

CHAPTER I

PERFORMANCE AUDIT

Health Department

1.1 National Rural Health Mission

Highlights

The National Rural Health Mission (NRHM) was launched in April 2005 with the objective to bring about improvement in health status of the people, especially those who live in rural areas. Performance audit of the Mission activities brought out deficiencies in completion of household and facility survey, non-preparation of perspective and annual plans, lack of planning as well as monitoring as a result of which 19 per cent of available funds remained unspent. Though the targets for construction of new health centres were formulated yet construction works had not been taken up. The services at Community Health Centres and Primary Health Centres suffered for want of doctors, para-medical staff and other basic medical facilities. A large number of pregnant women did not show up for antenatal check ups. While the shortfall in achievement of targets of sterilisation was 17 per cent, the shortfall in Vitamin A solution administration ranged between 17 and 67 per cent. Annual Parasitic Incidence was much higher than the stipulated rate of 0.5 per thousand. The achievement of targets, set for 2010 for infant mortality rate, maternal mortality rate, total fertility rate, sex ratio, etc. were far from satisfactory.

- **Household survey to identify target groups though planned in 2007-08, had not been started and facility survey to assess deficiencies had not been completed. District perspective plan was not prepared in 11 out of 20 districts in the State.**

(Paragraphs 1.1.6.1 and 1.1.6.2)

- **Against the target of construction of 9 CHCs, 79 PHCs and 44 SCs, no health centre was constructed during 2005-09 inspite of availability of funds.**

(Paragraph 1.1.8.1)

- **There was shortage of 61 per cent of doctors and 50 per cent of para-medical staff in CHCs test checked and 43 per cent of doctors and 69 per cent of other staff in PHCs test checked. Besides, basic medical facilities were not available in large number of centres.**

(Paragraphs 1.1.8.2 and 1.1.8.3)

- **A large number of pregnant women did not register themselves for prescribed antenatal check ups. Even the registered pregnant women did not show up for antenatal check ups. Only 38, 48, 54 and 59 per cent deliveries took place in institutions during 2005-06, 2006-07, 2007-08 and 2008-09 respectively against the target of 50 per cent of total deliveries.**

(Paragraph 1.1.10.2)

- **There was shortfall in administration of Vitamin A during 2005-09 in test checked districts due to short supply of vitamin A solution at health centres.**

(Paragraph 1.1.10.5)

- **Against detection of 36,487 cases of refractive errors, only 6,937 students were provided free spectacles in test checked districts.**

(Paragraph 1.1.10.6)

- **The State was far behind in achievement of targets set for 2010 in regard to infant mortality rate, maternal mortality rate, sex ratio, etc.**

(Paragraph 1.1.12)

1.1.1 Introduction

The National Rural Health Mission (NRHM) was launched in Haryana on 12 April 2005 with a view to provide accessible, affordable, accountable, effective and reliable healthcare facilities in the rural areas especially to poor and the vulnerable section of the population. The key strategy of the NRHM was to bridge gaps in healthcare facilities, facilitate decentralised planning in the health sector, provide an overarching umbrella to the existing programmes of Health and Family Welfare including Reproductive and Child Health-II, Vector Borne Disease Control Programme, Tuberculosis, Leprosy and Blindness Control Programmes and Integrated Disease Surveillance Project. The scheme was centrally sponsored upto 2006-07 and on cost sharing basis between Centre (85 per cent) and State (15 per cent) for the 11th plan period 2007-12.

1.1.2 Organisational set up

At the state level, the NRHM functions under the overall guidance of the State Health Mission (SHM) headed by the Chief Minister. The activities under the Mission are to be carried out through the State Health and Family Welfare Society

(SHFWS). The governing body of the society is headed by Chief Secretary of the State. Its Executive Committee is headed by the Financial Commissioner and Principal Secretary, Health Department, Government of Haryana. The State Programme Management Support Unit headed by a Mission Director acts as the Secretariat to SHFWS.

At the district level, every district has a District Health and Family Welfare Society (DHFWS) headed by the Deputy Commissioner and its Executive Committee is headed by a Civil Surgeon (CS). Sub-centres (village level), Primary Health Centres (PHCs) and Community Health Centres (CHCs) deliver public health services in rural areas.

1.1.3 Audit objectives

The main audit objectives of the performance audit were to ascertain whether:

- planning, monitoring and evaluation procedures of the Mission at the level of Village, Block, District, State and Centre were adequate and achieved its principal objectives;
- the Mission achieved capacity building and strengthening of physical and human infrastructure at different levels as planned and targeted;
- the information, education and communication (IEC) activities were efficient and resulted in increase of awareness about preventive aspects of healthcare;
- targets fixed specially in respect of reproductive and child healthcare, immunization and disease control programmes were achieved;
- public health delivery system for the targeted population, especially socially and economically deprived groups, women and children was created as envisaged.
- impact on key indicators had shown improvement upto the desired level.

1.1.4 Audit criteria

With a view to achieve the audit objectives, following audit criteria were adopted:

- Government of India (GOI) guidelines on the scheme and instructions issued from time to time.
- Indian Public Health Standards (IPHS) for CHCs, PHCs and Sub-Centres.

- State Programme Implementation Plan (PIP) approved by GOI.
- Data of institutional deliveries, immunization, family planning cases, in-patients/ out-patients, morbidity and mortality cases, etc. and
- Monitoring and status reports.

1.1.5 Scope and methodology

The Performance Audit was conducted (April 2009 to July 2009) covering the period from 2005-06 to 2008-09 by test-check of records in the Mission Directorate, five DHFWS (out of 20) alongwith 15 CHCs (out of 87), 30 PHCs (out of 420) and 60 SCs (out of 2,465) (*Appendix I*).

The sample for test-check were selected using probability proportionate to size sampling (PPS) method. An Entry Conference was held in March 2008 with the Project Director, in which important issues regarding implementation of the scheme, audit objectives and audit criteria were discussed. Exit conference was held in July 2009 with Financial Commissioner and Principal Secretary to Government of Haryana, Health Department to discuss audit findings and their views were considered while finalising the review report.

Audit findings

1.1.6. Planning

1.1.6.1 Base line survey

As per Mission guidelines, a base line survey was to be conducted by 2008 to help the Mission in fixing goals and monitoring indicators. Accordingly, 50 per cent of the household and facility surveys were required to be completed by 2007 and 100 per cent by 2008. It was, however, noticed that though the Mission was launched in April 2005, the household survey was planned only in the State Programme Implementation Plan (PIP) for the year 2007-08. The facility survey of CHCs in three districts and all the PHCs and SCs in the State had not yet been completed (March 2009). Even data collected from the facility survey in respect of 17 districts relating to CHCs was not validated by the *Panchayati Raj* Institutions as envisaged under the programme.

Non-conducting of the household survey and non-completion of facilities survey impaired the planning process of the Mission as the healthcare needs of the rural population and deficiencies in the facilities in the health institutions could not be identified and hence not properly addressed.

The Mission Director stated (July 2009) that facility survey was conducted by

Household survey was not conducted and facility survey in all the institutions was not completed.

GOI during 2004 in 14 district hospitals, 13 Sub-District hospitals, 63 CHCs and 14 PHCs and entire Gurgaon district and that annual household survey was conducted by health workers at Sub-Centre (SC) level. The reply was not convincing as facility survey was not complete for the State as a whole. Further, household survey conducted by health workers was confined to identification of eligible couples, pregnant women and mothers only and did not cover other objectives of the Mission. As a result of this, the purpose for planning of all the Mission activities was not served.

1.1.6.2 Perspective and annual plans

District perspective plans were prepared in 9 out of 20 districts while annual action plans were not prepared at all during 2005-09.

The DHFWS were required to prepare perspective plan for the entire Mission period 2005-2012 which were to be aggregated to form the PIP of the entire State. Besides, these societies were also required to prepare Annual District Health Action Plans. The Mission focused on the village as an important unit for planning. As the preparation of village level plans were started from 2007-08, the Block Health Action Plans, therefore, formed the basis of District Health Action Plan for the year 2005-06 and 2006-07. As a result of this, the deficiencies and problems at village level could not be identified. The preparation of perspective plans was taken up in 9 out of 20 districts in 2006-07 and was completed in September 2007. The perspective plans in the remaining 11 districts were not prepared as of March 2009. As perspective plans were not prepared in all the districts, the State PIP was not prepared by aggregating health action plans of all the districts during 2005-09. The districts prepared Annual District Health Action Plans only for the year 2009-10. No annual Action Plans were prepared for the period 2005-09. The effectiveness of the District Health Action Plans, prepared without conducting the household and facilities survey was debatable as there were number of deficiencies in providing facilities at CHC, PHC and Sub-centre level as discussed in paragraph 1.1.8. The lack of planning had a cascading effect on the implementation of the Mission, as is evident from the succeeding audit findings.

1.1.6.3 Public report on health

Annual public health report was not published by any district.

As envisaged under the NRHM, each district was required to publish a public report on health annually. None of the 20 districts in the State had published such reports during 2005-09.

In the absence of dissemination of such relevant information, local communities, which were to be involved for planning and monitoring of the activities under the Mission, could not get information on the developments taking place in the district. Moreover, absence of a real-time management information system at the ground level impaired the ability of the Mission to initiate adequate and timely responses to correct the deficiencies noticed during execution of the programme at the base level.

1.1.7 Financial management

Only 81 per cent of the available funds were spent.

Funds are released by the Central Government to the States through two separate channels i.e. through State Finance Department and direct to the different health societies. The funds routed through the State Finance Department were required to be released quarterly depending on the norms prescribed for various activities under these schemes based on infrastructure available in the States. The position of opening balance, funds received from GOI, expenditure incurred thereagainst and closing balance for the period 2005-09 is tabulated below:

(Rupees in crore)

Year	Opening balance	Funds received from GOI	State share	Total	Expenditure incurred	Closing balance
2005-06	3.52 ¹	108.50	-	112.02	80.92	31.10
2006-07	31.10	161.04	-	192.14	97.27	94.87
2007-08	94.87	151.53	24.29	270.69	112.00	158.69
2008-09	158.69	211.59	0	370.28	244.77	125.51
Total		632.66	24.29		534.96	

About 19 per cent of total available funds of Rs 660.47 crore remained unutilised during 2005-09.

Annual budget was not prepared by DHFWSs and Sub-District Health Centres.

The funds remained unspent as the budget was prepared by SHFWS without any input from DHFWSs and Sub-District Health Centres as these societies/centres had not prepared their annual budget. Even the districts and blocks were not informed about availability of funds for various activities well in advance for planning. The funds to the districts and blocks were allocated on receipt of sanctions from GOI as per State PIP. However, the Mission Director stated (July 2009) that at the beginning of the Mission, a number of steps were required to be taken in terms of infrastructure, manpower and capacity building, therefore, the expenditure was less during this period. The reply is not convincing as during the year 2005-06 and 2006-07, the process of decentralisation which includes planning, implementation and monitoring up to village level had not been completed.

1.1.7.1 Untied and annual maintenance grants

VHSCs were not constituted in 111 villages.

As per Mission guidelines, an annual untied grant of Rs 10,000 to each Village Health and Sanitation Committee (VHSC), Rupees 10,000 to every SC, Rs 25,000 to every PHC and Rs 50,000 to every CHC was provided for local uses. Annual maintenance grant of Rs 10,000, Rs 50,000 and Rs 1,00,000 to each SC, PHC and CHC respectively was also to be provided.

As per timeline framed under the Mission, cent per cent of the VHSCs were to be formed by 2008. Against the target of constituting 6,393 VHSCs, 6,282 were

¹	Name of the Scheme	:	Amount
	Revised National Tuberculosis Control Programme (RNTCP)	:	Rs 2.63 crore
	National Programme for Control of Blindness (NPCB)	:	Rs 0.89 crore
	Total	:	Rs 3.52 crore

formed as of March 2009 leaving a gap of 111 Committees. Out of the untied funds of Rs 11.34 crore released to VHSCs during 2007-09, only Rs 3.47 crore (31 *per cent*) had been utilised by the districts upto March 2009. The non-formation of VHSCs in all the villages coupled with inadequate spending of funds by the constituted VHSCs affected implementation of the Mission at grass root level. The Mission Director stated (July 2009) that a common committee of Women and Child Development and Health Department for constituting the Village Level Committee cum VHSCs was formed in July 2008. The reply is not convincing as the steps for constituting the committee were taken after a lapse of more than one year.

Untied and annual maintenance grants remained unspent with VHSCs, CHCs, PHCs and SCs.

Similarly, out of untied² grants of Rs 7.46 crore released to the SCs during 2006-09, an expenditure of Rs 5.20 crore (70 *per cent*) was incurred by the SCs upto March 2009 leaving an unspent balance of Rs 2.26 crore (30 *per cent*). Likewise, untied and annual³ maintenance grants to the tune of Rs 5.50 crore for PHCs in all districts were released during 2005-09 and an expenditure of Rs 3.43 crore (62 *per cent*) was incurred as of March 2009 leaving an unspent balance of Rs 2.07 crore (38 *per cent*).

The Mission Director while admitting the inadequate spending stated (July 2009) that the expenditure at the initial stage of the Mission was less due to lack of infrastructure and awareness and that Mission activities had now geared up and expenditure has also increased. Thus, it is evident that the Mission was not geared up at the beginning of the Mission period.

1.1.8 Capacity building and strengthening of infrastructure

1.1.8.1 Construction and upgradation of CHCs, PHCs and SCs

The Mission provided for construction of new rural health centres and upgradation of existing facilities for delivery of better health services in the rural areas as per population norms of 2001 census. The targets set for construction of various centres and achievements thereagainst are tabulated below:

Sr. No.	Particulars	CHCs	PHCs	SCs
1.	Targets for new construction during 2007-08	9	79	44
2.	Achievements for new construction	Nil	Nil	Nil
3.	Targets for upgradation of CHCs as per IPHS norms and PHCs for providing 24X7 services upto 2007-08	26	126	-
4.	Achievements	2	106	-

Against the target for construction of 9 CHCs, 79 PHCs and 44 SCs, no health centre was constructed.

Audit observed that no health care centre could be constructed during 2007-08 as the funds amounting to Rs 24.28 crore were released for construction works only in January 2008. Administrative approval for construction of three CHCs was accorded in February/July 2008 and administrative approval for 32 PHCs was accorded in September/October 2008. Expenditure of Rs 12.14 crore had been

² Untied grant: Given for improvement of sanitary and hygienic conditions.

³ Annual maintenance grant: Given for general maintenance of CHCs/PHCs/SCs.

incurred upto November 2008.

1.1.8.2 Shortage of staff at CHC and PHC level

Shortage of 61 per cent of doctors, 50 per cent of para-medical staff in test checked CHCs was observed.

The manpower position in respect of CHCs test checked with reference to norms of Indian Public Health Standards (IPHS) is depicted in **Appendix II**. An analysis of the data revealed that against the requirement of 90 doctors (including specialists), only 35 doctors were in position indicating shortage of 55 doctors (61 per cent). Similarly, against the norm of 375 posts of Staff Nurses, Technicians, Dressers, Sweepers, Ward Boys, etc., only 186 were in position indicating shortage of 189 posts (50 per cent). Thus, there was substantial shortage of doctors and other staff in CHCs test checked. Audit further observed that there was no doctor or specialist available in CHC, Kairu and Jhojukalan in district Bhiwani and CHC, Bhattukalan in district Fatehabad during the review period.

There was acute shortage of doctors and para-medical staff in PHCs.

The position of manpower requirement as per IPHS, men-in-position and shortage in respect of PHCs test checked is depicted in **Appendix III**. Against the requirement of 60 doctors, only 34 were in position leaving a shortage of 26 doctors (43 per cent). Similarly, against the requirement of 480 staff⁴, only 150 were in position indicating shortage of 330 staff members (69 per cent).

The Mission Director stated (July 2009) that in order to avoid shortage of doctors and to reduce the time taken by Haryana Public Service Commission in selecting the doctors, the State Government had evolved the departmental appointment process of doctors which has enabled to recruit 825 doctors (out of which 525 specialists) during November 2008 to May 2009.

1.1.8.3 Lack of infrastructure and facilities at CHC, PHC and Sub-centre level

Basic facilities were not available in test checked CHCs.

As per IPHS norms, a caesarian section, emergency care of sick children, safe abortion services, blood storage facility, surgery, pediatrics, new born care, ECG test, X-ray facility and Operation Theatre were to be provided at CHC level.

Audit observed that the caesarian section (10 out of 15), emergency care of sick children (11 out of 15), safe abortion services (10 out of 15), blood storage facility (14 out of 15), surgery (11 out of 15), pediatrics (12 out of 15), new born care (8 out of 15) and ECG (11 out of 15) were not available in the CHCs test checked. X-ray facility was available only in 8 out of 15 CHCs test checked. No Operation Theatre was available in any of the CHCs. Even the supply of drugs, medicines was inadequate in all the districts test checked. Only essential drugs were supplied for basic level treatment.

As per IPHS, cataract surgery, MTP, internal gynecological examination, nutrition services, emergency services, new born care, facilities of tubectomy and

⁴ Staff nurses, health educators, clerks, health assistants, class IV, etc.

vasectomy were to be provided at PHC level. Audit scrutiny revealed that these facilities/services were not provided in any of the PHCs test checked.

**Health Assistants/
Lady Health
Visitors did not visit
27 per cent test
checked SCs.**

Further, Health Assistants (male)/Lady Health Visitors (LHV) were required to visit the sub-centres at least once a week as per IPHS. But it was observed that no such visits were made by them in 16 SCs out of 60 SCs test checked. There was no labour room in 31 SCs and no telephone facility in 54 SCs, no public utilities in 37 SCs out of 60 test checked.

The Mission Director stated (July 2009) that there were limited funds for equipment and drugs for upgradation of facilities to IPHS as targeted. The reply was not fully convincing as there was 19 per cent shortfall in utilisation of funds under the Mission.

1.1.8.4 24x7 delivery services

**24x7 delivery services
were not available in
75 per cent PHCs
in the State.**

The Mission envisaged provision of 24X7 delivery and emergency services at PHC level. As per information available at the SHFWS, out of total 420 PHCs, only 106 PHCs had facility of 24x7 delivery services. The facility assessment at 30 PHCs test checked revealed that the facility of 24 hour delivery services was available only at 8 PHCs. The reasons for non-availability of delivery services in other 22 PHCs were attributed to non-availability of staff nurses, labour rooms, etc.

1.1.8.5 Trainings

**There was shortfall of
36 per cent in
imparting training to
health personnel.**

The Mission laid emphasis on imparting training for skill development to doctors, Auxiliary Nursing Midwives (ANM), nurses, para-medicals, Accredited Social Health Activist (ASHA) trainers, etc. for improving and strengthening of existing training infrastructure. Against the target of providing training to 9,000 ASHAs, 1,712 ANMs, 1,155 Staff Nurses, 363 Medical Officers, 7 Programme Managers, only 5,211 ASHAs, 1,437 ANMs, 817 Staff Nurses, 370 Medical Officers and 7 Programme Managers respectively were trained during 2005-08, leaving a shortfall of 4,395 personnel (36 per cent). None of the ASHAs were provided with drug-kits for dispensing medicines, contraceptives, ORS, etc. in the test checked districts.

The Mission Director stated (July 2009) that shortfall in providing training was due to shortage of trained manpower in State Health and Family Welfare Institute and steps had been taken to strengthen the training centres in terms of logistics, infrastructure and manpower. As regards providing the drug-kits to ASHA, it had been stated that drug-kits were not provided as training to ASHA was not provided.

1.1.8.6 Mobile Medical Units

**Mobile Medical Unit
was not provided in
any of the test
checked districts.**

A mobile medical unit was to be provided in each district for providing outreach services. The Mission Director stated (July 2009) that six medical mobile units were working in various districts by Health Department. However, mobile medical units were not provided in any of the districts test checked.

1.1.8.7 State Health System Resource Centre

A State Health System Resource Centre (SHSRC) was to be established in each State to provide technical support to the Mission. The SHSRC was not established in the State. The Mission Director stated (July 2009) that proposal for establishing a State Health Resource Centre was under consideration and technical support was being obtained from various consultants.

This vast gap between the requirement of infrastructure, medical staff and medicines as per IPHS and that actually available was a severe bottleneck in delivering health services as envisaged under the Mission.

1.1.9 Information, Education and Communication (IEC)

1.1.9.1 Under utilisation of funds

As per NRHM framework, IEC activities were to be carried out at grass root level to educate the rural population about preventive, promotive, curative and rehabilitative health care. For this purpose, Health Melas were to be organised in all the parliamentary constituencies. Grants of Rs 80 lakh for organisation of Swasthaya Melas in 10 parliamentary constituencies of the State were received from GOI and were placed at the disposal of concerned Civil Surgeons. However, only an amount of Rs 43.88 lakh was utilised upto March 2009. Thus, adequate attention was not paid towards IEC activities.

1.1.10 Performance under various health care programmes

1.1.10.1 Status of in-patient and out-patient cases

The number of in-patient and out-patient cases is an important indicator of the effectiveness of various activities under the NRHM. The data regarding number of patients reported at sub-centres was not maintained by SHFWS. The number of patients reaching the PHCs and CHCs of districts test checked for out-patient and in-patient services during 2005-09 were as under:

Name of the district	Health centres	Number of out-patient cases reported at health centres				Number of in-patient cases reported at health centres			
		2005-06	2006-07	2007-08	2008-09	2005-06	2006-07	2007-08	2008-09
Faridabad	PHCs	2,51,154	2,84,586	2,44,878	2,45,364	382	548	708	856
	CHCs	37,178	41,536	29,704	42,917	1,054	914	531	514
Ambala	PHCs	1,94,775	2,08,277	2,02,953	1,64,316	611	528	1,180	471
	CHCs	87,040	88,116	74,910	66,976	3,183	3,181	2,767	2,691
Bhiwani	PHCs	2,94,155	3,54,183	3,31,348	3,25,900	1,177	1,260	1,389	2,463
	CHCs	1,46,238	1,67,788	1,43,768	1,56,308	5,832	3,821	4,383	15,317
Fatehabad	PHCs	1,71,853	1,87,384	1,70,917	1,41,255	957	1,239	1,339	1,983
	CHCs	1,49,059	1,88,405	1,49,648	1,39,385	6,561	9,008	7,359	11,243
Sonipat	PHCs	2,63,194	2,63,116	2,63,052	2,29,778	436	234	372	412
	CHCs	2,17,942	2,45,127	2,77,735	2,49,143	9,375	8,350	7,964	9,376
Total	PHCs	11,75,131	12,97,546	12,13,148	11,06,613	3,563	3,809	4,988	6,185
	CHCs	6,37,457	7,30,972	6,75,765	6,54,729	26,005	25,274	23,004	39,141

Source of data: Annual Reports of the department.

As the main objective of the Mission was to provide accessible, affordable and

reliable health care in the rural areas, it was expected to attract more patients to the Sub-centres, PHCs and CHCs. Audit observed that there was nine *per cent* decline in out-patients in PHCs and three *per cent* decline in CHCs during 2008-09 due to lack of infrastructure and shortage of staff.

Reproductive and Child Health (RCH)

1.1.10.2 Maternal health

▪ Registration and check ups

Early detection of complications during pregnancy by four prescribed antenatal check-ups is important for preventing maternal mortality and morbidity. The status of registration and antenatal check-ups was as under:

A large number of pregnant women did not avail antenatal check ups.

Name of District	Year	Number of pregnant women registered	No. of registered pregnant women visited for check-ups			
			At the stage of registration	At around 26 th week	At around 32 nd week	At around 36 th week
Faridabad	2005-06	63,209	36,140	36,140	36,140	36,140
	2006-07	66,872	48,211	48,211	48,211	48,211
	2007-08	60,898	47,723	47,723	47,723	47,723
	2008-09	69,581	50,955	50,955	50,955	50,955
Ambala	2005-06	26,991	21,996	21,996	21,996	21,996
	2006-07	27,721	19,061	19,061	19,061	19,061
	2007-08	25,816	22,209	22,209	22,209	22,209
	2008-09	30,583	21,558	21,558	21,558	21,558
Bhiwani	2005-06	38,690	35,067	35,067	35,067	35,067
	2006-07	38,196	22,599	22,599	22,599	22,599
	2007-08	33,694	28,223	28,223	28,223	28,223
	2008-09	37,422	34,122	34,122	34,122	34,122
Fatehabad	2005-06	20,781	13,106	16,095	16,095	16,095
	2006-07	23,939	14,656	21,976	21,976	21,976
	2007-08	20,116	15,279	17,216	17,216	17,216
	2008-09	20,827	15,161	15,161	15,161	15,161
Sonipat	2005-06	29,556	26,267	26,267	26,267	26,267
	2006-07	32,146	27,074	27,074	27,074	27,074
	2007-08	33,261	28,318	28,318	28,318	28,318
	2008-09	29,153	25,714	25,714	25,714	25,714
Total	2005-06	1,79,227	1,32,576	1,35,565	1,35,565	1,35,565
	2006-07	1,88,874	1,31,601	1,38,921	1,38,921	1,38,921
	2007-08	1,73,785	1,41,752	1,43,689	1,43,689	1,43,689
	2008-09	1,87,566	1,47,510	1,47,510	1,47,510	1,47,510

Source: Annual Status Reports of the department.

It was a matter of concern that a large number of pregnant women did not show up for prescribed antenatal check-ups. The Mission Director stated (July 2009) that despite implementation of Village Health and Nutrition Day Scheme, ASHA and various behavior change control measures, a large number of pregnant women did not register and also did not come for prescribed antenatal check ups. Social system, lack of importance to women problems, poverty, lack of health education were the contributing factors for decreased antenatal registration and regular antenatal check ups. The reply indicates that despite presence of the Mission for last four years, still a lot of work to increase awareness about health care remain unattended.

▪ **Iron Folic Acid Administration**

Anaemia is considered as leading cause of maternal mortality and is an aggravating factor to hemorrhage, sepsis and toxemia. Prophylaxis against nutritional anaemia in a pregnant woman requires a daily dose of Iron Folic Acid (IFA) tablets for a period of 100 days. The status of pregnant women in test checked districts receiving IFA administration is given in **Appendix IV** which showed that there was shortfall in coverage of pregnant women during 2006-07 in Ambala, Fatehabad and Sonipat districts. The inadequate supply of IFA tablets was a major reason for low coverage of IFA administration. The department during the exit conference had assured adequate supply of IFA tablets.

▪ **Institutional delivery care**

To encourage institutional delivery, the Janani Suraksha Yojana provided all rural BPL pregnant women a cash compensation of Rs 700, urban BPL women Rs 600, rural SC women Rs 900, urban SC women Rs 800 for undergoing institutional delivery.

The target of institutional delivery in the State was 50 per cent of total deliveries. Against these targets, the actual institutional deliveries were 1,68,731 out of 4,38,581 (38 per cent) in 2005-06, 2,16,383, out of 4,52,018 (48 per cent) in 2006-07, 2,44,351, out of 4,54,683 (54 per cent) in 2007-08 and 2,66,916 out of 4,49,079 (59 per cent) in 2008-09.

The target and achievement of institutional deliveries in the test checked districts is depicted in **Appendix V** which showed that Ambala (2007-08), Fatehabad (2006-07 and 2007-08) and Sonipat (2008-09) districts had succeeded in achieving the targets of institutional deliveries but Bhiwani and Faridabad districts were far behind.

Reasons for shortfall in institutional deliveries were attributed to faith in local trained *daies*, non-availability of ANM 24 hours a day and lack of facility of delivery in SCs and PHCs.

▪ **Essential obstetric care**

Essential obstetric care which was required to be provided in CHCs and PHCs includes antenatal care, supply of essential obstetric drugs, neonatal resuscitation and equipment for new born, etc.

The audit observed that the emergency obstetric care, including the facility of caesarean section, were not available in any of 15 CHCs test checked. The reasons for non-availability of emergency obstetric care at the CHCs were non-functional operation theatre, lack of adequate infrastructure, blood storage facility, etc.

Test-check of records further revealed that out of 60 SCs, 30 PHCs and 15 CHCs,

Shortfall in achievement of targets for institutional deliveries was 12 and 2 per cent during 2005-06 and 2006-07 respectively.

none of the SCs, PHCs and CHCs were supplied Kit A⁵ and Kit B⁵ for normal delivery. The Mission Director stated (July 2009) that all essential medicines and equipments as well as Kit A and B had been made available in 160 PHCs and 40 CHCs and that there was significant shortage of specialists despite repeated advertisements. The reply is not convincing as facilities had been provided only in 38 *per cent* PHCs and 46 *per cent* CHCs, that too after the lapse of four years of the launch of Mission.

1.1.10.3 Reproductive health and care

Reproductive health and care includes facility for safe medical termination of pregnancy (MTP).

▪ Medical termination of pregnancy

The programme envisaged need based training to medical officers and nurses, provision of equipment and operation theatre and MTP kits at CHCs and PHCs. As per information at the SHFWS, 87 CHCs had the facilities for MTP whereas this facility was available only in 106 PHCs out of 420.

In the five test checked districts, 6 out of 15 CHCs and 7 out of 30 PHCs had the facilities of MTP. In remaining 9 CHCs and 23 PHCs, necessary equipments, trained doctors/nurses and MTP kits were not available.

The Mission Director stated (July 2009) that efforts were being made to improve the availability and uptake of MTP services up to PHC level.

1.1.10.4 Sterilisation and spacing methods

To reduce Total Fertility Rate, an increased access to and utilisation of family planning services is one of the objectives of the NRHM. Targets and achievements of various components of family welfare planning for the period 2005-09 are tabulated below:

Year	Vasectomy		Tubectomy		Oral Pills Users		IUD Insertion		Condom Users	
	Workload	Achievement	Workload	Achievement	Workload	Achievement	Workload	Achievement	Workload	Achievement
2005-06	10,320	12,995	92,880	80,585	78,000	85,740	1,73,800	1,52,051	3,81,000	3,39,847
2006-07	16,660	10,949	87,640	74,057	79,000	80,134	1,76,800	1,54,428	3,84,000	3,78,837
2007-08	16,660	9,752	87,640	71,071	79,000	84,230	1,77,400	1,63,350	3,94,000	4,06,258
2008-09	16,660	10,030	87,640	77,409	81,600	92,553	1,79,600	1,76,650	4,06,000	3,90,480
Total	60,300	43,726	3,55,800	3,03,122	3,17,600	3,42,657	7,07,600	6,46,479	15,65,000	15,15,422

Source: Annual Status Reports of the department.

Shortfall in targets of sterilisation was 17 per cent.

There was shortfall of 17 *per cent* in targets for conducting sterilisation, nine *per cent* under IUD insertion and three *per cent* in respect of condom users. The Mission did well in improving the usage of oral pills as the actual users were eight *per cent* more than the target.

The Project Director stated (July 2009) that decrease/shortfall in achievements of

⁵ Kit A contains medicines such as oral dehydration powder, IFA tablets, etc. while Kit B contains other medicines, cotton, bandages, ointments, etc.

IUD insertions and condom users was due to irregular supply of condoms and IUDs and shortage of manpower particularly MPHWS (male and female). Family Welfare programme suffered due to active involvement of health workers in Pulse Polio Immunisation Programme. The reply of the department was not convincing as the supply of condoms and IUDs should have been ensured by the department.

1.1.10.5 Immunisation and child health

▪ Routine Immunisation

The immunisation of children against six preventable diseases, namely tuberculosis, diphtheria, pertussis, tetanus, polio and measles has been the corner stone of routine immunisation not only under universal immunisation programme but also under NRHM. The details of targets and achievements under the routine immunisation are given below:

Year	Target	Achievement				FI ⁶	DT		TT(10)		TT(16)	
		BCG	Measles	DPT	OPV		Target	Achievement	Target	Achievement	Target	Achievement
2005-06	5,71,099	5,83,438	5,29,636	5,48,404	5,48,346	5,83,438	5,67,647	5,51,492	5,95,114	5,02,144	5,26,447	4,17,117
2006-07	5,75,670	5,97,600	5,43,969	5,70,643	5,70,092	5,97,600	6,04,786	5,71,787	6,04,786	4,96,224	5,11,742	4,21,019
2007-08	5,56,839	5,95,719	5,52,045	5,59,352	5,58,569	5,95,719	6,14,276	5,92,747	6,14,276	5,01,969	5,19,772	4,01,451
2008-09	5,57,413	5,82,316	5,43,465	5,06,341	5,15,334	5,82,316	6,34,478	5,65,591	6,34,478	4,58,262	5,36,866	3,71,750
Total	22,61,021	23,59,073	21,69,115	21,84,740	21,92,341	23,59,073	24,21,187	22,81,617	24,48,654	19,58,599	20,94,827	16,11,337

Source: Annual Status Reports of the department.

Besides, for secondary immunisation, children in age group of 5 to 6 years were required to be administered DT (Diphtheria and Tetanus) and two doses of Tetanus Toxoid (TT) at the age of 10 and 16 years respectively. The shortfall from targets in the secondary immunisation ranged from 3 to 11 per cent for DT, 16 to 28 per cent for TT (10) and 18 to 31 per cent for TT (16).

The status of targets and achievements under immunisation in test checked districts is given in *Appendix VI* which indicated wide inter-district variations in achievements for immunisation.

▪ Vitamin A solution

Prophylaxis against blindness amongst children due to deficiency of Vitamin A requires the first dose at 9 months of age alongwith measles vaccine and second dose alongwith DPT/OPV and subsequently three doses at six monthly intervals. There was a shortfall of 17, 67, 20 and 54 per cent against the targets of vitamin A administration during 2005-06, 2006-07, 2007-08 and 2008-09 respectively in the State.

The status of targets and achievements for Vitamin A administration in test checked districts is depicted in *Appendix VII* which showed shortfall in achievement of targets in these districts also.

The main reason of shortfall in achievements was short supply of Vitamin A at health centres.

⁶ Fully immunised: Achievement of full immunisation based on measles injection.

Shortfall in administration of vitamin 'A' was due to short supply of vitamin 'A' solution.

The Mission Director stated (July 2009) that vitamin A solution was supplied by GOI upto 2004-05 but thereafter supplies were discontinued. A special drive was launched by the State Government during 2008-09 and the supply had been made regular now.

1.1.10.6 National Programme for Control of Blindness (NPCB)

The NPCB aimed to reduce prevalence of blindness cases to 0.8 *per cent* by 2007 through increased cataract surgery, school eye screening, free distribution of spectacles, etc.

▪ Cataract operation performance

The details of cataract surgery performed in the State are given in **Appendix VIII**. Against the target of conducting 4.40 lakh cataract operations (1.10 lakh per year for four years), 4.84 lakh cataract operations were performed during 2005-09. Out of these, 22 *per cent* were performed in Government sectors, 31 *per cent* by NGOs while 47 *per cent* were performed by private practitioners. The ratio of cataract operations in Government and private sectors was required, as per Mission Guidelines, to be 1:1. Thus, there was shortfall of cataract operations in Government sectors.

The operations by private practitioners and NGOs were predominantly carried out in camps, where data on the rate of success and follow up was not available.

▪ Refractive error and free distribution of spectacles

The programme envisaged training of at least one teacher in Government and Government aided schools for screening refractive errors among students and free distribution of spectacles to the students having refractive errors. As against teachers of 14,651 schools in the State, only 11,545 teachers were trained. During 2005-06, 2006-07, 2007-08 and 2008-09, 1,402, 6,986, 9,149 and 2,994 spectacles respectively were issued against the total detection of 29,227, 47,686, 25,162 and 13,047 cases of refractive errors.

In five test checked districts, 36,487 cases of refractive errors were detected during 2005-09, but only 6,937 students were provided free spectacles. The Mission Director stated (July 2009) that spectacles were provided free of cost only to poor students. The reply was not in consonance with scheme guidelines as spectacles were to be provided free of cost to all the students having refractive error.

1.1.10.7 Revised National Tuberculosis Control Programme (RNTCP)

As per GOI guidelines, no targets for sputum examination are fixed under RNTCP. The year-wise details of targets and achievements in detection of new

Spectacles were provided to only 19 per cent of students with refractive error.

sputum positives were as under:-

Year	Sputum examination Number	Detection of new Sputum positives		
		Target 70 per cent of these cases	Achievement	
			Number	Percentage
2005-06	1,51,478	15,410	12,715	82.51
2006-07	1,58,162	15,678	13,238	84.43
2007-08	1,64,289	15,879	13,119	82.61
2008-09	1,50,719	15,927	13,254	83.21
Total	6,24,648	62,894	52,326	83.19

Source: Annual Status Reports of the department.

The overall cure rate of 85 per cent was prescribed under the RNTCP. However, the department's achievement was 83 per cent.

▪ **Availability of diagnostic facilities and medicines**

As per the NRHM framework, full coverage for treatment of tuberculosis is guaranteed at CHCs and PHCs. The strategy was to provide quality assured diagnostic and treatment services through application of directly observed treatment short course (DOTS). As per information available with SHFWS, all the 87 CHCs and 345 PHCs out of 420 PHCs in the State were covered under DOTS scheme.

Audit analysis revealed that out of 15 CHCs and 30 PHCs test checked, full services for treatment of tuberculosis were available at all the 15 CHCs and only in 13 PHCs. The Mission Director stated (July 2009) that as per RNTCP guidelines diagnostic facilities were to be provided at designated microscope centres having population of one lakh. The reply was not in consonance with NRHM guidelines as these facilities were to be provided at all PHCs.

1.1.10.8 National Vector Borne Disease Control Programme (NVBDCP)

The NVBDCP aims to control vector borne diseases by reducing mortality and morbidity due to malaria, filaria, kala azar, dengue, chikungunia and japanese encephalitis in endemic areas through close surveillance, controlling breeding of mosquito, sand fly, etc. through indoor residual spray of larvicides and insecticides and improved diagnostic and treatment facilities at health centres provided annual blood examinations of persons with symptoms of malaria.

▪ **Annual Blood Examination Rate (ABER) and Annual Parasitic Incidence (API) for malaria**

The programme stipulated to achieve ABER⁷ of 10 per cent and API⁸ of less than 0.5 per thousand for the country. As per information available with the State, the ABER was 11.32, 11.87, 11 and 11.1 and API 1.48, 2.10, 1.36 and 1.50 during 2005-06, 2006-07, 2007-08 and 2008-09 respectively.

⁷ Cumulative sum of monthly rate per 100 population under surveillance of blood examination during the year.

⁸ Positive malaria cases per thousand population.

Annual Parasitic Incidence was higher than the prescribed percentage.

The records in test checked districts indicate that in two⁹ districts, ABER was less than the State average during 2005-06, 2006-07 and 2008-09 and in Fatehabad district (9.5), it was also less than the State average during 2005-06. API was more than the State average during 2006-07 in Ambala (2.33), 2008-09 in Fatehabad (3.06), Bhiwani (1.70) and Fatehabad (3.12) districts. In Sonipat district (5.76, 5.49 and 1.80) API was more than the State average during 2005-06 to 2007-08.

▪ Incidence of vector borne diseases

There was no case of Kala Azar and Filaria in the State. During 2005-09 morbidity and mortality due to various vector borne diseases were as under:

Year	Malaria		Japanese Encephalitis		Dengue	
	Cases	Deaths	Cases	Deaths	Cases	Deaths
2005-06	33,204	0	4	2	183	1
2006-07	47,077	0	3	1	838	4
2007-08	30,985	0	32	18	365	11
2008-09	37,080	0	0	0	1,159	9
Total	1,48,346	0	39	21	2,545	25

Source: Annual Status Reports of the department.

The deaths due to vector borne diseases increased during 2005-08 but showed a marginal decline in 2008-09.

The position regarding morbidity and mortality due to vector borne disease in the districts test checked is given in *Appendix IX*.

The Mission Director stated (July 2009) that the spreading of diseases depends upon the circumstances like rains, stagnation of water, un-hygienic condition, etc. and the remedial measures were taken according to availability of staff.

1.1.10.9 National Leprosy Elimination Programme (NLEP)

The NLEP aimed to eliminate leprosy by the end of 11th plan i.e. by 2005. The State had achieved the status of elimination of leprosy i.e. less than one case per 10,000 population. However, the prevalence of NLEP in Haryana was 0.17 per 10,000 of the population as on 30 June 2009. The total number of people affected with leprosy in the State during 2005-06, 2006-07 and 2007-08 were 388, 474 and 319 respectively.

▪ Facilities at health centres

The NRHM stipulated facilities for diagnosis and treatment of leprosy at all health centres upto PHC level. As per data available at the SHFWS, out of 87 CHCs and 420 PHCs, the facility for diagnosis of leprosy was available in only 72 CHCs and 229 PHCs. In test checked districts the facility for diagnosis of leprosy was available at 9 CHCs and 18 PHCs.

⁹ Ambala 8.3, 8.3, 5.5 and Faridabad 5.8, 6.7, 6.0.

1.1.11 Public health delivery to targeted population

1.1.11.1 Identification of beneficiaries

To provide health services to vulnerable sections of the community including SCs, STs and poor household in equitable manner, mapping of services, facility and household surveys for identification of beneficiaries was required to be carried out. Audit observed that such exercise was not done during 2005-09. In the absence of identification of beneficiaries, delivery of services to the targeted population could not be ensured.

The Mission Director stated (July 2009) that household survey for identification of eligible couples, antenatal check-ups etc. was conducted every year by ANMs and beneficiaries were identified at the time of antenatal check-ups. The reply was not convincing as the survey conducted by ANMs was confined to identification of eligible couples but people of vulnerable sections were not identified.

1.1.11.2 Social security to poor

The Mission provides for availability of assured healthcare at reduced financial risk through community health insurance. It was observed that neither was health insurance scheme for rural population implemented nor were private insurance companies encouraged to bring in innovative insurance products till March 2008.

The Project Director stated (July 2009) that a health insurance scheme named Rastriya Swasthya Bima Yojana has been launched for BPL with effect from April 2008.

1.1.11.3 Health monitoring and planning committees

As per the scheme, monitoring committees were to be constituted at Sub Centre, Block, District and State levels, but no such committees had been constituted at any level in the State. This had affected the planning and implementation process at primary level and consequent upward flow of information.

Health monitoring and planning committees at Sub-centre, block, district and State levels were not constituted.

1.1.12 Impact assessment

Targets set for 2010 for improving the key health indicators may not be achieved.

As per Mission guidelines, high infant mortality rate, maternal mortality rate and total fertility rate were to be arrested/checked while institutional deliveries were to be encouraged.

The details of these key indicators to assess the performance of health services at the starting of the Mission, upto the end of 2007-08 and targets set for 2010 are

tabulated below:

	Work position at the beginning of 2005	Achievement of March 2008	Targets for 2010
Infant Mortality Rate (per thousand)	60	42	30
Maternal Mortality Rate (per lakh)	300	162	100
Total Fertility Rate (<i>per cent</i>)	2.8	2.7	2.1
Institutional deliveries	23 <i>per cent</i>	39 <i>per cent</i>	80 <i>per cent</i>
Sex ratio (per thousand) (Female)	819 (2001)	860	875

Source: Annual Status Reports of the department.

Although there was improvement in key health indicators from the beginning of the Mission to the year 2008, yet the targets set for 2010 were unlikely to be achieved because of lack of infrastructure, shortage of staff, etc.

1.1.13 Conclusions

The National Rural Health Mission was launched with the objective of providing accessible, affordable, effective and reliable health care facilities in rural areas. Though launched in April 2005, the Mission was yet to take off fully in the State. Perspective plans were yet to be prepared for all the districts and those prepared were based on incomplete household and facilities data due to incomplete surveys. Consequently, the State Programme Implementation Plan, which was to be prepared by aggregating the district perspective plans, was not reflective of the ground position. This lack of planning had a cascading effect on the implementation of Mission. No district level and sub-district level budgets were prepared with the result that funds were allocated on receipt from GOI, without any reference to requirement which in turn resulted in moneys remaining unspent. The infrastructure development was far behind schedule. There was no augmentation of diagnostic and clinical facilities as per IPHS and most of the health centres lacked the full quorum of doctors, para-medical staff and nurses. As a result, targets for many components under various health care programmes could not be achieved with some programmes suffering from the lack of basic medicines or vaccines and improvement in key health indicators till March 2008 was indicative that the targets set to be met by 2010 were unlikely to be achieved.

1.1.14 Recommendations

- Perspective Plan for each district should be prepared for the period 2008-12 after conducting household and facility surveys.
- Construction of new health centres should be taken up on priority basis.
- Posts of doctors and para-medical staff should be filled up as per IPHS.
- Proper Health facilities should be provided at all the health centres as per IPHS.

- IEC activities need to be invigorated to educate rural population about health care awareness.

These points were reported demi-officially to the Financial Commissioner and Principal Secretary to Government of Haryana, Health Department in May 2009; reply had not been received (August 2009).

Home Department
1.2 Modernisation of Police Force
Highlights

The Modernisation of Police Force scheme was launched to meet the challenges to internal security effectively and to overcome the deficiencies in the field of residential and non-residential buildings, mobility, weapons, training, scientific aids, equipments, etc. A performance audit of the scheme in the State brought out several areas of concern. Police force was not equipped with the sophisticated modern weapons and continued to depend on out-dated weapons and insufficient manpower. Non-preparation of five year perspective plan, delay in approval of annual action plans, diversion of funds, parking of funds with implementing agencies, delay in construction of buildings, etc. were other shortcomings noticed. Forensic Science Laboratory was ill equipped for want of equipments and manpower. There were cases of delays in purchase of weapons, water cannon vehicles, telecommunication equipments, etc.

- **Five years perspective plan for the period 2005-10 for modernisation of police forces was not prepared. Submission of annual action plans was delayed by the department.**

(Paragraph 1.2.6)

- **Utilisation Certificates for Rs 182.89 crore were furnished to Government of India, though a sum of Rs 48.91 crore was lying unspent with implementing agencies.**

(Paragraph 1.2.7.1)

- **Proper records of advances to implementing agencies were not maintained, unspent balance of Rs 11 lakh was lying with HARTRON.**

(Paragraph 1.2.7.2)

- **Despite availability of sufficient funds, 49 per cent of staff quarters and 35 per cent of non-residential buildings were not completed. Interest earned on unutilised funds by HPHC was utilised on other purposes.**

(Paragraphs 1.2.8.1 and 1.2.7.3)

- **Modernisation of weapons was inadequate as expenditure on procurement of sophisticated weapons was only 2.23 per cent of the total approved plan during 2004-09.**

(Paragraph 1.2.11)

- **Suppression blankets worth Rs 48.79 lakh had not been supplied by HARTRON despite advance payment in May 2003. Water cannon vehicles had not been purchased for more than two years despite availability of funds of Rs 5.35 crore.**

(Paragraphs 1.2.11.1 and 1.2.12.1)

- **Against the sanction of 53,708 posts, 41,683 police personnel were in position leaving a gap of 12,025 posts (22 per cent). In Forensic Science Laboratory, against the sanctioned strength of 152 technical staff, only 86 were in position. Strength of women in the police force was negligible.**

(Paragraphs 1.2.14 and 1.2.14.1)

- **Rupees 1.12 crore provided for procurement of equipment for training were diverted towards construction works during 2004-05. Seventy eight per cent of police personnel were not trained in operation of modern weapons.**

(Paragraph 1.2.14.2)

1.2.1 Introduction

The Modernisation of Police Force (MOPF) scheme was launched by Government of India (GOI) in 1969 for modernising the police force in the country to face the emerging challenges to internal security effectively and efficiently. A revised scheme of cost sharing with 50:50 ratio between GOI and the State Governments remained in vogue throughout the country from 2000-01 to 2002-03. Thereafter, the States were divided into three categories viz. A, B1 and B2 with 100 per cent, 75 per cent and 60 per cent respectively as Central share. In 2005, the States were re-grouped into A and B categories with 100 per cent and 75 per cent respectively as central share. Haryana state was put into category B2 during 2003-04 and B from 1 September 2005.

The aims and objectives of this (non-plan) scheme were to meet the deficiencies in the State police forces and to achieve planned development and modernisation of State police forces. The main components of the scheme were construction of residential and non-residential buildings, mobility, weapons, training, scientific aids to investigation, equipments, traffic, communication, computerization, etc.

1.2.2 Organisational set up

The Haryana Police Force is under the administrative charge of the Financial Commissioner and Principal Secretary to Government of Haryana, Home Department, who is responsible for implementation of MOPF scheme in the State. Director General of Police (DGP) is the Head of the Police Department. Inspector General (Modernisation and Welfare) is the incharge for implementation of the modernisation scheme. There is a State Level Empowered Committee (SLEC) under the Chairmanship of the Chief Secretary to Government, Haryana and DGP as Member Secretary to monitor the implementation of the scheme. The Annual Action Plan (AAP) prepared by DGP for requirement of funds is scrutinised by the SLEC before approval by the Ministry of Home Affairs (MHA).

1.2.3 Audit objectives

The audit objectives were to assess whether:

- the planning was adequate and comprehensive and the perspective annual plans were prepared;
- the assessment of requirement of funds was done properly and the funds were utilised for the intended purposes;
- an appropriate, efficient and effective implementation strategy was in place;
- the construction and allotment of buildings and houses, procurement and allocation of vehicles, weapons, computers and forensic, traffic and training equipments were as per guidelines of the scheme; and
- the implementation/progress of the scheme was monitored effectively.

1.2.4 Audit criteria

To achieve the audit objectives, the following audit criteria were adopted:

- Guidelines on the scheme and instructions issued by GOI from time to time;
- the Annual Action Plans approved by the MHA and release orders of GOI/State Government; and
- the Minutes of Meeting of SLEC.

1.2.5 Audit coverage and methodology

The implementation of the scheme was reviewed (February-May 2009) and information and data were collected from the police Headquarters and field offices after verification with reference to the original records/files. The records of Additional Director of Police (CID), Director, Forensic Science Laboratory, Director, Haryana Police Academy, Madhuban, Inspector General of Police, State Crime Record Bureau and Commandant General, Home Guards were also scrutinised. Forty one Police Stations located in four¹⁰ districts were also selected for test-check.

An Entry Conference was held in March 2009 with the Assistant Inspector General of Police (Headquarters) and his team during which audit objectives and criteria were discussed. Exit conference was held in July 2009 with Inspector General of Police (Modernisation and Welfare) to discuss the audit findings. The views of the department were considered and incorporated while finalising the review report.

Audit findings

1.2.6 Planning

Five year perspective plan was not prepared for 2005-10.

The scheme was extended by the GOI for a period of ten years starting from 2000-01. State Government was required to submit a five year perspective plan starting from 2000-01 for modernisation of its police forces to the MHA, indicating the specific projects intended to be implemented in each year. The scheme further required every State to propose an Annual Action Plan (AAP) to MHA. The Annual Action Plans were required to flow from the perspective plan. It was, however, observed that though five years perspective plan was prepared for the period 2000-05, the same was not prepared for the period 2005-10. The GOI continued to extend financial assistance on the basis of AAPs.

There were substantial delays in approval of AAPs by SLEC.

The Annual Action Plans were to be cleared by the SLEC before forwarding those to the MHA. Audit observed that there was considerable delay in submission of AAPs to MHA by State Government and approval of the AAPs by the MHA. Year-wise detail of date of submission and approval of AAPs is as below:

Year	Due date of submission to MHA	Actual date of submission to MHA	Date of approval by MHA
2004-05	15 June 2004	29 October 2004	24 November 2004
2005-06	15 May 2005	22 August 2005	14 September 2005
2006-07	05 May 2006	08 May 2006	07 September 2006
2007-08	30 April 2007	05 May 2007	26 July 2007
2008-09	31 December 2007	31 January 2008	25 July 2008

Due to delay in approval of AAPs less time remained available to auditee to

¹⁰ Fatehabad, Faridabad, Hisar and Panchkula.

utilise the approved outlays as the funds were to be drawn after the approval of AAPs. Annual Action Plans prepared were not need based and their delayed submission coupled with delayed approval by MHA (GOI) during the year 2004-05 and 2005-06 resulted in several deviations from approved plans.

The Financial Commissioner and Principal Secretary, Home Department stated (August 2009) that delay in submission of AAPs during 2004-06 was due to calling of some extra information by GOI. The delay on account of furnishing additional information to GOI was not justifiable.

1.2.7 Financial management

1.2.7.1 The funds under the modernisation scheme were to be shared in the ratio of 60:40 during 2004-05 and 75:25 thereafter between the Central and the State Governments respectively. Year-wise approved plan, central assistance released, the amounts released by State Government and expenditure shown as incurred thereagainst are given in the table below:

(Rupees in crore)

Year	Approved Plan	Central Assistance		State Releases	Total Funds available	Total Expenditure as per Finance Accounts	Total Expenditure shown as per UC
		Due	Released				
2004-05	44.25	26.55	21.22	17.70	38.92	24.78	45.44
2005-06	37.47	28.10	15.89	9.37	25.26	13.71	25.95
2006-07	22.86	17.14	19.14	5.72	24.86	29.05	22.82
2007-08	30.33	22.75	35.75	7.58	43.33	33.30	31.14
2008-09	29.33	22.00	39.77	17.77	57.54	38.65	57.54
Total	164.24	116.54	131.77	58.14	189.91	139.49	182.89

Source of data: Police Department and Finance Account

UCs for Rs 182.89 crore were furnished though Rs 48.91 crore remained unspent with implementing agencies.

Department failed to utilise about 27 per cent of funds that were released for implementation of the scheme. The reason for short utilisation given by the department was delayed release of funds to the implementing agencies/department. Audit further, observed that though the actual expenditure was Rs 139.49 crore during 2004-09, the expenditure reported to GOI was Rs 182.89 crore. Out of total expenditure of Rs 182.89 crore intimated to GOI through Utilisation Certificates (UCs), Rs 48.91 crore¹¹ remained unutilised with the implementing agencies. Thus, UCs submitted to GOI were incorrect to this extent. The Financial Commissioner and Principal Secretary, Home Department stated (August 2009) that the funds would be utilised by the agencies for purchase of various items and construction of buildings.

1.2.7.2 Records of advances not maintained

Proper records for advance payments made were not maintained.

The department was placing the funds at the disposal of HARTRON for supply of various items on the basis of provisions in the annual action plans without obtaining any proforma invoice from them. Further, the department was not maintaining accounts of the amounts advanced to HARTRON and material

¹¹ HPHC: Rs 22 crore and HARTRON: Rs 26.91 crore.

received thereagainst as evidenced from the following instance. A sum of Rs 1.51 crore was placed (March 2008) at the disposal of HARTRON for purchase of 300 computers. HARTRON supplied (October-December 2008) the material, the cost of which was Rs 1.40 crore including Rs 4.97 lakh on account of consultancy fee and taxes. Balance amount of Rs 0.11 crore was still lying with HARTRON. The unspent amount had neither been refunded by HARTRON nor demanded by the department (August 2009). The Financial Commissioner and Principal Secretary, Home Department stated (August 2009) that the balance would be utilised for purchase of Uninterrupted Power Supply (UPSs).

Further, HARTRON was charging consultancy charges at four/six *per cent* (plus service tax) on the total value of the material. On the other hand, HARTRON was earning interest on the amounts placed at its disposal but no credit benefit was being passed on to the department. Since proper records of advances were not maintained, the quantum of interest could not be worked out.

1.2.7.3 Interest earned on scheme funds

As of 31 March 2009, scheme funds to the tune of Rs 22 crore deposited with Haryana Police Housing Corporation (HPHC) for construction of Police Stations, Police Posts, etc. were parked in the banks by the HPHC and the interest (Rs 3.65 crore) earned on the unutilised funds was appropriated for other purposes.

Financial Commissioner and Principal Secretary, Home Department stated (August 2009) that the funds would be treated part of the scheme funds and would be utilised on the scheme.

1.2.8 Construction of residential and non-residential buildings

An expenditure of Rs 13.56 crore was diverted irregularly from other components.

As per GOI guidelines, high priority was to be given to the construction sector. The scheme laid special emphasis on construction of police station buildings and houses for police personnel closer to the Police Stations. A significant part of the scheme funds were allocated for this purpose. According to approved AAPs (2004-09), new construction works estimating to Rs 65.20 crore were approved by GOI. The audit observed that the Police Department transferred (2004-09) Rs 79.19 crore to HPHC for construction of residential and non-residential buildings which also includes a sum of Rs 13.56 crore (2004-05) diverted from other components such as modernisation of home guards, equipments for Government Railway Police/Commando, equipments for Forensic Science Laboratory, training, etc. without the approval of MHA. Apart from this, GOI in 2007-08 transferred Rs 11.65 crore directly to HPHC for construction of building for Police Stations so as to improve the policing in the National Capital Region of Haryana.

1.2.8.1 Delay/non-completion of building works

As against target of 1,348 residential buildings and 54 non-residential buildings, 667 and 18 buildings respectively remained incomplete.

During 2004-09, only 35 non-residential buildings (out of 54 sanctioned) were completed. Construction of 18 buildings was under progress while construction of one building was not started due to non availability of site. Similarly, out of 1,348 staff quarters sanctioned, 681 were constructed. The delay in completion of works ranged between one to four years. The details of status of residential and non-residential buildings are given below:

Year of allotment of funds	Residential buildings			Non-residential buildings		
	Total units	Completed	In progress	Total of buildings	Completed	In progress ¹²
2004-05	344	344	Nil	19	17	1
2005-06	289	241	48	11	10	1
2006-07	326	96	230	7	6	1
2007-08	264	-	264	11	2	9
2008-09	125	-	125	6	Nil	6
Total	1,348	681	667	54	35	18

Audit analysis of following six works sanctioned at the cost of Rs 26.57 crore during 2004-07 revealed that even after incurring expenditure of Rs 35.09 crore i.e. Rs 8.52 crore in excess of sanctioned amount, the works were still incomplete (March 2009), as detailed below:

(Rupees in crore)				
Sr. No.	Year of sanction	Name of buildings	Amount allotted	Actual Expenditure
1	2004-05	Construction of Administration Block of new hospital at Ambala, mess, barracks and houses for ORS, etc. at Ambala city.	1.50	3.32
2	2005-06	Construction of 10 Police Stations at various stations.	2.19	3.52
3	--do--	Training centre of Telecommunication at Panchkula and residential quarters at various stations.	9.35	11.09
4	2006-07	Construction of houses at various places.	8.93	10.15
5	--do--	Construction of RTC Bhondsi.	2.10	3.11
6	--do--	Construction of 5 Police Stations.	2.50	3.90
Total			26.57	35.09

The Superintending Engineer of HPHC stated (May 2009) that escalation in cost was due to increase in cost of building material and increase in the scope of work i.e. against the norm of covered area of 3,500 square feet for Police Station and 500 square feet for residential quarters for other ranks, actual covered area was 8,000 to 10,000 square feet and 700 square feet respectively. The funds provided did not commensurate with the covered area of the buildings. The reply was not convincing as funds were provided as per norms fixed by the GOI for the nation as a whole. The scope of the work should have been kept within the norms of MHA.

Expenditure on construction was in excess of prescribed norms of GOI.

Similarly, against the norms of spending Rs 21.87 lakh and Rs 9.37 lakh for construction of a Police Station and a police post, agreement amount with contractors for construction of Police Station ranged between Rs 47.18 lakh and Rs 51.18 lakh and for construction of a Police Post, it ranged between Rs 12.85 lakh and Rs 13.40 lakh.

¹² Construction of one building was not taken up due to non-availability of site.

The Financial Commissioner and Principal Secretary, Home Department stated (August 2009) that additional funds were being demanded from the State Government through the budget for excess expenditure on buildings. The fact remained that the State Government had to bear extra burden due to flouting of norms fixed by GOI for construction of buildings.

1.2.8.2 Non-commencement of works due to ill-planning

A sum of Rs 1.55 crore was provided to HPHC during 2004-05 for construction of two police lines for Indian Reserve Battalion at Bhondsi. The work could not be taken up as the area was falling under forest area. The Forest Department raised the objection and did not permit to carry out construction work. It was observed that the funds were deposited with HPHC without obtaining clearance of site from Forest Department. Thus, due to ill planning, Rs 1.55 crore remained unutilised with HPHC for the last four years and the purpose of providing the funds remained unachieved.

The Financial Commissioner and Principal Secretary, Home Department stated (August 2009) that the matter regarding forest land was not in the notice of the department. The reply was not convincing as the area was declared as forest land under Punjab Land Preservation Act 1900 by the Supreme Court of India in March 2004 and the funds were released in March 2005.

1.2.9 Forensic Science Laboratory

Forensic Science Laboratory (FSL) was providing technical and scientific assistance to the Police Department by analysing samples received/collected from the crime sites.

The number of samples received during 2004-08 increased from 6,904 to 8,641 and pending cases of samples ranged between 2,879 and 6,283 during the period as detailed below:

Year	Opening balance of the samples	Samples received during the year	Total	Samples disposed off during the year	Pending samples at end of (percentage) the year
2004	7,019	6,904	13,923	7,640	(45) 6,283
2005	6,283	7,098	13,381	7,244	(46) 6,137
2006	6,137	8,333	14,470	8,195	(43) 6,275
2007	6,275	7,799	14,074	8,798	(37) 5,276
2008	5,276	8,641	13,917	11,038	(21) 2,879

The MHA approved (2004-05) a plan of Rs 3.41 crore for purchase of equipments such as Petroleum Testing Apparatus, Scanning Electron Microscope, Cyber Forensic Workstation, Upgradation of Infrastructure of Toxicology Wing, Installation of Safety and Security System, etc. but the amount was diverted towards building works without the approval of the MHA. Thus, the FSL was not adequately equipped.

1.2.10 State Crime Record Bureau (SCRB)

The scheme envisages development of infrastructure for improving quality of crime investigation by lifting, storing and comparing finger prints. The SCRB was set up at Madhuban to assist in generating scientific evidence for criminal justice delivery system.

The MHA sanctioned (2004-05) Rs 2.77 lakh for purchasing finger print kits and chemicals for modernisation of SCRB in the State but the entire amount was diverted towards ongoing building works.

No technical staff was recruited in SCRB to conduct the technical work of analysis of finger prints and the work was being attended to by the non-technical police staff viz. Inspectors, Sub-Inspectors, Assistant Sub-Inspectors, Head Constables and Constables. In the absence of technical staff, there was likelihood of inaccurate results of tests. The department stated (May 2009) that practical training was imparted to the police officials after their deployment in SCRB. No record confirming the facts that the staff deployed was imparted practical training was produced to audit.

1.2.11 Weaponry

The modernisation of police force scheme offers to replace outdated and unserviceable weapons with sophisticated weapons. Against the sanctioned grant of Rs 3.90¹³ crore during 2004-09, Rs 3.66 crore were spent on purchase of weapons. An amount of Rs 24 lakh approved for purchase of weapons during 2007-08 remained unutilised. Scrutiny of records revealed that though the AAP for 2007-08 was approved by MHA in July 2007, yet the department could not import the weapons from Germany during 2007-08 even after completing all the purchase formalities. Moreover, it was also observed that no funds were provided for weaponry in AAPs for the years 2004-05, 2006-07 and 2008-09.

According to Bureau of Police Research and Development guidelines, each Head Constable, Assistant Sub-Inspector, Sub-Inspector, Inspector and Gazetted officer posted at Police Station was to be provided with 9 mm Pistol/ .38 Revolver.

Scrutiny of records of Police Stations at Hisar and Fatehabad districts revealed that 307 Head constables/Assistant Sub-Inspector, Sub-Inspector, Inspector and Gazetted officers were posted, but none of these Police officers/officials were provided with 9 mm Pistol/.38 Revolver. Thus, the police force at Police Stations was not sufficiently armed.

¹³ 2005-06: Rs 3.66 crore and 2007-08: Rs 0.24 crore.

Expenditure on weaponry was 2.23 per cent of the total outlay of modernisation during 2004-09.

Against the total approved plan of Rs 164.24 crore during 2004-09, the actual expenditure on weapons was only Rs 3.66 crore i.e. 2.23 per cent of the approved plan. Thus, adequate attention was not paid for modernisation of weapons in police force and the police force continued to depend on the outdated weapons. In the absence of five years perspective plan for the period 2005-10 and norms, adequacy of weapons with department could not be assessed in audit.

1.2.11.1 Bomb detection/disposal squads

Suppression blankets worth Rs 48.79 lakh had not been supplied by HARTRON despite receipt of advance payments.

To equip the bomb detection/disposal squads, a sum of Rs 1.85 crore was drawn from the treasury in March 2003 and was deposited with the HARTRON in May 2003 as advance payment for supply of seven security items¹⁴. Out of these items, Bomb Suppression Blankets worth Rs 48.79 lakh had not been supplied so far (March 2009). In the absence of Bomb Suppression Blankets, the preparedness of police force to meet the emerging challenges of internal security leaves much to be desired.

The Financial Commissioner and Principal Secretary, Home Department stated (August 2009) that Bomb Suppression Blankets had become outdated, instead bomb inhibitors would be purchased for which the matter was under process. It is clear from the reply that there is substantial delay in purchase of bomb detection/disposal equipments.

1.2.12 Mobility

The scheme places great emphasis on mobility of police force as it recognises the principle that the increased mobility in field policing reduces the response time and enhances efficiency and effectiveness. Mobility is vital to the efficient and effective performance of police force. Mobility deficiency is nil when a well equipped police force has the ability to move the entire force at once.

Status and details of vehicles available in the Police Department at the beginning of 2004-05, vehicles purchased/condemned during 2004-09 and closing balance as on 31 March 2009 were as under:

Number of vehicles					
		Jeeps	Motor cycles	Others	Total
1	Opening Balance	187	1,309	556	2,052
2	Purchased	442	421	368	1,231
3	Condemned	365	35	-	400
4	Closing Balance	264	1,695	924	2,883

Note: Apart from above, the department had procured 795 other vehicles from other sources.

Despite purchase of 442 Jeeps, net addition to Jeep fleet was only 77.

Despite purchase of 442 jeeps during 2004-09, the net addition to Jeeps was 77 as the new Jeeps were deployed for replacement of old Jeeps. However, the mobility of police force had increased.

¹⁴ 1. Bomb Suppression Blanket, 2. Night Vision Device, 3. Polygraph Machine, 4. Bomb Disposal Equipment, 5. Explosive Detector, 6. Jackets, 7. X-Ray Baggage Scanner.

1.2.12.1 Non procurement of water cannon vehicles

Water cannon vehicles were not purchased despite availability of funds.

Under the scheme, an amount of Rs 5.35 crore¹⁵ was deposited with the Defence Research and Development Organisation (DRDO), Ministry of Defence, New Delhi for purchase of 18 water cannon vehicles. The DRDO had shown their inability to deliver the vehicle because of increase in the prices of steel, etc. and to undertake fabrication of the water cannon system due to delayed finalisation of purchase order and accordingly returned/refunded the amount. Audit further observed that the refunded amount was deposited (March 2009) in the Government account by the department as 'revenue receipts' in contravention of provision of accounting rules. The vehicles had not been purchased as of June 2009.

1.2.12.2 Response time

Increase in mobility for field policing should result in reduction of response time. It was, however, seen that the State Government had not fixed any norms for measuring response time nor did it give any instructions for recording the time of visit to the site of offence in the crime diary. Scrutiny of record of 41 Police Stations test checked revealed that the time relating to visit of scene of offence by the police personnel was not noted in crime diary. As such there was no record to assess whether response time was reduced consequent upon modernisation.

1.2.13 Increasing crime rate

Increase in incidence of crime indicates the performance of police force. The number of reported crimes as well as number of pending criminal cases during 2004-09 is tabulated below:

Year	Number of cases pending at the beginning of the year		Number of cases registered during the year		Cases solved during the year		Number of cases pending at the end of the year	
	FIR	DDR	FIR	DDR	FIR	DDR	FIR	DDR
2004-05	7,624	1,009	61,487	16,377	60,349	16,064	8,762	1,322
2005-06	8,762	1,322	66,875	18,680	62,714	18,176	12,923	1,826
2006-07	12,923	1,826	72,844	21,081	70,799	20,937	14,968	1,970
2007-08	14,968	1,970	71,546	21,129	69,130	21,133	17,384	1,966
2008-09	17,384	1,966	64,692	23,017	63,831	22,053	18,245	2,930

There was increase in number of crime cases during 2004-09.

Though there was progress in solving the crime cases yet there was no improvement and reduction in crime rate and law and order situation despite implementation of the modernisation programme in the State. Rate of increase in criminal cases was more than the rate of disposal of criminal cases because of shortage of 22 per cent police force.

The data also suggested that there was increase in crime rate and its corresponding increase in pending cases would undermine the confidence of the people as it indicated incapability of the police to solve their cases. The DGP

¹⁵ August 2006: Rs 4.66 crore and February 2007: Rs 0.69 crore.

(March 2009) stated that the huge pendency of cases was due to cases being under investigation and non-receipt of reports/results from FSL.

1.2.14 Human resource management

The scheme emphasised the need to fill up vacancies in the State police force on priority so that the assistance made available was optimally utilised.

The combined working strength in various cadres of the department such as Inspectors, Sub-Inspectors, Assistant Sub-Inspectors, Head Constables, Constables, etc. was 41,683 as against the combined sanctioned strength of 53,708 and the vacancies varied from 18 *per cent* to 90 *per cent* in various cadres. The detail of vacancy position is depicted in the table below:

Cadre	Sanctioned	Posted	Vacant	Percentage of vacant post
Male				
Head Constable	7,764	5,376	2,388	31
Constable	36,545	29,826	6,719	18
ASI	4,049	2,984	1,065	26
SI	1,598	1,198	400	25
Inspector	749	608	141	19
Total	50,705	39,992	10,713	21
Female				
Head Constable	347	35	312	90
Constable	2,338	1,504	834	36
ASI	199	64	135	68
SI	93	72	21	23
Inspector	26	16	10	38
Total	3,003	1,691	1,312	44
Grand Total	53,708	41,683	12,025	22

There was overall 22 per cent shortage of police personnel in the State.

Apart from vacancies shown above, out of 35,202 Constables/Head Constables, 3,678 (10 *per cent*) Constables/Head Constables were working as drivers of police vehicles. Against the sanctioned strength of 661 posts of drivers, 162 drivers were in position.

In Forensic Science Laboratory, against sanctioned strength of 152 technical staff, only 86 persons were posted resulting in shortage of 66 persons (March 2009).

The Financial Commissioner and Principal Secretary, Home Department stated (August 2009) that recruitment of 500 constable drivers, 5,456 constables, 1,100 lady constables, 202 constables (sports persons) and 23 Group 'C' staff for FSL was under process.

1.2.14.1 Appointment of Women Police

Due to increase in incidents of crime against women and children and greater involvement of females in criminal activities, MHA stressed the need to review the strength of Women Police (WP). The National Police Commission (NPC) recommended (November 1980) at least 10 *per cent* deployment of women police in the Police Stations.

The strength of women police was negligible in the State.

The strength of WP in Haryana Police (March 2009) was negligible as against total strength of 41,683 personnel, only 1,691 women police were in position in the State (March 2009). In the absence of adequate representation of women police personnel in police force, it is difficult to deal with female criminals.

1.2.14.2 Training and practice

Training is an integral part of any police force as it keeps the police forces fit and ready to meet any challenges. In recognition of this, the scheme makes liberal allocations to support and equip the forces by creating training infrastructure. Against the allocation of Rs 11.01 crore, an amount of Rs 9.50 crore was spent on training during 2004-09. Audit scrutiny revealed that the GOI approved (2004-05) Rs 1.12 crore for procurement of equipments such as zen driving simulator, video and sound recording system, wireless laboratory, digital mini laboratory, equipment for training in weaponry and VIP security duty required for imparting training. The department, however, diverted the entire amount towards construction works without the approval of the MHA. Thus, the training centre remained ill equipped.

The number of police personnel imparted training in operation of modern weapons in Haryana Police Academy (HPA), Mudhuban was very low. The year wise number of police personnel who had undergone training in the modern weapons is given below:

Year	Personnel trained		
	Male	Female	Total
2004	2,117	41	2,158
2005	1,445	22	1,467
2006	3,057	25	3,082
2007	1,072	43	1,115
2008	1,443	55	1,498
Total	9,134	186	9,320

Seventy eight per cent police personnel are yet to be trained in modern weapons.

The percentage of personnel trained in modern weapons during the last five years (2004-08) was 22 as 9,320 police personnel were trained out of the total police personnel strength of 41,683 as of March 2009. Thus, sufficient number of police personnel were not trained in operating modern weapons.

The Financial Commissioner and Principal Secretary, Home Department stated (August 2009) that an ultra modern indoor firing range was being set up in Haryana Police Academy, Madhuban under the scheme for imparting training to more persons.

1.2.15 Communications

1.2.15.1 Non-installation of digital turnkey and broadband outdoor surveillance systems

Installation of effective Police Telecommunication Network equipment is a core component of the scheme and is essential for the police to share and transmit crime related data amongst the police stations within the State and across the country.

The department deposited (March 2008) Rs 6.19 crore with HARTRON for purchase of Digital Turnkey System (Rs 3.70 crore) and Broadband Outdoor Surveillance system (Rs 2.49 crore) for Faridabad district. Audit scrutiny revealed that despite a delay of 12 months (March 2009), the HARTRON has not yet floated even tenders for these items.

The Financial Commissioner and Principal Secretary, Home Department stated (August 2009) that procurement and installation of equipments was in process with HARTRON. Thus, despite availability of funds, Digital Turnkey and Broadband Outdoor Surveillance Systems could not be installed.

1.2.15.2 State Wide Area Network of computers (SWAN)

There were 258 police stations in Haryana, out of which only 206 police stations were functioning on SWAN on dial up network. Proposal for linking all police stations on SWAN on leased lines was still under process (March 2009). However, no time frame had been fixed to link all the police stations on SWAN.

The Financial Commissioner and Principal Secretary, Home Department while admitting the facts stated (August 2009) that matter regarding linking of all the police stations on SWAN was under process through HARTRON.

1.2.16 Monitoring

The SLEC was responsible for approval of annual plans for onward submission to MHA. The progress of implementation of approved annual plans was to be monitored by the SLEC by holding monthly meetings and by deputing teams of officers to visit field offices and make periodic assessment and report the progress regarding implementation of the scheme. It was noticed that the implementation of the scheme was not reviewed/monitored by the SLEC as it met only for approval of annual plans. Further, monitoring reports of the field offices on implementation of the scheme were not available with the department.

The Financial Commissioner and Principal Secretary, Home Department stated (August 2009) that it had been decided to hold quarterly meetings with senior functionaries of HARTRON and HPHC to monitor the progress reports of works/activities assigned to those agencies.

1.2.17 Conclusions

The various components of Modernisation of Police Force scheme were not implemented as per approved action plans as funds were diverted towards buildings works. Funds were drawn from treasury and parked with HARTRON and HPHC and were shown as expenditure in the utilisation certificates submitted to GOI. Despite availability of sufficient funds, significant number of staff- quarters and non-residential buildings were not completed which resulted in blockage of significant funds. Funds deposited with HARTRON for purchase of various articles, were lying unspent. Forensic Science Laboratory was understaffed. Funds intended for upgradation of facilities for training were diverted for other purposes. An efficient monitoring mechanism was lacking at SLEC level. Overall, the objectives of the scheme were not fully achieved.

1.2.18 Recommendations

- Five years perspective plan should be prepared taking into account available infrastructure in the State.
- The pace of construction should be accelerated to ensure completion of the buildings in a time bound manner.
- Procurement of equipments through HARTRON should be expedited and a time frame should be fixed.
- Training should be imparted in modern weapons to sufficient number of police personnel.
- There is an urgent need to put in place a stringent monitoring mechanism both at the department and Government as well as SLEC level.

The Financial Commissioner and Principal Secretary, Home Department accepted (August 2009) all the above recommendations.

Rural Development Department

1.3 Desert Development Programme

Highlights

The main objective of Desert Development Programme (DDP) was to develop waste/degraded lands, drought prone and desert areas having preponderance of common lands for the overall development and improvement in socio-economic conditions of the poor populace inhabiting these areas. Performance audit of the programme brought out important issues like long term perspective plan not being prepared in any of the test checked districts. The implementation of the programme was slow as out of 441 projects, only 118 were completed. This led to short receipt of grants from Government of India (GOI). The programme management and execution of works were also deficient as there were cases of non-implementation of soil and moisture conservation works, non-formation of Self Help Groups for uplifting the rural poor, distribution of pipes to farmers instead of laying underground pipes, excavation of ponds without conceptualising source of water, etc. There was no significant decrease of wasteland in the project areas during 1997-2007. The mechanism for post project maintenance, monitoring and evaluation was either not evolved or was not working effectively.

- **Long term perspective plans to develop wastelands, after identifying the areas from the wasteland atlas developed by Haryana Space Application Centre, was not prepared in the State.**

(Paragraph 1.3.6)

- **Due to slow implementation of the programme, full amount of grants was not released by GOI in Bhiwani, Hisar and Fatehabad districts.**

(Paragraph 1.3.7)

- **Out of 441 watershed projects sanctioned between 1999 and 2003 under DDP, only 118 were completed and none of the 535 projects under *Hariyali* could be completed.**

(Paragraph 1.3.8.1)

- **Soil and moisture conservation works were not taken up to develop degraded land. On the other hand, Rs 46.25 lakh were spent on sewer *nullahs* instead of spending the funds on drainage line treatments.**

(Paragraphs 1.3.8.2 and 1.3.10.1)

- **The SHGs required to be formed for upliftment of rural poor, either did not exist or were non-functional.**

(Paragraph 1.3.8.3)

- **A sum of Rs 10.75 crore was spent on distribution of HDPE pipes among farmers instead of laying underground pipelines.**

(Paragraph 1.3.9.1)

- **Six ponds dug up at a cost of Rs 10.50 lakh were without water as catchment area, source of re-charging, etc. were not conceptualised.**

(Paragraph 1.3.9.2)

1.3.1 Introduction

Desert Development Programme (DDP) was started in 1977-78 as a centrally sponsored scheme in the desert areas of Rajasthan, Gujarat and Haryana and cold desert of Jammu and Kashmir and Himachal Pradesh. The objective of the programme was to develop waste and degraded lands, drought prone areas and desert areas having preponderance of common lands for the overall development and improvement in socio-economic conditions of the poor and disadvantaged sections of the people inhabiting these areas and to alleviate poverty. Besides, the project aimed at combating drought and desertification, encouraging restoration of ecological balance by conserving, developing and harnessing the available natural resources such as land, water, livestock, human resources and vegetative cover. The Desert Development Programme (DDP) and Drought Prone Areas Programme were brought under the watershed scheme/programme in 1987. Integrated Wasteland Development Programme launched in 1989 for development of wastelands was also focused on watershed schemes/programmes. All these programmes were brought under the guidelines for watershed development in 1995. These guidelines were subsequently revised in August 2001 for focused project approach, greater flexibility in implementation, removal of overlaps, an effective role for the *Panchayati Raj* Institutions (PRIs), etc. for development of wasteland. In order to simplify procedure and to involve PRI in a more meaningful manner for planning and management of economic development activities of rural areas, these programmes were merged into new scheme called *Hariyali*. Projects sanctioned after April 2003 were implemented under *Hariyali*. In Haryana, DDP was implemented in seven¹⁶ districts from 1977-78. The expenditure was shared between Central and State Government in the ratio of 75:25 for Haryana.

¹⁶

Bhiwani, Fatehabad, Hisar, Jhajjar, Mahendragarh, Rewari and Sirsa.

1.3.2 Organisational set up

The Financial Commissioner and Principal Secretary, Rural Development Department, Haryana Government is the administrative head at State level and is responsible for formulation of policies, programmes and their implementation through the department. The Director, Rural Development Department, Haryana is the head of the department and exercises general supervision over the functioning of the department. A State Watershed Development Committee (SWDC) was also constituted in January 1995 to monitor the progress of watershed works and training institutes. The projects are being implemented by District Rural Development Agencies (DRDAs) through Block Development and Panchayat Officers (BDPOs), Assistant Soil Conservation Officers (ASCOs) and Watershed Committees (WCs).

1.3.3 Audit objectives

The main audit objectives for the performance audit were to ascertain whether:

- procedure adopted for preparing long term perspective plan for treatment of watersheds/degraded lands, drought prone and desert areas was adequate and effective;
- financial performance was as per action plans;
- performance of watershed projects was as per targets, self help groups were formed and were active and soil conservation measures, afforestation works were undertaken;
- execution of works was carried efficiently and economically; and
- exit protocol and proper monitoring mechanism existed to ensure utilisation of funds.

1.3.4 Audit criteria

With a view to achieve the audit objectives, the following audit criteria were adopted:

- Guidelines for watershed development;
- Circulars, documents and instructions issued by Ministry of Rural Development and Director of Rural Development;
- Statistical Abstracts of Haryana Government; and
- Monthly progress reports of Directorate as well as DRDAs.

1.3.5 Audit sampling and coverage

Four¹⁷ out of seven districts where DDP was in operation in Haryana were selected using Simple Random Sampling Without Replacement Method (SRSWOR) for test check. In order to assess the impact of works done by WCs at micro level and their conformity with the scheme guidelines, work wise expenditure incurred by 166 out of 183 WCs of 5th, 6th and 7th batch taken up during 1999-04 and scheduled to be completed from 2004 to 2009 was compiled from the basic records maintained by WCs and scrutinised.

To evaluate the outcome of projects objectively, 18¹⁸ projects which received atleast five instalments from GOI were selected for physical verification using SRSWOR.

Audit of the relevant records of DRDAs, Additional Deputy Commissioners (ADCs), blocks and WCs for the period from April 1999 to March 2008 was conducted (September 2008-May 2009).

An introductory meeting was held in January 2009 with Special Secretary and Director, Rural Development, Haryana to discuss the implementation of the scheme, audit objective and audit criteria. Audit findings and recommendations were discussed in the exit conference held in July 2009 with Special Secretary and Director, Rural Development Department and their views were incorporated while finalising the review report.

Audit findings

1.3.6 Planning

Non-preparation of long term perspective plan

The Department of Land Resources in collaboration with National Remote Sensing Application Centre, Hyderabad had identified wastelands by satellite imaging and developed a wasteland atlas for India. Haryana Space Application Centre (HARSAC) also developed an atlas of wastelands for the State. The programme primarily aimed at treating these identified areas so as to bring more areas under cultivation. Scheme guidelines provided for codifying these areas and preparing a long term perspective plan for the treatment of these identified areas over a period of 15 years in a phased manner.

Long term perspective plan was not prepared. Atlas of wasteland was not used to identify wastelands in test checked districts.

¹⁷ Bhiwani, Fatehabad, Hisar and Rewari.

¹⁸ District Bhiwani: Dudiwala Kishanpura; Dhani Hunat; Dwarka; Kheri Sanwal; Matani and Roopgarh. District Hisar: Bagla; Bir Babrain; Daulatpur; Kharbla Pali; and Prabhuwala; District Rewari: Alawalpur, Chawwa, Dhamlawas, Kanhora, Kumrodha and Kishanpura, District Fatehabad: No selection was done as number of instalments received in 6th and 7th batches were 4 which was less than the selection criteria.

It was observed that neither wastelands were codified nor long-term perspective plans were prepared by DRDAs. Analysis of data of 166 out of 183 watersheds revealed that thematic maps generated by HARSAC were not used while preparing Annual Action plans and in the absence of any database and perspective plan, some of the projects were taken up predominantly in already cultivated area even though wastelands were available in the State.

Position of wastelands in these districts is tabulated in the *Appendix X* which showed that wasteland area in these districts remained almost the same during 1999-2007.

The Director, Rural Development Department attributed (September 2008) the non-preparation of perspective plan to lack of requisite data, absence of expertise of staff and non-availability of any other agency in the State to prepare such plans. Audit, however, observed that no efforts were made by DRDAs for identifying agencies with expertise in the preparation of perspective plans. Neither any advertisement was given in the newspapers for identifying such agencies nor was HARSAC, which was having expertise in this field, contacted to formulate such plans.

1.3.7 Financial performance

Year-wise release of funds by GOI and State Government in seven districts and utilisation thereof for the period 2004-09 was as under:

(Rupees in crore)

Year	Opening balance	GOI Share	State Share	Miscellaneous receipts	Total funds available	Expenditure	Closing balance
2004-05	12.22	16.07	5.03	0.23	33.55	15.27	18.28
2005-06	18.28	17.56	5.85	0.02	41.71	23.21	18.50
2006-07	18.50	11.99	3.86	0.09	34.44	18.00	16.44
2007-08	16.44	28.81	5.13	0.45	50.83	22.01	28.82
2008-09	28.82	10.59	8.14	0.01	47.56	19.67	27.89
		85.02	28.01	0.80		98.16	

(Source: Quarterly reports of Directorate office)

Only 78 per cent of available funds were utilised during 2004-09.

It would be seen from above that as against availability of Rs 126.05¹⁹ crore during 2004-09, the department could utilise only Rs 98.16 crore (78 per cent).

Receipt of funds in four selected districts under 5th, 6th, 7th and 8th batches of DDP and 1st to 4th batch of *Hariyali* sanctioned during 1999-2006 along with

¹⁹ Opening balance as on 01 April 2004: Rs 12.22 crore plus GOI share Rs 85.02 crore plus State share: Rs 28.01 crore plus miscellaneous receipt: Rs 0.80 crore.

expenditure up to 31 March 2009 was as under:

(Rupees in crore)					
District	Batch number	Allocation	Grants received	Expenditure	Percentage of total expenditure to allocation
Hisar					
DDP	6 th batch	13.20	11.80	11.28	85
	7 th batch	6.00	5.96	5.24	87
	8 th batch	7.20	4.29	3.98	55
Hariyali	1 st batch	6.90	3.10	3.01	44
	2 nd batch	6.90	3.08	3.83	56
	3 rd batch	7.80	3.49	1.19	15
	4 th batch	10.50	4.69	1.44	14
	Sub total	58.50	36.41	29.97	51
Bhiwani					
DDP	5 th batch	4.50	3.99	3.90	87
	6 th batch	6.60	5.87	5.41	82
	7 th batch	6.00	5.29	4.60	77
	8 th batch	8.10	3.72	3.67	45
Hariyali	1 st batch	8.10	6.06	3.28	40
	2 nd batch	8.10	3.59	3.56	44
	3 rd batch	10.80	4.83	2.67	25
	4 th batch	10.80	1.62	1.29	12
	Sub total	63.00	34.97	28.38	45
Rewari					
DDP	5 th batch	3.37	3.35	3.37	100
	6 th batch	3.90	2.91	2.45	63
	7 th batch	3.00	1.75	1.66	55
	8 th batch	3.00	2.11	1.85	62
Hariyali	1 st batch	3.00	2.23	1.88	63
	2 nd batch	3.00	1.33	1.08	36
	3 rd batch	3.00	1.34	1.35	45
	4 th batch	3.00	1.35	1.24	41
	Sub total	25.27	16.37	14.88	59
Fatehabad					
DDP	6 th batch	6.00	3.60	3.28	55
	7 th batch	3.30	1.98	1.80	54
	8 th batch	4.20	2.52	2.25	54
Hariyali	1 st batch	4.20	0.65	0.65	15
	2 nd batch	4.20	0.63	0.64	15
	3 rd batch	4.20	1.58	1.75	42
	4 th batch	4.20	0.63	0.19	5
	Sub total	30.30	11.59	10.56	35
Grand Total		177.07	99.34	83.79	47

(Source: Quarterly reports of Directorate office and DRDAs)

Due to slow implementation of programme, 44 per cent of grants could not be claimed from GOI.

Due to slow implementation of programme, the next instalment due was not released by GOI during 2005-06 and 2006-07 in Bhiwani district and 2006-07 in Hisar district for 5th to 7th batches sanctioned under DDP. In Fatehabad district, no instalment was released by GOI in 2003-04, 2004-05 and 2006-07 onwards for 6th batch and 2002-03, 2004-05 and 2006-07 onwards for 7th batch of DDP. The implementation of projects sanctioned under *Hariyali* was also slow. Out of four test checked districts, progress was dismal in Fatehabad district.

Further, as per guidelines of GOI, 25 per cent of State share was to be released by

State Government within 15 days from the date of release of Central share. No mechanism was evolved by State Government for automatic release of State share after the receipt of Central share. Test-check revealed that there was inordinate delay in release of State share which ranged between 14 to 468 days as shown in **Appendix XI**, this led to delay in completion of works.

The Director stated (August 2009) that delay in release of State share was due to lack of budget in the concerned financial year. The reply indicated that State Government did not assess the pending liabilities of State Government for making matching contribution in various centrally sponsored schemes while framing the budget proposals.

1.3.8 Programme management

Physical performance

The DDP projects are sanctioned by GOI every year after taking into consideration DDP coverage in each State, performance of the ongoing projects and capacity to absorb new projects. During the period 1999-2000 (5th batch of DDP) to 2006-07 (4th batch of *Hariyali*), 597 watershed projects were sanctioned under DDP and *Hariyali* scheme to treat an area of 3.03 lakh hectares in the test checked districts. DRDAs were expected to formulate Annual Action Plans so as to treat the targeted area of 500 hectare per watershed over a period of five years from the date of sanction. The targets vis-à-vis achievements of 5th, 6th, 7th and 8th batches of DDP and 1st to 4th batch of *Hariyali* sanctioned during 1999-2006 in test checked districts as of 31 March 2009 are given in **Appendix XII**. Analysis of the data in the **Appendix** revealed that physical progress did not commensurate with the Annual Action Plans. Further, 3.03 lakh hectares of wasteland area targeted for treatment was far more than the total wasteland area of 36,000 hectares available for treatment in these districts as shown in the statistical abstract for the year 1999-2000. This indicates that area under assured irrigation was also included in the areas targeted under the programme.

Further, two²⁰ watershed projects (6th and 7th batch) at an estimated cost of Rs 60 lakh were sanctioned for developing 2,000 acres of land belonging to seed farm of Haryana Agricultural University, Hisar. Out of these two watersheds, in Bir Babrain watershed (sanctioned under 7th batch), though a pond was already existing in the area, digging of another pond was sanctioned in the vicinity of existing pond and an expenditure of Rs 11.64 lakh was incurred upto 2005. Though Rs 2.01 lakh was lying unutilised, further grants were released and cumulative balance of Rs 9.75 lakh was lying unutilised as of March 2009. No work was carried out thereafter. In addition to above, honorarium of Rs 1,200 per month was being paid to the Secretary of the WC regularly for maintenance of cash book though work was lying abandoned for the last three years. Thus, basic

²⁰ Bir Babrain and Bir Dandur.

objective of developing wastelands and alleviating poverty could not be achieved due to deficiencies in planning and co-ordination at grass root level for this watershed.

1.3.8.1 Abnormal delay in completion of projects

Under DDP, out of 441, only 118 watershed projects were completed.

The programme guidelines envisaged that projects were to be implemented over a period of five years from the date of sanction. Between 1999 and 2003, 441 watershed projects were sanctioned by GOI in the State. Out of these, only 118 (27 per cent) projects had been completed as detailed below:

Name	Number of projects sanctioned during					Total projects	Number of completed projects
	1999-00 5 th batch	2000-01 6 th batch	2001-02 7 th batch	2002-03 8 th batch			
Bhiwani	18	22	20	27	87	Nil	
Hisar	Nil	44	20	24	88	20 ²¹	
Fatehabad	Nil	20	11	14	45	Nil	
Jhajjar	8	13	10	12	43	31 ²²	
Sirsa	18	19	18	23	78	Nil	
Mahendragarh	17	13	11	11	52	52 ²³	
Rewari	15	13	10	10	48	15 ²⁴	
Total	76	144	100	121	441	118	

(Source: Quarterly reports of Directorate office)

Apart from this, due to delay in implementation of projects, 50 watersheds of 4th batch sanctioned under DDP were closed as GOI refused to give further extension. Owing to this, central assistance to the tune of Rs 1.68 crore against allocation of Rs 12.01 crore could not be availed of, hence full benefits of the projects could not be derived.

Further, 535²⁵ watershed projects were sanctioned under *Hariyali* in the test checked districts during 2004-06. First batch sanctioned under *Hariyali* was due for completion by June 2008 but none of the 74 projects sanctioned in first batch in test checked districts were completed. Physical progress of these projects ranged between 18 and 56 per cent (refer *Appendix XII*).

Watershed areas were selected after a delay of 243 to 748 days of the receipt of grants from GOI.

Programme guidelines provided that eighty per cent of project funds would be released to WCs in seven instalments in five years from the date of sanction of project. DRDAs were required to prepare action plans for the project period as a whole while submitting proposal to GOI. It was observed that while submitting proposals to GOI, areas of watersheds were not identified as per scheme guidelines. Process of identification of areas, formation of WCs was started only after the receipt of first instalment of funds from GOI with the result that the projects were started after the delay of 243 to 748 days in watersheds test checked as shown in *Appendix XIII*. These cumulative delays resulted in slackness in the

21 7th batch: 20.

22 5th batch: 8; 6th: 13 and 7th: 10.

23 5th: 17; 6th: 13; 7th: 11 and 8th: 11.

24 5th: 15.

25 1st batch: 118; 2nd batch: 118; 3rd batch: 140 and 4th batch: 159.

implementation of the projects on time.

The ADC, Rewari stated (August 2009) that selection of watershed was to be done after the receipt of funds from GOI. The reply was not convincing because as per para 40 of Project guidelines, locations of Watershed Development Projects were to be identified at the time of initial sanction of the projects.

1.3.8.2 Non-implementation of soil conservation works

With a view to develop degraded lands, *in-situ* soil and moisture conservation measures like contour and graded bunds fortified by plantation, nursery raising for fodder, timber, fuel wood, horticulture and non-timber species were to be taken up. Besides, biological measures such as crop cover, strip cropping, contour farming, mulching, rotation, conservation, etc were also required to be taken up simultaneously. It was noticed that no such works were taken up in any test checked watersheds.

Soil conservation works were not taken up in test checked watersheds.

The ADC, Bhiwani stated (August 2009) that these soil conservation works could not be taken up as people of the area were not interested in such activities. The reply was not convincing as these activities were to be taken up not only on private land but also on common lands. Therefore, these activities should have been carried out simultaneously to ensure proper development of degraded lands.

1.3.8.3 Role of Self Help Groups in implementing DDP objectives

One of the objectives of the programme was to bring improvement in socio-economic conditions of the poor and disadvantaged sections of the people inhabiting these areas and to alleviate poverty.

In test checked districts, SHGs were not functional in any watershed project.

In order to help villagers who are directly or indirectly dependent on the watershed area to undertake income generating activities, project guidelines envisage constitution of Self Help Groups (SHGs) with the help of Watershed Development Team. A revolving fund was to be operated with seed money not exceeding Rupees one lakh for vocational development of each watershed to undertake income generating activities. The members of SHGs were to be provided seed money not exceeding Rs 10,000. This seed money was to be recovered from the members of SHGs in six monthly instalments which could be re-invested to the same or other SHGs. The SHGs were, however, not functioning in any test checked districts as discussed below:

In Hisar district, SHGs were constituted in 8 out of 64 watersheds. However, all these 8 SHGs were defunct as the unutilised funds amounting to Rs 3.30²⁶ lakh advanced to the members of SHG were not returned till date (July 2009) though as per scheme guidelines this money was to be refunded within six months. The SHGs were not constituted in Rewari and Fatehabad districts.

²⁶ Modakhera: Rs 0.40 lakh; Dobhi: Rs 0.10 lakh; Neolikalan: Rs 0.50 lakh; Khokha: Rupees one lakh; Kalirawan: Rs 0.50 lakh; Payal: Rs 0.40 lakh; Litani: Rs 0.10 lakh; Sundawas: Rs 0.20 lakh and Berlikhurd: Rs 0.10 lakh.

In Bhiwani district, SHG was constituted only in watershed Kohad selected under 4th batch of the scheme. In this watershed, Rs 0.80 lakh was released to eight SHGs. The Agriculture Development Officer, Bhiwani, instead of issuing account payee cheque in the name of Self Help Groups, issued cheque for Rs 50,000 in the personal name of group leader of SHG, which was drawn by him and the amount was neither paid to the members of the SHG nor deposited in revolving fund. Out of remaining Rs 30,000, only Rs 2,700 had been recovered. After this incidence no Self Help Group was constituted in Bhiwani district. The ADC, Bhiwani stated (August 2009) that the case of recovery was under trial in the Civil Court, Bhiwani.

Therefore, the objective of uplifting disadvantaged sections of the society dependent on watershed area through this component could not be achieved.

The ADCs, Hisar, Rewari and Fatehabad stated (August 2009) that people were not interested in forming SHGs under the programme as formation of SHGs was more beneficial under *Swaranjayanti Gramin Swarozgar Yojana* (SGSY). The reply was not convincing as the department should have motivated the people to form SHGs under DDP to cover more beneficiaries.

1.3.8.4 Non-realisation of beneficiary share

Beneficiaries of various activities under the project were to contribute at least 10 *per cent* of the cost of works done on individual land and five *per cent* of the works on community lands. In the case of SC/ST and persons identified under below poverty line (BPL), the contribution was to be restricted to only five *per cent* of cost of works. The beneficiary share realised was to be credited into watershed development fund and was to be used for maintenance of assets after the completion of project. As on 31 March 2009, beneficiary share of Rs 17.66²⁷ lakh was outstanding in test checked districts.

Records for proper accountal of 'Watershed Development Fund' had not been maintained in any test checked watersheds. As a result, accuracy of recovery of beneficiary share could not be verified during audit. In watershed Dwarka of Bhiwani district, cumulative earnings of Rs 2.10 lakh under 'watershed development fund' were spent²⁸ before the completion of the project in contravention of the guidelines with the result that no funds were left for the maintenance of the assets created after closure of the project. Chairman WC of Dwarka intimated (October 2008) that expenditure was incurred out of watershed development fund to adjust the excess expenditure incurred on entry point activities and pay *panchayat's* share for implementation of *Swajaldhara Yojana*. Reply was not convincing as these funds were to be spent after the completion of projects.

Further, contribution towards watershed development fund was not a one time

²⁷ As per information furnished by WCs.

²⁸ Swajaldhara Yojana: Rs 45,000; Doors and windows: Rs 7,961 and Digging of well: Rs 1,57,005.

measure but was organic in nature. Earnings from the income generating assets created out of DDP funds like development of pastures etc. was to be credited in this fund, which was to be used for maintenance of assets after the closure of projects. Since no such activity was carried out on community land, there was no accretion in the fund on this account.

The DRDAs, Bhiwani, Hisar and Rewari while admitting the facts stated (May and August 2009) that all the WCs would be directed to maintain cashbooks of beneficiary share and to recover the outstanding beneficiary share.

1.3.9 Execution of works

Activities being undertaken under DDP broadly fall under three components viz; water resource, land levelling and afforestation. Component wise expenditure of watersheds selected for physical verification (except two watersheds of Hisar district, records of which was partially available) is given in *Appendix XIV*. Physical verification of assets of 18 watersheds and analysis of data relating to 166 watershed projects since their inception to March 2009 revealed following deficiencies:

1.3.9.1 Water resource activities

Water resource activities carried out under the programme aimed at equitable distribution of water resources and strengthening of water conveyance system by renovation and augmentation of available water resources, desiltation of tanks and raising of sub soil water table by development of small water harvesting structures such as percolation tanks, check dams, etc.

• Purchase and distribution of HDPE pipes

In test checked districts, out of total expenditure of Rs 27.87 crore incurred up to March 2009, Rs 10.75 crore²⁹ was incurred on purchase of HDPE pipes under this component.

In Fatehabad district, 97 per cent of the total expenditure was incurred on distribution of RCC and HDPE pipes as tabulated below:

Number of watersheds of 6 th and 7 th batch	Number of watersheds of which data was compiled	Expenditure on RCC pipes	Expenditure on HDPE pipes	Total expenditure on pipes	Total expenditure incurred up to March 2009	Percentage expenditure incurred on pipes to total expenditure
		(Rupees in crore)				
31	26	1.39	1.96	3.35	3.44	97

The HDPE pipes worth Rs 10.75 crore procured to create infrastructure were distributed among farmers.

Audit observed that no rate contract was finalised at Directorate level for the purchase of HDPE pipes to be distributed to the beneficiaries. These pipes were purchased by WCs of Hisar and Rewari districts from the source and at rates approved by the High Power Purchase Committee of Agriculture Department. It

²⁹ Hisar: Rs 4.27 crore; Bhiwani: Rs 3.74 crore; Rewari: Rs 0.78 crore and Fatehabad: Rs 1.96 crore.

was further observed that rates approved by Agriculture Department were to facilitate farmers to avail loans from banks under the loan schemes. These rates were higher than the prevailing market rates. The ADC, Bhiwani had purchased water pipes with identical specifications at the rate of Rs 284 per six metre pipe on the basis of quotations against the rate of Rs 585 to Rs 700 per pipe of the same size approved by High Power Purchase Committee of Agriculture department. These pipes were purchased in the bulk quantity, hence department should have followed the proper procedure for procurement of pipes by inviting tenders for getting competitive rates.

Further, these pipes were to be used as underground pipe lines to make optimum use of available water/water source. WCs, however, instead of using these pipes for laying underground pipelines, the same were distributed to the farmers free of cost in cultivated areas. During physical verification of selected watersheds, beneficiaries of watersheds Roopgarh, Dudiwala Kishanpura of Bhiwani district stated that due to adverse climatic conditions and sub-standard material of pipes, majority of the pipes were damaged and some of the pipes were stolen as these pipes were stacked in open.

It was further observed that quality of underground pipes was not assessed while finalising the purchase of pipes which were to be used for carrying water from tubewells. Pipes worth Rs 36.40 lakh were purchased in 6th and 7th batches in Hisar district for distribution in areas where water was saline hence not fit for irrigation purposes as detailed below:

Name of watershed	EC ³⁰ value of underground water	Expenditure on pipes (Rupees in lakh)
Kalirawan	14,630	4.56
Durjanpur	9,680	8.00
Khokha	8,580	12.23
Matani	7,000	4.02
Dhani Hunat	7,000	7.59
Total expenditure		36.40

The ADC, Hisar stated (August 2009) that HDPE pipes in these watersheds were used by user groups after taking the water from adjoining areas where suitable water was available. The reply was not based on facts as these pipes were distributed amongst the farmers on the basis of their land holdings without keeping in view the distance from where the water was to be carried.

During physical verification, beneficiaries of watershed Matani and Dhani Hunat of Bhiwani district, where HDPE pipes worth Rs 11.61 lakh were distributed, stated that area being '*barani*' (rainfed), majority of the tubewells had gone dry and ground water in the area was saline and brackish. As such HDPE pipes provided for water supply system were of no use to them.

Similarly, ground water in Fatehabad district was highly saline as per report of Central Ground Water Board. As such, HDPE pipes purchased at a cost of

³⁰ Water having (EC value >2000) is not fit for agriculture purposes.

Rs 1.96 crore as discussed in paragraph 1.3.9.1 were of no use to the local farmers as the pipes were to be used predominantly to carry water from tubewells. Chairman, WC Rattangarh intimated (May 2009) that HDPE pipes worth Rs 1.74 lakh were lying with the Committee as farmers were not interested in taking them since they were of no use to the local farmers.

Therefore, expenditure of Rs 10.75 crore under this component became infructuous as this expenditure neither resulted in creation of any infrastructure in these areas nor its proper use could be ensured by DRDAs.

Further, following irregularities were also noticed in Hisar district:

Sr. No.	Name of watershed	Cost of pipes (Rupees in lakh)	Remarks
1.	Pabra	2.59 ³¹	Ex-Secretary, WC had sold about 250 pipes costing Rs 2.59 lakh purchased out of DDP funds. This was accepted by Chairman, WC and intimated (October 2005) to BDPO Uklana, ADC and DC, Hisar. No action had been initiated against the ex-secretary of WC.
2.	Daulatpur	1.25	Audit observed that pipes worth Rs 1.25 lakh were purchased by new Committee from an unapproved source at the rate of Rs 2,857 per pipe whereas approved rate was Rs 1,030 per pipe. This had caused a loss of Rs 0.80 lakh.
3.	Khokha	0.33	Twenty one pipes worth Rs 0.33 lakh were shown as distributed to Gram Panchayat by ex-Chairman, WC. New Chairman reported that no such pipes were available with Gram Panchayat.

The ADC, Hisar in his reply stated (August 2009) that inquiry in these cases had been initiated by concerned BDPOs and report would be sent to the State Government after completion of inquiry.

• Expenditure on water channels

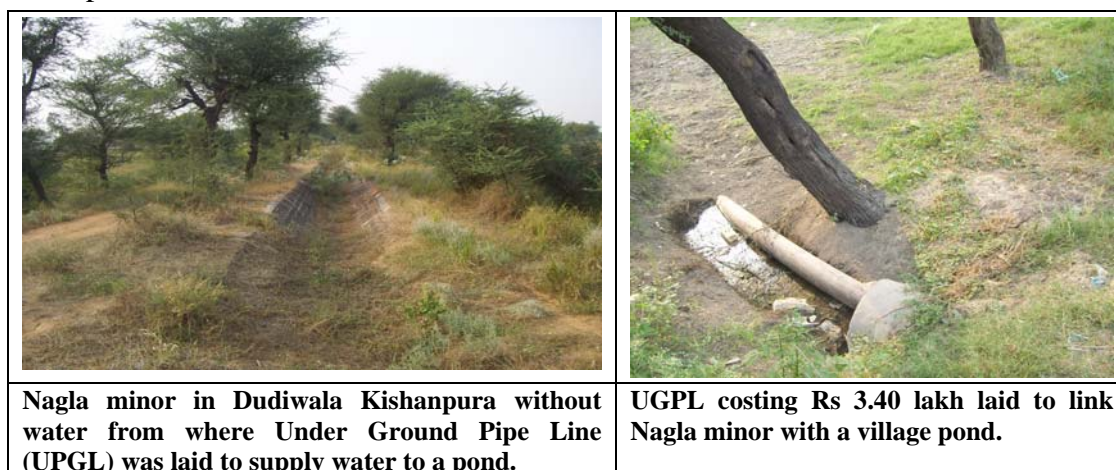
An expenditure of Rs 4.94 crore was incurred on water channels up to March 2009 in 166 watersheds of the test checked districts, further, works completed at a cost of Rs 49.31 lakh were physically verified by audit in selected watersheds.

It was observed that source of water was not selected after proper planning and ensuring/assessing availability of water while linking minors with village ponds. In Bhiwani district, Nagla minor (Bhiwani district) was in a damaged condition without water, however, a sum of Rs 4.40 lakh³² was spent for laying pipe lines under Dudiwala Krishanpura watershed project for carrying water from this damaged minor to a nearby pond. Since the minor was without water, objective

³¹ The cost worked out on the basis of approved rates as records were not made available to audit.

³² Material and Labour: Rs 76,104 and Pipes: Rs 3,64,140.

of supplying water to the pond could not be achieved thus rendering the entire expenditure unfruitful.



The ADC, Bhiwani stated (May 2009) that there was scarcity of water in the district. The reply was not convincing as the pipe lines were laid without ensuring the availability of water in the minor (the source).

Similarly, under watershed Chawa-Bhakli, Nahar block of Rewari district a pond was developed (2005-06) at a cost of Rs 12.43 lakh. In addition, a channel was also constructed (2006-07) at a cost of Rs 3.71 lakh to connect the pond with a near by distributary. During physical verification by audit, it was noticed that the channel had choked due to expansion of road and was in damaged condition. The pond was without water rendering the entire expenditure of Rs 16.14 lakh as unfruitful.

- **Impact of water resource activities**

Area under irrigation decreased from 1,294 thousand hectare to 1,256 thousand hectare during 2002-07.

Activities were undertaken under this component of the scheme for increasing irrigated area by distribution of pipes and linking minors with village ponds. However, this activity could not make any significant impact in increasing the irrigated areas in the said districts as depicted in the table below:

District	Net irrigated area (in thousand hectares)														
	2002-03			2003-04			2004-05			2005-06			2006-07		
	Canal	Tube well	Total	Canal	Tube well	Total	Canal	Tube well	Total	Canal	Tube well	Total	Canal	Tube well	Total
Rewari	2	108	110	--	101	101	2	108	110	2	107	109	2	94	96
Mahendragarh	2	119	121	2	119	121	2	119	121	2	32	34	8	77	85
Bhiwani	156	109	265	159	124	283	169	118	287	148	132	280	144	139	283
Hisar	238	22	260	208	9	217	218	9	227	218	9	227	218	23	241
Fatehabad	140	76	216	140	76	216	145	60	205	68	144	212	72	141	213
Sirsa	264	58	322	264	58	322	263	72	335	265	73	338	234	104	338
Total	802	492	1,294	773	487	1,260	799	486	1,285	703	497	1,200	678	578	1,256

(Source: Statistical abstract published by Government of Haryana)

It would be seen from the above table that the area under irrigation decreased from 1,294 thousand hectares to 1,256 thousand hectare during 2002-07 in these districts. The position was worst particularly in Rewari, Mahendragarh and Hisar

districts.

1.3.9.2 Percolation tanks







Six ponds excavated at a cost of Rs 10.50 lakh were without water.

An amount of Rs 3.01 crore was spent on construction of percolation tanks on community land in test checked districts. Out of this, a sum of Rs 46.83 lakh was spent on construction and maintenance of 12³³ percolation tanks on community land in 13 out of 16 watersheds test checked.

It was observed during physical verification of selected watersheds that important issues like catchment-area, source of recharging, etc. were not conceptualised in respect of six new ponds excavated under the selected watersheds as detailed below:

Sr. No.	Name of district	Name of watershed	Amount (Rupees in lakh)
1	Bhiwani	Roopgarh	1.05
2	-Do-	Kheri Sanwal	2.03
3	Hisar	Bagla	2.00
4	Rewari	Chawwa	1.61
5	-Do-	Chawwa	0.60
6	-Do-	Kishanpura	3.21
Total			10.50

As a result of improper catchment area, expenditure of Rs 10.50 lakh incurred on digging of these ponds was rendered unfruitful as these ponds were without water hence could not ensure increase in ground water table of the said area.

		
Pond excavated in watershed Kheri Sanwal in Bhiwani block.	Pond in Bagla (Hisar)	Pond excavated in watershed Roopgarh in Bhiwani block.
		
Pond and Khurra constructed at Chawwa in Rewari district	Desilting of Pond, construction of retaining wall and Khurra in Bhakli in front of school	Pond in Kishanpura

³³

10 new and 2 old.

**In Rewari district,
Rs 75.13 lakh were spent
on *khurra* making,
retaining walls, etc.**

It was further observed that plantation work was not taken up adjacent to the said ponds so as to stop soil erosion which was against the scheme guidelines. In Rewari district, instead of consolidating the embankments by plantation, a sum of Rs 75.13 lakh was spent on cement structures like *khurra* making, retaining walls which were not as per scheme guidelines as these concrete structures would neither increase the ground water table nor prevent soil erosion.

The ADC, Rewari stated (August 2009) that *khurra* making was necessary as soil erosion takes place when milch cattle enter the pond. The reply was not convincing as purpose of excavation of ponds was to recharge the ground water which was not served by *khurra* making.

The Special Secretary and Director, Rural Development, Haryana during inspection (June 2006) of two new ponds dug up under DDP in villages Agroha and Sisai in Hisar district also made similar observations and pointed out that location of these ponds was not proper as they were far from the *Abadi* and catchment-areas were not appropriate for filling up of ponds. However, no action was taken even on the report of the Director, Rural Development.

In addition, these works were neither codified nor *khasra* number mentioned or shown in estimates where these ponds were dug up. Boards depicting source of funds had also not been displayed on such sites with the result, the expenditure was neither verified during audit nor could be subjected to social audit. On being pointed out, ADCs, Bhiwani and Hisar stated (August 2009) that displaying of information on the Boards had, now, been started.

1.3.9.3 Land resource activities

Project guidelines also envisage taking up land development work including in-situ soil and moisture conservation measures like contour and grounded bunds fortified by plantation, nursery raising, fuel wood horticulture and non-timber forest product species. A sum of Rs 5.33 crore was spent up to March 2009 in the test checked projects; under this component thirteen works executed at a cost of Rs 65.73 lakh were physically verified. Following deficiencies were noticed:

- **Land levelling**

In Bhiwani district, a sum of Rs 59.25 lakh was spent on land levelling in selected watersheds. Tractors were plied in the fields of all the farmers in the watershed area without identifying the problematic areas. The ADC, Bhiwani while approving these works, instructed the WCs to take photographs of sites before and after execution of these works. However, no photographs were taken by WCs hence actual work executed could not be verified by audit.

It was further noticed during audit that land levelling work worth Rs 27.55 lakh was executed by WCs prior to the year 2004-05 without obtaining prior permission of DRDA, Bhiwani and the amount was not paid to tractor owners. Five tractor owners whose tractors were hired by PIA, filed (January 2008) cases in court of law for making payment of Rs 5.12 lakh along with interest. No action was initiated/taken against WCs who got this work executed without proper

permission. The case was still pending in the court (July 2009).

As per action plans, for equitable distribution of benefits, barren and uncultivable land, which was of no use to the community/*panchayat*, was to be leased out to the landless labourers so that the said land can be converted into cultivable land by carrying out developmental activities out of project funds. However, no such work was undertaken in the test checked districts and, thus, the landless labourers could not be benefited from the scheme.

1.3.9.4 Demonstration plots

Programme guidelines envisaged demonstration of plots for popularizing new crops/varieties or innovative management practices. In Rewari and Fatehabad districts, this activity was not carried out in test checked watersheds. Out of 10 test checked watersheds of Bhiwani and Hisar districts, in three watersheds, seeds, gypsum and fertilisers worth Rs 3.12³⁴ lakh were distributed to farmers instead of organising demonstration plots. The ADC, Rewari stated (August 2009) that WCs had been directed to take up maximum demonstration plots in their projects.

1.3.9.5 Afforestation activities

Project guidelines envisaged undertaking block plantations, agro forestry and horticultural development, shelterbelt plantation, etc. for sand dune stabilisation in these areas. A sum of Rs 71.43 lakh was spent under test checked projects up to March 2009 on this component. Out of 16 selected watersheds, no plantation was carried out in 6 watersheds. In remaining 10 watersheds, an amount of Rs 5.56 lakh was spent on distribution of plants to the beneficiary farmers, but survival of plantation was not monitored by WCs.

1.3.10 Other topics of interest

1.3.10.1 Diversion of funds

Programme guidelines also envisaged treatment of drainage line with a combination of vegetative and engineering structures in watershed areas. In Rewari district, cumulative expenditure of Rs 46.25 lakh was incurred during August 2000 and March 2009 on sewer *nullahs* for draining waste water on the village streets which was contrary to the programme guidelines as constructions of sewer *nullahs* had no relation with drainage line treatment. Thus, the objective of the scheme remained unachieved.

Rupees 46.25 lakh were spent on sewer *nullahs* in violation of scheme guidelines.

³⁴

Bagla: Rs 1.18 lakh; Birbarain: Rs 0.95 lakh and Pali: Rs 0.99 lakh.



The ADC, Rewari stated (August 2009) that concerned WCs had been instructed not to take up such activities in future.

1.3.10.2 Maintenance of record

Cash-book, ledger and muster rolls are basic records which are required to be maintained so as to ensure proper utilisation of funds. It was, however, noticed that the ledgers were not maintained properly and cash-books were not being closed regularly. In watersheds of Daulatpur, Prabhuwala and Pabra of Uklana block, it was observed that previous records along with unspent cash balance had not been handed over to the new Chairmen. No record was produced by watershed Sisar-1 in Hansi-II block of Hisar district. In watershed Bagla of Adampur block, receipts and payments were entered on the same side of cash-book as a result of which accuracy of transactions could not be verified by audit.

The ADC, Hisar stated (August 2009) that instructions had been issued to all PIAs to maintain the cashbooks and ledgers properly.

In watershed Roshankhera of Hansi-II block of Hisar district, blank muster rolls with signatures of workers were kept by the Secretary of the watershed. The muster rolls were got signed from workers in advance without making any payment to them. The chances of mis-use of muster roll to misappropriate the funds could not be ruled out. Similarly, a payment of Rs 8,075 was made to workers without obtaining their signatures on muster rolls for the watershed work.

1.3.11 Exit protocol

No mechanism was evolved to ensure post project maintenance.

Programme guidelines envisaged that DRDAs in consultation with the State Government would evolve a proper exit protocol for the watershed projects. A mutually acceptable and operational mechanism for utilisation of watershed development funds for post project maintenance and its continuous augmentation was to be evolved. It was noticed that no mechanism was evolved for post project maintenance of completed projects.

The ADCs, Hisar and Rewari stated (August 2009) that in the absence of any methodology prescribed by the State Government, Gram Panchayats were verbally directed to maintain these assets. The reply was not in consonance with scheme guidelines as proper mechanism was required to be evolved for post project maintenance.

1.3.12 Monitoring and evaluation

Meeting of SWDC was not held for the last 10 years.

Programme guidelines provided constitution of SWDC to ensure coordination among various departments/institutions and voluntary agencies. The Committee was to meet twice a year. Though SWDC was constituted in January 1995, it was non-functional as no meeting of the Committee had been held for the past ten years.

State Government was responsible for regular monitoring and evaluation of watershed development projects. It was observed that proper mechanism for monitoring and evaluation had not been evolved. Records relating to physical progress of work done on individual, community and forest lands of watershed as envisaged in the annual action plan had not been maintained with the result the targets *vis-à-vis* achievements could neither be ascertained nor correlated with the financial progress.

Mid-term evaluation was meant to holistically assess the projects midway so as to identify and overcome deficiencies and improve implementation of the scheme. However, evaluation along with impact assessment on activities viz.; increase in water levels, additional area brought under cultivation, status of labour migration, enhancement of wage component, etc. was not done. It was observed that evaluation of the scheme was not conducted as per instructions of GOI as evaluators appointed by State Government could not ensure performance analysis of these vital aspects.

1.3.13 Conclusions

The objective of developing waste/degraded land, drought prone and desert areas was not achieved fully as total waste land did not decrease. The implementation of the programme suffered due to non-preparation of perspective plan, lack of monitoring, completion of only 118 watershed projects out of 441 projects identified, non-execution of soil and moisture conservation work and non-formation of SHGs. Free distribution of pipes among farmers instead of laying them underground, execution of ponds without conceptualising catchment area, non-organisation of demonstration plots, etc. were areas which could have been organised more effectively. Proper exit protocol was not evolved for post project maintenance. Monitoring and evaluation system was not working effectively.

1.3.14 Recommendations

- Perspective plan should be prepared after taking into account the wasteland atlas prepared by HARSAC.
- The WCs should prepare a time bound programme for completion of projects within the prescribed time frame.
- The projects should be implemented in a concerted manner covering all the aspects such as soil conservation, afforestation, etc.
- The SHGs should be formed in all watershed projects to take income generating activities.
- Instead of distributing pipes among farmers, HDPE pipes should be laid underground to create a durable infrastructure.
- Factors like catchment's area, source of recharging, etc. should be conceptualised before starting works.
- The systems for post project maintenance, monitoring and evaluation should be put in place effectively.

These points were referred to the Financial Commissioner and Principal Secretary to Government of Haryana, Rural Development Department in June 2009; reply had not been received (August 2009).

Transport Department

1.4 Functioning of Haryana Roadways

Highlights

The performance audit of functioning of Haryana Roadways disclosed that the Roadways suffered a loss of Rs 637.99 crore in 2004-09. The fleet utilisation of Roadways (95.54) in 2008-09 was higher than all India average (AIA) of 92 per cent. Its vehicle productivity at 366 kilometres per bus per day was also above the AIA of 313 kilometres. Similarly, load factor of 73 per cent remained above the AIA of 63 per cent. Though the Roadways did well on operational parameters, its 99.80 per cent routes were unprofitable due to high incidence of passenger tax and non-reimbursement of cost of free/concessional travelling facilities by the State Government. The Roadways made recruitment of conductors/drivers in anticipation of induction of new fleet and incurred excess staff cost of Rs 8.05 crore during July 2008 to March 2009. The Roadways did not attain its own fuel consumption targets resulting in excess consumption of fuel valued at Rs 31.30 crore during 2004-09. The Roadways earned a net profit of Rs 4.32 crore during October 2005 to February 2008 from ten hired Volvo buses. As this arrangement has the potential to cut down the cost substantially, the Roadways needs to explore possibility of hiring ordinary buses to increase its fleet. Though the Government approves the fare increase, there is no scientific basis for its calculation. The Roadways has also not formed norms for providing services on uneconomical schedules. Thus, it would be desirable to have an independent regulatory to fix the fares, specify operations on uneconomical routes. The monitoring by top management fell short as it did not fix targets for various operational parameters.

- **Proforma Accounts of the Roadways were in arrears since 2003-04.**

(Paragraph 1.4.5)

- **The Roadways was not able to recover its cost of operations hence, suffered a loss of Rs 637.99 crore in 2004-09. The Roadways provided free and concessional travelling facilities to various categories at the instance of the State Government and incurred loss of Rs 477.99 crore during 2004-05 to 2007-08 on this account.**

(Paragraphs 1.4.5 and 1.4.18.1)

- **Due to cancellation of scheduled kilometres for want of crew and buses the Roadways lost net revenue of Rs 7.25 crore.**

(Paragraph 1.4.12.3)

- **Manpower cost was below AIA except during 2008-09. The Roadways recruited conductors and excess staff at additional cost of Rs 8.05 crore during 2008-09.**

(Paragraph 1.4.14)

- **Fuel efficiency was above AIA, however, due to non-achievement of internal targets of KMPL it consumed excess diesel valued at Rs 31.30 crore.**

(Paragraph 1.4.15)

- **The Roadways earned a net profit of Rs 4.32 crore during October 2005 to February 2008 from ten hired Volvo buses. As this arrangement has the potential to cut down the cost substantially, the Roadways did not explore possibility of hiring ordinary buses to increase its fleet.**

(Paragraph 1.4.16)

- **There was no scientific basis for fixing the fare on the basis of normative cost. The Roadways has also not formed norms for providing services on uneconomical schedules. Department needs to have an independent regulatory body (like State Electricity Regulatory Commission) to fix the fares, specify operations on uneconomical routes.**

(Paragraphs 1.4.19.1 and 1.4.19.2)

- **The Roadways did not set targets for important operational parameters i.e. fleet utilisation, vehicle productivity, staff productivity and load factor to improve performance through monitoring against targets.**

(Paragraph 1.4.20)

1.4.1 Introduction

In Haryana, the public road transport is primarily provided by Haryana Roadways, which is mandated to provide an efficient, adequate, economical and properly co-ordinated road transport. The State Government also allows the private operators to provide public transport. The Government has reserved certain routes exclusively for the Roadways and private operators. On other routes both the Roadways and private operators operate. The fare structure is controlled

by the Government which is uniform for both the Roadways and the private operators.

The Roadways was formed as commercial wing of Transport department in November 1966. The Financial Commissioner and Secretary to Government of Haryana is the administrative head of the Transport Department. The day-to-day operations are carried out by the Transport Commissioner (TC), who is the Chief Executive of the Roadways, with the assistance of two additional TCs, one Joint TC and five Deputy TCs. Each depot is managed by a General Manager. In addition, the department has a Transport Board which comprises of Transport Minister as Chairman, Secretaries Transport and Finance Departments as members and Transport Commissioner as Member Secretary. Besides deciding all cases relating to Transport Department, the Board approves the creation of all posts of drivers, conductors, workshop staff and ministerial staff. The Roadways has 20 Depots and two Central Workshops. The bus body building operation is carried out mainly through Haryana Roadways Engineering Corporation (HREC), a Government Company under the administrative control of Transport Department. The tyre retreading work is being done departmentally by the Roadways.

The Roadways had a fleet of 3,166 buses as on 31 March 2009. The Roadways carried an average of 10.78 lakh passengers *per day* during 2008-09. The Roadways' share in the passenger transport operations in the State was 71.82 *per cent* and the remaining 28.18 *per cent* was accounted for by private operators in 2008-09. The turnover of the Roadways was Rs 691.08 crore in 2007-08, which was equal to 0.45 *per cent* of the State Gross Domestic Product (*Rs 1,53,087.03 crore as per quick estimates*). The Roadways employed 18,299 employees as on 31 March 2009.

A review on "Human resources and material management in Haryana Roadways" was included in the Report of the Comptroller and Auditor General of India for the year 2001 (Civil), Government of Haryana. The report was discussed by Public Accounts Committee (PAC) during September 2006 and February 2007. The recommendations of PAC are contained in its 60th report presented to the State Legislature on 22 March 2007.

1.4.2 Scope of audit and methodology

The present review conducted during January 2009 to June 2009 covers the performance of the Roadways during the period from 2004-05 to 2008-09. The review mainly deals with operational efficiency, financial management, fare policy, fulfilment of social obligations and monitoring by top management of the Roadways. The audit examination involved scrutiny of records at the head office, one Central Workshop and six³⁵ out of 20 depots. The depots were listed on the basis of revenue and selected by simple random sampling without replacement

³⁵ Bhiwani, Delhi, Gurgaon, Karnal, Sirsa and Yamunanagar.

method. Operating revenue of the selected depots constituted 28.98 *per cent* of the total operating income of the Roadways.

The methodology adopted for attaining the audit objectives with reference to audit criteria consisted of explaining audit objectives to top management, scrutiny of records at head office and selected units, interaction with the auditee personnel, analysis of data with reference to audit criteria, raising of audit queries, discussion of audit findings with the Management and issue of draft review to the Management for comments.

1.4.3 Audit objectives

The objectives of the performance audit were to assess:

1.4.3.1 Operational performance

- the extent to which the Roadways was able to keep pace with the growing demand for public transport;
- whether the Roadways succeeded in recovering the cost of operations;
- the extent to which the Roadways was running its operations efficiently;
- whether adequate maintenance was undertaken to keep the vehicles roadworthy; and
- the extent to which economy was ensured in cost of operations.

1.4.3.2 Financial management

- whether the Roadways was able to meet its commitments and recover its dues efficiently; and
- the possibility of realigning the business model of the Roadways to tap non-conventional sources of revenue and adopting innovative methods of accessing such funds.

1.4.3.3 Fare policy and fulfilment of social obligations

- the existence and adequacy of fare policy; and
- whether the Roadways operated adequately on uneconomical routes.

1.4.3.4 Monitoring by top management

- whether the monitoring by Roadways' top management was effective.

1.4.4 Audit criteria

The audit criteria adopted for assessing the achievement of the audit objectives were:

- all India averages for performance parameters;

- performance standards and operational norms fixed by the Association of State Road Transport Undertakings (ASRTU);
- physical and financial targets/ norms fixed by the Management;
- manufacturers' specifications, norms for life of a bus, preventive maintenance schedule, fuel efficiency norms, etc.;
- instructions of the Government of India (GOI) and State Government and other relevant rules and regulations; and
- procedures laid down by the Roadways.

1.4.5 Financial position and working results

The financial position of the Roadways for the five years upto 2008-09 could not be worked out as the proforma accounts are in arrears since 2003-04. The Management stated that the services of two retired officers have been hired to complete this job.

The details of tentative working results like operating revenue and expenditure, total revenue and expenditure, net surplus/loss and earnings and cost per kilometre of operation, based on data compiled by the head office on the basis of monthly reports received from the General Managers of depots are given below.

(Rupees in crore)						
Sr. No.	Description	2004-05	2005-06	2006-07	2007-08	2008-09
1.	Total Revenue	643.75	680.80	708.50	691.08	721.89
2.	Operating Revenue ³⁶	624.17	658.21	689.23	668.61	698.23
3.	Total Expenditure	741.58	800.82	837.23	788.32	916.06
4.	Operating Expenditure ³⁷	712.59	759.10	806.58	754.04	881.60
5.	Operating Profit/Loss	(-88.42)	(-100.89)	(-117.35)	(-85.43)	(-183.37)
6.	Profit/Loss for the year	(-97.83)	(-120.02)	(-128.73)	(-97.24)	(-194.17)
7.	Accumulated Profit/Loss					
8.	Fixed Costs					
	(i.)Personnel Costs	196.77	200.04	216.48	229.01	323.26
	(ii.)Depreciation	30.82	30.61	31.87	31.94	31.69
	(iii.)Interest	20.06	24.06	21.92	22.18	22.92
	(iv.)Other Fixed Costs	26.43	36.28	33.09	35.07	30.06
	Total Fixed Costs	274.08	290.99	303.36	318.20	407.93
9.	Variable Costs					
	(i) Fuel and Lubricants	209.33	250.12	262.53	249.01	269.03
	(ii) Tyres and Tubes	14.28	14.33	19.89	23.04	23.47
	(iii) Other Items/spares	13.72	13.76	14.60	16.93	21.73
	(iv)Taxes (MV Tax, Passenger Tax, etc.)	185.62	187.74	191.40	125.45	136.32
	(v) Other Variable Costs	44.55	43.88	45.45	55.69	57.58
	Total Variable Costs	467.50	509.83	533.87	470.12	508.13

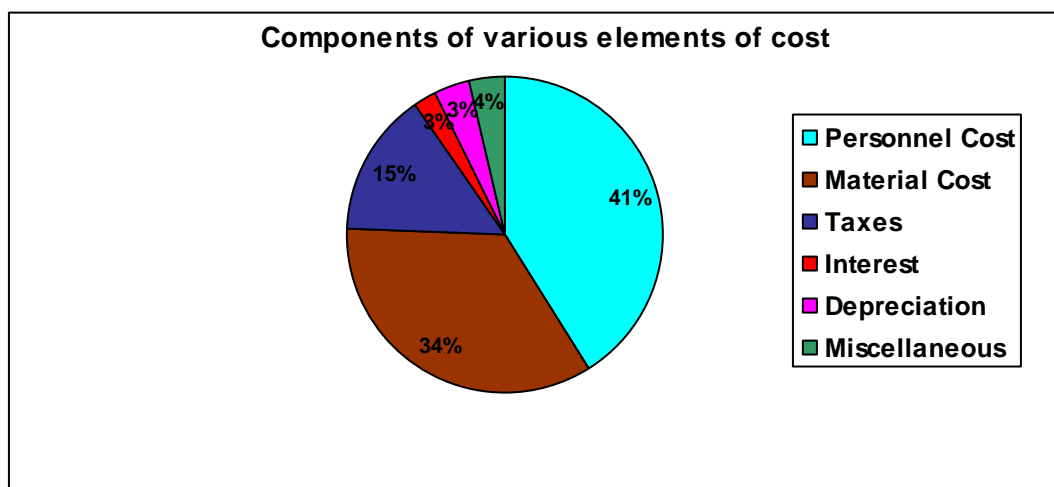
³⁶ Operating revenue includes sale of tickets, advance booking, reservation charges and contract services earnings, passes and season tickets, re-imburement against concessional passes, fare realised from private operators under KM Scheme, etc.

³⁷ Operating expenditure includes expenses relating to traffic, repair and maintenance, electricity, welfare and remuneration, licences and taxes, general administration expenses and depreciation on fleet.

Sr. No.	Description	2004-05	2005-06	2006-07	2007-08	2008-09
10.	Effective KMs operated (in Lakh)	4,116.51	4,147.63	4,062.41	3,920.71	3,926.05
11.	Earnings per KM (Rs) (1/10)	15.64	16.41	17.44	17.63	18.39
12.	Fixed Cost per KM (Rs) (8/10)	6.65	7.02	7.47	8.12	10.39
13.	Variable Cost per KM (Rs) (9/10)	11.36	12.29	13.14	11.99	12.94
14.	Cost per KM (Rs) (3/10)	18.01	19.31	20.61	20.11	23.33
15.	Net Earnings per KM (Rs) (11-14)	(-2.37)	(-2.90)	(-3.17)	(-2.48)	(-4.94)
16.	Traffic Revenue ³⁸ (Rs in crore)	624.17	658.21	689.23	668.61	698.23
17.	Traffic Revenue per KM (Rs) (16/10)	15.16	15.87	16.97	17.05	17.78
18.	Operating loss per KM (Rs) (5/10)	(-2.15)	(-2.43)	(-2.89)	(-2.18)	(-4.67)

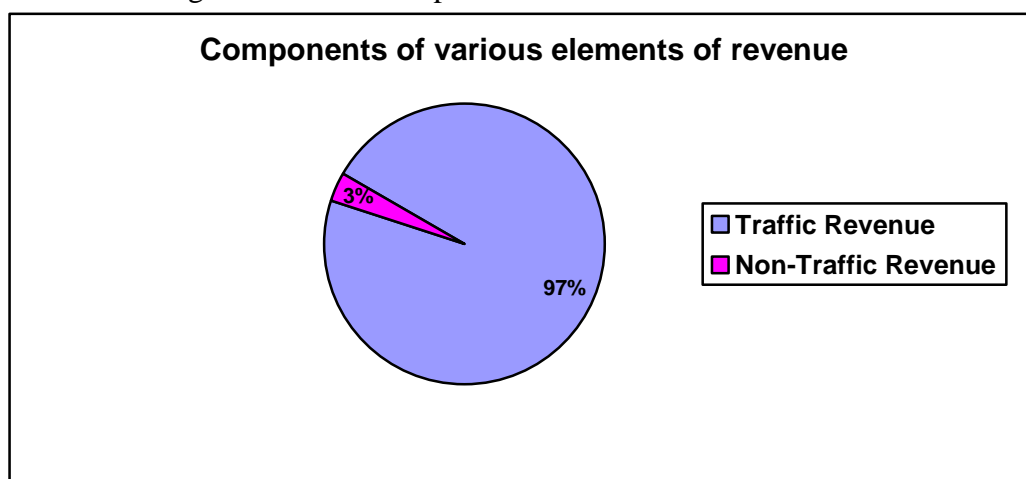
1.4.5.1 Elements of cost

Personnel costs and material costs constitute the major elements of costs. The percentage break-up of costs for 2008-09 is given below in the pie-chart.



1.4.5.2 Elements of revenue

The percentage break-up of revenue into traffic revenue and non-traffic revenue for 2008-09 is given below in the pie-chart.



³⁸ Separate data for operating revenue and traffic revenue is not available hence figure for operating revenue and traffic revenue are the same.

1.4.6 Audit findings

Audit explained the audit objectives to the Roadways during an 'entry conference' held on 10 March 2009. The audit findings were reported to the Government/Management in August 2009 and discussed in the Exit Conference held on 16 September 2009, which was attended by the Financial Commissioner and Secretary to Government of Haryana, Transport Department and Transport Commissioner, Haryana Roadways. Views of the Management have been considered while finalising the review. However, the Roadways did not furnish any formal reply to the audit findings. The audit findings are discussed in the succeeding paragraphs.

1.4.7 Operational performance

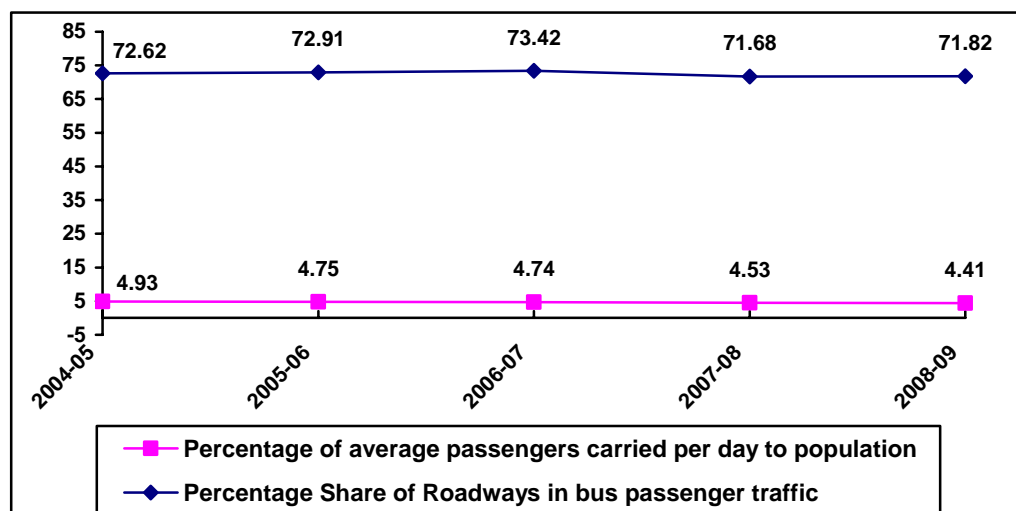
The operational performance of the Roadways for the five years ending 2008-09 is given in the *Appendix XV*. The operational performance of the Roadways was evaluated on various operational parameters as described below. It was also seen whether the Roadways was able to maintain pace with the growing demand of public transport. Audit findings in this regard are discussed in the subsequent paragraphs. These audit findings show that the losses were controllable and there is scope for improvement in performance.

1.4.8 Share of Roadways in public transport

The State Government has not framed any transport policy fixing model mix of public transport. Upto 1992 there was 100 *per cent* nationalization of passenger transport in the State. However, the State Government under three schemes issued 974, 62 and 206 stage carriage permits in 1993, 2001, and 2004 respectively to private operators. Due to lack of transport policy, adequate public transport could not be provided as neither Roadways increased its fleet nor permits were issued to private operators after 2004 to match with the increasing population.

Line-graphs depicting the percentage share of the Roadways in the bus passenger traffic³⁹ of the State and percentage of average passengers carried per day by the Roadways to the population of the State during five years ending 2008-09 are given below:

³⁹ Worked out by Audit on the basis of buses held by the Roadways vis-à-vis private operators.



The Management stated (September 2009) that increase in private transport had contributed in depletion of Roadways share.

The table below depicts the growth of public transport in the State.

Sr. No.	Particular	2004-05	2005-06	2006-07	2007-08	2008-09
1.	Roadways buses including hired buses	3,294	3,342	3,430	3,143	3,166
2.	Private stage carriages	1,242	1,242	1,242	1,242	1,242
3.	Total buses for public transport	4,536	4,584	4,672	4,385	4,408
4.	Percentage share of Roadways	72.62	72.91	73.42	71.68	71.82
5.	Percentage share of private operators	27.38	27.09	26.58	28.32	28.18
6.	Estimated population (crore)	2.27	2.31	2.36	2.40	2.44
7.	Vehicle density per one lakh population	19.98	19.84	19.8	18.27	18.07

The Roadways has not been able to increase its share to keep pace with the growing demand for public transport. Against the sanctioned fleet of 3,500 buses, the average fleet held was 3,255 buses during 2004-05 which reduced to 3,073 buses during 2008-09. Shortage of buses with reference to sanctioned fleet ranged between 147 and 427 during 2004-09. The department has a target to increase the fleet strength to 4,500 buses during 11th Five Year Plan (commencing from 2007-08) by adding 1,000 new buses besides replacement of old buses. Despite the above target, the number of buses has reduced from 3,420 as on 31 March 2007 to 3,166 as on 31 March 2009. There was reduction in availability of bus service to the public and volume of operation reduced from 4,116.51 lakh effective kilometres operated in 2004-05 to 3,926.05 lakh kilometres in 2008-09.

Availability of Roadways buses per lakh of population reduced from 14.33 in 2004-05 to 12.58 buses in 2008-09. The percentage of passengers carried to total population has come down from 4.93 in 2004-05 to 4.41 in 2008-09. Resultantly the Roadways could not fully achieve its objective of providing adequate transport service to the public.

The Management stated that approximately 1,200 buses would be added in the fleet of Roadways by the end of March 2010.

The effective *per capita* KM operated *per year* is given below.

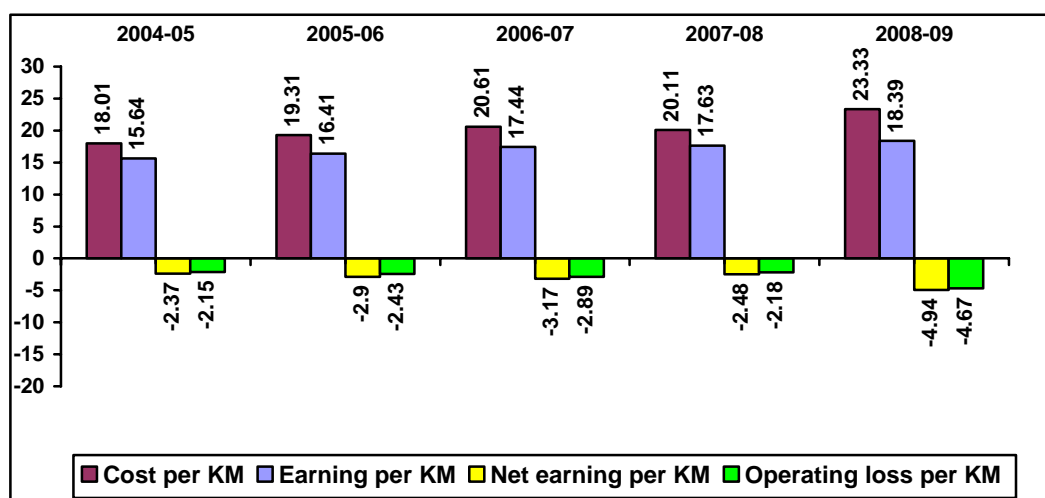
S. No.	Particulars	2004-05	2005-06	2006-07	2007-08	2008-09
1	Effective KM operated (lakh)	4,116.51	4,147.63	4,062.41	3,920.71	3,926.05
2	Estimated Population (Crore)	2.27	2.31	2.36	2.40	2.44
3	<i>Per Capita</i> KM <i>per year</i>	18.13	17.96	17.21	16.34	16.09

The above Table shows the decline in service by the Roadways. Public transport has definite benefits over personalised transport in terms of costs, congestion on roads and environmental impact. The public transport services have to be adequate to derive those benefits. In the instant case, the Roadways was not able to increase the volume of operation due to reduction in fleet strength and shortage of crew as described in the succeeding paragraphs.

1.4.9 Recovery of cost of operations

The operating loss per km increased from Rs. 2.15 in 2004-05 to Rs. 4.67 in 2008-09.

The Roadways was not able to recover its cost of operations. During the last five years ending 2008-09, the net earning showed a negative trend as given in the graph⁴⁰ below:



Above graph indicates the deteriorating performance of the Roadways over the period. The operating loss too has been increasing. The Roadways was not able to achieve the All India Averages for cost (Rs 19.94) and revenue (Rs 18.22) *per* KM. Main reasons for the losses were financial burden due to free and concessional travelling allowed to various sections of society by the Government; and high

Orissa, Uttar Pradesh and Karnataka registered best net earnings *per* KM at Rs. 0.49, Rs. 0.47 and Rs. 0.34 respectively during 2006-07.
(Source : STUs profile and performance 2006-07 by CIRT, Pune)

⁴⁰ Cost per KM represents total expenditure divided by effective KM operated.
Revenue per KM is arrived at by dividing total revenue with effective KM operated.
Net Revenue per KM is revenue per KM reduced by cost per KM.
Operating loss per KM would be operating expenditure per KM reduced by operating income per KM.

incidence of passenger tax.

1.4.10 Fleet strength and utilisation

1.4.10.1 Fleet strength and its age profile

The Roadways has its own fleet of buses. It also hires buses from contractors. Audit findings in respect of hired buses are given in paragraph 1.4.16.

The ASRTU had prescribed (September 1997) the desirable age of a bus as eight years or five lakh kilometres, whichever was earlier. The table below shows the age-profile of the buses held by the Roadways for the period of five years ending 2008-09.

Sr. No.	Particulars	2004-05	2005-06	2006-07	2007-08	2008-09
1	Total No. of buses ⁴¹ at the beginning of the year	3,409	3,294	3,332	3,420	3,133
2	Additions during the year	493	559	199	157	245
3	Buses scrapped during the year	608	521	111	444	212
4	Buses held at the end of the year (1+2-3)	3,294	3,332	3,420	3,133	3,166
5	Of 4, No. of buses more than 8 years old	46	18	6	1	3
6	Percentage of overage buses to total buses	1.40	0.54	0.18	0.03	0.09

The above table shows that the Roadways was by and large able to achieve the norm of right age buses. During 2004-09, the Roadways purchased 1,653 new buses at a cost of Rs 233.81 crore. The expenditure was funded through budgetary allocation (Rs 147.01 crore) and loan (Rs 86.80 crore).

During the years 2004-09, the Roadways drew Rs 416.96 crore from treasury for repayment of loans and acquisition of fleet. To avoid lapse of budget grant, the Roadways had to draw funds amounting to Rs 152.24 crore in the month of March, which were placed at the disposal of HREC for making payment to suppliers in the next year. This practice was in contravention of State Financial Rules.

In order to increase operational efficiency the State Government reduced (January 2003) the life of a bus from eight to seven years subject to the condition that each bus would cover minimum of six lakh kilometres. The Roadways scrapped the buses without ensuring replacement of fleet. This resulted in depletion of fleet from 3409 as on 31 March 2004 to 3166 as on 31 March 2009. The age was again increased to 8 years from 6 November 2008 in order to arrest depletion of fleet.

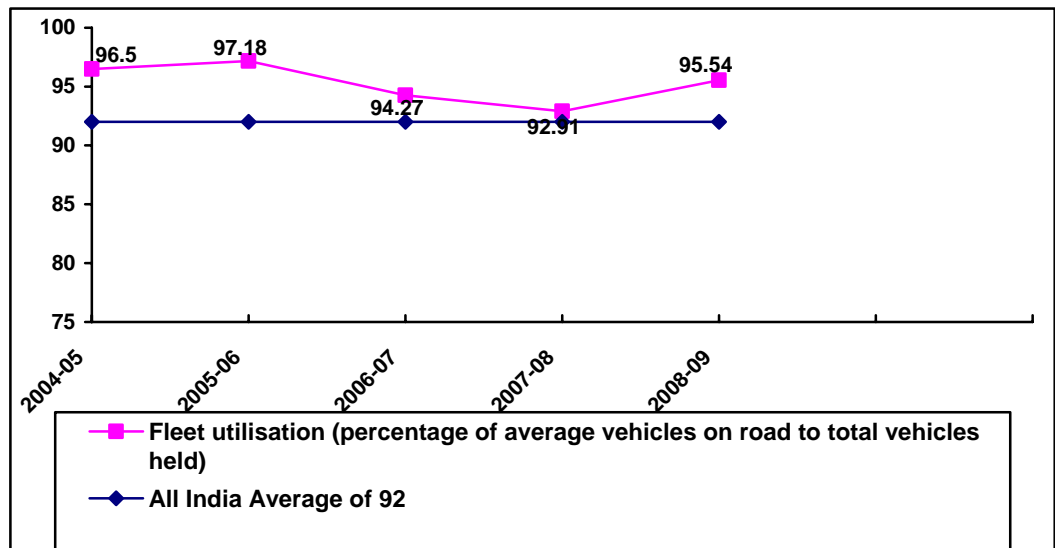
⁴¹ Excludes hired buses.

1.4.10.2 Fleet utilisation

Andhra Pradesh, Tamil Nadu (Kumbakonam) and Tamil Nadu (Coimbatore) registered best fleet utilisation at 99.4, 98.4 and 98.3 per cent respectively during 2006-07. (Source: STUs profile and performance 2006-07 by CIRT, Pune)

Fleet utilisation represents the ratio of buses on the road to buses held by the Roadways. The Roadways had not set any target of fleet utilisation during the period from 2004-05 to 2008-09. The fleet utilisation of the Roadways varied from 96.50 per cent in 2004-05 to

95.54 per cent in 2008-09 as compared to the All India Average⁴² of 92 per cent, as indicated in the graph given below.



The fleet utilisation of Roadways was higher than all India average during all the years under the review. However, despite better age profile, it was below the best performers whose utilisation ranged between 99.40 to 98.30 per cent. Thus, there was scope for improvement. The fleet utilization of the Roadways deteriorated during 2006-07 and 2007-08. The main reasons which contributed to this, as analysed by Audit, were as follow:

- ◆ Shortage of crew attributed cancellation of 98.69 lakh scheduled KMs as discussed in paragraph No. 1.4.12.3.
- ◆ Breakdown incidences were 6,941 leading to cancellation of 22.38 lakh scheduled KMs.
- ◆ Loss of 4,110 bus days due to delay in lifting fabricated buses during 2007-08 and 2008-09.

⁴² All India Average is for the year 2006-07 which has been used for comparison for the period under review.

From the above, it can be concluded that the Roadways was not able to achieve an optimum utilisation of its fleet strength, which in turn impacted its operational performance.

1.4.11 Vehicle productivity

Vehicle productivity refers to the average Kilometres run by each bus *per day* in a year. The vehicle productivity of the Roadways vis-à-vis the overage fleet for the five years ending 2008-09 is shown in the table below:

Sr. No.	Particulars	2004-05	2005-06	2006-07	2007-08	2008-09
1.	Vehicle productivity (KMs run per day per bus)	359	363	352	355	366
2.	Overage fleet above eight years (percentage)	1.40	0.54	0.18	0.03	0.09

No targets of vehicle productivity have been fixed by the Roadways. The vehicle productivity declined during 2006-07 and 2007-08 due to shortage of operating crew and improved during 2008-09 after recruitment of operating crew. Compared to the All India Average of 313 KMs per day, the vehicle productivity of the Roadways has been on higher side for all the years under review. However, it was far behind the best performers despite better age profile of the buses. The lower productivity was for want of crew and cancellation of scheduled KMs.

Tamil Nadu (Villupuram) Tamil Nadu (Salem) and Tamil Nadu (Kumbakonam) registered best vehicle productivity at 474 469 and 462.8 KMs per day respectively during 2006-07. (Source : STUs profile and performance 2006-07 by CIRT, Pune)

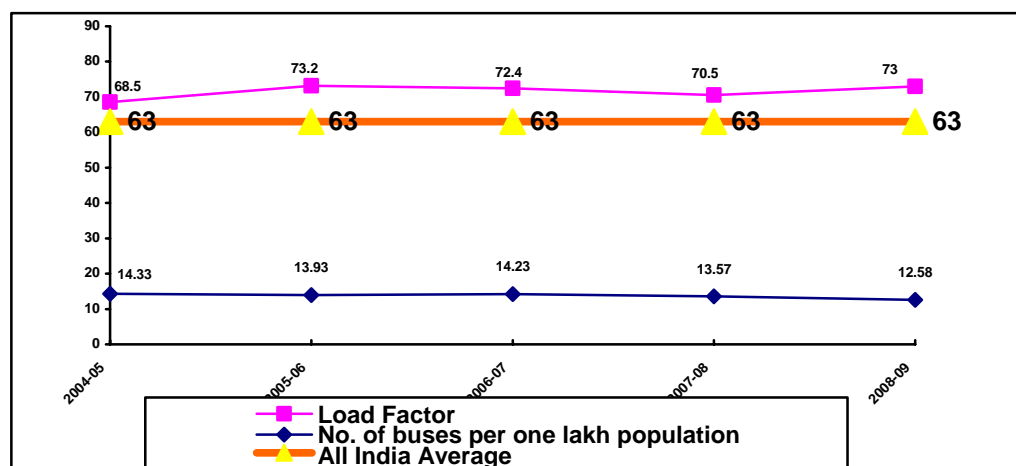
The Management stated that the Roadways operate in rural areas also which affects the vehicle productivity whereas the best performers are providing specialised service on long routes. The fact remains that the productivity could have been better but for the avoidable reasons.

1.4.12 Capacity utilisation

1.4.12.1 Load factor

Capacity utilisation of a transport undertaking is measured in terms of Load Factor, which represents the percentage of passengers carried to seating capacity. The schedules to be operated are to be decided after proper study of routes and periodical reviews are necessary to improve the load factor. However, the Roadways has not conducted any survey of availability of passengers on different routes. The load factor of the Roadways increased from 68.5 *per cent* in 2004-05 to 73.00 *per cent* in 2008-09 against the All India Average of 63 *per cent*. A graph

depicting the Load factor vis-à-vis number of buses *per* one lakh population is given below.



The table below provides the details for break-even load factor (BELF) for traffic revenue as well as total revenue. Audit worked out this BELF at the given level of vehicle productivity and total cost per KM.

S. No.	Particulars	2004-05	2005-06	2006-07	2007-08	2008-09
1.	Cost per KM (Rs)	18.01	19.31	20.61	20.11	23.33
2.	Traffic revenue per KM at 100 per cent load factor (Rs)	22.13	21.68	23.44	24.18	24.36
3.	Break – even Load Factor considering only traffic revenue	81.38	89.07	87.93	83.15	95.70

The break-even load factor is quite high and is not likely to be achieved given the present load factor and the fact that the Roadways is also required to operate uneconomical routes. Thus, while the scope to improve upon the load factor remains limited, there is tremendous scope to cut down costs of operations as explained in succeeding paragraphs.

1.4.12.2 Route planning

Appropriate route planning to tap demand leads to higher load factor. The inter State routes are operated on the basis of bilateral agreements between the Transport Authorities of the respective States. Audit observed that no demand survey has been conducted by the Roadways for assessing availability of passengers within the State and the Roadways has not done proper route planning at corporate level as well as depot level in respect of routes within the state. As already mentioned in paragraph 1.4.8, the State Government issued 974, 62 and 206 stage carriage permits in 1993, 2001 and 2004 respectively to private operators. Of this, 974 routes were exclusively meant for private operators and 268 routes were to be operated jointly by Haryana Roadways and private operators. In all, Haryana Roadways has been operating total routes ranging from 1,516 to 1,545 during 2006-09, including inter State routes. The data of total

route kilometres and routes exclusively operated by Haryana Roadways were not compiled at head office.

Some routes are profitable while others are not. The Roadways has compiled the data of profit making and loss making routes from 2006-07 onwards. The position of three years ending 2008-09 in this regard is given in the Table below.

The percentage of profit making routes decreased from 4.88 in 2006-07 to 0.20 in 2008-09.

Particulars	Total No. of routes	No. of routes making profit	No. of routes not meeting total cost
2006-07	1,516	74 (4.88)	1,442 (95.12)
2007-08	1,471	51(3.47)	1,420 (96.53)
2008-09	1,545	3 (0.20)	1,542 (99.81)

Due to increase in cost (fixed and variable) on account of revision of pay scales and increase in diesel price, the number of profit making routes have reduced from 4.88 *per cent* in 2006-07 to 0.20 *per cent* in 2008-09.

Though some of the routes now appearing unprofitable would become profitable once the Roadways improves its efficiency, there would still be some uneconomical routes. Given the scenario of mixed routes and obligation to serve uneconomical routes, an organization should decide an optimum quantum of services on different routes so as to optimise its revenue while serving the cause. However, no such exercise was carried out by the Roadways.

1.4.12.3 Cancellation of scheduled kilometres

A review of the operations indicated that the scheduled kilometres were not fully operated mainly due to non-availability of adequate number of buses, shortage of crew and other factors like breakdowns, accidents, etc.

The details of scheduled kilometres, effective kilometres, cancelled kilometres calculated as difference between the scheduled kilometres and effective kilometres are furnished in the Table below:

(In lakh kilometres)						
S. No.	Particulars	2004-05	2005-06	2006-07	2007-08	2008-09
1.	Scheduled kilometres	4,189.74	4,209.91	4,165.05	4,013.31	4,005.62
2.	Effective kilometres	4,116.51	4,147.63	4,062.41	3,920.71	3,926.05
3.	Kilometres cancelled	73.23	62.28	102.64	92.60	79.57
4.	Percentage of cancellation	1.75	1.48	2.46	2.31	1.99
Cause-wise analysis						
5.	Want of buses			12.65	12.73	13.22
6.	Want of crew			37.71	60.98	19.68
7.	Others			52.28	18.89	46.67
8.	Contribution per KM (in Rs)			3.83	5.06	4.84
9.	Avoidable cancellation (want of buses and crew)			50.36	73.71	32.90
10.	Loss of contribution (8X9) (Rs in crore)			1.93	3.73	1.59

(Contribution= Traffic revenue minus variable cost)

Due to cancellation of scheduled kilometres for want of crew and buses the Roadways lost contribution of Rs. 7.25 crore.

It can be seen from the above table that the percentage of cancellation of scheduled kilometres varied from 1.48 to 2.46 during 2004-05 to 2008-09 and remained on the higher side as compared to the best performers. The head office of the Roadways has neither compiled and analysed cause wise kilometres cancelled nor reported to the management for taking corrective action.

Tamil Nadu (Salem), State Express Transport Corporation (Tamil Nadu) and Tamil Nadu (Villupuram) registered least cancellation of scheduled KMs at 0.45, 0.67 and 0.78 per cent respectively during 2006-07. (Source : STUs profile and performance 2006-07 by CIRT, Pune)

The data received from the depots relating to the years 2004-05 and 2005-06 was not available in the head office. The data for the years 2006-07 to 2008-09 received from the depots was compiled by Audit.

Due to cancellation of scheduled kilometres for want of buses and crew, the Roadways was deprived of traffic revenue of Rs 7.25 crore during 2006-07 to 2008-09 as worked out by Audit from the data supplied by the depots.

1.4.13 Maintenance of vehicles

1.4.13.1 Preventive maintenance

Preventive maintenance is essential to keep the buses in good running condition and to reduce breakdowns/other mechanical failures. The Roadways had Tata and Leyland make buses, for which the following schedule of maintenance has been prescribed by the Roadways.

Sr. No.	Particulars	Schedule
1.	Brake Inspection (A service)	
1 (a)	Tata make	Every 9,000 KMs
1 (b)	Leyland make	Every 8,000 KMs
2.	Engine Oil change (B service)	
2 (a)	Tata make	Every 18,000 KMs
2 (b)	Leyland make	Every 16,000 KMs

For ensuring compliance of the preventive maintenance schedule the depots were required to furnish the details of A and B service carried out each month to head office through monthly reports.

Audit observed that the required preventive maintenance schedules were not being adhered to. Further, records showing details of jobs carried out during A and B services have not been maintained by the depots. During test check of records of Yamunanagar, Karnal, Delhi, Gurgaon, Sirsa and Bhiwani depots it was seen that despite repeated instructions by head office, preventive maintenance schedule was not being adhered to by the depots. As per schedule, during 2004-09, 70,849 A services and 35,424 B services were required to be carried out but only 29,384 A (41 per cent) and 28,305 B (80 per cent) services were carried out in these depots. The reasons for shortfall in servicing were not found on record.

The Management stated that due to shortage of buses, the preventive maintenance schedule could not be adhered to and instructions have now been issued to follow the schedule strictly.

1.4.13.2 Repairs and maintenance

A summarised position of fleet holding, over-aged buses, repairs and maintenance (R&M) expenditure for the last five years up to 2008-09 is given below.

Sl. No.	Particulars	2004-05	2005-06	2006-07	2007-08	2008-09
1.	Total buses (No.) ⁴³	3,294	3,332	3,420	3,133	3,166
2.	Over-age buses (more than 8 years old)	46	18	6	1	3
3.	Percentage of over-age buses	1.40	0.54	0.18	0.03	0.09
4.	R&M Expenses ⁴⁴ (Rs in crore)	13.72	13.76	14.60	16.93	21.73
5.	R&M Expenses per bus (in Rs) (4/1)	41,651	41,297	42,690	54,038	68,636

The expenditure on R&M has increased from Rs 13.72 crore in 2004-05 to Rs 21.73 crore in 2008-09 as the percentage of buses less than four year old has decreased from 64 *per cent* in 2004-05 to 43.49 *per cent* in 2008-09.

The Management stated that increase in cost of spare parts was one of the reasons for higher expenditure. In order to control expenditure on R&M the Roadways should treat it as a different cost centre. However, the Roadways has not been treating R&M expenditure as a different cost centre with the result proper cost data showing manpower cost and material cost has not been maintained. The data of R&M expenditure on right age and over-age buses has also not been maintained separately consequently effective cost control on this item of expenditure was not being exercised.

1.4.14 Manpower cost

The cost structure of the organisation shows that manpower and fuel constitute 70.56 *per cent* of total cost. Interest, depreciation and taxes the costs which are not controllable in the short-term account for 20.84 *per cent*. Thus, the major cost saving can come only from manpower and fuel.

Gujarat, Tamil Nadu (Villupuram) and Tamil Nadu (Salem) registered best performance at Rs. 6.10 Rs. 6.13 and Rs. 6.21 cost *per effective* KM respectively during 2006-07. (Source : STUs profile and performance 2006-07 by CIRT, Pune)

Manpower is an important element of cost which constituted 41.19 *per cent* of total expenditure of the Roadways in 2008-09. Therefore, it is imperative that this cost is kept under control and the manpower is utilised optimally to achieve high productivity. The Table

⁴³ Excluding hired buses.

⁴⁴ Does not include staff cost of R/M officials.

below provides the details of manpower, its cost and productivity.

Sl.No.	Particulars	2004-05	2005-06	2006-07	2007-08	2008-09
1.	Total Manpower (Nos.)	18,675	18,016	17,240	16,699	18,299
2.	Manpower Cost (Rs in crore) ⁴⁵	236.33	241.65	260.08	280.43	377.38
3.	Effective KMs (in lakh)	4,116.51	4,147.63	4,062.41	3,920.71	3,926.05
4.	Cost per effective KM (Rs)	5.74	5.83	6.40	7.15	9.61
5.	Productivity per day per person (KMs) (3/1x365)	60.39	63.07	64.56	64.33	58.78
6.	Total Buses (No.)	3,294	3,332	3,420	3,133	3,166
7.	Manpower per bus (1/6)	5.67	5.41	5.04	5.33	5.78

The manpower productivity per day has decreased from 60.39 km in 2004-05 to 58.78 km in 2008-09 but was above all India average. Manpower cost was also below all India Average of Rs 7.50 per effective KM except during 2008-09. The bus staff ratio was below all India average of 6.52 per bus. However, the bus ratio of other staff ranged between 2.34 to 2.77 which was higher than the all India average of 2.04 per bus in 2006-07 which resulted in low manpower productivity.

North West Karnataka State Road Transport, Karnataka State Road Transport and Himachal Pradesh registered best performance at 4.89, 4.99 and 4.94 manpower per bus. (Source: STUs profile and performance 2006-07 by CIRT, Pune)

The State Government has fixed norms of 1.4 for drivers and conductors each per bus. During 2005-08, there was shortage of drivers which resulted in non operation of buses and cancellation of 1.18 crore scheduled kilometres as discussed in paragraph 1.4.12.3. The Roadways implemented (January 2009) the recommendations of 6th pay commission with effect from January 2006 and paid 40 per cent arrear of pay upto 31 March 2009.

In addition, the Roadways in anticipation of induction of new fleet made recruitment of conductors (1,652) and drivers (810) in June/July 2008 though purchase orders for buses were placed in March 2009. It increased staff cost by Rs 8.05 crore on excess drivers (423) and conductors (1,597) during July 2008 to March 2009. Thus, the expenditure on manpower increased from Rs 280.43 crore in 2007-08 to Rs 377.38 crore in 2008-09 registering an increase of 34.57 per cent. Therefore, the element of manpower cost to total cost increased from 35.57 per cent in 2007-08 to 41.20 per cent in 2008-09.

The Management admitted that there was mismatch due to administrative reasons and now they have taken care to prevent this situation.

⁴⁵ It will not tally with personnel cost in table under paragraph 1.4.5 since above cost includes variable elements also viz overtime, TA etc.

1.4.15 Fuel cost

Fuel is a major cost element which constituted 29.37 per cent of total expenditure in 2008-09. Control of fuel costs by a road transport undertaking has a direct bearing on its productivity. The **Table** below gives the targets fixed by the Roadways for fuel consumption, actual consumption, mileage obtained *per litre* (Kilometre *per litre* i.e. KMPL), All India Average and estimated extra expenditure.

Sr. No.	Particulars		2004-05	2005-06	2006-07	2007-08	2008-09
1.	Gross Kilometres (in lakh)	for TATA buses	2,193.71	2,205.09	2,184.02	2,079.08	2,061.49
		for Leyland buses	2,000.96	2,021.66	1,960.65	1,859.44	1,818.59
		Total	4,194.67	4,226.75	4,144.67	3,938.52⁴⁶	3,880.08⁴⁶
2.	Actual consumption (in lakh litres)	for TATA buses	451.03	445.10	434.84	418.17	420.80
		for Leyland buses	408.97	410.09	389.80	374.77	370.87
		Total	860.00	855.19	824.64	792.94	791.67
3.	Kilometre obtained per litre (1/2)	4.88	4.94	5.03	4.97	4.90	
4.	Target of KMPL fixed by Roadways	for TATA buses	5.00	5.00	5.15	5.15	5.15
		for Leyland buses	5.00	5.00	5.10	5.10	5.10
5.	Consumption as per targets (litres) (1x4)	for TATA buses	438.74	441.02	424.08	403.7	400.29
		for Leyland buses	400.19	404.33	384.44	364.6	356.59
		Total	838.93	845.35	808.52	768.3	756.88
6.	Excess Consumption (in lakh litres) with respect to targets (2-5)	for TATA buses	12.29	4.08	10.76	14.47	20.51
		for Leyland buses	8.78	5.76	5.36	10.17	14.28
		Total	21.07	9.84	16.12	24.64	34.79
7.	Average cost per litre (in Rs)	23.29	28.05	30.55	30.05	32.51	
8.	Extra expenditure (Rs in crore) (7X6)	4.91	2.76	4.92	7.40	11.31	

Due to non-achievement of targets of KMPL the Roadways consumed excess diesel valued at Rs 31.30 crore

It was seen in Audit that the percentage of dead kilometres to total kilometres operated has increased from 1.86 per cent in 2004-05 to 2.03 per cent in 2008-09.

North East Karnataka State Road Transport, Uttar Pradesh and Andhra Pradesh registered mileage of 5.45, 5.33 and 5.26 KMPL. (Source : STUs profile and performance 2006-07 by CIRT, Pune)

The fuel efficiency of the Roadways was above the all India average during 2004-07 but still there is scope for improvement as it is below the best performers. It can be seen from the above table that the mileage obtained *per litre* has shown a rising trend from 2004-05 to 2006-07 but declined

during 2007-08 and 2008-09. The Roadways consumed 106.46 lakh litres of fuel in excess as compared to target fixed by the Roadways, considering the local situations, during 2004-05 to 2008-09 resulting in extra expenditure of Rs 31.30 crore.

For controlling fuel cost, the Roadways fixed the norms of consumption of diesel for other⁴⁷ than buses at one per cent of the total diesel consumed. It was noticed

⁴⁶ Excluding kilometres of CNG buses.

⁴⁷ Departmental vehicles, workshops and generators.

that during 2004-09, the depots consumed 63.35 lakh liters diesel in excess of norms resulting in extra diesel cost of Rs 18.25 crore.

1.4.16 Cost effectiveness of hired buses

The Roadways started in October 2005 hiring private Volvo buses on Kilometre payment basis (KM Scheme). Agreements with the private bus owners were initially entered into for a period of one year under KM scheme. The owners of these buses were required to provide buses with drivers and to incur all expenditure for the repair and maintenance of the buses. The Roadways was to provide diesel, conductors and make payment as per the actual Kilometres operated by the hired buses. During October 2005 to February 2008, the Roadways earned a net profit of Rs 4.32 crore from the operation of four to ten hired Volvo buses.

The sanctioned fleet strength of the Roadways is 3,500 buses which the Roadways has proposed to increase to 4,500 buses at the end of the 11th five year plan. Against this, the fleet strength was 3,409 buses as on 1 April 2004 which reduced to 3,166 buses as on 31 March 2009. Punjab Roadways had hired ordinary buses on kilometre basis and earned profit in all the years. The Roadways did not explore this option to fill the gap by hiring of ordinary buses also. By exercising this option the Roadways could have provided more bus services to the passengers besides earning net income.

The Management stated that buses were not available for short term operation and there was no policy decision to hire buses on long term basis. The fact, however, remains that there was shortage of fleet in all the five years and the State Government should have formulated policy and the Roadways should have exercised this option, being profitable.

1.4.17 Body building

The HREC purchases the bus chassis from manufacturers and after body fabrication, the buses are transferred to Haryana Roadways. The body fabrication is done on cost plus basis. The fabrication cost of ordinary bus was Rs 4.70 lakh and was economical when compared with the fabrication got done by Punjab State Bus Stand Management Company Limited (PUNBUS) through private contractors at Rs 5.72 lakh per bus during 2007-08.

1.4.18 Financial management

The section below deals with the Roadways' efficiency in raising claims and their recovery. This section also analyses whether an opportunity exists to realign the

business model to generate more resources without compromising on service delivery.

1.4.18.1 Claims and dues

The Roadways provide free/concessional passes to various categories of public like students, senior citizens, etc as per decision of the State Government from time to time. Free travel facility is available to freedom fighters, handicapped persons, journalists, MLA/MPs, widows of armed forces, etc. While ten single fares are charged from male students, five fares are charged from female students for a month. Sports persons are given 75 *per cent* concession. Police personnel are charged at the rate of Rs 80 per month. The depots intimate the estimated loss on this account and the same is compiled at head office. There is, however, no system of reimbursement of the financial burden by the Government. The Roadways has estimated the loss of Rs 477.99 crore during 2004-05 to 2007-08 on this account which was more than the net loss of Rs 443.83 crore during this period. The data of loss worked out by Roadways is not susceptible to audit verification in the absence of any system of accounting of free/concessional traveling by entitled categories. The issue pertaining to measurement of free/concessional travel by various categories of travellers and working out the modality of inter departmental fund transfer to Roadways for meeting the subsidized travel burden borne by the Roadways was discussed in the meeting chaired by the Chief Minister on 17 September 2008. It was decided that Financial Commissioner and Principal Secretary, Finance would convene meetings of sponsoring departments.

The Management stated that modalities for reimbursement from the respective departments have been worked out and budget provisions would be made from next year for reimbursement.

1.4.19 Realignment of business model

The Roadways is mandated to provide an efficient, adequate and economical road transport to public. Therefore, the Roadways cannot take an absolutely commercial view in running its operations. It has to cater to uneconomical routes to fulfil its mandate. It also has to keep the fares affordable. In such a situation, it is imperative for the Roadways to tap non-traffic revenue sources to cross-subsidise its operations. However, the share of non-traffic revenues was nominal at 3.12 *per cent* of total revenue during 2004-09. This revenue of Rs 107.57 crore during 2004-09 mainly came from advertisements and restaurant/shop rentals. Audit observed that the Roadways has non-traffic revenue sources which it has not tapped substantially.

Over a period of time, the Roadways has come to acquire sites at prime locations in cities, district and tehsil headquarters. The Roadways generally uses the ground floor/land for its operations, leaving an ample scope to construct and utilise

spaces above. Audit observed that the Roadways has land (mostly owned by Government) at important locations measuring about 18.86 lakh square metres as shown below.

Particulars	Cities (Municipal areas)	District HQrs.	Tehsil HQrs.	Total
Number of sites	20	21	47	88
Occupied Land (In lakh square metres)	4.28	8.11	6.47	18.86

It is, thus, possible for the Roadways to undertake projects on public private partnership (PPP) basis for construction of shopping complexes, malls, hotels, office spaces, etc. above (from first or second floor onwards) the existing sites so as to bring in a steady stream of revenues without any investment by it. Such projects can be executed without curtailing the existing area of operations of the Roadways. Such projects can yield substantial revenue for the Roadways which can only increase year after year. The policy to develop bus stands on Build, Operate and Transfer (BOT) basis was approved by the State Government in October 2005 and eight locations were selected in the first instance.

The Management stated that 12 more bus stands have been selected which would be developed through public private participation for which process has been initiated.

Fare policy and fulfilment of social obligations

1.4.19.1 Existence and fairness of fare policy

Integrated transport policy documents issued in April 2002 by Government of India, Ministry of Road Transport and Highways provided that the State Government should set up regulatory body/authority for fixation of tariff and ensuring road safety and regularity of service by transport operators. The State Government had not appointed an independent regulatory authority and the fare structure is decided by the State Government on the proposals sent by the Roadways. The fare⁴⁸ approved by the State Government is applicable to all the operators.

The Roadways proposed (April 2003) increase of 15 *per cent* in the fare against which the Government approved 12.5 *per cent* revision from August 2003. Further, against the proposal (July 2005) of 20 *per cent* increase, the State Government approved (March 2006) increase of 11.11 *per cent* from April 2006. The fare per KM was 45 paisa during 2004-05 to 2005-06 and 50 paisa thereafter. However, the minimum fare was Rs 2.00. The total fare charged from the passengers upto March 2007 included 60 *per cent* passenger tax on basic fare. The rate of passenger tax was reduced by the State Government from 60 to 25 *per cent* with effect from 1 April 2007 and this reduction in passenger tax was added in the basic fare without changing the fare charged from the passengers. With this the traffic receipt of operators increased by 8.75 paisa per kilometre. Thus, traffic

⁴⁸ Fare includes passenger tax.

revenue of Roadways increased by Rs 219.94 crore during 2007-08 and 2008-09. However, tax burden is still on the higher side being 25 *per cent* of the basic fare.

1.4.19.2 Loss due to non-revision of concessional fare

The facility of concessional travelling to the police personnel (constable to inspector) was being allowed by the Government against payment of Rs 70 per personnel per month to the Roadways. While approving the increase in monthly recoveries from Rs 45 to Rs 70 from 1 April 2000, the Government had desired that in future the increase may be linked with increase in bus fare. It was noticed in audit that the bus fare was increased by 12.50 *per cent* with effect from 19 August 2003 and 11.11 *per cent* with effect from 1st April 2006. Despite the increase in bus fare twice, the monthly recovery was increased only from Rs 70 to Rs 80 with effect from 1st July 2005. Since recovery of concessional travel has not been linked with the increase in bus fare, Roadways suffered revenue loss Rs 1.45 crore during 2003-04 to 2007-08.

The above facts lead to conclude that it is necessary to regulate the fares on the basis of a normative cost and it would be desirable to have an independent regulatory body (like State Electricity Regulatory Commission) to fix the fares, specify operations on uneconomical routes and address the grievances of commuters.

The Management stated (September 2009) that there is no regulatory body/authority constituted to decide fair structure. The fair structure is decided by the State Government keeping in view various factors like operational cost, fair structure in the neighbouring State and affordability by the common man.

1.4.19.3 Adequacy of services on uneconomical routes

The profitable routes declined from 4.88 *per cent* in 2006-07 to 0.20 *per cent* in 2008-09 as shown in Table under paragraph 1.4.12.2. However, the position would change marginally if the Roadways improves its efficiency. Nonetheless, there would still be some routes which would be uneconomical. Though the Roadways is required to cater to these routes, the Roadways has not formulated norms for providing services on uneconomical routes. In the absence of norms, the adequacy of services on uneconomical routes cannot be ascertained in audit. There is no arrangement in vogue for reimbursement of excess cost on uneconomical routes operated by the Roadways. In the absence of such a system the loss suffered by the Roadways distracts it from ensuring adequacy and regularity of service on these routes.

The State Government had allocated 974 routes exclusively to private operators. In the depots test checked in Audit it was noticed that there was no mechanism to ensure adequacy/regularity in services by these operators. The desirability to have an independent regulatory body to specify the quantum of services on uneconomical routes, taking into account the specific needs of commuters, is further underlined.

1.4.20 Monitoring by top management

1.4.20.1 Management Information System data and monitoring of service parameters

For an organisation like Roadways to succeed in operating economically, efficiently and effectively, there has to be written norms of operations, service standards and targets. Further, there has to be a Management Information System (MIS) to report on achievement of targets and norms. The achievements need to be reviewed to address deficiencies and also to set targets for subsequent years. The targets should generally be such that the achievement of which would make an organisation self-reliant. In the light of this, Audit reviewed the system obtaining in the Roadways. The status in this regard is given below.

The targets for physical parameters are set in the commercial officers (COs) meetings headed by the Transport Minister. The physical and financial data in respect of various performance parameters, elements of cost and revenue are submitted monthly by the depots to head office which compiles the data for review and monitoring by top management in COs meetings headed by Transport Minister wherein Secretary Transport, Transport Commissioner and all GMs and divisional heads are present. Minutes of the meetings are circulated to the GMs of the depots and concerned officers. The action taken on the decisions of the previous meeting is also discussed in the meeting and minutes.

Audit observed that the Roadways did not set targets for important operational parameters i.e. fleet utilisation, vehicle productivity, staff productivity and load factor to improve performance through monitoring against targets. Data of A and B services were not compiled and consolidated at head office level for monitoring preventive maintenance. Further, no norm of expenditure per bus on repairs and maintenance has been prescribed to control expenditure. The head office did not maintain data relating to number of routes, route kilometres and frequency of trips to work out exact number of scheduled kilometres each year. Moreover, Proforma Accounts of the Roadways were in arrears due to non monitoring by the top management.

The Management stated that in order to improve quality of data maintenance and monitoring of key physical and financial parameters the Roadways has developed a web based on-line integrated depot management system which has been implemented in two depots i.e. Hisar and Rohtak. The system will be implemented in the remaining depots.

1.4.21 Conclusion

1.4.21.1 Operational performance

- Availability of Roadways buses per lakh of population reduced from 14.33 in 2004-05 to 12.58 buses in 2008-09.

- The Roadways could not recover the cost of operations in any of the five years under review. This was mainly due to non reimbursement of cost of concessional and free travelling allowed to various categories of society by the State Government besides higher element of passenger tax.
- The Roadways carried out preventive maintenance in 41 *per cent* cases for A services and 80 *per cent* cases for B services, as seen in selected depots.
- The Roadways has scope to improve its operations as its performance on important operational parameters such as fleet utilization, vehicle productivity and load factor was not up to performance of best STUs in respective categories though it was above all India averages.

1.4.21.2 Financial management

- The Roadways has tremendous potential to tap non-conventional sources of revenue on which the process has been initiated.

1.4.21.3 Fulfilment of social obligations

- The Roadways does not have any yardstick for adequacy of operation on uneconomical routes.

1.4.21.4 Monitoring by top management

- The monitoring by the top management was deficient.

1.4.22 Recommendations

1.4.22.1 The Roadways may:

- explore the possibility of hiring ordinary buses to increase its fleet strength and share in passenger traffic;
- fix internal targets of physical and financial performance to improve its working; and
- accelerate the process for tapping non-conventional sources of revenue on a large scale.

1.4.22.2 The State Government may:

- consider creating a regulator to regulate fares and also services on uneconomical routes;
- devise a policy for time bound reimbursement of cost towards concessional travel;
- reduce passenger tax burden which is very high; and
- consider corporatisation of Roadways for flexibility in operations.

