

## 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. Children<sup>1</sup> 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

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<sup>1</sup> 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 juveniles<sup>2</sup> 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.

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<sup>2</sup> 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; nine<sup>3</sup> of 35 DW&CDOs and DCPUs; and 102<sup>4</sup> 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 93<sup>5</sup> 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 provisions<sup>6</sup> made and expenditure incurred in the State during 2010-15 is given in **Table 2.1.1**.

<sup>3</sup> Ahmednagar, Latur, Mumbai City, Nagpur, Nanded, Osmanabad, Parbhani, Pune and Yavatmal

<sup>4</sup> Government:13 and NGOs: 89

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

<sup>6</sup> 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
<b>Total</b>	<b>781.06</b>	<b>593.97</b>	<b>595.66</b>	<b>598.57</b>

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 four<sup>7</sup> 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 95<sup>8</sup> 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 limit<sup>9</sup> 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

<sup>7</sup> Nanded, Osmanabad, Parbhani and Latur

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

<sup>9</sup> The maximum limit for CCIs having capacity of 50 children was ₹ 20.29 lakh

of September 2015. In six<sup>10</sup> 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.

<sup>10</sup> 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 Committees<sup>11</sup> 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 manpower<sup>12</sup> 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 children<sup>13</sup> 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.

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<sup>11</sup> Block Level Child Protection Committees and Ward/Village Level Child Protection Committees

<sup>12</sup> 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

<sup>13</sup> 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 Officers<sup>14</sup> 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
<b>State Advisory Board</b>	(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.
<b>Child Welfare Committee</b>	(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

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

<b>Boards/ Committees</b>	<b>Audit findings and replies furnished by W&amp;CD</b>
	<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 cases<sup>15</sup> 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, four<sup>16</sup> 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>
<b>Selection Committee</b>	<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>
<b>Juvenile Justice Board</b>	<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 three<sup>17</sup> districts there was shortage of two members while in two<sup>18</sup> 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 three<sup>19</sup> 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>

<sup>15</sup> Ahmednagar: 267, Latur: 121, Osmanabad: 35, Pune: 235 and Parbhani: 17

<sup>16</sup> Latur, Nagpur, Osmanabad and Pune

<sup>17</sup> Pune, Parbhani and Beed

<sup>18</sup> Ahmednagar and Jalna

<sup>19</sup> 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 CCI<sup>20</sup> 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 clothing<sup>21</sup> and bedding<sup>22</sup> which was applicable to Government-run CCI only. Scrutiny of records in 83 selected CCI<sup>23</sup> (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

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<sup>20</sup> Excluding 10 Special Adoption Agency for which workshop is not prescribed

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

<sup>22</sup> Mattresses, pillows, bed sheets, blankets *etc.*

<sup>23</sup> 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 70<sup>24</sup> 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.

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<sup>24</sup> 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 eight<sup>25</sup> of nine districts revealed that 558<sup>26</sup> children out of total 11,668 children absconded during 2010-15 from 25<sup>27</sup> of 77<sup>28</sup> 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 six<sup>29</sup> children homes for MDC in 93 CCI which were jointly inspected by audit with Departmental officials. Audit observed that even after

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<sup>25</sup> Ahmednagar, Latur, Mumbai City, Nagpur, Pune, Parbhani, Osmanabad and Yavatmal

<sup>26</sup> Seven Government-run: 312 and 18 NGO-run: 246

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

<sup>28</sup> Excluding 10 Special Adoption Agency and six CCI in Nanded district

<sup>29</sup> 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 MDC<sup>30</sup> 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 one<sup>31</sup> 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 CCI<sup>32</sup> 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

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<sup>30</sup> Mumbai City: 56; Pune: 36; and Latur: Two

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

<sup>32</sup> 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 93<sup>33</sup> 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 2014-15<sup>34</sup>. 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

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<sup>33</sup> Excluding nine Bal Sangopan Sansatha

<sup>34</sup> 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 5<sup>th</sup> 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

Departments<sup>1</sup> 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)<sup>2</sup>. The POs are also responsible for inspection and supervision of Government ashramshalas<sup>3</sup> (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, eight<sup>4</sup> 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.

<sup>1</sup> Agriculture, Rural Development, Public Works, Health *etc.*

<sup>2</sup> 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

<sup>3</sup> 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

<sup>4</sup> 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 payments<sup>5</sup> 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

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<sup>5</sup> 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
<b>Total</b>	<b>6166.56</b>	<b>4069.96</b>	<b>3451.18</b>	<b>618.78</b>

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
<b>Total</b>	<b>2049.21</b>	<b>1834.6</b>	<b>214.61</b>

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
<b>Total</b>	<b>143</b>	<b>129.59</b>	<b>33.46</b>	

*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 buildings<sup>6</sup> 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

<sup>6</sup> 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 times<sup>7</sup> 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**

<b>Range of visits made by medical units</b>	<b>Number of ashramshalas visited</b>
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

<sup>7</sup> 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 crore<sup>8</sup> 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.

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<sup>8</sup> 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, two<sup>9</sup> 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 four<sup>10</sup> 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 eight<sup>11</sup> 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:

<sup>9</sup> St. Ursula High School and Junior College, Nagpur and Aadarsh Sanskar School, Nagpur  
<sup>10</sup> Sanik Public School Wadki, Ralegaon; Infant Jesus English Public School, Rajura; Scholar Search Academy, Korpana ; and Maharshi Public School, Amravati  
<sup>11</sup> 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 three<sup>12</sup> 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 849<sup>13</sup> 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

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

<sup>13</sup> 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 posts<sup>14</sup> 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

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<sup>14</sup> 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.

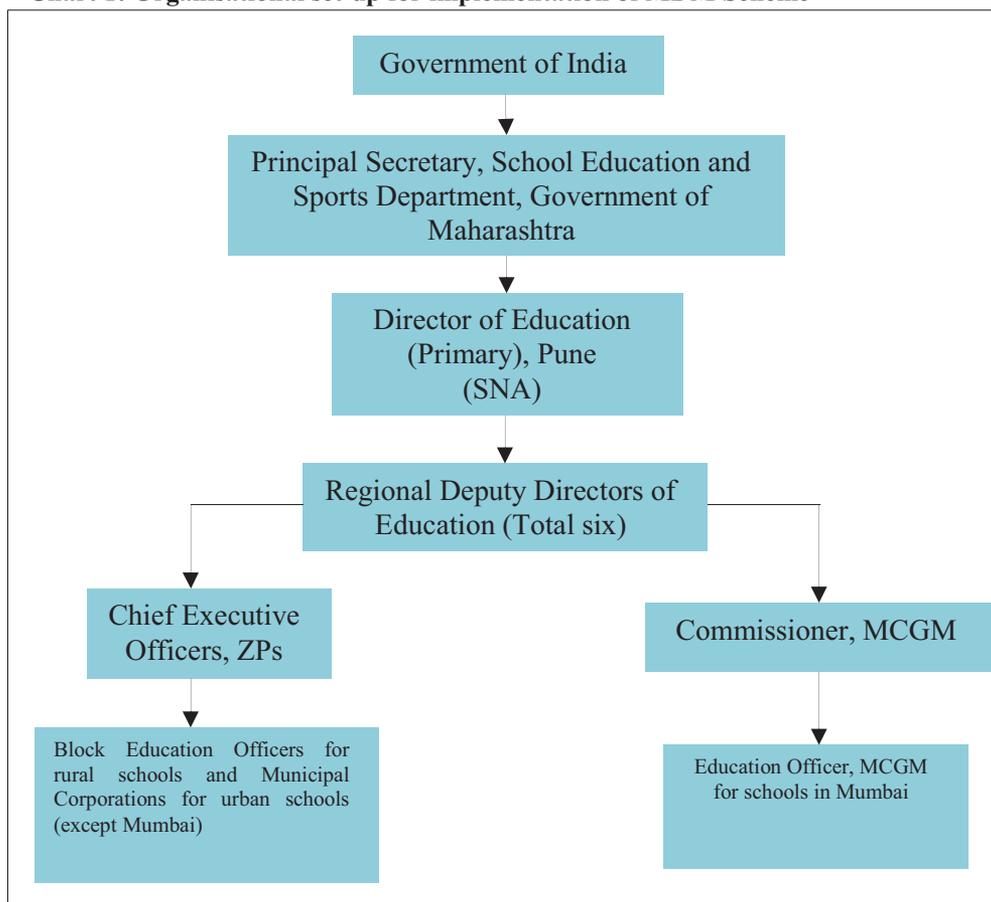
### 2.3.1.1 Implementation process in the State

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)<sup>1</sup> 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**



<sup>1</sup> 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 eight<sup>2</sup> of 33 ZPs and Education Officer, MCGM, Mumbai (total nine districts); 32 of 98 blocks in eight selected ZPs; and 269<sup>3</sup> 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

<sup>2</sup> Chandrapur, Dhule, Jalgaon, Nanded, Parbhani, Pune, Satara and Solapur

<sup>3</sup> 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
<b>Total</b>	<b>5007.44</b>	<b>1389.96</b>	<b>6397.40</b>	<b>4425.24</b>	<b>1221.22</b>	<b>5646.46</b>

*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 cost<sup>4</sup> 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**.

<sup>4</sup> 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 honorarium<sup>5</sup> 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 239<sup>6</sup> 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.**

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

<sup>6</sup> 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}
<b>Cash book of primary classes</b>					
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
<b>Cash book of upper primary classes</b>					
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 days<sup>7</sup>. 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 schools<sup>8</sup> in Nanded district did not provide any meals to the children during 2012-14 and 2014-15.

Seventy nine of 239<sup>6</sup> schools cited (i) delay in receipt of rice from the contractors<sup>9</sup> appointed by the SNA, and (ii) delay in reimbursement of cooking cost, as the reasons for non-supply of cooked meals to the children

<sup>7</sup> Normally 220 to 230 days in a year

<sup>8</sup> 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

<sup>9</sup> 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 239<sup>6</sup> 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 Foundation<sup>10</sup>, 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

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<sup>10</sup> 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 crore<sup>11</sup> 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

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<sup>11</sup> 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&D<sup>12</sup> 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

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<sup>12</sup> 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 six<sup>13</sup> 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  $\pm 0.10$  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  $\pm 0.10$  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

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<sup>13</sup> 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 ESIC<sup>14</sup>) 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 contractor<sup>15</sup> 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).

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<sup>14</sup> Employees State Insurance Corporation

<sup>15</sup> 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)<sup>16</sup> 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 <sup>17</sup>	67915	18	46168	45
No. of schools in the selected districts	24660 <sup>18</sup>	19453	21	14257	42

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

<sup>16</sup> 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

<sup>17</sup> Excluding Dhule and Gondia districts as no information was available

<sup>18</sup> Excluding Dhule district as no information was available

In four<sup>19</sup> 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 three<sup>20</sup> 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**

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

*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.*

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<sup>19</sup> Parbhani, Pune, Solapur and Chandrapur

<sup>20</sup> 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 239<sup>6</sup> 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 <sup>21</sup>	1.20	60348	4	28990
2012-13	85031	8.93 <sup>22</sup>	4.65	84780	10	251
2013-14	86028	Nil	Nil	Nil	Nil	86028
2014-15	86301	8.58 <sup>23</sup>	4.46	85820	10	481
<b>Total</b>		<b>20.04</b>	<b>10.31</b>	<b>230948</b>		

*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

<sup>21</sup> Purchase order dated 29 March 2012

<sup>22</sup> Purchase order dated 07 November 2012

<sup>23</sup> 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 ₹ 7.76<sup>24</sup> 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

<sup>24</sup> 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.

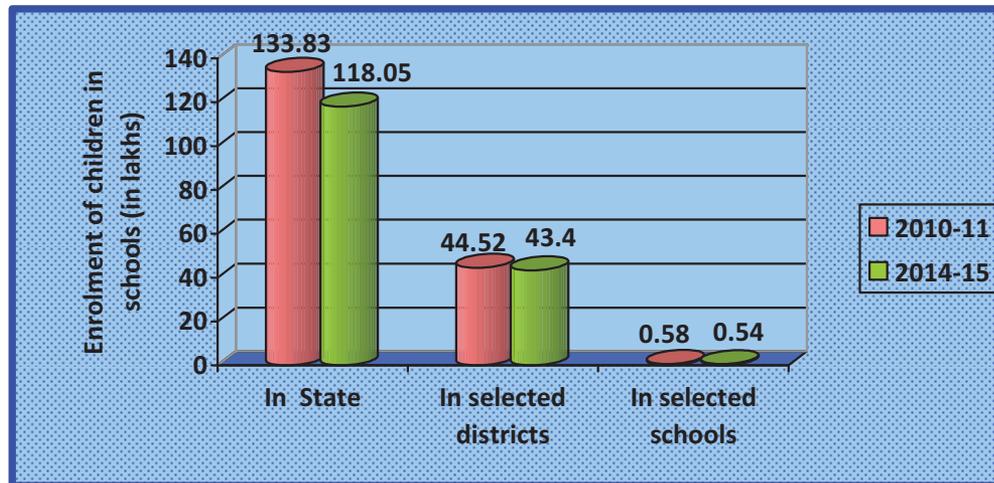
**Recommendation 4: The Government may strengthen its monitoring mechanism by (i) setting up the District Level Committee, (ii) improving the effectiveness of public grievance redressal system, and (iii) establishing full complement of flying squads.**

### 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 districts<sup>25</sup> 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.**

<sup>25</sup> 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 consumables<sup>1</sup> 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

<sup>1</sup> 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 2013-15<sup>2</sup> 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

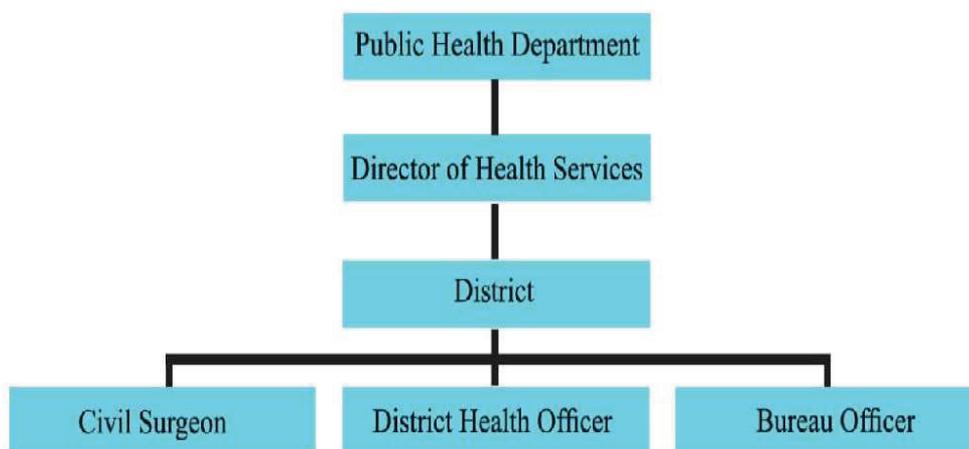
The e-Aushadi system is critical for the Department as it is used for purchasing and distributing more than 500 essential drugs and consumables catering to 2,336 hospitals, Drug Warehouses, primary health centres *etc.* throughout the State. The system has 10 modules.

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

<sup>2</sup> 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 districts<sup>3</sup> 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.

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<sup>3</sup> 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 modules<sup>4</sup> 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.

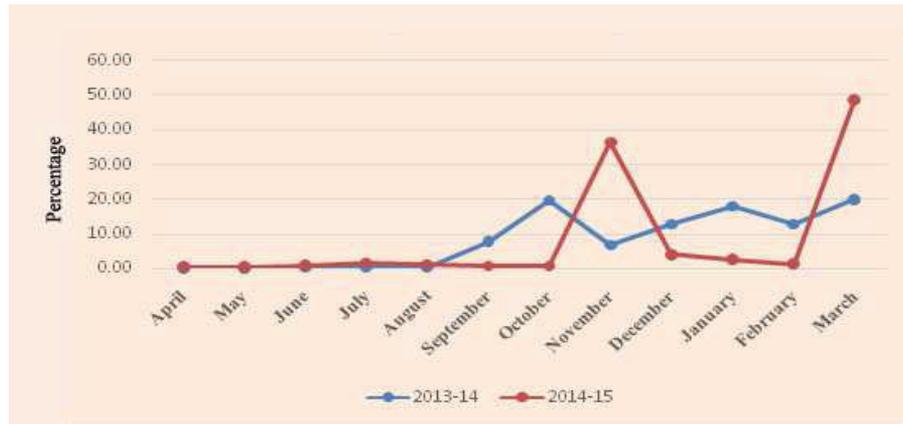
<sup>4</sup> Supplier Rate Contract, Demand Generation, Procurement, Challan Process, Drug Inventory View, Quality Control, Indent Desk, Issue Desk & Acknowledge Desk, Drug Transfer and Finance

### 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 units<sup>5</sup> 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

<sup>5</sup> 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
<b>Total</b>	<b>278</b>	<b>37.31</b>	<b>12.49</b>	<b>24.82</b>	<b>2.49</b>

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
<b>Total</b>				<b>16,959</b>	<b>4,62,853</b>

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 units<sup>6</sup> revealed that 110 items of drug/consumables though locally purchased during 2013-15 were shown as receipts from third party<sup>7</sup>. 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**.

<sup>6</sup> DHO, Thane; DHO, Sindhudurg; CS, Solapur; DHO, Solapur; CS, Satara; CS, Nashik; DHO, Nashik; CS, Raigad; DHO, Raigad; CS, Dhule; and DHO, Dhule

<sup>7</sup> 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
			<b>85</b>	<b>135.82</b>

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 hospitals<sup>8</sup> 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.

<sup>8</sup> 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.