Chapter
I

# Performance Audit
# Rural Development Department

## 1.1 Pradhan Mantri Gram Sadak Yojana

*Highlights*

***The Pradhan Mantri Gram Sadak Yojana (PMGSY), a 100 per cent Centrally sponsored scheme, was launched in December 2000. The primary objective of PMGSY was to provide connectivity, by way of all-weather roads (with necessary culverts and cross-drainage structures operable throughout the year) to eligible unconnected habitations in rural areas in such a way that all unconnected habitations with a population of 1,000 persons and above were covered in three years (2000-03) and all unconnected habitations with a population of 500 persons and above were covered by the end of the Tenth Plan Period (2007). The department failed to provide connectivity to the targeted habitations and only nine per cent habitations were connected with all-weather roads during the period 2005-10.***

**Scheme funds ranging between five and 67 *per cent* remained unutilised during 2005-10. Failure to prepare a Comprehensive New Connectivity Priority List/Comprehensive Upgradation Priority List by the State Government resulted in non-clearance of projects by the Government of India for the year 2005-07.**

***(Paragraphs 1.1.7.1 and 1.1.8.1)***

**Against a target of 1,957 rural roads to be constructed for providing connectivity to 5,427 targeted habitations during 2005-10, only 164 roads were completed to provide connectivity to 496 habitations.**

***(Paragraph 1.1.8.1)***

**Works were allotted to consulting engineers for preparation of Detailed Project Reports without ensuring competitive bidding. Government sustained loss of revenue of ₹ 35 lakh in the shape of service tax.**

***(Paragraph 1.1.8.3)***

**Rupees 1.07 crore was misappropriated as cost of bitumen by five contractors who submitted fake invoices. Similarly, ₹ 2.33 crore was also fraudulently paid to contractors as cost of bitumen against submission of inadmissible invoices.**

***(Paragraph 1.1.8.6)***

**Payment of ₹ 63.30 lakh was made to contractors without actual execution of work in connivance with officials of a Programme Implementation Unit.**

***(Paragraph 1.1.8.6)***

**Rupees 68.69 lakh was fraudulently paid to a contractor against a road which had already been constructed from State funds.**

***(Paragraph 1.1.8.6)***

**Excess length of road of 261.30 km worth ₹ 79.14 crore was constructed against the length of roads planned in the Comprehensive New Connectivity Priority List.**

***(Paragraph 1.1.8.9)***

**Rupees 13.51 crore was not recovered as liquidated damages from defaulting contractors who failed to complete their works within the stipulated time.**

***(Paragraph 1.1.8.10)***

**Sixty one packages of roads remained incomplete or were completed after considerable delays of more than 24 months.**

***(Paragraph 1.1.8.13)***

**Unfruitful expenditure of ₹ 96.11 crore was incurred on 86 road works without bridges, which defeated the objective of PMGSY to provide all-weather connectivity to targeted habitations.**

***(Paragraph 1.1.8.14)***

### 1.1.1 Introduction

Rural road connectivity is a key component of rural development, promoting access to economic and social services and thereby generating increased agricultural income and productive employment opportunities in rural areas. The Pradhan Mantri Gram Sadak Yojana (PMGSY), a 100 *per cent* Centrally sponsored scheme was launched in December 2000. The primary objective of PMGSY was to provide connectivity, by way of all-weather roads (with necessary culverts and cross-drainage structures operable throughout the year) to eligible unconnected habitations in rural areas in such a way that all unconnected habitations with a population of 1,000 persons and above were covered in three years (2000-03) and all unconnected habitations with a population of 500 persons and above were covered by the end of the Tenth Plan Period (2007). The objective was also to connect habitations with a population of 250 persons and above in tribal (Schedule-V) areas. PMGSY permitted the upgradation of existing roads in those districts where all the eligible habitations had already been provided all-weather road connectivity.

### 1.1.2 Organisational set-up

The Secretary, Rural Development Department (RDD) is in charge of implementation of the scheme, functioning as the Chief Executive Officer of the Jharkhand State Rural Road Development Agency (JSRRDA) and is assisted by an Empowered Officer and a Chief Engineer. JSRRDA was established (2004) as an autonomous agency for receiving funds from the Ministry of Rural Development (MoRD), Government of India (GOI) and providing funds to Programme Implementation Units (PIUs). It functions as the dedicated agency for ensuring the integrated development of rural roads in the State. The Chief Engineer (CE), JSRRDA is supported by Superintending Engineers (SEs) and Executive Engineers (EEs) of the Rural Works Department. The EEs in each district act as the Project Officer of Programme Implementation Unit (PIU). The State Technical Agency (STA) scrutinises and advises on technical specifications of projects and apprises the proposed Detailed Project Reports (DPRs) of the roads. The State Level Standing Committee (SLSC),

comprising Secretaries of departments of Finance, Forest, Panchayati Raj, Public Works, Revenue, Rural Development and Transport is headed by the Chief Secretary. The SLSC is responsible for vetting the Core Network, the Comprehensive New Connectivity Priority List (CNCPL) and the Comprehensive Upgradation Priority List (CUPL) as well as clearing the annual project proposals sent to the National Rural Road Development Agency (NRRDA) and overall monitoring of the schemes.

### 1.1.3 Audit objectives

The audit objectives were to assess whether:

- planning for providing all-weather road connectivity was adequate;
- financial management of the programme was effective;
- execution of the works and their maintenance was efficient; and
- the monitoring and evaluation mechanism was adequate.

### 1.1.4 Audit criteria

The audit criteria adopted for arriving at the audit conclusions were the following:

- District Rural Road Plan (DRRP), Core Network, CNCPL and CUPL;
- Operation Manual of the PMGSY and clauses of the Standard Bidding Document (SBD);
- Jharkhand Public Works Code, Government resolutions, instructions and orders issued from time to time;
- Quality control and monitoring mechanism; and
- Jharkhand Minor Mineral Concession Rules, 2004.

### 1.1.5 Scope of audit and methodology

A performance audit of the scheme was conducted (March to July 2010) for the period 2005-10 by test check of records of the office of the Chief Engineer, JSRRDA, 10[1] out of 28 PIUs and eight[2] out of 24 districts, selected on a random basis.

An entry conference was held (March 2010) with the Secretary-cum-Chief Executive Officer (CEO) of JSRRDA, Ranchi during which the audit objectives, audit criteria and the audit methodology were discussed. The audit findings and recommendations were discussed with the Secretary-cum-CEO at the exit conference held in October 2010. The Secretary assured that corrective measures would be taken where necessary in accordance with the rules and procedures.

[1] Bokaro, Chaibasa, Chakradharpur, Daltonganj (Palamu), Deoghar, Dumka, Giridih, Gumla, Ranchi and Hindustan Steel Works Construction Ltd (central agency), Ranchi.

[2] Bokaro, Daltonganj (Palamu), Deoghar, Dumka, Giridih, Gumla, Ranchi and West Singhbhum (Chaibasa).

The audit findings are brought out in the succeeding paragraphs.

***Audit findings***

## 1.1.6 Planning

Proper planning is imperative to achieve the objectives of the programme in a systematic and cost-effective manner. The Manual for preparation of the District Rural Roads Plan (DRRP) and the Core Network lays down the steps in the planning process and the role of the different agencies including the Intermediate *Panchayat*, district *Panchayat* as well as the State Level Standing Committee (SLSC). The DRRP would indicate the entire existing road network of each district and also identify the proposed roads for providing connectivity to unconnected habitations.

The Core Network would identify the roads required to assure each eligible habitation of basic access to essential social and economic services. Thus, the Core Network of each district would consist of some of the existing roads as well as the roads proposed for new construction under PMGSY. Further, all districts having eligible unconnected habitations were to prepare block and district level CNCPL and CUPL of all proposed roads under PMGSY, grouping them in general order of priority of targeted population size of 1000 plus, 500-999 and 250 and above. As per paragraph 6.11 of the PMGSY guidelines, the order of priority and CNCPL/CUPL were to be the twin basis for making proposals. Where road works of a higher order of priority still remained to be taken up, road works of a lower order of priority were not to be taken up in the same district. While sending proposals for lower priority roads, reasons were to be recorded.

Scrutiny of records of test-checked PIUs revealed that DRRPs were approved by the District Rural Development Agency (DRDA) in the absence of the Panchayati Raj system in the State as Panchayati Raj elections had not been held in State since its creation. The test-checked PIUs failed to produce approved copies of their Core Network and CNCPL/CUPL duly approved at the block level. It showed that the entire process of planning for rural roads was concentrated at the district level without involvement of the field level functionaries. Further, it was seen that while sending proposals for construction of roads for approval from NRRDA, the order of priority of roads as shown in the CNCPL was not maintained and lower priority roads were taken up first while higher priority of roads remained to be constructed. No reasons for this was found on record.

## 1.1.7 Financial Management

### *1.1.7.1 Allotment and expenditure*

PMGSY, a 100 *per cent* Centrally sponsored scheme, had adopted a project approach under which road works had to be completed within a stipulated time. The funds received from GOI and the Government of Jharkhand and the expenditure incurred during 2005-10 were as given in **Table 1**.

**Table-1: Allotment and expenditure report of PMGSY**

*(₹ in crore)*

| Year | Opening Balance | Funds released by GOI | State release | Bank interest | Total available funds | Expenditure | Closing balance | Unutilised balance *(per cent)* |
|---|---|---|---|---|---|---|---|---|
| 2005-06 | 30.71 | 150.49 | Nil | 3.63 | 184.83 | 67.01 | 117.82 | 64 |
| 2006-07 | 117.82 | 56.83 | Nil | 10.43 | 185.08 | 60.45 | 124.63 | 67 |
| 2007-08 | 124.63 | Nil | 0.40[3] | 8.81 | 133.84 | 69.67 | 64.17 | 48 |
| 2008-09 | 64.17 | 208.67 | Nil | 1.84 | 274.68 | 215.34 | 59.34 | 22 |
| 2009-10 | 59.34 | 417.74 | Nil | 9.03 | 486.11 | 460.00 | 26.11 | 05 |
| **Total** | | **833.73** | **0.40** | **33.74** | | **872.47** | | |

*(Source: JSRRDA, Ranchi)*

It can be seen from the table above that:

**Scheme funds were unutilised ranging between five and 67 *per cent* during 2005-10**

- Unutilised funds as a percentage of available funds ranged between five and 67 *per cent* during 2005-10. Non-utilisation of funds ranging between 64 and 67 *per cent* during the years 2005-06 and 2006-07 respectively resulted in non-release of funds by GOI in the year 2007-08.
- As per the statement of allotment and expenditure, ₹ 26.11 crore was lying unutilised as of March 2010. Scrutiny of further records revealed that ₹ 78.89 crore[4] was lying unutilised (March 2010) as fixed deposits and in savings/current accounts in banks, which resulted in non-reconciliation of ₹ 52.78 crore[5].

Further scrutiny revealed that ₹ 477.88 crore was made available to the test-checked PIUs by JSRRDA during 2005-10, against which an expenditure of ₹ 407.06 crore was incurred for execution of schemes and ₹ 69.71 crore was surrendered to JSRRDA. Thus, ₹ 1.11 crore was lying unutilised (March 2010) with four PIUs[6] which was to be surrendered after adoption of the bank authorisation system ***(Appendix-1.1)***.

### *1.1.7.2 Government revenue realised but not deposited in the Government account*

According to Sub-rule (1A) of Rule 201 of the Income Tax Act, 1961, if any person, principal officer or company as was referred to in that sub-section, did not deduct or after deducting, failed to pay the tax as required by or under this rule, he was liable to pay simple interest at 12 *per cent* per annum on the amount of such tax from the date on which such tax was deductible to the date on which such tax was actually paid. Further, the Drawing and Disbursing Officer was to be held responsible for deposit of State receipts in the Government account within 15 days from receipt as per the order of Government (February 1979)[7].

[3] ₹ 40 lakh was released for preparation of Detailed Project Reports (DPRs).

[4] ₹ 78.50 crore was lying in Cumulative Long Term Deposit (CLTD) No. (i) 30750234259 (ii) 30959188863 (iii) 30558979869 (iv) 30144994674 (v) 30356504953 (vi) 30700492390 of State Bank of India, Hatia Branch, Ranchi and remaining in savings/current bank account.

[5] ₹ 78.89 crore minus ₹ 26.11 crore.

[6] Chakradharpur , Daltonganj, Hindustan Steel Works Construction Ltd and Ranchi.

[7] Memo no. T-2-101/78/1946 dated 14.2.1979.

A perusal of the balance sheet of JSRRDA revealed that income tax, sales tax, royalty and labour cess deducted from the contractor's bills by seven Rural Works Divisions[8] during 2008-10, amounting to ₹ 1.84 crore were not deposited in the Government account and were retained by JSRRDA as given in **Table 2**.

**Table-2: Government receipts**

*(₹ in crore)*

| Sl. No. | Name of Division | Year | Income Tax | Sales Tax | Royalty | Labour Cess | Total |
|---|---|---|---|---|---|---|---|
| 1 | Deoghar | 2009-10 | 0.04 | 0.03 | - | - | 0.07 |
| 2 | East Singhbhum | 2009-10 | 0.01 | - | - | - | 0.01 |
| 3 | Giridih | 2009-10 | Nil | 0.10 | 0.27 | - | 0.37 |
| 4 | Hazaribag | 2009-10 | - | - | 0.07 | - | 0.07 |
| 5 | Jamtara | 2009-10 | - | 0.03 | - | - | 0.03 |
| 6 | Khunti | 2008-09 | 0.33 | 0.21 | 0.08 | - | 0.62 |
| | | 2009-10 | 0.07 | 0.10 | 0.11 | 0.05 | 0.33 |
| 7 | Ramgarh | 2009-10 | - | 0.13 | 0.21 | - | 0.34 |
| **Total** | | | **0.45** | **0.60** | **0.74** | **0.05** | **1.84** |

*(Source: JSRRDA, Ranchi)*

Further, scrutiny of records of PIU, Gumla out of 10 test-checked PIUs revealed that ₹ 84.48 lakh[9] deducted from the bills of the contractors was not deposited into the Government account *i.e.* income tax (Head '0021') commercial tax (Head '0040'), royalty (Head '0853') and labour cess (Head '0230').

The divisional officer failed to furnish the details of recovery made against the works and the year(s) in which those recoveries were made. Thus, Audit could not ascertain the amount of interest to be paid by the defaulting officer.

### *1.1.7.3 Non-adjustment of mobilisation advance*

The balance sheet of JSRRDA, Ranchi for the period 2005-10 also revealed that ₹ 8.80 crore was advanced to contractors for execution of road works as mobilization advance (₹ 5.08 crore) and equipment advance (₹ 3.72 crore), which was lying unadjusted as of March 2010.

### *1.1.7.4 Non-utilisation of World Bank Assistance*

Scrutiny of records of JSRRDA, Ranchi revealed that 19 packages[10] of road works worth ₹ 44.90 crore of World Bank (WB) Tranche II to provide connectivity to 93 habitations through construction of 33 roads were not implemented due to non-bearing of extra cost of tender premium by the State Government. Re-tendering of the work was not permissible under rules of the World Bank. Thus, the State was deprived of World Bank assistance of ₹ 44.90 crore meant for construction of rural roads and the cost burden of these roads shifted to the PMGSY fund.

[8] Deoghar, East Singhbhum, Giridih, Hazaribag, Jamtara, Khunti and Ramgarh.

[9] Income tax (₹ 23.26 lakh), sales tax (₹ 23.47 lakh), royalty (₹ 33.95 lakh) and labour cess (₹ 3.80 lakh).

[10] Dumka- JH WB-0501 to 0507, East Singhbhum- JH WB-0601 to 0606, Hazaribag- JH WB- 1101 to 1103, Ramgarh- JH WB- 2401 to 2403.

### 1.1.7.5 Short deduction of royalty

Under the Jharkhand Minor Mineral Concession (JMMC) Rules 2004, works contractors were required to purchase minor minerals only from lessees/ permit holders and authorised dealers. Further, Rules provided for submission of affidavits in form 'O' and particulars in form 'P' by the works contractors, indicating therein the details of the sources of purchase of minerals, the prices paid and the quantities procured along with the bills. The Works Department were required to forward the photocopies of forms 'O' and 'P' to the Mining Department for verification of the details furnished. If the details furnished were found to be false, either wholly or partly, it was to be presumed that the minerals were obtained by illegal mining and the defaulters were liable to pay the royalty at double the rate as penalty.

Audit scrutiny revealed that neither had the contractors submitted the requisite forms nor were these demanded by the PIUs. Thus, the possibility of illegal mining of minor minerals could not be ruled out. Out of ₹ 3.97 crore recoverable as royalty against minerals utilised in 197 works, only ₹ 1.90 crore was recovered by four PIUs. Thus, ₹ 2.07 crore was short realised from the contractors as shown in ***Appendix-1.2***.

### 1.1.7.6 Lapsed bank guarantees

According to paras 32 and 46 of the Standard Bidding Document (SBD), performance security of two and a half *per cent* was to be delivered by the successful bidder after the receipt of letters of acceptance either in the form of a bank guarantees (BGs) or fixed deposit receipts in the name of the employer from a scheduled commercial bank. The period of validity of the BGs could be one year initially, but the department had to ensure the BGs extended in such a way that they were available with the employer until 45 days from the date of expiry of the defect liability period of five years.

Scrutiny of records of seven PIUs[11] revealed that BGs worth ₹ 2.83 crore submitted as performance securities by 20 contractors against 23 packages of road works had lapsed (between December 2004 and January 2010) within the defect liability period of five years as shown in ***Appendix-1.3***.

The EEs neither encashed the value of BGs within the validity period nor got the BGs revalidated to cover the defect liability period. The Government would, therefore, be helpless in effecting recoveries, if defects surfaced during the defect liability period and the contractors failed to fulfil their contractual obligations.

### 1.1.7.7 Roads under construction not covered with insurance

According to the condition of the contract (para 13.1 of SBD), the contractor, at his own cost, was to provide in the joint names of the employer and the contractor, insurance cover for loss or damages to the work, personal injuries and damages to machinery and equipment effective from the date of commencement to the date of completion of the work. The contractor was to pay premium of two *per cent* of the contract price for insurance against loss or damages to the work and personal injuries and two *per cent* of equipment price for damages to machinery and equipment.

[11] Chaibasa, Chakradharpur, Daltonganj, Dumka, Giridih, Gumla and Ranchi.

Scrutiny of the records of seven[12] out of 10 test-checked PIUs revealed that none of the contractors provided insurance coverage for any of the roads nor did the EEs insist that the contractors adhere to the clause of the contract.

Thus, insurance premium of ₹ 3.90 crore[13] as shown in ***Appendix-1.4*** which was required for insurance against loss or damages to the work and personal injuries was not provided. The premium amount of insurance coverage of the equipment could not be ascertained due to non-submission of the cost of equipment by the contractors. Failure to enforce the condition mentioned in the contract amounted to undue aid to the contractors.

## 1.1.8 Programme Implementation

### *1.1.8.1 Targets and Achievements*

Release of funds by GOI against the cleared value of projects, expenditure incurred during 2005-10 and completion of works for providing connectivity to eligible habitations were as shown in **Table 3.**

**Table-3: Proposal of roads cleared by the GOI**

| Year | Phase No. | Proposal cleared by GOI | | | | Amount released | Work completed and expenditure incurred | | | | Shortfall in achievement (Percentage of shortfall shown in brackets) | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Habitations to be connected | Number of roads cleared | Length of roads (in km) | Value of cleared proposals (₹ in crore) | GOI | Habitations connected | Number of roads completed | Length of roads (in km) | Expenditure incurred (₹ in crore) | No. of habitations remained unconnected | No. of roads not completed | Length of road not completed (in km) |
| 2005-06 | NO PROPOSAL WAS CLEARED BY GOI | | | | | | | | | | | | |
| 2006-07 | | | | | | | | | | | | | |
| 2007-08 | V | 1127 | 353 | 1679.78 | 499.49 | 249.74 | 469 | 151 | 933.98 | 319.94 | 658 (58) | 202 (57) | 745.80 (44) |
| 2008-09 | VI | 2431 | 669 | 3122.40 | 973.12 | 305.13 | 27 | 13 | 492.48 | 315.34 | 2404 (99) | 656 (98) | 2629.92 (84) |
| 2009-10 | VII | 466 | 279 | 1026.42 | 280.21 | Nil | Nil | Nil | Nil | Nil | 466 (100) | 279 (100) | 1026.42 (100) |
| | VIII | 1403 | 656 | 2255.20 | 601.87 | Nil | Nil | Nil | Nil | Nil | 1403 (100) | 656 (100) | 2255.20 (100) |
| **Total** | | **5427** | **1957** | **8083.80** | **2354.69** | **554.87** | **496** | **164** | **1426.46** | **635.28** | **4931** | **1793** | **6657.34** |

*(Source: JSRRDA, Ranchi)*

The table shows that:

- The State Government did not prepare CNCPL/CUPL of the districts which resulted in non-clearance of proposals of construction of roads by the Ministry of Rural Development during the years 2005-07. Reasons for non-preparation of CNCPL/CUPL were not found on records.
- Against the cleared value of ₹ 2,354.69 crore for approved roads during 2007-10, ₹ 554.87 crore (24 *per cent*) was released by GOI for construction of roads under PMGSY due to slow progress of works and non-preparation of CNCPL/CUPL of the districts.
- Against a target of 1,957 rural roads to be constructed during 2005-10, only 164 (eight *per cent*) roads were completed.

[12] Bokaro, Chaibasa, Daltonganj, Deoghar, Dumka, Giridih and Gumla.

[13] Calculated at the rate of two *per cent* of the contract price on the basis of cases.

- Against a target of 5,427 habitations to be connected during 2007-10, only 496 habitations (nine *per cent*) were connected.

Scrutiny of CNCPL and the progress report of PMGSY of 10 test-checked PIUs in eight districts revealed that against a target of 448 roads to be constructed to cover population of more than 1,000 each, only 351 roads were taken up for construction as of March 2010. Similarly, against a target of 960 roads to cover population of 500 and above each, only 126 roads were taken up for construction. Details are given in **Table -4**.

**Table-4: Target and achievement of construction of roads in test-checked PIUs**

| Name of districts | No. of roads to cover habitations of | | Roads taken up for construction | | Roads remaining to be taken up (percentage shown in bracket) | |
|---|---|---|---|---|---|---|
| | 1000+ | 500+ | 1000+ | 500+ | 1000+ | 500+ |
| Bokaro | 99 | 85 | 90 | - | 09 | 85 |
| Daltonganj | 119 | 102 | 78 | - | 41 | 102 |
| Deoghar | 42 | 149 | 33 | 05 | 09 | 144 |
| Dumka | 22 | 174 | 04 | 13 | 18 | 161 |
| Giridih | 110 | 148 | 103 | - | 07 | 148 |
| Gumla | 20 | 120 | 10 | 23 | 10 | 97 |
| Ranchi | 31 | 103 | 30 | 24 | 01 | 79 |
| West Singhbhum (Chaibasa and Chakradharpur) | 05 | 79 | 03 | 61 | 02 | 18 |
| **Total** | **448** | **960** | **351** | **126** | **97 (21)** | **834 (87)** |

*(Source: Data provided by test-checked PIUs)*

The above table shows that the test-checked PIUs were lagging far behind the target to provide connectivity to targeted habitations by the Tenth Plan Period (2007) as envisaged in the guidelines of PMGSY.

Phase-wise projects for construction of roads approved by NRRDA and achievement thereagainst are shown in ***Appendix-1.5***, which reveal that only 58 *per cent* of the roads were constructed in 2007-08.

### *1.1.8.2 Non-organisation of Transect Walks*

As per para 8.4 of the PMGSY guidelines, each PIU, in consultation with the local community through the mechanism of the *Gram Panchayat*, was to sort out issues of most suitable alignment, availability of land including forest land and adverse social and environmental impact. For this purpose, each PIU was to organise informal Transect Walks[14] for each project. At the end of each walk, the alignment was to be finalised after recording the issues that arose during the walk and the action taken to resolve the issues. This was to be recorded in a document by the Secretary of the concerned *Panchayat* and countersigned by the *Panch/Pradhan*. A copy of this document was to be attached to the finalised Detailed Project Report (DPR)[15].

[14] Walk with community members/stake holders for sorting out the issues of land, adverse social and environmental impact.

[15] As per Rule 112 of Jharkhand P.W.D. Code, DPR contains matters listed under (a) Report (b) Specification (c) Estimates (with calculation) (d) Analysis of rates and (e) Drawings.

Scrutiny of DPRs of test-checked PIUs revealed that no such documents were attached in the DPRs relating to the Transect Walks, pointing to the fact that such Transect Walks had most probably not been organised.

### *1.1.8.3 Award of work without inviting competitive bidding*

**Work allotted to consulting agencies for preparation of DPRs without ensuring competitive bidding**

Each PIU was to prepare a Detailed Project Report (DPR) for each proposed road work in accordance with the Rural Road Manual and instructions issued by the Government from time to time. Rule 158 of the Jharkhand Public Works Account Code and orders issued thereunder, prescribed that the tenders must be obtained for all works above ₹ 50,000. Further, as per Section 66, read with Section 65 (41) and 67 of the Finance Act, 1994, GOI as amended from time to time, engineering consultation services provided by a consulting engineer were to be charged service tax at the rate applicable at that time. As per Rule 78 read with Rule 64 of Jharkhand Public Works Account Code, all payments which officers authorised to draw cheques have to make, were to be, as far as possible, made by cheques.

Scrutiny of records of all test-checked PIUs revealed that ₹ 3.32 crore was released by JSRRDA for preparation of DPRs of the proposed roads during 2005-10. As soon as the funds were received, the EEs, without inviting tender for competitive bidding awarded the work to consulting agencies for preparation of DPRs.

Scrutiny of the vouchers revealed that the consulting agencies engaged were not registered with the Central Excise and Service Tax Department, GOI. The cash memos/bills did not have printed serial numbers and payments were made to those firms in cash by the JEs/ AEs instead of by cheques. This created doubt about the genuineness of vouchers.

Non-adherence to the codal provision of ensuring competitive bidding and engagement of unregistered firms in violation of the norms prescribed resulted in loss of revenue of ₹ 35 lakh in the form of service tax leviable on expenditure of ₹ 2.81 crore at the rate of 12.36 *per cent*.

### *1.1.8.4 Irregularities in tendering process*

As per the orders of the Rural Development Department, works were not to be given to debarred/blacklisted contractors and single bidder participation in tendering process was to be rejected and fresh tenders were to be invited.

- Out of 10 test-checked PIUs it was observed in PIU, Daltonganj that under phase V, three packages[16] of road works worth ₹ 12.27 crore were awarded (March and April 2008) to contractors who were debarred (5 October 2006) by the order[17] of CE, JSRRDA, Ranchi. The works were awarded to the contractors in violation of the orders of the department.
- Perusal of the comparative statement of technical bids revealed that two contractors[18] participated (November 2006) in the technical bid of Package No. JH 1701 Phase IV for ₹ 4.81 crore. Out of these two, one contractor

[16] JH 1702 for ₹ 4.10 crore to M/s Abhay Enterprises, JH 1704 for ₹ 3.00 crore to M/s Chandi Enterprises and JH 1706 for ₹ 5.17 crore to M/s Kalawati Construction.

[17] Letter No. 8808 dated 05.10.06 of Rural Development Department, Government of Jharkhand.

[18] M/s Abhay Enterprises and M/s Arbind Construction.

(M/s Abhay Enterprises) had not only been debarred vide the CE's order (5 October 2006) but had also failed to deposit the earnest money and other documents. Thus, there was only one contractor whose bid was to be considered. Despite this, the single bid was accepted and the work for ₹ 4.81 crore was irregularly awarded to the, single bidder without inviting fresh tenders in violation of the departments order.

### *1.1.8.5 Changes in specifications without approval of NRRDA*

According to paragraph 11.1 of the PMGSY guidelines, all the projects scrutinised by the State Technical Agency (STA) and cleared by the Ministry were to be tendered as such and no changes were to be made in the work, without the prior approval of the National Rural Road Development Agency (NRRDA).

Construction of two road works[19] was technically sanctioned (September 2006) by the CE, JSRRDA, Ranchi for ₹ 3.75 crore and works were awarded (November 2006) to a contractor (M/s Adarsh Construction, Palamu) for ₹ 3.32 crore. Scrutiny of the records of PIU, Gumla revealed that the DPR of these roads was subsequently revised due to major changes in specifications and technical sanction was accorded (August 2007) for ₹ 4.19 crore without prior approval of NRRDA. It was also observed that after paying the contractor ₹ 3.15 crore, the work was foreclosed[20], resulting in infructuous expenditure. This was a clear violation of the provisions of the guidelines which mandated prior approval of NRRDA in cases of any changes in specifications.

### *1.1.8.6 Misappropriation/fraudulent payment/doubtful execution of works*

The Government of Jharkhand passed a resolution in March 2002, whereby contractors engaged in road works could procure bitumen from Government oil companies directly. On award of work, the EE of the concerned division was to issue an authority letter to the oil company, specifying the name of the contractor, the name of the work and the required quantity and quality/specification of bitumen. The oil company was to sell bitumen to the contractor against the authority letter, under intimation to the concerned division. The contractor was required to intimate the EE about the receipt of bitumen within 48 hours and submit documentary proof of carriage of bitumen from the oil company to the work site. As soon as the bitumen was brought to the work site, the EE or his authorized representative JE/AE was to conduct physical verification of the bitumen to verify the quantity, quality and specification *vis-à-vis* the invoice submitted by the contractor as proof of purchase of bitumen and submit a report. Audit scrutiny revealed that the Indian Oil Corporation (IOC) used TDM/SAP for raising invoices which did not allow generation of more than one invoice bearing the same alphanumerical code of 15 characters. IOC raised invoices in triplicate as per Sub Rule 3 under Rule 11 of Central Excise Rule, 2002 *viz*. (i) original for

[19] Amba Toli to Sikri *via* Pagura Road (length 6 km) and REO Road Natwal to Dina *via* Kategam (length 8 km) of Package No. JH 1001 phase IV.

[20] Vide letter No. JSRRDA-306/08/1412 (Encl) dated 03.04.2010.

buyer, (ii) duplicate for transporter and (iii) triplicate for assessee. The crossed/reprint copies of invoices issued by the oil company were spare copies of invoices and not meant for customers for claiming payment.

The following irregularities were noticed in the test-checked PIUs:

**An amount of ₹ 1.07 crore was misappropriated as cost of bitumen**

(a) **Test check of records of six[21] out of 10 PIUs showed that five contractors submitted 43 invoices in support of purchase of 408.451 MT of bitumen for construction of seven packages[22] of road works, of which 34 invoices were found to be fake as stated by the oil company resulting in misappropriation of ₹ 85.64 lakh. In respect of the remaining nine invoices, ₹ 21.51 lakh was paid to the agencies fraudulently where bitumen was actually obtained either after completion of the work or two copies of the same invoice were produced to justify the purchase of required quantity or the original copy was produced in one work and the crossed (extra) copy in another work. Thus, a total of ₹ 1.07 crore was misappropriated as detailed in Table 5.**

**Table-5: Fake invoices submitted by contractors**

| Sl. No. | Name of PIU | Phase No. | Package No. | Name of Agency | No. of invoices | Quantity of bitumen (in MT) | Amount (₹ in lakh) | Remarks |
|---|---|---|---|---|---|---|---|---|
| 1 | Gumla | V | JH 1002 | Ganga Construction | 08 | 72.000 | 23.55 | Invoices bearing a particular alphanumeric code of 15 characters[23], which were not found in proper form of invoices issued by the oil company. During cross verification of these invoices, the concerned depot of the oil company stated that these invoices were not issued by them as per their record. |
| 2 | Daltonganj | V | JH 1707 | -do- | 08 | 72.616 | 20.13 | |
| 3 | Ranchi | IV | JH 1802 | -do- | 17 | 154.309 | 40.33 | |
| 4 | Deoghar | III | JH 0304 | Bhupendra Engineering Const. Pvt. Ltd. | 01 | 9.077 | 1.63 | |
| 5 | Deoghar | III | JH 0304 | Bhupendra Engineering Const. Pvt. Ltd. | 3 | 27.144 | 6.70 | Invoices were found issued by the oil company after execution of work |
| 6 | Chakradharpur | III | JH 2204 | Girish Kumar Singh | 02 | 35.995 | 6.28 | Crossed and original invoices utilised in the same work |
| 7 | Giridih | III | JH 0803 | Surendra Pd. & Co. | 02 | 16.590 | 3.41 | Original invoices shown in one work and crossed copy in another work |
| 8 | Giridih | IV | JH 0802 | M/s Ano Bridge Const. | 02 | 20.720 | 5.12 | Invoices pertaining to another work were shown in this work |
| **Total** | | | | | **43** | **408.451** | **107.15** | |

*(Source: Data provided by test-checked PIUs)*

[21] Chakradharpur, Daltonganj, Deoghar, Gumla, Giridih and Ranchi.

[22] Seven Packages- Chakradharpur- JH 2204 Phase III, Daltonganj- JH 1707 Phase V, Deoghar-JH 0304 Phase III, Giridih- JH 0803 Phase III, JH 0802 Phase IV, Gumla- JH 1002 Phase V, Ranchi JH 1802 Phase IV.

[23] First four digits denote financial year, the next four digits denote location code, alphabet 'B' stands for sales invoice and the last six digits denote the specific unique number.

**Rupees 2.33 crore was paid to contractors against submission of inadmissible invoices**

**(b) Scrutiny of records of six[24] out of 10 PIUs revealed that 11 contractors submitted 76 invoices which were either crossed/reprints/ duplicates for transporter copies against procurement of 963.524 MT of bitumen shown to have been utilised in 14 packages of road works. Submission of crossed/reprinted/duplicates for transporter copies did not authenticate the actual procurement of bitumen from the oil company because these were spare copies. The divisions failed to exercise the basic checks and allowed payment against inadmissible invoices, which resulted in fraudulent payment of ₹ 2.33 crore as cost of bitumen to the contractors *(Appendix-1.6)*.**

**(c) Scrutiny of the records of four[25] out of 10 PIUs revealed that ₹ 1.54 crore was paid to contractors as cost of 822.17 MT of bitumen without submission of invoices which was mandatory in support of procurement and utilisation of bitumen. Further, it was also observed in audit that eight EEs[26] made payment for bituminous works (20 packages of Phase III to V) to contractors against utilisation of 1,661.981 MT of bitumen in the works in spite of the fact that the contractors submitted invoices of only 1,199.489 MT of bitumen instead of 1,661.981 MT. This resulted in fraudulent payment of ₹ 1.46 crore as cost of bitumen of 462.492 MT (1,661.981-1,199.489) to the contractors which was not supported with the invoices.**

**Thus, ₹ 3 crore (₹ 1.54 crore + ₹ 1.46 crore) was fraudulently paid to the contractors as cost of bitumen without submission of invoices which was mandatory.**

**Further, Audit observed that the arrival of bitumen at the work site was not reported by the contractors to the EEs in all cases stated in paras (a), (b) and (c). It was also observed that neither physical verification nor quality test of bitumen was conducted prior to its utilisation in the works. This raises serious doubts about the actual procurement of bitumen and the quality of works executed. The failure of the divisional officers to carry out the mandated checks resulted in fraudulent payment of ₹ 6.40 crore to the contractors as cost of doubtful procurement of bitumen of 2656.637 MT[27] which had serious implications for the quality of works worth ₹ 110.10 crore.**

**(d) Out of the 10 test-checked PIUs, scrutiny of records of PIU, Daltonganj revealed that an agreement (8 F2/2008-09) for ₹ 1.86 crore was executed (October 2008) for construction of a road from Godarma to Nawgarh (length 6.10 km) under Package No. JH 1708 Phase V with M/s Triveni Construction Co., Daltonganj with date of commencement of work as 1 October 2008 and due date of completion as September 2009. Audit scrutiny of the measurement**

[24] Bokaro, Chaibasa, Chakradharpur, Dumka, Deoghar and Giridih.

[25] Chaibasa, Daltonganj, Dumka and Gumla.

[26] Bokaro, Chakradharpur, Daltonganj, Deoghar, Dumka, Giridih, Gumla and Ranchi.

[27] Against fake invoices: 408.451 MT of ₹ 1.07 crore, against crossed/reprint/duplicate invoices: 963.524 MT of ₹ 2.33 crore and without invoices: 1284.662 MT (822.17 MT + 462.492 MT) of ₹ 3 crore.

**book (No. 2964) revealed that ₹ 37.21 lakh was paid to the contractor vide the first on account bill (voucher number 5 dated 25 October 2008) against the works shown to have been executed (13 October 2008); and ₹ 26.09 lakh was paid to the contractor vide the second on account bill (voucher number 2 dated 17 February 2009) against a work shown to have been executed (5 January 2009). As per National Quality Monitor inspection, work of Granular Sub Base (GSB) was not started as on 14 December 2008. Thus, ₹ 63.30 lakh was defalcated by the contractor without actual execution of the work. Neither had any punitive action been initiated against the contractor nor was any departmental action taken against the EE/ AE as of June 2010.**

**Payment of ₹ 63.30 lakh without actual execution of the work**

**(e) Out of the 10 test-checked PIUs, scrutiny of the records of PIU, Bokaro revealed that five roads under Package No. JH 0107 Phase VI were awarded (February 2009) to M/s D. D. Construction, for ₹ 4.82 crore including maintenance of roads for five years. Of these, one road Gangjori More to Baramasia (length 2.60 km) was to be constructed to provide connectivity to habitants of Barmasia village at an estimated cost of ₹ 79.39 lakh.**

**Rupees 68.69 lakh was fraudulently paid against execution of a road already constructed from the State funds**

**Further scrutiny of the MB and other relevant records revealed that ₹ 68.69 lakh was paid to the contractor against execution of the road. Cross-verification with records of '2515-Repair and Maintenance' (State sponsored scheme) of PIU, Bokaro revealed that the said road had already been executed (March 2008) from the State funds. Thus, ₹ 68.69 lakh was misappropriated with the connivance of the PIU officials. It also indicated that the DPR and estimates were prepared without actual field verification of the site.**

**(f) Scrutiny of the records of CNCPL, West Singhbhum revealed that the road 'Naitola to Mundasai' (seven km) was proposed for construction to provide connectivity to the habitants of 'Pichua' village. Further scrutiny revealed that the targeted habitation was already connected under package No. 2206 of phase IV by constructing the road from 'REO Road to Pichua'.**

**Scrutiny of the Measurement Book revealed that ₹ 1.44 crore was paid to the contractor against construction of the road from Naitola to Mundasai. However, it was observed during joint field inspection (June 2010) by the Audit party and officials of PIU, Chaibasa that a stretch of road (one km approximately), intersecting the railway track was not constructed though the contractor was paid ₹ 27.21 lakh for this stretch in connivance with the officials of the PIU fraudulently. Further, REO Road to Pichua was not found in CNCPL although it was constructed under PMGSY, violating the criteria fixed to take up the work. The existence of two habitations namely Naitola and Mundasai were also not found alongside the constructed road during the joint field verification.**

### 1.1.8.7 Irregular grant of equipment advance and non-recovery of mobilisation advance

According to paragraphs 45.1 and 45.2 of the Standard Bidding Document (SBD) of PMGSY, the employer was to make advance payment in the shape of mobilisation advance upto five *per cent* of the contract price and equipment advance upto 90 *per cent* of the cost of the new equipment brought to the site, subject to maximum of 10 *per cent* of the contract price against submission of an unconditional bank guarantee (BG) which would remain in force till recovery of the advance. The contractor was to demonstrate to the Engineer that the advances had been used for purchase of equipment and mobilisation of work.

Out of the 10 test-checked PIUs, records of PIU, Chaibasa revealed (June 2010) that three agreements for ₹ 8.50 crore were made for construction of road works (under three packages[28]) with three contractors. Rupees 1.26 crore was advanced (between November 2004 and March 2005) to the contractors as mobilisation advance of ₹ 42 lakh and equipment/machinery advance of ₹ 84 lakh against submission of BG. Out of ₹ 1.26 crore, ₹ 13.36 lakh[29] was not recovered from the contractor as of June 2010 and the BG submitted against the mobilisation advances had already lapsed. Further scrutiny of records revealed that equipment advance of ₹ 84 lakh was irregular and constituted undue aid to the contractors as no documents or invoices were found on record to demonstrate that the advance made against equipment was utilised for purchase of new equipment. Thus, the EE failed to get the BG revalidated and recuperate the advance of ₹ 13.36 lakh.

### 1.1.8.8 Extra cost of bitumen

In case of increase of cost of bitumen, the extra cost of bitumen was payable to contractor if work was executed as per work programme submitted by a contractor and procurement of bitumen was also supported with the invoices of bitumen.

Out of the 10 test-checked PIUs, records of three PIUs[30] revealed (June and July 2010) that six agreements were entered into with five contractors for ₹ 13.51 crore for execution of road works of six packages[31]. Rupees 31.72 lakh was paid to the contractors as extra cost of bitumen against 545.352 MT at the rate of ₹ 5817 per MT shown to have been utilised in the works. However, the works were neither executed as per the work programme nor were the invoices of bitumen submitted by the contractors as proof of procurement. Thus, payment of the extra cost of ₹ 31.72 lakh was irregular. The EE, RWD, Chaibasa replied (June 2010) that recovery would be made accordingly.

### 1.1.8.9 Excess length of roads constructed

CNCPLs/CUPLs for each block and district were prepared in the year 2006 after thorough site verification with details of roads and habitations to be

[28] Package No. JH 2201, 2202 and 2203 of Phase III.

[29] ₹ 2.26 lakh of Package No. JH 2201 and ₹ 11.10 lakh of Package No. 2203.

[30] Chaibasa, Chakradharpur and Ranchi.

[31] Chaibasa- JH 2202 Phase III, JH 2203 Phase III, Chakradharpur- JH 2204 Phase III, JH 2205 Phase III, Ranchi- JH 1804 Phase III, JH 1806 Phase III.

connected under PMGSY. These CNCPLs/CUPLs were duly verified by STA, vetted by SLSC and approved by NRRDA.

**Excess length of road of 261.31 km worth ₹ 79.14 crore was constructed against the length of roads planned in CNCPL**

Scrutiny of records of nine[32] out of 10 test-checked PIUs revealed that roads having length of 993.27 km were shown as constructed against 731.96 km length depicted in the approved CNCPL, which indicated possibility of misappropriation of ₹ 79.14 crore paid against execution of excess length of 261.31 km ***(Appendix-1.7)***. The Secretary assured that corrective measures would be taken.

### *1.1.8.10 Non-realisation of liquidated damages*

**Rupees 13.51 crore was not recovered as liquidated damages from the contractors who failed to complete the works within the stipulated time**

According to the conditions of contracts, a contractor should pay liquidated damages to the employer at the rate of one *per cent* per week subject to a maximum 10 *per cent* of the initial contract price if the contractor failed to complete the work within the stipulated period. The employer could deduct liquidated damages from the payments due to the contractor.

Scrutiny of records of seven[33] out of 10 test-checked PIUs revealed that liquidated damages of ₹ 0.98 crore only were recovered against ₹ 14.49 crore due to non-completion of 50 packages of road works within the stipulated period. The EE failed to invoke the clauses of the contract and recover the liquidated damages of ₹ 13.51 crore from the contractors ***(Appendix-1.8)***.

### *1.1.8.11 Payment without approval of competent authority*

Out of the 10 test-checked PIUs, in PIU, Daltonganj (Palamu) it was seen (May 2010) that tenders were invited on approved BOQ value of ₹ 1.66 crore for construction of part of the road from Sigsigi to Laherbanjari (Pandpura) under package no. JH 1702 Phase IV in which two bidders participated. However, the tenders were rejected without assigning any reason. The work was re-tendered (13 July 2006) at an enhanced rate of ₹ 1.88 crore due to cost escalation. The work was awarded (October 2006) to M/s Arbind Construction, Daltonganj for ₹ 1.77 crore without approval of rates by the Chief Engineer (CE). However, the agreement of ₹ 1.77 crore was executed (October 2006) by the EE and ₹ 1.77 crore was paid to the contractor against the work executed.

Thus, rejection of the first tender without assigning any reason and increase of the rate without approval by the competent authority resulted in irregular and unauthorised payment of ₹ 1.77 crore to the contractor.

### *1.1.8.12 Unfruitful expenditure*

According to the Forest (Conservation) Act, 1980 and the guidelines issued (January and April 2005) by the Ministry of Environment and Forest (MoEF), GOI, upgradation of *kutchha* roads to blacktopped/ tarred roads in forest areas required prior environment clearance and in case of new construction, prior permission of GOI was necessary. The Jharkhand Public Works Accounts

[32] Bokaro, Chakradharpur, Chaibasa, Daltonganj, Deoghar, Dumka, Giridih, Gumla and Ranchi.

[33] Bokaro, Chaibasa, Daltanganj, Deoghar, Dumka, Giridih and Gumla.

(JPWA) Code[34] provided that acquisition of land in forest areas must be settled before preparation of estimates of the works. Further, as per paragraph 4.8.2 of the Indian Road Congress Specifications of November 2008, roads constructed upto Water Bound Macadam (WBM) level not covered by bituminous layer were not fit for movement of traffic.

- Scrutiny of records of JSRRDA revealed that 30 road works were not completed as of March 2010 due to non-clearance of forest lands, non-execution of work after WBM level, rescinding of works etc even after lapse of more than five years and incurring expenditure of ₹ 34.01 crore as detailed in ***Appendix 1.9***. Thus, expenditure of ₹ 34.01 crore was proved to be unfruitful.
- Scrutiny (April to July 2010) of records of six[35] out of 10 test-checked PIUs revealed that EEs executed 10 agreements for construction of road works of 10 packages[36] of Phase IV and V under PMGSY for ₹ 30.28 crore. The works were scheduled to be completed between October 2007 and November 2009. After incurring an expenditure of ₹ 16.26 crore upto the WBM level, the works were left incomplete as of March 2010 which resulted in unfruitful expenditure of ₹ 16.26 crore as shown in ***Appendix-1.10***. No steps were taken by the department to get the works completed. No action was taken against the erring contractors.
- Scrutiny of records of four[37] out of the 10 test-checked PIUs revealed that five agreements for ₹ 15.73 crore were executed for construction of road works of five packages[38], which were scheduled to be completed between June 2005 and July 2009. After incurring expenditure of ₹ 5.58 crore, the works were left midway due to various reasons such as non-clearance of forest land, lands owned by railways, land disputes and lackadaisical attitude of the PIUs. This resulted in unfruitful expenditure of ₹ 5.58 crore.

### *1.1.8.13 Considerable delay in execution of works*

**Sixty one packages remained incomplete or were completed after considerable delays**

As per paragraph 13.1 of the PMGSY guidelines, the projects were to be executed by the PIUs and completed within a period of nine months from the date of issue of the work orders. In case the period for execution was likely to be adversely affected by the monsoon or a package comprised more than one road work, the total time given for completion of these roads was not to exceed 12 calendar months.

Scrutiny of records of selected PIUs revealed that 61 out of 67 packages taken up for ₹ 141.01 crore under Phase III to V remained incomplete or were completed after considerable delays as detailed in **Table 6**.

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[34] Annexure 'A'- Cabinet Secretariat and Co-ordination Department (Vigilance Cell resolution No. 948 dated 16 July 1986, Para 4.5 and 6.3).

[35] Bokaro, Chaibasa, Daltonganj, Dumka, Giridih and Gumla .

[36] Bokaro- JH 0106 Phase V, JH 0111 Phase V & JH 0115 Phase V, Chaibasa- JH 2206 Phase IV, Daltonganj- JH 1704 Phase V & JH 1702 Phase V, Dumka- JH 0501 Phase V & JH 0502 Phase V, Gumla- JH 1004 Phase V, and Giridih- JH 0814 Phase V.

[37] Daltonganj, Deoghar, Giridih and Ranchi.

[38] Daltonganj-JH 1705 Phase III, Deoghar- JH 0305 Phase IV, JH 0303 Phase V, Giridih- JH 0802 Phase V and Ranchi- JH 1807 Phase V.

**Table-6: Delay in execution of works beyond stipulated date**

| Total number of packages not completed during stipulated time | Delay in completion of packages | | |
|---|---|---|---|
| | Less than 12months | More than 12 months but less than 24 months | More than 24 months |
| 61 | 40 | 17 | 04 |

*(Source: Information from test checked PIUs)*

Lack of proper monitoring by EEs, and Junior Engineers, non-organising of Transect Walks by Assistant Engineers with stakeholders and failure to take action against the defaulting contractors were the main reasons for the inordinate delays in the execution of these works.

### *1.1.8.14 Failure to provide culverts/bridges deprived habitations to all-weather connectivity*

**Unfruitful expenditure of ₹ 96.11 crore was incurred on 86 road works without bridges which resulted in failure to provide all-weather connectivity to targeted habitations**

According to paragraph 8.5 (v) of the guidelines, the PIUs were to ensure proper embankment/drainage, cause-ways, culverts and bridges, where necessary, to provide all-weather connectivity to targeted habitations.

Scrutiny of records of eight[39] out of the 10 test-checked PIUs revealed that 86 road works were constructed under PMGSY during Phases II to VII after incurring an expenditure of ₹ 96.11 crore without providing culverts/bridges of different spans ranging between one and 420 metres though already planned in DPRs as detailed in ***Appendix-1.11***. Thus, the very spirit of the scheme was defeated because these roads were unable to provide all-weather connectivity to the targeted habitations even after an expenditure of ₹ 96.11 crore was incurred.



*(Unbridged gap- NH23 Holy Cross School to Dharampura, Bokaro-Road was constructed but it failed to provide all-weather connectivity because of unbridged gap)*

## 1.1.9 Maintenance funds of PMGSY

According to paragraph 17.2 of the PMGSY guidelines, all PMGSY roads were to be covered with five years of maintenance contracts to be entered into along with the construction contracts of the roads with the same contractors as per the Standard Bidding Document. Maintenance funds to service the contracts were to be budgeted by the State Government and placed at the disposal of SRRDA in a separate maintenance account.

[39] Bokaro, Chakradharpur, Daltonganj, Deoghar, Dumka, Giridih, Gumla and Ranchi.

According to the condition of the contract, the contractor was required to follow norms as given below for routine maintenance of works:

(a) The contractor was to submit to the Engineer, a bill every month for the routine maintenance of the road from the date the maintenance period started which was to be supported with a copy of the record of contractor's monthly inspection and other instructions received from the Engineer.

(b) The payment was to be made six monthly for the monthly bills received during the previous six months.

(c) If the bill for a month was not received from the contractor by the 10th day of the succeeding month or/and if the Engineer had not certified that the contractor had carried out the maintenance work for defects brought to his notice within the specified period, no payment was to be made to the contractor for that month.

(d) If the contractor failed to carry out the maintenance within the period specified by the Engineer, no payment of any kind was due to the contractor for that month.

- Scrutiny of records of JSRRDA, Ranchi revealed that ₹ 50 lakh was released by the State Government for this purpose in the year 2007-08. Out of this amount, ₹ 10.70 lakh was released in the year 2009-10 to three PIUs[40] by JSRRDA and ₹ 42.39 lakh was lying unutilised, including ₹ 3.09 lakh earned as interest on available funds as of May 2010. Further, scrutiny of records of the test-checked PIUs revealed that agreements for construction of roads under PMGSY alongwith its maintenance were being executed by the EEs but the EEs failed to fulfill the contractual obligations for maintenance of these roads due to non-release of funds by State/JSRRDA.



*(Damaged and deteriorating condition of Nawadih to Bondiya road in Deoghar district (left) and Galgal Tand to Amdiha road in Bokaro district (right) due to non-maintenance of roads)*

- **Out of the 10 test-checked PIUs, scrutiny of records of PIU, Ranchi revealed that two agreements[41] of ₹ 26.06 lakh for routine maintenance of roads of two packages were executed (January 2009). The execution of repairing works for the years (2006-2009) was reflected in MB in the month of September 2009 only and ₹ 9.66 lakh was paid to the contractor. As measurement of the repairing works of three years (2006-09) done in a particular month (Sept 2009), without following**

[40] Jamshedpur-₹ 0.86 lakh, Godda-₹ 0.65 lakh and Ranchi-₹ 9.19 lakh.

[41] Agreement nos. JH 0105 (s) of 2008-09 for ₹ 12.82 lakh and JH 0104(s) of 2008-09 for ₹ 13.24 lakh. Pkg nos. JH 1804 and JH 1806 of Phase III.

**the provision of SBD for taking regular measurements created doubt about the actual execution of repairing works. Thus, the possibility of misappropriation of ₹ 9.66 lakh could not be ruled out.**

### 1.1.10 Other interesting points

Audit also observed the following:

- As per the guidelines, the State Government was to plant fruit-bearing and other suitable trees on both sides of the roads at its own cost, but the State Government failed to provide any funds for this purpose, which resulted in non-plantation of trees.
- The NRDDA was to provide 100 *per cent* assistance for independent studies of impact of new rural connectivity provided under PMGSY. No impact assessment of new rural road connectivity provided under PMGSY was conducted by any independent agency in the State.
- As per condition of the contract (para 58.1 of the SBD), photographs of the commencement, midway progress and completion of work were to be taken by the contractor and handed over to the PIU for further reference. Audit scrutiny of test-checked PIUs revealed that no such photographs were found on record and the EEs failed to enforce the clause of the contract.

### 1.1.11 Monitoring and Evaluation

#### *1.1.11.1 Monitoring*

The State Level Standing Committee (SLSC) was responsible for overall monitoring of implementation of the programme in the State. However, it held only one meeting (July 2008) during 2005-10. To monitor the progress and exercise vigilance of works, District Vigilance and Monitoring Committees (DVMC) were to be set up by Ministry, GOI. However, no records were found in the PIUs showing the monitoring of PMGSY by DVMCs. Settlement of final bills with the contractor was one of the parameters of monitoring the successful execution of works. Records of PIUs revealed that 61 packages were not finalised without any recorded reason. At the JSRRDA level, internal auditors were not appointed to check the correctness of transactions.

#### *1.1.11.2 Quality control*

PMGSY had a three-tier quality control mechanism. The first tier was the PIUs/EEs, the second tier was the State Quality Monitor (SQM) and the third tier was the National Quality Monitor (NQM). The State Government was to appoint a State Quality Co-ordinator (SQC) at the State level who was to ensure that the works would be inspected at least in three stages and was to submit action taken report to the NQM/SQM. All works rated 'Unsatisfactory' were to be re-inspected by NQM or SQM after rectification reports were received from the SQC.

- Scrutiny of records of SQC/JSRRDA revealed that 821 roads were inspected by the NQM and SQM, of which 210 (26 *per cent*) and 230 (34 *per cent*) roads were reported 'Unsatisfactory' by NQM and SQM

respectively. No Action Taken Report was submitted by SQC against 73 out of 210 roads reported 'Unsatisfactory' by NQM and 191 out of 230 roads reported 'Unsatisfactory' by SQM.

- Perusal of the records of JSRRDA revealed that 246 roads were completed during 2005-10, of which 79 roads valued ₹ 82.81 crore were neither inspected by the NQM nor by SQM. Hence, quality of these roads was not verified by second and third tier of Quality Control Monitors. Thus, the construction of inferior quality of these roads could not be ruled out.

### 1.1.12 Conclusion

The primary objective of Pradhan Mantri Gram Sadak Yojana of providing connectivity by way of all-weather roads to all unconnected habitations by the end of the Tenth Plan Period (2007) remained unachieved as only 496 (nine *per cent*) habitations out of 5,427 targeted were connected during 2005-10. Transect walks were not arranged to resolve disputes. Roads were not constructed as per the priorities fixed. The bridges in the roads were also not constructed to provide connectivity from one end to the other. The quality of roads was compromised due to non-rectification of defects reported by National Quality Monitor/State Quality Monitor as well as doubtful procurement of bitumen through submitting of fake/cross/duplicate copies of invoices by contractors. Government money was defalcated without actual procurement of bitumen as well as actual execution of work by making false entries in the measurement books. Contractors were favoured in realisation of liquidated damages, grant of mobilization advances and equipment advances. No efforts were made to encash the amount of bank guarantees submitted by the contractors and bank guarantees were allowed to lapse. No roads were covered with insurance during their construction period. Roads were not maintained due to non-release of funds by Jharkhand State Rural Road Development Agency/State Government despite availability of funds. The State Government was required to get the impact assessment of the scheme done by an independent agency but no such assessment was carried out by any agency. In the exit conference, the Secretary assured (October 2010) that corrective measures would be taken where necessary in accordance with the rules and procedures.

### 1.1.13 Recommendations

- Priority list of CNCPL should strictly be adhered to and delay in execution of works should be arrested.
- Concrete steps should be taken to adhere to the scheduled dates of completion of works and providing connectivity to the targeted habitations.
- Budgetary provision of funds for routine maintenance should be made by the State Government and funds should be released accordingly.
- Road works should be covered with insurance during construction and it should be ensured that the bank guarantees submitted by the contractors are revalidated in time.

- Lacunae in the existing system for the procurement of bitumen and its utilisation in the road works should be identified and the loopholes plugged.
- Quality assurance of construction of roads should be ensured.
- The State Level Standing Committee should meet annually to monitor the implementation and the progress of the scheme.

# Health, Medical Education And Family Welfare Department

## 1.2 Working of Rajendra Institute of Medical Sciences, Ranchi

*Highlights*

***The Rajendra Institute of Medical Sciences (RIMS) was set up in 2002 by the State Government. It was conceived as a centre of excellence in the areas of medical research and medical education while serving as a hospital for specialised medical services. Under the Pradhan Mantri Swasthya Suraksha Yojana (PMSSY), a national project initiated in the year 2004 by GOI, RIMS was also selected for upgradation as a super-speciality hospital with an outlay of ₹ 120 crore, by March 2010. Performance audit of the working of RIMS revealed that it failed to achieve any of the objectives for which it was set up. Major targets like creation of a dental college, establishment of super-speciality departments and upgradation of existing departments under PMSSY were not achieved. The quality of service delivery to patients was unsatisfactory.***

**During 2005-10, unspent balances under the Plan head ranged between 36 and 84 *per cent* and under the Non-Plan head, between seven and 61 *per cent*. Under PMSSY, 100 *per cent* funds remained unutilised.**

***[Paragraph 1.2.7.1]***

**Shortage of ₹ 1,23,681 remained unaccounted for in the cash book for which no voucher could be produced, which was indicative of defalcation.**

***[Paragraph 1.2.7.4]***

**The cashier of RIMS did not account for ₹ 80.85 lakh in the cash book, which was received from the agency entrusted for collection and deposit of receipts for pathological and radiological tests. This was indicative of defalcation.**

***[Paragraph 1.2.7.9]***

**In four batches from 2006 to 2009, 729 students were admitted under 24 different paramedical courses without obtaining affiliation from any university leading to uncertainty over the future of the students.**

***[Paragraph 1.2.8.3]***

**Though creation of a dental college was envisaged in the RIMS Act, it could not be established even after incurring expenditure of ₹ 6.80 crore and expiry of over four years from the first allotment of funds by the State Government.**

***[Paragraph 1.2.8.5]***

**The target of establishment of super-speciality departments as well as upgradation Plan of RIMS under PMSSY could not be achieved despite expenditure of ₹ 30.97 crore on civil works and equipment by GOI.**

***[Paragraph 1.2.9]***

**Outdoor patient departments were not fully equipped to cater to the needs of large numbers of patients and the number of essential medicines**

**actually purchased with respect to the requirement ranged between 24 and 33 *per cent* during 2005-10.**

***[Paragraphs 1.2.10.1 and 1.2.10.4]***

**Non-maintenance of proper medical records resulted in failure to ensure proper patient care.**

***[Paragraph 1.2.10.2]***

**The drug testing mechanism was inadequate. During 2006-07, 20,000 vials of Ceftriaxone injection, valuing ₹ 5.22 lakh, declared substandard by the Drug Inspector, were administered to patients.**

***[Paragraph 1.2.10.4]***

**The shortage of doctors/teaching faculty ranged from 44 to 89 *per cent* in different cadres which was bound to impact both the academic and hospital activities significantly.**

***[Paragraph 1.2.11.1]***

**The bed capacity was grossly inadequate and there was overcrowding in wards which forced the patients to lie on the floor in wards/ corridors.**

***[Paragraph 1.2.12.1]***

**There was neither any monitoring and evaluation nor any vigilance mechanism in RIMS.**

***[Paragraphs 1.2.13 and 1.2.14]***

## 1.2.1 Introduction

The Rajendra Institute of Medical Sciences (RIMS), Ranchi was set up by merging the erstwhile Rajendra Medical College and Hospital (established in 1959) with the existing College of Nursing and Nursing School, in 2002 as an autonomous body through an Act[42] of the State Legislature. It was conceived as a centre of excellence with the following objectives as enumerated in the Act:

(i) To achieve high standards in the field of graduate and post-graduate medical education;

(ii) To encourage academic and research activities in the field of medical education and allied subjects;

(iii) To provide better facilities and encouragement for education and training on dentistry;

(iv) To provide quality health services in cost-benefit form, through traditional and state-of-art facilities; and

(v) To attain self-sufficiency in providing services and facilities.

RIMS was housed in a five-storeyed building. The space for teaching as well as central facilities was adequate. The total land available for the college, hospital and all ancillary facilities was 200 acres, of which the built up area for college and hospital building was 16.613 acres. Hostels, residential quarters, mortuary complex, animal house, incinerator, generator facility, canteen, gymnasium, auditorium etc were located on the remaining land.

[42] Rajendra Institute of Medical Sciences (RIMS) Act, 2002.

### 1.2.2 Organisational set-up

The Governing Body (GB) consisting of 13[43] ex-officio members with the Minister of Health, Medical Education and Family Welfare, Jharkhand as Chairman and the Secretary, Health, Medical Education and Family Welfare Department as Vice-Chairman, is responsible for taking decisions on policies relating to the affairs and working of RIMS. The Director, RIMS is the Chief Executive Officer who is assisted by a Deputy Director (Administration), a Superintendent, an Accounts Officer, a Deputy Superintendent and a Medical Officer (Store). The post of Internal Financial Adviser though envisaged in the Act, has been vacant since the inception of RIMS.

### 1.2.3 Audit objectives

The objectives of performance audit were to assess whether:

- the planning process was adequate and in consonance with the objectives of RIMS;
- finances of RIMS were being managed in an effective manner;
- academic, training as well as research activities received the desired emphasis;
- hospital infrastructure was adequate and utilised efficiently and effectively;
- service delivery to patients was adequate; and
- internal control, monitoring and vigilance mechanisms were adequate and effective.

### 1.2.4 Audit criteria

The audit criteria adopted were:

- Objectives for setting up RIMS;
- Norms and instructions of the Medical Council of India;
- Decisions of the Governing Body;
- Training and academic calendars for paramedical, undergraduate and post graduate courses;
- Pradhan Mantri Swasthya Suraksha Yojana (PMSSY) guidelines; and
- Provisions of the Bio-medical Waste (Management & Handling) Rules, 1998.

[43] Minister of Health, Medical Education and Family Welfare, Secretary, Health, Medical Education and Family Welfare, Finance Commissioner, Vice-Chancellor, Ranchi University, Director, AIIMS, New Delhi, Divisional Commissioner, South Chhotanagpur Division, Director, Medical Education, Director, RINPAS, one medical expert nominated by the State Government, one SC/ST representative, Representative of M.P, Ranchi Constituency, Representative of M.L.A, Kanke Constituency and Director, RIMS.

### 1.2.5 Scope and Audit Methodology

A performance audit was conducted between February and July 2010 and the records of the Health, Medical Education and Family Welfare Department, RIMS and civil works executing agencies like the concerned National Rural Employment Programme (NREP) and Building Construction Department (BCD) divisions for the period 2005-10 were examined. Audit was conducted by examining the records, collecting information/data through questionnaires and physical verification.

The audit objectives, criteria and methodology were discussed in the entry conference held in March 2010 with the Secretary, Health, Medical Education and Family Welfare Department. An exit conference was held in October 2010 with the Principal Secretary, Health, Medical Education and Family Welfare Department, wherein audit findings, conclusions and recommendations were discussed. The Principal Secretary assured that appropriate corrective measures would be taken, where necessary, in accordance with the Rules and procedures.

The audit findings are discussed in the succeeding paragraphs.

### 1.2.6 Planning

RIMS received funds from the State Government under Plan and Non-Plan heads as grants-in-aid for which it was required to submit Annual Plans duly approved by the Governing Body. It received Central assistance under PMSSY, initiated by the Government of India (GOI) in 2004, for its upgradation as a super-speciality hospital. PMSSY was to be implemented by March 2010 for which RIMS was to prepare a detailed long term Plan, covering all aspects of procurement/installation etc. Audit scrutiny revealed that:

- RIMS did not formulate any detailed long term Plan for its upgradation under PMSSY though the scheme was to be implemented by March 2010.
- RIMS prepared only Annual Plans showing procurement and civil activities to be undertaken during the financial year and submitted them to the State Government.
- As per Section 12 of the RIMS Act, the GB had the authority for all administrative and financial powers in all matters relating to the functioning of RIMS. Scrutiny of the Annual Plans for 2007-09 revealed that there was ad-hocism in planning in RIMS. It was found that two civil works were approved in the Annual Plan of 2008-09 though the works had already been taken up during 2007-08. Further, it was found that three civil works were approved (2008-09) directly by the Minister, Health, Medical Education and Family Welfare-cum-Chairman, GB on a proposal submitted by the Director/RIMS without it having been considered by the GB.
- The GB considered (August 2004) a proposal of the Health, Medical Education & Family Welfare Department to increase beds at RIMS from 991 to 1,500, but considering the fact that it would take a long time to complete the infrastructure requirements like buildings, equipment, furniture, manpower etc to increase the beds from 991 to 1,500, it directed

(August 2004) the Director, RIMS to develop a detailed plan with budgetary provisions for the same and meanwhile, make arrangements for 150 extra beds from the budget allotment of 2004-05. Subsequently, the GB approved (December 2006) the proposal to increase the bed capacity from 991 to 1,500. In spite of the approval of the GB, the RIMS administration did not include the same in the Annual Plans/budget proposals and failed to arrange for a single extra bed as of May 2010.

## 1.2.7 Financial Management

### *1.2.7.1 Budget, Allotment and Expenditure*

The status of budget proposals submitted by RIMS and approved by the State Government during 2005-10 is given in **Table 1**.

**Table-1 : Statement of Proposed and Approved Budgets**

*(₹ in crore)*

| Year | Proposed budget | Actual budget approved by the State Government | Curtailment | Percentage of curtailment |
|---|---|---|---|---|
| 2005-06 | 32.92 | 11.00 | 21.92 | 67 |
| 2006-07 | 73.05 | 11.00 | 62.05 | 85 |
| 2007-08 | 71.15 | 20.00 | 51.15 | 72 |
| 2008-09 | 81.35 | 13.75 | 67.60 | 83 |
| 2009-10 | 90.32 | 5.00 | 85.32 | 94 |
| **Total** | **348.79** | **60.75** | **288.04** | |

*(Source: Annual Budget proposals of RIMS, sanction of grants by State Government)*

From the above table, it may be seen that curtailment of the Plan size by the State Government ranged between 67 and 94 *per cent* during 2005-10. Scrutiny of records of the Health, Medical Education and Family Welfare Department revealed that the State Government had made an outlay provision of ₹ 75 crore for grant-in aid to RIMS in the Eleventh Five Year Plan 2007-12 and the Annual Plan budgets for RIMS were curtailed according to the outlay provision for RIMS in the State budget. This clearly indicated that the RIMS was preparing unrealistic Plan budgets which had no correlation with the State budget.

**Unspent balances under the Plan head ranged between 36 and 84 *per cent* and between seven and 61 *per cent* under the Non-Plan head during 2005-10**

On the other hand, it was also observed that RIMS was not able to utilise even the curtailed allotment which was only 20 *per cent* of the Plan approved by the GB during 2005-10, as detailed in **Table 2**.

**Table-2: Statement of allotment and expenditure**

*(₹ in crore)*

| Year | Head of accounts | Opening Balance | Allotment | Total funds available | Expenditure | Closing Balance | Closing balance as percentage of total funds available |
|---|---|---|---|---|---|---|---|
| 2005-06 | Plan | 22.47 | 17.00 | 39.47 | 15.44 | 24.03 | 61 |
| | Non-Plan | 13.35 | 58.27 | 71.62 | 27.80 | 43.82 | 61 |
| 2006-07 | Plan | 24.03 | 13.00 | 37.03 | 5.93 | 31.10 | 84 |
| | Non-Plan | 43.82 | 32.05 | 75.87 | 40.87 | 35.00 | 46 |
| 2007-08 | Plan | 31.10 | 20.00 | 51.10 | 21.99 | 29.11 | 57 |
| | Non-Plan | 35.00 | 29.17 | 64.17 | 38.75 | 25.42 | 40 |
| 2008-09 | Plan | 29.11 | 13.75 | 42.86 | 17.36 | 25.50 | 59 |
| | Non-Plan | 25.42 | 44.00 | 69.42 | 52.36 | 17.06 | 25 |

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| 2009-10 | Plan | 25.50 | 5.00 | 30.50 | 19.61 | 10.89 | 36 |
| | Non-Plan | 17.06 | 64.00 | 81.06 | 75.38 | 5.68 | 7 |
| **Total** | **Plan** | **22.47** | **68.75** | **91.22** | **80.33** | **10.89** | **12** |
| | **Non-Plan** | **13.35** | **227.49** | **240.84** | **235.16** | **5.68** | **2** |

*(Source: Data furnished by RIMS)*

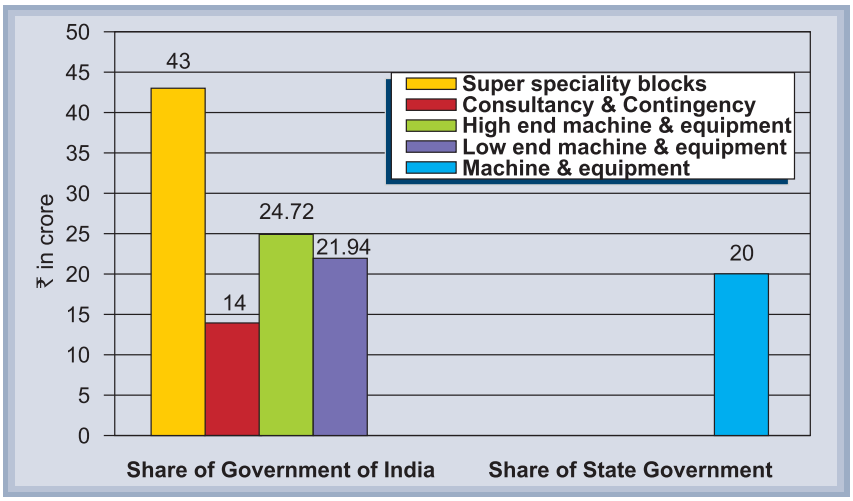
Thus, the closing balance under the Plan head ranged between 36 and 84 *per cent* and under the Non-Plan head between seven and 61 *per cent* during the period 2005-10.

### *1.2.7.2 Funding pattern of PMSSY*

**Under PMSSY, 100 *per cent* funds remained unutilised**

Under PMSSY, 100 *per cent* funds (₹ 20 crore State share and ₹ 8.51 crore Central share received during 2008-09) remained unutilised. PMSSY had a total outlay of ₹ 120 crore with the following break-up:

**Bar chart representing funding patterns for up gradation under PMSSY**




*(Source: Data from RIMS)*

GOI was to provide ₹ 100 crore under the Central share and the deficit of ₹ 3.66 crore was to be met by the State. Out of the Central share, ₹ 57 crore was to be spent on construction of super-speciality blocks by CPWD for which funds were directly released to it by GOI. High end and common equipment (112 categories) were to be directly supplied by GOI through Hindustan Latex Limited (HLL) whereas the responsibility for procurement of low end and uncommon equipment (148 categories) was given to RIMS for which GOI provided (February 2009) ₹ 8.51 crore to RIMS and the State Government allotted (August 2008) ₹ 20 crore, which was drawn from the treasury by RIMS during March 2009. It was observed that RIMS could not utilise the funds allotted to it under the Plan head, which adversely affected its upgradation as discussed in this Report in paragraph 1.2.9.

### *1.2.7.3 Non-preparation of Annual Accounts*

Under Section 22 of the RIMS Act and Rule 22 of the RIMS Rules, 2002, RIMS was required to prepare an Annual Accounts statement along with a balance sheet for every year ended on 31 March, to be audited by the Accountant General. The certified accounts along with the Audit Report thereon were to be submitted by RIMS to the State Government before 30 December every year and the State Government was to lay them before the

Legislative Assembly. It was seen that the Annual Accounts were never prepared since the creation of RIMS in 2002. Thus, the State Legislature and the Government were deprived of the crucial financial data/information of RIMS which could have been utilised for better planning and/or policy decisions, like budget outlays etc. The Government assured that appropriate corrective measures would be taken.

### *1.2.7.4 Deficiency in cash book*

**Shortage of ₹ 1,23,681 remained unaccounted for in the cash book for which no voucher could be produced by RIMS, which was indicative of defalcation**

**The closing balance of the cash book as on 25 November 2003 was ₹ 15,15,74,640. The opening balance in the cash book on the next working day (27 November 2003) was, however, taken as ₹ 13,90,03,338 on the basis of the bank statement. Thus, the cash book on 27 November 2003 was started with a shortage of ₹ 1,25,71,302 which was not reconciled (June 2010). Audit made an attempt to analyse the deficiency and found that the following payments/remittances were not entered in cash book on the payment side: vouchers of ₹ 85,920 for purchase of stores duly passed and entered in the stock register (February 2003), ₹ one crore advanced to Building Construction Division II, Ranchi (September 2003), ₹ 11,43,217, income tax deducted at source from the officials and remitted to the I.T. Department, six remittances amounting to ₹ 11,88,484 into the treasury as per treasury challans and advances to two persons amounting to ₹ 30,000. Thus, even after adjusting the above missing items, an amount of ₹ 1,23,681 remained unaccounted for in the cash book for which no voucher could be produced by the Accounts Section of RIMS, which was indicative of defalcation.**

### *1.2.7.5 Expenditure incurred on inadmissible purposes*

As per the provisions contained in Section 6 (XV) of the Act, RIMS could earn internal receipts in the shape of fees and other receipts, out of which expenditure for development of RIMS could be incurred. It was observed that during 2005-10, the total internal receipts[44] of RIMS was ₹ 8.48 crore, out of which ₹ 2.35 crore was spent on payment to MCI for inspection, salary/daily wages payment to staff and other miscellaneous official purposes etc although no such directions of the State Government were available.

### *1.2.7.6 Excess payment to junior residents (academic)*

The GB adopted (September 2004) the residency scheme on the pattern of the All India Institute of Medical Sciences (AIIMS) for junior residents (academic) in RIMS, which was subsequently approved (October 2004) by the Health, Medical Education and Family Welfare Department. It was, however, noticed that against the monthly emoluments of ₹ 9,400, ₹ 9,725 and ₹ 10,050 plus other allowances for first, second and third year respectively prescribed (September 2004) in AIIMS, RIMS fixed (October 2004) emoluments of ₹ 11,456, ₹ 11,808 and ₹ 12,161 plus other allowances effective from 1 May 2004. Due to wrong fixation of emoluments, there was an excess payment of ₹ 1.30 crore during May 2004 to December 2005. Subsequently, after pay revision, the higher emoluments were regularised with

[44] Internal receipt comprises collection of fees from students, registration fees and fees for pathological and other tests.

effect from 1 January 2006, but no action was taken to recover the excess amount paid up to December 2005. This also involved the risk of the amount becoming irrecoverable since most of these persons might have left RIMS and joined elsewhere after completing their courses at RIMS.

### *1.2.7.7 Non-adjustment of temporary advances*

Temporary advances amounting to ₹ 8.15 lakh were given to 182 officials for various purposes like miscellaneous office expenses, fuel, meeting expenses on MCI inspections etc during March 2004 to February 2010 which remained unadjusted as of May 2010. These advances were given irregularly out of the internal receipts of RIMS. Non-adjustment of temporary advances for long periods was fraught with the risk of misappropriation.

### *1.2.7.8 Inflated utlisation certificates*

RIMS was required to furnish utilisation certificates (UC) to the Government against the grants released, for subsequent sanction of grants by the Government. It was seen that against the total amount of ₹ 91.22 crore available under the State Plan head during 2005-10, UCs for ₹ 80.33 crore were furnished to the State Government. However, test check of civil works being executed by the Works Divisions revealed that the divisions had furnished UCs for the entire advance of ₹ 32.69 crore given to them for execution of civil works during 2005-10, though the value of work done was only ₹ 10.28 crore. Thus, inflated UCs for ₹ 22.41 crore were furnished by the divisions. Subsequently, RIMS also furnished inflated UCs to the State Government without the amounts being actually utilised which was tantamount to misreporting.

**Rupees 80.85 lakh received from the outsourced agency entrusted for collection and deposit of receipts for pathological and radiological tests was not accounted for by the cashier and, thus, defalcated**

### *1.2.7.9 Defalcation of Government money*

**The GB decided (September 2005) to outsource the software and hardware for the centralised cash counter in RIMS for the collection of receipts for various pathological/radiological tests done in the laboratories of RIMS. However, the Director, RIMS issued (January 2006) a work order for manpower also which was not as per the decision of the GB. A Jamshedpur-based firm M/s Infonet Link was selected (October 2005) on the basis of a single tender. The day-to-day collections made by the firm were to be deposited with the Cashier, who was required to deposit the same in the bank account after ensuring proper accounting of the receipts received from the outsourced agency.**

**Audit scrutiny of receipt registers/cash book maintained by the Cashier of RIMS and the statement of the agency showing daily cash deposited with the Cashier duly supported by the receipts of the Cashier between January 2008 and December 2009 revealed the differences between the statements of the Cashier and the agency as detailed in Table 3.**

**Table-3: Difference between the statement of Cashier and the agency- M/s Infonet Link**

*( Amount in ₹)*

| Sl. No. | Period | Cash deposited with the cashier as per the agency M/s Infonet Link | Amount taken in receipt register by the cashier | Differential amount not accounted for |
|---|---|---|---|---|
| 1 | 18-01-2006 to 31-12-2006 | 85,84,674 | 85,77,646 | 7,028 |
| 2 | 01-01-2007 to 31-12-2007 | 1,46,08,247 | 1,13,84,948 | 32,23,299 |
| 3 | 01-01-2008 to 31-12-2008 | 1,55,39,900 | 1,25,80,162 | 29,59,738 |
| 4 | 01-01-2009 to 31-12-2009 | 1,63,96,260 | 1,46,65,569 | 17,30,691 |
| 5 | 01-01-2010 to 31-03-2010 | 46,26,948 | 44,62,688 | 1,64,260 |
| | Total | 5,97,56,029 | 5,16,71,013 | 80,85,016 |

*(Source: Data furnished by RIMS and outsourcing agency)*

**From the above details, it was evident that the Cashier did not account for the receipt of ₹ 80.85 lakh in the receipt register and the cash book. As per the provisions of the Jharkhand Financial Rules, all moneys received by the Cashier should have been accounted for in the receipt register and then into the cash book without delay, which was not done. Thus, the difference between the actual amount deposited by the agency and the receipt accounted for by the Cashier in the receipt register/cash book was likely to have been defalcated. Further, as per the work order issued to the outsourced agency, the agency had to get certificates of satisfactory handling of the cash counter from the Cashier, the Chief Cashier and the Accounts Officer, RIMS before submitting bills. It was, however, seen that the cash handling work was never certified by the Chief Cashier and Accounts Officer, RIMS. Moreover, physical verification of cash was also not conducted by the Director which facilitated the lapse.**

## 1.2.8 Academic and Research activities

RIMS was envisaged as the centre of excellence in the field of medical education and medical research. It was set up with the objective of encouraging academic and research activities in the field of medical education and allied subjects. Audit scrutiny of academic and research activities revealed the following shortcomings:

### *1.2.8.1 Recognition of medical courses*

The MCI, after inspection of RIMS, gives recognition to the available courses for subsequent years. Scrutiny revealed that the MCI derecognised (October 2009) the M.D. (Anaesthesia) course and directed RIMS to stop admission from the academic session 2010-11 due to irregular promotion of an associate professor and vacancies in the cadre of associate professors/senior residents.

It was also seen that MCI had issued (May 2008) a show cause notice for de-recognition of the MBBS degree due to the huge shortage of teaching faculty and resident doctors. The position had not improved as of February 2010 as discussed in paragraph 1.2.8.1. Ironically, RIMS had sent a proposal (May 2008) to increase the number of MBBS seats from the existing 90 to 150 which was rejected by MCI (June 2008) due to the faculty shortage.

### 1.2.8.2 Library

A rich library is the backbone of any teaching and research institution. RIMS maintained a Central library in the academic area which had 52,890 books and 45 foreign and 34 Indian journals. Scrutiny of records of the Central library revealed the following deficiencies:

- No regular librarian had been posted in the library since the inception of RIMS. No subject/category wise catalogue of the books was available in the library.
- In order to mitigate the difficulty of non-availability of books for technical courses like medical, engineering, agriculture, veterinary, polytechnic etc to the students belonging to Scheduled Castes (SCs) and Scheduled Tribes (STs) the Book Bank Scheme was started by the GOI/ State Government through the Welfare Department during 1992-93. The objective of the scheme was to provide the required books to SC/ST students to ensure higher standards of study and to minimise the instances of dropout of those students. Under the scheme, one set of books was to be provided free of cost to every two SC/ST students at the graduation level and one set to every SC/ST student at the post-graduation level. It was, however, seen that 13,330 books valuing ₹ 2.28 crore supplied during 2005-10 under this scheme to RIMS by the Welfare Department were mixed up in the general pool of the Central library instead of being provided exclusively to SC/ST students.
- Books were issued to teaching faculty members of RIMS. No internal control mechanism such as a time frame for returning the books, issuing reminders etc was in place. In audit, it was seen from the issue register that 1,407 books issued to 178 faculty members during May 1972 to June 2010 were not returned to the Central library (July 2010). Majority of these faculty members had either already retired or died. No steps had been taken to get back the issued books.

### 1.2.8.3 Paramedical courses

The Department of Health, Family Welfare and Medical Education started paramedical courses in three[45] medical colleges during 2006-07 and RIMS was one of them. A total of 24 paramedical courses were started in March 2007 (2006 Batch) at RIMS. The basic aim was to teach and train the students and produce knowledgeable and efficient paramedics who would be an asset to the nation's health service.

Audit scrutiny revealed that RIMS had projected three basic infrastructural requirements for starting paramedical courses; these being a building for the school and its office, faculty members and clinical facilities. However, the courses were started with the existing clinical facilities available in RIMS only without fulfilling the other two requirements of building and faculty members. As a consequence, the paramedical school was running without a building of its own and faculty members. Despite this, altogether 729 students (176 in

[45] Mahatma Gandhi Medical College & Hospital (MGMC&H), Jamshedpur, Patliputra Medical College & Hospital (PMCH), Dhanbad and RIMS.

2006, 184 in 2007, 257 in 2008 and 112 in 2009) were admitted for the course duration of two years and ₹ 11.27 lakh was realised as fees from them. Paramedical courses were running in RIMS without affiliation from any university. Neither were the courses recognised by AICTE[46] nor any council constituted by the State Government. As a result, not a single batch could pass out from the paramedical school, though by this time, at least two batches of 2006 and 2007 should have passed out. Reasons for failure to obtain recognition or affiliation were not found on record. Thus, inaction on the part of RIMS management put the future of all these students at stake.

#### *1.2.8.4 Rural and Urban Health Training Centres*

As per MCI guidelines, RIMS had three Rural Health Training Centres (RHTCs) and an Urban Health Training Centre (UHTC) for training of students in community-oriented primary health care and rural-based health education for the community attached to it. Audit scrutiny revealed that Kanke and Namkum RHTCs were practically non-functional as no infrastructure facility/manpower was available. Ormanjhi RHTC was somehow running in a very precarious condition. The building was in a dilapidated condition and the centre was dependent on the PHC for teaching purposes. Further, against the requirement of 29 posts as per MCI norms, it had a sanctioned strength of 10 only. These 10 posts were also not filled up and the actual persons-in-position were only five.

In the case of UHTC, Doranda, it was found that it was under the dual control of RIMS as well as district health administration.

#### *1.2.8.5 Creation of Dental College*

As per Section 6(VI) of the RIMS Act, the RIMS was to establish a well-equipped dental college for imparting practical training to the students of dentistry. The State Government allotted ₹ eight crore to RIMS during 2005-07 (₹ six crore in January 2006 and ₹ two crore in July 2006) for construction of the dental college building.

**Though creation of a dental college was envisaged in the RIMS Act, it could not be established after incurring expenditure of ₹ 6.80 crore even after expiry of over four years from the first allotment of funds by the State Government**

On the request of Director, RIMS (May 2007), the NREP-II Division, Ranchi prepared (August 2007) an estimate for construction of the dental college building to which technical sanction was accorded by the Chief Engineer, Rural Development Department, Special Zone in August 2007, followed by administrative approval by the Chairman, RIMS in September 2007. The work order and an advance of ₹ four crore was given to the Division in September 2007 with the completion schedule of 18 months i.e. by March 2009. Subsequently, two more advances of ₹ 2 crore (May 2009) and ₹ 0.80 crore (February 2010) were given to the division taking the amount of total advance to ₹ 6.80 crore. However, the work was still to be completed by the division (May 2010). Thus, the dental college could not be established even after the expiry of over four years from the first allotment of funds by the State Government- firstly, due to inordinate delay on the part of Director, RIMS to request the executing agency for preparation of an estimate and then, due to failure of the executing agency to adhere to the completion schedule.

[46] All India Council for Technical Education.

#### 1.2.8.6 Research activities

**RIMS had not undertaken even a single research work in the last five years**

One of the important objectives of setting up RIMS was to encourage research activities in the field of medical science. It was, however, noticed that RIMS neither allocated any money during 2005-10 nor took up any research activities even though specialist doctors were working on its payroll. Scrutiny revealed that these doctors were involved in important research projects outside RIMS with the permission of the management.

### 1.2.9 Implementation of PMSSY

The Pradhan Mantri Swasthya Suraksha Yojana (PMSSY), a national project, was initiated in 2004 by GOI for setting up six AIIMS like institutions and upgradation of 13 existing medical institutions as super-speciality hospitals in the country. In Jharkhand, RIMS was selected for upgradation as a super-speciality hospital with an outlay of ₹ 120 crore (Central share- ₹ 100 crore and State share- ₹ 20 crore). The scheme was to be implemented by 2009-10. Under the scheme, six departments, namely, Cardiology/ Cardiothoracic, Urology, Neurology/ Neurosciences, Nephrology, Paediatric surgery and Oncology/Oncosurgery were identified (May 2007) for establishment/ upgradation to the super-speciality level in RIMS.

Audit scrutiny revealed that the upgradation Plan was lagging behind the schedule (March 2010). GOI was to supply 305 high end equipment of which 207 equipment were supplied to RIMS during July 2009 to April 2010. Of these, only 16 equipment were installed till May 2010. Thus, 191 pieces of equipment worth ₹ 10.68 crore remained uninstalled ***(Appendix -1.12)***. Audit scrutiny of the records of CPWD, Ranchi Central Division, Ranchi-2, revealed that the agency had to construct super-speciality blocks for the identified departments at a total cost of ₹ 43 crore. The agency placed the work order on a contractor only in September 2009 with a completion schedule of 20 months (June 2011) although the administrative approval and estimate sanction was received in March 2008 by the agency. The work was started by the contractor only in October 2009 as a result of which the super-speciality blocks were not ready in time (April 2010) for installation of the equipment supplied by GOI.

Further scrutiny revealed that the super-speciality block for oncology could not be set up (May 2010) due to delay in obtaining the approval of the design of the building from the Atomic Energy Regulatory Board (AERB) and non-selection of vendor for supply of radiotherapy equipment. It was seen that the requisite form for obtaining AERB's approval sent (June 2008) by CPWD to Director, RIMS was completed and sent to AERB (May 2009) with a delay of 11 months. Following the approval of AERB (June 2009), CPWD started (October 2009) the construction work for the oncology block which was pending due to non-finalisation of vendor (May 2010) by RIMS. This was a major failure since the GOI guidelines required RIMS to be in readiness as per procurement plan of Hindustan Latex Limited so that the equipment can be installed.

Further, GOI issued (May 2008) guidelines to prepare a detailed Action Plan for finalising the list and specifications of low end equipment to be procured by RIMS and ensure timely procurement and installation of those equipment.

Audit scrutiny, however, revealed that no such detailed plan was prepared by RIMS and ₹ 8.51 crore provided (February 2009) to RIMS for purchase of low end and uncommon[47] equipment by GOI could not be utilised (May 2010) as RIMS could not finalise the list/specifications of equipment to be purchased. Similarly, the State share of ₹ 20 crore for purchase of equipment could not be utilised for the same reason.




*(Photographs taken on 15 June 2010 showing machine and equipment supplied under PMSSY by GOI lying crated in Paediatric Surgery unit )*

Thus, neither the list/specifications of the equipment to be procured nor the vendor could be finalised by RIMS even after the expiry of 24 months from the issue of guidelines by GOI. This indicated complete failure of planning as well as the lackadaisical attitude of the RIMS management towards upgradation which, if completed, would have resulted in huge medical benefits to the poor and needy patients. Hence, the target of establishment of super-speciality departments as well as the upgradation Plan of RIMS could not be achieved despite expenditure of ₹ 30.97 crore (April 2010) on civil works (₹ 20.29 crore) and supply of equipment (₹ 10.68 crore) by GOI.

## 1.2.10 Service delivery to patients

RIMS provided medical care to patients either through the outpatient departments or by admitting them as indoor patients. Medical services included specialists consultation, pathological/radiological tests, admission, supply of medicines, diets, etc.

Audit scrutiny of the various activities under service delivery to patients revealed the following deficiencies:

### *1.2.10.1 Outpatient Departments*

The outpatient departments (OPD) provided medical services to those patients who did not need hospitalisation. Each OPD was to run for six hours a day with one specialist doctor. RIMS, being the premier medical institution in the State, received patients from all over the State including far-off rural places. Hence, efficient and competent OPDs, commensurate with the heavy flow of patients, were a must for providing quality services to the patients, particularly the poor people who could not afford expensive treatment in private hospitals. It was, however, observed that the OPDs were not fully equipped to cater to the needs of a large number of patients. To illustrate this, a table showing the

[47] Equipment specific to RIMS.

number of patients treated, the number of specialists available and the average time taken per patient during March 2010 in nine OPDs is given in **Table 4.**

**Table-4: Statement showing no. of patients in OPDs and time taken per patient**

| Sl. No | Name of OPD | Total number of patients seen in March 2010 | Total number of days of OPD in March 2010 | Duration of OPD (in hours) | Number of specialists per day who attended OPD | Number of patients seen per hour per specialist | Time taken per patient (in minutes) |
|---|---|---|---|---|---|---|---|
| 1 | Eye | 2,693 | 26 | 6 | 1 | 17 | 3.5 |
| 2 | ENT | 1,840 | 26 | 6 | 1 | 12 | 5 |
| 3 | Medicine | 5,113 | 26 | 6 | 1 | 32 | 1.87 |
| 4 | Neurosurgery | 1,268 | 13 | 6 | 1 | 16 | 3.75 |
| 5 | Orthopaedic | 2,381 | 26 | 6 | 1 | 15 | 4 |
| 6 | Obstetrics & Gynaecology | 1,925 | 26 | 6 | 1 | 12 | 5 |
| 7 | Paediatrics | 2,333 | 26 | 6 | 1 | 15 | 4 |
| 8 | Skin and STD | 2,178 | 26 | 6 | 1 | 14 | 4.28 |
| 9 | Surgery | 1,753 | 26 | 6 | 1 | 11 | 5.5 |

*(Source: Data provided by Medical Record Department, RIMS)*

As seen from the table above, on an average 11 to 32 patients were examined per hour, taking 1.87 to 5.5 minutes per patient. However, the workload in medicine OPD was extremely high leading to practically negligible time for attending to one patient. It was also seen that no standard time/ norm was fixed by RIMS management for a specialist's consultation by the patients in OPD.

**Non-maintenance of proper medical records resulted in denial of quality medical care to indoor patients**

### *1.2.10.2 Indoor patients*

Scrutiny of patients' records kept in the Medical Records Department (MRD) of RIMS revealed that only bed head tickets depicting bed numbers allotted to the patients and doctors prescriptions were maintained in the wards in respect of indoor patients. These records did not contain details like general case history, progress notes and orders by medical officer, chart of operation/investigations, details of diet, doctors' visit summary, patients discharge summary etc. Non-maintenance of these records/details in the hospital amounted to failure to ensure proper patients' care. Further scrutiny of the central indoor patients' register maintained in the Matron's office and data furnished by MRD for the period January 2008 to April 2010 revealed that out of 1,73,789 patients admitted in the hospital during the above period, 5,416 patients left the hospital against medical advice (LAMA cases). Reasons for patients leaving the hospital against medical advice despite free/low-cost treatment provided in RIMS was not on record.

### 1.2.10.3 Supply of diet to patients

The hospital dietary service provided food to all indoor patients of the hospital. The following deficiencies were noticed in this service:

- Against the sanctioned strength of 34, there were only 21 persons in the kitchen, working in two shifts which translated into an average strength of 10 persons per shift. Thus, there was not only a heavy workload on the kitchen staff for cooking meals for about 1,000 patients per shift but there was also the risk of the food quality being compromised. It was noticed that a proposal for purchase of a machine for making 1,000 *chapatis* per hour at an estimated cost of ₹ 60 lakh was approved (November 2007) in the sixteenth meeting of the GB, but the proposal could not be implemented for want of funds under the appropriate head. Thus, due to non-purchase of the machine, heavy workload on the kitchen could not be reduced.
- Patients admitted after 2 pm were not provided diet for the entire day as admission reports from wards by the Sisters-in-charge were sent in the next morning to the kitchen and there was no provision of including the names of those admitted afterwards. A year-wise comparison of the Diet Register and the Matron Register revealed denial of diets to such patients as detailed in **Table 5**.

**Table-5: Statement showing patients not provided with diets**

| Calendar year | Number of patients present in hospital as per Matron Register | Number of diets provided to patients as per Diet Register | Number of diets not provided to patients | Percentage of patients who were denied diets |
|---|---|---|---|---|
| 2008 | 4,13,381 | 3,82,624 | 30,757 | 7 |
| 2009 | 3,90,102 | 3,42,546 | 47,556 | 12 |
| 2010 (up to April 2010) | 1,30,029 | 1,15,843 | 14,186 | 11 |
| **Total** | **9,33,512** | **8,41,013** | **92,499** | **10** |

*(Source: Data provided by RIMS)*

From the above table, it was quite evident that on an average, 10 *per cent* of the admitted patients were denied the benefit of diet due to the faulty reporting system.

### 1.2.10.4 Procurement and supply of Medicines

RIMS was providing medicines at ₹ 20 and ₹ 5 per patient per day (fixed in October 2001) for IPD and OPD patients respectively. Requirements of essential medicines were called from the respective heads of the departments (HODs) and purchases were made after finalising tenders in the Annual meeting of the Purchase Committee constituted for the purpose. Deficiencies noticed right from the tendering process up to the availability and distribution of medicines during 2005-10 are discussed below:

- The Purchase Committee had been approving the rates for lesser number of medicines (32 to 47 *per cent*) than the requirement assessed by HODs and the actual purchase was for an even lesser number of medicines (24 to 33 *per cent*) as shown in **Table 6**.

**Table-6: Statement of approval and purchase of essential medicines**

| Sl. No. | Year | No. of essential medicines proposed for purchase by HODs | Number of medicines approved by purchase committee | Percentage of medicines approved | Number of medicines actually purchased | Percentage of medicines actually purchased with respect to requirement |
|---|---|---|---|---|---|---|
| 1 | 2005-06 | 356 | 166 | 47 | 117 | 33 |
| 2 | 2006-07 | 501 | 194 | 39 | 136 | 27 |
| 3 | 2007-08 | 601 | 234 | 39 | 160 | 27 |
| 4 | 2008-09 | 601 | 234 | 39 | 160 | 27 |
| 5 | 2009-10 | 609 | 192 | 32 | 149 | 24 |

*(Source: Data supplied by RIMS)*

Thus, patients were denied the benefit of free medicines to be provided by RIMS. No reason for non-approval/purchase of the required number of essential medicines was found in the minutes of meeting of the Purchase Committee. Audit scrutiny revealed that paucity of funds was not the reason since there was heavy closing balance of funds under Non-Plan every year during 2005-10 as discussed in paragraph 1.2.7.1.

- Procurement of medicines was not well-planned. While 'nil' stock of a large number of medicines was found, there was also huge closing stocks of certain medicines. During review of the records of the Central Medicine Store, 'nil' stock of a large number of medicines was found as detailed in **Table 7**.

**Table-7: Statement showing out-of-stock medicines**

| Sl. No. | Year | Total number of essential medicines purchased during the year | Number of essential medicines not available in central store (percentage) | Period of nil stock of medicines |
|---|---|---|---|---|
| 1 | 2005-06 | 117 | 8 (7) | 2 months to 11 months |
| 2 | 2006-07 | 136 | 13 (10) | 2 months to 11 months |
| 3 | 2007-08 | 160 | 29 (18) | 2 months to 11 months |
| 4 | 2008-09 | 160 | 34 (21) | 2 months to 11 months |
| 5 | 2009-10 | 149 | 55 (37) | 2 months to 11 months |

*(Source: Data compiled from stock registers)*

From the above, it may be seen that seven to 37 *per cent* of medicines including life-saving medicines remained out of stock for two to 11 months during the year. Non-availability of a large number of medicines for such long periods indicated poor stock management and inventory control leading to denial of benefits to needy patients. On the other hand, a scrutiny of the stock registers and issue registers also revealed that there was huge closing stock of certain medicines at the close of every year during 2005-10 which was indicative of overstocking. In fact, audit analysis of year-end stock for 2005-06 revealed that 13 medicines were overstocked for three to 24 months. Thus, purchase of these medicines was not need based.

- An oncology unit was set up in RIMS in December 2008 under the Surgery Department. Only chemotherapy to cancer patients was given in this unit which started during May 2009. Perusal of the list of medicines revealed that 26 medicines required for chemotherapy were enlisted for purchase during 2009-10. However, rates for these medicines were not

approved by the purchase committee for which no reason was on record. It was seen that chemotherapy of 79 cancer patients was given during the year 2009-10 for which the patients had to purchase the medicines on their own as RIMS could not provide the medicenes. This put a heavy financial burden on poor patients who had to buy expensive medicines from the market.

**During 2006-07, 20,000 vials of Ceftriaxone injection declared substandard by the Drug Inspector, were administered to patients**

- As per the provisions of Sections 22 and 23 of the Drugs and Cosmetics Act, 1940, the Drug Inspectors appointed by the Central Government or the State Government have the power to inspect the premises where any drug is being manufactured, sold, stocked or distributed and collect samples of drugs for testing. The Act or the Drugs and Cosmetics Rules, 1945, however, do not provide any time schedule or frequency for such inspections/collection of samples. It was seen that in RIMS, the Drug Inspector, Ranchi-I was collecting samples of medicines for testing from time to time. Six samples were collected during 2005-10 against over 100 types of medicines purchased every year. Further, it was observed that during 2006-07, 20,000 vials of Ceftriaxone injection[48] (1 gm) of Batch No. CFBI-68 valuing ₹ 5.22 lakh were purchased (October 2006 to February 2007) from M/s Medhavi Associates, Ranchi. The Drug Inspector, Ranchi-I had expressed (December 2006) a doubt that the caps of the vials were of two different colours (red and pink) and the labels were also different. As a result, five vials of each colour were seized (December 2006) for investigation. The test report of the seized medicines was submitted by the Drug Inspector in September 2008 to RIMS in which the entire batch of the injection was declared substandard. The Drug Inspector ordered (September 2008) the withdrawal of the entire batch of injections but the Superintendent informed that the entire stock of medicine had already been consumed by March 2007. Thus, substandard injections (20,000 vials) were administered to patients. It was seen that quality tests of medicines prior to their purchase was not done by RIMS. Thus, due to the absence of an effective quality control mechanism in RIMS, supply of substandard medicines to patients could not be ruled out.
- Test check of indents of medicines, issue register of the Central Medicine Store and the stock register of medicines for the month of March 2010 in five wards of three important departments (Neurosurgery, ENT and Surgery) revealed that medicines were short supplied to the wards despite their availability in the store without assigning any reason ***(Appendix- 1.13)***. Thus, patients were denied the benefits of free medicines.

### *1.2.10.5 Pathological and radiological tests*

RIMS was carrying out pathological and radiological tests in its laboratories and the charges for these tests were collected in advance by the outsourced agency (M/s Infonet Link). It was observed that the agency was making refunds of the charges collected in advance either without any authorisation from RIMS or sometimes, with the approval of the Accounts Officer of RIMS. Audit asked for details like the provision/system/procedure of refund of the

[48] Manufactued by M/s Laborate Pharma, Himachal Pradesh.

charges collected in advance, circumstances of refund, competent authority for granting refunds etc but no such details were made available to Audit. Scrutiny further revealed that RIMS did not have any record of refunds in the form of any register, laboratories' reports etc. The outsourcing agency could provide details of the refunds made during January 2009 to March 2010 only. Analysis of these details revealed that out of receipts of ₹ 2.40 crore in 3,25,433 cases, refund of ₹ 29.20 lakh (12 *per cent*) in 16,273 cases (five *per cent*) was claimed by patients and made by the agency without any verification. A large number of refund cases in radiological and pathological tests without any verification indicated not only inefficiency in providing medical care to the patients by this premier institute but also the risk of money being refunded unauthorisedly.

The Government assured (23 October 2010) that appropriate corrective measures would be taken.

#### *1.2.10.6 Specialised treatment for below poverty line patients*

RIMS was receiving grants provided by the Jharkhand State Disease Assistance Fund Management Committee for specialised treatment of identified Below Poverty Line (BPL) patients suffering from life threatening diseases.

It was noticed that grants amounting to ₹ 50.95 lakh for 105 patients were received by RIMS during 2003-09. However, only ₹ 16.95 lakh was utilised and ₹ 34 lakh including ₹ 23.17 lakh for 52 patients to whom no treatment was provided, was refunded (May 2010). RIMS management did not attribute any reason for not providing treatment to the identified BPL patients and refunding the grants.

### 1.2.11 Status of Human Resources

#### *1.2.11.1 Doctors and teaching faculty*

The sanctioned strength and the persons-in-position of the doctors and teaching faculty (February 2010) were as given in **Table 8**.

**Table-8: Statement showing sanctioned strength and persons-in-position of doctors and teaching faculty as on February 2010**

| Sl No. | Category | Sanctioned strength | Men in position | Vacant posts | Percentage of vacancy |
|---|---|---|---|---|---|
| **Faculty of Medical College** | | | | | |
| 1 | Professors | 77 | 39 | 38 | 49 |
| 2 | Associate Professors | 133 | 59 | 74 | 56 |
| 3 | Assistant Professors | 195 | 74 | 121 | 62 |
| 4 | Tutors | 75 | 42 | 33 | 44 |
| 5 | Senior Resident Doctors | 150 | 23 | 127 | 85 |
| 6 | Medical Officers | 109 | 12 | 97 | 89 |
| **Total** | | **739** | **249** | **490** | **66** |
| **Faculty of College of Nursing** | | | | | |
| 7 | Principal/Vice-Principal, College of Nursing | 2 | 0 | 2 | 100 |
| 8 | Professors in Nursing | 7 | 0 | 7 | 100 |
| 9 | Associate Professors in Nursing | 7 | 1 | 6 | 86 |
| 10 | Lecturers in Nursing | 9 | 0 | 9 | 100 |

| | | | | | |
|---|---|---|---|---|---|
| 11 | Clinical Tutors in Nursing | 17 | 6 | 11 | 65 |
| **Total** | | **42** | **7** | **35** | **83** |
| **Grand total** | | **781** | **256** | **525** | **67** |

*(Source: Data furnished by RIMS)*

From the above table, it was clear that the shortage of doctors/teaching faculty ranged from 44 to 89 *per cent* in different cadres. Inadequate staffing was bound to impact both the academic and the hospital activities significantly and had serious repercussions like de-recognition of the MBBS and MD courses by MCI, poor patient care etc as discussed in this Report in *paragraphs 1.2.9.1* and *1.2.11*. In the case of the College of Nursing, shortage of teaching faculty ranged from 65 to 100 *per cent* in different cadres.

Further, the College of Nursing was also not affiliated (August 2010) with Ranchi University, though a No Objection Certificate for starting of BSc Nursing course (session 2008-12) was issued (March 2008) by the University. Despite these deficiencies, admission of 80 students was taken for the session 2008-12. The inadequate staffing and lack of affiliation were likely to jeopardise the careers of students admitted to the College of Nursing.

### *1.2.11.2 Deployment of nurses*

The number of nurses deployed against the sanctioned strength to look after the inpatients in the last five years was as given in **Table 9**.

**Table-9: Statement of sanctioned strength and persons-in-position of nursing staff**

| Year | Sanctioned Strength (Permanent) | | New Posts created on contractual basis in February 2002 (Nursing staff) | Total | In position Nursing staff | | | | Shortfall | | Percentage of shortfall *vis-à-vis* sanctioned strength | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | Permanent | | Contractual | Total | | | | |
| | Nursing staff | Sister | | | Nursing staff | Sister | | | Nursing staff | Sister | Nursing staff | Sister |
| 2005-06 | 183 | 69 | 516 | 768 | 134 | 0 | 398 | 532 | 167 | 69 | 24 | 100 |
| 2006-07 | 183 | 69 | 516 | 768 | 135 | 0 | 394 | 529 | 170 | 69 | 24 | 100 |
| 2007-08 | 183 | 69 | 516 | 768 | 134 | 0 | 390 | 524 | 175 | 69 | 25 | 100 |
| 2008-09 | 183 | 69 | 516 | 768 | 131 | 0 | 384 | 515 | 184 | 69 | 26 | 100 |
| 2009-10 | 183 | 69 | 516 | 768 | 118 | 0 | 379 | 497 | 202 | 69 | 29 | 100 |

*(Source: Data provided by RIMS)*

From the above table, it is evident that the actual position of nursing staff was not sufficient to meet the requirements. As per the recommendations of the Nursing Council of India, the nurse and patient ratio should be 1:3 for nursing staff and 1:25 for sisters. A comparison of these norms with the actual persons-in-position in RIMS revealed that shortage of nursing staff had been around 50 *per cent* during 2005-10,the actual ratio being 1:6 (average no. of nurses varying from 166 to 177 per shift for 991 bed strength) against the requirement of 1:3. There was a 100 *per cent* shortage in the cadre of sisters as no sister was in position against the requirement of 40. The shortage of nursing staff was bound to adversely impact the service delivery to patients.

## 1.2.12 Hospital Infrastructure

Audit scrutiny of departments, wards and other facilities in RIMS revealed the following shortcomings:

### 1.2.12.1 Inadequate bed capacity

**The bed capacity was not commensurate with the load of patients in RIMS and there was overcrowding in wards which forced the patients to lie on the floor in wards/corridors**

One of the basic requirements of proper service delivery and quality patient care/treatment, particularly for indoor patients, is that a hospital should have adequate provision of beds for patients. The total number of sanctioned beds available in RIMS was 991 under different wards. Scrutiny of Matron Registers for the period 2008-10 (calendar years) revealed the position of actual bed occupancies against the sanctioned strength of 991 beds as given in **Table 10**.

**Table-10: Statement of inpatient occupancy against total availability of beds**

| Calendar year | Total number of beds available | Total number required for 100 *per cent* occupancy (no. of beds x no. of days/year) | Actual number of occupancy (worked out on the basis of matron register) | Percentage of occupancy |
|---|---|---|---|---|
| 2008 | 991 | 3,62,706 | 4,13,381 | 114 |
| 2009 | 991 | 3,61,715 | 3,90,102 | 108 |
| 2010 (up to April 2010) | 991 | 1,18,920 | 1,30,029 | 109 |

*(Source: Data furnished by RIMS and collected from Matron Registers)*

Thus, the bed capacity was not commensurate with the load of patients and there was overcrowding in wards. As a result, patients were forced to lie on the floor in wards/corridors.





*Photograph taken on 7 June 2010 showing indoor patients lying on floor in Ortho ward C and indoor patients lying on floor in front of toilet in Neurosurgery D 2 Ward (22 May2010)*

As stated earlier in paragraph 1.2.6 on 'Planning', no effort was made to increase the bed capacity from 991 to 1,500 despite approval of the GB in December 2006.

### 1.2.12.2 Utilisation of machinery and equipment

RIMS purchased machine and equipment from its Plan as well as non-Plan heads worth ₹ 9.54 crore during 2005-10. During audit, various irregularities were found in utilisation, installation and functioning of equipment as discussed below:

- Four machines and equipment (one cardiac defibrillator, three sets of ventilators, two OT tables and two OT lights) purchased for the Oncology Department under the State Plan valuing ₹ 35.64 lakh during December 2007 to August 2009 were lying idle (June 2010) as the operation theatre was not functional in the oncology unit. Thus, failure to dovetail the

creation of infrastructure with the procurement of equipment led to denial of service to needy patients suffering from cancer.



*Photograph taken on 24 May 2010 showing three ventilators lying idle in Room No. 364 and idle OT tables (Oncology Unit)*

- One machine, namely ND YAG laser[49], valuing ₹ 25.50 lakh installed in the ENT operation theatre during May 2005 had not been put to use since its installation, for which there was no reason on record. As per user manual of machine, ND YAG lasers are used in the field of ophthalmology, oncology, gynaecology, cosmetic surgery and dentistry. The possibility of the machine installed in ENT becoming permanently out of order due to idling for a long period could not be ruled out.
- Six sets of five pieces of equipment[50] valuing ₹ 37.49 lakh pertaining to the departments of Neurosurgery, Radiology and Orthopaedics were found to be out of order for the last one year. Thus, patients were denied the requisite facilities.
- The Cath lab installed in the Cardiology and Cardiothoracic department at a cost of ₹ 3.30 crore in October 2008 remained idle till March 2010 for want of specialist cardiac surgeons and its use was started only from April 2010 after the appointment of a cardiac surgeon in the Cardiology Department.
- The CT scan machine installed in RIMS had been out of order since July 2008. The machine, covered under a comprehensive maintenance contract (CMC) with M/s Philips Medical System India Private Limited, Kolkata up to August 2008, broke down in July 2008. Though reported through fax (July 2008), the firm did not pay heed to the breakdown report and allowed the CMC period to lapse. The RIMS management had not taken any effective action to get the machine repaired till date (June 2010).
- A purchase order for supply and installation of four units of Haemodialysis machine, including Reverse Osmosis Membrane Separation system (commonly known as RO Plant) and DM Plant was placed (February 2005) with a supplier at a price of ₹ 23.40 lakh on turnkey basis. The firm installed the machines in October 2005 without supplying the two critical components namely RO Plant and DM Plant. The machines were made

[49] Neodymium Doped Yttrium Aluminium Garnet.

[50] Cranial electrical drill (1 set), Craniotomy (2 sets), 3D volume Ultra sound machine (1set), Digital diathermy (1 set) and ultrasonic instrument cleaner (1 set).

? operational by using the old RO Plant and DM Plant supplied during installation of similar machines earlier in 1999. As these critical components were very old, water contaminated with rust was being infused in the system which caused several complications to the patients putting their lives to risk. Audit investigation revealed that the firm was paid the full contract value of ₹ 23.40 lakh without any deduction on account of non-supply of RO Plant and DM Plant. Thus, fraudulent payment was made for equipment which was never received at RIMS.

### *1.2.12.3 Incomplete civil works*

RIMS was undertaking civil works for construction of buildings of dental college, auditorium, community hall, parking, hostels etc under the Plan head. During 2005-10, 13 works at an estimated cost of ₹ 41.83 crore were given to NREP I and II divisions, Building Construction Division II and the District Board, Ranchi ***(Appendix-1.14)***. Test check of eight works (estimated cost ₹ 38.77 crore) revealed that RIMS had given advance of ₹ 32.69 crore for these works. Out of eight works, only one work for construction of a community hall was completed and handed over to RIMS in April 2010. The remaining seven works (estimated cost ₹ 37.39 crore) remained incomplete as of May 2010 though the stipulated dates of completion of the six works were between January 2009 and February 2010 and for one work, May 2011. Executing agencies had spent (May 2010) ₹ 10.28 crore from the advance of ₹ 31.31 crore provided for the seven works, leaving unadjusted advances of ₹ 21.03 crore with them. Thus, six works remained incomplete (May 2010) even after expiry of three to 16 months from the stipulated dates of completion. This showed lack of proper monitoring by the RIMS management in completing the necessary infrastructure for super-speciality hospital which deprived the patients of the benefits of advanced medical aid and skill development of doctors and medical staff.

### *1.2.12.4 Incinerator*

Proper disposal of bio-medical waste generated in the hospital was crucial for protection and improvement of environment in and around the hospital. This was equally important for complying with the requirements of environmental laws also which have been made to tackle environmental pollution.

As per the provisions of Rule 5, read with Schedule VI of Bio-medical Waste (Management and Handling) Rules, 1998 issued by the Ministry of Environment & Forests, GOI, all hospitals and nursing homes with 500 or more bed capacity working in cities having population less than 30 lakh, were required to establish incinerator plants in their campus by 30 June 2000 for processing of bio-medical wastes generated by them. Accordingly, an incinerator of continuous type 50 kg per hour capacity was installed in the premises of RIMS in June 2000 at an expenditure of ₹ 11.65 lakh. Thus, RIMS created one of the most basic elements of hospital infrastructure way back in the year 2000 itself. However, in violation of the provisions of the Section 6 (XXIV) of the RIMS Act, 2002 that prohibited outsourcing of any basic services of the hospital, disposal of bio-medical waste was outsourced to a private contractor who was using the basic infrastructure of RIMS, due to lack of experienced manpower. The agency carried out the job of disposal of bio-

medical waste by using the incinerator of RIMS up to June 2009. Audit scrutiny revealed that an amount of ₹ 1.19 crore was paid to the outsourced agency during the period 2005-10 (June 2009) which was not only irregular but also involved violation of the provisions of the Act.

Further, the incinerator remained non-functional since July 2009. Since then, bio-medical waste was being managed through burning/disposal in the pit by outsourced agency.

### *1.2.12.5 Ambulance*

Ambulances are one of the most basic elements of infrastructure for a hospital. RIMS had five ambulances of which the log books for four ambulances were made available to Audit. Details of trips made for various purposes (except VIP duty) by these ambulances were as given in **Table 11**.

**Table- 11: Statement showing utilisation of ambulances for various purposes**

| Sl No. | Vehicle No. | Duration of running | No. of trips for official purpose | No. of trips for carrying doctors | No. of trips for carrying patients | Total No. of trips |
|---|---|---|---|---|---|---|
| 1 | JH01C 3635 | 01-01-2005 to 13-03-2006 | 9 | 87 | 9 | 105 |
| 2 | JH01E 8490 | 06-01-2003 to 21-02-2010 | 16 | 2 | 27 | 45 |
| 3 | JH01K 3089 | 03-02-2005 to 31-03-2010 | 363 | 502 | 218 | 1,083 |
| 4 | JH01K 3091 | 03-02-2005 to 31-03-2007 | 121 | 250 | 59 | 430 |
| **Total** | | | **509(31)** | **841(50)** | **313(19)** | **1,663** |

*(Source: Data collected from log books provided by RIMS).*

*(Figures under brackets denote percentage).*

From the above table, it may be seen that ambulances were used for official purposes 509 times (31 *per cent*), for carrying doctors 841 times (50 *per cent*) and merely 313 times (19 *per cent*) for carrying patients. Thus, there was a risk that the ambulances would not be available at the time of requirement/ emergency for carrying patients, the primary purpose for which they were procured.

### *1.2.12.6 Blood Bank*

A blood bank is an integral part of a hospital. Needy patients are supplied blood during the course of surgery or any emergency by the blood bank. In the blood bank, blood units are collected from the donors and stored for supply to the patients at the time of need. RIMS had a blood bank which was licensed up to March 2011 for the whole category of blood. Audit scrutiny of records of the blood bank disclosed that 699 blood units were discarded during 2006-09 because of haemolysed blood (176 units), expired blood due to it not being used within 35 days (35 units) and non-carrying out of the mandatory tests before collection of blood (488 units) (***Appendix -1.15***). Thus, valuable blood units were discarded due to lapses on the part of RIMS.

### *1.2.12.7 Staff quarters*

As per MCI guidelines, there should be sufficient number of quarters for covering 100 *per cent* nursing staff and resident doctors and 50 *per cent* for teaching and class IV staff. As against this, the shortfall in availability of

quarters in RIMS ranged from 52 to 98 *per cent vis-à-vis* the sanctioned strength and 30 to 97 *per cent vis-à-vis* the persons-in-position ***(Appendix-1.16)***.

### 1.2.13 Monitoring and evaluation

**No proper monitoring and evaluation mechanism was evolved for ensuring better management of RIMS**

For ensuring better management of RIMS, a well-planned monitoring mechanism was required. It was seen that neither the RIMS Act, 2002 nor the notification for creation of RIMS by Government of Jharkhand provided any specific clause for monitoring of RIMS. Even the number of GB meetings to be held in a year was not mentioned in the Act. It was noticed that there was no schedule of inspection by higher officials of RIMS for better management. The deficiencies, as discussed in this report, such as misappropriation/ defalcation, non-procurement/installation of equipment under PMSSY, idling of critical equipment, delay in completion of civil works etc could have been tackled through a monitoring mechanism which was non-existent in RIMS.

### 1.2.14 Vigilance mechanism

**No inbuilt vigilance mechanism to detect fraud, misappropriation and defalcation of money was evolved**

An inbuilt vigilance mechanism is required to detect any fraud, misappropriation, defalcation of money etc for any organisation. The Government notification for creation of RIMS also envisaged appointment of a Vigilance Officer in RIMS by GB. However, no Vigilance Officer had been appointed in RIMS since inception. Thus, in the absence of a proper vigilance mechanism, cases of fraud, misappropriation, defalcation etc could not be detected as discussed in this Report earlier.

### 1.2.15 Conclusion

RIMS failed to achieve the objectives for which it was set up. Curtailment of the Plan size of RIMS by the State Government as well as non-utilisation of available funds adversely affected its upgradation Plan. Annual Accounts had not been prepared since the creation of RIMS. No super-speciality department was set up under PMSSY due to faulty planning. There was a huge shortage of teaching faculty which ran the risk of courses getting derecognised by MCI. No research project was taken up. Hospital infrastructure like bed capacity, outdoor patients' departments, availability of machines and equipment, ambulances, blood bank etc was deficient, depriving the patients of quality treatment and care. Absence of internal control/monitoring mechanism led to financial as well as administrative deficiencies.

### 1.2.16 Recommendations

- A robust administrative and financial management system should be put in place to preclude financial irregularities.
- Cases of misappropriation of funds brought out in this review should be properly investigated and responsibility fixed.
- Effective steps should be taken to achieve the targets of PMSSY. Proper utilisation of machines/equipment and medicines should be ensured.

- Steps should be taken to increase the bed capacity as well as to strengthen OPDs for reducing the load of patients.
- The manpower position, especially that of the teaching faculty and nursing staff, should be strengthened as per MCI norms.
- Effective steps should be taken to set up a dental college and streamline the existing nursing college and paramedical courses running in RIMS.
- Research activities should be undertaken to accomplish the objective of transforming RIMS into a centre of excellence.
- A proper monitoring as well as vigilance mechanism should be evolved.

# Social Welfare, Women And Child Development Department

## 1.3 Integrated Child Development Services Scheme

***Highlights***

***The Integrated Child Development Services (ICDS), a Centrally sponsored scheme, was launched in the State with a view to improve the nutritional and health status of children in the age group of up to six years and to enhance the capability of mothers, through proper nutrition and health education, for looking after the normal health and nutritional needs of children. The implementation of the scheme suffered in the State due to deficient fund management, lack of infrastructure in Anganwadi centres, irregular and inadequate nutritional value of supplementary nutrition and failure to provide health check-ups and referral services.***

**During 2005-10, the department failed to utilise funds allotted for the scheme. The amount of unspent funds ranged between ₹ 15.11 crore and ₹ 63.36 crore.**

***(Paragraph 1.3.7)***

**Abstract Contingent bills amounting to ₹ 446.32 crore were drawn under the Supplementary Nutrition Programme against which Detailed Contingent bills of ₹ 293.53 crore only were submitted.**

***(Paragraph 1.3.7.4)***

**District Social Welfare Officers and Child Development Project Officers advanced ₹ 32.01 crore and booked the same as final expenditure.**

***(Paragraph 1.3.7.5)***

**Beneficiaries were provided supplementary nutrition of lesser value than the norms prescribed.**

***(Paragraph 1.3.9.1)***

**Pre-natal and post-natal cards were not issued to mothers by the Anganwadi centres and no records of visits by Anganwadi Workers to mothers after delivery were maintained.**

***(Paragraph 1.3.10)***

**Despite allocation of funds of ₹ 9.44 crore, the department failed to purchase medicine kits and pre-school kits during 2005-10.**

***(Paragraphs 1.3.11 and 1.3.12)***

**Against the 23 Anganwadi Training Centres and one Middle Level Training Centre sanctioned, only 15 Anganwadi Training Centres were functional as of March 2010.**

***(Paragraph 1.3.16.2)***

### 1.3.1 Introduction

The Integrated Child Development Services (ICDS), a Centrally sponsored scheme launched in October 1975, aims to improve the nutritional and health status of children and enhance the capability of mothers through proper

nutrition and health education, to look after the normal health and nutritional needs of their children. It is the foremost symbol of India's commitment to its children and a response to break the vicious cycle of malnutrition, morbidity, reduced learning capacity and mortality. The services included in the scheme are the Supplementary Nutrition Programme (SNP), immunisation, pre-school education (PSE), health check-ups, referral services and nutrition and health education for women. The beneficiaries of the scheme are children of age group of six months to six years, expectant women, lactating mothers and adolescent girls between 11 and 18 years. The services are delivered to the targeted beneficiaries through Anganwadi Workers (AWWs) and Anganwadi Helpers (AWHs) at Anganwadi Centres (AWCs).

### 1.3.2 Organisational set up

The Secretary, Department of Social Welfare, Women and Child Development, Government of Jharkhand is the nodal agency for the implementation and monitoring of the scheme at the State level. The Secretary is assisted by the Director, Social Welfare. The scheme is supervised at the district level by District Social Welfare Officers (DSWOs) under the control of Deputy Commissioners (DCs) as given in ***Annexure- 1.17***.

### 1.3.3 Audit objectives

The objectives of the performance audit were to assess whether:

- planning for the implementation of the scheme was adequate;
- funds provided under the scheme were spent as per norms;
- the infrastructure was adequate for effective delivery of services under the scheme;
- service packages under the scheme were delivered effectively to the beneficiaries;
- staff deployment and training for skill upgradation were based on the requirements of the scheme; and
- an effective system for monitoring and evaluation of the programme existed.

### 1.3.4 Audit criteria

The implementation of the various components of the ICDS scheme was evaluated with reference to the following criteria:

- Guidelines and instructions issued by the Government of India (GOI) and the Government of Jharkhand for selection of beneficiaries and opening of AWCs;
- Norms of SNP and delivery of different packages of services; and
- System for monitoring instituted by the Government.

### 1.3.5 Audit coverage and methodology

The performance audit of the ICDS scheme was conducted between April and July 2010, covering the period 2005-10 through test check of records of the Social Welfare Directorate, six[51] out of 24 DSWOs and 22[52] out of 66 Child Development Project Officers (CDPOs) by the Simple Random Sampling Without Replacement Method. Joint physical verification of 98 AWCs was also conducted.

An entry conference was held (March 2010) with the Secretary, Department of Social Welfare, Women and Child Development to discuss the audit objectives, audit criteria and methodology. The audit findings as well as the recommendations were discussed with the Secretary of the department in the exit conference held in October 2010.

***Audit findings***

### 1.3.6 Planning

The State Government was responsible for implementation of different services and providing supplementary nutrition under the ICDS scheme to the identified beneficiaries. As per the norms fixed by GOI, AWCs were to be opened for populations between 400 and 800 under rural and urban projects and 300 and 800 for tribal projects. Mini AWCs (MAWCs) were to be opened for populations between 150 and 400 under rural and urban projects and 150 and 300 for tribal projects. Before creation of AWCs and MAWCs, mapping of projects to identify *tola*/villages inhabited by weaker sections of the society for timely operation of Centres were required to be made.

Scrutiny revealed that after obtaining proposals for opening of AWCs for field offices, the department got (December 2008) sanction of 6,089 AWCs/ MAWCs from GOI. The proposals for establishment of new AWCs were made without proper surveys. This was evident from the fact that in one (Bokaro) out of six test-checked districts, the authorities made proposals in respect of new AWCs without taking into account the requirements from three[53] projects while surrendering (April 2010) 55 AWCs and 27 MAWCs for three[54] projects on the ground that they were not required. This indicated that there was a disconnection between the proposals made and the ground realities.

### 1.3.7 Financial Management

The services under ICDS excluding SNP during the year 2005-06 were fully financed by the World Bank in respect of 51 projects and by GOI for the

[51] Bokaro, Deoghar, Pakur, Palamu, Ranchi and West Singhbhum.

[52] B S City, Bishrampur, Chas (Rural),Chaibasa (Sadar), Chainpur, Chandankiyari, Daltonganj (Rural), Daltonganj (Urban), Deoghar (Rural), Deoghar cum Jasidih, Hiranpur, Jagannathpur, Jhinkpani, Kanke, Mander, Manjhari, Maheshpur, Namkum, Ormanjhi, Pakuria, Ranchi (Sadar) and Sarath.

[53] Bermo, Gomia and Nawadih.

[54] Chandankiyari, Kasmar and Petarbar.

remaining 153 projects. During 2006-09, all the 204 projects were fully financed by GOI, but from the financial year 2009-10, GOI modified the funding pattern to a sharing system in the ratio of 90:10 with the State Government. The SNP was shared between GOI and the State Government in the ratio 50:50 from 2005-06.

According to Rules 65 and 112 of the Jharkhand Budget Manual, Budget estimates (BEs) were to be consolidated by the department based on proposals received from subordinate offices. The BEs were to be as accurate as possible and it was the responsibility of the Controlling Officer (CO) of the Department to ensure timely re-appropriation/surrenders in the event of savings. Audit scrutiny revealed that no requirements were received from the DSWOs and the department prepared budgets without ascertaining the actual requirement of funds.

**Table- 1: Statement of budgetary provision, allotment, expenditure and savings**

*(₹ in crore)*

| Year | Budget Provision | Allotment | Expenditure | Savings | Percentage of savings |
|---|---|---|---|---|---|
| 2005-06 | 266.63 | 229.84 | 211.16 | 18.68 | 08 |
| 2006 07 | 297.70 | 270.80 | 207.44 | 63.36 | 23 |
| 2007-08 | 296.49 | 291.58 | 276.47 | 15.11 | 05 |
| 2008 09 | 362.36 | 327.57 | 292.10 | 35.47 | 11 |
| 2009-10 | 491.80 | 478.70 | 416.06 | 62.64 | 13 |
| **Total** | **1714.98** | **1598.49** | **1403.23** | **195.26** | |

*(Source: Social Welfare, Women and Child Development Department, Jharkhand)*

Component-wise details of budgetary provision, allotment and expenditure of the scheme were as given in ***Appendix-1.18***.

**During 2005-10, the department failed to utilise funds ranging between ₹ 15.11 crore and ₹ 63.36 crore of allotments**

During 2005-10, the department failed to utilise funds ranging between ₹ 15.11 crore and ₹ 63.36 crore of the allotments and the savings ranged between five and 23 *per cent*. This, when seen in the context of no spending on vital components such as PSE kits, Medicine kits and IEC, exhibits poor implementation of the scheme and faulty budgetary mechanism as discussed in paragraphs 1.3.11 to 1.3.13 of this Report.

Expenditure on services other than SNP was in the ratio of 90:10 between GOI and the State Government from 2009-10. It was observed that against the total expenditure of ₹ 142.10 crore during 2009-10, the State spent only ₹ 10.17 crore against its required share of expenditure of ₹ 14.21 crore. Short expenditure of ₹ 4.04 crore under the scheme other than SNP showed lack of commitment of the State towards the objectives of the scheme.

The financial irregularities noticed in audit were as under:

### *1.3.7.1 Irregular submission of utilisation certificates*

Scrutiny of records revealed that utilisation certificates for SNP were submitted to GOI on the basis of drawals from the treasuries instead of actual expenditure. Out of six test-checked districts, DSWO, Palamu incurred expenditure of ₹ 6.19 crore during 2009-10 on SNP, whereas utilisation certificates were irregularly issued by Director, Social Welfare to GOI for ₹ 123.40 crore, inclusive of ₹ 12.81 crore, which was the total drawal made by DSWO, Palamu for the year.

### 1.3.7.2 Retention of unspent funds outside Government Account

**There were unspent balances amounting to ₹ 52.22 crore as of March 2010**

According to Rule 300 of the Jharkhand Treasury Code, no money should be withdrawn from the treasury unless it is required for immediate payment. It is not permissible to draw money from the treasury and place it in deposit in order to avoid lapse of allotment. Audit scrutiny revealed that in violation of the codal provisions, there were unspent balances with test-checked projects and DSWOs amounting to ₹ 52.22 crore as of March 2010. Out of this,₹ 46.68 crore was parked in banks, ₹ 4.49 crore had been given as advances, ₹ 44 lakh was in the form of unadjusted vouchers and ₹ 61 lakh as cash in hand.

### 1.3.7.3 Non-submission of Detailed Contingent bills

According to Rules 319 and 320 of the Jharkhand Treasury Code, a certificate to the effect that Detailed Contingent (DC) bills for Abstract Contingent (AC) bills drawn up to the last date of the previous month have been submitted for countersignature to the Controlling Officer is to be attached to the first AC bill presented for payment after the 10th of each month for onward submission to the Accountant General (A&E). On no account should an AC bill be cashed after the 10th of the month without the certificate.

During 2005-10, DSWOs and CDPOs drew ₹ 446.32 crore under SNP on AC bills against which DC bills of ₹ 293.53 crore only were submitted by them. Thus, DC bills of ₹ 152.79 crore, out of which ₹ 119.08 crore pertained to 2005-09, were not submitted, which was in contravention of the codal provisions. Out of the outstanding amount, ₹ 41.51 crore pertained to two DSWOs[55] and 35 CDPOs of test-checked districts. Further, scrutiny of two test-checked districts (Bokaro and Pakur) revealed that AC Bills were drawn from treasuries on forms other than the prescribed form (Form no 38). As a result, the treasuries could fail to detect the AC bills which could lead to financial irregularities like embezzlement and misappropriation of Government money. Scrutiny of records revealed that CDPO, Hiranpur drew 11 AC Bills during 2009-10 for ₹ 1.18 crore, out of which ₹ 40.73 lakh was drawn on forms other than the prescribed form, by furnishing incorrect certificates regarding submission of DC Bills in respect of previous AC Bills to the Treasury Officer.

### 1.3.7.4 Irregular payment of rent for AWCs to the AWWs

Of 12,473 AWCs operational in the test-checked districts, 4,812 AWCs were functioning from rented buildings. It was noticed that a total sum of ₹ 1.62 crore drawn by CDPOs for payment of rent during the years 2005-10 was transferred to the bank accounts of AWWs in 10[56] out of 22 test-checked projects. The names and addresses of house-owners were not available with the CDPOs. The AWW had no financial power for further disbursement. No guidelines or instructions were issued by the department for payment of rent. On this being pointed out, the CDPOs replied that in the absence of specific instructions from higher authorities, the amount of rent was being paid to the AWWs. Payment of rent of AWCs to AWWs instead of the house-owners was

[55] Bokaro and Pakur.

[56] Bishrampur, B S City, Chainpur, Chandankiyari, Daltonganj (Urban), Deoghar cum Jasidih, Mander, Namkum, Ormanjhi, and Sarath.

fraught with the risk of misappropriation/embezzlement.

### 1.3.7.5 Advances booked as expenditure

**DSWOs and CDPOs advanced ₹ 32.01 crore and booked the same as final expenditure**

According to Rule 210 of the Jharkhand Treasury Code Volume I, a Government servant entrusted with payment of money is required to obtain a voucher duly signed by the payee for every payment made, setting forth full and clear particulars of the claim and all information for its proper classification and identification in the accounts. It was noticed that three[57] out of six test-checked DSWOs and three[58] out of 22 test-checked CDPOs made advance payments to AWWs and others amounting to ₹ 32.01 crore and booked the same as final expenditure without obtaining vouchers as detailed below:

DSWO, Deoghar advanced ₹ 23 lakh during 2005-06 to Executive Engineers, Drinking Water and Sanitation Divisions and National Rural Employment Programme for installation of 24 hand pumps. DSWO, Palamu advanced ₹ 6.67 crore to CDPOs during 2006-07 for onward transmission to AWWs under the SNP programme and booked the advances as expenditure. Further, DSWO Ranchi advanced ₹ 18.51 crore during 2007-09 to AWWs directly with instructions to CDPOs to pass the vouchers and monitor the adjustment of advances. CDPOs of test-checked projects neither passed the vouchers submitted by the AWWs nor maintained advance registers/ledgers in order to assess the outstanding advances against AWWs. In Jhinkpani project, the CDPO transferred SNP funds of ₹ 62.83 lakh to AWWs' bank accounts and passed the bank advices for payments instead of vouchers which were not furnished to Audit. In Chas Rural and Chas Urban, CDPOs failed to furnish vouchers for ₹ 5.11 crore and ₹ 86 lakh respectively. On this being pointed out, DSWO, Ranchi accepted (July 2010) the facts stated in audit and stated that transfer of funds to the AWCs was treated as final expenditure.

### 1.3.7.6 Diversion of funds

DSWO, Deoghar diverted (September 2005) an amount of ₹ two lakh from the funds of SNP (Major Head 2236) and used it for payment for Remand Home (Major Head 2235) Deoghar. DSWO, Ranchi diverted (February 2008) the funds for purchasing medicine kits amounting to ₹ 2.40 lakh towards purchase of utensils. On this being pointed, the DSWO, Deoghar agreed (May 2010) to recover the amount from the account of Remand Home and DSWO Ranchi stated that the amount was diverted in anticipation of receipt of funds.

## 1.3.8 Infrastructural facilities

### 1.3.8.1 Inadequate facilities at Anganwadi Centres and Project Offices

**Four hundred and ten AWCs/ MAWCs out of 38,432 AWCs/ MAWCs sanctioned by GOI upto 2008-09 could not be made functional**

Of 38,432 AWCs/MAWCs sanctioned by GOI upto December 2008, 410 were not started as of June 2010. The Directorate stated that the reason for this was disputes in selection of AWWs/AWHs. The reply was not in consonance with the facts as incorrect proposals accounted for 82 (as discussed in paragraph 1.3.6) of these non-functional AWCs. Non-functioning of AWCs adversely

[57] Deoghar, Palamu and Ranchi.

[58] Chas Rural, Chas Urban and Jhinkpani.

impacted the outreach of the scheme.

According to the model estimates by the State, each Anganwadi building was to be constructed with one hall (16'x20'), one verandah (7.2'x10'), one kitchen (6.5'x10'), one store (10'x6') and one toilet (4'x4') with drinking water facilities to ensure effective delivery of quality services. The physical status of AWC buildings, toilets and drinking water facilities in 38,022 operational AWCs in the State was as given in **Table 2**.

**Table- 2:Statement of infrastructural facilities in AWCs**

| AWC having own building | | Rented building | | | AWC in open space | Without toilet facilities | Without drinking water facilities | Without kitchen equipment | Functional AWCs |
|---|---|---|---|---|---|---|---|---|---|
| *Pucca* | *Kuchha* | In AWWs/ AWHs house | Others | Building owned by community allotted to AWCs | | | | | |
| 8088 (21)* | 370 (01) | 14102 (37) | 3398 (09) | 11218 (30) | 846 (02) | 30978 (81) | 26724 (70) | 5679 (15) | 38022 |

*(Source: Directorate of Social Welfare, Government of Jharkhand)*
**Figures in bracket denote the percentage*

It is evident from the above table that out of 38,022 AWCs, 21 *per cent* were functioning in pucca buildings, one *per cent* in *kachcha* buildings, 76 *per cent* in rented buildings and two *per cent* in open spaces as of March 2010. Further, drinking water facilities and toilets were absent in 26,724 (70 *per cent*) and 30,978 (81 *per cent*) AWCs respectively. Besides, AWCs housed in other than government buildings were running without kitchen facilities and 5,679 (15 *per cent*) AWCs lacked cooking equipment.

Scrutiny revealed that 14 out of 22 test-checked projects had their own buildings, three[59] projects were functioning in rented buildings, four[60] projects were running in buildings shared with other offices and the Deoghar-cum-Jasidih project was sharing a government building with a toll tax office. These projects were running without sufficient infrastructure. The basic facilities of toilet and water were absent. It was also seen that despite taking charge (February 2009) of a new building costing ₹ 4.94 lakh for the project office, the CDPO, Chas Urban did not shift her office and the building was lying vacant for more than 17 months.

### *1.3.8.2 Creation of extra burden in construction of AWCs*

The department sanctioned (2005-10) funds for construction of 2,862 AWCs, out of which only 141 were completed as of June 2010. Against released funds of ₹ 23.41 crore, only ₹ 3.36 crore was spent as of June 2010. The remaining amount was with the executing agencies whose details were not provided by the department, though called for. Other irregularities noticed were as under:

- The State allocated (June 2007) ₹ 3.11 crore for construction of 162 AWCs during the year 2007-08 at the rate of ₹ 1,91,900 for each AWC. It was noticed from work orders issued by the DCs that the buildings of AWCs were to be constructed within three months by the executing

[59] Chainpur, Chandankiyari and Ranchi Sadar.
[60] Chas (Rural), Daltonganj (Urban), Deoghar (Rural) and Sarath.

agency. The Directorate released (November 2007) the amount to the districts. The estimate for construction of AWCs was revised (December 2007) to ₹ 2,32,300 per unit by the Department. Delay in release of funds (five months) to districts by the Directorate resulted in an additional burden of ₹ 65.45 lakh (₹ 40,400 x 162 AWCs) which could have been avoided.

- The Director, Social Welfare allotted (2008-09) ₹ 67.37 lakh for construction of AWCs at an estimated cost of ₹ 2,32,300 each for 29 AWCs in Pakur and West Singhbhum districts. The amount was drawn (March 2009 and March 2010) from the treasury and released to different executing agencies after delays of three to 12 months. Further, the estimate was revised (December 2009) by the department to ₹ 4,32,000 per unit. DSWOs sought allotment of additional funds due to increase in the estimated cost. Thus, delay in construction of AWCs resulted in an additional burden of ₹ 57.91 lakh.

#### *1.3.8.3 Non-utilisation of funds*

Scrutiny revealed that the department made provision for telephones at Project Offices but only two[61] out of 22 test-checked Project Offices had telephone facilities. Out of ₹ 4.8 lakh allotted during 2005-10 for telephones to the test-checked projects, 20[62] projects surrendered ₹ 4.6 lakh (96 *per cent*) which shows that the budget-making process was not in conformity with ground realities.

#### *1.3.8.4 Internal electrification*

The department made (December 2007) provision of 'internal electrification' in the revised estimates for construction of AWCs at the rate of ₹ 10,586 per AWC. It released (November 2007 and November 2008) funds for construction of 426 AWCs in the State.

However, information received from test-checked AWCs[63] revealed that internal electrification was not done despite the buildings being shown as complete.

The Directorate did not furnish information in respect of the actual expenditure incurred on internal electrification though called for.

### 1.3.9 Delivery of Services

#### *1.3.9.1 Distribution of supplementary nutrition containing less calories than prescribed norms*

The supplementary nutrition programme aimed at improving the health and nutrition status of children in the age group of six months to six years, pregnant women, lactating mothers and adolescent girls. From 2006-07, supply of the existing food module comprising *murhi, sattu* and *gur* was replaced with *khichdi* (cooked mixture of rice and pulses) to make the food

[61] CDPO, Chaibasa Sadar and Maheshpur.

[62] B S City, Bishrampur, Chainpur, Chandankiyari, Chas (Rural), Daltonganj (Rural), Daltonganj (Urban), Deoghar (Rural), Deoghar cum Jasidih, Hiranpur, Jagannathpur, Jhinkpani, Kanke, Mander, Manjhari, Namkum, Ormanjhi, Pakuria, Ranchi (Sadar) and Sarath.

[63] Dargag I, Kulhipurah I and Pipardag.

more acceptable among children. Again, provision of breakfast was made (January 2010) in the shape of *dalia* or *sattu laddoo* with sugar for children of three to six years of age in addition to *khichdi* with green vegetables and soyabari. Apart from this category, children between the age group of six months and three years, pregnant women, lactating mothers and adolescent girls were provided raw foodgrains as Take Home Ration (THR). SNP was meant to provide 300 calories and 10 gm protein per day for children between six months and six years of age and double the quantity for malnourished children of the same category. Pregnant women, lactating mothers and adolescent girls were to be provided 500 calories and 20 gm protein. Nutritional norms were revised (January 2010) to 500 calories and 12-15 gm protein for children between six months and six years of age, 800 calories and 20-25 gm protein for malnourished children; and 600 calories and 18-20 gm of protein for pregnant women, lactating mothers.

- Scrutiny revealed that during the supply (April 2005 to December 2009) of the food module consisting of *murhi, gur, sattu* and *khichdi*, there was provision of eight gm refined vegetable (RV) oil (72 calories) for children and 16 gm RV oil (144 calories) for pregnant women, lactating mothers and adolescent girls which was to be supplied by the Cooperative for Assistance and Relief Everywhere (CARE). Scrutiny revealed that neither did CARE supply RV oil nor was any provision made for RV oil by the Government resulting in the delivery of supplementary nutrition programme to the beneficiaries below the stipulated calories.
- In the new food module, the department prescribed (January 2010) THR comprising of rice – 60 gm, *masoor* dal – 15 gm, *soya bari* – 10 gm, RV oil – five gm and sugar – 38 gm for children of age of six months to three years and rice – 60 gm, *masoor* dal – 10 gm, *soya bari* – five gm, RV oil – three gm for adolescent girls. It was observed that these provisions could provide only 484 calories against the requirement of 500 calories for children between six months and three years of age and 290.98 calories against the requirement of 500 calories for adolescent girls. This resulted in providing less calories to the beneficiaries.
- Scrutiny revealed that provision of micronutrients was made (December 2009) for children, pregnant women/lactating mothers and adolescent girls for six paise, eight paise and four paise respectively per day per beneficiary in the new food module. In the absence of directions from the department regarding items that were to be supplied under micronutrients, the AWCs did not provide any micronutrients to the beneficiaries. Besides, the beneficiaries were provided supplementary nutrition of lesser value than the norms prescribed.

### *1.3.9.2 Non-achievement of targeted nutrition days*

**In four out of 22 test-checked projects, supplementary nutrition provided between 132 and 297 days during 2005-10**

Supplementary nutrition was to be provided to the beneficiaries for 25 days per month and 300 days in a year. In four[64] out of 22 test-checked projects, supplementary nutrition was provided between 132 and 297 days during 2005-10 calculated on the basis of Monthly Progress Reports (MPRs) of March

[64] Chas Rural, Jhinkpani, Maheshpur and Ranchi Sadar.

every year. The details of expenditure incurred/advance released were as given in **Table 3**.

**Table- 3: Details of insufficient supplementary nutrition provided**

| Name of the project | Year | No of beneficiaries | Amount spent | Expenditure required for the beneficiaries per day | Nutrition days for which amount spent was sufficient # (4÷5) | Shortage of nutrition days in respect of prescribed norms |
|---|---|---|---|---|---|---|
| | | | (In ₹ ) | | | |
| 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| Jhinkpani | 2007-08 | 12,254 | 48,95,339 | 25,575.10 | 191 | 109 |
| Chas Rural | 2008 09 | 24,325 | 1,23,31,645 | 50,446.10 | 244 | 56 |
| Maheshpur | 2008-09 | 24,679 | 1,45,49,949 | 51,301.70 | 284 | 16 |
| Ranchi Sadar | 2005-06 | 9,964 | 47,46,081 | 17,375.00 | 273 | 27 |
| | 2006-07 | 10,266 | 62,48,725 | 21,393.20 | 292 | 08 |
| | 2007-08 | 15,623 | 96,57,075 | 32,507.60 | 297 | 03 |
| | 2008-09 | 15,649 | 53,64,339 | 32,585.90 | 165 | 135 |
| | 2009-10 | 44,939 | 1,49,81,682 | 1,13,319.00 | 132 | 168 |

*(Source: Figures taken from test-checked projects)*
*# No of feeding days:- expenditure incurred divided by expenditure required per day.*

Supplementary nutrition was not provided in the above four test-checked projects for three to 168 days, thus failing to meet the targeted nutrition days. Further, scrutiny of records of nine test-checked AWCs revealed that supplementary nutrition was not provided to the beneficiaries for continuous periods ranging between 100 and 184 days ***(Appendix-1.19)***. On this being pointed out, it was stated by the concerned CDPOs that the interruption was mainly due to non-supply of food articles during 2005-06 and paucity of funds in subsequent years.

### *1.3.9.3 Delay in revision in financial norms of SNP*

Reports of the National Family Health Survey III and the National Nutrition Monitoring Bureau stated that the level of calories and micronutrient gaps had changed since 1975 when the ICDS nutritional norms were first fixed. To bridge the nutritional gap between the recommended dietary allowance and the average dietary intake as reported therein, GOI revised (November 2008) the calorific and financial norms for SNP for different categories of beneficiaries. During the year 2006-07 to December 2009, the existing rates for SNP were (i) ₹ 2 for children (six to 72 months) (ii) ₹ 2.70 for severely malnourished children (six to 72 months) and (iii) ₹ 2.30 for pregnant women and nursing mothers. The State Government however, adopted the revised financial norms only with effect from January 2010 and revised the rates to ₹ 4, ₹ 6 and ₹ 5 respectively.

Further, it was noticed that the number of malnourished children was 20,064 in 2008-09 and 27,474 in 2009-10 as per data of MPRs of the State. The delay in revision of norms of SNP for over 14 months clearly showed the apathy of the department in the implementation of the scheme in the context of the large number of malnourished children of the State. The delay in revision of norms for over 14 months deprived the intended beneficiaries of precious nutrition.

#### 1.3.9.4 Purchase of foodgrains at rates lower than market price

To ensure uninterrupted supply of supplementary nutrition to the beneficiaries and eliminate middlemen, the respective AWWs were directed (August 2006) to purchase the foodgrains from the local market using the funds made available to them as advance for preparation of *khichdi*. The department fixed (August 2005) the approximate rate of rice at ₹ 12 per kg and of pulses at ₹ 30 per kg. This was revised to ₹ 18 and ₹ 58 per kg respectively.

Scrutiny revealed that vouchers submitted by the AWWs in support of purchase of rice and pulses showed uniform rates i.e. rice at ₹ 12 per kg and pulses at ₹ 30 per kg till the new rate was fixed (January 2010). Interestingly, the Department of Home (Jails) revised (between January 2006 and March 2010) the rates of procurement of rice (₹ 10.50 to ₹ 20) and pulses (₹ 24 to ₹ 65) from the market. It was evident from the vouchers that the purchases made by AWWs were made at rates much lower than the prevailing market price during the period 2005-10. This created doubts regarding reporting on quality/quantity purchased, specification of grains and the number of beneficiaries, particularly when seen in the context of interviews (paragraph 1.3.18) wherein the beneficiaries stated that the quantities received as THR were lower than the prescribed quantities.

#### 1.3.9.5 Procurement of food articles and fuel by AWWs on credit basis

The State Government directed all DCs to ensure the availability of funds in advance at AWCs for uninterrupted provision of supplementary nutrition among the beneficiaries. For this, it was also directed that the DCs had to withdraw funds from the treasury in advance for six months and make funds available to project offices, for a period of three months in advance for onward transmission to AWWs'/AWHs' bank accounts before the 10th day of the forthcoming month as advance.

Scrutiny revealed that in four[65] out of six test-checked districts, advances were not made available to the AWWs for purchase of food articles and fuel during the year 2009-10. The funds were made available after periods of up to seven months while purchases of food articles were made by AWWs on credit basis from the market. This led to monthly burdens on AWWs of up to four times of the amounts paid as honorarium to them. Honorarium was paid to them after delays of one to 15 months. Interestingly, it was seen that the CDPO, Chas Urban advanced ₹ 1.46 crore for purchase of foodgrains during 2007-10 after a delay of two months though the food articles had already been purchased on credit.

#### 1.3.9.6 Supplementary nutrition not provided to eligible beneficiaries/ malnourished children

As per the orders of the Supreme Court of October 2004, supplementary nutrition was to be provided to all the eligible beneficiaries who came to AWCs. Scrutiny of MPRs at the Directorate revealed that 22 to 36 *per cent* eligible persons of different categories (children, expectant women, lactating mothers) were not enrolled and six to 11 *per cent* out of those enrolled were

[65] Bokaro, Pakur, Palamu and Ranchi.

not provided supplementary nutrition.

Further, as per the norms prescribed, each identified malnourished child was to get 800 calories and 20-25 gm of protein. Scrutiny of records of the Directorate disclosed that despite 12,338 Grade[66] III and 1,252 Grade IV beneficiaries identified as malnourished as of March 2010, instead of the stipulated nutrition, the department only provided 500 calories and 20 gm of protein to these identified malnourished beneficiaries. On this being pointed out, the Directorate replied (August 2010) that instructions were being issued. Thus, the scheme failed to reach nearly 46 *per cent* of the intended beneficiaries.

### 1.3.10 Health check-ups, immunisation and referral services

**Pre-natal and post-natal cards were not issued to mothers by the AWCs and no records of visits by AWWs to mothers after delivery were being maintained**

Health check-ups under the scheme included ante-natal care of expectant mothers, nursing mothers and children under six years of age, especially those who were born with congenital defects or were severely malnourished. Records of pre-natal and post-natal care were to be maintained in cards. Further, as per the guidelines of ICDS, all children below six years of age in the project areas were to be immunised against diphtheria, whooping cough, tetanus, polio, tuberculosis and measles. All expectant mothers were also to be immunised against tetanus.

Scrutiny revealed that pre-natal and post-natal cards were not issued to mothers by the AWCs and no records of visits by AWWs to mothers after delivery were being maintained. Again, MPRs of Project Offices showed that referral services were absent. It was further seen from the records of Malnourished Treatment Centres (MTC), Deoghar and Pakur that the patients admitted in the centre in the age group of six months to six years, were not referred through the network of AWCs. On this being pointed out, it was replied by the DSWO, Deoghar that necessary action would be taken.

**Against the targeted health check-up of 69,40,977 beneficiaries, only 29,82,359 check- ups were conducted depicting a meagre achievement of 43 *per cent***

Against the targeted health check-ups of 69,40,977 beneficiaries in the 10[67] out of 22 test-checked projects during the period 2005-10, only 29,82,359 check-ups were conducted, depicting a meagre achievement of 43 *per cent*. Similarly, against the immunisation target of 11,75,932 beneficiaries in nine[68] test-checked projects during 2005-10, only 8,73,424 (74 *per cent*) beneficiaries were immunised.

### 1.3.11 Medicine kits not supplied

As a vital input to providing essential services of health check-ups, medicine kits consisting of easy to use and dispensable medicines costing ₹ 600 were to be provided to each AWC every year for common ailments like cough and common cold, skin infections etc.

[66] Grade III (6, 7, 8.5, 9.75 and 11 kg for age 1 to 5 years respectively) and Grade IV (5, 6.25, 7.25, 8.25 and 9.25 kg for age 1 to 5 years respectively) stands for comparison of body weight and age of children.

[67] Bishrampur, Chainpur, Chandankiyari, Daltonganj (Rural), Daltonganj (Urban), Deoghar (Rural), Deoghar (Urban), Namkum, Ormanjhi and Sarath.

[68] Bishrampur, Chainpur, Chandankiyari, Daltonganj (Rural), Daltonganj (Urban), Deoghar (Rural), Deoghar (Urban), Namkum and Sarath.

**Despite allotment of funds of ₹ 5.38 crore during 2005-09, the department failed to purchase medicine kits**

Scrutiny revealed that despite allotment of funds of ₹ 5.38 crore during 2005-09, the department failed to finalise (2005-10) tenders for procurement of medicine kits. The purchase committee recommended purchase in July 2005 but the same was not approved by the Department. Re-tender for the same was done but the purchase committee again recommended re-tendering on the ground that the bid was not responsive. No further action on this was taken by the department. This resulted in non-supply of medicine kits among AWCs despite availability of funds, depriving the intended beneficiaries of providing essential services of health check-ups for common ailments. On this being pointed out, the Directorate stated that efforts were being made to purchase the medicine kits at the earliest.

### 1.3.12 Non-procurement of Pre-School kits

**Despite availability of funds of ₹ 4.06 crore during 2006-09, purchase and distribution of PSE kits was not done among AWCs during 2005-10**

The pre-school education (PSE) component under the ICDS scheme is a crucial component of the package of services envisaged under the scheme which aims at school readiness and development of a positive attitude towards education. PSE was to be provided in AWCs to children of age groups of three to six years through non-formal and play-way methods by joyful learning. To assist in imparting PSE, pre-school kits valued at ₹ 500 (up to 2008-09) and ₹ 1,000 (from 2009-10) per AWC per annum were to be provided.

Though the department provided funds of ₹ 4.06 crore during 2006-09 for purchase of PSE kits in AWCs, the purchase committee recommended purchase at the negotiated rate of ₹ 499.96 per kit only in March 2009. The purchase order was deferred by the Department due to the Assembly elections, 2009. No purchase order was issued till the date of audit (July 2010) and no PSE kits were distributed among AWCs during 2005-10, resulting in non-delivery of the PSE component of the scheme. On this being pointed out, the Directorate stated (August 2010) that efforts were being made to purchase the PSE kits at the earliest.

### 1.3.13 Non-implementation of Information, Education & Communication and Community Mobilisation component

The objective of the Information, Education & Communication (IEC) and Community Mobilisation component of the scheme was to (i) create awareness and build up the image of the ICDS programme, (ii) stimulate demand for ICDS, (iii) affect and sustain behavioural and attitudinal changes in child caring, nutrition and health and (iv) muster and sustain community participation. To achieve these objectives, various activities like home visits, group meetings, seminars, nutrition and health education sessions, distribution and use of slides, cards, flips, charts/books, flannel graphs etc and other audio-visual and electronics media were to be taken up. For this purpose, the GOI prescribed norms for its implementation in each Project Office at the rate of ₹ 25,000 per annum.

Scrutiny revealed that the department made budgetary provisions (2005-10) of ₹ 62 lakh only against the requirement of ₹ 2.55[69] crore. Further, against the

[69] ₹ 25000 x 204 (No of projects) x 5 years.

budget provision, only ₹ 38 lakh was allotted (2006-10), out of which only ₹ 10 lakh was spent (2008-09). It was also noticed from the cash book of the Directorate that funds of ₹ 12.75 lakh meant for IEC were withdrawn (March 2008) from the treasury, out of which ₹ 95,506[70] only was spent and the balance ₹ 11,79,494 was remitted into treasury (March 2009) under the receipt head of accounts '0235- Social Security and Welfare'. The reason for non-utilisation as stated (August 2010) by the Directorate was receipt of funds at the fag end of the year. However, it failed to justify the unnecessary retention of funds for a year.

### 1.3.14 Kishori Shakti Yojana

The *'Kishori Shakti Yojana'* (KSY) was launched in 2000-01 by GOI as a component of ICDS. This was introduced in Jharkhand in March 2002 for girls between the age group of 11 and 18 years with the objectives of improving their nutritional and health status; providing required literacy and numeric skills; training and equipping them to improve/upgrade home-based and vocational skills; promoting awareness of health, hygiene, nutrition and family welfare, home management and child care; gaining a better understanding of environment related social issues that impacted their lives and encouraging them to initiate various activities to be productive and useful members of the society. For implementation of KSY, *kishori mandals*[71] were to be formed in each AWC.

Scrutiny of KSY records in test-checked AWCs revealed that *kishori mandals* were not formed in 10 out of 282 selected AWCs. Further, in 42 AWCs, activities under *kishori mandals* were not conducted. As per guidelines, iron tablets were to be distributed among the adolescent girls in weekly *kishori mandal* meetings and also entries for such distribution were required to be made in their *kishroi shakti* card. However, in 224 out of 282 AWCs, iron tablets were not distributed among the adolescent girls and cards for administration of tablets were not maintained.

### 1.3.15 Nutrition Programme for Adolescent Girls

**DSWO, West Singhbhum drew ₹ 5.48 crore during 2003-09 but failed to utilise the balance funds of ₹ 4.25 crore and remitted the same into the treasury after periods of 18 to 48 months**

The nutrition programme for adolescent girls (NPAG) was launched by GOI with 100 *per cent* assistance initially for two years (2002-04) on pilot basis in 51 selected districts in the country. In Jharkhand, West Singhbhum district was selected for NPAG. GOI further extended the scheme upto 2008-09. Under this scheme, adolescent girls weighing less than 35 kg of the age group of 11 to 19 years, irrespective of the financial status of their families, were to be identified and provided six kg of foodgrains per girl per month free of cost. The identified girls were to be provided foodgrains through Fair Price Shops (FPS) regularly for three months. Further, after three months, they were to be weighed again and if their weights are to be found less than 35 kg of body weight, they were to be provided foodgrains for the next three months.

[70] Hoardings on 'World Breast Feeding Week'.

[71] It is constituted as a focal point for activities under kishori shakti yojana for adolescent girls.

Scrutiny of records revealed that the DSWO, West Singhbhum drew ₹ 5.48 crore during 2003-09, out of which ₹ 1.11 crore was transferred (2006-10) to the State Food Corporation (SFC) as advance for purchasing foodgrains from the Food Corporation of India, ₹ 11 lakh was spent on contingencies and ₹ one lakh was kept with the DSWO as unutilised funds. The DSWO failed to utilise the balance funds of ₹ 4.25 crore (77 *per cent*) and remitted (between May 2008 and July 2009) the same into the treasury under the head '0235-Social Security and Welfare' after periods ranging from 18 to 48 months. This was a major financial irregularity because it resulted in artificially inflating the figures of expenditure in the preceding years and the figures of the receipt head of the Department in 2009-10. This amounted to falsification of accounts of all those years which had the effect of weakening the legislative control over the executive. Further scrutiny of records revealed that the foodgrains were distributed after long intervals instead of monthly distribution between September 2006 and June 2010 ***(Appendix-1.20)***. The DSWO was unable to provide the details of the whereabouts of unutilised foodgrains. Non-maintenance of details of unutilised foodgrains was fraught with the risk of misappropriation of foodgrains as Audit could not ascertain the genuineness of the purchase of the foodgrains. Failure to distribute the foodgrains by the DSWO in time affected the successful implementation of the programme.

Lady Supervisors were required to check the weight of five *per cent* of the girls under NPAG. Along with the AWW, they were also responsible for monitoring and reporting on the regularity in distribution of foodgrains from FPS. Also, the CDPO was required to verify one *per cent* of cases randomly. In cases of irregularities in supply of foodgrains at FPS, the Lady Supervisors or CDPOs were to take up the matter at the appropriate level and sort out the problem.

Scrutiny of records at AWCs and CDPO offices revealed that the girls were not weighed regularly in violation of the norms. Also, the verification by Lady Supervisors and CDPOs was not carried out.

## 1.3.16 Human Resource Development

### *1.3.16.1 Manpower Management*

Efficiency and quality of ICDS services largely depends on the availability of adequate number of supervisory cadre like CDPOs and Lady Supervisors trained as well as ground level functionaries. Scrutiny of records revealed that the staff position of cadres other than AWWs and AWHs under ICDS as of March 2010 was as given in **Table 5**.

***Table 5: Sanctioned strength and persons–in-position***

| Sl No | Category of post | No of posts Sanctioned | Staff Position | Vacancy | Percentage of vacancies |
|---|---|---|---|---|---|
| 1 | Child Development Project Officer | 204 | 132 | 72 | 35 |
| 2 | Lady Supervisor | 1205 | 756 | 449 | 37 |
| 3 | Statistical Assistant | 214 | 133 | 81 | 38 |

| | | | | | |
|---|---|---|---|---|---|
| 4 | Clerk | 224 | 186 | 38 | 17 |
| 5 | Accountant cum Store Keeper | 09 | 09 | Nil | Nil |
| 6 | Driver | 78 | 78 | Nil | Nil |
| 7 | Peon | 276 | 249 | 27 | 10 |

*(Source: Directorate, Social Welfare)*

It is evident from the above table that 35, 37 and 38 *per cent* vacancies existed in the cadres of CDPOs, Lady Supervisors and Statistical Assistants respectively in the State as of March 2010. The deficiency in vital human resources having adverse impact on delivery of services could not be ruled out.

### *1.3.16.2 Training*

**Against the 23 AWTCs and one MLTC sanctioned, only 15 AWTCs were functional as of March 2010**

According to the guidelines of the scheme, training for ICDS functionaries was to be imparted by the State Government. Three types of regular training were to be imparted to AWWs, AWHs, Lady Supervisors and CDPOs i.e. induction training on initial appointment (for AWWs only), job/orientation training (once during service period) and refresher training (in service, once in every two years). Training of CDPOs was to be conducted by the National Institute of Public Co-operation and Child Development (NIPCCD). Audit scrutiny revealed that against the 23 Anganwadi Training Centres (AWTCs) and one Middle Level Training Centre (MLTC), only 15 AWTCs were functional as of March 2010. Reasons for non-functioning of the remaining eight AWTCs and one MLTC were not furnished to Audit though called for. It was observed that out of ₹ seven crore earmarked for imparting training to ICDS functionaries during the period 2005-10, only ₹ 5.97 crore was spent by the department. The shortfall in achievement of targets of training of grass root functionaries of ICDS was as shown in **Table 6**.

**Table 6: Target and achievement of training as of March 2010**

| Cadre | Target | Trained | Untrained Job/orientation training(percentage) | Backlog of refresher course |
|---|---|---|---|---|
| Lady Supervisors | 694 | 328* | 366 (53) | NA |
| AWWs | 38296 | 32182 | 6114 (16) | 18149 |
| AWHs | 35800 | 30279 | 5521 (15) | 31499 |

*(Source: State training action plan, Directorate of Social Welfare)*
** Trained before creation of Jharkhand*

In the absence of the MLTC, no Lady Supervisor was trained during 2005-10. It was observed that out of 694 Lady Supervisors, only 328 were trained and all of them were trained before the creation (November 2000) of the state. Besides, 15 functional AWTCs could provide training to 12,839 AWHs during the period 2005-10 against the target of 16,250 AWHs. It was noticed that during the period 2006-10, against 127 CDPOs deputed to NIPCCD for refresher training courses, only 92 (72 *per cent*) attended the programmes. The Directorate replied that establishment of eight AWTCs and training of the untrained functionaries was being organised as early as possible.

### 1.3.17 Other Points of interest

- **The DSWO, Ranchi withdrew (July- August 2009) ₹ 11.62 lakh at the rate ₹ 2,32,300 for construction of five[72] AWCs from the treasury, submitting vouchers of construction materials[73] for ₹ 11.62 lakh. Interestingly, it was seen that site selection for three (Garh Husir, Masmano Pahan Toli and Choreya Oraon Toli) out of five AWCs was not done (July 2010) though the material was purchased.**
- **The Zila Parishad, Ranchi, reported that three AWCs at Harmu Harijan Toli, Irgu Road Kumhar Toli and Hesal Oron Toli were completed after incurring an expenditure of ₹ 14.28 lakh whereas CDPO, Ranchi Sadar and Ward Councillors reported that no such AWCs were actually constructed. Audit personnel visited the site and found that the AWCs were not constructed. Thus, a fraudulent payment of ₹ 14.28 lakh was made for a work which was not done. Further, CDPO, Ranchi Sadar reported incomplete construction of AWC at Hehal Tangra Toli whereas the *Zila Parishad* reported the same as complete after incurring expenditure of ₹ 4.76 lakh.**
- **CDPO, Silly reported that the AWC at Pipardag was constructed by AWW at ₹ 2.32 lakh (2007-08) whereas the *Zila Parishad*, Ranchi also reported construction of the AWC at the same place at ₹ 4.76 lakh under the Backward Region Grant Fund.**
- CDPO, Ranchi Sadar reported construction of an AWC by the *Zila Parishad,* Ranchi at Hindpidi Third Street. However this was seen to have been constructed on a drain at a cost of ₹ 4.76 lakh. Because of the location of the AWC, the AWW refused to take over charge of the centre.
- Records of the Drinking Water and Sanitation Division, Pakur showed that water supply system including a submersible motor pump was installed at five[74] AWCs but there were no electric connections for the same.

### 1.3.18 Results of Joint Inspection of AWCs

Joint physical verification by audit personnel with officials of the project was carried out in 98 AWCs in test-checked projects, the results of which were as under:

- Six[75] out of 98 AWCs were found closed at the time of the visits though the team visited the AWCs at a time when they were supposed to be functioning. In six AWCs, no child was found though they were shown to be present in the attendance registers. The presence of children at 40 AWCs was less than 50 *per cent* of those enrolled.
- It was also seen that AWC Babupur I in Hiranpur project was being used

[72] Baska Dangar Toli (Mander), Chavania Pano ( Chanho) Choreya Oraon Toli, Garh Husir, and Masmano Pahan Toli.

[73] Brick, cement, stone chips, sand and steel.

[74] Adhoul, Chandpur, Chapa Danga (Pakur), Maheshpur and Malipara.

[75] Bhuiyan Toli Chiyanki (Daltonganj Rural), Bipatpur, Pahari Tola (Ranchi Sadar), Ramnathpur Pahari Tola (Hiranpur) Sawda (Chandankiyari) and Torai II.

as a cowshed. It was also stated by the villagers that THR was not being provided for the last two months.



*(View of AWCs being used as store and cow shed)*

- BDO, Chainpur unauthorisedly occupied AWC Shahpur South II (Code 96) in Palamu and two offices, *i.e.* office of NREGS and Panchayat were found functioning in the same building along with the AWC.
- In two AWCs *viz.* Rampur (Code 23) and Haripur (Code 18) (Project Sarath), PSE to the children was being imparted in the courtyard.
- In 39 out of 98 AWCs, *khichdi* for supplementary nutrition was cooked in the same room where PSE was being imparted.
- Quantities of foodgrains distributed as THR could not be ascertained as the foodgrains were measured in pots instead of weighing machines.
- During interviews at eight[76] AWCs, the beneficiaries stated that THR was provided after delays of two and three months. The beneficiaries further stated that THR was less than the prescribed quantity and that *gur* was provided in place of sugar in Sarai Toli, Namkum.
- An mixture of roasted and ground rice, pulses, sugar and RV oil was supplied as THR in Chaibasa Sadar project which was not acceptable among the beneficiaries especially among children.
- Medical Officers never visited nine[77] AWCs where the beneficiaries were interviewed though ANMs visited the centre.

### 1.3.19 Monitoring and evaluation

**No meeting of the co-ordination committee was conducted. No apex committee was constituted in the State. Monitoring and evaluation was inadequate at all levels**

To ensure effective monitoring and co-ordination between various departments involved in the implementation of the scheme, Monitoring Committees were to be formed at the Block, District and State levels. A Steering Committee under the chairmanship of the Development Commissioner was to be constituted and the scheme was also to be monitored by a high level Ministerial Apex Committee.

[76] Amlabad Premnagar, Amlabad MahtoTola, Amlabad Upar kulhi, (Chandankiyari), Amlabad Rohaniatand,Babupur, Bipatpur (Hiranpur) Sukurhutu Mahto Toli.; Kanke-- Torai II Hiranpur.

[77] Dipatoli Sarai Toli (Namkum), Jailhata (Daltonganj Urban); Haratu I (Namkum); Narsanda Baragutu Sai (Chaibasa Sadar). Nagri Sadak Tola (Kanke) Somartand I and Somartand (Chainpur); Sufla Sai (Chaibasa Sadar) and Sukurhutu Mahto Toli (Kanke).

It was noticed that though a co-ordination committee under the chairmanship of the Chief Secretary was constituted (June 2005), no meeting had been held so far. No apex committee was constituted in the State. As per a notification (June 2005) of the Government, district, block and village level committees were to be constituted in the State. It was the responsibility of the committees to ensure proper functioning of AWCs, availability of funds and supplementary nutrition, proper co-ordination and convergence with other departments for implementation of other services of ICDS, filling up the vacancies of AWWs/AWHs, surprise visits of AWCs and looking into the complaints against the AWCs. Though block and district level committees were constituted, meetings were not being conducted.

Further, for effective implementation of the scheme CDPOs and Lady Supervisors were required to visit 30 and 40 AWCs respectively per month. Scrutiny revealed that the number of field visits (2005-10) conducted by the CDPOs and Lady Supervisors were 14,405 (67 *per cent*) and 67,943 (76 *per cent*) in comparison to the target of 21,360 and 89,240 in 14[78] test-checked projects respectively.

### 1.3.20 Conclusion

Implementation of the ICDS scheme in the State was far from satisfactory. The infrastructure in terms of AWC buildings was inadequate and a large number of AWCs were functioning in rented buildings as well as in open spaces. Supply of supplementary nutrition was irregular and deficient in stipulated calories. Supply of stipulated rations to malnourished children was inadequate. Medicine kits and PSE kits were not procured at all. Effective monitoring of the scheme at various levels was absent. Thus, the objectives of the scheme could not be fully achieved.

### 1.3.21 Recommendations

The department should ensure:

- timely release of funds for SNP to ensure availability of funds to AWCs ;
- required calories to the beneficiaries as per norms;
- revision in rates of food commodities as per market rates;
- basic infrastructure facilities at all AWCs / MAWCs ;
- supply of PSE kits and medicine kits for proper functioning of AWCs;
- filling up vacancies of CDPOs, Lady Supervisors and Statistical Assistants on a priority basis; and
- effective supervision and inspection of AWCs.

[78] Bishrampur, Chainpur, Chandankiyari, Daltonganj (Rural), Daltonganj (Urban), Deoghar cum Jasidih, Hiranpur, Kanke, Maheshpur, Mander, Namkum, Ormanjhi, Pakuria and Sarath.