Chapter 1 Introduction

1.1 Background

The National Rural Health Mission (NRHM) was launched on 12 April 2005, throughout the country with special focus on 18 States *viz*. eight Empowered Action Group (EAG) states[1], eight North Eastern states and the hill states of Jammu and Kashmir and Himachal Pradesh, which had poor health indices. The aim of the Mission is to provide accessible, affordable, accountable, effective and reliable healthcare facilities in the rural areas of the country, especially to poor and vulnerable sections of the population. The key strategy of NRHM is to bridge gaps in healthcare facilities, facilitate decentralised planning in the health sector, provide an overarching umbrella to the existing programmes of Health and Family Welfare. It also aims to address the issue of health in the context of a sector wide approach embracing safe drinking water, sanitation and hygiene, nutrition *etc*. and advocates convergence with related social sector departments such as Women and Child Development, Ayurveda,Yoga-Naturopathy, Unani, Sidha and Homeopathy (AYUSH), *Panchayati Raj etc*.

NRHM seeks to provide health to all in an equitable manner through increased outlays, horizontal integration of existing schemes, capacity building and human resource management. The Mission envisages increasing expenditure on health, with a focus on primary healthcare, from the level of 0.9 *per cent* of Gross Domestic Product (GDP) (in 2004-05) to 2-3 *per cent* of GDP over the mission period (2005-2012).

1.1.1 Objectives of the programme

The main objectives of NRHM are:

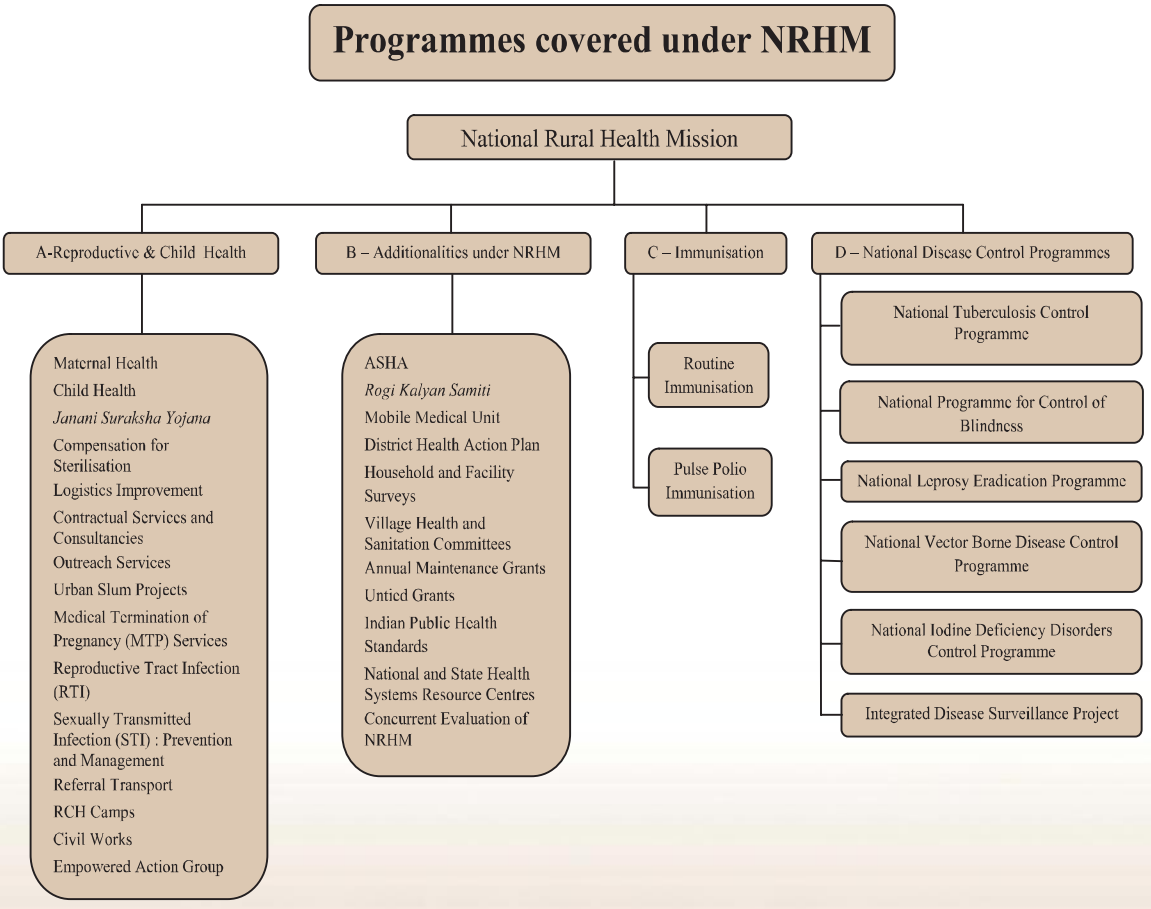
- Reduction in child and maternal mortality;
- Universal access to public services for food and nutrition, sanitation and hygiene and universal access to public health care services with emphasis on services addressing women's and children's health and universal immunisation;
- Prevention and control of communicable and non-communicable diseases, including locally endemic diseases;
- Access to integrated comprehensive primary health care;
- Population stabilisation, gender and demographic balance;
- Revitalise local health traditions and mainstream AYUSH; and
- Promotion of healthy life styles.

[1] Bihar, Chhattisgarh, Jharkhand, Madhya Pradesh, Odisha, Rajasthan, Uttar Pradesh and Uttarakhand.

1.1.2 Organisational Structure

At the Government level, the Principal Secretary, Medical, Health and Family Welfare, is responsible for administration and implementation of NRHM. Similarly, at department level, the Director General, Medical and Health (DGMH), Director General, National Programmes, Monitoring and Evaluation (DGNPME) and Director General, Medical Education and Training are responsible for executing the Government policies and decisions. The field formations of Medical, Health and Family Welfare department include Additional Directors of Health in divisions and Chief Medical Officers in districts.

The NRHM is a mission mode programme and it functions under the overall guidance of the State Health Mission (SHM), headed by the Chief Minister. Activities under NRHM are carried out under the aegis of the State Health Society (SHS)[2], through a number of societies and Government agencies. The Governing Body of the Society, is headed by the Chief Secretary and an Executive Committee acts on behalf of the Governing Body and is empowered to take all decisions and exercise all powers vested in the Governing Body,



[2] SHS is registered as a society under Societies Registration Act, 1860.

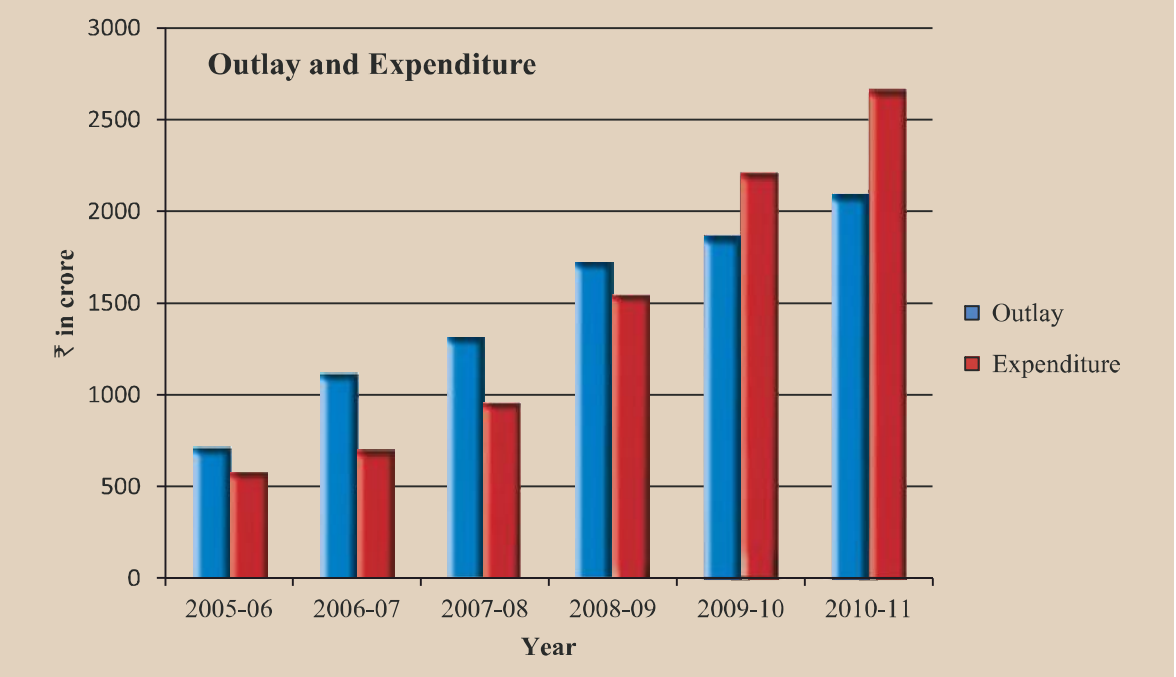
1.1.3.2 Budget estimates and expenditure

The outlay and expenditure under NRHM during 2005-11 were as tabulated and represented in the chart below:

Table 1.1: Outlay and actual expenditure

(₹ in crore)

Year	Outlay	Expenditure
2005-06	726.07	573.24
2006-07	1130.40	703.81
2007-08	1325.10	956.47
2008-09	1727.60	1546.06
2009-10	1870.38	2212.40
2010-11	2097.12	2665.35
Total	**8876.67**	**8657.33**



1.2 Audit Objectives

The Performance Audit of implementation of NRHM in Uttar Pradesh was taken up with the objective of verifying whether:

I. Planning was oriented towards the Mission's objectives; there was adequate community participation in planning, implementation and monitoring of the Mission; and convergence with other departments, programmes and non-governmental stakeholders was ensured for achieving the objectives of the Mission;

II. Financial controls were in place to safeguard NRHM funds/assets and the accounts fairly present the financial state of the societies under NRHM; and whether assessment, release of funds and their utilisation were prompt and adequate;

III. Construction activities were undertaken to maximise coverage in terms of population and improve facilities and whether due procedures were followed while incurring expenditure therefor;

IV. Capacity building and strengthening of human resources at different levels was as planned and targeted;

V. The procedures and systems of procurement of equipment, drugs and services, supplies and logistics management were cost effective and efficient; and

VI. Monitoring mechanisms and evaluation procedures were in place to ensure that the Mission's objectives were achieved and whether the community was involved in monitoring as envisaged under NRHM.

The findings of Audit with reference to each of the objectives have been presented in subsequent chapters.

1.3 Performance Indicators/Audit Criteria

The criteria/performance indicators used for the assessment of performance included:

- NRHM guidelines/framework, Perspective Plans and Project Implementation Plans for 2005 – 2011;
- Annual Financial Statements including Audit Reports;
- Government orders;
- Accounting manual issued by GoI, Finance and Accounts Manual and compliance with general financial and administrative rules and procedures and generally accepted accounting principles; and
- Indian Public Health Standards (IPHS), latest National Family Health Survey (NFHS) and other survey reports;

1.4 Scope and Methodology

1.4.1 Scope and coverage of Audit

The Performance Audit was carried out between August and November 2011, by examining documents at the Secretariat level, the State Health Mission, State Health Society, the State Programme Management Unit and in 23 districts and attendant implementation structures, where apart from examination of documents, joint physical inspections and cross-verification were undertaken.

Pursuant to a letter (D.O. No. 579/PSMH&FW/2011, dated 10 December 2011, ***Appendices–1.1(A) & (B)***), the Principal Secretary, Medical, Health and Family Welfare, Government of Uttar Pradesh, furnished some records and replies, at the office of the Principal Accountant General (Civil Audit), Uttar Pradesh, Allahabad, between 12 and 15 December 2011. The records were examined and replies received on 16 December 2011, during the Exit Conference were suitably incorporated.

The period covered in this performance audit was from April 2005 to March 2011.

1.4.2 Audit methodology

The Performance Audit of implementation of NRHM in Uttar Pradesh, commenced with a letter issued to the State Government on 02 August 2011, seeking information on NRHM in Uttar Pradesh. This was followed by an Entry Conference with the State Government on 11 August 2011, where the audit scope, objectives, methodology and criteria were explained. The audit methodology mainly comprised examination and analyses of documents, information and responses to audit queries; joint physical inspections; cross-verifications and obtaining some photographic evidence.

The Performance Audit was conducted through test check of records of the Department of Medical, Health and Family Welfare, Department of Medical Education and Training; three Directorates General of Medical and Health; National Programmes, Monitoring and Evaluation (erstwhile Family Welfare); and Medical Education & Training; the State Health Mission, the State Health Society, the State Programme Management Unit and 23 selected districts, including the District Health Missions, District Health Societies, District Task Forces, District Hospitals, Community Health Centres, Primary Health Centres, sub centres and Village Health and Sanitation Committees.

Audit carried out a limited examination of certain records of Uttar Pradesh Small Industries Corporation, Uttar Pradesh Processing and Construction Cooperative Federation Limited, Uttar Pradesh Labour & Construction Cooperative Federation Limited, Uttar Pradesh Projects Corporation Limited *etc*., pertaining to their role in implementation of NRHM works.

The audit observations are based on the analyses of information and data collected during audit, from the Secretariat, State Health Society, District Health Societies, offices of the Chief Medical Officers, health centres *etc*. The audit findings were communicated to the State Government and the results of the performance audit were discussed in an Exit Conference with the State Government on 16 December 2011.

1.4.3 Audit sampling

The performance audit was conducted at the State level and in 23[4] districts, selected as *per* the following statistical plan:

- The State was divided into five regions on the basis of geographical contiguity and in accordance with the regions outlined in the National Family Health Survey (NFHS)–3;
- Districts were chosen using the PPSWR[5] independently from various regions with size measure being the total amount of grants-in-aid released to respective DHSs, during 2005-11; and
- In each sampled district, three blocks were selected using SRSWOR[6]. In each block, apart from the Block Primary Health Centre/Community Health Centre, one Additional Primary Health Centre/Community Health Centre and a number of sub centres and

[4] 23 districts were sampled for audit, but Lucknow was partially audited as most of the records were not produced to Audit.
[5] Probability Proportional to Size With Replacement (PPSWR) sampling is cluster sampling where larger clusters have a higher chance of selection. Thus, districts receiving higher amounts of grants-in-aid had higher chances of selection.
[6] Simple Random Sampling Without Replacement.

Village Health and Sanitation Committees (VHSCs) were selected, again using SRSWOR.

Thus, in each sampled district, 6 Community/Primary/ Additional Primary Health Centres, 12 sub centres and 24 Village Health and Sanitation Committees were audited. The list of selected districts is annexed (***Appendix–1.2***).

1.4.4 Reporting methodology

The results of audit at both the State and the district levels were taken into account in arriving at audit conclusions. While framing the conclusions and recommendations, good practices and positive findings/success stories of programmes have also been reported.

The audit findings, conclusions and recommendations on each stated objective of the Performance Audit have been discussed in the following chapters.

1.4.5 Limitations

Audit called for various records and information even before the start of field audit, for planning and during the course of audit in the sampled districts and from various departments, directorates, commercial corporations and cooperative societies of the Government of Uttar Pradesh. This was followed up at various levels through letters, telecons, meetings *etc*., but the pace of production of records was not satisfactory. In some cases partial records/information and even unauthenticated records were furnished.

In order to satisfy itself that all records pertaining to NRHM had been furnished, Audit sought an assurance to that effect from the Government. However, the Government did not furnish any assurance that all records pertaining to six years of NRHM (2005-11) had been provided to Audit.

Details of major records that were stated to be unavailable with the audited entity, at the State and District levels are given in ***Appendices 1.3*** and ***1.4*** respectively. The Reports of GoI's Review Committee, Joint Review Committee and NRHM Review Committee of May 2011; Rural Health Statistics, 2010 of GoI etc. were made use of, to the required extent, wherever records were not made available by the State Government.

Audit was limited in its scope, due to non-production of records at the different tiers of the Government, for various reasons. During the course of audit, at many units, it was informed, that records were either not available in full or not available at all. In quite a few instances, Audit observed that original records had not been maintained, particularly relating to Accounts.

Audit was also constrained by the delay in furnishing records/responses. Given that the flow of records, information and responses were not timely, Audit had to depend also on related material, such as the inspection/review reports of the GoI, PIPs, websites, orders of the Allahabad High Court *etc*.