

CHAPTER I

This chapter includes two performance audits, one of the National Rural Health Mission and the other of Financial Management in Commune Panchayats together with a long paragraph on the Modernisation of Police Force scheme.

HEALTH AND FAMILY WELFARE DEPARTMENT

1.1 National Rural Health Mission

Highlights

Government of India launched (April 2005) the National Rural Health Mission throughout the country for providing accessible, affordable, accountable, effective and reliable health care facilities in rural areas. In the Union Territory of Puducherry, poor planning, ineffective financial management and inadequate facilities in health centres affected the implementation of the Mission. The important findings are indicated below:

- **Out of the available funds of Rs 23.79 crore during 2005-09, only Rs 13.37 crore (56 per cent) were utilised by the State Health Society.**

(Paragraph 1.1.6.2)

- **The Perspective Plan for the Mission period and Village Health Plans were not prepared and the Mission's objective of long-term and bottom-up approach in planning was not attained.**

(Paragraph 1.1.7.1)

- **Even though funds were released in September 2005 for construction of an additional building for the Community Health Centre, Mannadipet, the work was started only in August 2009. Three Community Health Centres were not provided with the required operation theatre equipment.**

(Paragraph 1.1.8.1 (i))

- **Twenty-four hour delivery and emergency services were available in only six out of the 13 test-checked Primary Health Centres.**

(Paragraph 1.1.8.1(ii))

- **Posts of General Surgeon and Anaesthetist were not filled up in any of the four Community Health Centres in the Union Territory. Six test-checked Primary Health Centres functioned with one doctor, while 77 posts of Health Worker (Male) in sub centres had not been sanctioned.**

(Paragraphs 1.1.8.2 (i) to (iii))

- **There was a sharp decline in the number of in-patients treated and in the number of deliveries conducted in the Community Health Centres and Primary Health Centres.**

(Paragraph 1.1.8.3)

- **Due to non-provision of equipment, two mobile medical units procured at a cost of Rs 27.01 lakh could not be used for the intended purpose.**

(Paragraph 1.1.8.4)

- **Meetings of the State Health Mission, State Health Society and District Health Missions required to be held at least once in six months to monitor and review the implementation of National Rural Health Mission were not conducted regularly.**

(Paragraph 1.1.12.4)

1.1.1 Introduction

The Government of the Union Territory (UT) of Puducherry signed a Memorandum of Understanding (MoU) with the Government of India (GOI) on 9 December 2005 for implementation of the National Rural Health Mission (NRHM) in the UT. The rural population of the UT as projected by the State Health Mission was 3.71 lakh (2008) out of the total population of 11.11 lakh. Various activities under NRHM aimed at improving the existing health care services in the UT.

The main objectives of the Mission were to

- provide accessible, affordable, accountable, effective and reliable health care facilities in the rural areas, especially to the poor and vulnerable sections of the population;
- involve the community in planning and monitoring;
- reduce the infant mortality rate, the maternal mortality rate and the total fertility rate for population stabilisation and
- prevent and control communicable and non-communicable diseases including endemic diseases.

Some of the existing health care programmes of GOI before introduction of NRHM, *viz.*, the Reproductive and Child Health Programme as well as the Vector-Borne Diseases, Tuberculosis, Leprosy and Blindness Control Programmes were brought within the ambit of NRHM.

1.1.2 Organisational set up

In the UT, NRHM functions under the guidance of the State Health Mission (SHM) headed by the Chief Minister. The Puducherry State Health Society, (SHS) constituted on 27 October 2005, carries out the activities of the Mission. The Governing Body and the Executive Committee of SHS are headed by the Chief Secretary and the Secretary, Health and Family Welfare Department respectively.

There are four health districts in the four regions (Puducherry, Karaikal, Mahe and Yanam) of the UT. There is no separate District Health Mission for Puducherry district and the Executive Committee of the SHS also functions as the Puducherry District Health Mission. Each of the other three districts has a District Health Mission and District Health Society headed by the Regional Administrator/Collector of the respective regions. Implementation of various disease control programmes is supervised by the respective Programme Managers under SHM. An organogram showing the administrative and monitoring set up of NRHM in the UT is given in **Appendix 1.1**.

The various activities of NRHM are implemented through four Community Health Centres (CHC)¹, 39 Primary Health Centres (PHC)² and 77 Sub Centres (SC)³ in all the four regions of UT.

1.1.3 Audit objectives

The objectives of the performance audit were to assess whether :

- the planning processes at the village, block, district and Union Territory levels were adequate;
- the assessment, release and utilisation of funds were efficient and effective;
- capacity building and strengthening of physical and human infrastructure were as per the Indian Public Health Standard norms;
- the performance indicators and targets fixed, especially in respect of reproductive and child healthcare, immunisation and disease control programmes were achieved and
- the level of community participation, monitoring and evaluation was as per the guidelines.

¹ Two in Puducherry region, one each in Karaikal region and Mahe region.

² 27 in Puducherry region, 11 in Karaikal region and one in Mahe region.

³ 52 in Puducherry region, 17 in Karaikal region and four each in Mahe and Yanam regions.

1.1.4 Audit criteria

The criteria adopted to arrive at audit conclusions were:

- Mission guidelines issued by the Union Ministry of Health and Family Welfare.
- Memorandum of Understanding between GOI and the UT.
- State Programme Implementation Plans approved by GOI and
- Indian Public Health Standard norms for upgradation of CHCs and PHCs.

1.1.5 Scope and Methodology of audit

The performance review was conducted during March-August 2008 and April-May 2009, covering the implementation of the programme during the period 2005-09, by checking the records of the Director of Health and Family Welfare Services, the State Health Society, three District Health Societies⁴, all the four CHCs, 13 out of 39 PHCs and 26 out of 77 SCs in the UT. The list of test-checked units is given in **Appendix 1.2**.

Audit objectives and criteria were discussed in an entry conference held with the Secretary, Health Department on 16 July 2008. The audit findings were discussed with him in an exit conference on 24 September 2009.

Audit Findings

1.1.6 Financial Management

1.1.6.1 Funding pattern

The Mission was financed by GOI till 2006-07. From 2007-08, the funding was to be shared in the ratio of 85:15 between GOI and the UT Government. GOI released funds to the UT Government for seven components⁵ and to the SHS for five components⁶ and five⁷ disease control programmes during 2005-09.

⁴ Karaikal, Mahe and Yanam District Health Societies.

⁵ Direction and Administration, Training, Maternal and Child Health Programme, Transport, Compensation, Conventional Contraceptives and Maintenance of sub centres.

⁶ Janani Suraksha Yojana, NRHM Flexipool, Pulse Polio Immunisation, RCH Flexipool and Routine Immunisation.

⁷ Integrated Diseases Surveillance Project (IDSP), National Leprosy Eradication Programme (NLEP), National Programme for Control of Blindness (NPCB), National Vector-Borne Disease Control Programme (NVBDCP) and Revised National Tuberculosis Control Programme (RNTCP).

1.1.6.2 Financial performance

During 2005-09, GOI released Rs 15.17 crore⁸ to the UT for implementing its family welfare programme under components such as direction and administration, maintenance of Sub Centres, and training. The UT spent Rs 15.06 crore⁹ during the period. During 2005-06, Rs 74.47 lakh was released for imparting training to Auxiliary Nursing Midwives (ANM) and Lady Health Visitors. This amount was not utilised by the department and the grant was transferred to the component – ‘Maintenance of Sub-Centres’ during 2007-08, without the approval of GOI.

When this was pointed out in audit, the Government stated (November 2009) that the amount was utilised for payment of salaries to ANMs during 2008-09 as there was a shortage of Centrally Sponsored Scheme funds due to implementation of the recommendations of the Sixth Pay Commission.

The status of funds directly made available to the State Health Society and expenditure made thereagainst during 2005-09 is given in **Table 1**.

Table 1 : Details of receipt and utilisation of funds

(Rupees in lakh)

Year	Opening balance	Funds received from GOI	Interest and other items	UT share	Total funds available	Expenditure	Closing balance
2005-06	65.63	489.07	12.70	-	567.40	127.61	439.79 (78)
2006-07	439.79	560.93	13.58	-	1,014.30	270.54	743.76 (73)
2007-08	743.76	460.41	18.80	-	1,222.97	417.25	805.72 (66)
2008-09	805.72	583.86	24.30	150.00	1,563.88	532.65	1,031.23(66)
Total		2,094.27	69.38 *	150.00		1,348.05 **	

Forty four per cent of total funds provided during 2005-09 were not utilised

(Source : State Health Mission and Detailed Appropriation Accounts (2008-09) for UT share)

* includes Rs 2.01 lakh refunded by PWD

** includes Rs 10.76 lakh refunded to GOI (Rs 8.86 lakh in 2006-07 and Rs 1.90 lakh in 2007-08)

Component-wise details of expenditure are given in **Appendix 1.3**. Out of the total funds of Rs 23.79 crore¹⁰ made available to the SHS during 2005-09, the SHS could spend only Rs 13.37 crore (56 per cent). There were substantial unspent balances at the end of each financial year. During 2005-06, the SHS had very little time to utilise the funds after signing an MoU with GOI in December 2005. However, savings in the subsequent years ranging between 66 and 73 per cent, as shown in **Table 1**, indicated inadequate preparedness of the SHS in utilising the funds.

⁸ Rs 14.78 crore (2005-06), Rs 0.37 crore (2006-07), Rs 0.02 crore (2007-08) and Nil (2008-09).

⁹ Rs 2.67 crore (2005-06), Rs 4.80 crore (2006-07), Rs 4.19 crore (2007-08) and Rs 3.40 crore (2008-09).

¹⁰ Opening balance – Rs 65.63 lakh; Funds received from GOI – Rs 2,094.27 lakh; Interest – Rs 69.38 lakh; UT share - Rs 150 lakh.

1.1.6.3 Non-release of UT share

Fifteen *per cent* UT share on the GOI allocation of Rs 6.04 crore, which amounted to Rs 90.63 lakh, for the year 2007-08 was not released by the UT to the SHS.

When this was pointed out, the Government stated (November 2009) that the share of Rs 1.50 crore released by the UT during 2008-09 was 15 *per cent* of the total funds released (Rs 10.44 crore) by GOI during 2007-08 and 2008-09. This reply is not acceptable as the UT Government was directed (May 2008) by the Ministry of Health and Family Welfare, New Delhi to credit Rs 1.50 crore to SHS as its share for 2008-09.

1.1.6.4 Unspent balance of RCH-I Programme

Unspent balances of RCH-I amounting to Rs 24.81 lakh were not transferred to RCH Phase-II

The Reproductive and Child Health Programme Phase-I (RCH-I) was implemented by the State Committee on Voluntary Action prior to the introduction of NRHM in 2005. According to the 'Finance and Accounts Manual' of RCH Phase-II, the unspent balances (as on 31 March 2005) of RCH-I were to be carried forward to RCH-II. Scrutiny of records of the SHS revealed that in contravention of the above instructions, unspent balances of RCH-I amounting to Rs 24.81 lakh were not transferred to RCH -II.

The SHM replied (July 2009) that settlement of accounts with PWD for amounts deposited for minor and major works was awaited and that the unspent funds under 'Mother NGO'¹¹ and 'No Scalpel Vasectomy' would be utilised in the current programme or refunded to GOI.

Government accepted (November 2009) the views of audit and stated that steps were being taken to refund the unspent balance under RCH-I to GOI during 2009-10.

1.1.7 Planning

1.1.7.1 Village Health Plans and Perspective Plan

The National Rural Health Mission envisaged a decentralised and participatory planning process following a bottom-up approach from the village level to the State level. A Perspective Plan (2005-12) and an Action Plan for each year were to be prepared for the UT by consolidating all the district Plans, which would be adopted as the basis for interventions in the health sector. For preparation of a comprehensive District Health Plan, a systematic mobilisation of the community by involving representatives of Panchayati Raj Institutions was necessary for conducting household and facility surveys at the CHC, PHC and SC levels. The Village Health and

¹¹ NGO identified at District level to serve as nodal agency for selection of field NGOs at block level, distribution of funds and monitoring.

Village and District Health Plans were not prepared. Perspective Plan for the Mission period was not prepared in any of the four districts

Sanitation Committees (VHSC) were responsible for planning and monitoring at village level and they were to prepare Village Health Plans.

Scrutiny of records revealed that Village Health Plans were not prepared by the VHSC. Consequently, the District Health Plans and UT Plans were not prepared adopting the bottom-up approach in planning. Government stated (November 2009) that Programme Implementation Plans for 2005-09 were prepared on the basis of district level household surveys, conducted by the International Institute of Population Sciences during 2002-04 and 2007-08. Government also stated that the VHSC members did not have adequate understanding about the planning process and that a questionnaire on deficiencies in infrastructure, human resources and training had been sent to all VHSCs and based on their feedback, the Programme Implementation Plan for 2009-10 had been prepared for the districts.

No Perspective Plan had been prepared in any of the four districts in the UT and consequently, the Perspective Plan at the UT level for the Mission period was also not prepared.

1.1.7.2 State Level Health Resource Centre

The guidelines of NRHM specified that State level health resource centres with an annual corpus of Rs 50 lakh were to be set up for operationalising new ideas in the planning process and for strengthening delivery of services by hiring resource persons. However, it was observed that no such centre had been set up in the UT as on date.

1.1.8 Infrastructure and health care facilities at health centres

NRHM envisaged strengthening of all PHCs and upgradation of all CHCs to the Indian Public Health Standards (IPHS) by providing required buildings, infrastructure, manpower and equipment.

1.1.8.1 Health care Infrastructure

The IPHS prescribed establishment of one SC for 5,000, one PHC for 30,000 and one CHC for 1,20,000 people. On applying the norms prescribed for establishing health centres based on the rural population of 3.71 lakh, it was noticed that the status of health centres was as given in **Table 2.**

Table 2 : Status of health centres in UT

Category	No. of centres required	Actual number of centres available	Excess(+)//less (-)
CHC	3	4	(+)1
PHC	13	24	(+)11
SC	74	51	(-)23

(Source : State Health Mission)

On this being pointed out, the Government stated (November 2009) that six additional SCs were proposed to be set up in the coming years. Government also stated that the additional PHCs reduced the need for having more SCs in the rural areas.

(i) Community Health Centres

NRHM envisaged bringing all CHCs at par with IPHS to provide round-the-clock services to the rural people.

GOI released (September 2005) Rs 80 lakh (Rs 20 lakh per CHC) for upgradation of four CHCs¹² on the basis of IPHS. Out of the amount released, Rs 33.86 lakh were lying unspent with the SHS (March 2009). The SHS released (March 2006 and April 2009) Rs 10.28 lakh to the Public Works Department (PWD) for construction of an additional building for Mannadipet CHC. The estimate was revised (January 2009) for constructing another floor over the existing building. The work had been awarded to a contractor only in August 2009. The intended purpose of upgrading the CHC was not, therefore, achieved even after three and half years of the release of the upgradation grant. Government stated (November 2009) that the PWD had delayed the commencement of work and assured that the upgradation work would be completed in the year 2009-10.

• **Availability of services**

Essential services such as emergency obstetric services, blood storage facilities, safe abortion services and facilities for caesarean deliveries were not available in any of the four CHCs. Ultrasound scanning facilities were also not available in three CHCs¹³. Operation theatre equipment such as ventilators and high pressure stabilisers were not available in two CHCs¹⁴ and a cardiac monitor and shadowless lamps were not available in one CHC¹⁵.

Government assured (November 2009) that ultrasound facilities would be provided in all CHCs during 2009-10. It also contended that providing ventilator services would require skill-based training and 24-hour anaesthetists in CHCs. This contention is not acceptable as the CHCs were required to provide optimal expert care and achieve and maintain an acceptable standard of quality of health care as per the IPHS. Despite availability of funds of Rs 42 lakh (March 2009) under 'upgradation of CHCs to IPHS', the SHM had failed to hire specialists including

¹² Mannadipet, Karikalampakkam, Thirunallar and Palloor.

¹³ Mannadipet, Thirunallar and Palloor.

¹⁴ Mannadipet and Palloor.

¹⁵ Palloor.

anaesthetists, thereby defeating the objective of ensuring quality health care delivery.

(ii) Primary Health Centres

NRHM aimed at strengthening PHCs for quality, preventive, promotive, curative, supervisory and outreach services.

As per IPHS, essential services such as 24-hour emergency services, 24-hour delivery services, in-patient services and operation theatres were to be available in each PHC. The status of essential services available in 39 PHCs in the UT is given in **Table 3**.

Table 3 : Status of essential services in PHCs

Facility/Essential services	Number of PHCs in which facility available	Number of PHCs in which facility not available
24-hour delivery	19	20
24-hour emergency services	20	19
Tubectomy and vasectomy	4	35
Medical termination of pregnancy	0	39
Operation theatre	6	33
Labour room	34	5
Cataract surgery	5	34

(Source : State Health Mission)

Only six out of 13 test-checked Primary Health Centres provided 24-hour delivery and 24-hour emergency services

In the 13 test-checked PHCs, it was noticed that 24-hour delivery and 24-hour emergency services were available in just six PHCs¹⁶, out of which operation theatre and family planning services were available in only three PHCs¹⁷. Facilities for medical termination of pregnancy (MTP) were not available in any of the PHCs.

On this being pointed out, Government replied (November 2009) that as most of the PHCs were near the Government General Hospital in each region, the patients were referred to the General Hospital for the services. Government also stated that there was no need for MTPs in PHCs as many private hospitals and Government Hospitals conducted the procedure free of cost. The reply is not acceptable as the objective of the Mission to provide accessible, affordable and effective health care to the rural population would be defeated if the PHCs functioned only as referral units for such services.

¹⁶ Nettapakkam, Thirubhuvanai, Kalapet, Mettupalayam, Ambagarathur and Nedungadu.

¹⁷ Nettapakkam, Thirubhuvanai and Nedungadu.

Eight out of 13 test-checked Primary Health Centres did not have facilities for clinical tests

• **Basic laboratory services**

Twenty-five PHCs did not provide laboratory facilities as laboratory technicians were not posted there (March 2009). In eight¹⁸ out of 13 test-checked PHCs, the posts of laboratory technicians were vacant. The patients were referred to district hospitals even for simple laboratory tests like haemoglobin, urine sugar, albumin etc.

Government stated (November 2009) that laboratory technicians were being recruited and posted in all rural PHCs from September 2009.

(iii) Sub Centres

Even though 31 out of 77 Sub Centres in the UT were functioning in rented buildings, no proposal for construction of buildings was included in the Programme Implementation Plans

As per NRHM guidelines, upgradation of existing SCs, including construction of buildings for SCs functioning in rented buildings could be included in the Plan. Out of the 77 SCs, 31 SCs in Puducherry and Karaikal regions functioned in rented buildings as of March 2009. Despite that, no proposal was included in the UT's Programme Implementation Plans for the period 2005-09 for construction of buildings for SCs.

Government stated (November 2009) that Rs 81.64 lakh had been sanctioned during 2009-10 for construction of four SCs.

1.1.8.2 Manpower

(i) Community Health Centres

As against the requirement of one post each of general surgeon, anaesthetist, obstetrician and gynaecologist and eye surgeon in each CHC, no posts were sanctioned by the Health and Family Welfare Department for any of the four CHCs. While the posts of obstetrician and gynaecologist and paediatrician were filled on contract basis in three CHCs¹⁹, these posts were not filled up in Thirunallar CHC. The posts of general surgeon, eye surgeon and anaesthetist were not filled up in any of the CHCs by the SHM (March 2009).

Government stated (November 2009) that despite efforts made to fill up the vacancies in CHCs, specialists had not come forward to work in the health centres.

¹⁸ Sooramangalam and Thirubhuvanai in Puducherry region, Ambagarathur, Nalambal, Nallathur, Karaikal Medu and Kovilpathu in Karaikal region and Pandakkal in Mahe region.

¹⁹ Karikalampakkam, Mannadipet and Palloor.

(ii) Primary Health Centres

Even though one post of Health Assistant (Female)/Lady Health Visitor is required per PHC, only 14 posts were sanctioned as against 39 posts required for the PHCs and two out of the sanctioned 14 posts were not filled up. Similarly, as against the requirement of 39 posts of Health Assistant (Male), only 22 posts were sanctioned and seven out of 22 sanctioned posts remained vacant (March 2008)²⁰. Sixteen out of 39 PHCs functioned with one doctor as against a minimum requirement of two doctors per PHC.

Only one doctor was posted in six PHCs as against minimum of two doctors

Only one doctor was posted in six²¹ out of 13 test-checked PHCs as against the requirement of minimum of two doctors in each PHC. It was, however, noticed that in Nedungadu PHC, six doctors were posted as against two sanctioned posts indicating uneven deployment of doctors in PHCs.

Government stated (November 2009) that the vacancies would be filled up on contractual/regular basis during 2009-10. The reply is not acceptable as the Government should follow the minimum standards prescribed by IPHS.

(iii) Sub Centres

Even though one post of Health Worker (Male) was required for each SC, no posts had been sanctioned and all 77 SCs functioned without any Health Worker (Male). Reasons for non-creation of posts are awaited from Government.

1.1.8.3 In-patient treatment

The number of in-patients treated in all CHCs and PHCs including the 13 test-checked PHCs during 2005-09 is given in **Table 4**.

Table 4 : Details of In-patients (IPs) treated

Year	No of IPs treated in		No of IPs treated in test-checked PHCs
	CHCs	PHCs	
2005-06	8,453	8,622	2,803
2006-07	10,468	7,059	2,747
2007-08	7,491	6,227	2,193
2008-09	NA	NA	2,017

(Source : Annual Report of Health and Family Welfare Department)

NA : Not available

A sharp decline was noticed in the number of in-patients treated in all CHCs and PHCs, including the test-checked PHCs from 2005-06 onwards.

Government attributed (November 2009) the decline to the opening of private medical colleges in the UT during recent years. It was, therefore,

²⁰ As mentioned in Sample Registration Survey Bulletin.

²¹ Nettapakkam, Sooramangalam, Nalambal, Nallathur, Karaikal Medu and Kovilpathu.

obvious that some of the patients preferred private hospitals as compared to the Government hospitals.

1.1.8.4 Mobile medical units

With the objective of making health care available at the doorstep of the public in rural areas, NRHM envisaged the establishment of mobile medical units (MMU), each comprising two vehicles, one for mobility of staff and the other for equipment and diagnostic facilities. An amount of Rs 73.50 lakh (Rs 49 lakh in 2007-08 and Rs 24.50 lakh in 2008-09) was provided for the purpose. The SHM procured (December 2008) two sets of vehicles²² for Rs 27.01 lakh for carrying equipment and medical staff. However, necessary medical equipment such as BP apparatus, oxygen cylinder, etc., had not been procured (July 2009) and the vehicles were being used for health visits without necessary equipment.

Government stated (November 2009) that equipment would be procured to make the MMUs operational.

1.1.9 Reproductive and Child Health care

The Reproductive and Child Health programme (RCH) aimed to reduce the maternal mortality rate (MMR), infant mortality rate (IMR) and total fertility rate (TFR) through improved antenatal care, family planning and immunisation. The achievements against the targeted levels of MMR, IMR and TFR, as made available by the SHM, are indicated in **Table 5**.

Table 5 : Targets and achievement of Health Indicators

	Target for UT 2011-12	Status prior to NRHM	Status during NRHM
IMR	15/1000 live births	24	25
MMR	10/10000 live births	20	18
TFR	1.5 children per woman	1.8	1.8

(Source : State Health Mission)

The IMR and TFR did not show any improvement after inception of NRHM in the UT.

Government, while admitting the audit observation on IMR, stated that (November 2009) 60 *per cent* of deliveries reported in the UT were by women from neighbouring States, which accounts for the shortfall in achievement under MMR/TFR.

1.1.9.1 Supply of IFA tablets to pregnant women

Anaemia is considered to be a leading cause of maternal mortality. The RCH-II programme, therefore, emphasised administration of iron-folic tablets (IFA) to pregnant women. Prevention against nutritional anaemia in a pregnant woman required a daily dose of IFA tablets for a period of

²² One for PHC Bahour in Puducherry and another for PHC Vizhidiyur in Karaikal.

100 days. As per the District Level Household Survey-II conducted during 2002-04, 96 per cent²³ of pregnant women in the UT were anaemic.

The details of pregnant women registered and medically checked and those who received IFA tablets for 100 days during 2005-09 are given in **Table 6**.

Table 6 : Registration of pregnant women and supply of IFA tablets

Year	Number registered	Number who received IFA tablets for 100 days	Shortfall (percentage)
2005-06	41,109	18,029	23,080 (56)
2006-07	44,524	15,537	28,987 (65)
2007-08	69,398	19,499	49,899 (72)
2008-09	82,594	27,022	55,572 (67)

(Source : State Health Mission)

Shortfalls ranging from 56 to 72 per cent were noticed in the supply of IFA tablets to registered pregnant women. No specific reply was furnished by Government for the shortfall.

1.1.9.2 Deliveries in CHCs and PHCs

According to the norms prescribed, PHCs were to be equipped to handle normal deliveries while CHCs were to be equipped to handle both normal and caesarean deliveries. The details of deliveries conducted at the CHCs and PHCs during the last four years are given in **Table 7**.

Table 7 : Number of deliveries in Union Territory

Institutions	2005-06	2006-07	2007-08	2008-09
CHCs	339	352	219	199
PHCs	571	526	393	286
Test-checked PHCs	158	191	108	100

(Source : State Health Mission)

The table above depicts that the number of deliveries in CHCs and PHCs (including the 13 test-checked PHCs) were on the decline.

Government attributed (November 2009) the decline to proximity of district hospitals with 24-hour specialised services and provision of free transportation to the pregnant women by the PHCs for admission to district hospitals. The reply is not acceptable as all the CHCs/PHCs were required to have 24-hour delivery facilities, emergency services and operation theatres as per IPHS. The failure of SHM to address the deficiencies in respect of manpower and infrastructure in the health centres resulted in the targeted rural populace preferring other hospitals for specialised services.

The number of deliveries conducted in Primary Health Centres and Community Health Centres declined steadily

²³ Mild (75 per cent), moderate (17 per cent) and severe (4 per cent).

1.1.9.3 Family planning

Family planning includes terminal methods (vasectomy for male and tubectomy and laparoscopy for females) to control the total fertility rate. The details of achievements in respect of the terminal methods during 2005-09 are given in **Table 8**.

Table 8 : Details of sterilisation

Year	Number of sterilisations performed in the UT			Number of sterilisations in test-checked centres		
	Vasectomy	Tubectomy	Laparoscopy	Vasectomy	Tubectomy	Laparoscopy
2005-06	19	10,085	109	2	176	Nil
2006-07	24	10,281	178	2	148	Nil
2007-08	14	10,153	136	Nil	123	Nil
2008-09	25	9,578	177	Nil	139	Nil
Total	82	40,097	600	4	586	Nil

(Source : Health and Family Welfare Department)

The proportion of vasectomies to the total sterilisations done in the UT was negligible (0.20 *per cent*) during 2005-09. Out of a total of 43 vasectomies performed during 2005-07, four²⁴ were performed in the two test-checked PHCs. Sterilisations were performed in two CHCs²⁵ and two PHCs²⁶ in the Puducherry region. In Karaikal region, none of the CHCs/PHCs performed any sterilisation. The SHM, in reply to an audit query, attributed (July 2009) the poor performance to the inclination of the patients to undergo sterilisations in well-equipped Government hospitals and also stated that majority of the post-natal mothers opted to undergo sterilisations in such hospitals immediately after childbirth.

Grant of Rs 5.30 lakh by GOI in 2005-06 for 'No Scalpel Vasectomy', an innovative scheme, remained unspent for more than three years.

The Government stated (November 2009) that male participation in family planning was low in the UT in line with the all-India pattern.

1.1.9.4 Vitamin A administration

The RCH-II Programme emphasised administration of Vitamin A solution to all children under three years of age. Prevention of blindness amongst children due to deficiency of Vitamin A requires the administration of the first dose of Vitamin A solution at nine months of age along with the measles vaccine, the second dose along with the oral polio vaccine or DPT and three doses subsequently at six-monthly intervals.

The targets and achievements for Vitamin A solution administration during 2005-09 are given in **Table 9**.

²⁴ Nettapakkam – 2 (2005-06) and Thirubhuvanai – 2 (2006-07).

²⁵ Mannadipet and Karikalampakkam.

²⁶ Nettapakkam and Thirubhuvanai.

Table 9 : Targets and achievements in administration of Vitamin A solution

Year	Target	Achievement in administration of Vitamin A Solution		
		1 st dose	2 nd dose	3 rd to 5 th dose
2005-06	16,000	15,224	14,165	23,840
2006-07	16,000	14,101	11,852	25,499
2007-08	16,000	16,042	14,818	38,327
2008-09	16,000	13,874	13,538	52,075

(Source : State Health Mission)

A low target was fixed for administration of Vitamin A solution

Even though the number of institutional deliveries in Government health institutions ranged between 40,000 and 45,000 per year, a very low annual target of 16,000 was fixed throughout the period and shortfalls in achievement were noticed in all the years.

The Government contended (November 2009) that the target was fixed considering the deliveries by the residents of UT and that 60 to 65 *per cent* of institutional deliveries in UT were by women of adjoining States. In view of the increase noticed in the number of pregnant women registered in the UT as given in **Table 6**, the reply of the Government is not sustainable.

1.1.10 Disease Control Programmes

The performance under various Disease Control Programmes during 2005-09 is discussed in the following paragraphs:

1.1.10.1 National Leprosy Eradication Programme

The National Leprosy Eradication Programme (NLEP) aimed to eliminate leprosy by the end of the Eleventh Plan. It also aimed to ensure a leprosy prevalence rate of less than one per thousand. The UT reported that leprosy had been eliminated in March 2004 and that programme activities had been undertaken to sustain the status of elimination and eradication of the disease completely. The leprosy prevalence rate in the UT, however, increased from 0.26 per thousand in 2005-06 to 0.37 per thousand in 2008-09 as given in **Table 10**.

Table 10 : Prevalence of Leprosy in UT

Year	New cases detected	Leprosy prevalence rate (per thousand)
2005-06	47	0.26
2006-07	57	0.36
2007-08	50	0.22
2008-09	57	0.37

(Source : Programme Manager (Leprosy), State Health Mission)

1.1.10.2 National Vector-Borne Disease Control Programme

The National Vector-Borne Disease Control Programme (NVBDCP) aimed to control vector-borne diseases by reducing mortality due to malaria, filaria, dengue, chikungunya etc., in endemic areas through close surveillance, controlling breeding of mosquitoes and flies by spraying larvicides and insecticides and improving diagnostic and treatment facilities at health centres.

Details of blood smear collection and testing, annual blood examination rate (ABER) and annual parasitic incidence (API) are given in **Table 11**.

Table 11 : Prevalence of malaria in UT

Year	Population (in lakh)	Blood smears collected (BSC) and tested	Malaria positive (MP)cases	ABER ²⁷	API ²⁸
2005-06	10.30	2,18,563	44	21.22	0.043
2006-07	10.49	1,96,371	50	18.71	0.048
2007-08	10.69	1,25,463	68	11.73	0.064
2008-09	10.75	1,27,963	72	11.91	0.067

(Source : Health and Family Welfare Department)

Though collection of blood smears declined from 21.22 *per cent* in 2005-06 to 11.91 *per cent* in 2008-09, the number of cases tested positive increased from 44 to 72 during the period, indicating higher incidence of malaria.

The Government stated (November 2009) that samples were collected only from highly suspicious cases and attributed the decline in the number of samples collected to the shortage of manpower during the past three years.

1.1.10.3 National Programme for Control of Blindness

The National Programme for Control of Blindness (NPCB) aimed to reduce the prevalence rate of blindness to 0.3 *per cent* by 2010 through increased cataract surgeries, school eye screening and free distribution of spectacles. The UT had achieved a prevalence rate of 0.4 *per cent*.

The details of school children screened, those found with refractive errors under the school eye screening programme and those provided with free spectacles are given in **Table 12**.

²⁷ ABER = BSC/Population x 100.

²⁸ API = MP/Population x 1000.

Table 12 : Eye screening for school children

Year	No of school children screened	No of children with refractive errors detected	No of children provided with free spectacles
2006-07	55,572	2,743	1,300
2007-08	33,832	1,506	1,506
2008-09	47,094	5,104	2,015

(Source: Programme Manager (National Programme for Control of Blindness), State Health Mission)

Only 47 and 39 per cent children identified with refractive errors were provided spectacles during 2006-07 and 2008-09 respectively

As may be seen, only 47 and 39 per cent of children identified with refractive errors during 2006-07 and 2008-09 respectively were provided free spectacles. The SHM replied that supply of free spectacles to children involved procedural delays in ordering and supply of spectacles and that the parents preferred to procure the spectacles for their children on their own to avoid delays.

1.1.10.4 Revised National Tuberculosis Control Programme

Under the Revised National Tuberculosis Control Programme, the UT had to maintain a cure rate of 85 per cent of new sputum positive cases during the Mission period. It was observed that the actual cure rate increased from 73 per cent in 2005 to 86 per cent up to the first quarter of 2008.

1.1.11 Ayurveda, Unani, Siddha and Homeopathy services

One CHC and 15 Primary Health Centres in the UT were not provided AYUSH practitioners and 98 per cent of funds remained unutilised

One of the objectives of NRHM was to mainstream Ayurveda, Unani, Siddha and Homeopathy (AYUSH) services through revitalising local traditions. The Mission aimed to provide AYUSH services by posting an AYUSH doctor at each PHC. It was noticed that AYUSH practitioners were posted in three CHCs and 24 PHCs only through regular posting or by contractual appointment. AYUSH services were not available in six²⁹ PHCs and one³⁰ CHC out of the test-checked health centres. Though Rs 79.47 lakh out of Rs 80.88 lakh received from GOI under NRHM during 2007-09 remained unspent with SHS as on 31 March 2009, the SHM asked for Rs 1.03 crore from GOI for 2009-10 for mainstreaming of AYUSH and received GOI approval for Rs 83.24 lakh. The intended objective of mainstreaming of AYUSH services in rural health areas was not fully achieved despite the availability of sufficient funds.

Government stated (November 2009) that selection of doctors and pharmacists for AYUSH clinics had been completed and orders for their appointments were under issue.

²⁹ Sooramangalam in Puducherry region, Ambagarathur, Nalambal, Nallathur, Karaikal Medu and Kovilpathu in Karaikal region.

³⁰ Palloor in Mahe region.

1.1.12 Monitoring and evaluation

1.1.12.1 Health Monitoring and Planning Committee

The guidelines of NRHM envisaged the formation of Health Monitoring and Planning Committees at the PHC, district and UT level to participate in the planning process and to monitor the progress of NRHM. It was found that no committee had been formed at any level. Government stated (November 2009) that the monitoring of the programme was done at the UT level by the programme committee. The reply is not acceptable as the Mission envisaged monitoring and planning at village, block and district levels.

1.1.12.2 Community participation

The guidelines of NRHM stated that community action was the only guarantee for exercising the right to health care and putting community pressure on the health care system. It also envisaged a critical role for non-government organisations (NGOs) in the implementation of NRHM for the success of the Mission. The Mother NGO (MNGO) was to identify and select Field NGOs³¹ (FNGO) to support and monitor such selected FNGOs in community need assessment, developing proposals based on line data and convergence with other departments. It was noticed that only one³² MNGO was involved in Puducherry district and for the remaining three districts, no NGO had been identified. Though Rs 23.50 lakh were received by SHS from GOI in 2005-06, SHS belatedly released Rs 22.50 lakh to the MNGO (Rs 5 lakh in 2007-08 and Rs 17.50 lakh in 2008-09). Government replied (October 2009) that the MNGO utilised the entire funds during 2008-09. It was, however, noticed that MNGO released only Rs 18 lakh to field NGOs in March 2009 and reflected the amount released as expenditure.

1.1.12.3 Rogi Kalyan Samiti

As per NRHM guidelines, Rogi Kalyan Samitis (RKS) was to be constituted in all CHCs and PHCs for managing health related assets. The RKSs, had to be registered as societies with groups of trustees drawn from NGOs, Panchayat Raj Institutions and the Government. It was found that the meetings of the RKSs were not conducted regularly. There was no representation from the vulnerable and disadvantaged sections of the society. No grievance redressal mechanism was developed to get feedback from the public. In view of the above deficiencies, the objective of community ownership of health centres through RKS remained unachieved.

Government did not give any specific reply for not conducting the meetings regularly. It, however, assured (November 2009) that RKSs would be registered as societies shortly.

³¹ Block level NGOs selected by Mother NGO.

³² SOJAHUR - Society for Social Justice and Human Rights.

1.1.12.4 Monitoring at highest levels

The SHM and the three District Health Missions (DHM) constituted in October 2005 were required to meet at least once in every six months. However, only one meeting of the SHM and 11 meetings of DHMs were conducted during 2005-09. The Governing Body of the SHS had not met even once since its inception in October 2005. Despite the availability of sufficient funds for the implementation of the scheme, utilisation of funds to achieve the objectives of the SHM was not effectively monitored by conducting regular meetings at the State and district levels, resulting in lack of quality health care services for the poor and vulnerable sections of the population. Government's reply was awaited.

1.1.13 Conclusion

The State Health Society could spend only 56 *per cent* of funds released to them during 2005-09. Village Health Plans were not prepared by the Village Health and Sanitation Committees and the Perspective Plan for the Mission period for the UT was not prepared. Twenty-four hour emergency and delivery services and laboratory facilities were available only in few PHCs. In six PHCs, only one doctor was posted as against the requirement of two doctors in each PHC. Funds provided for Ayurveda, Unani, Siddha and Homeopathy services remained unutilised. The meetings of the State Health Mission, the State Health Society and the District Health Societies were not conducted regularly, resulting in lack of monitoring at UT and district levels.

1.1.14 Recommendations

- Planning should be done at village, block and district levels to ensure bottom-up approach in planning.
- Manpower and infrastructure should be strengthened and essential equipment required in CHCs/PHCs/SCs for quality health care services should be provided.
- Twenty-four hour emergency and delivery services and laboratory facilities should be made available in all PHCs.
- Effective monitoring mechanism should be established at all levels.

LOCAL ADMINISTRATION DEPARTMENT

1.2 Review of financial management in Commune Panchayats

Highlights

According to the 2001 census, the rural population of the Union Territory of Puducherry (UT) was 3.26 lakh (33 per cent). The Seventy-third Constitution Amendment Act, 1992 gave constitutional status to Panchayat Raj Institutions (PRIs) with provisions for devolution of functions, funds and functionaries. In the two-tier system of Panchayat Administration followed in the UT, village panchayats are at the lower level and commune panchayats at the higher level. There are 10 commune panchayats and 98 village panchayats in the UT. Financial management in commune panchayats in certain selected areas was reviewed during June- August 2009 and the review revealed the following:

- Only 22 out of 29 functions included in the Eleventh Schedule of the Constitution of India were transferred to the village panchayats and commune panchayats in January 2009. Funds and functionaries are yet to be transferred to PRIs.

(Paragraph 1.2.6)

- The Commissioner of Bahour Commune Panchayat failed to prepare budgets for 2007-08 and 2008-09. In Mannadipet Commune Panchayat, approval was not obtained from the Council by the Commissioner for the budgets for 2007-08 and 2008-09. The budgetary and expenditure control was very weak.

(Paragraph 1.2.7.1)

- Grants-in-aid were released by Government to Commune Panchayats without ensuring actual expenditure. As assured to the Committee on Public Accounts, release of grants to Commune Panchayats was not based on population criteria.

(Paragraphs 1.2.7.2 and 1.2.7.3)

- Revision of house tax after 20 years, by introducing a revised pattern of house tax assessment with the objective of augmentation of revenue had resulted in reduction of revenue to Commune Panchayats.

(Paragraph 1.2.8.1)

- Rates of profession tax were not revised, even though Government accepted the recommendation of the Puducherry Finance Commission to revise the rates.

(Paragraph 1.2.8.1)

- **Licence fees for trades and manufacturing units in the commune panchayats area, fixed in 1976, were not revised despite assurance given (February 2006) by the Department to the Committee on Public Accounts.**

(Paragraph 1.2.8.2)

- **In the test-checked commune panchayats, collection of revenue in respect of house tax, water charges and lease rent was poor and the arrears, as at the end of March 2009, was Rs 1.87 crore.**

(Paragraph 1.2.9)

1.2.1 Introduction

A commune panchayat (CP) is an institution of self-government at the higher level in the two-tier system of Panchayat Administration in the Union Territory of Puducherry (UT). There are 10³³ CPs in the UT with a population of 3.26 lakh being 33.43 *per cent* of the total population of the UT as per 2001 census. The administration and functions of CPs are being carried out in accordance with the provisions of the Pondicherry Village and Commune Panchayats Act, 1973 (Act). The Act was amended in 1994 so as to conform to the 73rd Amendment to the Constitution of India. Elections to the panchayats were held in June-July 2006 after a gap of 38 years. Prior to that, panchayats were administered by the Special Officers appointed by the Government.

1.2.2 Organisational set up

Commune Panchayats come under the administrative control of the Secretary, Local Administration at Government level. Director of Local Administration (Director) is the head of the Department and is assisted by the Deputy Director (Rural Development) and a Superintending Engineer. CPs were administered by Special Officers up to July 2006 and thereafter by the Councils assisted by Commissioners, who are the executive authorities.

1.2.3 Audit objectives

Audit objectives were to assess:

- (a) Effectiveness of compliance with Act/Rules;
- (b) Efficiency and effectiveness in the assessment and collection of revenues, budgetary and expenditure controls.

³³ Ariyankuppam, Bahour, Nettapakkam, Mannadipet and Villianur in Puducherry region, Kottucherry, Nedungadu, Neravy, Thirunallar and T.R. Pattinam in Karaikal region.

1.2.4 Audit criteria

The following were adopted as audit criteria:

- (a) The Pondicherry Village and Commune Panchayats Act, 1973 as amended from time to time and rules made thereunder.
- (b) Notifications issued by the UT Government under the Act.
- (c) Panchayat Manuals and
- (d) Orders and instructions issued by Government and Director, Local Administration Department.

1.2.5 Audit coverage and methodology

The Performance audit was conducted, in addition to the Secretariat and Office of the Director of Local Administration, in three³⁴ out of 10 Commune Panchayats in the UT selected by random sampling method on the basis of population. Records for period 2004-09 pertaining to planning, transfer of functions and funds, release and utilisation of grants, budgetary and expenditure control and assessment and collection of revenue were test checked during June-August 2009. Audit objectives and criteria were discussed with the Director in an entry conference held on 6 July 2009. The findings of the review were discussed with the Secretary in an exit conference conducted on 14 September 2009.

1.2.6 Devolution of functions

Article 243-G of the Constitution of India provides for devolution of powers and responsibilities to panchayats with respect to preparation of plans for economic development and social justice and implementation of schemes. The UT Government incorporated all the subjects mentioned in Schedule XI of the Constitution of India into the Pondicherry Village and Commune Panchayat Amendment Act in 2006 only. Based on recommendations of a committee constituted (July 2007) by Government to identify activities under each of the 29 subjects listed in Schedule XI of the Constitution, Government issued (January 2009) a notification devolving various activities under 22 functions (**Appendix 1.4**) to Village and Commune Panchayats. Though the functions were transferred to the PRIs, funds and functionaries required for implementation of the functions were not transferred and the Commune Panchayats (CPs) were not adequately empowered to address the local developmental priorities effectively.

Union Territory Government stated (November 2009) that a policy decision based on the Ramanathan Committee's recommendations on devolution of functionaries and funds would be considered later as the village panchayats

³⁴ Bahour and Mannadipet Commune Panchayats in Puducherry region and Kottucherry Commune Panchayat in Karaikal region.

were in nascent stage without adequate infrastructure and trained manpower and that the panchayats would be empowered soon after the transfer of functionaries and funds by the line departments.

1.2.7 Finance and budgetary control

1.2.7.1 Preparation of Budget

The Act provides that Commissioner of the CP shall in each year frame and place before the CP Council for approval, a budget showing probable receipts and expenditure for the following year, and a copy has to be submitted to the Deputy Director (Rural Development).

Kottucherry CP had submitted the Annual budgets for the years 2006-07 to 2008-09 to the Council for approval after the commencement of financial years. Bahour CP did not prepare budgets for the years 2007-08 and 2008-09. Mannadipet CP prepared budgets but did not submit them for the years 2007-08 and 2008-09 to the Council. Delays ranging from one to 12 months were also noticed in approval of the budget by the council.

Non-preparation and non-submission of budgets denied the Councils an opportunity to incorporate their policy imperatives and priorities into the budget and also failed to serve as a tool for expenditure control.

Union Territory Government stated (November 2009) that explanations have been called for from the Commissioners for non-preparation of budgets and delays in getting approval and that timely preparation of budget and submission by the Commissioners would be ensured in future.

1.2.7.2 Financial performance

(i) Tax and non-tax receipts levied and collected by CPs and the assigned revenue constitute own fund of the CPs. Besides, Government released grants-in-aid to the CPs under various schemes. During 2004-09, as against the funds of Rs 184.98 crore made available to 10 CPs, an expenditure of Rs 139.28 crore only (75 per cent) was incurred. The details of availability of funds and expenditure of the CPs for the period 2004-09 is given in **Table 1**:

Table 1 : Overall financial position of the Commune Panchayats

Year	Availability of funds		Total	Expenditure
	Own funds	Grants-in-aid		
2004-05	8.04	14.08	22.12	19.14
2005-06	7.63	25.83	33.46	25.09
2006-07	10.76	29.23	39.99	24.90
2007-08	12.98	22.87	35.85	32.42
2008-09	15.35	38.21	53.56	37.73
Total	54.76	130.22	184.98	139.28

(Source : Commune Panchayat records)

(ii) The position of receipts and expenditure in the test-checked CPs for the period from 2004-05 to 2008-09 is given in **Table 2**.

Table -2 : Receipts and utilisation of funds by test-checked CPs

(Rupees in crore)

Name of CP	Opening balance	Own receipts	Grants-in-aid	Total	Expenditure (percentage)	Closing balance
Bahour	5.20	10.29	24.88	40.37	26.31(65)	14.06
Mannadipet	4.47	9.13	13.49	27.09	21.61(80)	5.48
Kottucherry	0.87	3.68	10.84	15.39	10.92(71)	4.47

(Source : Commune Panchayat records)

It would be seen from the table above that out of Rs 40.37 crore made available during 2004-09, Bahour CP spent Rs 26.31 crore (65 *per cent*) only leaving an unspent balance of Rs 14.06 crore.

(iii) It was observed in the test-checked CPs that even though the CPs had sufficient balance to meet the expenditure for subsequent year, Government continued to release grants-in-aid without ascertaining the unspent grant at the end of the year and the annual fund requirements of the CPs as detailed in **Appendix 1.5**.

Government stated (November 2009) that the specific purpose grants remained unspent due to non-commencement of works or the works in progress due to administrative delays and site disputes and that they were not to be diverted for other purposes. The reply is not acceptable as the grants, if not utilised by CPs within a period of one year, should be refunded. Proposing new works to Government for sanction and release of grants without completing the works already taken up had resulted in locking up of Government funds with the CPs.

1.2.7.3 Release and utilisation of Government grants

As per Section 182 of the Act, Government may classify commune panchayats once in every five years and it shall be open to Government to sanction grants at varying rates for different classes of CPs for various development schemes.

(i) Comment was made in paragraph 5.2 (i) (c) of the Report of the Comptroller and Auditor General of India for the year ended 31 March 2002 regarding sanction of cent *per cent* grants-in-aid to CPs by Government irrespective of their financial position due to rules not being framed under the provisions of the Act for classification of CPs. During discussion of the paragraph by the Committee on Public Accounts (PAC)³⁵, the Local Administration Department (LAD) stated that recommendation of the Puducherry Finance Commission regarding release of grants to local bodies was under consideration of Government and only after taking a decision in this regard and devolution of functions to CPs, the exact requirement of funds would be known and that at present grants were released based on population and financial position of the CPs.

³⁵ Thirty fourth Report of PAC submitted to the Assembly on 27 February 2006.

Grants-in-aid were released by Government without following any norm

PAC, therefore, recommended (February 2006) that the classification of CPs be made at the earliest. Scrutiny of records revealed that the CPs were not yet classified (October 2009) and the grants were released without any norms. The department, thus, misled the PAC by stating that the grants were released based on population.

Government stated (November 2009) that necessary notification regarding classification of CPs would be issued by December 2009.

(ii) The First Puducherry Finance Commission recommended release of untied funds to all local bodies to support them financially. Government, however, released untied grants of Rupees four lakh in 2006-07, Rs 60 lakh in 2007-08 and Rs 30 lakh in 2008-09 only to three financially weak CPs³⁶. The quantum of grant was fixed on *ad hoc* basis and the assistance was not extended to remaining seven CPs. The guidelines and rules for release and utilisation of the grant were not yet framed by LAD.

Government stated (November 2009) that a revised Draft Grants-in-aid Rules for Local Bodies have been prepared and sent to Law Department for vetting and the same is pending finalisation.

(iii) Section 184 of the Act stipulates release of an equal matching grant by Government for every rupee of house tax collected by a CP during the previous year. Scrutiny of records revealed that matching grants were released up to 2006-07. As against house tax of Rs 3.81 crore collected by the CPs during 2007-09, Government released matching grant of Rs 2.77 crore (73 per cent). Out of the remaining matching grant of Rs 1.04 crore (27 per cent) due to the CPs, a grant of Rs 36 lakh is due to Bahour and Mannadipet CPs. The CPs did not initiate any action to get the matching grants.

Government stated (November 2009) that full matching grant was not released due to paucity of funds and that release of the balance matching grant would be considered in the subsequent years.

Utilisation certificates for Rs 8.47 crore of grants received were not furnished by test-checked Commune Panchayats

(iv) Under Rule 212 (1) of General Financial Rules, grants-in-aid received were to be utilised within a period of twelve months and the utilisation certificate furnished to the Government. For grants-in-aid of Rs 29.91 crore (340 items) released during 1999-2008, UCs were pending from the CPs. It was noticed that Government released further grants without insisting on UCs from the CPs. Test-check revealed that 72 UCs³⁷ for grants of Rs 8.47 crore were due from the three test-checked CPs.

³⁶ Kottucherry, Nedungadu and Neravy.

³⁷ Bahour - 36 UCs (Rs 4.20 crore), Mannadipet - 9 UCs (Rs 0.79 crore) and Kottucherry - 27 UCs (Rs 3.48 crore).

Government stated (November 2009) that the Commissioners have been instructed to refund the entire amount if they are not able to complete the works and furnish UCs by March 2010.

1.2.8 Assessment and collection of revenue

A comment was made in paragraph 5.2 (ii) (a) of the Report of the Comptroller and Auditor General of India for the year ended 31 March 2002 regarding non-revision of house tax, profession tax and licence fees for trade and manufacturing units and that the failure of the Government to revise the rates resulted in considerable decrease in the resources of the CPs. The Department replied to the PAC (February 2006) that action was initiated to collect house tax under new system and revise profession and entertainment taxes. Scrutiny of records pertaining to the period 2006-07 to 2008-09 revealed that there was a reduction in collection of house tax even after such revision and that rates of profession tax and trade licence fees were not revised as discussed in the succeeding paragraphs.

1.2.8.1 Tax revenue

The Act empowers the CPs to levy and collect taxes such as house tax, profession tax, entertainment tax, duty on transfer of properties, local cess surcharge, etc. These items constitute the tax revenue of the CPs.

• House Tax

(i) On the recommendations of the First Puducherry Finance Commission submitted in September 1998, Government decided that the Patna pattern of property taxation would be more suitable to the UT as it was simple and transparent and also had potential for yielding more revenue. In the system followed by the Patna Municipal Corporation for assessment of property tax, the annual rental value of a building is calculated on the basis of plinth area and location of buildings, whether on main road or interior road and its usage, whether for residential or commercial purpose. Accordingly, the Government of Puducherry framed the Pondicherry Village and Commune Panchayats (Assessment of Annual Rental Value of Buildings /Houses) Rules, 2000 laying down definite criteria for assessment of tax.

Government constituted (February 2004) a committee to recommend suitable methodology for computation of house tax. The Committee recommended a uniform house tax rate of nine *per cent* on the annual rental value (ARV), an allowance of 10 *per cent* for maintenance/repairs to buildings and reduction in annual rental value by 50 *per cent* for owner occupied houses. The recommendations of the committee were discussed with the MLAs in a meeting convened by the Chief Minister for the purpose and it was decided that 50 *per cent* reduction in ARV calculated under the new system, be allowed for all buildings and that it would be further reduced by 50 *per cent* for owner-occupied houses. The allowance for maintenance of buildings was

also increased to 15 *per cent* from the 10 *per cent* recommended. The revised pattern of house tax assessment was notified by Government and brought into effect from December 2004 onwards.

Despite increase in house tax assessments, annual house tax demand in the revised system decreased due to undue concessions given by Government

Test check of records revealed that even though there was increase in the number of assessments (from 2,766 to 4,412) after the implementation of revised pattern of house tax assessment in Kottucherry CP, the annual house tax demand decreased from Rs 4.86 lakh to Rs 4.13 lakh. In Bahour CP, the number of assessments increased from 1,649 to 11,750 (613 *per cent*) whereas the demand increased from Rs 18.40 lakh to Rs 22.64 lakh (23 *per cent*) only.

Thus, the revision which was proposed after 20 years with the objective of augmenting the revenue of CPs, instead of enhancing the revenue, had resulted in reducing the revenue base of the CPs.

Government stated (November 2009) that the audit observations would be taken into consideration during the general revision of house tax for the period April 2010 to March 2015.

(ii) As per the Act and Rules made thereunder, whenever a new house is constructed or altered or added to or reconstructed, the tax or enhanced tax shall be levied in such half year from the day on which such construction, alteration, addition or reconstruction was completed or on the day on which the new construction, alteration, addition or reconstruction was first occupied, whichever occurs first.

Test-checked CPs reported that there was no increase in the number of houses assessed for the period from 2005 to 2009. Scrutiny of records of Kottucherry CP revealed that 130 new houses constructed were yet to be assessed and demands raised (July 2009). In Mannadipet CP, of the 233 industries for which licences were renewed up to 2008-09, only 180 were assessed for house tax. Though self-assessment forms were received from the 53 industries, house tax was not levied and no demand was raised so far. Periodical inspection was not conducted by the staff of CPs to identify new houses and additions/alterations for levy of house tax.

Government stated (November 2009) that instructions have been issued to the Commissioners to assess the newly constructed buildings.

• ***Profession tax***

(i) Under the Act, profession tax should be levied every half-year on companies (which transact business) and every person (professionals, public and private officials holding appointment for not less than sixty days). The Commissioner or President of Village Panchayat may, by notice, require employers to furnish a list of persons employed with a statement of salary, etc., to determine the quantum of tax payable. Every employer, on receipt of requisition from the Commissioner or President, should deduct the tax from the salary or wages of the persons employed and remit it to the concerned CPs.

Rates of profession tax fixed in 1976 were not revised, despite PAC's recommendation for revision

The rates of profession tax were fixed in 1976. Government accepted (March 1999) the recommendation of the First Puducherry Finance Commission to enhance the maximum limit of profession tax from Rs 250 to Rs 2,500 as envisaged in the Constitution (Sixtieth Amendment) Act, 1988. Despite LAD's assurance to PAC (2006) that the notification for revision of profession tax was under issue based on which the paragraph was dropped by PAC, it was yet to be issued (August 2009).

Government stated (November 2009) that necessary bill for amendment to the Act seeking revision of profession tax would be introduced during the 2009 winter session of the Assembly.

(ii) The Revenue Inspector of Mannadipet CP, instead of raising demand with the pay particulars available in the CP, for the CP employees, requested the Commissioner to furnish the list of persons working in the CP. Commissioners of Bahour and Mannadipet CPs failed to recover from their staff, profession tax of Rs 1.91 lakh for the period 2004-09.

(iii) The data of Education Department revealed that 1,385 teachers were working in Government and private schools in Bahour and Mannadipet CP areas and profession tax of Rs 2.77 lakh per annum due from them was not collected by the Commissioners.

(iv) In Mannadipet CP, tax of Rs 12.42 lakh for 2008-09 was recovered from 129 factories/industries only, even though 233 factories had renewed their trade licences for the year. Thus, tax from 104 industries was not recovered. Profession tax of Rs 1.95 lakh pertaining to the period January 2000 to June 2001 was due from Pondicherry Co-operative Spinning Mills Limited functioning in the CP area. Profession tax of Rs 6.29 lakh pertaining to the period from 2004 to 2008 was also due from it. No demand was raised by the CP due to non-receipt of statements showing the details of employees, salary, etc., from the spinning mill.

Government stated (November 2009) that the Commissioners have been instructed to collect the arrears and to submit compliance report by 30 November 2009.

• ***Entertainment tax***

Section 154.A of the Act envisages collection of entertainment tax on cable TV at 10 *per cent* of the amount collected by cable operators by way of contribution or subscription or installation or connection charges or any other charges collected in any manner, whatsoever, from a subscriber .

(i) The number of cable TV connections in Kottucherry CP as per the statements furnished by the cable TV operators were 555, whereas a survey

conducted by the CP in 2007-08 revealed that there were 2,200 connections in the commune area. Even after the survey, Kottucherry CP continued to raise demands for 2007-08 and 2008-09 for 555 connections only resulting in non-recovery of entertainment tax of Rs 4.34 lakh.

Bahour CP did not conduct any survey to identify the actual number of connections in their area.

(ii) Test-checked CPs were yet to collect the arrears of entertainment tax of Rs 25.12 lakh pertaining to the period starting from 2000.

Government stated (November 2009) that the Commissioners have been instructed to collect the arrears, conduct surveys and submit compliance reports by 30 November 2009.

1.2.8.2 Non-tax revenue

Fees and charges other than the tax revenue levied and collected by the CPs are classified under non-tax revenue.

The First Puducherry Finance Commission was of the view (1999) that the trend of revenue collection in CPs in respect of non-tax revenue (fees) was deplorable and the rates of fees were not reviewed taking into account the increase in the prices and the establishment charges. The Commission further stated that the local bodies had not properly tapped the source of non-tax revenue and that the rates fixed for non-tax items remained unchanged for decades and were nowhere near the present price level and money value conditions. Government accepted the Commission's recommendations regarding augmentation of revenue of local bodies.

Licence fee for trades and manufacturing units fixed in 1976 was not revised

(i) Licence fee for trades and manufacturing units is one of the items of non-tax revenue. Under the Act, no owner/occupier of a building shall conduct a business, trade, etc., without obtaining a valid licence for use of such place for such purposes. List of trades for which trade licences were required to be obtained from CPs along with the rate for each item was approved in 1976. Though the fee recoverable by Municipalities was enhanced by Government in 1996, it was not revised in respect of CPs, despite assurance given to PAC³⁸ to revise the fees. The CPs still issue or renew the licences at the rates fixed in 1976. New trades such as video shops, computer sales and service centres etc., function without trade licence as they are not included in the list of trades.

³⁸ Department reply to PAC for paragraph 5 (ii) (a) of Audit Report 2001-02 (34th Report of PAC submitted to Assembly in February 2006).

Government stated (November 2009) that necessary bill for amendment to the Act seeking revision of rates of trade licences would be introduced during the ensuing winter session of the Assembly.

In Mannadipet CP, out of 257 trade licences, 233 were renewed and 24 cancelled as of March 2009. In Bahour CP, out of 286, 78 licences were cancelled and 65 were not renewed. Even though, Mannadipet CP identified 558 traders/shops which had not obtained trade licence from the CP, no action was taken against the defaulters. Government stated (November 2009) that the Commissioner has been instructed to take action against the defaulters and to submit compliance report by 30 November 2009.

The Commissioner, BCP stated (June 2009) that no physical verification/inspection was conducted so far to identify traders who run industries or shops without licence due to shortage of man power in the CP. Government stated (November 2009) that the Commissioner has been instructed to conduct a survey to identify the establishments being run without licence and to collect the arrears of licence fee before 30 November 2009.

(ii) Under the Pondicherry Village Panchayats (Surcharge on cess on Sugarcane) Rules, 1978, the occupier of every sugar factory should, within a fortnight of the close of each month, pay to the CP the surcharge on cess on sugarcane collected, and furnish to the Commissioner of CP, a copy of the return submitted by him to the Sugarcane Commissioner. The Commissioner of CP, on receipt of such return, shall verify that the amount of surcharge on cess on sugarcane had been correctly calculated and that the full amount thereof has been remitted into the CP. In case of default, the occupier of the factory would be fined.

Pondicherry Co-operative Sugar Mills Limited (Mill), functioning in the Mannadipet CP area had remitted Rs 3.05 lakh only out of Rs 22.75 lakh collected towards the surcharge on cess during the period from 1983-84 to 2002-03. The Mill did not furnish the monthly returns to the Commissioner thereafter. Details collected from the Agriculture Department showed that Rs 8.71 lakh surcharge was due to the CP on Rs 87.10 lakh cess remitted by the Mill for the period from 2003-04 to 2008-09. Thus, an amount of Rs 28.41 lakh (Rs 19.70 lakh plus Rs 8.71 lakh) as surcharge was due from the sugar mill. The MCP failed to realise the amount. Government stated (November 2009) that the Registrar of Co-operative Societies has been requested to instruct the Sugar Mill to clear the arrears.

(iii) CPs maintain drinking water supply schemes at various places in the villages and supply water to public through pipe lines. No metering of water supply was done in Bahour and Mannadipet CPs and water charges at the flat rate of Rs 120 *per connection per annum* were collected from 1998 onwards. Water charges demanded by these CPs were meagre when compared to the pay and allowances of maintenance staff as given in **Table 3**.

Table 3 : Water charges demand and expenditure on maintenance staff

(Rupees in lakh)

Year	Bahour CP		Mannadipet CP		Kottucherry CP	
	Demand	Pay and allowances	Demand	Pay and allowances	Demand	Pay and allowances
2004-05	3.05	19.75	7.00	18.93	0.35	6.14
2005-06	2.45	25.98	7.57	25.35	0.36	7.97
2006-07	2.45	28.68	7.90	29.49	0.40	8.74
2007-08	2.45	32.79	7.90	30.94	0.70	10.97
2008-09	2.45	37.62	8.13	40.20	0.72	12.64
Total	12.85	144.82	38.50	144.91	2.53	46.46

(Source: Commune records)

The CPs neither introduced a metering system nor enhanced the rate of water charges. Government stated (November 2009) that the function of ‘provision of water supply and collection of water charges’ was transferred to the village panchayats in July 2006 and that the Executive Officers and the Presidents of village panchayats have been advised to enhance the water charges suitably.

(iv) As per Rule 24(4) of Pondicherry Minor Minerals (Concession) Rules, 1977, the royalty on mines and minerals realised by Revenue Department should be transferred to the concerned local bodies after deducting five *per cent* towards service charges. Government sanctioned (March 2004) transfer of royalty of Rs 74.13 lakh pertaining to the year 2003-04 to the local bodies. Bahour CP and Mannadipet CP were entitled to receive Rs 42.11 lakh and Rs 27.61 lakh respectively out of the amount sanctioned. However, the two CPs failed to take follow up action to get the royalty amount from the Revenue Department.

It was further noticed that the Revenue Department had collected royalty of Rs 4.47 crore during 2004-09 in Bahour and Mannadipet CP areas. Rupees 4.24 crore out of the royalty collected were due to the two CPs. The CPs, however, did not initiate any action to realise the amount due to them. Government stated (November 2009) that the District Collector has been requested to credit the royalty amount to the CPs.

(v) In order to obviate problems faced by the plot owners for obtaining permits from the Puducherry Planning Authority for construction of houses in the unapproved layout, Government directed (April 1998) the local bodies to issue “No objection Certificate” (NOC) to the plot owners by collecting proportionate share of development cost for roads.

Test check of records revealed that out of 1,095 plots in 12 unapproved layouts in Bahour and Mannadipet CPs, only 50 plot owners applied for NOC. Consequently, development charges of only Rs 11.38 lakh was collected against total development charges of Rs.97.51 lakh due from the plot owners. While the number of houses assessed for house tax by CPs in these

12 unapproved layouts were 193 houses, development charges were collected from 143 house owners only resulting in loss of revenue of Rs 13.71 lakh. Government stated (November 2009) that the Commissioners have been instructed to collect the development charges due from the plot owners and submit compliance report by 30 November 2009.

(vi) The Mannadipet CP leased out land measuring 26 hectares to the Pondicherry Co-operative Sugar Mill Limited (Mill) for 99 years from March 1981 and executed a lease agreement. As per the lease agreement, the lease rent should be revised every five years based on the prevailing guideline value fixed by the Revenue Department. The lease rent for the period 1986 to 2006 was revised retrospectively and the Mill was requested (May 2007) to pay Rs 33.23 lakh being the difference between the lease rent payable and paid during the period from 1985-86 to 2005-06. The Mill paid Rs 10 lakh (2008-09) and balance amount of Rs 23.23 lakh was not remitted to the CP as of March 2009. Further, the revision of lease rent due from 2006-07 was not done. Government stated (November 2009) that the Registrar of Co-operative Societies has been addressed to instruct the sugar mill to pay the arrears of lease rent and that the Commissioner, MCP was instructed to take immediate action to revise the rent for the five year period from 2006-07.

Government leased out lands to M/s. Puducherry Industrial Promotion, Development and Investment Corporation (PIPDIC) for establishment of Electronic Park in 1996 including Mannadipet commune panchayat land. CP neither entered into an agreement nor raised annual demands. Though PIPDIC was directed (December 2005) to remit the lease rent for the period from 1996 to 2005, no amount was remitted. As no distraint action was initiated against the firm within the period of three years, the amount became irrecoverable and resulted in loss of revenue of Rs 7.13 lakh.

Government stated (November 2009) that the Managing Director of the Corporation has been addressed to clear the arrears of lease rent. The reply is not tenable as the amount was not recovered within the time frame and has become time-barred.

1.2.9 Demand and collection of revenue

Details of demand and collection of house tax, water charges and lease rent during 2004-05 to 2008-09 in the test checked CPs are given in **Table 4**.

Table 4: Details of demand and collection of revenue

(Rupees in lakh)

CP	2004-05			2005-06			2006-07			2007-08			2008-09		
	D	C	P	D	C	P	D	C	P	D	C	P	D	C	P
BCP	25.48	13.51	53	10.12	8.61	85	30.15	10.72	36	28.92	13.47	47	26.19	16.49	63
MCP	26.15	18.86	72	55.95	48.73	87	42.11	20.34	48	42.45	13.89	33	42.79	24.39	57
KCP	5.21	3.40	65	1.21	1.14	95	4.53	2.35	52	6.86	3.70	54	6.45	3.30	51

(Source: Commune Panchayat records) D – Demand; C – Collection; P – Percentage of collection to demand

The percentage of collection ranged from 36 to 85 in Bahour, 33 to 87 in Mannadipet and 51 to 95 in Kottucherry.

Arrears in collection of house tax, water charges and lease rent as at the end of March 2009 were Rs 1.87 crore in the test-checked CPs. Year-wise break up of the arrears and reasons for poor collection of revenue were not furnished by the Commissioners. Although, the Act provides for levy of interest not exceeding 10 *per cent* per annum for belated payment of dues, none of the test-checked CPs notified the rate of interest for the belated payment and the interest leviable on the arrear amount was also not calculated. As per the provisions in the Act on limitation for recovery of dues, the dues become irrecoverable if distraint action is not taken within three years from the due dates and as such, the possibility of arrear revenue becoming time-barred cannot be ruled out.

Government stated (November 2009) that the Commissioners have been instructed to collect the arrears before the close of the year 2009-10 and that a special review on the arrear collection would be made in April 2010.

1.2.10 Assigned revenue

Assigned revenues include taxes and levies collected by Government departments and assigned to local bodies.

Duty on transfer of property is collected by the Registration Department and the amounts collected were to be transferred to the local bodies after deducting three *per cent* towards collection charges. As per Section 149 of the Act, the duty on transfer of property should be pooled together for the entire CP and distributed among all the village panchayats (VP) in the CP in proportion to their land revenue, after retaining 25 *per cent* of the total proceeds of transfer duty as share of the CP.

The Village Panchayat Councils came into existence in July 2006. The Local Administration Department, (October 2007) instructed the Commissioners of CPs to transfer duty on transfer of property to the VPs, with effect from July 2007.

Scrutiny of records in test-checked CPs revealed that an amount of Rs 4.52 crore received as duty on transfer of property for the period from July 2007 to March 2009, were credited into the accounts of the CPs and not apportioned to the concerned VPs. The Commissioner, Mannadipet CP replied (July 2009) that the Revenue Department was requested to furnish the re-survey numbers, boundaries of VPs to work out quantum and transfer the duty to the concerned VPs under his control. Government stated (November 2009) that the District Collectors of Puducherry and Karaikal have been addressed to furnish the details of land revenue collected in each village to enable the Commissioners to apportion the duty to the village panchayats.

1.2.11 Conclusion

Only 22 out of 29 functions specified in the Eleventh Schedule of the Constitution of India were transferred to PRIs. Further, no decision was taken to devolve funds to carry out these functions. Budgets were either not prepared or belatedly prepared, though prepared not got approved by the councils. Therefore the budgetary control was very weak. The revision of house tax proposed after 20 years with the objective of augmenting the revenue of CPs, instead of enhancing the revenue, had resulted in reduction of revenue to the CPs.

1.2.12 Recommendations

- Funds and functionaries required to carry out the devolved functions to PRIs should be transferred so as to enable the CPs to function as institutions of self-government.
- Grants-in-aid may be released based on population by Government as assured to the PAC.
- The budgetary control mechanism should be strengthened.
- The CPs should improve efficiency in collection of tax and non-tax revenues.

HOME DEPARTMENT

1.3 Modernisation of police force

1.3.1 Introduction

Government of India (GOI) introduced the 'Modernisation of Police Force' scheme in the UT from the year 2006-07 to improve the operational efficiency and infrastructural facilities of its police force. As per the scheme guidelines, the UT Government was required to prepare an Annual Action Plan and submit the same to the Union Territory Division of the Ministry of Home Affairs (MHA) for scrutiny and approval of a Committee set up therein. The UT, which has a total area of 480 sq.km is divided into two police districts, consisting of six police regions, viz. Puducherry (North), Puducherry (South), Puducherry (Rural), Mahe and Yanam in Puducherry police district and Karaikal region in Karaikal police district. The Puducherry police organisation is divided into two wings, viz., (i) Law and Order and (ii) Crime and Intelligence. There are 41 police stations in the UT and five companies in the Puducherry Armed Reserve Police (PAP).

At the Government level, the Secretary, Home Department is responsible for implementation and monitoring the scheme. At the department level, the Director General of Police (DGP), assisted by three Senior Superintendents of Police (SSP) viz., SSP (Law and Order), SSP (Crime and Investigation) and SSP, Karaikal are responsible for implementation of the scheme. The Public Works Department (PWD) is responsible for construction and maintenance of residential and non-residential buildings for the Police Department. Records relating to implementation of the scheme during the period 2006-09 were test-checked during January to April 2009.

1.3.2 Financial management

(a) *Utilisation of Government of India's Funds*

Under the scheme, GOI approved (April 2006) Rs 66 crore for five years for the UT starting from 2006-07, with an annual allocation of Rs 13.20 crore. The details of Annual Action Plans approved, funds released by GOI, expenditure and savings during 2006-09 are given in **Table 1**.

Table 1: Details of Plan allocations, receipt and utilisation of funds

(Rupees in crore)

Year	Annual allocation	Annual Plan approved by GOI	Opening balance	Funds released by GOI *	Total funds available	Expenditure	Savings
2006-07	13.20	6.24	Nil	6.24	6.24	2.00 **	4.24
2007-08	13.20	12.50	4.24	10.27	14.51	3.46	11.05
2008-09	13.20	13.20	11.05	13.20	24.25	11.05	13.20
Total	39.60	31.94		29.71		16.51	

(Source : Annual Plans and utilisation certificates furnished by the department)

* UT Government received the assistance in the month of April of the subsequent year.

** Expenditure on implementation of the scheme during 2006-07 was initially met from the sanctioned budget grant of the UT Government.

As is depicted from the above table, the Annual Action Plan (AAP) for 2006-07 for Rs 13.20 crore was submitted to GOI in August 2006 and was revised (October 2006) by the GOI to Rs 6.84 crore so that the amount could be spent during the year. GOI excluded Rs 0.60 crore provided in the revised AAP for 2006-07 towards construction of an auditorium and a swimming pool, which were not covered under the scheme.

The GOI released funds only in the month of March (during 2006-09) and the UT Government received these funds in the month of April of the subsequent year, resulting in slow progress of the implementation of the scheme during the concerned financial years. Audit noticed poor utilisation of funds under construction activities by PWD. The PWD attributed underutilisation of funds to non-assessment of space requirements and other components of the work. The department had also not worked out the cost of construction at the time of submission of the AAPs to the MHA, Government of India. This delayed obtaining of expenditure sanctions from the UT Government.

Government of India's assistance of Rs 1.45 crore could not be availed due to non-reporting of expenditure

The department received (April 2007) GOI assistance of Rs 6.24 crore for 2006-07 and spent Rs 5.46 crore upto 31 March 2008, leaving an unspent balance of Rs 0.78 crore. It, however, furnished an utilisation certificate (UC) on 7 March 2008 for Rs 4.01 crore. Even though Rs 1.45 crore was spent during March 2008 after furnishing the UC, the department failed to report the utilisation of this amount before release of funds by GOI for 2007-08. Consequently, GOI deducted Rs 2.23 crore³⁹ from their assistance for 2007-08. Thus, GOI assistance of Rs 1.45 crore could not be availed of by the department.

There was misreporting of expenditure by Rs 7.89 crore, which was lying with construction agencies

Further, out of Rs 11.05 crore shown as expenditure for the year 2008-09, Rs 7.89 crore was lying unutilised (May 2009) with construction agencies, viz., the Pondicherry Housing Board and the Puducherry Agro Service and Industries Corporation Limited. The UT Government reported (April 2009) the entire amount as expenditure incurred and submitted an utilisation certificate for the same to GOI. Thus, there was misreporting of expenditure by Rs 7.89 crore, which was lying with construction agencies.

³⁹ Rs 1.45 crore + Rs 0.78 crore.

Government stated (October 2009) that to ensure speedy completion of projects, the services of these agencies were utilised and assured that the projects would be monitored properly to ensure completion within the financial year 2009-10. Audit, however, noticed that the works had not been commenced by the agencies as of October 2009 and the possibility of completing the works by 2009-10 was, therefore, remote.

(b) Diversion of funds

Scheme funds of Rs 66 lakh were diverted for maintenance works

As per GOI instructions, funds provided for the scheme were not to be diverted to other scheme works or for annual maintenance of assets. In the Karaikal region, the Executive Engineer, Buildings and Roads Division, PWD diverted Rs 66 lakh during 2007-08 and 2008-09 for carrying out repairs and maintenance of police buildings (Rs 65.09 lakh) and buildings of other departments (Rs 0.91 lakh)⁴⁰.

Government accepted (October 2009) the audit observation and stated that the Executive Engineer, Building and Roads Division, Karaikal had been directed to reimburse the amount diverted for repairs and maintenance.

1.3.3 Construction

1.3.3.1 Housing

Despite release of funds of Rs 5.46 crore for police housing, there was no addition of staff quarters

In order to construct additional staff quarters for lower⁴¹ and upper⁴² subordinates in the Police Department, GOI sanctioned Rs 8.50 crore for five years under the 'housing' component of the scheme and released Rs 5.46 crore during 2006-09. As against 96⁴³ Type II and Type III staff quarters and five quarters for officers planned for construction during the period, construction of only nine Type II staff quarters was nearing completion (October 2009). The construction of the remaining quarters had not been started and the works were at various stages of construction such as estimate preparation, tender process and issue of work order. There was no addition to the existing number of quarters even after implementation of the scheme for three years.

Government contended (October 2009) that the housing satisfaction level had increased from 33 *per cent* in 2006 to 35 *per cent* as of March 2009. Audit, however, noticed that the marginal increase in the housing satisfaction level reported by Government was due to construction of 77 quarters under the UT

⁴⁰ Annual maintenance of Government residential buildings at Karaikal (Rs 0.05 lakh), and non-residential buildings at Tirunallar Commune (Rs 0.75 lakh) and repair works in Government General Hospital, Karaikal (Rs 0.11 lakh).

⁴¹ Police Constables and Head Constables.

⁴² Assistant Sub-Inspector of Police, Sub-Inspector of Police and Inspector of Police.

⁴³ Type II – Kirumampakkam (16), Shanmugapuram (42), Sedarapet (16) in Puducherry region, T.R. Pattinam in Karaikal region (9), Palloor in Mahe region (2) Type III – Shanmugapuram (6), Sedarapet (3), Kirumampakkam (2) in Puducherry region.

Plan. Further, the satisfaction level arrived at by the department included the 91 old quarters, which were not fit for occupation.

1.3.3.2 Construction of non-residential buildings

Construction of 23 out of 24 police buildings planned during 2006-09 had not been started as of May 2009

Construction of 24 office/police station/training school buildings with an estimated cost of Rs 25.35 crore was planned during the period 2006-09. The details of the works and their status as of May 2009 are given in **Appendix 1.6**. Government sanctioned only six works costing Rs 13.26 crore, of which only one work was completed (July 2008) at a cost of Rs 0.40 crore. The remaining 23 works could not be started as of May 2009 for want of expenditure sanction, finalisation of drawings, designs, tenders, non-identification/non-acquisition of land etc. Thus, despite release of Rs 14.79 crore by GOI during 2006-09 for the construction work, only one⁴⁴ work costing Rs 0.40 crore could be completed.

MHA suggested that the construction works may be entrusted to public sector undertakings of the UT Government if the PWD was not in a position to cope with the works. Since the PWD could not spend the funds allotted during 2008-09, Government decided (March 2009) to entrust the execution of three works⁴⁵ costing Rs 8.76 crore to Puducherry Agro Service and Industries Corporation Limited and Pondicherry Housing Board and transferred the unspent grant of Rs 7.89 crore with the PWD to these construction agencies.

The delays in commencement/execution of these works resulted in avoidable expenditure of Rs 15.02 lakh incurred towards payment of rent during 2007-09 in respect of 13 offices/police stations, which had to continue to function in rented buildings, due to the lack of their own accommodation.

Government accepted (October 2009) the audit observation and stated that PWD and other construction agencies had been requested to speed up the works.

1.3.4 Training in weapons

Training in operating modern weapons was not given to policemen

Modern weapons such as Self Loading Rifles (SLR), AK 47 etc., were procured under the scheme at a cost of Rupees one crore during 2008-09 and supplied to the Puducherry Armed Police (PAP). It was noticed in audit that annual firing practice was given to 43 lower subordinates during 2007 in 7.62 mm SLR (Bolt/Action) and 0.303 Rifles. Training in handling pistols and revolvers was given to 174 officers and upper subordinates and 288 lower subordinates during 2008-09 at a shooting range in Tamil Nadu. Though 7.62 mm SLR, Sten Guns, AK-47s etc., were also included in the armoury, live training was not given due to non-availability of a shooting range in

⁴⁴ Construction of first floor over the Training School at Gorimedu.

⁴⁵ Construction of 1) Training Guest House, Puducherry (Rs 3.77 crore), 2) Coastal Police Station and Staff Quarters, Karaikal (Rs 3.32 crore) and 3) Staff Quarters for Kirumampakkam Police Station, Puducherry (Rs 1.67 crore).

Puducherry. The department had to rely upon neighbouring States for the purpose. Only 20 *per cent* of the 2,579 police personnel in UT had been trained in handling weapons as of March 2009.

Government stated (October 2009) that live training in modern weapons would be given to all the police personnel in a phased manner and on a priority basis.

1.3.5 Communication

Communication equipment procured at a cost of Rs 33.41 lakh had no built-in secrecy devices

The Group of Ministers (GoM) of the Government of India constituted for “Reforming the National Security System” recommended (June 2001) that the UT Police should introduce suitable secrecy devices for their wireless communications. Annual Action Plans of 2006-07 and 2007-08 provided for purchase of 180 walkie-talkies and 50 mobile/static very high frequency (VHF) sets with built-in scramblers (secrecy devices) for replacing the outlived old equipment. When contacted by the department regarding procurement of scrambler sets, the Directorate of Co-ordination (Police Wireless), New Delhi clarified (December 2007) that the Scientific Analysis Group (SAG) in Ministry of Home Affairs had not approved any scrambler for walkie-talkies or VHF sets and directed the department to consult the Electronics Corporation of India, Bangalore. The department, however, procured 258 walkie-talkies and 50 VHF sets without scramblers at a cost of Rs 33.41 lakh during 2007-09 and distributed them to its various wings. Communication equipment without scramblers could place the secrecy in police communications at stake.

On this being pointed out, Government stated (October 2009) that approval of the SAG for new scramblers was still to be received and purchase of the same would be effected accordingly. Government also contended that use of secrecy devices/scramblers was mandatory only for exchange of classified communication. This contention is not tenable in view of the recommendations of the GoM.

1.3.6 Forensic Science Laboratory

The UT Government proposed to set up a Forensic Science Laboratory (FSL) at Puducherry in order to facilitate analysis of results within a short period to detect crimes. Even though GOI allocated Rupees two crore for the FSL out of Rs 66 crore sanctioned for the five-year period beginning from 2006-07 under the scheme, no proposal for an FSL was included in the AAPs. In the absence of an FSL, samples were being sent to laboratories at Hyderabad and Chennai for analysis.

The Government stated (October 2009) that an FSL was proposed to be setup in the UT during the Tenth Plan Period (2002-07). The establishment of the FSL was delayed due to delay in approval for creation of posts for manning the FSL.

1.3.7 Common Integrated Police Application

Government of India approved Rs 99 lakh in the AAP of 2006-07 for implementing the computerised Common Integrated Police Application (CIPA). Under the project, all police stations were proposed to be computerised with online connectivity in order to reduce maintenance of manual registers, eliminate duplicate record-keeping and maintain data regarding crime and criminals. CIPA was implemented by the National Informatics Centre (NIC) for which the Department paid Rs 1.53 crore to them during 2006-07.

It was noticed during test-check of records that the police stations entered the data regarding first information reports (FIR) registered during 2006 to 2008. Information regarding the enquiry, investigation and disposal of the cases was not available. The data regarding crimes and criminals were not maintained as envisaged in the CIPA. Therefore, the objective of the project *viz.*, maintenance of data on crimes and criminals and accessibility and transfer of data among the police stations remained unachieved.

Government stated (October 2009) that entering of data pertaining to the years 2005, 2006 and 2007 would be completed expeditiously.

1.3.8 Baseline study

Joint Secretary (UT), MHA, while discussing the AAP for 2006-07 in the Ministry's Empowered Committee meeting held in June 2006, insisted that a baseline study should be conducted in the UTs to ascertain the perception of people towards the police and the present level of satisfaction in respect of some selected parameters. The study was to be completed within three months. The department entrusted (July 2006) the baseline study to the Puducherry Central University and paid (January 2008) charges of Rs 1.16 lakh for the purpose. The report was still to be received (October 2009). Reasons for the delay in completion of the baseline study were not furnished by the department to Audit.

1.3.9 Monitoring and supervision

As per GOI instructions of April 2006 a monitoring committee was to be constituted in each Union Territory to monitor the implementation of projects under the scheme. It was, however, noticed that a departmental committee was constituted only in June 2008. This committee was to meet every month, but it was found that it had met only three times during the period up to April 2009 as against 10 monthly meetings.

1.3.10 Conclusion

The pace of implementation of the scheme for the UT police force was far from satisfactory. The scheme funds were not utilised optimally. The Annual

Action Plans were not implemented fully. Construction of buildings was delayed. Only 20 *per cent* of police personnel were trained as of March 2009. A Forensic Science Laboratory had also not been established in the UT as required.

1.3.11 Recommendations

- The funds provided for each component of the scheme should be spent efficiently and utilisation certificates should be furnished only for actual expenditure.
- The department should adopt definite time-frames for implementing the various activities of the scheme and ensure that the targets under various components of the approved Plans are achieved.
- Periodical training in handling weapons should be given to all upper and lower subordinates.
- The monitoring committee constituted for the purpose should meet regularly and closely monitor the implementation of the projects under the scheme.

