of action taken on the audit observations included in these IRs.

As of June 2015, 4,237 IRs (14,935 paragraphs) were outstanding. Year-wise details of IRs and paragraphs outstanding are detailed in **Appendix 1.1**.

1.7.2 Response of Departments to draft paragraphs and performance audits

The draft paragraphs and performance audits were forwarded demi-officially to the Secretaries of the concerned departments between May 2015 and October 2015 requesting them to send their responses within six weeks. The Government reply was received in respect of two performance audit, one IT audit and one theme-based paragraph while, no replies were received in respect of one performance audit and four draft paragraphs featured in this Report.

1.7.3 Follow-up on Audit Reports

According to instructions issued by the Finance Department, GoM in January 2001, Administrative Departments were required to furnish Explanatory Memoranda (EMs) duly verified by Audit to the Maharashtra Legislature Secretariat in respect of paragraphs included in the Audit Reports, within three months of presenting the Audit Reports to the State Legislature. The Administrative Departments, however, did not comply with these instructions. The status of outstanding EMs from 2009-10 to 2013-14 is indicated in **Table 1.2**.

Table 1.2: Status of submission of EMs in respect of Audit Reports during 2009-14

Audit Report	Date of tabling the Report	Number of Paragraphs	Number of EMs received	Balance
2009-10	21 April 2011 & 23 December 2011	18	14	4
2010-11	17 April 2012	13	8	5
2011-12	18 April 2013	8	2	6
2012-13	14 June 2014	13	0	13
2013-14	10 April 2015	10	1	9
Total		62	25	37

The EMs in respect of 28 paragraphs relating to the period prior to 2009-10 was outstanding. Department-wise details are shown in **Appendix 1.2**.

With a view to ensuring accountability of the Executive in respect of all the issues dealt with in the Audit Reports, the Public Accounts Committee (PAC) lays down in each case, the period within which Action Taken Notes (ATNs) on its recommendations should be sent by the Departments.

The PAC discussed 241 paragraphs pertaining to the Audit Reports for the years from 1985-86 to 2010-11 and gave 412 recommendations of which, ATNs were pending on 332 recommendations as indicated in **Table 1.3**.

Table 1.3: Position of outstanding ATNs on PAC recommendations

Year of Audit Report	PAC Report Number	Year of PAC	Number of PAC recommendations	Number of ATNs awaited
1985-86 to 2001-02	16, 17, 19, 24, 28	1994-95	159	122
	1, 2, 4, 6, 8	1995-96		
	20, 24	1997-98;		
	3, 6	2000-01		
	9	2001-02		
	13	2003-04		
	8	2007-08		
	13	2008-09		
2002-03	14	2008-09	11	11
2003-04	14	2008-09	3	3
2004-05	14	2008-09	1	0
2005-06	8	2010-11	94	80
2006-07	15	2008-09	85	61
	9	2012-13		
	1	2015-16		
2007-08	13	2012-13	22	18
2008-09	17	2012-13	30	30
2009-10	18	2012-13	7	7
2010-11	--	--	--	--
2011-12	--	--	--	--
2012-13	--	--	--	--
2013-14	--	--	--	--
Total			412	332

The Department-wise position of PAC recommendations on which ATNs were awaited is indicated in **Appendix 1.3**.

CHAPTER - II

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Chapter II: Performance Audits

Woman and Child Development Department

2.1 Working of Child Care Institutions in Maharashtra

Executive summary

Children are the most vulnerable section of the society and need to be protected against any perceived or real danger or risk to their life, their personhood and childhood. In the State of Maharashtra, there were 1,386 child care institutions as on November 2015 of which, 1,343 (97 per cent) were being run by Non-Governmental Organisations.

A performance audit of 'Working of Child Care Institutions in Maharashtra' for the period 2010-15 revealed that budget provisions made by the State Government vis-a-vis that demanded by the districts for meeting the basic requirements of the children were significantly on the lower side. The revised financial norms promulgated by the Central Government for the institutions under Integrated Child Protection Scheme were not implemented by the State Government during 2014-15 and 2015-16 (up to September 2015) thus, depriving a large number of children of the improved facilities. The planning for identification of children in need of care and protection and to bring them under institutional care was weak. Majority of the child care institutions selected by audit (90 per cent) did not prepare individual rehabilitation and care plans for the children as required. A large number of child care institutions were operating in the State without registration under the Juvenile Justice Act, 2000. There were deficiencies in providing basic infrastructure facilities to children. The norms for clothing and bedding fixed by the State Government were not followed by the Government-run child care institutions. Further, nutrition and diet scales and scales for clothing and bedding were not prescribed for NGO-run institutions, in violation of Maharashtra Juvenile Justice Rules, 2002. Juveniles in conflict with law and those in need of care and protection were not segregated. A large number of children escaped from children homes due to lax security arrangements. The homes for mentally deficient children did not have special facilities and trained staff. The monitoring of child care institutions was weak.

2.1.1 Introduction

Children are the most vulnerable section of the society and need to be protected against any perceived or real danger or risk to their life, their personhood and childhood. Children¹ in need of care and protection are those who are (a) without any homes, (b) found begging or street child, (c) mentally or physically challenged, (d) orphans, (e) trafficked or sexually exploited, (f) drug/substance abusers etc. It is the responsibility of the State to protect all children from all forms of violence and abuse, harm, neglect, discrimination

¹ Children in age group of 0 to 18 years

and deprivation and ensure care arrangements, guaranteeing quality standards of care and protection for them.

In the State of Maharashtra, there were 1,386 Child Care Institutions (CCI) as on November 2015 of which, 43 were being run by the Government of Maharashtra (GoM) and the remaining 1,343 (97 *per cent*) were being run by Non-Governmental Organisations (NGO).

All matters relating to care, protection, treatment, development and rehabilitation of juveniles² are adjudicated under The Juvenile Justice (Care and Protection of Children) Act, 2000 (JJ Act) of Government of India (GoI). The GoM notified (July 2002) The Maharashtra Juvenile Justice Rules, 2002 (MJJ Rules) which was amended in January 2011.

The various categories of CCI functioning in the State and the institutional arrangements along with their broad functions are shown in **Appendix 2.1.1**.

2.1.1.2 Organisational set-up

At Mantralaya, the Principal Secretary, Women and Child Development Department (W&CD) is responsible for all women and child related issues as well as the implementation of JJ Act and MJJ Rules. The Principal Secretary is assisted by the Commissioner, W&CD, Pune. There are six Regional Deputy Commissioners and 35 District Women and Child Development Officers (DW&CDOs) who assist the Commissioner and also oversee the working of CCI run by the State Government and NGOs.

The GoM constituted (April 2012) Maharashtra State Child Protection Society (MSCPS) for the implementation of Integrated Child Protection Scheme (ICPS), a GoI Scheme to reach out to all children, in particular those in difficult circumstances. The MSCPS constituted the District Child Protection Units (DCPU) in all the districts which are responsible for identifying the families at risk and children in need of care and protection and setting up district, block and village level child protection committees.

The Principal Secretary, Social Justice and Special Assistance Department (SJSA) and the Commissioner, Welfare of Persons with Disability at Pune are responsible for monitoring the children homes being run by the NGOs for mentally deficient children under The Persons with Disabilities (Equal Opportunities, Protection of Rights and Full Participation) Act, 1995.

2.1.1.3 Audit objectives

The audit objectives were to assess whether:

- planning for child care institutions and the institutional arrangements were robust;
- standards of care in child care institutions were adequate; and
- monitoring and inspection mechanism was effective.

² Children who have not completed 18 year of age

2.1.1.4 Audit criteria

The performance audit findings were benchmarked against the following:

- The Juvenile Justice (Care and Protection of Children) Act, 2000 and The Juvenile Justice (Care and Protection of Children) Rules, 2007;
- The Maharashtra Juvenile Justice (Care and Protection of Children) Rules, 2002, as amended in January 2011; and
- Guidelines for implementation of ICPS issued by the Ministry of Women and Child Development, GoI in 2010.

2.1.1.5 Scope and methodology of audit

The performance audit was conducted during March to June 2015 covering the period 2010-15 through test-check of records in Mantralaya; offices of the two Commissioners and MSCPS in Pune; nine³ of 35 DW&CDOs and DCPUs; and 102⁴ of 1,386 CCI. In addition, audit questionnaires were issued to the Juvenile Justice Boards (JJB) and Child Welfare Committees (CWC) of the nine selected districts. Audit also conducted joint inspections of 93⁵ of 102 CCI in nine districts along with Departmental officials. As of March 2015, there were 6,567 children in 93 CCI. An entry conference was held on 15 April 2015 with the Principal Secretary, W&CD in which audit scope and methodology was explained. Audit findings were discussed with the Principal Secretary in an exit conference held on 29 October 2015. The report takes into account replies furnished by the State Government on 29 October 2015.

Audit findings

2.1.2 Management of funds

2.1.2.1 Decrease in budget provisions

The Commissioner, W&CD receives at the beginning of each financial year, the annual demand for funds from all the districts to meet expenditure *inter alia* on food, clothing, medicines for the children residing in CCI, expenditure on staff salary, office expenses *etc.* The demands so received are consolidated and sent by the Commissioner, W&CD to the Department for making budget provisions.

A synopsis of the funds demanded, budget provisions⁶ made and expenditure incurred in the State during 2010-15 is given in **Table 2.1.1**.

³ Ahmednagar, Latur, Mumbai City, Nagpur, Nanded, Osmanabad, Parbhani, Pune and Yavatmal

⁴ Government:13 and NGOs: 89

⁵ Government-run CCI: 13 and NGO-run CCI: 80 (excluding nine Bal Sangopan Sanstha or Foster Care)

⁶ Major Head - 2235 Social Security and Welfare; Minor Head-102 Child Welfare

Table 2.1.1: Funds demanded, budget provisions made and expenditure incurred during 2010-15

Year	(₹ in crore)			
	Funds demanded by Commissioner, W&CD	Budget provisions made	Revised budget provision	Expenditure incurred
2010-11	112.00	92.67	86.62	89.49
2011-12	124.57	108.59	103.44	103.52
2012-13	153.95	136.43	166.61	166.83
2013-14	192.90	178.09	152.92	152.70
2014-15	197.64	78.19	86.07	86.03
Total	781.06	593.97	595.66	598.57

Source: Detailed Appropriation Accounts and information furnished by Commissioner, W&CD

Table 2.1.1 indicates that during 2010-15, against the total demand of ₹ 781.06 crore made by the Commissioner, W&CD, a budget provision (final) of merely ₹ 595.66 crore (76 per cent) was made. As a result, there was a cumulative deficit of ₹ 156.45 crore at the end of March 2015 payable to 705 NGO-run CCI to cater to the needs of 79,152 beneficiaries. Further, in four⁷ of nine selected districts, the deficit was pegged at ₹ 34.28 crore payable to 334 NGO-run CCI. Of these four districts, budget provision to Osmanabad was lowest at 51 per cent during 2010-15.

The situation was particularly alarming during 2014-15 where a provision of only ₹ 86.07 crore (44 per cent) was made against the demand of ₹ 197.64 crore. This was due to introduction of new Schemes by W&CD during 2014-15 like Sukanya, Manodhairya and strengthening of Integrated Child Development Scheme.

2.1.2.2 Outstanding financial liability on account of Government-run Child Care Institutions brought under ICPS

In May 2012, W&CD brought 95⁸ CCI (out of total 1,386 CCI) for implementation under ICPS. The grants received from the GoI under ICPS is routed through the State budget and disbursed to MSCPS by Commissioner, W&CD for implementation under ICPS. The ICPS guidelines issued by the GoI in 2009-10 stipulated a maximum limit⁹ of expenditure to be incurred by the CCIs on various items of recurring nature such as, food, clothing, bedding, rent, water, electricity etc. Audit observed that during 2011-15, 40 of 95 Government-run CCI, which were brought under the ambit of ICPS, exceeded the expenditure limits stipulated by the GoI by ₹ 6.87 crore on account of rent for premises, diet expenses, water and electricity charges etc. This outstanding financial liability of ₹ 6.87 crore was not cleared by the State Government as

⁷ Nanded, Osmanabad, Parbhani and Latur

⁸ Government-run Children Homes: 40; NGO-run Observations Homes: 41; and NGO-run Special Adoption Agencies: 14

⁹ The maximum limit for CCIs having capacity of 50 children was ₹ 20.29 lakh

of September 2015. In six¹⁰ of the nine selected districts, the outstanding financial liability in 13 CCI was ₹ 3.69 crore.

The Government stated (October 2015) that upon sanction of supplementary grants, the outstanding liabilities would be cleared. It added that a proposal, to bring these 40 Government-run CCI back under the control of W&CD, was under consideration.

Audit further observed that the Ministry of Women and Child Development, GoI (Ministry) revised (March 2014) the financial norms of various recurring and non-recurring expenditure to be incurred under ICPS such as, water and electricity charges, rent for hiring of premises, payment of salary to contractual staff, upgradation of accommodation facilities, purchase of computer and furniture, capital works *etc.* with effect from April 2014. In this regard, W&CD was required to send a financial proposal to GoI for the year 2014-15. Audit observed that W&CD did not send any financial proposal based on the revised norms to the Ministry till June 2015. This delay had two implications (i) all the 95 CCI that were brought under ICPS continued to operate at the pre-revised rates, and (ii) since the revised rates were significantly higher than the old rates (78 *per cent* for recurring expenses and 198 *per cent* for non-recurring expenses), W&CD also lost the opportunity to gainfully utilise the enhanced rates for the benefit of children. In eight of nine selected districts (except Mumbai City), 29 of 95 CCI remained deprived of the revised rates and consequently, W&CD had to forego an estimated ₹ 3.76 crore during 2014-15 on account of maintenance expenses of children alone (food, clothing, medicines, oil, soap *etc.*). Even for 2015-16, W&CD did not send any financial proposal to the Ministry (September 2015).

The Government stated that action to adopt revised norms was under consideration.

Recommendation 1: The Government may (i) ensure adequate budgetary support for child care institutions and that such budgetary support is not diluted to cater for other child welfare Schemes including those relating to girl child, and (ii) promptly adopt the revised financial norms promulgated by GoI for child care institutions brought under ICPS.

2.1.3 Planning and institutional arrangements

2.1.3.1 Non-identification of children in need of care and protection

Mention was made in paragraph 4.1.6.1 of the Report of Comptroller and Auditor General of India (General and Social Sector) for the year ended March 2012 about absence of any mechanism for assessing the number of children in need of care and protection. The then Principal Secretary, W&CD gave an assurance (October 2012) that census of number of children in need of care and protection would be conducted through anganwadi workers and professional help, for identification of children requiring institutional care.

¹⁰ Pune, Nagpur, Parbhani, Latur, Yavatmal and Ahmednagar

Further investigation by audit revealed that the Commissioner, W&CD issued (September 2013) instructions to carry out survey of children in need of care and protection with the help of anganwadi workers during the period 01 October 2013 to 15 October 2013. The survey report was to be consolidated by the Commissioner, W&CD by December 2013. The Commissioner received (May 2015) survey reports only from eight of 35 districts in which, 6,660 children (Boys: 3,482; Girls: 3,178) were found to be in need of care and protection. While no survey reports in respect of 27 districts were received by the Commissioner, no action was taken by W&CD to bring 6,660 children under institutional care.

The Government stated that anganwadi workers were facing difficulties due to non-availability of trained personnel and fund constraints. It added that survey would be conducted with the help of MSCPS.

The reply furnished by the Government is not borne out of facts as further examination by audit revealed that even the MSCPS was not adequately geared to identify the children in need of care and protection because, the District Child Protection Units (DCPU) and various child protection Committees¹¹ under it, responsible for identification of children in need of care and protection and preparation of child protection plan at the grassroots and district level, were ill-equipped to discharge such functions either due to severe manpower¹² and financial constraints or non-formation of requisite number of Committees at the village/ward and block levels.

2.1.3.2 Non-conducting of survey for street children in urban areas

With a view to protecting the street children in urban areas and to help them lead a normal life, the Department constituted (February 2014) a State Level Task Force (SLTF) under the Chairmanship of the Chief Secretary of the State and the Principal Secretary, W&CD as a Member Secretary with 10 members. The SLTF directed (July 2014) all the Municipal Corporations in the State to establish special task force within 15 days and carry out survey of street children in their areas and submit a report to it. Audit scrutiny revealed that till May 2015, of 26 Municipal Corporations in the State, only one Municipal Corporation (Pune) conducted the survey and identified 1,754 street children¹³ and provided shelter under the 'Nest' programme implemented by it.

The Government stated that the Municipal Corporations were being directed to conduct survey of street children as early as possible.

¹¹ Block Level Child Protection Committees and Ward/Village Level Child Protection Committees

¹² In 35 DCPU's, 276 of 432 sanctioned posts were vacant. Of 39,693 Village Level Child Protection Committees to be constituted in the State, only 18,850 Committees were formed. Further, of 333 Block Level Child Protection Committees to be constituted, only 130 Committees were formed as of September 2015

¹³ 908 children in the age group up to six years and 846 children in the age group of 6 to 14 years

2.1.3.3 Non-preparation of rehabilitation and care plan

The W&CD directed (December 2011) all the CWC, JJB and DW&CDOs that individual rehabilitation and care plans be prepared by the Probation Officers¹⁴ of CCI considering the attributes like emotional and psychological support needs, educational and training needs, health needs, skills, religious beliefs *etc.* The rehabilitation and care plans were to be approved by a Committee consisting of a medical officer, teacher, vocational training instructor and the superintendent of the CCI. Audit observed that 84 of 93 selected CCI did not prepare rehabilitation and care plans for the children.

The Government stated that all the DW&CDOs have been directed to instruct all the CCI to prepare rehabilitation and care plans in respect of children residing in CCI.

Given the fact that 90 *per cent* of the CCI verified by audit did not prepare rehabilitation and care plans clearly demonstrated the insensitivity of W&CD and those responsible for implementation, toward the specific needs of children.

2.1.3.4 Weaknesses in the institutional arrangements

Audit observed major weakness in the institutional arrangements *vis-a-vis* that stipulated in the JJ Act as shown in **Table 2.1.2**.

Table 2.1.2: Major weakness in the institutional arrangements

Boards/ Committees	Audit findings and replies furnished by W&CD
State Advisory Board	(i) The State Government reconstituted (September 2013) the State Advisory Board with three Government members only instead of four Government and five non-Government members, in violation of Rule 11(1A) of the MJJ Rules. The Government stated that a proposal to appoint non-Government members was under consideration. Further, the State Government also designated the serving Principal Secretary, W&CD as the Chairman of the Board instead of retired Secretary or Judge of High Court, which not only violated the MJJ Rules but also created a 'conflict of interest' situation.
	(ii) The State Advisory Board is to advice the Government on matters relating to establishment and maintenance of children homes, mobilising resources, provision of facilities for education, training and rehabilitation of children in need of care and protection and Juveniles in conflict with law. Audit observed that in 13 meetings conducted by the State Advisory Board between March 2010 and December 2014, only matters relating to appointments of CWC, JJB and District Advisory Board members were discussed.
Child Welfare Committee	(i) 14 of 35 CWC and one of 35 CWC had a shortfall of one member and two members respectively since 2011, in violation of Section 29(1) of the JJ Act. The Government, without specifying any reasons for non-appointment of members since June 2011, stated that action to appoint the members by calling applications from the respective districts would be taken.
	(ii) During 2010-15, none of the 35 CWC furnished half yearly reports to the State Government showing pending cases of children with them thus, violating Rule 7B(10) of MJJ Rules. The Government stated that all the CWC have been instructed to furnish the requisite report showing the cases received, disposed of and pending with them. The reply clearly indicates the Government's impassiveness to review the pendency of cases with

¹⁴ "Probation Officer" means an officer appointed by the State Government as a probation officer under the Probation of Offenders Act, 1958 (20 of 1958)

Boards/ Committees	Audit findings and replies furnished by W&CD
	<p>CWC.</p> <p>(iii) As per Rule 8(8) of MJJ Rules, 2011, final disposal of cases relating to children in need of care and protection shall be by the order of at least three members. During 2014-15, five of nine CWC disposed of 675 cases¹⁵ that were endorsed by only two members instead of the requisite three. The Government stated that instructions have been issued to CWC to adhere to MJJ Rules. The reply however, did not highlight the reasons for non-adherence to MJJ Rules by CWC.</p> <p>(iv) Basic records (case registers, registers of undertaking, registers of final orders <i>etc.</i>) in four of nine selected CWC were not being maintained thus, contravened Rule 8B of MJJ Rules, 2011. The Government stated that instructions have been issued to CWC to keep the records as per Rules.</p> <p>(v) As per Rule 8(23) of MJJ Rules, each CWC was required to conduct an annual review of the progress of each child in the CCI. However, four¹⁶ of nine CWC did not conduct the annual reviews during 2010-15. In CWC Mumbai City and Parbhani, records of annual review was not being maintained while in Ahmednagar, annual review was done from 2013-14 onward. The Government stated that instructions have been issued to all CWC to submit the progress reports of the annual reviews conducted by them.</p>
Selection Committee	<p>As per Rule 91 of the JJ Rules, the State Government shall constitute a Selection Committee consisting of seven members by notification in the Official Gazette, for a period of five years. The Selection Committee was to select and recommend a panel of names to the State Child Protection Unit or the State Government for appointment of members to State Advisory Board or District Advisory Boards. However, no Selection Committee had been constituted by the State Government as of September 2015. The Government stated that nominations have been called for appointment of members for the Selection Committee.</p>
Juvenile Justice Board	<p>(i) As per Section 4(2) of JJ Act, the JJB shall consist of a Judicial Magistrate and two social workers as members. Except for 30 districts where the JJB was working with full complement, in three¹⁷ districts there was shortage of two members while in two¹⁸ districts, there was shortage of one member. The Government stated that proposals to appoint members of JJB in Pune and Beed were pending at their level while the proposal for Parbhani had been submitted to the Bombay High Court. The Government added that action would be taken to appoint the members in Ahmednagar and Jalna districts.</p>
	<p>(ii) As per Rule 6(9C) of MJJ Rules, an enquiry of juvenile in conflict with law should be finalised within four months (extendable by two months) from the date of the receipt of final report of police. The number of pending cases before the JJB in the State decreased from 26,116 in 2010 to 14,753 by the end of April 2015. However, in three¹⁹ of nine selected districts, the number of pending cases increased from 2,676 in December 2013 to 3,188 by the end of April 2015. The age-wise analysis of the pending cases though called for from JJB were awaited as of January 2016. The Government stated that instructions have been issued from time to time by the Bombay High Court to JJB to clear the pending cases.</p>
	<p>(iii) As per Rule 4A(10) of MJJ Rules, the JJB were required to furnish half yearly reports of pending cases to the State Government as well as the</p>

¹⁵ Ahmednagar: 267, Latur: 121, Osmanabad: 35, Pune: 235 and Parbhani: 17

¹⁶ Latur, Nagpur, Osmanabad and Pune

¹⁷ Pune, Parbhani and Beed

¹⁸ Ahmednagar and Jalna

¹⁹ Pune, Parbhani and Nanded

Boards/ Committees	Audit findings and replies furnished by W&CD
	Chief Judicial Magistrate or Chief Metropolitan Magistrate, for review of its sittings or cause constitution of additional Boards, if need be. During 2010-15, none of the 35 JJB submitted any half yearly reports to the State Government. The Government stated that action would be taken to ensure submission of six monthly reports by JJB to it. The reply clearly demonstrates lack of accountability at the apex level (State Government).

2.1.3.5 Functioning of unrecognised child care institutions

Section 34(3) of the JJ Act provides for mandatory registration of all CCI housing children in need of care and protection with the intent of enforcing minimum standards of care for the services provided to children in the Homes. In view of large number of incidences of abuse and neglect of children that have occurred in CCI not registered under the JJ Act, the Ministry in July 2014 requested all the State Governments to invite the attention of all organisations running housing facilities for children in need of care and protection towards their obligation for registration under the JJ Act. The States were to complete this exercise in two months time and submit the information to the Ministry.

Accordingly, the Commissioner, W&CD published an advertisement in a local newspaper requesting all the CCI in the State, whether receiving grants or otherwise, to register online by October 2014. As of 15 December 2014, 1,865 CCI applied for registration online of which, 1,230 CCI were already found to be registered either under the JJ Act or any other Act for running the institutions. The remaining 635 CCI were thus, operating in the State without registration under the JJ Act. This clearly pointed to the fact that W&CD did not make any efforts of its own to identify the CCI which were operating in the State without any valid registration.

The Government stated that fresh inspections of all the CCI (whether registered or otherwise) were being carried out and after inspections, a policy would be formulated for their proper registration and recognition.

Recommendation 2: (i) The Government needs to draw a firm roadmap for survey and identification of children in need of care and protection and prepare a comprehensive child protection plan. The rehabilitation and care plan of each child in the child care institutions should also be prepared and its progress reviewed periodically, and (ii) The Government may complete inspections of all child care institutions so that the State policy for granting registration and recognition to the institutions is formulated at the earliest.

2.1.4 Standards of care in child care institutions

The JJ Act and the MJJ Rules prescribes the minimum standards of care to be provided by the CCI to the children in terms of physical infrastructure, clothing and bedding, diet, medical care, education, vocational training *etc.*

2.1.4.1 Inadequate infrastructure standards

The MJJ Rules, 2011 and W&CD Resolution of December 2011 laid down different specifications for the amenities to be provided in CCI. Joint

inspection of 93 CCI by audit with Departmental officials revealed the following inadequacies:

- All the 93 CCI had dormitories but, 57 of them did not have the requisite specification of 40 sqft per child.
- 34 of 93 CCI did not have classrooms. In 36 of the remaining 59 CCI, the classrooms did not meet the requisite specifications of one classroom of 300 sqft per 25 children.
- 44 of 83 CCI²⁰ did not have workshops. In 23 of the remaining 39 CCI, workshops did not meet the requisite specifications of 500 sqft per CCI.
- All the 93 CCI had toilets but, 35 of them did not have the requisite specification of one toilet for seven children.
- All the 93 CCI had bathrooms but, 27 of them did not have the requisite specification of one bathroom for 10 children.
- 45 of 93 CCI did not have fire-fighting arrangements.
- Other facilities like playground, sick room, compound wall, dining hall, residence for Superintendent *etc.* though largely available in CCI but, the specifications for these facilities were neither included in the MJJ Rules nor did W&CD notify the same in any of its Resolutions separately.

The Government stated that action was being taken against the CCI for not adhering to MJJ Rules and W&CD Resolution of December 2011.

2.1.4.2 Non-adherence to clothing and bedding standards

As per Rule 36 of MJJ Rules, clothing and bedding to the children were to be provided as per guidelines issued by the State Government from time to time. The W&CD prescribed (August 2006) the scales for clothing²¹ and bedding²² which was applicable to Government-run CCI only. Scrutiny of records in 83 selected CCI²³ (Government-run: 13; NGO-run: 70) revealed the following:

- The scales for clothing were not fully adhered to by 12 of 13 Government-run CCI while the scales for bedding were not fully adhered to by all the 13 Government-run CCI during 2010-15.
- In 64 of 70 CCI run by the NGOs, clothing items provided to the children during 2010-15 did not adhere to the scales prescribed by W&CD. Similarly, bedding items provided to children in 65 of 70 CCI run by the NGOs did not conform to the scales prescribed by W&CD during the same period.

Non-observance of scales for clothing and bedding even by Government-run CCI indicated inadequacies in inspections and monitoring by CWC, District

²⁰ Excluding 10 Special Adoption Agency for which workshop is not prescribed

²¹ Shirts and pants for boys, salwar- kameez for girls, school uniforms, boots/chappals, socks, school bags *etc.*

²² Mattresses, pillows, bed sheets, blankets *etc.*

²³ Excluding 10 Special Adoption Agency for which norms were not applicable

Advisory Board and W&CD. Further, W&CD also did not stipulate any scales for bedding and clothing for the NGO-run CCI, in violation of MJJ Rules.

The Government stated that directives were being issued to ensure that the scales prescribed for clothing and bedding were adhered to by all CCI.

2.1.4.3 Inadequacies in nutrition and diet scales

The MJJ Rules provided for laying down of diet scales for children living in CCI by the State Government. The diet scales were to be prepared in consultation with nutrition experts to ensure balanced and nutritious diet. Scrutiny of records of 93 selected CCI (Government-run: 13 and NGO-run: 80) revealed the following:

- The W&CD prescribed the diet scales for Government-run CCI through a Resolution issued in August 2006. However, no diet scales were prescribed for NGO-run CCI despite the provisions contained in MJJ Rules.
- The diet scales issued by W&CD in August 2006 did not stipulate the calories to be provided to the children as per their age.
- Of 13 Government-run CCI, one CCI did not provide chicken/mutton/fish/eggs and four CCI did not provide curd/butter milk during 2010-15.
- Scrutiny of stocks and diet registers of NGO-run CCI for 2010-15 revealed that in 54 of 70²⁴ CCI, curd/ butter milk was not provided. Further, in 14 of 80 CCI, milk was not provided and in 24 CCI, chicken/mutton/fish/eggs, as prescribed in the diet scales for the Government-run CCI, were not provided.

Thus, in the absence of diet scales for NGO-run CCI, as required under MJJ Rules, the supply of balanced and nutritious food to the children could not be ensured.

In the Exit Conference, the Principal Secretary, W&CD accepted (October 2015) the facts and stated that cost analysis of diet based on calorific value would be done with the help of nutritionists. The Government stated that the W&CD Resolution of August 2006 had also been made applicable to NGO-run CCI vide Government Resolution dated 13 July 2015.

2.1.4.4 Non-segregation of juveniles in conflict with law from children in need of care and protection

As per Rule 40 of JJ Rules, 2007 the homes for juveniles in conflict with law and children in need of care and protection shall function from separate premises. However, the MJJ Rules did not stipulate separate premises for juveniles in conflict with law and children in need of care and protection. But, as per Section 68 of JJ Act, in the absence of State Rules on any matter, the JJ Rules, 2007 shall apply. Audit however, observed that 10 of 93 CCI accommodated juveniles in conflict with law and children in need of care and protection in the same premises.

²⁴ Curd/butter milk was not prescribed for 10 Special Adoption Agency

The Government stated that children in need of care and protection and juveniles in conflict with law were kept separately, particularly at night. Further, number of juveniles in conflict with law were less and their stay was usually for limited periods.

The reply is not acceptable because, juveniles in conflict with law have a criminal intent and they can always influence other inmates, besides perpetrating other crimes, such as, sex abuse, drug abuse, vandalism, theft *etc.* Therefore, they need to be kept separately at all times and not during night time only.

2.1.4.5 Security lapses

The Government Resolution of W&CD of December 2011 stipulated that CCI must provide compound wall along the premises with 24 hours security guard and proper lighting for protection and security of inmates.

Test-check of records in eight²⁵ of nine districts revealed that 558²⁶ children out of total 11,668 children absconded during 2010-15 from 25²⁷ of 77²⁸ CCI. Of 558 children, only 40 could be traced while the remaining 518 remained untraceable till June 2015. The percentage of children who ran away was highest in Nagpur (47 *per cent*) followed by Pune (33 *per cent*). Joint inspection by audit with Departmental staff revealed inadequate security arrangements in 22 of 25 CCI such as, non-availability of security guards, low height of compound walls and no barbed wiring on compound walls. In seven of 25 CCI (Government-run: four and NGO-run: three), children ran away every year during 2010-15, indicating lack of preventive measures to pre-empt the recurrence of such incidents.

The Government stated that various activities such as, counselling, discourses through 'Art of Living' were being carried out through DCPUs and NGOs to acclimatise children to the atmosphere of the CCI. Private security guards and Police were also appointed for the protection of children.

The reply does not appear to be correct because, joint inspection by audit of 22 CCI did not reveal any deployment of security guards in these CCI.

2.1.4.6 Inadequate functioning of homes for mentally deficient children

Considering that the Social Justice and Special Assistance Department (SJSA) was the nodal Department for implementation of The Persons with Disabilities (Equal Opportunities, Protection of Rights and Full Participation) Act, 1995, W&CD issued Government Resolutions between May 2012 and January 2014 to transfer the administrative control of 19 homes for mentally deficient children (MDC) in the State from W&CD to SJSA.

There were six²⁹ children homes for MDC in 93 CCI which were jointly inspected by audit with Departmental officials. Audit observed that even after

²⁵ Ahmednagar, Latur, Mumbai City, Nagpur, Pune, Parbhani, Osmanabad and Yavatmal

²⁶ Seven Government-run: 312 and 18 NGO-run: 246

²⁷ 03 HIV affected children homes; 03 Homes for mentally deficient children; 11 Observation homes/Children homes; and 08 Children homes *etc.*

²⁸ Excluding 10 Special Adoption Agency and six CCI in Nanded district

²⁹ Ahmednagar: one; Osmanabad: two; Latur: one; Nagpur: one; and Pune: one

transfer of control to SJSA, these six homes for MDC continued to operate without availability of trained staff such as, speech therapists, clinical psychologist, vocational counsellors, special teachers as required under The Rehabilitation Council of India Act, 1992. Since the SJSA dealt with all forms of disabilities including mental disability, the very purpose of transfer of administrative control of children homes for MDC from W&CD to SJSA remained largely defeated and the MDC continued to suffer.

The SJSA stated (June 2015) that 100 *per cent* salary grants had been sanctioned for appointment of trained staff.

Audit further observed that 19 children homes for MDC mentioned above were already functioning at their optimal capacity. Consequently, 94 MDC³⁰ residing in six regular children homes could not be accommodated in these specially designated 19 children homes for MDC. Incidentally, these six regular children homes did not have any facilities to meet the specific requirements of MDC.

Further, 30 MDC girls over 18 years of age exclusively residing in one³¹ Government CCI for girls in Pune did not have special toilets and bathrooms, as a result, the dining room was converted into special toilets and bathrooms, while the dormitory was being used for eating and sleeping purposes. A proposal submitted (July 2014) by the Regional Deputy Commissioner, Pune to the Commissioner, W&CD, Pune for appointment of trained staff for necessary care and rehabilitation of these girls remained unattended till September 2015. Also, the decision of SJSA (January 2014) to open at least one children home for MDC in each district, with a view to meeting their special needs, did not fructify as of June 2015.

The Government while accepting the facts stated that since the children homes for MDC under SJSA were fully occupied, there was no other alternative but to accommodate the MDC in the normal homes.

2.1.4.7 Non-imparting of vocational training to inmates

As per Rule 16(9) and 29(4) of MJJ Rules, the inmates residing in CCI shall be imparted useful, modern and marketable vocational training under the guidance of trained instructors or through external sources. Non-imparting of vocational training to the inmates of CCI during the period 2007-12 was commented upon in paragraph 4.1.14.1 of the Report of the Comptroller and Auditor General of India for the year ended March 2012 (General and Social Sector).

Joint inspection of 83 CCI³² did not show any marked improvement over the previous years. In 42 of 83 CCI (Government-run: nine and NGO-run: 33), vocational training was not imparted to any of the estimated 2,371 children during 2010-15, due to non-arrangement of training facilities (either in-house or through private organisations) in these CCI. In the remaining 41 CCI, only 735 children (49 *per cent*) were imparted training out of an average of 1,513 children residing in these CCI. Non-imparting of vocational training to

³⁰ Mumbai City: 56; Pune: 36; and Latur: Two

³¹ Government Children Home/Observation Home for Girls at Mundhwa, Pune

³² Excluding 10 Special Adoption Agency

children was not only a violation of the MJJ Rules but also deprived the children of the opportunity to improve their chances of gainful employment.

The Government stated that the Commissioner, W&CD had been instructed to ensure that the CCI provide vocational training through Industrial Training Institutes and private training institutes.

2.1.4.8 Inadequate rehabilitation of children released from child care institutions

After-care homes take care of children upon their release from special homes/children homes so that they are able to lead an honest, industrious and useful life. Rule 18(2) and (4) of MJJ Rules, 2011 also provides for establishment of after-care homes for children above 18 years. There are nine after-care homes in the State (Government-run: six and NGO-run: three).

Audit observed that of the six Government-run after-care homes, four had an intake capacity of 400 children. However, during 2012-15, the actual occupancy in these four after-care homes was only 22 to 41 *per cent* on account of poor facilities and lack of adequate infrastructure. As a result, a sizeable number of children could not be socially integrated and rehabilitated by these four after-care homes through effective linkages between various Governmental, non-Governmental, Corporate and other community agencies.

Audit further observed that W&CD called for information (December 2013) from 1,107 CCI regarding number of children in the age group of 16 to 18 years residing in CCI, number of children who left CCI during last five years and their status of rehabilitation. This information was to be used by W&CD to formulate a future plan of rehabilitation of the children. However, such information was pending from 740 of 1,107 CCI as of October 2015. Further, 367 of 1,107 CCI furnished a status report on 390 orphans who were to be given priority in admissions to after-care homes. However, there was no evidence to indicate that the concerned DW&CDOs had taken any action to commence the admission procedure of these orphans in the after-care homes.

Clearly, the problem of rehabilitation of children released or likely to be released from CCI had not been handled seriously either at the district level or apex level. Further, non-receipt of requisite information for more than two years had already rendered this exercise futile because, a large number of children would have already been released from CCI after attaining the age of 18 years and tracking them at this stage may be very difficult now.

2.1.4.9 Non-implementation of policy of issuance of orphan certificates

Orphans leaving CCI after 18 years of age, in the absence of any legitimate credentials, are deprived of various educational, financial and social benefits. Considering the difficulties faced by the orphans, W&CD issued (June 2012) a Government Resolution vide which it was decided to issue orphan certificates to the children who had been declared orphans in the admission orders issued by CWC/JJB.

Audit observed that 88 proposals for issue of orphan certificates forwarded by 17 CCI (involving 16 districts) between September 2012 and February 2015 through the respective DW&CDOs were returned by the Commissioner

W&CD on various grounds such as, non-availability of case sheets, photographs, admission orders of CWC/JJB *etc.* As such, no orphan certificates were issued to 88 children as of September 2015.

The Government attributed the reasons for non-issue of orphan certificates primarily to (i) orphan status not mentioned in the orders issued by CWC/JJB at the time of admission to CCI, (ii) children becoming orphan subsequent to admission to CCI. The Government added that a proposal had been called for from the Commissioner, W&CD regarding the changes required to be made in the Government Resolution of June 2012.

The reply is not convincing because, as per Rule 8(12) of MJJ Rules, the CWC were required to mention in Form VIII full particulars of the parents or guardian of the child at the time of his admission in CCI. Therefore, if the status of the parents/guardians of the children was not mentioned in the orders issued by CWC, then the responsibility rests with the CWC and the children should not be made to suffer for the lapses on the part of CWC. Further, the situation where a child becomes orphan during his stay in CCI could have been contemplated by W&CD while framing the Government Resolution in June 2012 and resultant delays in issue of orphan certificates avoided.

2.1.4.10 Shortfall of Superintendents in child care institutions

The Superintendent of CCI is an important functionary in day-to-day running of CCI. He is responsible for (i) planning, implementation and coordination of all institutional activities, programmes and operations of CCI, (ii) ensuring that the children are provided with quality and quantity of food, educational and vocational training in accordance with the aptitude and need of the children, (iii) providing homely atmosphere of love, affection, care to the children and ensure and safeguard the rights of child or juvenile in all possible manner within the ambit of rules and regulations, and (iv) providing safe drinking water, proper sanitary and hygiene in the institutions, ensure adequate health care for the children and juveniles *etc.*

As of March 2015, there was significant shortfall in the key post of Superintendent (42.30 *per cent*) in all the 43 Government-run CCI. In 13 selected Government-run CCI, the key post of Superintendent was vacant to the extent of 38 *per cent* as of March 2015. Further, in five of 13 CCI, the post of Superintendent was vacant for a period ranging from five to eight years. In 43 of 44 NGO-run CCI, which were receiving 100 *per cent* salary and non-salary grants, the key post of Superintendent was vacant to the extent of 42.30 *per cent* for a period ranging from two to nine years.

Recommendation 3: The Government may ensure (i) minimum standards of care in terms of physical infrastructure, clothing and bedding, nutrition and diet for all child care institutions and the same adhered to scrupulously, (ii) proper segregation of juveniles in conflict with law from children in need of care and protection and, the security arrangements in child care institutions be made water-tight so that instances of breakouts are eliminated, and (iii) availability of essential facilities including trained staff in homes for mentally deficient children, in order to meet their special needs.

2.1.5 Monitoring

2.1.5.1 Non-conducting of social audits

As per Rule 81 of the MJJ Rules, the State Government was required to conduct social audits for monitoring and evaluating the functioning of the children homes annually with the help of leading organisations working with the children, besides autonomous bodies like Tata Institute of Social Sciences, National Institute of Public Cooperation and Child Development, Child-line India Foundation *etc.* However, instructions to conduct social audits were issued to DW&CDOs by the Commissioner, W&CD belatedly in August 2011. Despite issue of instructions, none of the nine selected districts conducted social audits during 2011-15. Thus, a vital mechanism to monitor and evaluate the functioning of children homes remained unenforced.

The Government stated that a committee was being formed which would decide on the matter relating to social audits.

2.1.5.2 Shortfalls in inspection of child care institutions

As per Rule 7(B)(6) of MJJ Rules, 2011, the CWC members were required to visit each CCI once in three months to review the condition of children in the institutions and to submit reports to State Advisory Board. Similarly, as per Rule 82(10) of MJJ Rules, 2011, the District Advisory Boards were to visit each institution at least once in three months to examine the facilities and standards of care and protection being provided in the institutions, and to submit reports to the State Government. Audit scrutiny revealed the following:

- Of nine selected districts, only CWC, Ahmednagar had submitted inspection report to the State Advisory Board for the quarter January to March 2014, during 2010-15.
- During 2010-15, there were shortfalls in visits by CWC in 91 of 93³³ selected CCI that ranged between 3 and 20. The Government stated that instructions have been issued (June 2015) to all DW&CDOs to ensure inspections of CCI through CWC and furnish reports to State Advisory Board.
- Of 93 selected CCI, the District Advisory Boards did not pay any visit to 81 CCI during 2014-15³⁴. The Government stated that instructions have been issued to the District Advisory Boards to visit CCI and submit inspection reports to it.

Regular inspections of CCI by CWC and District Advisory Boards would have highlighted the difficulties being faced by the children and afforded an opportunity to the Government to take remedial action.

2.1.5.3 Non-evaluation of the working of child welfare committees

As per Rule 8(29) of MJJ Rules, the inspection and evaluation of the working of the CWC were to be done on quarterly basis by the Commissioner, W&CD. The report of the evaluation was to be submitted to the State Government. Scrutiny of records revealed that during 2010-15, the Commissioner, W&CD did not conduct any inspections of CWC to evaluate their working. On the

³³ Excluding nine Bal Sangopan Sansatha

³⁴ The District Advisory Boards were formed between July 2013 and November 2014

contrary, the Commissioner, W&CD had delegated powers to the DW&CDOs to conduct inspection and evaluation of CWC.

Recommendation 4: In order to monitor and evaluate the functioning of children homes, Government may ensure that social audits are conducted regularly. The State Advisory Board and the Government may also ensure that the members of Child Welfare Committee and the District Advisory Boards conduct requisite number of inspections of children homes and submit regular reports to them for taking remedial action.

2.1.6 Conclusion

The budget provisions made by the State Government during 2010-15 were deficient by 24 *per cent* and therefore, not sufficient to meet the basic requirements of the children residing in child care institutions. The planning for identification of children in need of care and protection and to bring them under institutional care was grossly inadequate. The institutional arrangements in the State were *per se* weak as the State Advisory Board, Child Welfare Committees and Juvenile Justice Boards were functioning without full complement of members. There were 635 child care institutions in the State which were functioning without registration under the JJ Act, 2000. Various amenities to be provided in the child care institutions were either not available or there were shortfalls in providing the same. The norms for clothing and bedding fixed by the State Government were not followed by the Government child care institutions. Further, nutrition and diet scales and scales for clothing and bedding were not prescribed for NGO-run institutions, in violation of MJJ Rules, 2002. Ten of 93 institutions accommodated juveniles in conflict with law and children in need of care and protection in the same premises, in violation of JJ Rules, 2007. In eight of nine selected districts, 558 children ran away from 25 homes during 2010-15 due to security lapses. The homes for mentally deficient children continued to operate without availability of trained staff such as, speech therapists, clinical psychologist, vocational counsellors, special teachers as required under The Rehabilitation Council of India Act, 1992. No vocational training was imparted to the inmates of 42 of 83 child care institutions during 2010-15. There was significant shortfall of 42.30 *per cent* in the key post of Superintendent in all the 43 Government-run institutions. None of the nine selected districts conducted social audits of children homes during 2011-15. There were shortfalls in inspections of child care institutions by the Child Welfare Committees and District Advisory Boards.

Tribal Development Department

2.2 Implementation of educational schemes and related activities for tribal students under Tribal Sub-Plan

Executive summary

The Scheme of Tribal Sub-Plan was conceptualized for rapid socio-economic development and protection of tribal community by narrowing the gap between their levels of development to that of the general communities.

A performance audit of the “Implementation of educational schemes and related activities for tribal students under Tribal Sub-Plan” in Maharashtra State for the period 2010-15 revealed that the Tribal Development Department of GoM did not prepare any long-term perspective plans for the last 22 years for empowerment of tribal students. Only annual plans, based on availability of funds, were being prepared, without any physical targets. During 2010-15, admissions to Government ashramshalas logged a declining trend despite incurring expenditure of ₹1,730 crore by the Department. A significant number of ashramshalas did not have teachers for compulsory subjects like Hindi, Mathematics, Science and Social Science. The Department had huge unspent balances pertaining to various educational schemes and activities at the end of March 2015. The tribal students were not being provided food grains as per scales prescribed by the Department. There were significant delays in construction of new Government ashramshalas and hostels. The basic and essential amenities in ashramshalas were inadequate. Despite incurring an expenditure of ₹29.81 crore on solar water heaters and biometric attendance systems, these remained non-operational for long periods. The implementation of educational and scholarship schemes for the tribal students studying in other schools suffered due to weak oversight mechanism. The key posts in the education cells, meant to strengthen the monitoring of ashramshalas and hostels, were not filled up. Despite an expenditure of ₹4.71 crore and passage of three years, the e-governance project of the Department remained elusive.

2.2.1 Introduction

The Tribal Sub-Plan (TSP) strategy was evolved in the 5th five year plan (1974-78) with the objective of socio-economic development and protection of Scheduled Tribes (STs) against exploitation through legal and administrative support for narrowing the gap between their levels of development to that of the general communities. The important aspect of this strategy is to ensure allocation of funds for TSP areas at least in proportion to the ST population of each of the State/Union Territory. The TSP Programme is jointly financed by the Central Government and the States from the funds specifically earmarked for TSP.

As per census 2011, the total population of Maharashtra was 11.24 crore of which, the tribal population was 1.05 crore (9.35 per cent). The Planning Department of Government of Maharashtra (GoM) communicates a planning ceiling to the Tribal Development Department (TDD) for finalisation of TSP. The responsibility for implementation of TSP in coordination with other line

Departments¹ rests with the TDD. During 2010-15, an expenditure of ₹ 3,451.18 crore was incurred by TDD under TSP for various educational schemes and related activities.

2.2.1.2 Organisational set-up

The Secretary, TDD is the head of the Department and is assisted by a Tribal Commissioner (TC) at Nashik. The TC is assisted by four regional Additional Tribal Commissioners (ATCs) at Amravati, Nagpur, Nashik and Thane. While the TC is responsible for overall monitoring of TSP, the ATCs coordinate and monitor the development programmes under their respective regions. The ATCs are assisted by 29 Project Officers (POs) who are responsible for planning of various developmental works in their respective TSP areas, also referred to as Integrated Tribal Development Projects (ITDPs)². The POs are also responsible for inspection and supervision of Government ashramshalas³ (total 529), aided ashramshalas (total 546) and Government hostels for tribal boys and girls (total 491) in the State.

2.2.1.3 Audit objectives

The objectives of audit were to assess whether:

- planning, allocation, release and utilization of funds for various educational schemes and related activities under TSP was effective;
- the educational schemes and activities were implemented effectively and efficiently with due regard to economy; and
- monitoring and evaluation system was robust.

2.2.1.4 Audit criteria

The performance audit findings were benchmarked against the following:

- GoI/GoM orders, guidelines and resolutions issued from time to time;
- Ashramshala Code of 2006-07 published by TDD;
- Annual Tribal Sub-Plans prepared by TDD for the period 2010-15; and
- Maharashtra Treasury Rules, 1968.

2.2.1.5 Audit scope and methodology

The performance audit commenced with an entry conference held on 10 February 2015 with the Secretary, TDD in which audit scope and methodology was explained. The audit was conducted during February to July 2015 covering the period 2010-15 through test-check of records in TDD, TC, Nashik, four ATCs, eight⁴ of 29 POs, 52 Government ashramshalas and 47 Government hostels for tribal boys and girls in eight selected POs. In addition, records of 32 private-aided schools, Zilla Parishad schools and Municipal Corporation/Council schools were also examined to check the implementation of two educational and scholarship schemes run by the TDD.

¹ Agriculture, Rural Development, Public Works, Health *etc.*

² ITDPs, headed by POs, are generally contiguous areas of the size of a tehsil or block or more in which the ST population is 50 *per cent* or more of the total

³ Residential schools for tribal students of standard I to XII where, in addition to education, lodging and boarding facilities are provided by the Government free of cost

⁴ Chandrapur, Dahanu, Dharni, Jawhar, Nagpur, Nashik, Nandurbar and Pandharkawada

Audit was confined to examination of records of educational schemes and related activities being implemented by the TDD for the tribal students from State TSP funds. Audit findings were discussed with the Secretary, TDD in an exit conference held on 16 January 2016. The report takes into account replies furnished by the Secretary, TDD during exit conference.

Audit findings

2.2.2 Planning

2.2.2.1 Absence of long-term perspective planning

Strategic planning is necessary for attaining the long term goals of an entity in a time bound manner. The TDD directed (September 1993) all the POs to prepare five year perspective plans for their respective ITDPs. Audit, however, observed that none of the 29 POs (including eight selected POs) prepared any long-term perspective plans since 1992-93. The POs prepared only the annual plans based on the local demands and availability of funds, without laying down any physical targets, and submitted the same to the District Planning Development Committees (DPDC) and finally to the State Government for approval. Thus, the State Government had been implementing the TSP in the State without a consolidated perspective plan for the last 22 years.

Non-preparation of perspective plans had numerous implications, such as, (i) huge unspent balances at all the levels of implementation (TC, ATCs and POs), (ii) significant delays in construction of new Government ashramshalas and hostels, (iii) vacancies of teachers in compulsory subjects in sizable number of ashramshalas, (iv) decreasing trend of admissions to Government ashramshalas despite incurring enormous expenditure in management of ashramshalas, (v) inconsistent policy leading to significant delay in procurement and supply of uniforms to the tribal students of ashramshalas, (vi) non-formation of education cells at the level of the TC, ATCs and POs resulting in ineffective coordination, monitoring and supervision of schemes, (vii) poor implementation of e-governance application software that was expected to aid the State Government in better management of funds and decision-making *etc.*

The TDD confirmed (January 2016) that no long-term perspective plans were prepared.

Some of the inadequacies in planning are discussed in succeeding paragraphs.

2.2.2.2 Decreasing trend of admissions to Government ashramshalas

During 2010-15, the TDD incurred an expenditure of ₹ 3,451.18 crore on empowerment of tribal students of which, ₹ 1,729.57 crore (around 50 *per cent*) was spent on Government ashramshalas. Audit observed that despite incurring an expenditure of ₹ 1,729.57 crore in management of ashramshalas, admissions to Government ashramshalas showed a decreasing trend from 2.07 lakh in 2011-12 to 1.96 lakh in 2014-15, against the sanctioned strength of 2.63 lakh. This was indicative of the fact that the TDD had not been able to formulate a viable policy to attract the tribal community to get their wards admitted to Government ashramshalas.

The Deputy Commissioner (Education), TDD, Nashik attributed (July 2015) the decreasing trend of admissions in Government ashramshalas to (i) floating of alternative schemes for admitting tribal students in other schools under ‘Educating ST students in Renowned English Medium Schools of the Cities’ sponsored by TDD and ‘Ekalavya Residential Schools’ sponsored by GoI, (ii) availability of Zilla Parishad schools within one km of habitation, and (iii) students preferring to live with their parents for household and farm works.

During exit conference, the Secretary, TDD acknowledged (January 2016) the audit observation and stated that the decreasing trend in admissions to Government ashramshalas would be analysed.

2.2.2.3 Absence of extracurricular subjects from the curriculum of ashramshalas

As per Rule 3.16 of Ashramshala Code of 2006-07 published by TDD, the Government and aided ashramshalas should adopt the State curriculum accredited by the Maharashtra State Educational Research and Training (for standard I to VIII) and by the Maharashtra Board for Secondary and Higher Secondary Education (for standard IX and X). Audit observed that extracurricular subjects, such as, sports, drawing and painting, dance and music though formed part of the State curriculum were not included in the curriculum of ashramshalas (Government and aided). Non-inclusion of these subjects may impede the overall development of talents, interests and passions among the tribal students. Further, Rule 3.36 (e) of Ashramshalas Code provides for appointment of teachers for such extracurricular subjects from within the sanctioned strength of teachers. However, no such appointments were made by the TDD.

The Secretary, TDD accepted the audit observation and stated that the Ashramshala Code was being revised.

2.2.2.4 Vacancies of teachers in substantial number of Government ashramshalas

Information furnished by 27 of 52 selected Government ashramshalas revealed that a significant number of ashramshalas did not have teachers for most of the compulsory subjects (Hindi, Mathematics, Science and Social Science) during 2010-15, as detailed in **Table 2.2.1**.

Table 2.2.1: Subject-wise vacancies of teachers in Government ashramshalas

Year	English	Marathi	Hindi	Mathematics	Science	Social Science
2010-11	3	6	14	10	18	18
2011-12	3	7	14	12	17	17
2012-13	2	6	14	10	18	19
2013-14	3	7	12	12	18	20
2014-15	3	8	13	13	18	21

Source: Data furnished by ashramshalas

The table above shows that at least 12 of 27 ashramshalas, 10 of 27 ashramshalas and 17 of 27 ashramshalas did not have teachers for Hindi, Mathematics and Science/Social Science respectively for the last five years. As stopgap arrangement, the teachers dealing with English, Marathi and Hindi subjects were also teaching Mathematics, Science and Social Science thus, overburdening them.

2.2.2.5 Ill-conceived scheme for imparting computer training to tribal students

The TDD sanctioned (January 2009) a scheme for computer training to tribal students of Government ashramshalas (standard V to XII) during the academic session 2010-11. As per scheme guidelines, the POs (nodal agency) were to select and conclude contracts with the private service providers, who were to be paid ₹ 50 per student per month (if training was imparted on departmental computers) and ₹ 60 per student per month (if training was imparted on service providers' computers). The duration of training for an academic session was nine months. At the State level, against the release of ₹ 27.44 crore, an expenditure of ₹ 15.89 crore was incurred during 2010-15. In eight selected POs, an expenditure of ₹ 6.91 crore was incurred against the release of ₹ 11.70 crore during the same period. Audit scrutiny of implementation of the scheme in eight selected POs during 2010-15 revealed the following:

- The POs/ashramshalas/service providers did not chalk out any time-table indicating the number of computer classes to be conducted per day, the time slots and number of students to be imparted training with duration of training. The contract agreements with the service providers and the scheme guidelines also did not reflect these vital criteria of training.
- Scrutiny of payment files revealed that though the requisite 10 number of computers were not provided by the service providers yet payment at ₹ 60 per student per month was made by the POs.
- The annual plans of TDD for TSP stipulated minimum 20 days of training per month per student but, the scheme guidelines as well as the contract conditions did not specify the minimum number of days the students were to be imparted training. Consequently, three POs (Dahanu, Chandrapur and Pandharkawda) released payments⁵ to service providers simply on the basis of number of students imparted training during a particular month and then multiplying the numbers by ₹ 60, without verifying the actual number of days the students were imparted training during the month.
- The contracts were extended/renewed by the POs solely on the basis of performance of the students reported by the service providers. However, no independent evaluation was conducted by the POs during 2010-15 to verify the correctness of reports submitted by the service providers and assess the impact of training. The scheme guidelines were also vague as it did not clearly mention any criteria for evaluation of students, which would have formed the basis for extending or terminating the contracts with the service providers.
- The PO, Dahanu observed (December 2013) that in 17 ashramshalas under him, the service providers did not maintain or document the details of training imparted to students. Also, the students of these

⁵ PO, Chandrapur for 2013-14; PO, Dahanu for 2012-13 and 2013-14; and PO, Pandharkawda for 2012-13

ashramshalas failed to identify the basic hardware of computer after completion of training.

The Secretary, TDD accepted the observations of audit and agreed to review the scheme.

2.2.2.6 Inconsistent policy for procurement and supply of uniforms

Uniforms to tribal students of the Government ashramshalas across the State are to be provided by the TDD at the beginning of each academic session (15 June every year). Scrutiny of records of uniforms purchased by TDD and their supplies during 2010-15 revealed as under:

- During 2010-11, 2011-12 and 2014-15, the TDD provided cloth to the ashramshalas in the month of June/July every year but, the dates of supply of stitched uniforms to the students were not available with TC, Nashik. During 2012-13, readymade uniforms were provided to ashramshalas with delay up to three months. During 2013-14, uniform allowance was provided to the Headmasters of ashramshala between October 2013 and March 2014 (delay of three to 10 months) but, the dates of supply of uniforms to the students were not available with TC, Nashik.
- During 2010-15, only one of 52 selected ashramshala could provide uniforms to the students timely (2010-11) while in the remaining four years, there was delay up to nine months in supply of uniforms.

Thus, inconsistent policy for procurement and supply of uniforms led to delay in availability of uniforms to the students of Government ashramshalas.

Recommendation 1: The Tribal Development Department should develop a sound institutional framework for empowerment of tribal students by an objective assessment of their legitimate concerns and needs, and available resources, and set up a concrete agenda for (i) strategic planning, (ii) implementation, and (iii) monitoring processes and outcomes of various schemes and activities for tribal students.

2.2.3 Financial management

2.2.3.1 Substantial savings under educational schemes

The TDD allocates funds to the POs through the District Collectors for implementation of various schemes/activities approved by the DPDC for the welfare of tribal population in the districts. The TDD also allocates funds to the line Departments of the State Government through TC, Nashik for implementation of various schemes/activities for the benefit of tribal community.

The total budget allocated to TDD under TSP, budget allocated for educational schemes, expenditure incurred and savings during 2010-15 are summarised in **Table 2.2.2.**

Table 2.2.2: Budget allotment and expenditure incurred in the State

(₹ in crore)

Year	Budget allocated to TDD under TSP	Budget allocated on educational schemes	Expenditure incurred on educational schemes	Savings under educational schemes
2010-11	1070.01	455.27	419.20	36.07
2011-12	950.95	648.01	523.40	124.61
2012-13	1391.52	761.20	632.03	129.17
2013-14	1303.68	1027.18	951.45	75.73
2014-15	1450.40	1178.30	925.10	253.20
Total	6166.56	4069.96	3451.18	618.78

Source: Information furnished by TDD

The table above shows that there were savings in all the five years primarily due to savings under various schemes, namely, opening and maintenance of Government hostels for ST boys and girls; in-service training to teachers of Government ashramshalas; construction of Government ashramshalas and hostels; construction of Girls' hostels in ashramshalas; and Suvarna-Mahotsavi Tribal Pre-Secondary Scholarship Scheme.

The budget allotment and expenditure incurred on educational schemes in eight selected POs during 2010-15 are detailed in Table 2.2.3.

Table 2.2.3: Budget allotment and expenditure incurred in eight selected POs

(₹ in crore)

Year	Budget allotment for educational schemes	Expenditure incurred on educational schemes	Savings
2010-11	287.84	267.30	20.54
2011-12	367.30	355.08	12.22
2012-13	453.17	358.63	94.54
2013-14	475.09	462.82	12.27
2014-15	465.81	390.77	75.04
Total	2049.21	1834.6	214.61

Source: Data furnished by POs

As could be seen, there were savings too in the eight selected POs during 2010-15.

2.2.3.2 Significant differences between cash book and bank balances

Scrutiny of cash books and bank statements for the month of March 2015 of eight selected POs revealed huge differences as detailed in Table 2.2.4.

Table 2.2.4: Difference in balances as per cash book and bank statements

(₹ in crore)

Sr. No.	Project Office	Closing cash balance as per		Difference between cash book balance and bank balance
		Cash book	Bank statement	
1.	Dahanu	88.82	132.89	44.07
2.	Jawhar	119.87	122.44	2.54
3.	Nandurbar	21.02	32.44	11.42
4.	Nashik	76.09	22.89	53.20
5.	Nagpur	52.32	33.65	18.67
6.	Chandrapur	34.15	14.83	19.32
7.	Dharni	65.66	66.69	1.03
8.	Pandharkawda	34.51	34.31	0.20

Source: Data furnished by selected POs; balances include those pertaining to educational schemes

The situation was specifically worrisome in PO, Nashik, Nagpur, Chandrapur and Pandharkawda (Sr. No. 4, 5, 6 and 8) where the closing balances as per bank statements were significantly less than the cash book balances (₹ 0.20 crore to ₹ 53.20 crore), pointing to potential risk of misappropriation of Government money. Audit further observed that the situation was allowed to prevail for long despite the fact that each PO has an Accounts Officer and each ATC has one Chief Accounts and Finance Officer (CAFO) under its control, besides one Deputy Commissioner (Finance) at the TC level.

The Secretary, TDD accepted the audit observation and also showed concerns over the huge differences in four POs referred to by audit. He further stated that action would be taken to reconcile differences.

2.2.3.3 Unspent balances

As per the provisions contained in Maharashtra Treasury Rules, 1968, no money should be drawn from Government treasury unless required for immediate disbursement. Test-check of records in four POs, one ATC and TC, Nashik revealed that ₹ 129.59 crore drawn *via* 143 bills from Government treasuries between March 2008 and December 2014 remained unspent at the end of March 2015. Of ₹ 129.59 crore, the unspent balance on account of various educational schemes and activities was pegged at ₹ 33.46 crore. All the unspent balances were held by the POs/ATC/TC in their bank accounts. The details are shown in **Table 2.2.5**.

Table 2.2.5: Unspent balances as on March 2015

(₹ in crore)

Name of Office	No. of bills	Total unspent balance	Unspent balances pertaining to educational schemes	Bills drawn between
TC	05	11.46	11.46	March 2011 and September 2013
ATC, Thane	25	3.86	0.34	March 2008 and March 2014
PO, Jawhar	37	12.76	6.24	February 2009 and December 2014
PO, Nandurbar	27	4.57	3.36	March 2008 and March 2014
PO, Dharni	14	65.66	11.00	December 2011 and March 2014
PO, Nashik	35	31.28	1.06	July 2008 and March 2013
Total	143	129.59	33.46	

Source: Information furnished by TC, ATC and four POs

The Secretary, TDD accepted the audit observation and stated that the unspent balances would be credited to Government accounts.

Recommendation 2: (i) The financial estimates for various educational schemes and activities under TSP should be prepared credibly to minimise savings, (ii) The differences between cash book and bank balances should be reconciled forthwith in order to avoid potential risk of misappropriation of Government money, and (iii) All unspent balances should be credited to Government accounts without delay.

2.2.4 Implementation of educational schemes and related activities

The TDD has been implementing various schemes and activities for social and economic empowerment of tribal students by extending various facilities, such as, education, scholarships, hostels, food *etc.* Audit observations on implementation of various educational schemes and activities are discussed in succeeding paragraphs.

Food arrangement

2.2.4.1 Short-provision of food grains to students

The TDD prescribed (August 1999) a scale of 400 gm wheat or jowar or bajra and 100 gm rice per student per day for Government ashramshalas. Thus, each student was to be provided 500 gm food grains per day. Test-check of records of TC, Nashik revealed that each of the 1,96,357 students residing in 529 Government ashramshalas during 2014-15 were supplied only 262.56 gm food grains per day (average) against the scale of 500 gm per student per day, leading to short-provision of 237.44 gm per student per day. In 52 selected Government ashramshalas, there was a short-provision of 251.78 gm to each of the 20,013 students during the same period.

The Secretary, TDD agreed to analyse the facts and take corrective action. He further stated that the food grain norms per student would be revisited, if required.

2.2.4.2 Extra expenditure on purchase of rice

The Government of India (GoI) fixed a norm of minimum 67 *per cent* outturn for raw paddy throughout the country for both levy and custom milled paddy. During 2014-15, a purchase committee headed by TC, Nashik procured 76,901.40 quintal rice of grade A and B from the Tribal Development Corporation (TDC) at a total cost of ₹ 27.45 crore for supply to 529 Government ashramshalas as under:

- 36,403.19 quintal at ₹ 3,450 per quintal for supplies effected during June 2014 to October 2014; and
- 40,498.21 quintal at ₹ 3,676 per quintal for supplies effected during November 2014 to April 2015.

However, while determining the cost of rice per quintal, the TDC considered the outturn norm of 57 *per cent* instead of 67 *per cent*, leading to an extra expenditure of ₹ 3.65 crore in procurement of 76,901.40 quintal rice.

Audit further observed that the TDC also factored in an interest element of 14 *per cent per annum* while determining the cost of rice per quintal, which was avoidable, had there been an arrangement of paying advance to the TDC. Such an arrangement was possible because, TDD had been registering persistent savings every year since 2010-11 to 2014-15. By embedding the interest element into the selling price of rice, the TDD ended up paying ₹ 79.44 lakh more to TDC for procurement of 76,901.40 quintal rice during 2014-15. Incidentally, this interest amount of ₹ 79.44 lakh could have fetched additional 2,300 quintal rice for consumption by the students of Government ashramshalas.

The Secretary, TDD accepted the audit observation and assured that the outturn norms would be followed in future and the procedure of procurement would also be streamlined.

2.2.4.3 Significant increase in food expenses in ashramshalas and hostels

The ATC, Amravati has 89 Government ashramshalas and 104 Government hostels under its jurisdiction. Scrutiny of records of ATC, Amravati revealed that while 89 Government ashramshalas registered a negative growth in students' enrolment during 2012-15 (minus 16 *per cent* to minus seven *per cent*), the food expenses (classified under sub-head as 'Diet Charges') increased significantly from 76 *per cent* in 2012-13 to 81 *per cent* in 2014-15, except a dip in 2013-14. On the other hand, while enrolment in 104 Government hostels registered an increasing trend during 2012-15 (nine to 53 *per cent*), expenses on food increased disproportionately from 46 in 2012-13 to 172 *per cent* in 2014-15. The details are indicated in **Table 2.2.6**.

Table 2.2.6: Year-wise expenditure on diet charges vis-a-vis status of enrolment

Particulars	2011-12 (Base year)	2012-13	2013-14	2014-15
Number of students enrolled in Government ashramshalas	32009	29792 (-7%)	28525 (-11%)	26996 (-16%)
Food expenses in Government ashramshalas (₹ in lakh)	482.29	847.79 (76%)	603.31 (25%)	871.39 (81%)
Number of students enrolled in Government hostels	8198	8968 (9%)	9910 (20%)	12561 (53%)
Food expenses in Government hostels (₹ in lakh)	584.28	855.72 (46%)	1083.08 (85%)	1588.80 (172%)

Source: Data compiled from the records of ATC, Amravati; figures in parenthesis indicate the percentage increase or decrease with reference to the base year 2011-12

While no reply was furnished by ATC, Amravati, the Secretary, TDD stated that the matter would be investigated.

2.2.4.4 Award of catering services contracts at different rates for Government hostels located in same area

The TDD provides ready-to-eat meals to the Government hostels for tribal boys and girls. For this purpose, the POs have been authorised to enter into catering services contracts with the private service providers. During 2014-15, PO, Chandrapur awarded (July 2014) 18 catering services contracts to the service providers at a total cost of ₹ 3.79 crore. Scrutiny of tender documents held by PO, Chandrapur revealed wide variation in rates (₹ 299 to ₹ 1,499 per student per month) in 16 of 18 contracts awarded during 2014-15, despite the fact that the hostels in question were located in the same area and the service providers had quoted their rates for a fixed menu (for breakfast, lunch and dinner). The details are shown in **Table 2.2.7**.

Table 2.2.7: Catering services contracts awarded for Government hostels by PO, Chandrapur during 2014-15

Sr. No.	Rates at which contracts were awarded			Rates at which contracts were awarded for hostels located in the vicinity of those indicated in column 2			Difference (₹ per student per month)
	Name of Hostel	No. of students considered while tendering	Rate per student per month	Name of Hostel	No. of students considered while tendering	Rate per student per month	
1	2	3	4	5	6	7	8
1.	Girls Hostel-2, Chandrapur	125	1985	Girls Hostel-1, Chandrapur	100	1686	299
2.	Boys Hostel-1, Chandrapur	100	2777	Girls Hostel-1, Chandrapur	100	1686	1091
3.	Boys Hostel-2, Chandrapur	165	2666	Girls Hostel-1, Chandrapur	100	1686	980
4.	Boys Hostel-3, Chandrapur	50	2777	Girls Hostel-1, Chandrapur	100	1686	1091
5.	Boys Hostel-1, Rajura	100	2755	Girls Hostel, Rajura	75	1481	1274
6.	Boys Hostel-2, Rajura	100	2980	Girls Hostel, Rajura	75	1481	1499
7.	Boys Hostel, Gadchandur	75	2795	Girls Hostel, Gadchandur	60	1957	838
8.	Boys Hostel, Gondpimpri	75	2444	Girls Hostel, Gondpimpri	65	1899	545
9.	Boys Hostel, Mul	75	2499	Girls Hostel, Mul	60	1516	983
10.	Boys Hostel, Sindewahi	75	2316	Girls Hostel, Sindewahi	60	1699	617

Source: Records of PO, Chandrapur

Further, except for the contract indicated at serial number 4 above, rest of the contracts, where the number of students were more or same, were awarded at significantly higher rates (refer column 4) than those indicated in column 7, indicating that the advantage of economies of scale was not reaped by PO, Chandrapur while finalising the catering services tender.

The Secretary, TDD stated the matter would be investigated and a detailed reply would be furnished in due course.

Recommendation 3: The Tribal Development Department may (i) ensure that the prescribed norms for food grains to tribal students are observed meticulously, (ii) review all the catering services contracts to remove anomalies in rates, and (iii) investigate the reasons for negative growth of students' enrolment *vis-à-vis* increased food expenses in Government ashramshalas under the jurisdiction of ATC, Amravati.

Adequacy of infrastructure

2.2.4.5 Delay in construction of Government hostels

As of March 2015, of the 491 Government hostels for tribal boys and girls in the State, while 134 were being run from Government owned buildings, the remaining 357 (73 per cent) were operating from rented buildings at a significant monthly rent of ₹ 2.40 crore. Audit observed that while land had been acquired for 229 of 357 hostels, it was yet to be acquired for the remaining 128 hostels.

Audit further observed that during 2010-15, the TDD allocated ₹ 461.82 crore for construction of hostels without assigning any physical targets and placed

₹ 355.90 crore on Budget Distribution System of which, only ₹ 230.45 crore (65 per cent) could be utilised by the POs.

2.2.4.6 Delay in construction of Government ashramshalas

The TDD accorded administrative approvals (AAs) to construction of 34 Government ashramshala buildings⁶ between May 2005 and July 2011 at a total cost of ₹ 167.98 crore. The ashramshala buildings were to be constructed by the Public Works Department (PWD) as deposit work. Audit scrutiny revealed the following:

- The TDD only deposited funds with the PWD but, no timelines were set for completion of works. In number of cases, the PWD issued work orders after two to three years of issue of AAs.
- Only two of 34 ashramshalas could be constructed up to March 2015. However, these ashramshalas were not handed over by the PWD to TDD as of March 2015.
- Of the remaining 32 ashramshalas, works in respect of 23 ashramshalas were in progress as of March 2015. Works in respect of nine ashramshalas could not commence as of March 2015 even after their award (one ashramshala) and lapse of AAs between June 2010 and October 2015 (eight ashramshalas).
- Of the eight ashramshala works which could not commence due to lapse of AAs, ₹ 10.41 crore deposited with the PWD for four ashramshalas remained blocked.

The Secretary, TDD stated that the PWD would be directed to refund the deposit money or use it for other ashramshala works.

2.2.4.7 Injudicious expenditure on construction of an ashramshala building

The PO, Chandrapur moved a merger proposal (July 2012) for transfer of all the 69 students from Government ashramshala at Maregaon (taluka Sindewahi) to Government ashramshala at Pimpridixit (taluka Mul), in view of significantly lower enrolment of students in standard I to VII at Maregaon ashramshala. The merger proposal was approved by TDD in July 2014 and the Maregaon ashramshala was closed. Audit, however, observed that none of the 69 students joined the ashramshala at Pimpridixit because, both the ashramshalas (Maregaon and Pimpridixit) were located at a distance of 40 km from each other and the students instead, took admission in the nearby Zilla Parishad schools and other aided ashramshalas near Maregaon. Thus, the very objective of merger of students was defeated.

Meanwhile, PO Chandrapur moved (September 2012) another proposal for construction of a new ashramshala in the Maregaon habitation, which was also approved by the TDD in December 2012 at a cost of ₹ 2.86 crore. The work was awarded in February 2014 and an expenditure of ₹ 1.97 crore was incurred till December 2015. Closure of an ashramshala on the basis of meagre enrolment initially and the subsequent decision to construct a new

⁶ PO, Dahanu: 16 ashramshalas and PO, Jawhar: 18 ashramshalas

ashramshala building in the same habitation lacked rationale and led to an injudicious expenditure of ₹ 1.97 crore.

The Secretary, TDD stated that necessary action would be taken for utilisation of building under construction.

Recommendation 4: The Tribal Development Department should speed up the construction of Government hostels in order to reduce its rental liabilities. Similarly, construction of remaining ashramshalas, which were stalled either due to lapse of administrative approvals or any other reasons, may be revived in close coordination with PWD, specifying clear physical targets and timelines.

Facilities in ashramshalas

2.2.4.8 Inadequate basic amenities in ashramshalas

The Ashramshala Code of 2006-07 prescribes a number of basic amenities for ashramshalas, such as, classroom, library, laboratory, dining hall, storeroom, kitchen, drinking water facility, toilet, bathroom, playground, provision of mobile medical unit *etc.* Audit visited all the 52 selected ashramshalas to verify the adequacy of basic amenities. The results of field visits and scrutiny of records in the offices of the TC, Nashik, four ATCs and eight selected POs revealed as under:

Requisite number of visits not made by mobile medical units to ashramshalas

As per Rule 3.29 of Ashramshala Code, mobile medical units should visit each ashramshala at least once every month for medical check up of the students. Thus, each ashramshala was to be visited 50 times⁷ during five year period (2010-15). Contrary to the provisions, there were significant shortfalls in the visits made by mobile medical units to ashramshalas as indicated in **Table 2.2.8**.

Table 2.2.8: Shortfalls in visits by mobile medical units

Range of visits made by medical units	Number of ashramshalas visited
1-10 visits	24
11-20 visits	17
21-30 visits	5
31-40 visits	1
41-50 visits	3
More than 50 visits	1

Source: Information collected from ashramshalas

Further, in Chirodi ashramshala under PO, Dharni, while only one visit was made by the mobile medical units in five years, in Tembrusonda ashramshala under the same PO, 183 visits were made against the requisite 50 visits in five years, indicating that the norm was not being followed meticulously.

Inadequate number of toilets and bathrooms in ashramshalas

The 52 selected ashramshalas has a sanctioned strength of 27,470 students. However, only 796 toilets and 704 bathrooms were available implying that on

⁷ Each ashramshala has an academic session of 10 months

an average, while one toilet was available for 35 students, one bathroom was available for 39 students. In two ashramshalas (Dhanwal and Ozhar), there were no bathroom and toilets and in one ashramshala (Boripada), there was no toilet. As a result, the boy students of these ashramshalas had no option but to defecate in the open while the girl students were using common toilets for women in the villages.

Non-availability of other facilities

Other inadequacies noticed in 52 ashramshalas were as under:

- Playgrounds were not available in 15 ashramshalas;
- Residential quarters for staff were not available in 13 ashramshalas;
- Science laboratories were not available in 27 ashramshalas;
- Dining halls were not available in 19 ashramshalas;
- Computer rooms were not available in 26 ashramshalas;
- Library rooms were not available in 30 ashramshalas; and
- Seven of 26 diesel generator sets supplied between April 2011 and December 2013 to tackle load-shedding problem in the ashramshalas remained uninstalled as of July 2015, while the remaining 19 sets could not to put to use, as no budget provisions were made for purchase of diesel. The total cost of these 26 generator sets was ₹ 0.89 crore.

The Secretary, TDD stated that the scheme of mobile medical unit would be reviewed. In respect of diesel generator sets, the Secretary, TDD stated that an enquiry into the matter was already in progress and appropriate action would be taken after receipt of the enquiry report.

Unserviceable solar water heaters

The TC procured (2011-13) 1,789 solar water heaters valuing ₹ 28.64 crore for the Government ashramshalas and hostels of which, 1,746 solar water heaters were supplied to 425 ashramshalas and 79 hostels. Scrutiny of records in four ATCs (Amravati, Nagpur, Nashik and Thane) revealed that 1,331 of 1,746 water heaters (76 per cent) were lying unserviceable in the ashramshalas and hostels due to damages to solar panels, pipelines, insufficiency of water and minor repairs. Further, the issue of unserviceability was taken up by the ATCs with the suppliers in September 2013 but, the suppliers did not respond, despite the fact that they were liable to maintain the equipment for a period of five years from the dates of their installation, free of cost. This not only rendered an expenditure of ₹ 21.43 crore⁸ in procurement of 1,331 water heaters unfruitful but also deprived the inmates of hot water facilities especially during winter season. Solar water heaters were also supplied in 50 of 52 selected ashramshalas of which, only 14 were functional.

The Secretary, TDD stated that an enquiry into the matter was already in progress and appropriate action would be taken after receipt of the enquiry report.

⁸ 1,331 * ₹ 1.61 lakh (cost per unit)

Non-operational biometric attendance systems

The TC, Nashik placed a supply order (August 2011) on Ace Brain Systems and Software Private Limited, Pune (agency) for supply of 3,177 biometric attendance systems (BAS) along with subscribers identity module (SIM) and configuration of BAS with a central server at Mantralaya at a total cost of ₹ 9.38 crore. The BAS were to be installed by the agency in all the field offices of TDD, Government and aided ashramshalas and hostels in order to ensure punctuality in the TDD offices and also to determine the grants to be given to the ashramshalas and hostels based on actual student strength. As per terms and conditions of supply order, 90 *per cent* payment was to be released to the agency upon installation of BAS and uploading of data (thumb impressions of TDD staff and students) in SIM and the remaining 10 *per cent* was to be released after satisfactory configuration of BAS with the central server and its uninterrupted running for 10 days. The system was to be maintained by the agency for three years.

Audit observed that the agency supplied and installed 3,177 BAS between July 2011 and July 2013 of which, only 1,357 were working while the remaining 1,820 were not functioning due to expiry of validity of SIM and faulty machines. Further, even where the BAS were in working condition, they could not be configured with the central server by the agency and therefore, periodical reports could not be generated and no monitoring could be done at the apex level. Despite these inadequacies, the TC, Nashik released ₹ 8.38 crore (almost 90 *per cent*) to the agency as of March 2015, in violation of terms and conditions of the supply order. The BAS was yet to be made operational as of January 2016 and the expenditure of ₹ 8.38 crore was rendered unfruitful.

The Secretary, TDD stated that an enquiry into the matter was already in progress and appropriate action would be taken after receipt of the enquiry report.

Recommendation 5: The Tribal Development Department should ensure availability of basic and essential amenities in ashramshalas to avoid hardship to students. Further, since substantial investment had been made in procurement of generators, solar water heaters and biometric attendance systems, it should be ensured that these do not remain idle for long.

2.2.5 Educational and scholarship schemes for tribal students

The TDD is implementing two educational Schemes for the tribal students namely 'Educating ST students in renowned English Medium Schools of the Cities' and 'Suvarna Mahotsavi Tribal Pre-Secondary Scholarship'. Both the schemes are significantly funded through the grants provided under TSP and covered those tribal students who were studying in schools other than the Government and aided ashramshalas. Implementation of these schemes is discussed below.

Scheme for 'Educating ST students in Renowned English Medium Schools of the Cities'

This scheme, aimed at improving the students' acquaintance with English language so as to help them pursue higher education, was being implemented by the TDD since August 2009. Under the scheme, the TDD was to disburse

₹ 50,000 and ₹ 70,000 per ST student per year to the renowned English schools (mostly private boarding schools) for admission to standard I to X and XI to XII respectively. During 2010-15, an expenditure of ₹ 126.29 crore was incurred on admission of 10,103 students. Audit scrutiny of records in 16 renowned English schools under eight selected POs revealed the following inadequacies in implementation of the scheme:

- The scheme guidelines did not provide for maintenance of separate books of accounts by the beneficiary schools. As a result, it was difficult to ascertain in audit whether funds released by the TDD to the private schools were utilized by them for the intended purpose. The Secretary, TDD stated that the schools would be instructed to maintain separate accounts.
- Contrary to the scheme guidelines, two⁹ of 16 schools formed separate sections for tribal students for standard I and II. The Secretary, TDD stated that necessary instructions would be issued in this regard to the schools.
- During 2013-15, the TDD paid excess admission/tuition fees to the extent of ₹ 16.45 lakh to four¹⁰ schools for 327 tribal students studying in standard I, II and XII, in comparison to the fees paid by the regular students of same standards for the same period. The Secretary, TDD stated that the situation would be avoided in future and the monitoring mechanism in this regard would be strengthened.
- As per scheme guidelines, to be eligible for the scheme, the caste and income certificates of the parents were required to be submitted to the POs concerned for admission in private schools. Test-check of 892 applications of standard I for the period 2010-15 in 16 private schools revealed that 63 applications and 54 applications in eight¹¹ schools were accepted by the concerned POs without caste and income certificates respectively. The Secretary, TDD stated that corrective action would be taken to ensure verification of caste and income certificates.

Scheme for ‘Suvarna Mahotsavi Tribal Pre-Secondary Scholarship’

The TDD introduced this scheme in May 2010 under which, a scholarship of ₹ 1,000 per year (I to IV standard), ₹ 1,500 per year (V to VII standard) and ₹ 2,000 per year (VIII to X standard) was to be paid to meritorious tribal students in three instalments. During 2010-15, the TDD incurred an expenditure of ₹ 786.20 crore covering 61.81 lakh tribal students. Scrutiny of records of TC, Nashik and 16 test-checked schools (Zilla Parishad schools, Municipal Corporation/Council schools and Private schools) under eight selected POs revealed the following:

⁹ St. Ursula High School and Junior College, Nagpur and Aadarsh Sanskar School, Nagpur
¹⁰ Sanik Public School Wadki, Ralegaon; Infant Jesus English Public School, Rajura; Scholar Search Academy, Korpana ; and Maharshi Public School, Amravati
¹¹ Adarsh Sanskar School, Nagpur; K. D. Gavit English Medium School, Patharai; Amrut Vahani Model School and Junior College, Sangamner; S.N.D English Medium Public School, Babhulgaon; Bhawana Public School, Risod; St. Ursula High School and Junior College, Nagpur; Little Wonders English School, Sillod; and Bharati Vidyapeeth, Vikramgarh, Jawhar

- During 2010-11 and 2012-13, there was an excess payment of scholarship amount of ₹ 0.61 crore to 6.19 lakh students (State's position) of standard V to VII at the level of POs while raising the demands, and at the TC level while releasing the grants. The Secretary, TDD stated that from 2015-16, payments would be made through an on-line system which would prevent excess payments.
- Two POs (Jawhar and Nandurbar) had an undisbursed scholarship amount of ₹ 11.08 lakh in their cash balance of March 2015 pertaining to period 2010-14. Similarly, scholarship amount of ₹ 1.97 lakh for the period 2011-15 was also lying undisbursed in three¹² schools. Thus, the students were deprived of scholarship benefits to the extent of ₹ 13.05 lakh.
- As per scheme guidelines, to be eligible for the scholarship scheme, the caste and income certificates of the parents were required to be submitted to the Headmasters of the schools concerned, in order to verify the genuineness of the caste of the students and income of the parents. Verification of 1,746 applications by audit for the period 2010-15 revealed that caste certificates were not available in 1,588 applications (91 per cent) while income certificates were not available in 1,463 applications (84 per cent). The Secretary, TDD stated that corrective action would be taken to ensure verification of caste and income certificates.

Recommendation 6: Since the educational and scholarship schemes for tribal students are significantly funded by the State, the Tribal Development Department should ensure that the scheme guidelines are scrupulously followed by the stakeholders and there is no leakage of funds due to slack oversight mechanism.

2.2.6 Monitoring and evaluation

2.2.6.1 Non-filling up of key posts in education cells

The TDD decided (January 2014) to form separate education cells at the TC, ATC and PO levels for reducing the burden of monitoring of Government ashramshalas and hostels by the POs. For this purpose, TDD decided to fill up 849¹³ posts for the education cells. The education cells were to coordinate, monitor and supervise the overall working of ashramshalas and hostels including the quality of education being imparted to the students, construction activities, food grain distribution *etc.*

Scrutiny of records revealed that of the 21 posts to be filled up at the TC level, only 10 posts were filled of which, seven posts (70 per cent) were of clerks/typists. At the ATC level, of the 76 posts to be filled up, only 17 posts were filled of which, 15 posts (88 per cent) were of clerks/typists. The status of filling up 752 posts in 29 POs was called from the TC, Nashik as well as the Secretary, TDD in July 2015 but, no response was received. However, in eight selected POs, of the 168 posts to be filled up, only 52 posts were filled of

¹² Jyoti Madhyamik Vidyalaya, Pimpalgaon Bahula; Zilla Parsishad (Ex-Government) Madhyamik School, Nagpur; and D&G Madhyamik Vidyalaya, Shrawani

¹³ Commissioner level (TC): 21 posts; ATC level (total four): 76 posts; and PO level (total 29): 752 posts

which, 28 posts (54 per cent) were of clerks/typists. Evidently, while bulk of the posts not directly related to monitoring were filled up, the key posts¹⁴ remained vacant thus, defeating the very purpose of formation of education cells for effective coordination, monitoring and supervision of ashramshalas and hostels.

The Secretary, TDD accepted the facts and stated that the matter was being followed up with the Education Department.

2.2.6.2 Poor implementation of e-governance application software

The TDD placed (November 2011) a work order on Mastek Limited, Mumbai for development of an e-governance application software at a total cost of ₹ 4.96 crore to be made effective from 2012-13. The application software was expected to enable the students and the citizens to avail of various services online without having to visit Government offices and to make Government's functioning more effective, efficient and transparent. The application software consisted of three modules (i) Scheme Monitoring System – to help in planning and monitoring of scheme funds and to provide MIS reports, (ii) Ashramshala and Hostel Management System – to facilitate online application for admission to Government ashramshalas and hostels, and (iii) System for Payment of Scholarship – to facilitate online processing and disbursement of scholarships.

Test-check of software in 52 Government ashramshalas and eight selected POs revealed the following:

- The first two modules developed by Mastek (Scheme Monitoring System and Ashramshala and Hostel Management System) were not functional (January 2016) as no data entry could be done at the level of ashramshalas and hostels due to lack of adequate infrastructure (especially internet facility) and training to staff. Consequently, planning and monitoring of scheme funds as well as online admission to hostels could not be commenced.
- Under the third module (System for Payment of Scholarship), only data relating to 'Post-Matric Scholarship Scheme' had been updated online while data on other scholarship schemes including 'Suvarna Mahotsavi Tribal Pre-Secondary Scholarship' had not been updated (December 2015).

The e-governance project has already been delayed by almost three years. A payment of ₹ 4.71 crore had been made to Mastek Limited, Mumbai as of January 2016.

The Secretary, TDD stated that detailed reply would be furnished in due course after verification of records.

2.2.6.3 Evaluation of activities under TSP

The objective of the TSP is to improve the socio-economic condition of the tribal community by bridging the gap between general and tribal population through sustainable improvement in human development index. However, no

¹⁴ Joint Commissioners (Education); Assistant Commissioners (Education); Assistant Probation Officers (Education); Senior Extension Officers *etc.*

periodical impact assessment or evaluation of the activities taken up under TSP had been conducted by the TDD. As a result, it was difficult to ascertain whether the objectives of various activities or schemes taken up for the betterment of the tribal community had been achieved.

The Secretary, TDD stated that an evaluation study was conducted through Tata Consultancy Services and the study report had been submitted to Government in December 2015.

Recommendation 7 : (i) The posts of key personnel in the education cells should be filled up on priority for effective monitoring of ashramshalas and hostels; (ii) Since substantial time and money had been invested in the e-governance project, intensive efforts should be made to make it functional, after removing all the roadblocks.

2.2.7 Conclusion

The performance audit revealed that the Tribal Development Department did not prepare any long-term perspective plans for empowerment of tribal students. The Project Officers prepared only the annual plans based on availability of funds, without any physical targets. Despite incurring an expenditure of ₹ 1,730 crore by the Department during 2010-15, admissions to Government ashramshalas showed a decreasing trend. A significant number of ashramshalas did not have teachers for compulsory subjects like Hindi, Mathematics, Science and Social Science. The ashramshala curriculum did not have extracurricular subjects like sports, drawing and painting, dance and music thus, impeding the overall developments of talents, interests and passions among the tribal students. The Department had an unspent balance of ₹ 129.59 crore at various levels of implementation of which, ₹ 33.46 crore pertained to various educational schemes and activities that remained unspent at the end of March 2015. The tribal students were not being provided food grains as per scales prescribed by the Department. The catering services contracts with the private service providers for supply of ready-to-eat meals to Government hostels were lopsided. There were significant delays in construction of new Government ashramshalas and hostels.

The basic amenities in ashramshalas were not satisfactory. Despite incurring an expenditure of ₹ 29.81 crore on procurement of solar water heaters and biometric attendance system, these could not be made operational. The educational and scholarship schemes sponsored by the Department for the tribal students studying in other schools suffered due to weak oversight mechanism, leading to release of payments without verifying the eligibility of the students, excess payment to schools and undisbursed scholarships. The key posts in the education cells were not filled up. Despite an expenditure of ₹ 4.71 crore and passage of almost three years, the e-governance project of the Department could not be implemented.

The matter was referred to the Government in October 2015; their reply was awaited as of February 2016.

School Education and Sports Department

2.3 Implementation of Mid-Day Meal Scheme

Executive summary

The Mid-Day Meal Scheme, a Centrally Sponsored Scheme, was intended to boost the universalisation of primary education by increasing enrolment, retention and attendance and simultaneously improve the nutrition levels of students in primary and upper primary classes (I to VIII).

A performance audit of the Scheme for the period 2010-15 revealed inadequate coverage of schools falling under the notified drought-affected districts. There were substantial delays in release of Scheme funds to the districts, blocks and schools. On an average, 66 per cent of the 269 selected schools did not provide cooked meals to children on all school days every year during 2010-15. There were inadequacies in payment of cooking cost to ISKCON (an NGO) during 2010-15 and lifting of rice by 288 other central kitchens for supply to primary and upper primary schools in Mumbai. During 2010-15, 97 per cent of the samples of cooked meals lifted from central kitchens in Mumbai failed to meet the calorific value and protein content prescribed under the Scheme. The efficacy of the iron folic acid capsules procured by the Department at a cost of ₹ 57.06 crore for the targeted beneficiaries of age group 11-14 years was suspect. Mid-day meals were not tasted regularly by the teachers and School Management Committee members during 2014-15. There were shortfalls in training and health check-up of cook-cum-helpers. The schools were using packaged food items like cooking oil and condiments even after their expiry dates. The monitoring of the Scheme was weak due to non-setting up of District Level Committee, ineffective public grievance redressal system and non-establishment of flying squads. There was decrease in enrolment of children in Government, aided and local body schools in 2014-15 over 2010-11 despite provision of free mid-day meals.

2.3.1 Introduction

The National Programme of Nutritional Support to Primary Education, commonly known as the Mid-Day Meal (MDM) Scheme, was launched on 15 August 1995 by the Government of India (GoI) as a Centrally Sponsored Scheme. The MDM Scheme (Scheme) was intended to boost the universalisation of primary education by increasing enrolment, retention and attendance and simultaneously improve the nutrition levels of students in primary classes (I to V). The Scheme was extended to upper primary classes (VI to VIII) from 2008-09. From September 2006, the Scheme was extended to children in drought-affected areas during summer vacations. The Scheme guidelines prescribed a nutritional content of minimum 450 calories and 12 gm protein content for children of class I to V and 700 calories and 20 gm protein content for children of class VI to VIII. The guidelines also provided for supply of essential micronutrients (iron folic acid supplement, zinc, multivitamins etc.) and de-worming medicines to the children as per local needs.

The Scheme was launched in Maharashtra in 1995-96 and covered children studying in Government, aided and local body schools. As of March 2015, the Scheme was being implemented in 86,301 schools covering 1.18 crore children in the State.

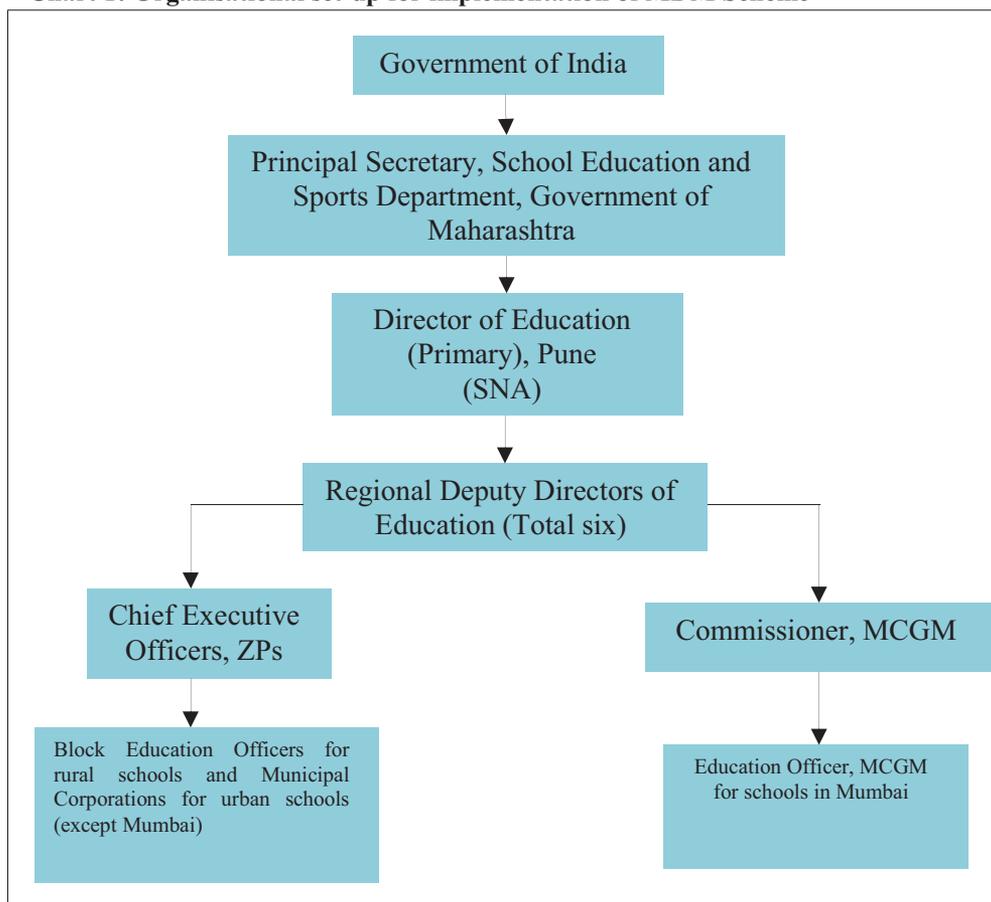
2.3.1.1 Implementation process in the State

In Maharashtra, the Scheme is being implemented by the Director of Education (Primary), Pune which is also the State Nodal Agency (SNA) for the Scheme. The SNA prepares the Annual Work Plan and Budget (AWP&B) of the State taking into account the enrolment data of the schools as at September of the previous year, and other valuable inputs from the districts. The AWP&B are then forwarded to the Programme Approval Board (PAB) of GoI for approval and release of grants for food grains, transportation, Management, Monitoring and Evaluation (MME) of the Scheme. The Central Assistance (75 per cent)¹ along with the State's share (25 per cent) is released to the SNA for further release to Zilla Parishads (ZPs) for all the schools in the State except Mumbai, where the grants are released to Municipal Corporation of Greater Mumbai (MCGM).

2.3.1.2 Organisational set-up

The organisational set-up for implementation of the Scheme is depicted in flow **Chart 1**.

Chart 1: Organisational set-up for implementation of MDM Scheme



¹ The GoI provides 100 per cent grants towards cost of food grains, transportation (subject to maximum ₹ 75 per quintal) and MME and 75 per cent towards cooking cost and honorarium to cook-cum-helpers

2.3.1.3 Audit objectives

A performance audit of the Scheme was carried out to verify whether:

- the Scheme was being implemented in a planned manner so as to cover all the eligible primary and upper primary level school children;
- the Scheme achieved its objectives of enhancing enrolment, retention and attendance and simultaneously improve the nutrition levels of students in primary classes;
- the grants were utilised in an economic and efficient manner; and
- monitoring of the Scheme was effective.

2.3.1.4 Audit criteria

The audit criteria have been derived from the following documents:

- Scheme guidelines issued by the GoI in September 2006;
- Orders, notifications, circulars and instructions issued from time to time by State/Central Government; and
- Maharashtra Treasury Rules and Bombay Financial Rules, 1959.

2.3.1.5 Audit scope and methodology

The performance audit commenced with an entry conference held on 17 March 2015 with the Principal Secretary, School Education and Sports Department, GoM in which audit scope and methodology were explained. The audit was conducted during March to June 2015 covering the period 2010-15 through test-check of records in School Education and Sports Department (Department); SNA; Education Officers of eight² of 33 ZPs and Education Officer, MCGM, Mumbai (total nine districts); 32 of 98 blocks in eight selected ZPs; and 269³ of 31,926 schools in eight selected ZPs and MCGM. The audit findings were discussed with the Principal Secretary in an exit conference held on 06 November 2015. The report takes into account the replies furnished by the State Government on 29 October 2015.

Audit findings

2.3.2 Planning and coverage

2.3.2.1 Non-coverage of drought-prone districts

As per paragraph 5.1 of the Scheme guidelines, nutritional support was to be provided to children in drought-affected areas during summer vacations. In case notification declaring an area as drought-affected is issued when the summer vacation had already commenced or is about to commence, the State

² Chandrapur, Dhule, Jalgaon, Nanded, Parbhani, Pune, Satara and Solapur

³ Out of 270 schools selected (30 schools from each district), one school in Nanded did not produce records

Government must provide MDM in such areas in anticipation of release of Central Assistance.

The details of drought-affected districts notified by the Revenue and Forest Department, GoM during 2010-15, drought-affected districts not covered under the Scheme, and districts wrongly considered as drought-affected for coverage under the Scheme are shown in **Table 2.3.1**.

Table 2.3.1: Non-coverage of drought-affected districts in the State during 2010-15

Year	No. of drought-affected districts as per GoM notification	No. of drought-affected districts considered by SNA for coverage under MDM Scheme	Drought-affected districts not covered under MDM Scheme	Districts wrongly considered as drought-affected for coverage under MDM Scheme
2010-11	25	08	Satara, Nashik, Nandurbar, Jalgaon, Amravati, Buldhana, Washim, Nagpur, Wardha, Bhandara, Gondia, Chandrapur, Gadchiroli, Osmanabad, Parbhani, Hingoli and Beed (17 districts)	--
2011-12	0	06	--	Dhule, Ahmednagar, Satara, Latur, Buldhana and Gadchiroli (06 districts)
2012-13	15	10 plus 01 additional district	Nandurbar, Gadchiroli, Buldhana, Osmanabad and Pune (05 districts)	Jalna (01 district)
2013-14	14	13 plus 01 additional district	Jalna (01 district)	Buldhana (01 district)
2014-15	13	02	Nashik, Satara, Sangli, Amravati, Yavatmal, Washim, Nagpur, Wardha, Bhandara, Gondia and Chandrapur (11 districts)	--

Source : Government Resolution issued by Revenue and Forest Department and information furnished by SNA

As may be seen from **Table 2.3.1**, 34 drought-affected districts during the period 2010-15 were not covered under the Scheme while eight districts though not notified as drought-affected districts were covered under the Scheme during the same period. The non-coverage of drought-affected districts and coverage of districts though not notified as drought-affected clearly demonstrated lack of adequate planning and coordination between the SNA and the Revenue and Forest Department in implementation of the Scheme in drought-prone districts.

The Government stated (October 2015) that explanation would be called for from the drought-affected districts in this regard.

Recommendation 1: The School Education and Sports Department must work in close coordination with Revenue and Forest Department to ensure that all schools that fall under the notified drought-affected districts are invariably covered by the mid-day meal Scheme.

2.3.3 Financial management

After approval of AWP&B by GoI, the first instalment of Central Assistance is released in April/May of each year to the State Government and the second

instalment is released in September/October based on progress of expenditure of previous grant. On receipt of Central grants, the State Government releases its minimum mandatory matching share (25 per cent) along with the Central grants to the SNA for implementation of the Scheme.

Grants released by the GoI and the GoM and expenditure incurred on the Scheme during 2010-15 is shown in **Table 2.3.2**.

Table 2.3.2: Grants received and expenditure incurred in the State during 2010-15
(₹ in crore)

Year	Grants released			Expenditure		
	Centre	State	Total	Centre	State	Total
2010-11	1156.87	323.43	1480.30	553.33	147.20	700.53
2011-12	898.95	260.43	1159.38	890.89	262.19	1153.08
2012-13	954.09	273.54	1227.63	911.36	257.73	1169.09
2013-14	905.42	248.67	1154.09	981.77	270.42	1252.19
2014-15	1092.11	283.89	1376.00	1087.89	283.68	1371.57
Total	5007.44	1389.96	6397.40	4425.24	1221.22	5646.46

Source: Information furnished by SNA

Table 2.3.2 indicates that during 2010-11, only ₹ 700.53 crore (47 per cent) could be spent out of total grant of ₹ 1,480.30 crore. This was mainly due to non-revision of cooking cost⁴ by the Department for more than 12 months, despite issue of instructions by GoI in November 2009.

The Government stated that the proposal for revised rates of cooking cost and sanction of supplementary demand submitted (May 2010) to the Finance Department was approved in July 2010. Accordingly, the Government Resolution was issued in February 2011 for implementation of the revised cooking cost prospectively.

2.3.3.1 Delay in release of funds

As per the conditions laid down by the GoI in grant release orders, as soon as the grants for the Scheme are released by GoI, the State Government must release the grants received from the Centre along with its minimum mandatory matching share immediately to the SNA who shall further cause it to be released to the districts/blocks/schools within a week for implementation of the Scheme. Audit scrutiny revealed the following:

- The grants received by the districts from SNA are credited to district fund of ZP maintained by the Chief Accounts and Finance Officer. The grants are then released to blocks for further release to schools. Audit observed that during 2010-15, there were substantial delays in release of grants by the SNA to districts and further from districts to blocks in eight selected districts (except Mumbai). The range of delay in release of grants is shown in **Table 2.3.3**.

⁴ Cooking cost includes the cost of pulses, vegetables, oil and fats, salt and condiments and fuel

Table 2.3.3: Delay in release of grants in selected districts (except Mumbai) during 2010-15

District	Delay in release of grants by SNA to districts (in weeks)	Delay in release of grants by districts to blocks (in weeks)
Chandrapur	1-11	3-12
Dhule	2-27	2-13
Jalgaon	2-27	3-23
Nanded	2-27	1-28
Parbhani	2-27	4-34
Pune	2-24	1-31
Satara	1-29	1-19
Solapur	1-18	3-22

Source: Information collected from SNA and Education Officers of ZPs

The Government accepted the facts and stated that the delay in release of grants was caused due to many intermediary levels and therefore, instructions has been issued to all the ZPs to release grants towards cooking cost and honorarium⁵ to cooks-cum-helpers directly from districts to schools through Real Time Gross Settlement (RTGS).

- The GoM constituted (March 2005) a State Level Steering and Monitoring Committee (SSMC) to coordinate with different Departments of the State Government; take policy decisions; monitoring the allocation and lifting of food grains; guide the district level monitoring committees *etc.* for effective implementation of the Scheme. In August 2010, the SSMC took a policy decision to pay cooking costs to the schools in advance so that cooked food in prescribed quality and quantity is provided to the children. However, contrary to the policy decision, the district/block authorities continued to make payments to the schools only after expenditure had been incurred. In 180 of 239⁶ selected schools, the situation was even worse, as there was delay of one to 24 months in reimbursement of cooking costs and honorarium to cook-cum-helpers. Due to delay in payment of cooking cost and honorarium, compromise in supply of cooked food of requisite quality and quantity could not be ruled out.

The Government stated that a decision was being taken by the Department in consultation with the Finance Department to make advance payment of cooking cost to schools.

2.3.3.2 Non-reconciliation of balances between cash book and bank statements

The MDM cell in MCGM, Mumbai maintains two cash books - one for primary classes and the other for upper primary classes to account for grants received and disbursed. Test-check of cash books for the period 2010-15 revealed discrepancies in the opening and closing balances as shown in **Table 2.3.4.**

⁵ It is the salary of cooks-cum-helpers which was ₹ 1,000 per month

⁶ Excluding 30 selected schools in Mumbai where MDM was being supplied through central kitchens

Table 2.3.4: Discrepancies in figures recorded in cash books

Sr. No.	Date	Closing balance (₹ in lakh)	Date	Opening balance on next working day (₹ in lakh)	Difference (₹ in lakh) { (+) excess/ (-)shortage }
Cash book of primary classes					
1.	31-3-2012	1628.68	2-4-2012	1637.71	(+) 9.03
2.	30-3-2013	1628.19	1-4-2013	1621.83	(-) 6.36
Cash book of upper primary classes					
3.	31-12-2011	1849.56	2-1-2012	1816.22	(-) 33.34
4.	31-1-2012	1612.12	1-2-2012	1625.35	(+) 13.23
5.	29-2-2012	1468.87	1-3-2012	1485.03	(+) 16.16
6.	31-3-2012	1224.23	2-4-2012	1236.93	(+) 12.70
7.	30-4-2012	2115.41	2-5-2012	1984.56	(-) 130.85
8.	31-5-2012	1897.74	4-6-2012	1784.47	(-) 113.27
9.	30-6-2012	1661.93	3-7-2012	1661.92	(-) 0.01
10.	30-7-2012	1769.93	1-8-2012	1780.45	(+) 10.52
11.	30-8-2012	1540.26	1-9-2012	1511.41	(-) 28.85

Source: Data compiled from cash books maintained by MCGM

Further, though the entries mentioned at Sr. No. 3 to 10 above were attested by the Accounts Officer yet the discrepancies remained undetected by him. As on 31 March 2015, the difference between cash book balances and bank statements was ₹ 7.64 crore and ₹ 8.77 crore for primary and upper primary classes respectively which was not reconciled as of December 2015.

Recommendation 2: The Government may (i) initiate urgent steps for direct transfer of funds to schools to tackle the issues of payment of cooking cost and honorarium; and (ii) reconcile the differences between cash book balances and bank statements to eliminate the risk of misappropriation of Government money.

2.3.4. Scheme implementation

2.3.4.1 Shortfall in supply of cooked meals on all school days

The MDM Scheme provides that every child attending the school and eligible to be covered under the Scheme will be served mid-day meals on all school days⁷. Scrutiny of food grain stock registers and other related records in 269 selected schools revealed that on an average, cooked meals were not served to the children on all school days by 175 schools (66 per cent) every year during 2010-15. Further, 18 of 175 schools did not serve cooked meals for 86 school days while four of 175 schools did not serve cooked meals for 146 school days every year during 2010-15. Two schools⁸ in Nanded district did not provide any meals to the children during 2012-14 and 2014-15.

Seventy nine of 239⁶ schools cited (i) delay in receipt of rice from the contractors⁹ appointed by the SNA, and (ii) delay in reimbursement of cooking cost, as the reasons for non-supply of cooked meals to the children

⁷ Normally 220 to 230 days in a year

⁸ Indira Gandhi Girls Primary School did not supply mid-day meals during 2012-14 while Pratibha Niketan Primary School did not supply mid-day meals during 2014-15

⁹ Maharashtra State Co-operative Consumer Federation Limited and Maharashtra State Co-operative Marketing Federation Limited

on all school days. The remaining 161 schools did not furnish any specific reason for non-supply of meals on all school days.

Further, the Scheme guidelines (paragraph 3.3) stipulated that States should ensure a minimum of one month buffer stock of food grains in each school. Scrutiny of balance stocks of rice as on 31 March revealed that on an average, 138 of 239⁶ schools during 2010-15 did not maintain one month buffer stock to prevent disruption in supply of mid-day meals in the event of delay in receipt of rice.

The Government stated that explanation had been called from respective districts for shortfalls in supplying meals on all school days.

2.3.4.2 Inadequacies in payment of cooking cost and lifting of rice

The Scheme provided for supply of 100 gm and 150 gm rice per child per day for primary and upper primary classes respectively. The ISKCON Food Relief Foundation¹⁰, Mumbai had been engaged by MCGM for providing cooked meals to children of primary and upper primary schools from 2008-09.

In November 2012, ISKCON requested MCGM (i) to permit lifting on an average of 40 gm rice per child per day on the ground that the GoI norms of 100 gm and 150 gm was on the higher side, and (ii) there should be no proportionate reduction in cooking cost, as other ingredients would be added to rice. The MCGM referred the matter to the Department and after a review, the Department permitted (May 2013) ISKCON to use 50 gm and 75 gm rice per child per day for primary and upper primary classes respectively provided extra quantity of pulses, groundnuts *etc.* are added to maintain the calorific value and the protein contents prescribed by the GoI.

Scrutiny of records of MCGM revealed that during 2010-15, the MCGM paid ₹ 23.51 crore to ISKCON as cooking cost for serving 6.85 crore meals. The cooking cost of ₹ 23.51 crore was paid at the then prevailing rates fixed for cooking 100 gm and 150 gm rice for primary and upper primary classes. The Government stated that since other ingredients were added by ISKCON, full cooking cost based on 100 gm and 150 gm was paid.

Payment of full cooking cost of ₹ 23.51 crore and the Government's supporting contention lacked rationale because, all the 236 samples of cooked meals lifted by the MCGM from the central kitchen of ISKCON during 2010-15 failed in laboratory tests for calorific value and protein contents prescribed by the GoI. Failure of 100 *per cent* samples rendered an unmistakable impression that extra quantity of pulses, groundnuts *etc.* were not added to maintain the nutritional value of the cooked food and therefore, MCGM had a strong case to restrict the cooking cost proportionately at

¹⁰ It is a public charitable trust formed in July 2004 and registered under The Bombay Public Trust Act, 1950 and supplying MDM in eight States under the brand name "Annamrita"

₹ 6.82 crore¹¹ based on the actual quantity of rice (24,311.60 quintal) lifted by ISKCON during 2010-15. However, no such action was taken by MCGM. Further, the contract concluded by the MCGM with ISKCON (renewable every year) for supply of cooked meals did not have a penalty clause in the event of failure of ISKCON to supply meals of requisite quality and specifications. Audit observed that upon failure of 236 samples tested during 2010-15, the MCGM merely levied a penalty of ₹ 2,000 per failed sample on ISKCON but, did not evaluate the validity or the sanctity of the inflated cooking charges (₹ 23.51 crore) paid by it to ISKCON during 2010-15.

Interestingly, while the Department accepted the reduced norm of 50 gm rice (for primary classes) and 75 gram rice (for upper primary classes) per child per day in case of ISKCON, 288 other central kitchens who were supplying cooked meals to 3,419 primary and upper primary schools in Mumbai continues to lift rice as per GoI norms of 100 gm and 150 gm rice per child per day. However, the Department did not conduct any review to ascertain the actual quantity of rice being used by these 288 central kitchens. The problem was further compounded, as the 288 central kitchens did not maintain stock registers of rice and thus, precluded the Department from verifying the actual quantity of rice received and used.

Incidentally, the Department had already launched an investigation on a complaint regarding diversion of sizable quantity of rice by a transport contractor from various central kitchens (out of 288) to open market, for illegitimate pecuniary gains. This underscores the need for an urgent intervention by the Department to review the quantity of rice actually required for consumption by the children in primary and upper primary schools in Mumbai.

It was also noticed from the annual accounts of ISKCON for the year 2009-14 that ISKCON had collected donations amounting to ₹ 36.08 crore from various foreign and Indian organizations for MDM Scheme. The action of ISKCON to collect donations in the name of MDM Scheme was inappropriate as the Scheme is totally financed by the Central/State Governments and funds for providing cooked meals to children were being released as per prescribed norms. The Government stated that explanation of ISKCON was called for and reply furnished by ISKCON had been forwarded (October 2015) to GoI for further action.

2.3.4.3 High percentage of failed samples of cooked meals

The Scheme guidelines prescribed the nutritional content in the MDM (i) Calories – 450 and 700 and (ii) Protein – 12 gm and 20 gm for primary and upper primary respectively. During 2010-15, of 1,600 samples of cooked meals lifted from 289 central kitchens in Mumbai and tested by the MCGM through its Municipal laboratory in Dadar, 1,546 samples (97 per cent) failed

¹¹ Actual quantity of rice (24,311.60 quintal) lifted by ISKCON during 2010-15 worked out to 29% of 83,922.94 quintal *i.e.* the quantity as per the prescribed norms of 100 gm and 150 gm rice for primary and upper primary classes. Therefore, cooking cost of ₹ 23.51 crore based on 83,922.94 quintal worked out to ₹ 6.82 crore (29% of ₹ 23.51 crore)

to meet the calorific value and protein content prescribed under the Scheme. An extremely high percentage of failed samples were a pointer to the fact that cooked meals supplied to the children was not concomitant with the nutritional norms fixed under the Scheme. Further, except MCGM, none of the 33 ZPs in the State tested the cooked meals for calorific value and protein content during 2010-15. If the cooked meals had been tested, the results would not have been much better because, majority of the schools under the ZPs are located in rural areas and do not have the same modern infrastructure as available in the central kitchens being operated in Mumbai.

The Government stated that instructions were being issued to MCGM to take stern action against the central kitchens whose samples had failed frequently.

2.3.4.4 Shortfalls in health check-up of children

The Scheme guidelines (paragraph 2.5) provided for regular health check-up of children through convergence with other development programmes. Audit observed that during 2010-15, on an average, the mandatory yearly health check-ups were not conducted by 64 schools, out of 269 selected schools. Also, in 39 of 269 selected schools, health check-ups were not conducted at all during 2010-15. Further, in 81 of 269 selected schools, where health check-ups were conducted, vital details such as, height, weight, body mass index *etc.* were not recorded in the screening and referral cards of the children. This was indicative of the fact that the State Government did not have a sound mechanism to measure the impact of cooked meals/micronutrients and other food supplements on the overall nutritional and health status of the children.

The Government stated that instructions were being issued to the District Education officers to provide list of all schools to the Health Department in order to ensure health check-up in all schools. The Government added that the Additional Director, Family Welfare had also been requested to ensure that annual health check-up was done in all schools.

2.3.4.5 Procurement of sub-standard stainless steel compartmental trays

The SNA placed 12 purchase orders between February and August 2013 with four DGS&D¹² approved rate contractors for supply of 52.75 lakh stainless steel compartmental trays at a total cost of ₹ 53.49 crore for serving cooked meals to children. As per terms and conditions of purchase orders, the minimum thickness of steel sheets (0.7 mm) and that of the tray (0.55 mm) was to conform to IS 14756:2000 laid down by the Bureau of Indian Standards. Further, each tray was to be legibly and indelibly marked by stamping 'Stainless Steel' or 'SS' with manufacturer's name or initials or trade-mark. All the trays were supplied between April 2013 and November 2013 and payment of ₹ 53.49 crore was released to the contractors between April 2013 and May 2014. Scrutiny of purchase/payment files and other subsidiary documents relating to the transaction revealed the following:

- Pre and post-despatch inspections of the trays conducted by Superintendence Company of India (Private) Limited, Mumbai

¹² Director General of Supplies & Disposal

(a State Government accredited certifying agency) revealed the trays to be conforming to the technical parameters on diameter and height only. However, the inspection/test certificates issued by the agency did not mention anything about the trays conforming to the mandatory parameter of minimum thickness of 0.55 mm. Thus, it was difficult to comprehend the circumstances leading to acceptance of trays without fulfillment of the mandatory parameter.

- During scrutiny of records in six¹³ of nine selected districts, audit randomly lifted 22 samples of trays supplied against the purchase orders and tested them for thickness through Government Industrial Training Institute (ITI), Mumbai. The test results furnished (September 2015) by ITI, Mumbai revealed the thickness of all the 22 trays to be less than 0.55 mm (thickness varied between 0.30 mm to 0.50 mm). Further, none of the 22 samples bore any stamp of 'Stainless Steel' or 'SS' with manufacturer's name or initials or trade-mark.

The Government stated that the samples of trays were sent (October 2015) to RITES (a GoI enterprise) for second inspection and these were found to be conforming to the specified standard. It added that the specifications for stainless steel sheet for utensils laid down by the Bureau of Indian Standards in IS 5522:1992 has a tolerance limit of ± 0.10 mm for sheet thickness over 0.40 mm up to 0.80 mm. Therefore, if the manufacturer of steel sheet had taken a benefit of -0.10 mm tolerance, then the finished product (stainless steel tray) would have a corresponding tolerance of -0.10 mm. Thus, the thickness of the tray would stand at 0.45 mm (0.55 mm minus 0.10 mm) which was well within the specifications laid down by the Bureau of Indian Standards (IS 14756:2000).

The reply of the Government is not maintainable for two reasons, (i) As per the Bureau of Indian Standards (IS 14756:2000), even after factoring in the tolerance limit of ± 0.10 mm, the finished product (stainless steel tray) ought to have a minimum thickness of 0.55 mm, and (ii) the test report of RITES annexed by the Government along with the reply showed that five of six samples in fact, had a thickness between 0.43 mm and 0.51 mm which was significantly less than the minimum prescribed thickness of 0.55 mm.

Given the facts stated above, procurement of 52.75 lakh stainless steel compartmental trays at a cost of ₹ 53.49 crore for serving cooked meals to children appeared to be sub-standard.

2.3.4.6 Injudicious procurement of micronutrients

As per paragraph 4.5 of Scheme guidelines, the MDM Scheme should be complemented with appropriate interventions relating to micronutrient supplementation through administration of weekly iron folic acid (IFA) supplement and other appropriate supplementation depending on common deficiencies found in the local area with technical advice of the Public Health Department of the State or from the nearest Primary Health

¹³ Chandrapur, Dhule, Jalgaon, Nanded, Pune and Satara

Centre/Government Hospitals. The Ministry of Health and Family Welfare, GoI also issued (April 2007) policy guidelines regarding IFA supplementation where under, children 6-10 years old were to be provided 30 mg elemental iron and 250 mcg folic acid per child per day for 100 days in a year and the adolescents (11-18 years) were to be supplemented at the same doses and duration as adults i.e. 100 mg elemental iron and 500 mcg folic acid per child per day for 100 days in a year.

Zim Laboratories, Nagpur (the rate contractor of ESIC¹⁴) approached (05 March 2010) the Minister, School Education and Sports Department (Department) with a *suo moto* offer for centralised bulk purchase of IFA supplementation. Upon evaluation of the rates offered by Zim Laboratories with another rate contractor¹⁵ of the Director of Medical Education and Research, GoM, the offer of the former was found to be cheaper. Accordingly, the Department approved the proposal of Zim Laboratories and the SNA placed (31 March 2010) a purchase order on Zim Laboratories for supply of 41.99 crore IFA capsules at a total cost of ₹ 29.52 crore for children studying in class I to VIII (6-14 years). The SNA also placed repeat orders in February 2011 for supply of 24.54 crore capsules valuing ₹ 17.42 crore and in October 2011 for supply of 14.26 crore capsules valuing ₹ 10.12 crore for children studying in class VI to VIII (11-14 years). Thus, a total of 80.79 crore capsules valuing ₹ 57.06 crore were procured from Zim Laboratories during 2009-12. Scrutiny of records of the Department, SNA and Director of Health Services revealed the following:

- The IFA capsules (41.99 crore) supplied by Zim Laboratories against the first order contained 48.53 mg elemental iron and 500 mcg folic acid. The Director of Health Services (DHS), Mumbai informed (April 2010) the SNA that IFA capsules being procured were not suitable for children below 11 year and therefore, advised (August 2010) distribution of capsules to children studying in class VI to VIII (11-14 years). Based on the technical opinion of DHS, the Department decided (August 2010) to administer the IFA capsules to the children of age group 11-14 years. Accordingly, the age group of the targeted beneficiaries was altered to 11-14 years for the repeat orders placed in February and October 2011.

The above sequence of events clearly pointed to the fact that the Department did not seek any technical opinion of the DHS prior to placing the purchase order on Zim Laboratories nor did it follow the GoI guidelines for purchase of IFA capsules of appropriate dosage for appropriate age group. Thus, as a *fait accompli*, the Department had to adjust/regulate the procured dosage (48.53 mg elemental iron) with the corresponding age group, post-technical opinion of DHS.

- The procured dosage (48.53 mg elemental iron) may not have the desired efficacy even for the corresponding age group of 11-14 years as it was significantly lower than the dosage prescribed by the GoI (100 mg elemental iron).

¹⁴ Employees State Insurance Corporation

¹⁵ Hindustan Laboratories, Mumbai

The Government stated that as the DHS had given approval to provide IFA capsules on ESIC rate contract and also advised on the dosage to be administered to the appropriate age group, the matter stood settled. The Government added that since the DHS had given approval to provide IFA capsules on ESIC rate contract, repeat orders were placed to fulfill the requirements for the next two years.

The reply is not convincing because, (i) the DHS did not give its go-ahead to place purchase order at ESIC rate contract but, only rendered its technical opinion post-placement of purchase order, and (ii) since the IFA capsules procured from Zim Laboratories under the first order did not conform to the dosages prescribed by the GoI, subsequent repeat orders placed for 38.80 lakh capsules valuing ₹ 27.54 crore could have been avoided.

Thus, procurement of 80.79 crore capsules valuing ₹ 57.06 crore procured from Zim Laboratories during 2009-12 was injudicious.

2.3.4.7 Shortfalls in tasting of cooked food

As per Scheme guidelines (paragraph 4.3) and instructions issued (July 2013) by the GoI, at least one teacher and one of the School Management Committee (SMC)¹⁶ members should taste the cooked food, daily on rotation basis half an hour before it is served to children of primary and upper primary classes. Further, as per GoI advisory of December 2005, at least one mother should be present in the school to oversee and supervise the feeding of meals to the children every day on rotational basis and also to ensure that good quality meals are served every day without interruption.

Data collected from the AWP&B of 2015-16 regarding quality, safety and hygiene revealed shortfalls in tasting of cooked food by the teachers and SMC members during 2014-15. The details are shown in **Table 2.3.5**.

Table 2.3.5: Shortfalls in tasting of meals before serving to children

Particulars		No. of schools where teachers tasted meals before serving	Percentage of schools where tasting was not done by teachers	No. of schools where SMC members tasted meals before serving	Percentage of schools where tasting was not done by SMC members
No. of schools in the State during 2014-15	83293 ¹⁷	67915	18	46168	45
No. of schools in the selected districts	24660 ¹⁸	19453	21	14257	42

Source: Data collected from AWP&B of 2015-16

¹⁶ The SMC includes teachers, elected representatives of the local authority and parents or guardians. The SMCs are empowered to monitor school functioning and utilisation of grants

¹⁷ Excluding Dhule and Gondia districts as no information was available

¹⁸ Excluding Dhule district as no information was available

In four¹⁹ of nine selected districts, tasting of meals by teachers was done in all the schools while in the remaining five districts where tasting was not done by the teachers the percentage of schools where tasting was not done was highest at 63 *per cent* in Nanded. Further, in three²⁰ of nine selected districts, tasting of meals by the SMC members was done in all the schools while it was not being done in any of the schools under Chandrapur and Mumbai districts. Further information furnished by 269 selected schools revealed that mothers were present at the time of serving mid-day meals in 174 schools (65 *per cent*).

The Government stated that in all schools meals are tasted half an hour before their distribution to children. It added that involvement of parents would definitely help improving the quality of meals so, instructions were issued regularly to inspire the parents to be present in the schools while preparation and distribution of meals.

The reply is not convincing because, data collected by audit from AWP&B in this regard do not show a very satisfying situation. Further, given the magnitude of the Scheme, active involvement of teachers, SMC members and mothers is paramount because, it would help lessen dependence on monitoring through external supervisors/inspectors who are anyway unable to oversee all schools on a daily basis.

Further scrutiny of records revealed that 13 cases of food poisoning in the State were reported to the SNA during 2011-15 affecting 996 children, as detailed in **Table 2.3.6**.

Table 2.3.6: Details of food poisoning cases in the State during 2011-15

Year	No. of incidents	No. of children affected
2011-12	2	70
2012-13	1	09
2013-14	2	459
2014-15	8	458
Total	13	996

Source: Information provided by SNA

Of 13 cases, food samples in six cases were sent to laboratories for investigation. In two of six cases, laboratory reports were awaited as of December 2015; in three cases, reports could not establish the cause of food poisoning; while in one case (Solapur district) pesticide residue and mineral oil with strong smell of kerosene was detected. The enquiry conducted by BDO, Solapur revealed that the cooking room was dirty and unclean and cooked food was not tasted by Headmaster or teacher. The Collector, Solapur directed (March 2015) the Education Officer to conduct an enquiry into the matter; however, the enquiry report was awaited as of December 2015. In the remaining seven cases, where food samples were not sent to laboratories, action had been taken in the form of filing police complaints, cancellation of work orders issued to central kitchens, suspension of teachers/headmasters *etc.*

¹⁹ Parbhani, Pune, Solapur and Chandrapur

²⁰ Parbhani, Pune and Satara

The Government stated that in most of the cases, food poisoning happened because of non-maintenance of cleanliness and carelessness of cooking agencies. Detailed instructions have been issued to schools to maintain personal hygiene and cleanliness in kitchen area and to wash food grains and vegetables before these are cooked.

2.3.4.8 Shortfalls in training and health check-up of cook-cum-helpers

As per paragraph 4.2 of the Scheme guidelines, cleanliness and hygiene has to be maintained while preparing and distributing mid-day meals to children. In this regard, the GoI issued (February 2015) guidelines for food safety and hygiene for school level kitchens where under, each State was to develop its own standard operating procedure (SOP) for training of various functionaries including cook-cum-helpers and members of SMC on a sustainable basis. Besides, the States were also required to develop an effective mechanism for bi-annual health check-up of cook-cum-helpers to ensure fitness for the job.

Audit observed that the GoM/Department did not prepare any SOP for training and health check-up of cook-cum-helpers and arrangements in this regard were purely ad-hoc. This stemmed from the fact that in 42 of 239⁶ selected schools, no training was provided to cook-cum-helpers while in 81 schools, cook-cum-helpers did not undergo any medical check-up during 2010-15.

The Government stated that instructions would be issued to all Education Officers to obtain health check-up certificates from cook-cum-helpers. In the Exit conference, the Principal Secretary agreed (November 2015) to conduct training programmes for sensitizing all those involved in the cooking process to maintain food safety and hygiene.

2.3.4.9 Use of food items after ‘best before’ use date

As per Scheme guidelines (paragraph 4.2), food ingredients supplied to the schools should be of good quality and hygiene. Joint physical verification by audit along with the Superintendents of mid-day meals in ZPs and Kendra Pramukhs in 269 selected schools revealed that in 10 schools (Pune: four and Dhule: six), packaged items like cooking oil and condiments were being used even after one to 20 months of the ‘best before’ use dates, indicating Department’s failure to sensitize the stakeholders about the pitfalls of use of expired ingredients as also deficiencies in monitoring and inspection of schools at various levels.

The Government stated that explanation had been called for from the Education Officers in Pune and Dhule.

2.3.4.10 Inconsistent supply of liquid hand wash for use by children

The GoI issued instructions (July 2012) to all the State Governments to make arrangements for liquid hand wash/soaps in order to ensure that children wash their hands before and after meals. During 2010-15, the Department procured 20.04 lakh bottles of liquid hand wash (250 ml capacity each) at a total cost of ₹ 10.31 crore for distribution to schools. The status of procurement and supply of liquid hand wash in the State during 2010-15 is given in **Table 2.3.7.**

Table 2.3.7: Procurement and supply of liquid hand wash in the State during 2010-15

Year	Total No. of schools	No. of bottles purchased (in lakh)	Value of purchase orders (₹ in crore)	No. of schools to whom liquid hand wash bottles were supplied		No. of schools to whom liquid hand wash bottles were not provided
2010-11	88641	Nil	Nil	Nil	Nil	88641
2011-12	89338	2.53 ²¹	1.20	60348	4	28990
2012-13	85031	8.93 ²²	4.65	84780	10	251
2013-14	86028	Nil	Nil	Nil	Nil	86028
2014-15	86301	8.58 ²³	4.46	85820	10	481
Total		20.04	10.31	230948		

Source: Information furnished by SNA

Table 2.3.7 showed that the procurement and supply of liquid hand wash to schools was highly inconsistent. For instance, while the Department procured 8.93 lakh bottles of liquid hand wash during 2012-13 to cater to 85,031 schools, it procured only 2.53 lakh bottles to cater to 89,338 schools during 2011-12. No liquid hand wash was procured during 2010-11 and 2013-14 for 88,641 and 86,028 schools respectively. Even where liquid hand wash was procured (2011-12), these were not sufficient to cover all the schools. Curiously, the procurement and supply plan of liquid hand wash was lopsided because, each school was to eventually get only four to 10 bottles during a year, a negligible number that undermined the very concept of imbibing good health and hygiene practices in the children.

The Government stated that there was no separate fund provision for procurement of liquid hand wash from GoI and the funds available under Management, Monitoring and Evaluation component of the Scheme were used as per availability.

2.3.4.11 Lack of emergency medical plan

As per the instructions issued by the GoI (July 2013), each school should be equipped with an emergency medical plan in order to meet eventualities like food poisoning, fire, natural calamities *etc.* Joint inspection of 269 schools revealed that telephone number of ambulance, fire, police stations and hospitals were not displayed in 171 schools (64 *per cent*). Further, though fire extinguishers were installed in 183 of 269 schools, the same were not refilled on expiry.

The Government stated that instructions were being issued to display/keep contact numbers of clinics, civil hospitals, ambulance services, doctors *etc.* at prominent places in schools and also place sand buckets in schools.

2.3.4.12 Loss of revenue on account of non-disposal of gunny bags

In December 2012, the Department directed the SNA for disposal of empty gunny bags of rice at the block level. However, in September 2014, the

²¹ Purchase order dated 29 March 2012

²² Purchase order dated 07 November 2012

²³ Purchase order dated 28 March 2015

Department directed the SNA to dispose of the empty gunny bags once in every three months at the school level instead of block level, at rates to be fixed in consultation with the Women and Child Development Department, GoM, and receipts deposited into Government account.

Scrutiny of records of 239 selected schools and 23 of 30 central kitchens revealed that none of the schools and central kitchens had been maintaining any accounts of empty gunny bags. Further, despite the directives of the Department issued in December 2012 and September 2014, the empty gunny bags were not being disposed of either at the block or school levels. As rice is procured from Central grants, sale proceeds of empty gunny bags should be credited into the Scheme account. Therefore, the directive of the Department (September 2014) to credit the sale proceeds of empty gunny bags into Government accounts was also not in order.

Under the Scheme, 7.76 lakh metric tonne of rice packed in 1.55 crore gunny bags of 50 kg each was lifted from Food Corporation of India godowns during 2012-15. However, due to non-disposal of empty gunny bags, the Department lost an estimated revenue of ₹ 7.76²⁴ crore during this period.

The Government stated that that instructions have been issued (March 2015) to all the Education Officers to ascertain the rates of empty gunny bags from the concerned District Supply Officers and sell them at the school level.

Recommendation 3: The Government may (i) investigate the reasons for disruption in supply of mid-day meals including reasons for non-maintenance of buffer stocks by schools, (ii) review the quantity of rice actually required for consumption by the children in primary and upper primary schools in Mumbai and accordingly, regulate the supply of rice to central kitchens, (iii) prepare a standard operating procedure for training and health check-up of cook-cum-helpers on a sustainable basis, and (iv) ensure that packaged food items are consumed much before their expiry dates.

2.3.5 Monitoring

2.3.5.1 Deficiencies in monitoring

Monitoring is crucial for tracking the progress of any scheme, programme or a process with a view to detecting deviations for early corrective action and learn lessons for future planning. Audit observed the following deficiencies in monitoring of the Scheme:

- The GoI issued instructions (April 2013) to the State Project Directors of various Central Schemes, including MDM Scheme, for constitution of a District Level Committee for monitoring of the Schemes. The

²⁴ As per information provided by District Supply Officer, Pune, cost of unusable and usable empty gunny bags was ₹ 4.40 and ₹ 6.10 respectively in November 2014. Therefore an average cost of ₹ 5 per empty gunny bag has been considered by audit.

Committee was to be constituted by co-opting Members of the Centre/State Legislature, Collectors, District Education Officers, members of ZPs, two NGOs working on elementary education in the area *etc.* The senior-most Member of Parliament in the meeting was to chair the Committee. However, no such Committee was constituted by the GoM as of December 2015.

- Only two of nine selected districts (Dhule and Solapur) established flying squads for surprise inspection of schools implementing the MDM Scheme. The remaining seven districts were yet to establish the flying squads even after lapse of more than six years of its approval (June 2009) by the Department. The flying squads were required to inspect at least 10 schools per month and submit reports to the concerned ZPs and Education Officers. Thus, one of the mechanisms for effective monitoring of the Scheme was not fully established.
- The system of public grievance redressal in the Department was not very effective as complaints received *via* the toll-free number (1800 233 9988) though documented in the register, the final action taken on the complaints was not found to have been recorded in the register. Similarly, a monthly or yearly summary of pending complaint cases was not being prepared by the SNA for adequate monitoring.
- Further, the Department did not maintain a register of complaints to record the written complaints received through normal channels. Audit observed that the Department received 79 written complaints during 2010-15 of which, action had been taken in 18 cases and 61 cases were pending as of December 2015. In 41 cases pertaining to 2011-14, the enquiry officers did not conduct any enquiry. Thus, in the absence of any system of recording complaints in complaint register, the monitoring mechanism was rendered ineffective.
- The Quarterly Progress Reports (QPR) prepared by the SNA for the State and submitted to the GoI indicating the opening balances of rice, rice lifted by the transporters on the authorisation of the SNA, rice consumed and the closing balances showed grave discrepancies every year during 2010-15.

The Government stated that since data is consolidated at the block, district and State levels, mistakes in data in one school affects the State level data and the mistakes are rectified in the subsequent QPRs. Further, closing and opening balances also do not match sometimes due to adoption of different units (Kg/MT) resulting in wrong reporting in the QPR.

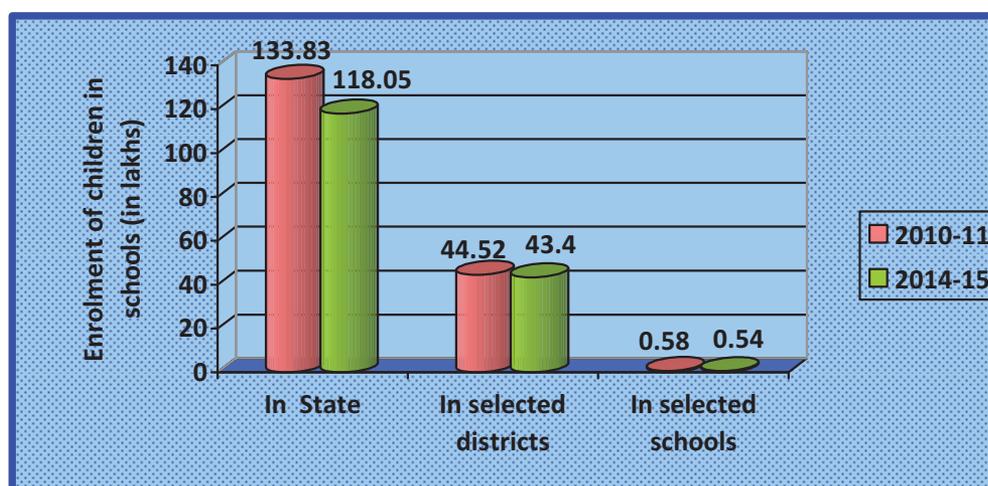
Recommendation 4: The Government may strengthen its monitoring mechanism by (i) setting up the District Level Committee, (ii) improving the effectiveness of public grievance redressal system, and (iii) establishing full complement of flying squads.

2.3.6 Evaluation

2.3.6.1 Decrease in enrolment of children

The MDM Scheme was launched with the aim of attracting children to schools and bringing improvement in enrolment. Analysis of information obtained from SNA, 269 selected schools and eight selected districts²⁵ indicated a decrease in enrolment in 2014-15 compared to 2010-11 in Government, aided and local body schools, as shown in **Chart 2**.

Chart 2: Decrease in enrolment in 2014-15 vis-a-vis 2010-11



Source: Data compiled from AWP&B for the year 2010-11 and 2014-15 and information obtained from selected districts and schools

The decrease in enrolment in 2014-15 over 2010-11 was highest at 25.02 per cent in Gadchiroli district while among the nine selected districts, the decrease in enrolment was highest in Mumbai (11 per cent).

The Government attributed the decrease in enrolment to preference of parents to enroll their children in English medium schools, self-financed schools and decrease in birth rate.

The reply indicates that there is a growing section of population which prioritises quality education over free meals and thus, free MDM by itself is not a sufficient condition to retain children in school, unless accompanied with improvement in teaching/learning outputs.

Recommendation 5: The Government may ensure enrolment and retention of children by conducting community mobilization activities such as, enrolment drives and raising the quality of education particularly by stressing on English language skills which appears to be the priority of the parents over free mid-day meals.

²⁵ Information on Chandrapur district for 2010-11 was not available with the Department

7. Conclusion

The planning and coverage for mid-day meal Scheme was weak as schools falling under the notified drought-affected districts were not covered. There were significant delays in release of grants from SNA to districts, blocks and schools. Cooked meals were not provided to children on all school days. Despite severe anomalies in the quantities of rice being lifted by ISKCON and 288 other central kitchens for the children in primary and upper primary schools in Mumbai, the State Government did not review the situation. Procurement of 80.79 crore iron folic acid capsules at a cost of ₹ 57.06 crore was injudicious as the procured dosage of elemental iron (48.53 mg) was significantly lower than the dosage prescribed by GoI (100 mg) and therefore, did not have the desired efficacy for the targeted beneficiaries of age group 11-14 years. Mid-day meals were not tasted by the teachers in 18 *per cent* of the schools and by the School Management Committee members in 45 *per cent* of the schools in the State during 2014-15. There were shortfalls in training and health check-up of cook-cum-helpers. The schools were using packaged food items like cooking oil and condiments even after their expiry dates. The monitoring of the Scheme was rendered weak due to non-setting up of District Level Committee and non-establishment of flying squads. There was decrease in enrolment of children in Government, aided and local body schools in 2014-15 over 2010-11 despite provision of free mid-day meals.

Public Health Department

2.4 IT Audit of e-Aushadhi System

Executive summary

The Government of Maharashtra initiated the e-Aushadhi system in February 2013 to streamline the process of inventory management of drugs and consumables in Government hospitals, Primary Health Centres, Drug Warehouses etc. throughout the State. An IT Audit of the system conducted for the period 2013-15 revealed that while the demand generation module, a critical module of the supply chain management was not implemented, the finance module was incomplete. The implementation of the System suffered due to poor documentation, weaknesses in IT planning and inadequacies in the application software. Discrepancies in issues and receipts of drugs/consumables, recording of local purchases and incorrect rates of drugs/consumables captured in the system weakened the reliability of data and transparency in purchases. The monitoring of the system was poor due to insufficiency of MIS reports. Inadequate IT security, especially due to inadequate logical access controls, non-documentation and testing of disaster recovery plan and inadequate audit trail, made the system further vulnerable to errors and manipulations.

2.4.1 Introduction

Maharashtra State has a wide network of Government hospitals and Primary Health Centres (PHCs)/Sub-Centres (SCs) to cater to the health needs of the population. These Government hospitals and PHCs/SCs provide free drugs to the patients. The majority of the essential drugs and consumables¹ required by these Government hospitals and PHCs/SCs are procured centrally by the Director of Health Services (DHS) under the Public Health Department (Department). The drugs/consumables are delivered to the Drug Warehouse headed by the Civil Surgeon for further distribution to Sub-District hospitals, Rural hospitals etc. in addition to the Drug Warehouses headed by the District Health officer for further distribution to the PHCs/SCs. The drugs/consumables are also delivered to the State Drug Stores headed by the Bureau officer of Malaria, TB and Leprosy.

The e-Aushadhi is a web based Supply Chain Management system developed by Centre for Development of Advanced Computing (CDAC) which deals with the purchase, inventory management and distribution of various drugs and consumables to various Government hospitals and PHCs/SCs. Considering the wide network of Government hospitals and PHCs, the Department initiated the implementation of e-Aushadhi in February 2013. For overseeing project execution and management of Information Technology projects including e-Aushadi, the Department appointed KPMG Advisory Services Private Limited (KPMG) as a consultant.

The application has a Web Based Architecture, Java as front end application and database maintained in Oracle 11g. The system is hosted at the CDAC centre at

¹ The list of essential drugs and consumables are finalised by the Department every year

Noida. The data relating to centralised procurement of drugs and consumables captured in the computerised system during 2013-15² is shown in **Table 2.4.1**

Table 2.4.1: Purchase orders captured in the system

Year	No. of purchase orders	Amount (₹ in crore)
2013-14	31251	324.77
2014-15	23447	271.11

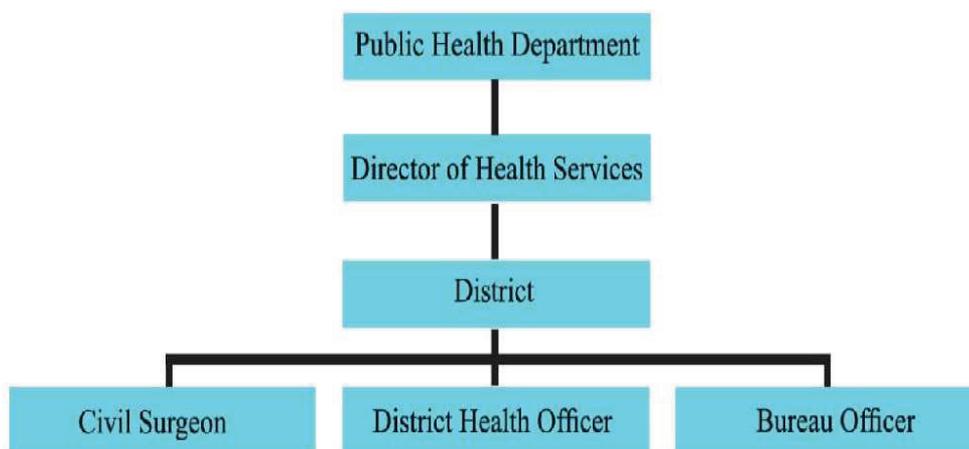
The e-Aushadi system is critical for the Department as it is used for purchasing and distributing more than 500 essential drugs and consumables catering to 2,336 hospitals, Drug Warehouses, primary health centres *etc.* throughout the State. The system has 10 modules.

The objectives of computerisation were as follows:

- to streamline the process of inventory management and bring transparency in the system;
- to track the real time stock position and drug distribution;
- to establish Quality Assurance systems for testing of medicines;
- to improve evidence based decision;
- to improve the payment process for suppliers; and
- to procure inventory based on predefined requirements.

2.4.2 Organisational set-up

The Directorate of Health Services under the Principal Secretary, Public Health Department administers the overall functioning of the e-Aushadhi system. The organisational set-up with reference to the implementation of e-Aushadhi system is given below.



In each district there is a Civil Surgeon (CS), District Health Officer (DHO) and Bureau Officer (BO). The CS is the head of various hospitals in the district. The DHO is the head of the various PHCs/SCs located in the villages. The Bureau

² Data from April 2013 is captured in the system

Officer supervises and manages various health programs/schemes in the district for e.g. the Malaria bureau, TB bureau and Leprosy bureau.

2.4.3 Audit objectives

The audit objectives were to evaluate whether:

- the planning and implementation of e-Aushadhi system was appropriate to meet the objectives of computerisation;
- the input, processing and output controls were adequate to ensure integrity of the system and that it complied with the rules and procedures;
- reliable controls were in place to ensure data security and necessary audit trails were incorporated in the system; and the system met the requirements of internal audit.

2.4.4 Audit criteria

The planning and implementation of the e-Aushadhi system, data management and monitoring were examined with the provisions in MoU between GoM and CDAC, Manual of Office Procedure for Purchase of Stores by the Government Departments, Hospital Administration Manual, Government Resolutions (GR), Guidelines/Instructions issued by the DHS, Maharashtra State e-Governance policy 2011 and generally accepted good IT practices.

2.4.5 Audit scope and methodology

Data relating to e-Aushadhi were analysed with the help of Computer Aided Audit Techniques. The data analysis covered the data available from April 2013 to March 2015. For this purpose, apart from records maintained in the Department and DHS, audit covered offices of Civil Surgeon, District Health Officer, District Hospitals and PHC's in eight districts³ selected on random sampling and three State level Bureau Offices of Malaria, Leprosy and TB at Pune.

The Entry Conference was held with the Principal Secretary, Public Health Department (PHD) in May 2015 wherein the audit objectives and criteria were discussed. The audit findings and recommendations were discussed in the exit conference held on 30 October 2015. The Principal Secretary, PHD, Director of Health Services and other officers from PHD and DHS attended the meeting. The Government furnished paragraph-wise replies on 16 February 2016 which have been incorporated at appropriate places in the report.

2.4.6 Acknowledgement

Audit acknowledges the cooperation of the Department, DHS and other field units in providing the necessary information and records to audit.

³ Nashik, Sindhudurg, Gadchiroli, Solapur, Satara, Raigad, Thane and Dhule

Audit observations

2.4.7 General controls

Planning and Management

2.4.7.1 Incomplete system

As per Article 2 of the MoU, a detailed schedule for application customization was prepared. As per the project plan, 10 modules⁴ were to be customized for implementation within 75 days from April 2013. Audit observed one module (Demand Generation) was yet to be implemented as the user requirement intimated to CDAC was not clear. As a result, the yearly demand for the drugs/consumables by the end users was sent to DHS in Excel sheet before the beginning of each year for centralised procurement.

Test-check of records in the selected Drug Warehouses revealed excess supply of drugs to DHO, Thane and Civil Surgeon, Nashik *vis-à-vis* the demands during the year 2013-15 as shown in **Table 2.4.2**

Table 2.4.2: Excess quantity of drugs supplied

Name of Drug	Unit	Quantity demanded	Quantity supplied	Value of excess quantity supplied (₹ in lakh)
Doxycycline Cap 100 mg	Capsule	2356066	4000000	11.64
Amoxycillin + Clavulanic acid dry Syrup 200 mg + 28.5 mg 30 ml	Bottle	21300	100000	9.21

Source: Annual demand and data in e-Aushadhi

Thus, due to inadequate demand generation mechanism, the Department remained exposed to the risk of supply of excess quantity or less quantity of drugs/consumables. Also, the Department could not achieve the objective of procuring inventory based on predefined requirements.

Though the Finance module was stated to be implemented, audit scrutiny revealed that the actual payments made to the suppliers by the Finance wing in DHS were not entered in the system since October 2014. Further, the bill-wise reports generated for payment to suppliers by the procurement wing of DHS was not saved in the system to monitor the bills pending for payment and ascertain any delay in payment of bills thus, resulting in inadequate monitoring of payment process to the suppliers.

The Government stated (February 2016) that the DHS was ready to take demands through online demand generation module and also to use the finance module.

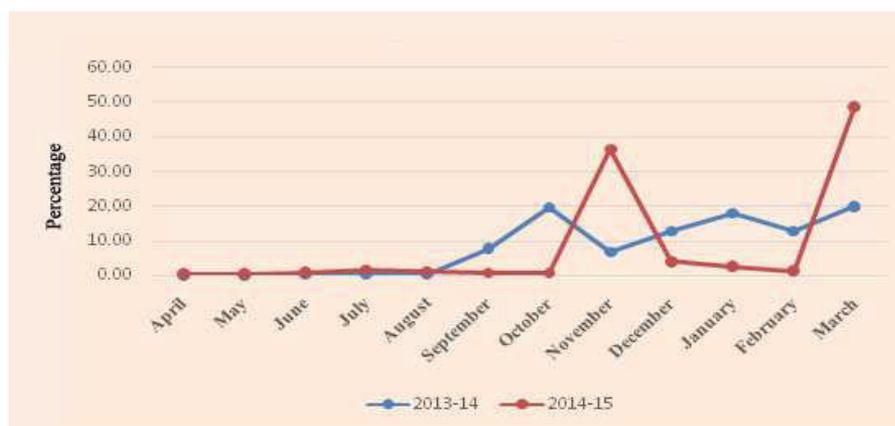
⁴ Supplier Rate Contract, Demand Generation, Procurement, Challan Process, Drug Inventory View, Quality Control, Indent Desk, Issue Desk & Acknowledge Desk, Drug Transfer and Finance

2.4.7.2 Purchase of drugs

The yearly demand for the purchase of drugs/consumables is prepared by the end-users and compiled at District Drug Warehouses and forwarded to the DHS for verification and approval in the beginning of the financial year. On finalisation of Rate contract for supply of drugs/consumables, purchase orders are generated through the system.

Data in e-Aushadhi system relating to purchase orders showed that the majority of purchase orders for drugs/consumables for a financial year were placed at the last quarter of the financial year as shown in **Chart 1**

Chart 1: Month-wise procurement of drugs/consumables during 2013-15 (in percentage)



As seen from **Chart 1**, of the total purchase orders placed during 2013-14, 20 per cent of the orders (in terms of value) were placed in the month of March 2014 which increased to 49 per cent during 2014-15. Further, during 2013-14 and 2014-15, 51 per cent and 53 per cent of the purchase orders (in terms of value) were placed in the last quarter of the financial year.

The delays in placing purchase orders and the consequent delays in supply of drugs/consumables adversely affected the annual requirements of the hospitals and PHCs thus, necessitating local purchases at higher rates, as discussed in **paragraph 2.4.8.8**. Further, the annual requirement finalised at DHS did not take into account the delayed purchase orders placed at the end of the year. In view of the delays in placing purchase orders and the consequent impact on the annual requirement of drugs/consumables, the Department fell short of achieving the objective of streamlining the process of inventory management.

The Government stated that the issue flagged by audit has been noted and necessary action would be taken to streamline the procurement process in a staggered manner for ensuring timely availability of drugs and consumables to the hospitals/PHCs.

2.4.7.3 Constitution of Information Technology Cell

As per the MoU, an Information Technology (IT) cell was to be constituted by the Department and CDAC was to provide training on System Administration and subsequent operationalization. The IT cell was required to coordinate with various entities such as, the Department, CDAC and the end users (hospitals/PHCs and district Drug Warehouses). The IT Cell was also responsible for report preparation at defined frequency, providing training to field units and contribute to enhancement of application after completion of the

project. As per the Maharashtra State e-Governance policy 2011, the State Government had to build capacities within the system for e-Governance, Program and Change Management by training the manpower and deploying appropriate infrastructure and machines. The IT Cell was created by DHS in January 2013 and four IT posts were sanctioned for manning the IT Cell on yearly contract basis.

Audit observed that personnel from DHS were not identified as per the e-Governance policy of the State Government to build capacities within the Department to handle system administration and database administration of e-Aushadhi system. It was further observed that IT cell was also assigned the job of data entry of purchase orders and rate contracts in addition to system administration. Thus, there was no clear demarcation of user functions and system administration. The resultant delay in recording the purchase orders in the system is discussed in **paragraph 2.4.8.1**.

The Government stated that the IT Cell was not assigned the job of data entry of purchase orders. In the exit conference, the Principal Secretary stated (October 2015) that personnel from the Department would be identified and trained.

The reply of the Government is not borne out of facts because, the job chart details furnished (July 2015) by the IT Cell to audit clearly indicated that the personnel from IT Cell were also carrying out the task of data entry relating to purchase orders.

2.4.7.4 Documentation

Documentation of an IT system such as, System Requirement Specifications (SRS), System Design Documentation (SDD) and Entity Relation Diagram (ERD), Data Dictionary *etc.* are necessary for a quality system and future maintenance. As per MoU between the Department and CDAC, the Technical Documentation such as, the SDD, ERD and Data Dictionary of the database system was to be provided by CDAC. Audit however, observed that the Technical Documentations of the e-Aushadhi system were not available with Department.

In absence of proper documentation relating to various stages of the system development, the extent to which the user requirements were incorporated in the system could not be ascertained. Lack of technical documentation would not only increase the dependency on outside qualified personnel but also pose a major risk in continued future usage of the system, and system up-gradation.

The Government assured that necessary documentations would be obtained.

2.4.7.5 System implementation

As per paragraph 12.3 of the Maharashtra State e-Governance policy 2011, each Government Department was required to constitute a Departmental Project Implementation Committee (PIC) for overseeing departmental e-Governance projects with representations from the Planning, Finance, Industries and IT Departments, apart from members of the parent Department.

Though the PIC was formed by the Department in February 2012 but, there was no evidence to substantiate that the PIC had met for reviewing the e-Aushadhi project. Lack of documentation of the system, incomplete

application and system implementation indicated inadequate monitoring of the e-Aushadhi system by the consultant (KPMG).

The Government stated that review of e-Aushadhi system by PIC would be taken for which necessary instructions have been issued.

Recommendation 1: The Government may streamline the procurement process by staggering the purchases for ensuring timely availability of drugs and consumables. The demand generation module may also be implemented early so that procurement is based on predefined requirements.

2.4.8 Application controls

Application controls consist of input, output and processing controls and help to ensure rule mapping, proper authorisation, completeness, accuracy and validity of transactions.

Input controls

Input controls ensure that the data entered is complete and accurate. The accuracy of data input in a system could be controlled by imposing computerised validity checks. Weaknesses in the input controls noticed in audit are discussed below.

2.4.8.1 Delay in recording purchase orders

The Procurement module of e-Aushadhi has the provision to generate automated Purchase order number and take print of the Purchase order from the system. Procurement wing at DHS finalises the Rate contracts/Purchase orders for supply of drugs/ consumables.

Audit observed that in spite of having provision for generating purchase order from the system, the Procurement wing was preparing the purchase orders manually and the same were issued to suppliers. Thereafter, purchase order details were entered in the system.

Though purchase orders were issued manually but, no control registers were available with the procurement wing or other mechanism exist to monitor the timely and complete entry of all purchase orders in the e-Aushadhi system. Scrutiny of data relating to purchase orders placed during 2014-15 revealed that 50 *per cent* of the total purchase orders valuing ₹ 271.10 crore were entered in the e-Aushadhi system in the next financial year (2015-16) with a delay of 23 to 179 days. The delay in entering the purchase orders in the system affected timely acceptance of drugs at the district Drug Warehouses, as the system does not allow acceptance of drugs by the Drug Warehouses without recording of purchase orders.

The Government stated that completeness and correctness of data captured in the system would be ensured.

2.4.8.2 Purchases at unit level not recorded in the system

Information obtained from the tested-checked units revealed that three units⁵ did not use the system for recording local purchases at the unit level amounting to ₹ 14.36 crore during 2013-15. Further information received from nine units

⁵ DHO, Thane; CS, Solapur; and CS, Raigad

revealed that as against local purchase of ₹ 30.40 crore done during 2013-15, only ₹ 11.40 crore was recorded in the system (**Appendix 2.4.1**).

The Government did not furnish any specific reply. In the exit conference, the Director, DHS stated that the Department had initiated a monthly review to ensure that the local purchase entries were in order.

Processing controls

Process controls inbuilt in the system must ensure that process was complete and accurate and processed data was updated in the relevant files.

As per the contract terms and conditions for centralised procurement of drugs/consumables, if the supplier fails to deliver any or all of the goods within the period(s) specified in the contract, the purchaser shall, without prejudice to its other remedies under the Contract, deduct from the contract price, as liquidated damages, a sum equivalent to 0.5 *per cent* of the delivered price of the delayed goods for each week or part thereof of delay until actual delivery, up to maximum deduction of 10 *per cent*. Once the maximum is reached, the purchaser may consider for termination of the contract. Where the supplier fails to commence delivery as scheduled or to deliver the quantities ordered within the delivery period stipulated in the contract, the purchaser has the discretion either (a) to extend the delivery period stipulated in the contract, and (b) to cancel the contract in whole or part for the unsupplied quantities without any show-cause notice. In the event of extension, liquidated damages were applicable. The defect in the programming logic and the non-incorporation of all the business rules with respect to contract conditions in the system noticed in audit are discussed below.

2.4.8.3 Non-levy of liquidated damages for non-supply or short-supply

The system did not identify purchase orders against which no supplies or less supplies were received for levy of liquated damages as per the contract conditions. Data analysis for the year 2013-14 revealed that though there was short-supply/non-supply of drugs/consumables against 278 purchase orders, liquidated damages amounting to ₹ 2.49 crore were not levied as detailed in **Table 2.4.3**

Table 2.4.3: Non-levy of liquidated damages for purchase orders placed in 2013-14
(₹ in crore)

Type of order	No. of purchase orders	Purchase order amount	Supplied quantity amount	Difference amount	Liquidated damages not levied
First order	169	23.49	7.94	15.55	1.56
Repeat orders	109	13.82	4.55	9.27	0.93
Total	278	37.31	12.49	24.82	2.49

Scrutiny of records also revealed that of 43 cases of non-supply, bank guarantees were not available in the purchase files in respect of five purchase orders. The system also did not generate Management Information System (MIS) reports to monitor the failure of the suppliers to supply and levy of liquidated damages.

Further, penalty rate for the delay in supply was calculated by the system at 0.071429 *per cent* per day (0.5 *per cent* ÷ 7 days) of the delivered price of the delayed goods, instead of 0.5 *per cent* for each week or part thereof. This

incorrect mapping of business rules resulted in computation of less liquidated damages. For instance, in one case, liquidated damages calculated by the system were ₹ 9.82 lakh as against the actual liquidated damages of ₹ 10.25 lakh.

The Government stated that action was taken only against repeated defaulters. It added that penalty was being calculated on per day basis.

The reply is not correct because as per contract conditions, penalty was to be levied at 0.5 *per cent* for each week or part thereof of delay.

2.4.8.4 Business rules on risk-purchase not mapped

The contract also provided that in case the purchaser decides to cancel the contract on failure of the supplier to supply and repurchase at the risk and cost of the supplier, the supplier would be liable to pay any loss by way of extra expenditure or other incidental expenses which the purchaser may sustain on such repurchase. The purchaser could also debar the defaulting supplier from future orders for maximum period of three years or till recovery of the extra expenditure on account of cancellation and repurchase whichever is later. Audit observed that the system did not generate notice for issue to the supplier in case of non-supply or short supply of drugs/consumables as per the purchase order. The system also did not have option to record cancellation of purchase order so as to issue notice for repurchase at the risk and cost of the defaulting supplier or debar the supplier from future orders.

The Government accepted the fact and stated that necessary action would be taken.

2.4.8.5 Procurement of drugs and consumables at higher rates within the contract period

As per the standard term and conditions for centralised procurement of drugs/consumables, the rates were valid for a period of one year from the date of signing the contract and any increase in rate was not admissible. Further, the quantities mentioned in the contracts were indicative and the Joint Director, DHS reserved the right to increase or decrease the quantities without assigning any reasons.

Audit observed that nine drugs/consumables were purchased through fresh orders at higher rates though the earlier contracts for the same drugs/consumables were valid for placing orders for additional quantities, leading to extra expenditure of ₹ 59.13 lakh. The system did not have facility to generate MIS reports to identify contracts whose validity period had not expired before placing fresh orders.

The Government stated that new purchase orders had to be floated because, the original suppliers were not ready to supply quantities in excess of that indicated in the tenders.

The reply is not acceptable as the action breached the standard terms and conditions of the centralised procurement process.

Recommendation 2: The Government may ensure that all the business rules are adequately mapped in the system so that issues like levy of liquidated damages, repeat orders within the validity of the original contracts and procurement at risk-purchase are enforced efficiently through the system to safeguard financial interests of the Government.

2.4.8.6 Quality control process

The drugs/consumables procured centrally are to be tested by Quality Control (QC) wing of DHS from the National Accreditation Board for Testing and Calibration Laboratories (NABL) recognised laboratories. Drugs can be rolled out in supply chain only if the quality is approved by the laboratory. The QC wing sends request for sample to the Drug Warehouse. On the basis of such request, the drug sample is collected by the approved laboratories appointed by DHS from the Drug Warehouses and the report is delivered depending upon the testing period of sample (10 or 21 days) prescribed for various categories of drugs and consumables.

The supplies are deemed to be completed only upon receipt of the quality certificates from the laboratories and till then the drugs are kept in quarantine status. If the drugs/consumables pass the laboratory test, the QC wing updates the status of the drugs/consumables in the system as “Active”. Where the drugs/consumables fail the laboratory test, the status is updated as “Rejected”. Active status drugs/consumables are ready to issue while rejected drugs/consumables are returned to suppliers.

Analysis of data relating to drugs kept in quarantine status (as on 07 April 2015) revealed that 2,108 batches of drugs/consumables involving supplies to various Drug Warehouses valuing ₹ 15.30 crore were shown under quarantine status for a significantly long period ranging between 85 and 497 days, due to pendency of laboratory test results, non-updation of quarantine status despite receipt of test results *etc.*. Since these drugs/consumables were kept under quarantine, the same could not be issued, indicating deficient monitoring by the DHS and deprivation of essential drugs/consumables to needy patients.

The Government stated that necessary efforts would be made to build up capacity for effective monitoring of the quarantine status.

2.4.8.7 Issue of sub-standard drugs

Analysis of data for the period 2013-15 revealed that three drugs valuing ₹ 4.63 lakh declared sub-standard by the approved laboratories were issued by the district Drug Warehouses to PHCs/hospitals for issue to patients as detailed in **Table 2.4.4**.

Table 2.4.4: Issue of sub-standard drugs

Name of drug	Batch No.	Date of QC report	Period of issue	Quantity	Amount (in ₹)
Amoxycillin + Clavulanic Acid Inj 1000 gm + 200 gm Vial (Vial)	DB4030	19-08-2014	03-04-2014 to 16-09-2014	14,180	4,41,834
Amoxycillin + Clavulanic acid dry Syrup 200 mg + 28.5 mg 30 ml Bottle (bottle)	CDS1308018	11-01-2014	10-02-2014 to 14-02-2014	191	4,870
Paracetamol Syrup 250 mg /5 ml 60 ml (bottle)	MGL/111	01-03-2014	20-02-2014 to 27-03-2014	2,588	16,149
Total				16,959	4,62,853

Since the system design did not permit issue of drugs which are kept under quarantine or rejected, the issue of sub-standard drugs indicated manual intervention in the database.

Failure to update the quarantine status of stocks for long periods, absence of monitoring to ensure timely receipt of test results from laboratories and issue of sub-standard drugs diluted the objective of having a robust quality assurance system for testing drugs/consumables.

In the exit conference, the Director, DHS stated that this has been viewed seriously and the Principal Secretary assured that such instances would not be repeated. The Government stated that due to some programming errors, the problem had occurred, which has since been resolved.

Recommendation 3: The Government may (i) review the stocks of drugs/consumables which are lying in quarantine status for unduly long periods to ensure their timely availability to the patients, and (ii) institute a stringent control mechanism to prevent issue of sub-standard drugs.

2.4.8.8 Local purchase of drugs/consumables at unit level

Any local purchases done by the PHCs/hospitals were required to be entered in the e-Aushadhi system. Scrutiny of data in 11 test-checked units⁶ revealed that 110 items of drug/consumables though locally purchased during 2013-15 were shown as receipts from third party⁷. Incidentally, the rates of these drugs/consumables were also higher than the central procurement rates by ₹ 69.13 lakh.

The recording of local purchases as receipts from third party dilutes the control of Management over local purchases to ensure transparency in procurement.

The Government stated that necessary steps would be taken to ensure that local purchases are not recorded as third party receipts.

2.4.8.9 Discrepancies in drugs/consumables issued and received

Drugs/consumables are issued from District Drug Warehouses to PHCs/hospitals. Scrutiny of issue of drugs/consumables and its receipt in the test-checked units revealed the following.

Drugs/consumables recorded as issued to PHC but not received

Drugs/consumables valuing ₹ 1.36 crore (85 items) were shown as issued in the system in test-checked units of DHO, Thane and Raigad. The summarised details of the transfer and value of drugs is shown in **Table 2.4.5**.

⁶ DHO, Thane; DHO, Sindhudurg; CS, Solapur; DHO, Solapur; CS, Satara; CS, Nashik; DHO, Nashik; CS, Raigad; DHO, Raigad; CS, Dhule; and DHO, Dhule

⁷ Units other than DHS units are categorized as “Third party”

Table 2.4.5: Issued items not received in PHCs

(₹ in lakh)				
Drugs issued by	Drugs shown as issued to	Period of issue	No. of items	Value of drugs
DHO, Thane	PHC, Kon (Thane)	04 July 2014 to 09 March 2015	26	5.21
DHO, Raigad	PHC, Gadab (Raigad)	03 December 2013 to 25 March 2015	59	130.61
			85	135.82

Cross-verification by audit in the respective PHCs revealed that 85 drugs/consumables valuing ₹ 1.36 crore were not received by them.

The Government stated that the DHS would investigate the matter and necessary action as deemed fit would be taken.

Drugs/consumables recorded as issued to hospitals but not received

The issue of drugs/consumables from the district Drug Warehouses to hospitals is recorded in the system. However, the receipts of drugs/consumables by these hospitals and its issue to patients are recorded offline in the manual stock registers.

Scrutiny of records in seven test-checked hospitals⁸ revealed that drugs/consumables (321 items) valuing ₹ 6.95 lakh though shown as issued in the system were not found recorded as receipts in the stock registers maintained in the wards of these hospitals.

The above discrepancies showed that there was no system of obtaining information of drugs/consumables received periodically and its reconciliation with the issues shown in the system, for effective inventory management. The system also did not have the facility to generate MIS reports showing item-wise reconciliation of issues and receipts within the units under DHS for effective inventory management.

The Government stated that the DHS would investigate the matter and necessary action as deemed fit would be taken.

2.4.8.10 Inadequacies in transactions relating to issue of drugs

Scrutiny of database and records relating to third party issues in the test-checked units revealed the following inadequacies in recording the transactions under this category:

- Drugs/consumables transferred from units under DHS were recorded as third party issue in 14 units (2,242 transactions) instead of recording the same under drug transfer module for transfer between various units under DHS.
- In 12 units, third party issue of drugs/consumables in respect of 2,983 transactions were shown as issued to “Others” instead of mentioning proper name of the receivers.

⁸ CS, Thane; CS, Sindhudurg; CS, Satara; CS, Raigad; CS, Nashik; CS, Gadchiroli; and CS Solapur

- Indents and acknowledgements of drugs/consumables shown as third party issues in three DHO (Sindhudurg, Satara and Raigad) and CS Solapur in respect of 134 transactions (January 2015) were not available.
- The State Level Bureau Offices of TB and Leprosy recorded all issues of drugs/consumables to district units as third party issue instead of recording the same under issue desk module.

The above inadequacies in recording of issues in the third party module of the system indicated that the procedure for recording of inter-unit transfers was not properly followed and there was no effective control over inventory management. Also, there was no system to reconcile the issues shown under the third party issue module and thus, fraught with risk of unauthorised issues being entered in the system.

In the exit conference, the Director, DHS stated that there was a confusion regarding the term “third party” and a circular was issued in September 2015 to clear this concept. The Government stated that necessary action would be taken to rectify the inadequacies in the system.

Output controls

Output controls ensure that computer output is complete and accurate. Weaknesses in the output controls noticed in audit is discussed below.

2.4.8.11 Incomplete payment data

A computerised system should ensure that all the necessary data be captured correctly and any invalid data in this regard should be reconciled in a timely manner so as to provide a reliable and responsive system. A report titled ‘Supplier payment detail report’ is generated from the e-Aushadhi based on which the bills are approved by the procurement cell in DHS and sent to the Finance wing in DHS for making payments. Thereafter, actual payments made are entered in the system.

The data relating to payments made to the suppliers was not captured in the system since October 2014. Analysis of data relating to payments made to suppliers prior to October 2014 showed that the payments recorded were more than the amounts of accepted quantities of drugs in respect of eight purchase orders valuing ₹ 1.66 crore.

The Government acknowledged the audit observation and stated that instructions have been issued to payment issuing authorities for making appropriate entries in the system.

2.4.8.12 Abnormally high rate of drugs

Abnormal rate of drugs were shown in the e-Aushadhi system relating to third party receipt of drugs due to errors in the application software. Some of the cases noticed in Civil surgeon, Thane are illustrated in **Table 2.4.6**.

Table 2.4.6: Abnormal rate of drugs shown in the system

(Amount in ₹)

Sr. No.	Name of drug	Receipt date	Quantity	Rate per capsule/tablet	Total amount
1.	Amoxycillin Cap 250 mg	18/12/2014	118400	1110111.20	131437166080
2.	Diclofenac Sodium Tab 50 mg	26/09/2014	638000	2047.00	1305986000
3.	Omeprazole Cap 20 mg	14/05/2014	1100000	951.40	1046540000
4.	Vitamin B Complex Tab	26/09/2014	595000	1350.00	803250000

The abnormal rates shown in the system had the effect of wrong valuation of drugs/consumables shown as issued and consumed in the MIS reports. This also indicated that the software was not properly tested before its implementation.

In the exit conference, the Director, DHS stated that abnormally high rates of drugs were captured due to software issues which were being sorted out.

2.4.8.13 Management Information System

The application System should provide for various Management Information System (MIS) reports which could act as a tool for decision making and monitoring.

Audit observed that crucial MIS reports (i) for monitoring the failure of suppliers to supply drugs/consumables and consequent levy of liquidated damages; (ii) for identification of such contracts whose validity period had not expired to enable placing repeat orders at old rates; (iii) showing item-wise reconciliation of issues and receipts of drugs/consumables within the units under DHS for effective inventory management; (iv) showing difference between the system generated payments due and actual payments made for taking suitable corrective action *etc.* were not available. In the absence of these vital MIS reports, the objectives of tracking drug distribution and improving the payment process remained largely unachieved.

The Joint Director, DHS stated (July 2015) that necessary facilities to generate MIS reports would be made available in the system.

2.4.9 Information system security

2.4.9.1 Information Technology security policy

An effective IT security policy is important for protection of the information assets created and maintained by IT and IT enabled activities. By way of enunciating an IT security policy, the organisation demonstrates its ability to reasonably protect all business critical information and related information processing assets from loss, damage or abuse and also creates enhanced trust and confidence between organisations, trading partners and external agencies as well as within the organisation. It was observed that IT security policy was not available and the Department did not issue any security guidelines for e-Aushadhi.

The Government stated that application is hosted at CDAC data centre and CDAC always maintains standard security and data backup policy in its data centre.

The reply is not convincing because, the Department being the owner and user of the application, the onus of framing a robust IT security policy rests with the Department.

2.4.9.2 Digital signature

As per the terms and condition of contract for centralised procurement, 100 *per cent* payment shall be made to the suppliers upon submission of various documents including receipt certificates issued by the consignees. Also, as per paragraph 7.21 of the Maharashtra State e-Governance policy 2011, digital signature was to be introduced in all departmental computerization processes, so as to ensure authenticity and integrity of Electronic Data Interchange.

A module was developed in the e-Aushadhi system to digitally sign the receipt certificates in respect of drug/consumables received at district Drug Warehouses. The certificates could be viewed by the procurement cell at DHS. Audit observed that the module was not in use and the payments were made to the suppliers without enforcing the requirement of digitally signed certificates.

The Government stated that CDAC had tested the digital signature feature in the system and suggested some changes, which would be implemented soon.

2.4.9.3 Logical access controls

In the computerized system, access to data was required to be restricted to authorized individual users only. Audit observed that the logical access controls available in the application was inadequate due to the following reasons:

- Single user ID allotted was shared by multiple users. In the absence of individual user IDs, the transactions made in the system could not be traced to an individual.
- The passwords were not changed since allotment in respect 1,841 users. Further, identical passwords were being used by these 1,841 users, which increased the risk of manipulations and fraudulent transactions.
- The user ID of Medical Officer was shared with Pharmacy Officer for the functions of approval of transactions related to issue of drugs/consumables in 10 district Drug Warehouses/hospitals/PHCs. As a result, the system was vulnerable to errors or manipulations.

In the exit conference, the Director, DHS stated that the system of allotment of user ID/password for individual users would be implemented soon to facilitate tracing of transactions to individuals.

2.4.9.4 Business continuity and disaster recovery plan

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

e-Aushadhi application and data are hosted at CDAC, Noida. However, no documents were available to show that there was a regular backup plan of data and its safe storage. Further, though the e-Aushadhi is a critical system and is used throughout the State, business continuity and disaster recovery plan for e-Aushadhi system were not documented or tested.

The Government stated that the application is hosted at CDAC data centre, so all standard policies were followed in the data centre for business continuity and disaster recovery.

The reply is not convincing because, being the owner and user of the application and given the magnitude and the criticality of the system, the Department should have ensured that business continuity and disaster recovery plan was properly documented and tested.

2.4.10 Audit trail

Audit trail depict the flow of transactions necessary in a system in order to track the history of transactions, changes/modifications in data, system failures, erroneous transactions, *etc.* Scrutiny of the database in this regard revealed the following:

- In the event of cancellation of issue of any drugs/consumables, the system must capture the date of cancellation, user ID of the person cancelling the issue and remarks for such cancellation. Analysis of the data for the month of January 2015 revealed that in 26 transactions, the cancellation dates and user ID were not captured in the system.
- The system did not have facility to capture the date of cancellation and the user who had cancelled the purchase order for maintaining audit trail.
- Data was modified through back-end thereby compromising the audit trail.

These discrepancies indicated inadequate facilities in the application to maintain adequate audit trail over any modification and deletion of data in the system.

The Government stated that CDAC was requested to customise the application to maintain audit trail.

Recommendation 4: The Government may ensure adequate audit trail, logical access controls and business continuity and disaster recovery plan for safety and security of data.

2.4.11 Internal audit

Internal audit system both in the manual as well as computerised environment ensures that the controls are in place. Deputy Director of Health Services, Budget and Administration, Pune was responsible for internal audit of Hospitals and Drug Warehouses of the Department. Audit observed the following:

- There was no audit module in the e-Aushadhi system to generate customized reports for facilitating conduct of internal audit.
- Though the system is being implemented since 2013-14, the internal audit wing did not verify the transactions and stock balances in the system at the district Drug Warehouses, hospitals and other units for two years (2013-15).

The Government stated that a module to facilitate internal audit would be incorporated in the system and internal audit of the transactions would be conducted.

2.4.12 Conclusion

The Government of Maharashtra initiated the e-Aushadhi system in February 2013 to streamline the process of inventory management of drugs and consumables in Government hospitals, Primary Health Centres, Drug Warehouses *etc.* throughout the State. An IT Audit of the system revealed that while the demand generation module, a critical module of the supply chain management, was not implemented, the finance module was incomplete. Of the total purchase orders placed during 2013-14, 20 *per cent* of the orders (in terms of value) were placed in the month of March 2014 which increased to

49 *per cent* during 2014-15. Failure to update the quarantine status of stocks for long periods, absence of monitoring to ensure timely receipt of test results from laboratories and issue of sub-standard drugs diluted the objective of having a robust quality assurance system for testing drugs/consumables. The effective implementation of the system suffered due to poor documentation, weaknesses in IT planning and inadequacies in the application software. Discrepancies in issues and receipts of drugs/consumables, recording of local purchases and incorrect rates of drugs/consumables captured in the system weakened the reliability of data and transparency in purchases. The monitoring of system was poor due to insufficiency of MIS reports. Inadequate IT security, especially in view of inadequate logical access controls, non-documentation and testing of disaster recovery plan and inadequate audit trail, made the system further vulnerable to errors and manipulations.

CHAPTER - III

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Chapter III

Audit of Transactions

Audit of transactions of the Government Departments, their field formations as well as that of the autonomous bodies brought out instances of lapses in management of resources and failures in the observance of the norms of regularity, propriety and economy. These have been presented in the succeeding paragraphs under broad objective heads.

Law and Judiciary Department

3.1 Medical care for indigent and weaker section patients in hospitals run by State-aided public trusts

3.1.1 Introduction

As per Section 41 AA¹ of Maharashtra Public Trusts Act, 1950 (MPT Act), a State-aided public trust means a public trust² exclusively for medical relief or for medical relief and other charitable purposes, which maintains a hospital (including any nursing home or maternity home), dispensary or any other centre for medical relief and which has received any grant of land or building, loan or any grant-in-aid or other financial assistance from the State or Central Government or any local authority; given any exemption or permission to continue to hold any vacant land by the State Government; and given any concession or exemption or relaxation of a substantial nature from the Development Control Rules by any competent authority.

In Maharashtra, the Charity Commissioner, Mumbai supervises the administration and implementation of the provisions of the MPT Act and is empowered to issue directions to the State-aided public trusts, whose annual expenditure exceeds five lakh rupees to reserve and earmark 10 *per cent* of the total number of operational beds (for inpatients) and 10 *per cent* of the total capacity of patients treated (for out-patients) for medical examination and treatment in each department of the medical centre³, for indigent person⁴, free of charge, and at concessional rates for weaker section people⁵ as the State Government may determine.

¹ Effective from 01 August 1986

² Public Trust means an express or constructive trust for either a public, religious or charitable purpose or both and includes a temple, a math, a wakf, church *etc.* and a society formed either for a religious or charitable purpose or for both and registered under the Societies Registration Act, 1860

³ Means hospital including any nursing home or maternity home, dispensary or any other centre for medical relief

⁴ Having annual income less than ₹ 50,000 as per notification of 27 September 2012 issued by Law and Judiciary Department, Government of Maharashtra

⁵ Having annual income greater than ₹ 50,000 and less than ₹ 1,00,000 as per notification of 27 September 2012 issued by Law and Judiciary Department, Government of Maharashtra

Audit reviewed the records in the Office of Charity Commissioner, Mumbai, and its regional offices at Mumbai and Thane. Besides, records of 11⁶ of 113 hospitals run by State-aided public trusts in these two regions for the year 2012-15 were also test-checked to verify compliance to the provisions of MPT Act.

3.1.2 Audit findings

3.1.2.1 Non-implementation of provisions of MPT Act regarding reservation to indigent and weaker section patients as outpatients

Audit observed that though the provisions of Section 41AA of MPT Act became effective from August 1986, the Charity Commissioner, Mumbai did not issue any directions to the State-aided public trusts to provide medical care for indigent and weaker section patients in the hospitals run by them for 20 years until the Bombay High Court intervened and framed a Scheme effective from 01 September 2006.

The provisions of the Scheme framed by the Bombay High Court (Scheme) effective from September 2006 and that contained under Section 41 AA of MPT Act are as indicated in **Table 3.1.1**.

Table 3.1.1: Reservation provided under the Scheme and the Act

Category	As per MPT Act		As per Scheme	
	Inpatient	Outpatient	Inpatient	Outpatient
	Reservation (in per cent)		Reservation (in per cent)	
Indigent patient	10 (Free)	10 (Free)	10 (Free)	Nil
Weaker section	10 (Concessional)	10 (Concessional)	10 (Concessional)	Nil

Source: MPT Act and High Court Scheme

As could be seen from **Table 3.1.1**, the Scheme covers only reservation for the indigent and weaker section patients as inpatients and provision of the MPT Act regarding 10 per cent reservation to the outpatients under both the category remains still unimplemented.

The Law and Judiciary Department of Government of Maharashtra (GoM) stated (December 2015) that the High Court Scheme was in consonance with Section 41 AA of MPT Act and speaks about the same provisions regarding reservation of beds.

The reply is not relevant as audit is not faulting the Scheme but is of the view that while the Scheme framed by the Bombay High Court takes care of reservation of inpatients, the provisions of the MPT Act providing for reservation to indigent and weaker section patients as outpatients is yet to be implemented by the State Government.

⁶ Bombay Hospital; P. D. Hinduja Hospital; Breach Candy Hospital; Kokilaben Dhirubhai Ambani Hospital and Medical Research Centre; Lilavati Hospital; D.Y. Patil Hospital; Saifee Hospital; Terna Medical College and Research Centre's Sahyadri Hospital; Sushrut Hospital and Research Centre; Bethany Hospital; and People's Mobile Hospitals

3.1.2.2 Shortfalls in reservation

Sub-section 3 of Section 41AA of the MPT Act provides that if the percentage of reservation to be provided by the hospitals run by State-aided public trust happens to be more than that specified under Section 41 AA of the MPT Act by virtue of any grant, exemption, concession *etc.* granted by the State Government, then such higher percentage of reservation shall continue to be given.

Further, Regulation 33 (2) of Development Control Regulations (DCR), 1991 of Municipal Corporation of Greater Mumbai (MCGM) permitted grant of additional Floor Space Index (FSI) to medical institutions over and above the normal FSI, subject to free medical treatment to the extent of at least 20 *per cent* of the total number of beds to persons from economically weaker sections of society or to person below poverty line. In addition, 10 *per cent* of the total number of outpatients would also be provided treatment at concessional rates. Thus, if the Regulation of DCR is read with sub-section 3 of Section 41 AA of MPT Act, the higher percentage of reservation provided under DCR prevailed over the reservation provided under Section 41 AA of the Act.

Scrutiny of records of 11 selected hospitals revealed the following:

- Four hospitals⁷ were granted additional FSI under DCR and thus, were required to provide higher percentage of reservation. However, these hospitals were found to be providing reservation as per the Scheme (10 *per cent* reservation of the operational beds for indigent patients free of cost and 10 *per cent* for weaker section patients at concessional rates), instead of at least 20 *per cent* of the total number of beds to persons from economically weaker sections of society or to person below poverty line, free of cost plus, 10 *per cent* reservation for outpatients at concessional rates.
- Two hospitals – Kokilaben Dhirubhai Ambani Hospital and Medical Research Centre, Mumbai and Sushrut Hospital and Research Centre, Mumbai - were given land in January 1998 and May 1979 respectively by the Collector, Mumbai on lease at a concessional rent of ₹ one *per annum*. As per the lease agreement, while the former was required to provide 15 *per cent* reservation free of cost and 15 *per cent* at concessional rates to the inpatients, the latter was to provide 30 *per cent* reservation free of cost and 30 *per cent* at no profit no loss basis to the inpatients. However, both the hospitals were providing reservation as per the Scheme only (10 *per cent*) which was less than that stipulated in the lease agreements (15 *per cent* and 30 *per cent*).

The Government stated that an endeavor would be made to obtain the documents regarding grant of additional FSI and lease and suitable action would be taken.

3.1.2.3 Lack of system to identify State-aided public trusts

All hospitals are required to be registered under The Maharashtra Nursing Home Registration Act, 1949. Further, a State-aided public trust registered

⁷ Bombay Hospital, Lilavati Hospital, Saifee Hospital and P.D. Hinduja Hospital

with the Charity Commissioner intending to run charitable hospitals is also required to register under The Maharashtra Nursing Home Registration Act, 1949.

Information provided by the Charity Commissioner revealed that the number of hospitals run by the State-aided public trusts in Mumbai and Thane and registered with Charity Commissioner till August 2007 had remained static at 113 over a period of more than eight years as of December 2015. This indicated that the Charity Commissioner did not make much effort to identify other trusts which might have started operations after August 2007 and therefore remained uncovered under the MPT Act.

The Government stated that necessary directions have been issued (May 2015) to all the District Offices to obtain the list of hospitals from the Local Supervising Authorities and cover the charitable hospitals as per the provisions of the Act.

3.1.2.4 Indigent Patients' Fund

As per Scheme guidelines (paragraph 4), each public charitable hospital shall create separate fund named 'Indigent Patients' Fund' (IPF) and shall credit to it two *per cent* of the gross billing charged to the regular paying patients. Further, as per paragraph 11 of the Scheme, the amount available in the IPF account shall be spent to provide medical treatment to maximum number of indigent and weaker section patients.

3.1.2.5 Short-credit to Indigent Patients' Fund

Scrutiny of annual accounts of Bethany Hospital, Thane for the year 2012-15 revealed that the hospital short-credited ₹ 1.43 crore⁸ to IPF.

The Government stated that a show-cause notice had been issued to the hospital by the Assistant Charity Commissioner, Thane.

Audit further observed that of the total amount of doctors charges billed to the regular patients, Breach Candy Hospital, Mumbai retained its share of 15 *per cent* and paid the remaining 85 *per cent* towards doctors' share. But, the hospital credited only two *per cent* of its share (15 *per cent*) into the IPF account instead of on the gross billing of 100 *per cent*. This led to short-credit of ₹ 3.47 crore to IPF account during 2012-14.

The Government stated that the issue would be placed before the Monitoring Committee and action would be taken as per the decision of the Committee.

3.1.2.6 Excess debit to Indigent Patients' Fund

As per paragraph 8 of the Scheme, the charitable hospitals shall provide a number of non-billable services⁹ free to the indigent patients as well as weaker section patients. Further, as per paragraph 10 of the Scheme guidelines, the bill of billable services in respect of weaker section patients shall be prepared and debited to IPF account after deducting the payment made by the weaker section patients. Scrutiny of bills in two of 11 selected hospitals pertaining to

⁸ Two *per cent* on gross billing of ₹ 171.38 crore = ₹ 3.43 crore minus ₹ two crore actually credited

⁹ Bed, Resident Medical Officer services, nursing care, food, linen, routine diagnostics *etc.*

2012-15 revealed an excess debit of ₹ 2.75 lakh to IPF account as discussed below.

- In five of 36 bills, Sushrut Hospital and Research Centre, Mumbai made an excess debit of ₹ 87,418 to the IPF due to inclusion of non-billable services such as, bed and routine diagnostics.
- In four of 43 bills, P.D.Hinduja Hospital, Mumbai billed four weaker section patients for ₹ 11.06 lakh. However, while debiting the IPF account, the hospital did not account for the financial help (cheques) received by these four patients from the Director of Health Services under Jeevandayi Yojna as well as patients' own contribution towards their treatment totalling ₹ 7.42 lakh. Consequently, the hospital debited ₹ 5.52 lakh to IPF account, instead of ₹ 3.64 lakh¹⁰ leading to an excess debit of ₹ 1.88 lakh.

The Government stated that the submission of the hospitals to the audit objection would be verified and action would be taken, in case the hospitals were found to have not followed the Scheme guidelines.

3.1.2.7 Undue financial burden on patients

As per paragraph 10 of the Scheme, medicines, consumables and implants are to be charged at the purchase price to the hospital. However, the weaker section patients shall pay at least 50 *per cent* of the bills of medicines, consumables and implants. Further, as per paragraph 9 of the Scheme, the charitable hospitals shall not ask for any deposit in case of admission of indigent patients.

Scrutiny of six bills in P.D. Hinduja Hospital, Mumbai and 55 bills in Bethany Hospital, Thane for the period 2012-15 revealed that the weaker section patients were charged 50 *per cent* towards anesthesia charges, ICU charges, doctor's fees, imaging charges, investigation charges, operation theatre charges and surgery charges instead of only towards the cost of medicines, consumables and implants. This led to an undue financial burden on the weaker section patients to the extent of ₹ 38.03 lakh¹¹ against 61 bills in these two hospitals.

The Government stated that the submission of the P.D. Hinduja Hospital to the audit objection would be verified and action would be taken if the hospital was found to have not followed the Scheme guidelines. It further stated that a show-cause notice had been issued to Bethany Hospital.

Further scrutiny of 139 bills pertaining to the period 2012-15 revealed that three hospitals¹² obtained deposits amounting ₹ 1.74 lakh from nine indigent patients in violation of Scheme guidelines.

The Government accepted that deposits should not be obtained by the hospitals from the indigent patients and assured that necessary action would be taken in this regard.

¹⁰ ₹ 11.06 lakh minus ₹ 7.42 lakh

¹¹ P.D. Hinduja Hospital: ₹ 3.64 lakh; Bethany Hospital: ₹ 34.39 lakh

¹² (i) P.D.Hinduja Hospital, Mumbai; (ii) Saifee Hospital, Mumbai; and (iii) Sushrut Hospital and Research Centre, Mumbai

3.1.2.8 Lack of initiative to create public awareness about the Scheme

The Bombay High Court while hearing a public interest litigation directed (March 2008) the Charity Commissioner, Mumbai to publicise the Scheme widely through electronic and print media so that the target beneficiaries can access the facilities available under the Scheme. The High Court also directed that necessary action should be taken to educate the citizens right up to village level through the network of Gram Panchayats.

Audit observed that a telephone with an answering machine (toll free number 1800 222 270) was installed (June 2008) at the Charity Commissioner's office, Mumbai to provide broad information about the Scheme. However, wide publicity to the toll free helpline was not given nor was the helpline number notified on the website of the Charity Commissioner. Audit also did not find any action having been taken by the Charity Commissioner to educate the people through the network of Gram Panchayats.

The Government stated that directions have been given to all the District Offices to again publish, the list of charitable hospitals, toll free number, website address and the Scheme details, in two local newspapers - one in Marathi and one in English.

3.1.2.9 Shortfalls in inspections of hospitals

With a view to improving and ensuring effective and efficient working of Public Trusts, the Charity Commissioner directed (1959) the Regional Officers in each district to inspect at least two to three Public Trusts per month. Further, in July 1972, the Charity Commissioner directed the Inspectors posted in the office of the Charity Commissioner and the Regional offices to inspect at least four to five Public Trusts per month. Audit however, observed that subsequent to the introduction of the Scheme in September 2006, the Charity Commissioner did not issue any instructions regarding frequency of inspections and number of inspections to be conducted.

Information furnished by the Charity Commissioner on inspection of 78 hospitals in Mumbai conducted during 2009-14 revealed as under:

Table 3.1.2: Status of inspection of hospitals in Mumbai

Inspection not done since	No. of hospitals	Percentage
More than five years	4	5
More than four years but less than five years	14	18
More than three years but less than four years	3	4
More than two years but less than three years	17	22
More than one year but less than two years	8	10
Less than one year	32	41
Total	78	100

Source: Information furnished by the Charity Commissioner

As may be seen from **Table 3.1.2**, more than 59 per cent of the hospitals were not inspected for more than one year.

Further, as per Rule 33 (2) (e) of the DCR, the Director of Health Services was the competent authority to monitor as to whether the medical institutions were observing the conditions mentioned in Regulation 33 (2) of DCR. However, no such monitoring was done by the Director of Health Services.

The Government stated that necessary steps would be taken to ensure inspection of all the charitable hospitals throughout the State.

3.1.3 Conclusion and recommendations

The Scheme though took care of reservation to be provided to indigent and weaker section patients as inpatients, the provisions of the MPT Act providing for reservation to such patients as outpatients were not implemented. Hospitals which were granted additional floor space index under Development Control Regulations or given land on lease at concessional rent were not providing higher percentage of reservation to economically weaker section of the society, in violation of the MPT Act. The system of identification of State-aided public trusts running charitable hospitals for their inclusion under the Scheme was not robust. The management of Indigent Patients' Fund by the hospitals was inadequate. There were instances of short-credit and excess debit to the Fund. The hospitals obtained irregular deposits from the indigent patients and there were instances of excess billing to patients, in violation of Scheme guidelines. The system of creating public awareness about the Scheme was weak. The Charity Commissioner, Mumbai did not conduct requisite number of inspections of the hospitals run by State-aided public trusts.

(i) The Government may implement the provisions of the MPT Act providing for reservation to indigent and weaker section as outpatients.

(ii) The Government may identify the State-aided public trusts running charitable hospitals and bring them within the ambit of the Section 41 AA of the MPT Act, 1950 so as to enable a larger section of poor patients to avail of the benefits.

(iii) The Government may institute suitable measures to increase public awareness about the Scheme and conduct regular inspections of the charitable hospitals to ensure that the Scheme guidelines are not violated.

Public Health Department

3.2 Misappropriation of Government money

Failure of Medical Superintendent, Sub-District Hospital, Udgir, Latur to credit the daily receipts of OPD fees and other charges collected from the patients into Government accounts resulted in misappropriation of ₹ 33.87 lakh.

As per Rule 8 (1) of Maharashtra Treasury Rules (MTR), 1968, all moneys received by or tendered to Government officers on account of the revenues of Maharashtra State shall without undue delay and that at any rate within two days of the receipt of the money be paid in full into a treasury or into the Bank and shall be included in the Treasury Accounts. Moneys received as aforesaid shall not be appropriated to meet departmental expenditure, nor otherwise kept apart from the Government Account. Further, Rule 98 (2) of MTR, 1968 provides that every officer receiving money on behalf of the Government should maintain a cash book in Form MTR 4 and all monetary transactions

should be entered in the cash book as soon as they occur and attested by the head of the office in token of check. The cash book should be closed regularly and completely checked. The head of the office should verify the totalling of the cash book or have this done by some responsible subordinate other than the writer of the cash book, and initial it as correct.

The Public Health Department, GoM authorised (November 1999) all the Medical Superintendents of the Sub-District Hospitals in the State to operate a Personal Ledger Account (PLA) for crediting the OPD fees and other charges¹³ collected from the patients.

Scrutiny of the records (September 2013) of the Medical Superintendent, Sub-District Hospital, Udgir, Latur (MS) revealed the following:

- The MS maintained the PLA cash book only up to the month of November 2010 and the transactions in the cash book were neither attested by him nor did he conduct any surprise checks of the cash book balances.
- Scrutiny of the income register, PLA treasury pass book and the related records revealed that between December 2010 and August 2013 (33 months) the Sub-District Hospital collected ₹ 34.87 lakh as OPD fees and other charges from the patients but, credited only ₹ 12.71 lakh into the treasury. However, the differential of ₹ 22.16 lakh was neither reflected in the PLA cash book nor credited into the treasury. The MS stated (September 2013) that ₹ 22.16 lakh was utilised for expenditure on office establishment (OE), POL and payment of advances. However, no supporting vouchers/records, except those relating to OE and POL amounting ₹ 9.37 lakh, were furnished to audit. The transaction of ₹ 9.37 lakh could not be validated as the MS did not maintain PLA cash book after November 2010.

On being pointed out in audit, the Deputy Director, Health Services, Latur (DDHS) conducted (December 2013) a preliminary investigation of the transactions of the Sub-District Hospital for the period July 2008 to August 2013 and confirmed that OPD fees and other charges amounting ₹ 34.46 lakh was kept out of Government accounts and there was a suspected misappropriation to that extent. The DDHS also suspended (April 2014) the cashier/senior clerk for misappropriation.

Based on the investigation conducted by the DDHS, the Director, Health Services, Maharashtra State, Mumbai (DHS) directed (September 2014) the Joint Director, Health Services, Pune (JDHS) to further investigate the matter. Further investigation by the JDHS in October 2014 revealed a misappropriation of ₹ 33.87 lakh (instead of ₹ 34.46 lakh reported by the DDHS). Besides, the JDHS observed that (i) the PLA cash book was not maintained in the prescribed format and daily transactions were not recorded properly in it, (ii) there were overwriting and erasures in the PLA cash book, (iii) income register revealed that the cash collected as patient fees by concerned sections of the hospital was not deposited with the cashier daily. The cash so received by the cashier was not deposited into treasury in time,

¹³ OPD registration fees, inpatient fees, lab-testing fees, X-ray fees, surgery charges delivery charges, nursing home charges *etc.*

(iv) the Drawing and Disbursing Officer (MS) did not sign the cash book and surprise check was not done, and (v) the MS being the custodian of the PLA did not furnish the quarterly statements, showing details of amounts credited into and expended from PLA, to the State Government through DDHS.

On the basis of JDHS report, the DHS ordered (April 2015) recovery of ₹ 33.87 lakh from the then MS (four in number) and the concerned cashiers. The DDHS stated in July 2015 that recovery action against the erring officials had been initiated. However, no recoveries were effected as of January 2016.

Thus failure of the Medical Superintendent, Sub-District Hospital, Udgir, Latur to abide by the provisions contained in MTR, 1968 resulted in misappropriation of ₹ 33.87 lakh.

The matter was referred to the Government (May 2015); their reply was awaited as of February 2016.

Urban Development Department

Mumbai Metropolitan Region Development Authority

3.3 Non-recovery of additional lease premium from a private developer

The Mumbai Metropolitan Region Development Authority did not recover an additional lease premium of ₹ 180 crore from a private developer for delay in construction of a convention and exhibition centre and commercial complex in Bandra-Kurla Complex.

The Mumbai Metropolitan Region Development Authority (MMRDA) is authorised to hold and dispose of land as per Section 3(2) of the Mumbai Metropolitan Region Development Authority Act, 1974, in accordance with the MMRDA (Disposal of land) Regulations, 1977 (Regulations) and MMRDA Bandra-Kurla Notified Area Development Control Regulations, 1979 (BKC Regulations).

The MMRDA invited Request for Proposal (RFP) in November 2005 for lease of 75,000 sqm of plot in ‘G’ block of Bandra-Kurla Complex (BKC) for development, operation and maintenance of Convention and Exhibition Centre (CEC) and Commercial Complex (CC). Of 75,000 sqm, land admeasuring 55,000 sqm was allocated for CEC and 20,000 sqm was allocated for CC. As per RFP, the plot area of CEC (55,000 sqm) was to have a built-up area (BUA)¹⁴ of 65,000 sqm while the plot area of CC (20,000 sqm) was to have BUA of 50,000 sqm. The RFP conditions further provided for a fixed rate of ₹ 20,000 per sqm for BUA of 65,000 sqm in respect of CEC while the bidders were to quote a rate higher than the reserve price of ₹ 70,000 per sqm fixed for the BUA of 50,000 sqm in respect of CC.

¹⁴ Built-up area means the area covered by a building on all floors.

Of the five offers received, the rates offered by Reliance Industries Limited (RIL) for the CC component was found to be the highest at ₹ 1,94,800 per sqm (against the reserve price of ₹ 70,000 per sqm). The MMRDA executed (September 2006) a lease deed with RIL for 80 years on payment of lease premium of ₹ 1,104 crore¹⁵. Subsequently, upon request of RIL, MMRDA allotted (March 2007) an additional BUA of 72,500 sqm for both CEC (41,000 sqm) and CC (31,500 sqm) at the weighted average rate of ₹ 96,000¹⁶ per sqm of the original allotment, totalling ₹ 696 crore.

As per lease deed of September 2006, construction of CEC and CC was to be completed by RIL within a period of four years (31 August 2010). Further, the lease deed and the Regulations also provided that if the time stipulated for construction is not observed for reasons beyond the control of the lessee (RIL), the lessor (MMRDA) may permit extension of time, subject to payment of additional lease premium at the prescribed rates.

One of the unsuccessful bidders (petitioner) had challenged the allotment of additional BUA of 31,500 sqm to RIL for the CC component in the Bombay High Court. The Court granted a stay on the matter which was finally vacated in March 2012 after the case was withdrawn unconditionally by the petitioner. Since the period of stay was beyond the control of RIL, the construction period was extended by MMRDA from 31 August 2010 to 29 January 2015. The issue of recovery of additional lease premium from RIL for the extended period (31 August 2010 to 29 January 2015) or its waiver had been referred by MMRDA to the Authority¹⁷ who in its meeting held on 26 August 2015 decided to obtain the opinion of a retired Supreme Court Judge or a Chief Justice of High Court.

Audit observed that though RIL could not complete the construction even by the extended date of 29 January 2015, yet an additional lease premium of ₹ 180 crore¹⁸ for delay in construction up to one year (29 January 2016) was not recovered from RIL by MMRDA as of December 2015.

The matter was referred to the Government in July 2015; their reply was awaited as of February 2016.

¹⁵ CEC: 65,000 sqm BUA x ₹ 20,000 per sqm + CC: 50,000 sqm BUA x ₹ 1,94,800 per sqm

¹⁶ ₹ 1,104 crore ÷ 1,15,000 BUA (CEC: 65,000 sqm + CC: 50,000 sqm)

¹⁷ The Authority *inter alia* comprises the Minister of Urban Development; Minister of State for Urban Development; Mayor of Mumbai; Chairman, Standing Committee, Municipal Corporation of Greater Mumbai; Chief Secretary to the Government of Maharashtra; Secretary of Urban Development Department and Municipal Commissioner

¹⁸ 10 per cent per annum of total lease premium of ₹ 1,800 crore (₹ 1,104 crore + ₹ 696 crore)

Housing Department
Maharashtra Housing and Area Development Authority
3.4 Undue financial benefit to Co-operative Housing Societies

Due to application of inappropriate penal rates for non-surrender of surplus built-up area, the Mumbai Building Repairs and Reconstruction Board granted an undue financial benefit of ₹ 12.42 crore to 21 Co-operative Housing Societies.

As per scales prescribed in the third Schedule of Section 103-I (3) of Maharashtra Housing and Area Development Act, 1976, the Co-operative Housing Societies (CHS) to whom No Objection Certificates (NOC) have been issued by MBRRB¹⁹ are required to surrender five to 50 *per cent* of the built-up area (BUA) for allotment to the occupants residing in MBRRB's transit camps or whose old cessed buildings cannot be constructed.

The Housing Department, GoM in October 2012 directed Maharashtra Housing and Area Development Authority (MHADA) to levy penalty on 33 CHS who had constructed new buildings but did not surrender the surplus BUA to MBRRB. The penalty was directed to be imposed as per penal rates prescribed in Government Resolutions²⁰ of General Administration Department for Government employees who overstay in Government quarters. Accordingly, MBRRB calculated a penalty of ₹ 32.68 crore for non-surrender of 11,319.29 sqm of surplus BUA in respect of 30²¹ of the 33 CHS for the period January 1992 to December 2014 and issued demand notices.

Audit observed that the methodology adopted by MBRRB (application of flat rates) was not appropriate because, the same was not based on the ready reckoner rates²², on the basis of which the Public Works Department determines the rental value of the properties (both Government and private) and issues certificates regarding reasonableness of rent, as per paragraph 380 of The Maharashtra Public Works Manual. The rationale for adoption of ready reckoner rates for computation of penal rates further gets strengthened by the fact that surplus areas not surrendered by the societies may have been rented out at market rates prevalent in the areas where such properties are located.

¹⁹ The Mumbai Building Repairs and Reconstruction Board

²⁰ ₹ 10 per sqft per month as per GR of September 1996; ₹ 25 per sqft per month as per GR of November 2006; and ₹ 50 per sqft per month as per GR of July 2011

²¹ One case was pending in court and in two cases construction did not commence

²² The rate of land and buildings fixed by the Government of Maharashtra for stamp duty purpose

As per estimation of audit, the penalties for non-surrender of surplus BUA by 21 CHS²³ for the period January 2009²⁴ to December 2014, according to the ready reckoner rate of the relevant year, worked out to ₹ 35.99 crore. However, by applying the flat rate methodology of MBRRB for the same period (January 2009 to December 2014), the penalties in these 21 cases worked out to ₹ 23.57 crore. Incidentally, the monthly rental per sqft in these 21 cases, based on the ready reckoner rates, ranged between ₹ 33.75 (2009) and ₹ 157.81 (2014), as against only ₹ 25 and ₹ 50 per month per sqft applied by MBRRB.

Thus, application of inappropriate penal rates for non-surrender of surplus built-up area resulted in undue financial benefit of ₹ 12.42 crore²⁵ to 21 Co-operative Housing Societies.

The matter was referred to the Government in June 2015; their reply was awaited as of February 2016.

Medical Education and Drugs Department

3.5 Avoidable payment of interest

Non-payment of arrears of electricity bills in time by the Dean, Swami Ramanand Teerth Rural Medical College and Hospital, Ambajogai, Beed resulted in avoidable payment of interest of ₹ 1.20 crore on arrears.

The Dean, Swami Ramanand Teerth Rural Medical College and Hospital, Ambajogai, Beed (Dean) had a common electricity connection for the college, hospital and residential premises for the doctors and the staff. The electricity bills for these three establishments were being paid by the college and the hospital on alternate months from their Personal Ledger Accounts.

Audit observed (June 2013) that in January 2009 the Maharashtra State Electricity Distribution Company Limited, Beed (MSEDCL) raised arrears of electricity bills amounting ₹ 1.03 crore for the period October 2006 to May 2008, due to wrong application of tariff during this period. However, the Dean continued to pay the current bills, excluding the arrears. Consequently, the arrears along with interest thereon increased to ₹ 2.88²⁶ crore by February 2013.

Audit further observed that the Dean demanded additional grants from the Director, Medical Education and Research, Mumbai (DMER) for payment of the arrears only from 2011-12. The grants were however, released by DMER

²³ Excluding nine CHS which have surrendered surplus BUA of 5,749.71 sqm either fully or partially

²⁴ Ready reckoner rates were not available with audit prior to January 2009

²⁵ ₹ 35.99 crore minus ₹ 23.57 crore

²⁶ Principal arrears (₹ 1.68 crore) plus interest on arrears (₹ 1.18 crore) plus current interest (₹ 2.09 lakh) up to 28 February 2013

after a delay of one year in March 2013 and the payment of ₹ 2.88 crore was made by the Dean to MSEDCL in April 2013.

The Dean stated (October 2013) that he was not authorised for payment of arrears and interest thereon and therefore, the demand was made to the DMER for allocation of additional grants.

The reply of the Dean is not convincing because, the reply did not elucidate the reasons for delay of two years (2009-10 and 2010-11) in placing the demand for additional grants with DMER. If the Dean had placed the demand for additional grants with the DMER during 2009-11 itself and the grants released by DMER without delay, payment of interest on arrears could have been avoided.

Thus, failure of the Dean, Swami Ramanand Teerth Rural Medical College and Hospital, Ambajogai, Beed to take timely action in paying off the arrears of electricity bills resulted in avoidable payment of interest of ₹ 1.20 crore²⁷.

The matter was referred to the Government (May 2015); their reply was awaited as of February 2016.



(MEENAKSHI MISHRA)

Principal Accountant General (Audit)-I,
Maharashtra

Mumbai,
The 25 May, 2016

Countersigned



(SHASHI KANT SHARMA)

Comptroller and Auditor General of India

New Delhi,
The 26 May, 2016

²⁷ ₹ 1.18 crore plus ₹ 2.09 lakh

APPENDICES

Appendix 1.1

(Reference: Paragraph : 1.7.1; Page 7)

Department wise outstanding Inspection Reports/paragraphs issued up to December 2014 but outstanding as on 30 June 2015

Sr No	Name of Deptt	Mumbai/ Nagpur	Upto 2009-10		2010-11		2011-12		2012-13		2013-14		2014-15		Total		
			IR	Paras	IR	Paras	IR	Paras	IR	Paras	IR	Paras	IR	Paras	IR	Paras	
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	
General Sector																	
1	Environment	Mumbai	13	33	4	17	4	23	6	47	3	37	2	37	32	194	
		Nagpur	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
		Total	13	33	4	17	4	23	6	47	3	37	2	37	32	194	
2	Finance	Mumbai	16	25	2	3	4	15	0	0	2	7	0	0	24	50	
		Nagpur	17	27	0	0	0	0	0	0	0	0	4	14	21	41	
		Total	33	52	2	3	4	15	0	0	2	7	4	14	45	91	
3	General Administration	Mumbai	14	16	8	15	5	10	4	9	1	1	4	11	36	62	
		Nagpur	361	807	49	192	30	173	13	83	17	123	12	79	482	1457	
		Total	375	823	57	207	35	183	17	92	18	124	16	90	518	1519	
4	Home	Mumbai	118	199	26	57	6	32	17	34	29	165	11	89	207	576	
		Nagpur	96	191	21	59	9	32	5	14	35	190	18	106	184	592	
		Total	214	390	47	116	15	64	22	48	64	355	29	195	391	1168	
5	Law and Judiciary	Mumbai	29	57	1	6	0	0	0	0	2	13	5	8	37	84	
		Nagpur	72	117	13	26	1	1	1	1	0	0	18	69	105	214	
		Total	101	174	14	32	1	1	1	1	2	13	23	77	142	298	
6	Maharashtra Legislature Secretariat & Parliamentary Affairs	Mumbai	2	5	0	0	0	0	0	0	0	0	0	0	2	5	
		Nagpur	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
		Total	2	5	0	0	0	0	0	0	0	0	0	0	2	5	
7	Planning	Mumbai	0	0	1	1	0	0	2	3	0	0	1	9	4	13	
		Nagpur	1	1	0	0	0	0	0	0	0	0	0	0	1	1	
		Total	1	1	1	1	0	0	2	3	0	0	1	9	5	14	
Social Sector																	
8	Maharashtra State Language	Mumbai	0	0	0	0	1	9	0	0	0	0	1	2	2	11	
		Nagpur	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
		Total	0	0	0	0	1	9	0	0	0	0	1	2	2	11	
9	Employment and Self Employment	Mumbai	6	6	1	2	0	0	0	0	0	0	0	7	8		
		Nagpur	12	16	5	7	0	0	0	0	0	0	0	17	23		
		Total	18	22	6	9	0	0	0	0	0	0	0	24	31		

Appendix 1.1 (contd.)																	
Social Sector																	
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	
10	Higher and Technical Education	Mumbai	96	220	46	203	37	138	24	124	12	112	9	57	224	854	
		Nagpur	216	944	49	416	13	83	9	25	37	107	31	216	355	1791	
		Total	312	1164	95	619	50	221	33	149	49	219	40	273	579	2645	
11	Housing	Mumbai	68	173	13	57	15	64	18	81	21	138	13	80	148	593	
		Nagpur	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
		Total	68	173	13	57	15	64	18	81	21	138	13	80	148	593	
12	Medical Education and Drugs	Mumbai	27	48	5	19	12	36	6	38	16	109	4	39	70	289	
		Nagpur	43	93	8	32	8	41	6	19	19	120	7	62	91	367	
		Total	70	141	13	51	20	77	12	57	35	229	11	101	161	656	
13	Public Health	Mumbai	60	119	18	54	9	39	12	66	24	88	2	6	125	372	
		Nagpur	161	349	34	106	19	54	12	68	37	219	16	90	279	886	
		Total	221	468	52	160	28	93	24	134	61	307	18	96	404	1258	
14	Social Justice and Special Assistance	Mumbai	60	105	23	75	2	8	2	6	11	23	4	33	102	250	
		Nagpur	50	67	12	20	19	37	6	24	27	150	11	64	125	362	
		Total	110	172	35	95	21	45	8	30	38	173	15	97	227	612	
15	School Education and Sports	Mumbai	62	107	18	44	11	41	63	263	9	51	49	160	212	666	
		Nagpur	143	743	18	155	13	413	15	121	21	235	6	34	216	1701	
		Total	205	850	36	199	24	454	78	384	30	286	55	194	428	2367	
16	Tribal Development	Mumbai	29	71	24	86	15	52	0	0	4	44	5	33	77	286	
		Nagpur	92	230	35	83	15	54	11	60	26	125	11	88	190	640	
		Total	121	301	59	169	30	106	11	60	30	169	16	121	267	926	
17	Women and Child Development	Mumbai	26	46	12	41	5	16	1	5	7	36	1	10	52	154	
		Nagpur	15	18	2	3	3	8	11	22	0	0	8	25	39	76	
		Total	41	64	14	44	8	24	12	27	7	36	9	35	91	230	
18	Water supply and Sanitation	Mumbai	26	35	13	24	11	32	6	22	4	9	8	45	68	167	
		Nagpur	7	12	5	5	4	6	1	1	15	39	4	13	36	76	
		Total	33	47	18	29	15	38	7	23	19	48	12	58	104	243	

Appendix 1.1 (concl.)

Social Sector

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	
19	Minorities Development	Mumbai	1	3	1	2	1	8	0	0	0	0	2	14	5	27	
		Nagpur	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
		Total	1	3	1	2	1	8	0	0	0	0	0	2	14	5	27
20	Food, Civil Supplies and Consumer Protection	Mumbai	3	4	0	0	0	0	0	0	0	0	2	11	5	15	
		Nagpur	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
		Total	3	4	0	0	0	0	0	0	0	0	0	2	11	5	15
21	Revenue	Mumbai	196	446	30	70	15	53	5	25	31	156	3	23	280	773	
		Nagpur	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
		Total	196	446	30	70	15	53	5	25	31	156	3	23	280	773	
22	Rural Development and Water Conservation																
	(a) District Rural Development Agency	Mumbai	16	30	4	9	6	26	2	12	5	37	0	0	33	114	
		Nagpur	27	56	8	16	16	56	5	22	7	54	11	33	74	237	
		Total	43	86	12	25	22	82	7	34	12	91	11	33	107	351	
	(b) Minor Irrigation (Local Sector)	Mumbai	18	34	4	16	2	15	0	0	4	29	0	0	28	94	
		Nagpur	55	174	8	35	9	39	1	2	0	0	1	4	74	254	
		Total	73	208	12	51	11	54	1	2	4	29	1	4	102	348	
	(c) Social Forestry	Mumbai	9	11	0	0	7	17	2	7	4	17	1	3	23	55	
		Nagpur	44	100	4	21	2	8	6	36	0	0	1	2	57	167	
		Total	53	111	4	21	9	25	8	43	4	17	2	5	80	222	
23	Urban Development																
	(a) Mumbai Metropolitan Regional Development Authority	Mumbai	8	28	2	20	1	12	0	0	1	14	0	0	12	74	
		Nagpur	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
		Total	8	28	2	20	1	12	0	0	1	14	0	0	12	74	
	(b) District Urban Development Agency	Mumbai	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
		Nagpur	61	166	6	30	2	6	1	5	0	0	2	8	72	215	
		Total	61	166	6	30	2	6	1	5	0	0	2	8	72	215	
	(c) Nagpur Improvement Trust	Mumbai	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
		Nagpur	2	23	1	19	1	7	0	0	0	0	0	0	4	49	
		Total	2	23	1	19	1	7	0	0	0	0	0	0	4	49	
Grand Total			2378	5955	534	2046	333	1664	273	1245	431	2448	288	1577	4237	14935	

Appendix 1.2 (Reference: Paragraph : 1.7.3; Page 8) Statement showing number of paragraphs in respect of which Government Explanatory Memorandas had not been received								
Sr. No.	Name of Department	Upto 2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	Total
General Sector								
1	Environment	1	--	2	--	--		3
2	Finance	--	--	--	--	--		--
3	General Administration	--	--	--	--	--		--
4	Home	3	--	1	2	1	2	9
6	Maharashtra Legislature Secretariat & Parliamentary Affairs	1	--	--	--	--		1
7	Planning	1	--	--	--	--		1
Social Sector								
8	Food, Civil Supplies and Consumer Protection	--	--	--	--	--		--
9	Higher and Technical Education	1	--	--	--	--	--	1
10	Housing	3	--	1	1	4	1	10
11	Medical Education & Drugs	--	1	--	2	1	1	5
12	Public Health	1	--	--	--	2	--	3
13	Revenue	4	--	--	--	--		4
14	School Education and Sports	--	--	--	1	2	1	4
15	Social Justice and Special Assistance	7	--	--	--	1		8
16	Tribal Development						1	1
17	Urban Development	5	3	1	--	1	1	11
18	Water Supply and Sanitation	--	--	--	--	1	1	2
19	Women and Child Development						1	1
20	Rural Development and Water Conservation	1	--	--	--	--		1
Total		28	4	5	6	13	9	65

Appendix 1.3 (Reference: Paragraph : 1.7.3; Page 8) Department-wise position of PAC recommendations on which Action Taken Notes were awaited															
Sr. No.	Name of Department	1985-86 to 2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	Total
1	School Education & Sports	5	0	0	0	31	0	0	0	7	0	0	0	0	43
2	Social Justice and Special Assistance	22	0	0	0	0	17	0	0	0	0	0	0	0	39
3	Urban Development	20	11	0	0	0	2	0	0	0	0	0	0	0	33
4	Home	16	0	3	0	1	4	0	7	0	0	0	0	0	31
5	Housing	14	0	0	0	9	0	5	3	0	0	0	0	0	31
6	Revenue and Forests	2	0	0	0	0	20	0	0	0	0	0	0	0	22
7	Rural Development and Water Conservation	10	0	0	0	0	0	0	8	0	0	0	0	0	18
8	Co-operation & Marketing	0	0	0	0	0	18	0	0	0	0	0	0	0	18
9	Employment & Self Employment	0	0	0	0	15	0	0	0	0	0	0	0	0	15
10	Public Health	7	0	0	0	0	0	0	8	0	0	0	0	0	15
11	Higher & Technical Education	1	0	0	0	9	0	0	4	0	0	0	0	0	14
12	General Administration	1	0	0	0	11	0	0	0	0	0	0	0	0	12
13	Medical Education & Drugs	7	0	0	0	0	0	3	0	0	0	0	0	0	10
14	Environment	0	0	0	0	0	0	10	0	0	0	0	0	0	10
15	Water Supply & Sanitation	9	0	0	0	0	0	0	0	0	0	0	0	0	9
16	Planning	6	0	0	0	0	0	0	0	0	0	0	0	0	6
17	Tribal Development	2	0	0	0	2	0	0	0	0	0	0	0	0	4
18	Finance	0	0	0	0	2	0	0	0	0	0	0	0	0	2
Total		122	11	3	0	80	61	18	30	7	0	0	0	0	332

Appendix 2.1.1

(Reference: Paragraph 2.1.1; Page:10)

Various categories of Child Care Institutions functioning in the State and institutional arrangements stipulated in the JJ Act and MJJ Rules

Categories of Child Care Institutions	Broad functions and Number of Child Care Institutions as of March 2015
1.	2.
Observation Homes	Established and maintained in every district or group of districts by the State Government or NGOs for temporary reception of any juvenile in conflict with law during pendency of any inquiry under the JJ Act. There are 11 Government-run and 47 NGO-run Observation Homes.
Special Homes	Established and maintained by the State Government or NGOs in every district or group of districts for reception and rehabilitation of juveniles in conflict with law. There are two Special Homes in the State, one run by the Government and another run by the NGO.
Children Homes	Established and maintained in every district or group of districts by the State Government or NGOs for reception of child in need of care and protection during the pendency of any inquiry and subsequently for their care, treatment, education, training, development and rehabilitation. There are 25 Government-run and 1,086 NGO-run Children Homes.
HIV Affected children Homes	Established and maintained for reception of HIV affected children in need of care, treatment, education and protection. There are 10 NGO-run HIV affected children homes in the State.
Homes for Mentally Deficient Children	Established and maintained for reception of mentally deficient children requiring need of care, treatment and protection. There are 19 homes for mentally deficient children in the State run by NGOs.
Foster Care or 'Bal Sangopan Sanstha'	A scheme implemented for children in the age group of 0 to 18 years who are destitute, orphans, homeless, mentally retarded/multiple disabilities, HIV affected, single parent and family crisis affected children due to divorce/handicapped parents, children whose parents are sentenced for life imprisonment and children whose parents are affected by Leprosy. There are 137 non-institutional foster cares or Bal Sangopan Sansthas run by NGOs.
Shelter Homes	State Government recognises reputed and capable NGOs to set up Shelter Homes to function as drop-in-centre for children in need of urgent support.
Special Adoption Agencies	The State Government recognises one or more of its institutions or voluntary organisations in each district as specialised adoption agencies for the placement of orphans, abandoned or surrendered children. A surrendered child is one who is relinquished on account of physical, emotional and social factors beyond the control of the parent or guardian. There are 40 Special Adoption Agencies run by NGOs.
After-care Homes	The State Government establishes or recognises after-care homes for the purpose of taking care of juveniles after they leave special homes, children homes for enabling them to lead an honest, industrious and useful life. There are six After-care Homes run by the Government and three run by NGOs.
Institutional arrangements under the JJ Act and MJJ Rules	
Juvenile Justice Board	To be constituted by the State Government in every district for exercising powers and discharging duties conferred or imposed on such Boards in relation to juveniles in conflict with law under JJ Act.

1.	2.
Child Welfare Committee	To be constituted in every district by the State Government for exercising powers and discharging duties conferred or imposed on such Committees in relation to child in need of care and protection under JJ Act.
State Advisory Board	To be constituted by the State Government to advise on matters relating to the establishment and maintenance of homes, mobilisation of resources, provision of facilities for education, training and rehabilitation of children in need of care and protection and juveniles in conflict with law and coordination among various official and non-official agencies concerned.
District Advisory Board	To be constituted by the State Government in every district to advise on matters relating to establishment and maintenance of homes, mobilisation of resources, provision of facilities for education, training and rehabilitation of children in need of care and protection and juveniles in conflict with law and coordination among various official and non-official agencies concerned. The District Advisory Board shall also visit each CCI once in three month and submit reports to State Advisory Board/State Government.
State Child Protection Unit	To be constituted by the State Government for implementation of JJ Act, supervise and monitor agencies and institutions under the JJ Act, set-up District Child Protection Units, establish minimum standards of care and ensure its implementation in all institutions.
District Child Protection Unit	To be set-up by the State Child Protection Unit in every district to identify families at risk and children in need of care and protection, setting up district, block and village level child protection committees, supervise and monitor all CCI in the district.
State Adoption Resource Agency	The State Government is required to set up the State Adoption Resource Agency to act as a nodal body within the State to coordinate, monitor and develop the work of adoption and non-institutional care in coordination with Central Adoption Resource Agency.

Appendix 2.4.1
(Reference: Paragraph 2.4.8.2; Page 72)
Incomplete entry of local purchases in e-Aushadhi system

Sr. No.	Name of the unit	Period of local purchase	Actual amount of local purchase (₹ in lakh)	Amount of local purchase entered in e-Aushadhi (₹ in lakh)	Local purchases not recorded (₹ in lakh)
1.	Civil Surgeon, Thane	2013-14	424.66	0.00	424.66
		2014-15	398.91	223.34	175.57
2.	District Health Officer, Solapur	2013-14	80.65	79.51	1.14
		2014-15	175.21	153.48	21.73
3.	Civil Surgeon, Sindhudurg	2013-14	121.00	25.06	95.94
		2014-15	94.30	86.25	8.05
4.	District Health Officer, Sindhudurg	2013-14	67.56	0.00	67.56
		2014-15	38.53	11.14	27.39
5.	Civil Surgeon, Satara	2013-14	70.00	12.02	57.98
6.	District Health Officer, Satara	2014-15	107.21	78.68	28.53
7.	District Health Officer, Raigad	2013-14	208.22	0.00	208.22
		2014-15	224.15	78.88	145.27
8.	Civil Surgeon, Nashik	2013-14	216.51	64.04	152.47
		2014-15	214.14	158.29	55.85
9.	District Health Officer, Nashik	2013-14	300.84	88.48	212.36
		2014-15	298.03	81.19	216.84
			3039.89	1140.36	1899.56

Source: Data extracted from the system and information obtained from the units

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