

Chapter 3 Compliance Audit

WOMEN AND CHILD DEVELOPMENT DEPARTMENT

3.1 Procurement and distribution of *dal* under Supplementary Nutrition Programme (SNP) and Mid-Day Meal (MDM) scheme.

3.1.1 Introduction

Integrated Child Development Services (ICDS) has six components like Supplementary Nutrition Programme (SNP), Immunisation, Health Check ups, Referral services, non-formal pre-school education, Health and Nutrition Education. The component SNP is under implementation in the State from 1975 with the objective of improving the nutritional and health status of children below the age of six years, pregnant women and lactating mothers. Similarly, the National Programme of Nutritional Support to Primary Education (NP-NSPE, commonly known as Mid-Day Meal scheme or MDM) is being implemented in the State as a Centrally Sponsored Scheme since 1997-98 with a view to enhance enrolment, retention and attendance of students and simultaneously to improve nutritional levels among students. During 2008-11; 2.75 crore beneficiaries (SNP: 1.48 crore and MDM: 1.27 crore) were covered under the above schemes with a total expenditure of ₹2392.46crore¹ which included ₹ 715.85 crore for procurement of 1457048 quintals of *dal* under SNP and MDM as per data collected from the District Social Welfare Officers (DSWOs) of the State.

The Women and Child Development (WCD) Department is the nodal Department for implementation of both the above programmes in the State during the above period. The DSWOs procure *dal* at the district level for supply to the Anganwadi Centres (AWCs) and the schools. While the Child Development Project Officers (CDPOs) supervised the feeding at AWC level, the Block Development Officers (BDOs) are responsible for supervision of the MDM at school level. Under SNP, 30 to 40 grams of *dal* per beneficiary was supplied for 'hot cooked meal' or as 'take home ration' (THR), while the same was 20 to 30 grams under MDM programme.

The WCD Department set the ceiling price in September 2009 for procurement of *arhar dal* at ₹ 75 per kilogram (kg) on the ground of rise in market price for SNP under ICDS effective from 1 October 2009 and in January 2010 for MDM. There were allegations in the print and electronic media about act of malfeasance in procurement of *dal* at higher prices and supply of sub-standard *dal* under the programmes during January 2010 to March 2011.

¹ SNP: ₹ 1004.18 crore and MDM: ₹ 1388.28 crore

3.1.1.1 Implementation arrangements

The Department has elaborate field formations with the DSWO to assist the Collector in each District and a Sub-Divisional Social Welfare Officer (SSWO) in every sub-division. Besides, there are Social Educational Organisers (SEOs) and Lady Social Educational Organisers (LSEOs) at the Block level who assist the Block Administration in implementing the social welfare programmes including MDM. Under the ICDS, there is a Project in every Community Development Block and urban areas headed by a Child Development Project Officer (CDPO). Each ICDS Project is divided into Sectors. Each sector is headed by a Supervisor, who oversees the work of AWCs.

3.1.1.2 Audit Objective

We conducted this audit with the objectives to assess whether:

- annual survey was conducted for identification of the beneficiaries and the result was considered for planning purpose;
- there was fairness and transparency in tendering, fixation of price and procurement;
- there was an efficient and effective system to ensure that the right quantity of items reached the Anganwadi Centres/ Schools at the right time;
- quality control mechanism was efficient, effective and robust at every stage of the process i.e. from purchase to the final distribution at the Anganwadi Centers/Schools;
- Inspection and monitoring mechanism for quality assurance was in place and was efficient and effective.

3.1.1.3 Audit Criteria

The criteria for this audit were derived from following documents.

- Scheme guidelines and other instructions issued by the Government of India (GoI) on Integrated Child Development Services and National Programme of Nutritional Support to Primary Education(MDM);
- Circulars and orders issued by State and Central Government;
- Odisha General Financial Rules and OPWD Code.

3.1.1.4 Scope and methodology of audit

We conducted the audit during May 2011 and October 2011 - March 2012, May 2012 and September 2012 and test checked the records of the WCD Department, six District Social Welfare Officers (DSWOs)², six Child Development Project Officers (CDPOs)³, six Block Development Officers (BDOs)⁴, 60 Anganwadi Centres (AWCs) and 60 Schools covering the period 2008-11. Out of 30 districts, we selected five districts through stratified

² **DSWOs:**(1) Angul , (2) Balasore, (3) Ganjam,(4) Khordha (5) Mayurbhanj and (6) Rayagada

³ **CDPOs:** (1) Angul, (2) Badasahi, (3) Bhogarai, (4) Rangeilunda , (5) Rayagada, (6) Urban, Bhubaneswar

⁴ **BDOs:** (1) Angul , (2) Badasahi, (3) Bhogarai, (4) Khordha (5) Rangeilunda and (6) Rayagada,

random sampling method without replacement using IDEA software and treated Khordha district as the additional sample being the capital district. The Audit findings were discussed with the Commissioner-cum-Secretary, WCD Department in an exit conference held on 19 October 2012 and their responses were duly incorporated in the report at appropriate places.

3.1.1.5 Constraints faced in audit

During audit, we encountered inordinate delay in production of records at departmental level as indicated in **Table 3.1**

Table 3.1: Statement showing delay in production of records

Date of requisition of records	Records requisitioned	Audit check that could not be carried out as a result of such non- production	Response of the Department
19 October 2011	Intimation letter sent to WCD Department for commencement of audit.	Due diligence in price fixation, quality and monitoring aspects etc.	Although the Director, Social Welfare assured to produce the records by 24 October 2011, no records were produced till 25 October 2011. Production of records started after issue of reminder on 25 October 2011.
20 October 2011	Requisition for production of records including those relating to price fixation		
25 October 2011	Reminder for production of records		
31 October 2011	Specific requisition for records relating to fixation of price of dal	Procedure followed while fixing the ceiling price of <i>dal</i> and the observations of the State Level Monitoring Committee on implementation of the programmes.	Relevant records not produced till 7 November 2011.
8 November 2011	Reminder for production of records requisitioned on 31 October 2011		No records produced till 25 November 2011.
26 November 2011	Second reminder issued for records relating to price fixation and other records relating to State / District level monitoring committees and External Evaluating Agencies etc,		No records produced till 1 December 2011.
02 December 2011	The matter regarding non production of records on price fixation was taken up through a demi-official letter with Commissioner-cum-Secretary, WCD Department by the Deputy Accountant General, Office of the Accountant General (G&SSA), Odisha		The records were produced after the issue was taken up demi-officially in the first week of December 2011.

The Department stated (October 2012) that in case of specific records which involve considerable time for retrieval; there were procedural delays, which were not intentional on the part of the Department. The reply was not tenable as all the records related to the period 2008-11 and were within their preservation period.

Audit findings

3.1.2 Survey and assessment of beneficiaries under MDM and SNP

3.1.2.1 Identification of beneficiaries under MDM

The MDM scheme envisaged coverage of students and estimation of requirement of finances with district-wise information on the average number of children who had availed of MDM in the previous year based on school level attendance register. The WCD Department projected⁵ the figures of Odisha Primary Education Programme Authority (OPEPA) which were based on enrolment for coverage during the years 2008-09 to 2010-11. However, the approved number of students and the actual coverage was less than the projected students during 2008-11.

3.1.2.2 Annual survey not conducted under SNP

Beneficiary projected for coverage under SNP was not based on annual survey which included 3.66 lakh non-existent beneficiaries

As per Government of India (GoI) instructions (July 2005), the Anganwadi Worker (AWW) was required to conduct survey of all the families in the locality once in a year to identify the targeted beneficiaries. The data collected by AWWs was required to be aggregated at block, district and State level for assessment of requirement of foodstuff.

We noticed that annual survey was not conducted regularly in the test checked districts. As such, the data furnished by the AWW and compiled at CDPO / DSWO / State level were not based on actual number of beneficiaries. We also noticed that the WCD Department projected a total number of 48.79 lakh beneficiaries for the State for the year 2008-09. However, the Department projected the same number of beneficiaries (49.09 lakh) for both the years 2009-10 and 2010-11 under SNP, casting doubts on the annual survey and its reliability. After media reports on non-existing beneficiaries, the District Collectors made verification of beneficiaries and detected (January-February 2011) 3.66 lakh non-existent beneficiaries in 28 districts and 8918 left over beneficiaries in two districts⁶.

The Department stated (October 2012) that after universalisation of coverage under ICDS from 2009, monthly enumeration was made, thus making annual survey redundant as there was possibility that many eligible beneficiaries would be left out.

The reply was not acceptable as household survey was required to identify eligible beneficiaries correctly and the Department had also identified 3.66 lakh non-existent beneficiaries based on such survey in the past. Further, monthly enumeration as stated by the Department was not fruitful as despite such enumeration, non-existent persons remained unidentified till door to door survey was conducted. Such assessment of eligible beneficiaries would help in planning, assessment of requirement of fund and preparation of budget estimates.

⁵ Students projected/approved/covered (Primary and Upper primary); 2008-09: 6467059 / 4410700/3059896, 2009-10: 615042/5687698/4789247 and 2010-11: 5787428/ 5700000 / 5199491

⁶ Baragarh (1394) and Keonjhar(7524)

Transparency and fairness in price fixation, tendering and procurement

3.1.3 Deficiencies in the procurement process

As per the instructions issued (July 2001) by the WCD Department, the District Collectors were to procure *dal* at the district level by observing the tender procedure and complying with the financial rules. For this purpose, a Purchase Committee was to be constituted under the Chairmanship of the District Collector with Civil Supplies Officer (CSO) and Chief District Medical Officer (CDMO) or their representative as members and DSWO was to act as the Member-Convener. The Committee would finalise the bids after testing the quality of *dal*, purchase good quality *dal* and ensure distribution of quality foodstuff to the beneficiaries. The Mothers' Committee⁷ formed at the feeding centre level was also to examine the quality of *dal* and give a certificate to that effect, based on which the payment to the supplier would be made. The purchase was not to be made for more than one month's requirement. The Department prescribed the "ceiling" price of *arhardal* as ₹ 75 per kg under SNP effective from 1 October 2009 and under MDM from January 2010.

Procurement of foodstuff in the feeding programmes was, however, decentralised from April 2011. Under the decentralised system, local procurement would be made by AWW and Ward member under SNP and by Self Help Groups (SHGs) / School Management Committee in case of MDM. The purchases were to be made from local shops / *haats* / retailers. The *Janch* Committee⁸ would decide on the quantity, quality and the place from where the food items would be purchased.

The deficiencies noticed in the procurement process in the centralised system up to March 2011 are discussed in the succeeding paragraphs.

3.1.3.1 Deviation from the prescribed procurement system

The MDM guidelines (paragraph 3.11) envisaged that village level Panchayati Raj Institutions were to be involved for procurement of other consumables (other consumables included "*dal*" in Odisha). Handbook of instructions (paragraph 2.1) on ICDS prescribed (December 1988) that Anganwadis, as far as possible, should be run by voluntary organisations, local bodies, Panchayats, Indian Council for Child Welfare etc by providing grant-in-aid. The Hon'ble Supreme Court of India also in their order (October 2004)⁹ held that contractors were not to be used for supply of nutrition in Anganwadis and ICDS funds were to be spent preferably by making use of village communities, SHGs and *mahila mandals* for buying food grains and preparation of meals. Besides, the Chief Secretary, in the State Level

Decentralised system for procurement of *dal* involving village level organisations was delayed by a period over six years after the order of Hon'ble Supreme Court

⁷ Mothers Committee were constituted at feeding centre level from among Pregnant Women and Lactating mothers, mothers of children below the age of 3 years, local ward member, NGO / *Yuvak Sangh* / Social worker. Mothers Teachers Association were also formed under MDM for supervising the feeding at school level.

⁸ Retired Government/ PSU employee, President/ Secretary of two SHGs, Chairperson of Mothers' Committee, President of Village Education Committee

⁹ In the case of WP(C) No.196 of 2001 relating to implementation of ICDS

Coordination Committee (SLCC) meeting instructed (July 2007) the WCD Department to work out details for associating SHGs in the implementation of ICDS and also for direct release of funds to SHGs through CDPOs. The Revenue Divisional Commissioner (RDC), Central Division also echoed (April 2008) similar views of local supply of *dal* by SHGs.

The Secretary/Director, however, continued to issue instructions to the districts for procurement of *dal* at district level through tender process in deviation from the aforementioned scheme guidelines. Though, the WCD Department initiated action to decentralise the system in 2006 and 2008 on pilot basis (Jatni Block of Khordha district and Khallikote Block of Ganjam district); implemented in 30 headquarter blocks of the State from October 2009 and in 2900 AWCs (60 *per cent*) in Ganjam district by December 2010, yet full scale operation could materialise only from April 2011.

The Department stated (October 2012) that it implemented and decentralised procurement in 2011 after building up capabilities over a period of time, which was appreciated by different agencies including the Commissioners of the Apex Court.

The fact, however, remained that the implementation of the decentralised procurement system was unreasonably delayed by a period of over six years after the order of the Hon'ble Supreme Court in 2004. The centralised procurement system (from 2001 to March 2011) was not in accordance with the provisions of the scheme guidelines for which village level organisations, local bodies, SHGs could not be involved in the procurement process.

3.1.3.2 Invitation of tender at "ceiling" price deterred competitive price discovery

Ceiling price fixed for procurement of *dal* did not allow the most competitive price to emerge as this was misinterpreted by collectors as Government approved fixed price

The Government of Odisha in WCD Department fixed the price of *dal* from time to time and communicated the same to the districts for its procurement on tender basis. Due to spurt in prices of *arhar dal* in the market and inability of suppliers to supply *dal* at old rate, the Department decided (July 2009) to revise the price of *dal* based on the prices of the Food Supplies & Consumer Welfare (FS&CW) Department.

The price of *arhar dal* was ₹ 71.94 (July 2009), ₹ 71.42 (August 2009) and ₹ 69.86 (September 2009) as per Market Intelligence (MI) reports of FS&CW Department. The Revenue Divisional Commissioner (RDC), Southern Division and the district authorities of (Mayurbhanj and Ganjam) intimated (July 2009) the inability of the suppliers to supply *dal* at old rate due to spurt in prices of *arhar dal*. Audit noticed that the Department made a proposal, *inter alia*, for increasing the price of *dal* from ₹ 35 to a maximum of ₹ 75, which was approved by the then Minister, WCD Department and the Government (August 2009) for SNP. Accordingly, the Department issued instructions (September 2009) to the District Collectors stating that:

“As per the revised norms of *dal*, it would be a maximum of ₹ 75 per kg at par with market rate. Therefore, the agreement should be done for

supply of *arhar dal* of best quality by fresh tender process for a period of six months”.

Similarly, ceiling price of *arhar dal* under MDM was also fixed at ₹ 75 per kg in January 2010.

However, the Department did not clearly specify what would constitute as "best quality" as discussed further in **paragraph 3.1.3.4**. We noticed that while 12 districts¹⁰ procured *arhar dal* in the State during 2009-11 at this Government approved ceiling price of ₹ 75 per kg, 11 districts¹¹ procured *dal* at marginally less than ceiling price and in the rest seven districts¹² the procurement price ranged between ₹ 63 - ₹ 72 per kg though the market rate of *dal* was much less during the period as discussed at **paragraph 3.1.3.3**. We further noticed that:

- In four¹³ out of six test checked districts, the Collectors misinterpreted the ceiling price as Government fixed price for procurement of *dal* and mentioned it accordingly in the tender call notices (September 2009 and June 2010) for supply of “best quality” *arhar dal* at ₹ 75 per kg. In three such districts (Angul, Balasore and Ganjam), the bidders were asked not to quote any rate but to submit the samples. As a result, such action did not allow the most competitive price to emerge. Thus, the Government’s administered ceiling price of ₹ 75 per kg was converted into a “fixed price” for *dal* instead of a “ceiling” (maximum).
- Though bids were finalised (between October 2009 and June 2010) at ₹ 75 per kg in three (Balasore, Ganjam, Mayurbhanj) of these four test checked districts, in Angul the bid was awarded (May 2010) to two bidders at ₹ 74.61 per kg ignoring the offers of four bidders who quoted between ₹ 64.71 to ₹ 67.50 on the presumption that offer below ₹ 70 per kg may not be realistic and in the process, the Department incurred an avoidable expenditure of ₹ 1.18 crore¹⁴.
- In the remaining two test checked districts (Khordha and Rayagada), the tenders were invited (June 2010) indicating maximum rate of ₹ 75 per kg for *arhar dal*. As a result, financial bids were received ranging from ₹ 63 to ₹ 75 per kg from five bidders in Khordha and at the rate of ₹ 75 per kg from two bidders in Rayagada. The tenders were finalised (June 2010) at the negotiated price of ₹ 74.90 per kg in Rayagada and lowest offer of ₹ 63 per kg in Khordha.

¹⁰ (1) Balasore, (2) Bargarh (3), Boudh ,(4) Cuttack , (5) Ganjam, (6) Kandhamal, (7)Keonjhar, (8) Koraput, (9) Malkangiri, (10) Mayurbhanj, (11) Sambalpur and (12) Subarnapur

¹¹ (1)Angul, (2) Deogarh, (3) Gajapati, (4) Jagatsinghpur, (5) Jharsuguda, (6) Kendrapara, (7) Nayagarh, (8) Nuapada, (9) Puri, (10) Rayagada and (11) Sundargarh,

¹² (1) Bhadrak, (2) Bolangir, (3) Dhenkanal, (4) Kalahandi, (5) Khordha, (6) Nawarangpur and (7) Jajpur

¹³ Angul, Balasore, Ganjam, Mayurbhanj

¹⁴ The purchase price finalised was ₹ 7461 per quintal as against lowest rate of ₹ 6471 (Bhanjaprava Super Bazar, Cuttack) : Differential cost= ₹ 7461-₹ 6471= ₹ 990 x 11879 quintals = ₹ 1,17,60,210

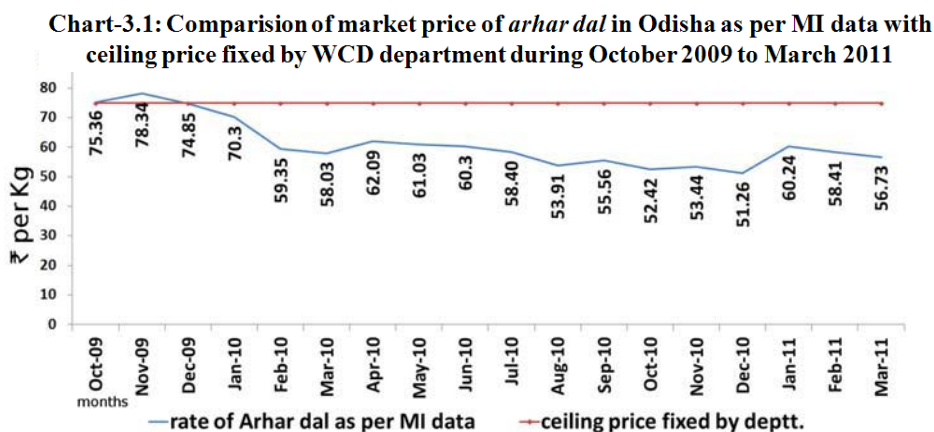
In reply, the Commissioner-cum-Secretary stated (October 2012) that fixation of ceiling price of ₹ 75 was a policy to signal that the districts should not buy at higher price and need not buy low quality *dal* at cheaper price compromising on quality. She also stated that price ceiling does not prevent competitive bidding.

The reply was not tenable as the specification of 'best quality' *dal* was neither defined by the Government nor indicated in the tender documents. The bidders were even asked not to quote the rate and only supply best quality *arhar dal* at ₹ 75 per kg.

3.1.3.3 Avoidable loss of ₹43.61 crore

Despite consistent fall in price, the ceiling price of *arhar dal* was not revised resulting in loss of ₹ 43.61 crore

The Market Intelligence Wing of FS&CW Department collects data on wholesale prices of different commodities including pulses on month to month basis in the State. It also compiles the market price every year with the objective of providing a support system to the decision makers, policy formulators and consumers of the State, besides making available the market intelligence information to GoI and the Departments of the State Government. The 'wholesale market price' per kg of *arhar dal* during the period from October 2009 to March 2011, as per market intelligence reports, was indicated in the **chart 3.1** below:



As would be seen from the above, the wholesale market price of *arhar dal* consistently remained below ₹ 75 per kg during January 2010 (₹ 70.30 per kg) to March 2011 (₹ 56.73 per kg). The Department, however, did not take any step for revision of price despite the fact that the ceiling price fixed in October 2009 under SNP was valid for six months i.e. upto March 2010 and the Secretary in his note (July 2009) opined to revise the rate after October 2009 as the price of *dal* would reduce after harvesting.

It was only after the direction (May 2010) of the Hon'ble High Court to constitute a Committee to monitor the *dal* prices, based on a writ petition seeking direction to call for fresh tender for supply of *arhar dal* as the rate of *arhar dal* had fallen down to ₹ 68 from ₹ 75 per kg, a Committee¹⁵ was

¹⁵ The committee consisted of Commissioner-cum-Secretaries of the Agriculture, WCD and FS&CW Departments as Chairman, Member convener and Member respectively.

constituted in July 2010 to scrutinise, verify and monitor the price and quality of *arhar dal* supplied under MDM programme. The RDC (Northern Division) also requested (November 2010) the Commissioner- cum- Secretary, WCD Department to revise the ceiling price of *dal* in consultation with FS&CW Department since the ceiling suggested (January 2010) by WCD at ₹ 75 helped the bidders to quote high price causing loss to Government. However, the first meeting of the Committee was convened only in December 2010, i.e. about six months of its formation and that too when the price of *dal* remained much below the ceiling price.

The Committee noted (December 2010) that the market price varied between ₹49 to ₹ 60 per kg at different locations and instructed (December 2010) the Collectors to renegotiate with the suppliers for downward revision of price keeping in mind the prevailing market price in the districts. However, in test checked districts, we noticed that

- In Rayagada district, the supplier did not accept (February 2011) the request of the DSWO for reduction of price of *arhar dal* at par with prevailing market rate, as the contract period was up to March 2011.
- In Balasore and Mayurbhanj districts, no requests were made to the suppliers by the DSWOs as the records were seized (January 2011-February 2011) by vigilance on the ground of irregular purchase and *dal* was not purchased at district level thereafter.
- The DSWOs, Angul and Ganjam did not attribute any reason, though specifically asked in Audit.

Further, the information collected in Audit from all the 30 districts showed that, 12 districts purchased *arhar dal* at ₹ 75 per kg due to interpretation of the 'ceiling' price as Government approved price and other 18 districts procured *arhar dal* at higher rates than the prevailing wholesale market price. As the Department did not take steps for downward revision of price of *dal* before expiry of six months contract period i.e., October 2009 to March 2010 and the contracts were renewed based on instructions (May/June 2010) of the Department, the suppliers continued to supply *dal* at higher rates till introduction of the decentralised procedure (April 2011), despite fall in market price.

Considering the highest wholesale market price (₹ 62.09 per kg) prevailing during 2010-11, there was a loss of ₹ 43.61 crore due to procurement of *arhar dal* during April 2010 to March 2011 as detailed in **Appendix 3.1.1 to Appendix 3.1.5**. Even if, we consider the average annual wholesale market price (₹ 56.99 per kg) during the period, the loss would be ₹ 65.75 crore after taking into account the 'transport / handling costs of ₹ 75 per quintal'.

The Commissioner-cum-Secretary stated (October 2012) that as the Committee set up was mandated to meet once in six months and it met in December 2010, there was no delay on the part of the Department. She further stated that the ceiling was fixed for 'best quality *dal*' and not for the second quality *arhar dal*. The price of best quality *dal* was ruling between ₹ 82 to ₹ 84 in the markets of the State during that period as per FS&CW Department

communication (February 2011). There was always a price difference of ₹ 10 between the best quality and second quality *dal* and it was not established that *dal* bought across the State was not worth the tendered price. The Department further stated that the ceiling price included transport, handling, logistics etc. The Department also stated that ₹ 7.8 crore was withheld in Ganjam (₹ 5.5 crore) and Balasore (₹ 2.3 crore) districts and ₹ 16.56 crore remained unpaid in 15 districts.

The reply was not acceptable as

- the Committee should have been convened immediately after its constitution (July 2010) as there was consistent fall in price of *dal* from January 2010.
- there was nothing on record that the Department had considered the market rate of ₹ 82 - ₹ 84 per kg specifying norms for best quality *dal* while fixing the ceiling price of ₹ 75 for the best quality *arhar dal* in September 2009. As such the contention of the Department for availability of best quality *dal* at the above rate was an afterthought in view of letter of FS&CW issued in February 2011.
- the price which was considered by WCD Department for fixing the ceiling price had fallen from January 2010 consistently and the loss was calculated taking into account the highest/ annual average of said prices only for the period i.e. April 2010 to March 2011. Hence the difference of ₹ 10 with reference to best quality *dal* for calculation of loss did not arise.
- the *dal* procured was not of best quality at the ceiling price of ₹ 75, as the two suppliers viz OCCF and Bhanjaprava placed orders for supply of good quality *arhar dal* on sub-suppliers and asked them to supply at feeding centres under MDM and SNP. Thus, supply of best quality *dal* appears to be a misnomer, as there were no norms for good versus best quality *dal*. The report of Market Intelligence Officer (January 2011) indicated that *dal* supplied in four schools and two AWCs (Ganjam district) was worth ₹ 58 to ₹ 60 per kg against the procured price of ₹ 75 per kg.
- The offered price of approved sample of best quality *arhar dal* at ₹ 75 per kg was almost finalised by tender committee of Jajpur in July 2010 (under MDM for 2010-11). But this was reduced to ₹ 67 per kg on negotiation as the Civil Supplies Officer, Jajpur who was a member of the Tender Committee insisted for negotiation for downward reduction of the offer on the ground that market price of such variety of *dal* was much less than the rate (₹ 75) at which tenders were invited.
- Supply of poor quality *dal* was also pointed out by the State Vigilance in five districts as discussed in succeeding paragraph. The Department in its reply had stated that they had withheld the payments amounting to ₹ 7.8 crore of suppliers in Ganjam and Balasore districts as the *dal* supplied was not conforming to the standards. Besides, The Department stated (November 2012) that ₹ 8.64 crore relating to Jajpur district remained unpaid. Further the Department had also blacklisted

(February 2011) a firm for supply of poor quality of *dal* during January 2010 to March 2010 in Deogarh district based on reports of Superintendent of Police (September 2010), Vigilance and the Collector, Deogarh (November 2010).

Thus, the contention of the Department as to supply of *dal* worth the tendered price was not correct.

3.1.3.4 Specification of 'best quality' *dal* was not defined

Best quality *dal* was not defined though the ceiling price was fixed for it and all prescribed tests were also not conducted before procuring *dal*

As per Pulses Grading and Marking Rules 2003 enacted under Agricultural Produce (Grading and Marking) Act 1937¹⁶ effective from 7 April 2004, branded packets of pulses containing insignia of AGMARK with the specification of grades of the commodity as 'special', 'standard' and 'general' indicate the quality of the pulse in the packet. The Rules provide that for assigning the above grading, an authorised certification agency has to undertake seven different types of tests before packing the commodity in the package. Similarly, the Prevention of Food Adulteration Act (PFA) 1954 and Rules made there under, also prescribed seven different types of tests¹⁷ to be undertaken for assigning grade specification of the commodities to prevent use of sub-standard *dal*. The Department prescribed (September 2000) four simple tests¹⁸ to be conducted before receiving the stock. However, it did not prescribe any standard / norm for 'best quality of *dal*'. As a result, the districts could not mention any norm / specification for the 'best quality' *dal* to be procured at the ceiling price of ₹ 75 per kg in the tender document and they did not insist the suppliers to furnish the quality certificate from the recognised food testing laboratories.

On test check of records of six DSWOs, we noticed that the tender call notices (TCNs) for procurement of *arhar dal* insisted that the tenderers were to furnish two sealed samples of the *dal* each containing 500 grams along with the tender papers and the decision of the tender committee in respect of the quality of *dal* would be final. We, however, noticed that before finalisation of tender, the tender committees of test checked districts had neither conducted seven tests prescribed under PFA Act nor conducted all the four tests prescribed by the Department as indicated in the **Table-3.2**.

¹⁶ A central Act

¹⁷ Tests prescribed under PFA Act 1954: (i) Aflatoxin, (ii) Damaged grains, (iii) Foreign matter, (iv) Moisture, (v) Other edible grains, (vi) Uric acid content and (vii) Weevilled grains.

¹⁸ (i) Visual examination to identify nature of adulteration, (ii) physical inspection to know if there is any infestation causing unpleasant odour and taste or excessive moisture or damaged grains, (iii) shaking a portion of the sample with cold/warm water and treatment with hydrochloric acid to find out application of colour, (iv) boiling the sample for 30-45 minutes to estimate the quantity of uncooked portion and judge the edibility of *dal*.

Table-3.2: Comparison of tests conducted by the districts before finalisation of tender

Name of the district	Year of tender and scheme under which procured	Number of tests to be conducted as per PFA Act	Number of tests conducted	Shortfall	Quantity purchased (in Quintal)
Angul	2010-11 for SNP/MDM	7	2	5	11879.00
Balasore	2010-11 for SNP	7	1	6	9890.71
Ganjam	2010-11 for MDM/SNP	7	4	3	18295.60
Khordha	2010-11 - for MDM	7	4	3	8747.40
Mayurbhanj	2009-10 for SNP/MDM	7	2	5	46830.00
Rayagada	2010-11 for SNP/MDM	7	Nil	7	13714.53
Total					109357.24

(Source: Records of concerned DSWOs)

In absence of conducting requisite tests, there was no evidence on record about purchase of best quality *dal* of 109357.24 quintals ‘*arhar dal*’ in these districts during 2009-11 at district level.

In reply, the Commissioner-cum-Secretary stated (October 2012) that parameters for quality testing of *dal* under MDM and SNP was prescribed in September 2000 based on PFA Act 1954 and the same was reiterated in November 2009 and 2010. She added that for PFA, the rules are for assigning grade specification of the commodity and that there is no branding of pulses in the country. She further stated that the districts were well aware of the testing guidelines and tests were conducted before taking decisions.

The reply was not tenable since Government’s reference to PFA Act was erroneous as PFA is applied for preventing consumption of sub-standard quality of a food item and not for buying the ‘best quality’ of a produce/commodity. The earlier instructions (September 2000) of quality checking were followed without incorporating additional parameters for ensuring supply of best quality *dal*. Moreover, the tests were not conducted by the authorities in test checked districts as indicated in table above and the specifications were not prescribed for ‘best quality of *dal*’. In Tamilnadu Agmark specifications were followed clearly stating the requirements and maximum limit of tolerance *per cent* by weight for the *dal* to be procured.

3.1.3.5 Avoidable expenditure of ₹0.76 crore

The DSWO, Khordha invited sealed tenders (October 2007) for supply of *dal* under SNP and MDM schemes for the year 2007-08. Six bids were received of which three were rejected due to non-availability of solvency certificate and the offer price of the rest three bidders was indicated in **Table-3.3** below

The rate of lowest bidder was ignored even after the *dal* sample was found to be acceptable after prescribed tests

Table- 3.3: Different rates quoted by the supplier for different types of dal in Khordha district

Name of the bidding firm	The rates offered by the bidders against different category of dal (in ₹ per quintal)			
	Mung dal	Arhar dal	Buta dal	
Maa Tarini Enterprises, Nuabazar, Chandikhol	3425	3445	3185	second lowest
Ramotara Agrawalla & Co, Jatni	3231	3231	3141	lowest
Durga Dutta Fakirchand, Jatni	3500	3500	3200	highest

(Source: Proceedings of tender committee of DSWO, Khordha)

The District Level Purchase Committee¹⁹ (DPC) conducted the quality check of the *dal* samples furnished by the bidders as per Government instructions (September 2000) by carrying out prescribed four tests and found to be acceptable. But instead of considering the price of the lowest bidder (Ramotara Agrawalla & Co, Jatni.), the Committee accepted the highest bid of Durga Dutta Fakirchand, Jatni on the ground that the cooked *dal* of highest bidder “tasted better”, though quality testing by taste of the cooked food was not prescribed under PFA Act. This was completely irregular and against the basic cannons of financial propriety. As a result, the Government had to incur extra expenditure of ₹ 0.76 crore²⁰ on purchase of *arhar dal* and *buta dal* during the period October 2007 to July 2009.

In reply, the DSWO, Khordha stated (June 2011) that the Tender Committee put emphasis on past experience, quality of *dal* and credibility of the bidder. The reply was not tenable since offer of acceptable quality of *dal* at lower rate was rejected which was in violation of the financial rules.

3.1.3.6 Supply of dal under MDM without tender

In Mayurbhanj district, the suppliers of *arhar dal* under SNP and MDM programme were selected (October 2007) on tender basis for 2007-08. The terms and conditions of supply by the suppliers of 2007-08 were extended up to September 2009 to ensure non-disruption of supply to feeding centres / schools. Fresh tenders were invited (September 2009) under SNP for the remaining part of 2009-10 for supply of *dal* indicating that the Government approved price was ₹ 75 per kg. The tender was finalised (October 2009) in favour of two bidders at the same price of ₹ 75 per kg. However, without any tendering, the DSWO intimated (19 January 2010) the existing suppliers for supply of *arhar dal* under MDM from February 2010. Subsequently, though the Collector approved (February 2010) to continue the supply till receipt of further instruction from Government, yet it permitted (February 2010) the suppliers to supply *arhar dal* under SNP and MDM for 2010-11. The

The existing suppliers were allowed to supply *arhar dal* without inviting fresh tender, thereby losing the opportunity to discover competitive market price

¹⁹ The district level purchase committee comprised of Collector as Chairman, DSWO as Convener and Civil Supplies Officer/District Agriculture Officer/ District Chief Medical Officer as members.

²⁰ (@ ₹ 269 x quantity of *arhar dal* procured under SNP and MDM (28107.95 quintal) and (@ ₹ 59 x 14.10 quintal of *buta dal* procured under SNP and MDM)

Collector also entered into an agreement (25 February 2010) with both the suppliers to supply *arhar dal* at the rate ₹ 75 per kg up to March 2011.

We further noticed that the Department instructed (June 2010) the Collectors to purchase *arhar dal* within the ceiling price of ₹ 75 per kg by inviting fresh tender. When the Collector invited (August 2010) a fresh tender for purchase of *arhar dal* during rest part of 2010-11, the supplier moved to the Court of law and the court directed (August 2010) the Collector to be bound to the terms and conditions of agreement dated 25 February 2010 till the date of its expiry on 31 March 2011.

Thus, entering in to an agreement in February 2010 with existing suppliers to supply *dal* up to 31 March 2011 under MDM without fresh bidding in January 2010 itself was irregular and arbitrary and the Collector, Mayurbhanj lost the opportunity to discover competitive market price and also violated prescribed Government procedure.

The Department stated (October 2012) that tender for MDM invited in June 2010 by the district administration could not materialise as the matter became sub-judice due to which the supplier under SNP was asked to supply *dal* under MDM also.

The reply was not tenable since the suppliers were allowed (February 2010) to supply *dal* under MDM from February 2010 and an agreement was entered in February 2010 for supply of *dal* up to March 2011 and that no tender was even initiated during January to May 2010, when the ceiling price of *arhar dal* under MDM was communicated to the districts in January 2010.

3.1.4 Ordering system

3.1.4.1 Short/ non-supply of dal to AWCs / schools

There was short/ non supply of dal in feeding centres. Dal was also found in damaged condition.

The supplier was to supply *dal* at feeding centre level (AWC/School) or block level as per agreements executed with DSWOs. The DSWOs at district level as well as the CDPOs (for SNP) /BDOs (for MDM) at the block level were responsible for ensuring continuity in supply of the right quantity of *dal* at the right time so that there was no disruption in feeding and at the same time there was no excess procurement of *dal*.

We noticed that in five out of six test checked districts, during 2008-11, the suppliers supplied *dal* at feeding centres in Angul, Balasore, Ganjam, Khordha, Rayagada and in Mayurbhanj the supplies were made at CDPO / block godown which were transported to feeding centres by engaging separate transport contractors. However, the following irregularities and deficiencies were noticed in the distribution process.

- Verification conducted (February 2011) by DSWO, Balasore revealed that there was no stock of *dal* in 798 schools and 265 AWCs out of 3416 schools and 3875 AWCs of the district. *Dal* found in 108 schools and three AWCs was reported by the DSWO to be not fit for consumption due to prolonged storage. In addition, 14.37 quintals of *dal* was found damaged in 29 schools. Admitting the facts, DSWO, Balasore stated that while *dal* was damaged due to non-issue and prolonged storage; *dal* could not be procured and supplied during

February and March 2011 due to seizure of records by Vigilance. The reply was not acceptable as the officers responsible for implementation of the scheme did not ensure supply of adequate quantity of *dal* to AWC / school as per requirement. The Collector, Balasore also observed the same and asked (February 2011) the DSWO as to why it was not brought to the notice of higher authorities. There should have been timely arrangements to avoid excess supply of *dal* / proper utilisation of balance unused *dal* and shortage of *dal* in coordination with neighbouring AWCs/schools. Further, the action taken on quantity of *dal* damaged was not stated.

- In Badasahi block under Mayurbhanj district, four quintals of *dal* was damaged due to soaking in rain water. The Collector, Mayurbhanj instructed (January 2011) to suspend the concerned Lady Social Educational Organiser (LSEO) and call for explanation from BDO for lack of supervision. Action taken in this regard could not be furnished by the DSWO (September 2012).
- Apart from the above, during test check of records of 60 Schools and 60 AWCs, we noticed interruption in feeding for months together due to non / short supply of *dal* against requirement / ordered quantity during 2008-11 as indicted in **Table 3.4** below:

Table 3.4: Interruption of feeding in test checked districts

Name of the district and block	Cases where interruption noticed		Period of interruption in days (minimum to maximum)	
	AWCs	Schools	AWCs	Schools
Angul, Sadar block	10	8	75-205	16-138
Balasore, Bhograi block	9	8	10-299	10-66
Ganjam, Rangeilunda block	9	3	57-273	18-61
Mayurbhanj, Badasahi block	1	7	27	3-74
Rayagada, Sadar block	6	1	5-81	5

(Source: Stock register of AWC/schools concerned)

Though utensils were available, there was shortage of eating plates in all test checked AWCs and schools. However, drinking water facility was available in the test checked AWCs/schools.

While CDPOs/BDOs of Angul (Sadar), Badasahi, Rangeilunda and Rayagada (Sadar) blocks did not offer any comments, the Block Development Officer, Bhograi stated that there was late/short supply of *dal* from the district office.

- We also noticed shortfall against the prescribed visit by the CDPO / BDO in Bhograi, Badasahi blocks as well as by CDPO, Sadar in Angul block and BDO, Sadar block in Rayagada district during the years 2008-11. The inspection of district level officers like DSWO / District Magistrate / Additional District Magistrate in test checked blocks of Angul, Balasore and Mayurbhanj ranged between '0 and 32 per cent', '10 and 18 per cent' and 'nil' respectively during 2008-11. We noticed that no district level officer visited the test checked AWCs and schools. Thus, the officers responsible to ensure continuous supply of foodstuff

could not ensure supply of right quantity *dal*; monitoring was not efficient and well coordinated; it was not based on actual requirement.

3.1.4.2 Non-supply of weighing machine to school / AWC level

Weighing machine was not available in all the feeding centres to cross check the quantity of *dal* delivered by the suppliers

It was noticed that weighing machines were not available in all the feeding centres for measurement and cross checking the quantity of *dal* received from the suppliers. The report (April 2011) of the Monitoring Agency²¹ indicated that in 119 out of 200 schools inspected in five districts²² had short supply of *dal* ranging from one to eight kg per 50 kg bag. We also noticed that Tahasildar, Kanisi in his visit report (August 2010) of Rangailunda block (Ganjam district) has also mentioned about non-availability of weighing machine in schools. In absence of weighing machines, the AWCs/ schools were left with no scope but to accept the quantity of *dal* as supplied by the suppliers.

3.1.5 Deficiencies in quality control mechanism

3.1.5.1 System of quality check was deficient

Departmental guidelines (September 2000) required that every time before receiving the stock from the supplier, the DPC should conduct simple tests²³ in the presence of supplier or his agent by drawing random samples. After conducting the required tests, if the stock supplied was found to be of good quality and fit for human consumption, the same would be received and samples would be drawn for sending the same to the different ICDS Projects/Blocks to verify its matching with the stocks to be received at their end. The WCD Department also authorised (June 2006) Mothers' Committees (MCs) to certify quality of *dal* under both MDM/SNP schemes. It was constituted to lessen the dependence on external monitoring through supervisors / inspectors. Based on the certificate of quality from MCs, payment to the supplier was to be made.

Check of records of test checked DSWOs / CDPOs / BDOs / AWCs / Schools by us revealed the following irregularities.

- We, however, noticed that the DPC of Angul and Mayurbhanj districts conducted such tests and sample of *dal* was provided to CDPO / BDO in Mayurbhanj, whereas there was no evidence to show that it was given to the CDPO / BDOs in Angul district. In Mayurbhanj district, although the approved samples (by DPC) were sent to CDPOs/ Blocks before effecting supply, designated officers were not sent from CDPO/ Block level to visit AWCs /Schools within two to three days to ensure

²¹ Nabakrishna Choudhury Center for Development studies, Bhubaneswar, a third party appointed by the GoI for monitoring of the MDM programme

²² Cuttack, Jagatsingpur, Khordha, Nayagarh and Puri,

²³ (i) visual examination of the sample to identify nature of adulteration, ii) physical inspection to know if there is any infestation causing unpleasant odour and taste or excessive moisture or damaged grains, (iii) shaking a portion of the sample with cold/warm water and treatment with hydrochloric acid to find out application of colour, (iv) boiling the sample for 30-45 minutes to estimate the quantity of uncooked portion and judge the edibility of *dal*.

delivery of same quality of *dal* as instructed (August 2009) by the District Collector. No such instructions were, however, issued in Angul district. In these two districts the quality certificate from Mothers' Committee was not obtained, while making payment of ₹ 77.56 crore²⁴ to the suppliers²⁵ during 2008-11.

While DSWO, Angul stated (May 2012) to furnish a reply after examination of records, DSWO, Mayurbhanj stated (May 2012) that the CDPOs/BDOs were asked to furnish report on the number of centres in which Mothers' Committee had checked the quality of foodstuff supplied under SNP and MDM. The reply was not tenable since the DSWOs had violated the instructions of the Department (June 2006) according to which payment was to be released to suppliers based on certificate of quality from Mothers' Committee.

- Approved sample of *dal* was not made available to the Mothers' Committees to cross verify at the time of supply in Angul, Balasore, Ganjam, Mayurbhanj and Rayagada districts. In Ganjam, the approved sample of *dal* was shown in panchayat samiti meetings for information of PRI members and verification by the Mothers Committees.

There was absolutely no check of quality of *dal* from the district level to the feeding centre level in Balasore and Rayagada districts. Thus 118494 quintals of *arhar dal* supplied to the feeding centres in these two districts during 2008-11 were not tested for quality, despite Departmental guidelines (September 2000).

In reply, the DSWOs, Rayagada and Balasore (May 2012) stated that no sample was drawn by the DPCs in view of Department's clarification (June 2006) to the effect that the Mothers' Committees were authorised to certify the quality in supersession of the Department's guideline issued in September 2000 and the supplier was supposed to deliver *dal* at AWC/School.

The Department however stated that the district and block level teams visited the centres and schools and the Mothers' Committees were functional in Angul, Balasore and Rayagada districts. Their reports were compiled at block level and reviewed at the district level. The replies were not acceptable in view of the fact that DPCs did not conduct tests and supplied samples to block level teams and the responsibility for ensuring quality lies with the district level committee headed by the Collector as per instructions (September 2010) of the Department.

3.1.5.2 *Non-replacement of inferior quality dal*

The agreements executed with the suppliers stipulated that if the stock of foodstuff supplied at any time was found not to be of good quality, the

²⁴ Angul (MDM-8.21+ SNP—11.20)=₹ 19.41 crore, Mayurbhanj (MDM-21.66+ SNP--36.49)= ₹ 58.15 crore

²⁵ Angul: BMBP Super Bajar, Cuttack; D K Enterprisers, Bhubaneswar; NCCF, Bhubaneswar, Mayurbhanj: NCCF Bhubaneswar, OCCFBhubaneswar, Orissa Order Supplier Bhubaneswar, Sangam International Bhubaneswar;

supplier was to replace the same with prescribed quality of goods within ten days at his own cost.

Though inferior quality *dal* was detected (January 2011) in 32 schools and 11 AWCs in three districts²⁶, action taken for replacement of said *dal* could not be furnished by concerned DSWOs.

The Department stated (October 2012) that during January to March 2011, 100 *per cent* check was conducted in all schools and around 9000 AWCs, and district administration had withheld ₹ 5.5 crore in Ganjam district. A sum of ₹ 2.3 crore had been withheld in Balasore district. In Mayurbhanj district, the entire quantity of inferior quality *dal* was replaced by the supplier with good ones. This indicated that poor quality *dal* was supplied for which payments were withheld.

3.1.5.3 Consumption of infected dal

One quintal of *dal* infected by insects was used as Take Home Ration after washing and cleaning in Jharpada-I AWC under CDPO (Urban), Bhubaneswar during October and November 2010 under SNP. In three AWCs, viz. Nuagaon Uppersahi, Pokhariput, New Colony and Malisahi 1, 50 kg bag of *arhar dal*, though received (October 2010 under SNP) in fungal infected condition was distributed as Take Home Ration without seeking replacement. The Department stated (October 2012) that an amount of ₹ 11 lakh had been withheld from the supplier of *dal* in Khordha. Adjustment of said withheld amount was awaited (October 2012).

3.1.6 Inspection and Monitoring

The State Level Steering-cum-Monitoring Committee (SSMC) constituted (January 2006) to monitor programme implementation, assessing the impact, taking action on reports of independent monitoring / evaluation agencies etc had to meet once in every six months. Similarly, Steering-cum-Monitoring Committees at district (DSMC) and block level (BSMC) were to be constituted and meet once in every quarter to review the programme implementation. Besides, Nabakrishna Choudhury Center for Development Studies, Bhubaneswar, a third party was appointed (2006) as a Monitoring Institute (MI) by the GoI, for monitoring of the MDM programme.

We, however, noticed in test checked districts that:

- the SSMC met only thrice (April 2006, December 2006 and September 2010) during 2006-11 since its constitution while during the period covered under audit, it met only once and even did not discuss the MI report (April 2011) though it indicated error signals like supply of short / bad quality *dal*, non-functioning of Mothers' Committees etc;
- the DSMC was not constituted in Balasore district and though formed in Mayurbhanj, it did not meet even once. In both the districts, BSMCs though formed in three to four blocks, they did not meet even once (May 2012) from the year of their formation (September 2006);

The Committees constituted for monitoring programme implementation did not meet regularly

²⁶ Balasore: One AWC, Ganjam: 31 schools and 10 AWCs (as per observation of Tahasildars); and Mayurbhanj: One school.

- though the WCD Department instructed (June 2011) the District Collectors to furnish ‘Action Taken Report’ (ATR) on the MI report within a week, no ATR from the Collectors and action taken by the Department were available on record;
- internal control in the procurement of *dal* on tendering, quality check of *dal* samples of intending bidders before selecting suppliers / while effecting supply at the district, block and AWC level and in release of payment was not adequate. As per information furnished to audit by the Department, 3737 field visits to AWCs / schools were conducted by officers of ICDS / block in 30 districts during April 2010 to February 2011 wherein they found the quality of *dal* as either ‘satisfactory’ or ‘good’. The visits were not adequate as the coverage was less than three *per cent*²⁷ compared to the total AWC / schools in the State. The State level officers though visited different districts during 2008-11, their visit notes did not mention any deficiency in quality control viz. non-conducting of tests before supply of *dal*, non-supply of approved *dal* sample to CDPOs/BDOs and Mothers Committees, short/non-supply of *dal* to AWCs/schools and non-availability of weighing machines at feeding centres. However, the report (January 2010) of the Director, Social Welfare in connection with enquiry relating to procurement of *arhar dal* for SNP and MDM revealed that in Deogarh district “tender procedure”, “process of supply” and “process of payments” were subverted.
- there was no grievances redressal mechanism in the Department up to August 2010. We noticed that out of 693 grievances received in the Department during September 2010 to March 2011, 67 relating to SNP (25) and MDM (42) were referred by the Department to concerned District Collectors. However, Action Taken Reports from the Collectors as well as action taken by the Department thereon could not be furnished to Audit.
- The vigilance wing of the State conducted raids (in five districts, Balasore, Ganjam, Mayurbhanj, Jajpur and Deogarh) during September 2010 and January/February 2011 based on allegation of supply of poor quality *dal* and supply at higher rates on number of occasions. The Vigilance had pointed out supply of 101110 quintals of poor quality *dal* in four districts and 766 quintals of *butary dal* in place of *arhar dal* in Deogarh district. It also registered FIRs during the same period and the enquiry was under progress (October 2012).

Thus, monitoring and supervision in implementation of the programmes was not adequate and effective for ensuring supply of the ‘best quality *dal*’ to the beneficiaries.

The WCD Department stated (October 2012) that nationwide survey by Planning Commission had placed Odisha among the top seven best performing states in the country and ranked it as a “good performer”; such results could be achieved with constant monitoring and supervision. The reply of the

²⁷ Total centres= 143637 (64712 AWCs +78925 Primary and Upper Primary schools), total visits = 3737 (2.6 or 3 *per cent* of total feeding centres)

Department could not indicate the reason for poor monitoring on purchase and distribution of *dal* under SNP and MDM, as discussed in the foregoing paragraphs.

3.1.7 Conclusion

Despite requirement of GoI's guidelines meant for implementation of ICDS, no annual household survey was carried out for assessment of the actual number of beneficiaries. The projected figure included 3.66 lakh non-existent beneficiaries detected by Department during 2010-11. Fixation of ceiling price of ₹ 75 per kg of *arhar dal* as against the existing system of well-publicised bidding / tender process prescribed in the rules and even quoting this ceiling as the rate in tenders, vitiated the procurement process and acted as a deterrent to get the most competitive price which led to loss of ₹ 43.61 crore in 30 districts during April 2010 to March 2011. It was also found that this ceiling price was much higher than the wholesale price of *arhar dal*. Besides, the specification for 'best quality' *dal* as required to be purchased within this ceiling price was also nowhere defined / mentioned by the WCD Department. Tenders were finalised without conducting the prescribed quality tests. There was undue rejection of suppliers on the plea that the supplier quoting lower price than the Government ceiling price would not be able to supply best quality *dal*. While 109357.24 quintals *dal* was procured without conducting prescribed tests at the test checked district level, 118494 quintals of *dal* was supplied without obtaining the prescribed certificates from Mothers' Committees at the feeding centre level. Monitoring of the implementation of the programmes was not adequate as the State level Steering-cum-Monitoring Committee did not meet regularly. The Committees at district and block levels were either not constituted or where ever constituted, these also did not meet regularly.

3.1.8 Recommendations

- Assessment of number of beneficiaries under SNP may be made with annual household survey as prescribed by GoI under ICDS guidelines to eliminate non-existent beneficiaries.
- With procurement decentralised to AWCs (for SNP) and schools (for MDM), it must be ensured that the Mothers Committees are provided with the necessary wherewithal in the form of quality-monitoring infrastructure to assess the quality of *dal* on the spot scientifically instead of relying on mere eye estimate.
- Monitoring Mechanism at the District, Block and the feeding centre level may be strengthened and made effective to ensure supply of appropriate quantity of quality food stuff to the beneficiaries.
- AWCs (for SNP) and schools (for MDM) should be made responsible for ensuring administration of quality *dal* to the beneficiaries.
- Appropriate legal action may be taken against the suppliers of sub-standard quality of *dal* and blacklisted from supplying in any district in future and appropriate conditions incorporated in the terms and conditions of supply of *dal* by these agencies.
- Supply of quality *dal* under both the schemes may be ensured.

HEALTH & FAMILY WELFARE DEPARTMENT

3.2 Functioning of Blood Banks in the State

3.2.1 Introduction

A well organised Blood Transfusion Service (BTS) is a vital component of any healthcare delivery system. The Government of India (GoI) formulated (April 2002) National Blood Policy (NBP) for elimination of transfusion transmitted infection and for provision of safe and adequate blood transfusion services to the people through voluntary and non-remunerated blood donors. Human blood, as a substance is intended to be used in the diagnosis, treatment mitigation or prevention of any disease or disorder in human beings and thus is covered under the definition of 'drugs' under the Section 3(b) of the Drugs & Cosmetics Act 1940. So, 'Blood Banks'²⁸(BBs) are regulated under the said Act and Rules framed there under, through issue of license by the Drug Controllers after conducting inspection along with the Central License Approving Authority.

The Commissioner-cum-Secretary, Health & Family Welfare (H&FW) Department acts as the President of the State Blood Transfusion Council (SBTC) which is entrusted with the entire range of services related to operation and requirements of BBs. The Drugs Controller, (DC) Odisha is the regulatory body under the provisions of Drugs and Cosmetics (D&C) Act 1940 for issue of license, conducting inspections jointly with the Central Drugs Standard Control Organisation, East Zone, Kolkata (CDSCO,EZ), renewing the licenses of BBs after being satisfied with the availability of required manpower and infrastructure based on such inspections. As of March 2012, 81 BBs were functioning in the State. While 57 of them were jointly managed by the State Government and Indian Red Cross Society (IRCS), other 24 BBs were run by Public Sector Undertakings (PSUs) (eight), private bodies (nine) and charitable institutions (seven).

3.2.1.1 Audit Objectives

We took up the audit with the objective of assessing whether:

- institutional arrangements to ensure availability of Blood Banks / Blood Storage facilities in all health care units exist and institutions providing surgical treatment was available, adequate and effective;
- adequate mechanism existed for extraction, testing and storage of blood under hygienic conditions to ensure availability of quality blood, safety of donors and optimal utilisation of extracted blood and blood components;

²⁸ Blood Bank means a place or organisation or unit or institution or other arrangements made by such organisation, unit or institution for carrying out all or any of the operations for collections, aphaeresis, storage, processing and distribution of blood drawn from donors and / or preparation, storage and distribution of blood components.

- required manpower and infrastructure were adequately available, and were managed effectively and
- the system of licensing, renewal, inspection and monitoring was efficient and effective.

3.2.1.2 *Audit criteria*

Audit criteria were drawn from NBP 2002, Drugs & Cosmetics Act, 1940 and Rules framed thereunder, ‘Standards for Blood Bank and blood transfusion services’(2007) prescribed by the Government of India (GoI), Orissa State Integrated Health Policy 2002, instructions issued by the State and Central Government from time to time and prescribed monitoring mechanism.

3.2.1.3 *Audit Scope*

We reviewed the functioning of 13 Blood Banks²⁹ (out of total 81 operating in the State) covering the period 2009-12, during June to August 2012. Twelve BBs were selected based on Stratified Random Sampling without Replacement (SRSWOR) method³⁰ using IDEA considering units of blood collected during calendar year 2009-2011 as the stratification field. Apollo Hospital, Bhubaneswar was taken as an additional sample due to very high increase in blood collection during calendar year 2011 over its previous year’s collection.

3.2.1.4 *Methodology*

We examined the records of the Blood Banks and collected information through questionnaire and structured data-formats. Records of H&FW Department, SBTC, Orissa State Aids Control Society (OSACS) and Drugs Controller, Odisha were also test checked. We also conducted joint physical inspection of one out of 13 test checked Blood Banks.

Audit findings

Audit findings and observations are discussed in succeeding paragraphs.

3.2.2 *Availability of Blood Banks and Blood Storage facilities*

3.2.2.1 *Non-availability of Blood Banks at rural areas*

Odisha State Integrated Health Policy, 2002 emphasised ensuring availability and distribution of blood in rural areas. We noticed that there were 242 posts of Surgery Specialists in three Medical College Hospitals (MCHs), 30 District Headquarters Hospitals (DHHs), two special hospitals (Bhubaneswar and Rourkela), 22 Sub-Divisional Hospitals (SDHs) and 133 out of 378 Community Health Centres (CHCs) of the State as of 31 March 2012 for surgical treatment

29 Apollo Hospital Bhubaneswar; Catholic Mission Hospital, Bargarh; Christian Hospital, Nawarangpur; CRCBB, Cuttack; Hi-tech Hospital, Bhubaneswar; Kalinga Hospital, Bhubaneswar; MKCG MCH, Berhampur; Nalco, Damanjodi; Nehru Satabdi Hospital, Talcher; ORCBB, Government Hospital Campus, Rourkela; ORCBB, SDH, Patnagarh; ORCBB SDH Rairangpur; SCB MCH, Cuttack,

30 Six (10 *per cent* of 57) under Government sector and two (25 *per cent*) each from PSU, Charitable and private category

and availability of safe blood at these hospitals. Besides, 1214 Primary Health Centres (PHCs) were also functioning in rural areas of the State.

Fifty-seven BBs in Government sector were available at Medical College & Hospital (3), District Headquarters Hospital (30), Special Hospitals at Bhubaneswar and Rourkela (2), Sub Divisional Hospitals (19), one municipal Hospital and two CHCs (Kantabanjhi and Jajpur Road), all at urban areas in 30 districts of the State. Thirteen³¹ districts with population ranging between 3.12 lakh and 16.98 lakh were having only one Government Blood Bank each at the district headquarters while remaining 17 districts were having two to four Government BBs. Similarly, only four³² out of remaining 24 other BBs (managed by PSUs, private and charitable bodies) are located at block headquarters while remaining 20 BBs are available either in District/Sub Division headquarters or in urban areas. Thus, only four BBs out of 81 BBs are available at block level in rural areas and no Blood Bank is available below block level in rural areas in the State.

We further noticed that annual average demand of blood in the State during calendar year 2009 to 2011 was 2.93 lakh units against which availability was 2.53 lakh units leading to annual average shortage of about 0.40 lakh units as detailed in the table given below.

Table 3.5: Demand of supply of blood units in the state

Year	Total demand	Total supply/availability	Shortage
2009	280000	231053	48947
2010	300000	254599	45401
2011	300000	274323	25677
Average	293333	253325	40008

Source: Information supplied by SBTC

Above shortage of blood units indicated that there is a emergent need for setting up more BBs in the State.

The Director, SBTC while accepting the audit observation (June 2012) stated that Blood Bank/Blood Storage Centres in each of the CHC and Block PHC could not be set up due to lack of trained personnel, constraints on space, utilisation capacity of blood and blood products, non submission of required documents and of compliance report by the centres concerned. However, the Department stated (October 2012) that the available number of BBs and 28 Blood Storage Centres (BSCs) at CHC level were able to meet the blood and blood products requirement for the State. The reply of the Department was not tenable as the availability was less than the annual demand projected by SBTC in all the three years (2009 to 2011) and Blood Banks were absent in the rural areas.

³¹ Population of Bhadrak, Boudh, Deogarh, Gajapati, Jagatsinghpur, Jharsuguda, Kendrapara, Malkangiri, Nawarangpur, Nayagarh, Puri, Rayagada and Subarnapur as per Census 2011 (Provisional)

³² Asha Kiran Hospital, Lamtaput; Christian Hospital, Bissam Cuttack; Evangelical Hospital, Khariar; and JMJ Hospital, Barapali

3.2.2.2 Non-availability of Blood Storage Centres at CHC level

Drugs & Cosmetics Rules³³ read with Indian Public Health Standards(IPHS) for Community Health Centres (CHCs) prescribed in 2007 required availability of 'Blood Storage Centres' (BSCs)³⁴ in each of the First Referrals Units (FRUs) and CHCs and had also prescribed the Guidelines thereof. As of March 2012, such BSCs were available in 28 out of 378 CHCs of the State.

The Department stated (October 2012) that steps have been taken under National Rural Health Mission (NRHM) to set up BSCs in all FRUs. The reply was not acceptable as BSCs are required to be set up in all CHCs as per IPHS and not only in FRUs. Besides, the State had set up 93 FRUs only as of September 2012 against a target of 145, where as BSCs are available in only 28 CHCs. This is indicative of non-availability of blood in most of the rural hospitals.

3.2.2.3 Blood Banks functioning without valid license/renewal

As blood is covered under 'drugs', BBs are regulated under the Drugs and Cosmetics Act and Rules made thereunder through grant of license for operating Blood Banks by the State Licensing and Central License Approving Authorities after being satisfied on conducting joint inspection about availability of prescribed infrastructure and manpower. The license is valid for five years after which, renewal of the same was to be made after conducting fresh joint inspection. We however, noticed that as of June 2012, 68 BBs (83.95 per cent) i.e. 46 BBs (67.65 per cent) in Government sector and 22 BBs (32.35 per cent) in PSUs and private sector were functioning without renewal of license. We noticed that the reason for non-renewal of licenses was non-conducting of joint inspections after expiry of licenses though the licenses expired between December 1978 and December 2011 as well as non-compliance by BBs to deficiencies reported during joint inspections. We also noticed that 27 out of above 68 Blood Banks though did not comply with the deficiencies pointed out by DC during joint inspections conducted in these BBs during October 2009 and August 2011, were still functioning without renewal of licenses (June 2012).

The Department attributed (October 2012) the reason to non-availability of sufficient staff at the Central License Approving Authority level for conducting joint inspection and assured to issue validity certificates after necessary inspection by deputing Range Drug Inspector (RDI) and DI of Odisha State Aids Control Society (OSACS) subject to fulfillment of statutory requirements and that for non-compliance with the deficiencies pointed out, show cause notice would be issued. Action in this regard was awaited (October 2012).

³³ Schedule K of Drugs & Cosmetic Rules, 1945 under SI No.5(B) (Amended) vide Ministry of Health & Family Welfare, Department of Health vide Notification No.GSR 909(9) dated 20 December 2001

³⁴ Blood Storage Centres can store blood packets under prescribed conditions for issue to needy patients but can not collect blood

3.2.2.4 Non availability of networking facilities in BBs managed by PSUs and private sector

National Blood Policy envisaged that the State Government was to develop computer based information and management systems for use by all BBs regularly to facilitate networking. Quantity of different groups of blood available at any time in Government BB is accessible by public from NRHM, Odisha website. Online donor registration, status of issued blood and status of e-camp registration are other innovations under the programme which were available only in government BBs. We, however, noticed that though 56 out of 57 BBs in Government sector were networked, none of other 24 BBs (including eight BBs of PSUs) has been networked as of 31 October 2012.

The Department stated (October 2012) that all the private BBs have already been connected under e-Blood Bank system since September 2012. However, reply of the Department was not acceptable as BBs managed by PSUs and private sectors were yet to be networked as confirmed (November 2012) from e-Blood Bank system.

3.2.3 Availability of quality blood and blood components

For quality, safety and efficacy of blood and blood products, the essential requirement as set out in the National Blood Policy (NBP) was well equipped blood centers with adequate infrastructure and trained manpower. The NBP reiterates commitment of the GoI to provide safe and adequate quantity of blood, blood components and blood products to encourage appropriate clinical use of blood and blood products. We examined the compliance to the conditions prescribed in the 'Drugs and Cosmetics Rules' and 'Standard for Blood Banks and Blood transfusion Services' with regard to donor safety and collection of quality blood and noticed non maintenance of details of donors' record properly and collection of blood from ineligible donors etc. as discussed in succeeding paragraphs.

3.2.3.1 Collection of blood from ineligible donors

Drugs and Cosmetics Rules 1945 required maintenance of blood donor record in each BB *inter alia* indicating serial number, date of bleeding, name, address and signature of the donor with other particulars of age, weight, haemoglobin, blood grouping, blood pressure, signature of the Medical Officers etc. to ensure that blood is not collected from ineligible donors. Besides, to ensure availability of safe and quality blood for patients, Drugs and Cosmetic Rules 1945 as well as 'Standard for Blood Banks and Blood Transfusion Service' prescribed that blood should be accepted from voluntary, non-remunerative, low-risk, safe and healthy donors who should be within the age group of 18-65³⁵ years, weight should not be less than 45 kg and haemoglobin not less than 12.5 gm/dl.

³⁵ Published in the Gazette of India (extraordinary) part II, Section 3, subsection (i) vide Notification GSR101(E) dated 18 February 2011 of Drugs and Cosmetics (2nd Amendment) Rules, 2011, Ministry of Health and Family Welfare, GoI (Prior to 18 February 2011, upper age limit of blood donor was 60 years)

We test checked the records of 5153 (*Appendix 3.2.1*) donors of 13 test checked BBs and noticed that these standards were not complied with by many BBs and donor safety was compromised in some cases as discussed below.

Table 3.6: Stipulated conditions for the drawal of blood and audit findings

Conditions stipulated for the drawal of blood	Audit findings
Age : Donor should be within the age group of 18 to 65 years	Three ³⁶ out of 13 test-checked BBs collected blood from five under-aged donors (less than 18 years) and two over-age (more than 65 years) donors. No age was recorded in 257 cases in seven test checked BBs;
Weight: weight of donor should not be less than 45 Kg	Two ³⁷ out of the 13 test checked BBs collected blood from five under-weight donors (less than 45 kg) while weight was not recorded in 1027 cases (19.93 per cent) in nine test checked BBs
Haemoglobin content: haemoglobin content of donor's blood should not be less than 12.5 gm/dl. Persons with haemoglobin less than this cannot be treated as healthy persons for blood donation. Further, blood weak in haemoglobin content does not help in carrying oxygen to the cells of the patient.	Five ³⁸ out of the 13 BBs test checked collected blood from 158 donors with poor haemoglobin content ³⁹ while nine BBs did not record haemoglobin content in 4781 cases (92.78 per cent).

In 13⁴⁰ test checked BBs, vital data like date of bleeding (70), blood pressure (287) and blood grouping (36) was not recorded in the blood donor registers due to which the eligibility of donors could not be examined in audit. Besides, in 337 cases, signatures of the Medical Officers were also missing. A specimen of the blood donor's record is shown on next page.

³⁶ Apollo Hospital, Bhubaneswar; Catholic Mission Hospital, Bargarh; Kalinga Hospital, Bhubaneswar

³⁷ Hi-tech Hospital, Bhubaneswar and Kalinga Hospital, Bhubaneswar

³⁸ Apollo Hospital, Bhubaneswar; Catholic Mission Hospital, Bargarh; Christian Hospital, Nawarangpur; Hi-tech Hospital, Bhubaneswar and ORCBB, SDH, Patnagarh

³⁹ Persons with haemoglobin less than the prescribed quantity of 12.5 gm/dl were not to be treated as healthy person for blood donation. Further, blood weak in haemoglobin content does not help in carrying oxygen to cells of the patient.

⁴⁰ Apollo Hospital, Bhubaneswar; Catholic Mission Hospital, Bargarh; Christian Hospital, Nawarangpur; CRCBB, Cuttack; Hi-tech Hospital Bhubaneswar; Kalinga Hospital, Bhubaneswar; MKCG, Berhampur; NALCO Damanjodi; Nehru Satabdi Hospital, Talcher; ORCBB, Government Hospital campus, Rourkela; ORCBB, SDH, Patnagarh; ORCBB, SDH Rairangpur and SCB M&CH, Cuttack

REPLACEMENT / EXCHANGE / DONATION FORM
(To be filled up by the donor)

PART - I

1. Name of Donor..... Pratish Kumar Bhatnagar, Male
 2. Father's Name..... B. K. Randa, Male
 3. Address of correspondence..... 24/1B, D.S. Park, Cuttack
 4. History of diseases (Answer Yes / No. If yes when?)
 a) Malaria.....
 b) Venereal Disease.....
 c) Hepatitis (Jaundice).....
 d) Tuberculosis.....
 e) AIDS.....
 5. Any other disease history (Viz. Heart Disease, Diabetes, Asthma, Hypertension, Epilepsy) or history of vaccination. Any other adverse condition.....
 6. History of drug addiction / Alcoholism ?
 7. Last donation date (if any):
 8. Any Surgery undergone during last six months.
 9. If pregnant now (for ladies only):
 I am donating Blood in my free will for my patient.....

Provisional No.....
 Date.....

Signature of donor : [Signature]
 Date :

PART - II

Annual Donor No..... 9736
 Date.....

Remark of Medical attendant

1. a) Hb%.....
 b) B. P.....
 c) Pulse.....
 d) Temp.....
 e) Weight.....
 2. Any adverse remark on examination.....
 3. Blood group if known.....
 4. Quantity of Blood to be collected.....

Signature of authorized.....

Specimen of a blood donor record of CRCBB, Cuttack where vital data (age, weight, Hb percentage etc.) of donor was not recorded

Blood Bank Officers attributed this to the high collection, shortage of manpower, overcrowding of patient's relations and clerical errors of staff. The reply was not convincing as failure to record such vital details was fraught with the risk of collection of inferior quality and unsafe blood.

Such irregularities remained unnoticed by the controlling authorities as regular inspection of BBs were not conducted by the Drug Inspectors (as discussed in succeeding *paragraph 3.2.5*) since frequency of such internal inspection was not prescribed by the Drug Controller/State Government. This was fraught with the risk of putting the safety of both the donors and patients in danger.

The Department stated (October 2012) that for better maintenance of records, required registers have been printed centrally and supplied to all BBs and that under e-Blood Banking system, 348 donors have been deferred⁴¹ from the donor questionnaire and medical examination level. Regarding collection of blood from ineligible donors, the Department while noting the observation for future guidance stated that instructions have been issued for smooth management of blood donation.

3.2.3.2 Non-conducting HIV tests due to want of ELISA Reader

Standard for Blood Banks and Blood Transfusion Service prescribed for conducting test for Human Immunodeficiency Virus (HIV) (I and II) Hepatitis C virus (HCV), and Hepatitis B Virus, Malaria and Syphilis after collection of blood but before issue to patients. These were treated as mandatory tests by the SBTC.

But, we noticed that during calendar year 2009 to 2012⁴² while four BBs did not conduct such tests in respect of 24673 out of 44292 units of blood collected in emergency cases despite availability of such equipment like ELISA Reader, other four BBs did not conduct the same in respect of any of

⁴¹ Deferred: names of donors deferred temporarily or permanently for donation of blood due to certain diseases like Hepatitis B or C, Aids related complex, abnormal bleeding, epilepsy, diabetics on insulin, cancer, thalassemia, sickle cell and anaemia etc.

⁴² Figures of the year 2012 is up to the month of March

the 14750 units of blood collected during that period (as detailed in *Appendix 3.2.2*) on the ground of non availability of ELISA reader and other equipment required for conducting these tests. This indicates that these BBs were violating the rules in collection, storage and issue of blood which would put the patients facing the risk of low quality blood.

The Department stated (October 2012) that steps have been initiated for supply of ELISA reader to all Government sector Blood Banks and that order had been issued to all Blood Banks to carry out the test through ELISA Method.

3.2.3.3 *Shortage of equipment due to non-procurement by the BBs*

Drugs and Cosmetics Rules 1945 prescribed that equipment were to be made available for collection, processing, testing, storage and sale/distribution of blood and its components in Blood Bank. However, we found that in 11 out of 13 test checked BBs, many of the prescribed equipment were not available with the result the quality of blood distributed by these BBs could not be ensured.

The Director, SBTC stated (October 2012) that instructions were issued to all BBs to procure necessary equipment as per D&C Act and Rules, failing which action would be taken against the erring BBs. Action in this regard was awaited.

3.2.3.4 *Absence of Quality Assurance Manager*

National Blood Policy (objective 3.2) prescribed for introducing a quality system scheme in all BBs. It also required for designating a Quality Assurance Manager (QAM) at any Blood Bank collecting more than 15000 units of blood per year to ensure quality of blood. 'Standards for Blood Banks and Blood Transfusion Services' prescribed for appointment of a QAM in all BBs collecting more than 10,000 units of blood per year. The QAM has to be exclusively responsible for quality assurance only.

We found that eight out of total 81 BBs of the State were collecting more than 10000 units, out of which four BBs were collecting more than 15000 units of blood per year where QAM was to be engaged. We examined the records of SBTC and found that out of these eight BBs, QAM was engaged only in one BB (Central Red Cross Blood Bank, Cuttack) and no QAM was engaged in remaining seven BBs⁴³.

The Department stated (October 2012) that instruction has been issued to designate one of the existing staff of each such BBs as a QAM. However, action taken by the Department was not in consonance with the guidelines of NBP 2002 as well as Standards for Blood Banks and Blood Transfusion Services that QAM will be exclusively responsible for quality assurance only.

⁴³ Three MCH; DHH, Angul, DHH, Balasore; Capital Hospital Bhubaneswar and Municipal Corporation Hospital, Bhubaneswar

3.2.3.5 *Ineffective calibration of equipment by the Blood Banks*

The Drugs & Cosmetics Rules, 1945 *inter alia* require that equipment used in collection, processing, testing, storage and sale/distribution of blood and its components are to be observed, standardised and calibrated on a regularly scheduled basis. The frequency of calibration of various equipment was also prescribed in said rule. However, we observed that available equipment were not calibrated in three⁴⁴ Blood Banks (Government: one and others: two) during 2009-12. Equipment like Refrigerated centrifuge and Autoclave in one Blood Bank (CRCBB, Cuttack) and Refrigerated centrifuge in another Blood Bank (Hi-tech Medical Hospital, Bhubaneswar) were calibrated only once during 2009-12 instead of calibration after each day of use as prescribed in D&C Rules. Annual Maintenance Contract for equipment supplied by NACO/OSACS was not also ensured.

The Department (October 2012) noted the audit findings for betterment of blood transfusion service. The point remains that many equipment remained without calibration. Absence of calibration of equipment at regular intervals is fraught with the risk of the inaccurate and unreliable results/reading which would result in unreliable quality of blood collection, storage and issue which ultimately put patients in risk.

3.2.3.6 *Inadequate blood components separation units*

National Blood Policy (objective 5.6) provided availability of blood components through a network of BBs by creating adequate number of blood component separation units. Such facilities are required for separation of whole blood into its constituent components – red cells, platelets and plasma for use when these specific components only are required.

We, however, noticed that only 11 BBs⁴⁵ (Government: seven, PSU and private: four) out of total 81 BBs in the State, had blood component separation facilities. We also noticed that six (sampled BBs) out of these 11 BBs did not have equipment required for extraction of safe and quality blood components (*Appendix 3.2.3*). Due to absence of such facilities in 70 out of 81 BBs in the State, blood components could not be separated from whole blood for use of specific components.

The Department stated (October 2012) that steps had been initiated to establish more number of blood component separation centres after proper identification of BBs. The reply was not tenable as only 14 *per cent* of BBs were having blood component separation facilities due to which optimal utilisation of this precious resource could not be ensured.

⁴⁴ Kalinga Hospital, Bhubaneswar; Nehru Satabdi Hospital Talcher and SCB M&H Cuttack

⁴⁵ Apollo Hospital, Bhubaneswar; CRCBB, Cuttack; Hi-tech Hospital, Bhubaneswar; IM&BTC IGH, Rourkela; Kalinga Hospital, Bhubaneswar; ORCBB DHH, Angul; ORCBB Municipal Hospital, Bhubaneswar; SCB MC&H, Cuttack, MKCG MC&H, Berhampur, ORCBB Capital Hospital, Bhubaneswar and ORCBB VSS MC&H, Burla.

3.2.3.7 Non-enactment of rules for registration of nursing homes for affiliation with a licensed Blood Bank

As per objective 8.6 of the National Blood Policy 2002, the State was to enact rules for registration of nursing homes wherein a provision for affiliation with a licensed Blood Bank for procurement of blood for their patients was to be incorporated. However, we found that Blood Bank Officers, RGH, Rourkela and Apollo Hospital, Bhubaneswar had supplied blood to 13⁴⁶ nursing homes during 2009-12 though these nursing homes were not affiliated to these Blood Banks.

The Department assured (October 2012) to issue necessary instructions to enforce the same. It is pertinent to mention here that no rule, as required has been framed so far (October 2012).

3.2.4 Inadequate physical and human infrastructure

3.2.4.1 Inadequate physical infrastructure

As per Drugs and Cosmetic Rules 1945, the Blood Bank should be located at a place which should be away from open sewage, drain, public lavatory or similar unhygienic surroundings and the entry of insects, rodents and flies should be avoided. Drug Inspectors should examine premises, equipment, processing of blood and the professional qualification of staff before issue and renewal of licenses.

However, joint inspection of premises of SCBMCH Blood Bank, Cuttack



A stray dog devouring organic wastes thrown within Blood bank premises of SCB M&H, Cuttack

conducted by us along with the concerned Blood Bank Officer on 16 July 2012 revealed that (a) a mortuary (dead body room) existed within the premises of the Blood Bank at a close proximity of hardly 10 metres from the Blood Bank building, (b) the premises of the Blood Bank was filled with unhygienic water and littered with garbage indicating unhygienic surroundings and (c) the clothing, pillow and other

belongings soaked with organic wastes of the dead bodies were thrown inside the premises encouraging the stray dogs to enter the premises of the Blood Bank. These are depicted in the photograph.

The Blood Bank Officer while confirming the facts stated (July 2012) that the dead body room existed prior to shifting of BB in July 2011 and assured to take up the issue on priority basis.

⁴⁶ Rourkela: 10 (Catholic Mission Hospital Nuagaon; Purnima Nursing Home, Jhirpani; City Hospital; Goodwill Hospital, Uditnagar; Vesaj Patel Hospital; Shanti Memorial Hospital; Hi-tech College & Hospitals; Lifeline Hospital; Sudha Nursing Home; Avinash Hospital) and Bhubaneswar:3 (Sparsh, Hemalata and Care Hospitals)

The Department stated (October 2012) that all BBs are fulfilling the statutory requirement of infrastructure and noted the observation for future guidance.

3.2.4.2 Capacity building of human infrastructure

'Standards for Blood Banks and Transfusion Services' prescribed that all staff of BBs should be encouraged to participate in continuing medical education programmes and were to be provided training and facilities for implementing universal precautions for hospital acquired infections and Bio-safety Guidelines. It also required that proficiency test of all technical staff should be conducted annually to ensure reliability of their performance. Besides, in all medical colleges, a Department of Transfusion Medicine was to be established. NBP also required for creation of a separate cadre of doctors for Blood Transfusion Service. We reviewed these arrangements and found that;

- Though SBTC conducted training programme each year for clinicians and Under-graduate / Post Graduate students of three medical colleges, 53 (48 per cent) out of 110 doctors and staff working in 10 out of 13 test checked Blood Banks were not imparted any training on blood transfusion services (*Appendix 3.2.4*). In reply, the Council stated that training was imparted to all BB Officers in September 2012 and assured to provide training to remaining BB staff.
- As per objective 6.1.1 of NBP, a separate Department of Transfusion Medicine has not been established in three Government run Medical Colleges of the State as of March 2012. The Department stated (October 2012) that it had already initiated action for opening of such Department in three Government medical colleges. However, the said Department had not yet been opened.
- A separate cadre of doctors for blood transfusion services in all BBs has not been created (June 2012) in the State as required under objective 6.7 of NBP. The Department noted (October 2012) the observation.
- Corpus Fund was not made available to SBTC to facilitate research in transfusion medicine and technology related to blood banking as required under objective 7.1 of the NBP. The Department stated (October 2012) that Corpus fund was available as all the BBs were contributing an amount of rupees five for each bag to SBTC. The reply was not tenable as the SBTC stated (November 2012) that rupees five collected towards a Council Fund which was being utilised to meet day to day expenses of the establishment and the Corpus Fund was yet to be created for facilitating research in transfusion medicine.
- Multi-centric research initiatives on issues related to blood transfusion were to be encouraged as required under objective 7.3 of the NBP, the approval of which was awaited from the governing body of SBTC as of July 2012. The Department stated (October 2012) that such initiatives would be encouraged after functioning of the Department of Transfusion Medicine in three Government Medical Colleges.

3.2.5 Efficiency and Effectiveness in Inspection and Monitoring

3.2.5.1 Inefficient and ineffective inspection

The Drugs Controller of Odisha issues licenses to Blood Banks with the approval of Drugs Controller General (India), New Delhi after verification and conducting joint inspection along with the Drugs Inspectors (DI) of Central Drugs Standard Control Organisation, East Zone (CDSCO, EZ) and Orissa State Aids Control Society (OSACS). Such Joint Inspections are to be conducted before issue of license and renewal of license to ensure availability of prescribed equipment, infrastructure and man-power required for proper functioning of Blood Banks. Besides, as per Rule 52 of Drugs and Cosmetics Rules, Drug Inspectors have to inspect not less than once a year, all premises licensed for manufacture of drugs *inter alia* to satisfy that all provisions of Drugs and Cosmetics Act and Rules framed there under are complied. We, however, noticed the following irregularities.

- Inspecting authorities (DI of CDSCO, EZ, OSACS and Drugs Controller of Odisha) did not conduct any joint inspection in 43 (out of 81) BBs during 2009-12. In remaining 38 BBs, 43 inspections (11 in 2009-10, 10 in 2010-11 and 22 in 2011-12) were conducted once in 33 BBs and twice in five BBs during this period. Thus, during 2009-12, the Drug Inspectors conducted 43 inspections against 243⁴⁷ due. On scrutiny of these inspection reports, we found that out of 38 BBs inspected during 2009-12, compliance to deficiencies pointed out in 27 reports were not furnished by concerned BB to the Drugs Controller, Odisha (June 2012).

The Department stated (October 2012) that instruction had been issued to all DIs to inspect BBs under their jurisdiction at least once in a year along with DI, OSACS or alone.

- As per Objective 3.1.4 of NBP, the Drug Controller (DC) of Odisha has to effectively monitor the functioning of Blood Banks. Besides, the SBTC has to create a vigilance cell to enforce compliance with the provisions of D&C Rules. However, vigilance cell to enforce compliance with the provisions of D&C Rules by BBs was not set up. Besides, the DC did not effectively monitor the functioning of the BBs as no norm for inspection by Drug Inspector was even prescribed. The Department stated (October 2012) that such vigilance cell would be designated in future.
- Objective 3.2.2 of NBP required for putting in place an internal audit system in BBs. However, no such internal audit system has been introduced. The Department stated (October 2012) that the same would be implemented in future.
- A separate BB cell with trained officers and inspectors was not created in the State for proper inspection of BBs and enforcement of conditions mentioned in the license despite requirement under objective 8.4 of NBP. The Department assured (October 2012) to implement the same in future.

⁴⁷ 243 = Three years @ one inspection per year in 81 BBs

3.2.6. *Ineffective monitoring*

3.2.6.1 *Non formation of Managing Committee for effective functioning of BBs*

As per SBTC instructions (25 February 2001), the Managing Committee (MC) of BBs were to be formed. They were required to meet thrice in a year for effective management of Blood Banks. However, we found that MCs were not formed in four⁴⁸ (one Government and three private) out of 13 test checked Blood Banks as of March 2012. Though remaining nine BBs formed their MC, they did not meet regularly for effective management of Blood Banks as indicated in *Appendix 3.2.5*. This clearly indicates the lack of monitoring in the BBs. The Department replied that it had noted the observation for future implementation.

3.2.6.2 *Non formation of Committee for scrutinising / grant/ renewal of license*

As required under objective 8.1 of NBP, SBTC instructed (25 February 2001) that a Committee comprising members from SBTC including Transfusion Medicine expert, Central and State Licensing Authorities for each BB was to be formed, which was responsible to scrutinise all applications for grant/renewal of license as per guidelines provided by the Drugs Controller of India, before submitting to the DC. However, we noticed that no such Committee was formed in the State.

The Director, SBTC stated (July 2012) that necessary steps would be taken for constitution/formation of the said Committee.

3.2.7 *Conclusion*

The functioning of Blood Banks in the State was not satisfactory. BB/BSC were not available in rural areas. About 84 *per cent* of BBs in Government, PSUs and private sector were functioning without valid license as the licenses were not renewed and joint inspections were not conducted even once in five years. Donor safety was compromised. Blood was collected from ineligible donors while data on age, weight, haemoglobin content etc. were not recorded in the donor's record. Quality Assurance Managers were not posted in major BBs to exclusively deal with quality parameters. Ineffective calibration of equipment did not ensure quality of blood. Department of Transfusion Medicine was not established in any of the three Government Medical Colleges of the State. Separate cadre for Blood Transfusion Service was not created. Vigilance cell as well as separate BB cell with trained officers and Inspectors for proper inspection of BBs was not set up. Internal Audit system was not introduced in BBs. Although specific rules were framed for ensuring the safety of blood donors, a majority of the BBs verified in audit flouted the rules. Non-compliance of the Rules and inadequate monitoring by Drug Inspectors resulted in several deficiencies endangering the safety of both the donor and the patients.

⁴⁸ Christian Hospital, Nawarangpur; Hi-tech Hospital Bhubaneswar; Kalinga Hospital, Bhubaneswar and SCB MC&H, Cuttack

3.2.8 Recommendations

Based on our findings, we recommend that Government may take adequate and effective steps to:

- ensure that no BB operates without valid license or renewal of expired license and arrange for joint inspection of existing BBs whose licenses have already expired;
- enforce collection of blood from eligible donors and ensure maintenance of records of donors properly;
- ensure supply of ELISA Reader machine to all BBs and enforce screening of blood for HIV, HBV and HCV in all cases;
- ensure timely calibration of equipment and provide required equipment on priority to BBs not having the same;
- ensure posting of Quality Assurance Managers in BBs collecting more than 10000 units of blood per annum;
- provide training to all BB officers and technical staff engaged in blood banking and conduct proficiency test for all technical staff annually to ensure reliability of their performance;
- create a vigilance cell as well as separate BB cell with trained officers and Inspectors for proper inspection of BBs ;
- strengthen the monitoring mechanism by prescribing quantum of inspections of BBs to ensure proper functioning;
- tighten the regulatory mechanism and fix responsibility on all BBs those violate provisions of Drug and Cosmetics Act and rules framed there under.

HEALTH AND FAMILY WELFARE DEPARTMENT

3.3 Functioning of Trauma Care Centres on National Highways

3.3.1 Introduction

Government of India (GoI) introduced (November 1999) a pilot project scheme, namely, 'Upgradation and strengthening of emergency care services in State hospitals located near National Highways' to provide immediate treatment to accident victims. The scheme provides for 100 *per cent* financial assistance by the GoI for developing a network of Trauma Care Centres (TCCs) along the Golden Quadrilateral⁴⁹. The grants covered various components like civil works, equipment, manpower, communication system, training, legal services etc depending on the level of upgradation of a particular hospital. Subsequently, GoI modified the above guidelines in July 2005 and accordingly draft Memorandum of Understanding (MoU) was to be signed between the State Government and GoI for establishment of TCCs in collaboration with National Highways Authority of India (NHAI) and Union Ministry of Road Transport.

Accordingly, Government of Odisha (GoO) signed an MoU (February 2008) with the Union Ministry of Health and Family Welfare (MoH&FW), GoI. The health care facilities along the Golden Quadrilateral were to be identified by GoO to provide trauma care services and designate them as Level-I, II and III based on the degree of facilities and infrastructure available. While the GoI committed to release funds⁵⁰ on attainment of agreed performance indicators within an agreed time, the GoO committed to ensure that the funds would be utilised to support the identified hospitals according to the action plan. The sanction orders of GoI also provided for submission of Utilisation Certificate (duly audited) to the MoH&FW within 12 months of the date of release of Funds. Besides, in case of further requirement of funds for human resources and infrastructure beyond that sanctioned by GoI, the State Government committed to provide the same. Implementation of the action plan was to be reviewed at the State level once in every two months in the first year and thereafter on a quarterly basis by the State Monitoring Committee headed by the Health Secretary of the State.

In Odisha, seven hospitals (Level-I: one; Level-II: three; Level-III: three) were selected (2003-12) for up-gradation as TCCs at a total cost of ₹ 59.35 crore⁵¹. As of June 2012, GoI released ₹ 23.80 crore to these hospitals. Out of these seven

⁴⁹ The Golden Quadrilateral is a highway network connecting India's four largest metropolises: Delhi, Mumbai, Chennai and Calcutta, thus forming a quadrilateral of sorts

⁵⁰ ₹ 4.80 crore for Level-III, ₹ 9.65 crore for level-II and ₹ 16 crore for Level I centres

⁵¹ (₹ 4.80 crore x 3) + (₹ 9.65 crore x 3) + (₹ 16.00 crore x 1) = ₹ 59.35 crore

hospitals, we test checked five hospitals where ₹11.18 crore was utilised out of ₹ 20.80 crore released by GoI excluding ₹ 1.31 crore⁵² from NRHM and GoO.

3.3.1.1 Audit Objectives

The audit objectives were to assess whether:

- grants were utilised in an economic, efficient and effective manner;
- civil works as well as procurement of equipment were made in an economic, efficient and effective manner and Trauma care centres were operationalised in time;
- system of monitoring and supervision was in place and effective.

3.3.1.2 Audit Criteria

Criteria used to benchmark the implementation of the scheme were drawn from:

- Scheme guidelines and instructions issued by the GoI from time to time;
- Norms and terms prescribed by Ministry of Health & Family Welfare, GoI for upgrading and strengthening the existing TCCs near National Highways ;
- MOU signed between Government of Odisha and Government of India.
- Provision of Odisha General Finance Rules, Odisha Treasury Code, Odisha Public Works Department Code;
- Prescribed monitoring mechanism.

3.3.1.3 Audit Scope

We conducted the audit during May to August 2012 covering the period from 2003-12 of five selected TCCs namely, Bhadrak and Khordha (Level-III), Balasore and Berhampur (Level-II) and Cuttack (Level-I) out of total seven centres⁵³ in the State.

3.3.1.4 Audit Methodology

Records of the TCCs were checked, information collected through questionnaire and structured data-formats. Records maintained at the Health & Family Welfare (H&FW) Department, Directorate of Health Services (DHS), Directorate of Medical Education and Training (DMET), Odisha relating to functioning of the scheme⁵⁴ were also test checked; besides records of the executing agencies for civil works. Joint physical inspection of assets created under the scheme was

⁵² ₹ 1.00 crore from NRHM grants and ₹ 0.31 crore of GoO funds

⁵³ Balasore, Berhampur, Bhadrak, Burla, Cuttack, Khordha and Rourkela

⁵⁴ TCCs Balasore, Bhadrak and Khordha were to report to DHS, Odisha whereas TCCs Berhampur and Cuttack were to report to DMET, Odisha. Both DHS and DMET were to report to H&FW Department of GoO.

conducted along with the officials of the TCCs and photographs were taken, wherever necessary.

Audit Findings

3.3.2 Economy, efficiency and effectiveness in utilisation of grant

3.3.2.1 Receipt and utilisation of funds

We noticed that during 2003-12, five test checked TCCs received grants-in-aid of ₹ 22.11 crore⁵⁵ of which ₹ 11.18 crore was utilised by these centres as of August 2012 as detailed in **Table 3.7** below.

Table 3.7: Receipts and utilisation of TCC funds

(₹ in crore)						
Sl. No.	Name of the TCC	Eligible amount	Amount received from GoI and others	Amount utilised	Unspent balance as of August 2012	Utilisation Certificate submitted
1	Balasore	9.65	1.80	0.32 (18 per cent)	1.48	0.32
2	Berhampur	9.65	4.61	0.92 (19 per cent)	3.69	0.92
3	Bhadrak	4.80	0.65	0.65 (100 per cent)	0	0.65
4	Cuttack	16.00	12.85	8.64 (67 per cent)	4.21	8.23
5	Khordha	4.80	2.20	0.65 (29 per cent)	1.55	0.65
Total		44.90	22.11	11.18	10.93	10.77

(Source: Records of hospitals concerned)

As may be seen from the table above, against utilisation of ₹11.18 crore, UC was submitted for ₹10.77 crore and the spending efficiency ranged between 18 and 100 per cent.

3.3.3 Irregular utilisation of TCC grants

As per the terms and conditions of the sanction order and MoU signed with the GoI, funds sanctioned were to be utilised as per the agreed financing schedule for the purpose for which it was sanctioned. It was not to be utilised for routine expenditure⁵⁶. We observed that in all the five test checked TCCs, concerned Chief District Medical Officers (CDMOs) / Superintendents irregularly utilised TCC fund of ₹39.62 lakh on expenditure of routine nature which should have been met from State Government funds. The details of such expenditure were indicated in the **Table 3.8**:

⁵⁵ Including ₹ 1 crore received under NRHM and ₹ 31.19 lakh received from GoO

⁵⁶ As per provisions of para 8.4 of MoU, funds (a) are to be used for financing the agreed Action Plan in accordance with the agreed financing schedule and not used to substitute routine expenditure which is the responsibility of the State Government and (b) kept intact and not diverted for meeting ways and means crisis

Table 3.8: Irregular utilisation of TCC fund

Sl. No.	Name of TCC	Purpose for which utilised	Amount (₹ in lakh)
1	Berhampur	Miscellaneous contingency charges	3.32
		Telephone charges	0.38
2	Bhadrak	Demolition of old building	0.93
3	Cuttack	Miscellaneous contingency charges	0.88
		Installation charges of 40 number AC	0.60
		Security deposit for 11 KV electrical installation	33.43
4	Khordha	Registration of ambulance	0.08
Total			39.62

(Source: Records of TCCs)

In the exit conference, the Additional Secretary stated (October 2012) that the expenditure was incurred for hospital related works due to increase in seats in medical colleges and assured to recoup the diverted funds.

3.3.4 Delay in submission of audited Utilisation Certificates

While releasing funds to different levels of TCCs, the GoI stipulated that Utilisation Certificates (UCs) along with the audited accounts of the funds sanctioned and duly vetted by the State Accountant General should be submitted to the Ministry within 12 months of release of funds. The MoU also stipulated that the subsequent releases should be regulated on the basis of written report to be submitted by the State. We analysed the reasons as to why funds amounting to ₹ 24.10 crore⁵⁷ could not be released in full by GoI to the five TCCs and noticed that as against ₹ 20.80 crore released by GoI, UCs for ₹ 10.03 crore⁵⁸ were yet to be submitted by the hospitals as of August 2012. Thus, due to low utilisation and non-submission of UCs for the released amount in full, further funds of ₹ 24.10 crore were not received from GoI.

3.3.5 Irregular levy of departmental proportionate charges

The GoO does not levy any departmental/proportionate charges on works executed by its different Public Works Divisions under 100 *per cent* Central Sponsored Schemes⁵⁹ like MPLAD, IAP, BRGF and MGNREGS etc. Besides, from April 2011, the Government dispensed with such departmental charges in respect of works for which funds were routed through the State Budget. We noticed that though the scheme is 100 *per cent* centrally assisted and the works were being executed through Public Works Division of the Government, yet departmental charges of ₹ 51.16 lakh at the rate of 16 to 17 *per cent* were

⁵⁷ Total eligible amount ₹ 44.90 crore for five test checked TCCs less ₹ 20.80 crore (₹ 22.11 crore less ₹ 1.31 crore from other source)

⁵⁸ Excluding NRHM fund of ₹ one crore and GoO fund of ₹ 0.31 crore

⁵⁹ MPLAD-Member of Parliament Local Area Development; IAP-Integrated Action Plan; BRGF-Backward Region Grant Fund; Article 275-Central grants to meet the cost of development in scheduled areas; MGNREGS-Mahatma Gandhi National Rural Employment Guarantee Scheme

recovered by the Executive Engineers in construction of buildings for three⁶⁰ out of five test checked TCCs.

In reply, CDMOs and the Superintendent agreed (July 2012) to intimate the Divisions concerned to refund or adjust the amounts recovered on this account. Action in this regard was awaited (October 2012).

3.3.6 Execution of civil works and procurement of equipment

3.3.6.1 Inefficient and ineffective execution of civil works

The scheme envisaged strengthening of the existing emergency care facilities provided in Government hospitals by constructing one TCC with minimum 10,000 square feet of furnished and air-conditioned building to accommodate examination room, resuscitation, Intensive Care Unit (ICU) and burn beds (7), X-ray room, reception and doctor's operation theatres (OTs). As UCs were to be submitted within 12 months from the date of release of funds, all the civil works were to be completed within that period for considering further release of funds.

We examined the records of the five test checked hospitals and the executing agencies entrusted with execution of civil works. Civil works were completed in three TCCs (Berhampur, Cuttack and Khordha) with an expenditure of ₹3.09⁶¹ crore with delays ranging from two years to five years while in remaining two hospitals (Balasore and Bhadrak) civil works had not been completed despite lapse of more than four years from the date of sanction and expenditure of ₹ 97 lakh⁶² was incurred as of October 2012.

On examination, we further noticed following deficiencies which are discussed TCC wise.

- **TCC, Khordha:** The CDMO, Khordha received the civil construction component ₹ 65 lakh from GoI in September 2008 and deposited (June 2009) the same with the Executive Engineer, R&B Division, Khordha for construction of the TCC building. The Executive Engineer (EE) prepared an estimate for ₹ 1.25 crore for ground and first floor, but due to short receipt, took up construction work for only first floor at an estimated cost of ₹ 65 lakh.



⁶⁰ TCC, Bhadrak (₹ 13.67 lakh), TCC, Khordha (₹ 9.44 lakh) and TCC, Cuttack (₹ 28.05 lakh)

⁶¹ TCC, Khordha: ₹ 65 lakh; TCC, Cuttack: ₹ 1.81 (₹ 1.50 by GoI and ₹ 0.31 crore by GoO) and TCC, Berhampur: ₹ 63 lakh

⁶² TCC, Bhadrak: ₹ 65 lakh ; TCC, Balasore: ₹ 32 lakh

Unfruitful expenditure The work was awarded to a contractor on 4 January 2010 stipulating completion by 3 July 2010. The contractor however completed the same on 10 September 2011 after extension of time was granted with a token penalty of one *per cent*. Though the building constructed at ₹ 65 lakh was handed over to CDMO on 23 November 2011, yet the same has not been put to use as fund for purchase of equipment and instruments were released by GoI in April 2012 and the same has not been purchased (October 2012). As a result, entire expenditure of ₹ 65 lakh incurred on construction of this building was rendered unfruitful.

Substandard work: During Joint Physical inspection of the completed building by us and the representative of CDMO, we noticed several cracks on the walls and roof of the building. While the Junior Engineer, NRHM of office of the CDMO, Khordha confirmed (June 2012) the fact, the CDMO stated that the matter would be taken up with R&B authorities.

- **TCC, Bhadrak:** CDMO, Bhadrak received ₹ 65 lakh from GoI in September 2008 towards civil work component but deposited the same with the EE, R&B, Bhadrak in June 2010 i.e. after a delay of one year and nine months due to non-finalisation of place within DHH campus for the TCC. Though an estimate for ₹ 92.05 lakh was prepared for construction of a two storey building and the State Government agreed to bear the remaining cost of ₹ 27.08 lakh⁶³, yet this fund had not been released (October 2012). The work awarded (December 2010) to a contractor was scheduled for completion by 14 September 2011 as per the contract. However, due to non-release of ₹ 27.08 lakh as assured by the Government in Health and Family Welfare Department, the work still remained incomplete and ₹65 lakh had already been spent (October 2012) on it. Thus, due to non-release of fund by the Department despite assurance, expenditure of ₹ 65 lakh incurred on this building rendered unfruitful and the intended benefits could not be derived.
- **TCC, Balasore:** CDMO, Balasore received ₹ 80 lakh from GoI in September 2008 towards civil work component of the TCC. Besides, ₹ one crore was also released by Mission Director, NRHM, Bhubaneswar for the said purpose. An estimate was prepared for ₹ 1.80 crore for construction of the TCC as well as Diagnostic centre for DHH, Balasore through a consultant (SPIRE Consultancy, Bhubaneswar) on payment of ₹ 1.50 lakh. Remaining funds of



⁶³ Original estimate of ₹ 94.08 lakh minus ₹ 67 lakh (₹ 65 lakh plus accrued interest ₹ 2 lakh)

₹ 1.78 crore was released to the EE, Rural Works Division I, Balasore in July 2011. The work of 'construction of the TCC as well as Diagnostic centre for DHH, Balasore' was entrusted to a contractor at ₹ 1.37 crore on 19 November 2011 stipulating completion by 18 October 2012. The work was under progress (October 2012) and ₹ 32 lakh had been spent on the same. Joint physical inspection (27 June 2012) of the combined TCC and Diagnostic building was conducted by us and representative of the CDMO and we found that only 30 per cent of work had been executed. The EE stated (October 2012) that the building would be completed by June 2013 and the delay was due to delay in handing over of site by the CDMO.

In reply, the CDMO stated that the clubbing of two centres were approved by the then Collector and District Magistrate.

- **TCC, Cuttack:** GoI sanctioned ₹1.50 crore (₹63 lakh in March 2004 and ₹ 87 lakh in May 2008) for construction of ground and first floor of the TCC, Cuttack. While ₹ 63 lakh was released to the State Government through the Reserve Bank of India, ₹ 87 lakh was released (November 2008) through electronic transfer to the SCB MCH. The fund was released to the executing agency (Executive Engineer, R&B Division, Cuttack) through budgetary mechanism on 13 July 2005 (₹60 lakh), 31 March 2006 and (₹ 3 lakh) and through Bank draft in April 2009 (₹ 87 lakh). Besides, the State Government also released ₹ 31.19 lakh from its own fund for completion of these works. The work of construction of ground floor and first floor was awarded to two contractors on 10 May 2006 and 1 March 2008 stipulating completion within six months and two months respectively. The buildings were however completed at a cost of ₹ 1.81 crore and handed over to the MCH authorities in May 2010, i.e. after a delay of about two years from the stipulated date of completion. The TCC was made functional in February 2011. Further, for construction of trauma ward and up-gradation of emergency facilities, the State Government released ₹ 2.30 crore during 2010-11 (₹ 1.37 crore) and 2011-12 (₹ 93 lakh) and the works were under progress.
- **TCC, Berhampur:** The Superintendent, MKCG MCH, Berhampur received ₹ 1.50 crore in July 2006 which included civil works component for ₹ 63 lakh. The Superintendent deposited the same with the EE, CPWD, Bhubaneswar Division –III in December 2006 for construction of the TCC building. The building was completed only on 19 June 2009 at a cost of ₹ 87.38 lakh, balance amount of ₹ 24.38 lakh was not paid (October 2012) for which correspondence had been made with GoI. The building was handed over to the MCH Authorities on the same day and was left idle for about one year and nine months due to delay in procurement of equipment and instruments and was made operational in March 2011. On joint physical inspection (8 August 2012) of the TCC building by us and Officer-in-charge of TCC, Berhampur, we noticed multiple cracks on outer and inner walls of the building and leakage of water in the two

bedded ICU room. We also noticed that the present building with limited space was unable to accommodate other specified rooms and ICU (20 bedded) with five burn beds as was originally planned and stipulated by CPWD, Bhubaneswar. Besides, ₹17 lakh released by GoI towards building component in March 2010, remained unutilised with the MCH (October 2012).

Due to such delay in completion of the buildings to house the TCCs in time, TCCs would not get further funds of ₹ 24.10⁶⁴ crore from GoI towards other components like equipment, manpower etc.

3.3.6.2 Non-procurement of equipment

We noticed that no funds for purchase of equipment were released in respect of CDMOs Balasore and Bhadrak for non-completion of civil works as of June 2012. We further observed that as against the release of ₹ 14.29 crore⁶⁵ by GoI during 2003-12 towards procurement of equipment to the remaining three hospitals, equipment worth ₹ 7.28 crore only had been purchased as of June 2012 leaving ₹ 7.01 crore⁶⁶ unutilised with them as detailed in *Appendix 3.3.1* despite lapse of above four months to six years.

While the Superintendent, SCB Medical College and Hospital (TCC, Cuttack) stated that equipment were not purchased for want of adequate manpower, the Superintendent, MKCG Medical College and Hospital (TCC, Berhampur), attributed non-purchase of equipment to lack of sufficient space and non-functioning of TCC fully. CDMO, Khordha (TCC, Khordha) did not procure the equipment on the ground of insufficient fund. In absence of equipment, TCCs could not be strengthened and made functional to provide desired trauma care services.

3.3.6.3 Inadmissible expenditure under equipment head

We noticed in two TCCs that the Superintendents irregularly utilised TCC grants of ₹ 1.87 crore (*Appendix-3.3.2*) for purchase of inadmissible equipment (worth ₹0.81 crore) and excess number of equipment (worth ₹1.06 crore) than that prescribed by the GoI, as abridged in the table below, the details of which are given in the table 3.9.

⁶⁴ Bhadrak (L-III): ₹ 4.15 crore(₹ 4.80 crore minus ₹ 0.65 crore), Khordha (L-III): ₹ 2.60 crore(₹ 4.80 crore minus ₹ 2.20 crore), Balasore (L-II): ₹ 8.85 crore(₹ 9.65 crore minus ₹ 0.80cr), Cuttack (L-I): ₹ 3.46 crore (₹ 16.00 crore minus ₹ 12.54 crore) and Berhampur (L-II): ₹ 5.04 crore (₹ 9.65 crore minus ₹ 4.61 crore)

⁶⁵ TCC, Khordha: ₹ 1.5 crore; TCC,Cuttack:₹ 9.96 crore; TCC, Berhampur: ₹ 2.83 crore

⁶⁶ TCC, Berhampur: ₹ 2.20 crore, TCC, Cuttack: ₹ 3.31 crore and TCC, Khordha: ₹ 1.50 crore

Table 3.9: Inadmissible expenditure under equipment head (₹ in crore)

Name of TCC	Amount of inadmissible equipment purchased	Amount of excess number of equipment purchased	Total inadmissible expenditure
SCB MC&H, Cuttack	0.60	1.04	1.64
MKCG MC&H, Berhampur	0.21	0.02	0.23
Total	0.81	1.06	1.87

(Source: Records of TCCs)

Thus, TCCs did not follow the instructions of the GoI while procuring the equipment. Amount spent on procurement of inadmissible / excess equipment could have been utilised for purchasing other prescribed equipment.

3.3.6.4 Non-Installation of equipment

In TCC, Cuttack, equipment worth ₹ 66 lakh were purchased (March 2005) to avoid lapse of grants and were handed over to different departments of same hospital as the TCC building was not then completed. These equipment were not restored to the TCC (July 2012) though the TCC became operational from February 2011. Thus, equipment purchased for TCC were not utilised for the intended purpose.

In reply, the Superintendent stated (July 2012) that the TCC equipment would be installed and made operative soon.

3.3.7 Non utilisation and improper deployment of ambulances

As per the GoI guidelines, each TCC must have at least two ambulances in operational condition equipped with life saving apparatus and drugs, along with adequate manpower and communication system. The hospital authorities were to deploy these ambulances at strategic locations in consultation with the transport / police authorities to facilitate prompt arrival at the accident site, within the shortest possible time, for resuscitation and shifting the accident victims/patients to the emergency care centres within first hour of accident, called the golden hour. The intention was that if emergency care would be provided during this first hour of accident, the possibility of survival would be more.



Ambulance meant for TCC Khordha is not deployed in strategic location

We, however, observed the following deficiencies:

- **Non-identification of strategic accident prone locations:** We noticed that strategic accident prone locations for deployment of ambulances were not identified in the five districts where test checked TCCs were situated. As a result, three ambulances supplied by NHAI (TCC Balasore, Bhadrak and Khordha in March 2011) and four purchased under the scheme (two each in TCC, Cuttack and Berhamur during

May 2006 and April-June 2008) were not deployed at strategic locations.

- **Idle ambulances:** The CDMOs of Balasore and Khordha though received (March 2011) well equipped ambulances, yet did not use the same at all and both remained idle (June 2012). This resulted in non fulfillment of the objectives, besides gradual deterioration of the highly expensive sophisticated instruments and vital life saving equipment for which the respective CDMOs were solely responsible. No log books and history registers of these ambulances were maintained by them.
- **Ill-equipped ambulances:** All ambulances were required to be equipped with life saving equipment such as flex chair, ventilator, vacuum split kit, stretcher, oxygen cylinder, suction pump, blood pressure instrument etc. We noticed that four ambulances (two each at TCC, Berhampur and Cuttack) were not equipped with life saving equipment. In TCC, Berhampur the required life savings equipment were not purchased while in TCC, Cuttack, though equipment were purchased, the same were handed over (March 2005) to other departments of the same hospital due to non-operation of TCC.

Thus, the basic objective of the scheme was defeated as none of the TCCs equipped their ambulances with life saving drugs and instruments to save the lives of accident victims while bringing them from National Highways.

In reply, the Superintendent, TCC, Berhampur agreed to purchase the required life saving equipment for the ambulances out of the unspent amount while the Superintendent, TCC, Cuttack stated(July 2012) that equipment would have been unserviceable had they not been transferred to other departments. He further added that the ambulances would be deployed at strategic points in consultation with police and transport authority in future.

3.3.8 *Inadequate maintenance of data on accident victims*

As per reports of Ministry of Road Transport and Highways, Odisha was the twelfth State in terms of severity of road accidents during 2010. Besides, person killed per 100 accidents during 2007 (36.5), 2008 (37.6), 2009 (39.7) and 2010 (40.8) indicated increase during these years and the same were much higher than the national average of 23.9 (2007), 24.7 (2008), 25.08 (2009) and 26.9 (2010). To assess the effectiveness of the TCC scheme in saving the lives of accident victims on National Highways, we cross checked the causality or emergency ward registers and logbooks of TCCs maintained by these hospitals. We, however, found that these registers did not exhibit the details of accident victims, whose lives were saved, due to intervention under the scheme. Therefore, it was difficult to make any linkage of accident victims with those whose lives were saved.

3.3.9 Shortage in deployment of manpower

As per the scheme guidelines, GoI would meet the expenditure on manpower exclusively required for TCCs during the first five years of their existence pertaining to the 11th Five Year Plan, after which the same would be borne by the State Government. The GoI would release ₹ 2.10 crore, ₹ 3.80 crore and ₹4.30 crore for L-III, L-II and L-I TCCs respectively for this purpose. As stipulated in the sanction orders, the State Government was to finalise the required additional manpower for each TCC within a period of 30 days of receipt of grants.

We, however, noticed that as against the entitlement of ₹16.10 crore to five TCCs towards manpower component, only ₹1.66 crore (10.31 *per cent*) was released to three TCCs (Berhampur, Cuttack and Khordha), out of which only ₹0.43 crore was utilised by two TCCs (Berhampur and Cuttack) and ₹ 1.23 crore remained unutilised as of July 2012 as detailed in *Appendix 3.3.3*. Due to non completion of civil works and non recruitment of manpower in time, remaining funds of ₹ 14.44 crore could not be availed by these TCCs as of March 2012. The prospect of receiving remaining grant of ₹ 14.44 crore appears to be remote as the guideline provided that GoI would meet the expenditure on manpower necessary for TCCs only upto March 2012. The project period being over since March 2012, entire fund for manpower support was to be borne by the State Government.

We further observed that the staff recruited were not as per approved norms applicable to level-I and level-II TCCs as indicated in the *Appendix 3.3.4*.

- In the TCC, Cuttack (level-I), as against the prescribed norm of 140 staff for the hospital, only 15 staff (10.71 *per cent*) were actually recruited. We noticed that four Surgeons (two Orthopedic Surgeon, one General Surgeon and one Anesthetist) and 11 paramedics were recruited since February 2011 with no nursing staff to run the TCC against the requirement of 20 Surgeons, 84 nurses (staff nurse and nursing attendants), 12 paramedics and 24 sweepers (outsourced by Govt). Though the Superintendent submitted (October 2009) a proposal for recruitment of manpower to the Directorate of Medical Education and Training (DMET), Odisha involving an expenditure of ₹ 84 lakh per annum, yet necessary approval had not been received (June 2012). Thus, the TCC was not made fully functional (July 2012).
- Similarly, in TCC, Berhampur (level-II), as against the prescribed norm of 84, only 18 staff (21.43 *per cent*) were actually recruited. Only one Specialist (General Surgeon), 10 nurses and seven paramedics were recruited even after a lapse of more than two years since the date of receipt of funds for recruitment of manpower as against prescribed norm of 84 medical and para-medical staff.
- Further, hospital authorities recruited six⁶⁷ Data Entry Operators without recruiting adequate technical staff like staff nurse, General Surgeon,

⁶⁷ TCC: Berhampur: two and TCC, Cuttack: four

Orthopaedic Surgeon, Anaesthetists, Medical/Para Medical staff, critical for TCCs.

- A sum of ₹ 7.86 lakh⁶⁸ was paid irregularly towards payment of salary of surgeons and paramedic staff of two TCCs during April-July 2012 from the TCC grants of GoI against the stipulation (February 2008) that the GoI would bear the liability of payment of salary to approved TCC staff till the end of March 2012 only, after which the GoO would make budgetary provisions to shoulder such liability.
- No trauma-oriented training was also imparted to the staff since their recruitment.
- When the TCC was actually not in operation, deployment of 15 attendants outsourced from South Indian Security Allied Services, Berhampur and payment of ₹ 5.06 lakh during June 2011 to May 2012 needed regularisation. In reply, the Superintendent stated that he would move the DMET to accord necessary sanction.

3.3.10 Absence of communication system

As per the GoI guidelines, each TCC should have the minimum infrastructure to provide emergency care facilities like a good communication system. There should be a control room in each TCC to provide emergency care round the clock. It should co-ordinate all major emergencies and disasters in National Highways. Police wireless system, if possible, should be provided to facilitate quick relay of information regarding accidents and other emergencies. Telephone facilities should also be available. Fund provided and utilised under communication component in respect of the TCCs was as indicated in the table below.

Table 3.10: Showing provision fund and utilisation under communication component

(₹ in lakh)

Name of TCC/Level	Date of release	Amount	Total	Amount utilised	Unspent balance
Balasore/L-II	Not released	0.00	0.00	0.00	0.00
Berhampur/L-II	May 2006	1.00	2.00	0.33	1.67
	March 2010	1.00			
Bhadrak/L-III	Not released	0.00	0.00	0.00	0.00
Cuttack/L-I	March 2004	1.00	2.00	1.00	1.00
	May 2008	1.00			
Khordha/L-III	March 2012	1.50	1.50	0.00	1.50
Total		5.50	5.50	1.33	4.17

(Source: Records of TCCs)

⁶⁸ TCC, Cuttack: ₹ 6 lakh for four Surgeons and staff; TCC: Berhampur: ₹ 1.86 lakh for nine paramedical staff

On examination of records of five TCCs, we noticed that

- The Superintendent, TCC, Cuttack purchased (March 2005) 10 mobile sets at the rate of ₹10,000⁶⁹ per set utilising the fund of rupees one lakh earmarked for the purpose, out of which eight mobile sets were irregularly distributed to different departments not associated with the TCC and the same had gone defunct (October 2012); remaining two mobile sets remained idle. Thus, the total expenditure of ₹one lakh was rendered infructuous.
- Two operationalised TCC (Cuttack and Berhampur) did not have any such communication system or control rooms. The communication system between the TCC and the Police control room/PCR vans /NH patrolling vans /NHAI centres was yet to be established (July 2012).
- Grant of ₹ 1.5 lakh received (April 2012) by CDMO, Khordha on this account was not utilised as the TCC was yet to be operational.

3.3.11 Ineffective monitoring and evaluation

According to the provisions of MOU of February 2008 between MoH&FW, GoI and H&FW Department, GoO for implementation of the scheme, a Monitoring Committee (MC) was to be set up under the Chairmanship of Health Secretary of respective State Governments with Medical Superintendent of the concerned hospital, concerned officers of the State construction agency, concerned officers from State procurement agency and representative from GoI as members. The MC would meet once in every quarter to review the progress and sort out procedural bottlenecks, if any.

However, on scrutiny of the records at the TCCs, Directorates and Department, we observed that,

- No State Level Monitoring committee was set up as of September 2012. However, Review meetings were held on three occasions⁷⁰ in the chamber of Commissioner-cum-Secretary, H&FW Department, to review the progress of Trauma Care Centres.
- The respective CDMOs/Superintendents in respect of all the five test checked TCCs did not submit the quarterly reports on the progress of the scheme to the Directorate/Department. The impact of the scheme was also not evaluated by any higher authority or by any independent organisation.

The Department while admitting (June 2012) the facts stated that no internal control mechanism existed for monitoring the functioning of the TCCs. Thus, ineffective monitoring and lack of supervision resulted in not only delay in execution of civil works, but also inefficient and ineffective operationalisation of the entire scheme.

⁶⁹ Including recharge voucher for talk time valuing ₹ 6620 per set

⁷⁰ 3 August 2009, 29 October 2010 and 9 April 2012

3.3.12 Conclusion

The five TCCs sanctioned (2004-09) by GoI were either non-operational due to delay in completion of civil works or partially operational due to delay in procurement of equipment and absence of requisite trained manpower as of October 2012. This could be attributed to lack of proper monitoring and supervision at the level of CDMOs / Superintendents / Department. Thus, the objective of providing basic life support and emergency care in the golden hour i.e. first hour of journey to accident victims in the Golden Quadrilateral in the State remained unachieved even after a lapse of over four to eight years of sanction of funds by GoI.

3.3.13 Recommendations

- The State Health and Family Welfare Department must ensure that civil works are completed at the earliest by the executing agencies with adequate gap funding by State Government.
- The State Government should take immediate steps to procure essential equipment, deploy adequate manpower and ensure proper communication system with the Police system.
- Fully equipped ambulances may be deployed at strategic points to provide quick trauma services to the accident victims, especially during the golden hour.
- The State Monitoring Committee must work more effectively and efficiently to plug the deficiencies in implementation of the scheme and ensure effective functioning of all such TCCs.

ST & SC DEVELOPMENT, MINORITIES AND BACKWARD CLASSES WELFARE DEPARTMENT

3.4 Functioning of Eklavya Model Residential Schools in the State

3.4.1 Introduction

The Government of India (GoI) launched (1997-98) the scheme of 'Eklavya Model Residential Schools (EMRS)' with the objective of providing quality education up to higher secondary level to the students of tribal community, in remote areas of the States. The basic idea of the scheme was to enable the scheduled tribe (ST) students to avail the reservation facilities in higher and professional educational courses to facilitate getting jobs in Government, Public Sector Undertakings (PSU) / private sectors and to have access to the best opportunities in education at par with the non-tribal people. The scheme *inter alia* envisaged establishment of an Autonomous Society in every State to manage the EMRSs in the State. Accordingly, "Odisha Model Tribal Education Society (OMTES)" was set up in 1999 as a Society registered under Societies Registration Act 1860.

Secretary of the Scheduled Tribes and Scheduled Castes Development (SSD) Department acted as the Chairman of OMTES while the Director of the Department acted as the Member Secretary. The Society was responsible for establishment, management and control of the EMRSs including construction of school complexes. The schools were affiliated with the State Board of Secondary Education (BSE) (Class VI to Class X) and Council of Higher Secondary Education (CHSE) (Class XI and XII), as required. The Principal and Teachers in these schools are appointed by OMTES on contractual basis. The State Government receives grants for different schemes related to tribal development under Article 275 (1) of the Constitution of India. The guidelines of setting up of EMRSs provide that the States/UTs are free to apportion funds out of grants received under Article 275 (1) to construct and run EMRSs.

As of March 2012, 13EMRSs⁷¹ were established in eleven districts of the State with grants received under the provisions of Article 275(1). Three additional EMRSs⁷² for Bolangir, Kalahandi and Subarnapur districts proposed (May 2010) were approved by the GoI and non-recurring grant of ₹ 18 crore was received (January 2012) from the GoI for the purpose.

⁷¹ Bhabanipur (Sundargarh); Chandragiri (Gajapati); Dhanger (Mayurbhanj); Hirli (Nawarangapur); Laing (Sundargarh); Lahunipada (Sundargarh); Mahasinghi (Kandhamal); Malkangiri (Malkangiri); Nuapada (Nuapada); Pungar (Koraput); Rampilo (Jajpur); Ranki (Keonjhar) and Siriguda (Rayagada)

⁷² Bolangir, Kalahandi and Subarnapur

3.4.1.1 *Audit Objectives*

The broad audit objectives of our audit were to assess whether:

- survey was conducted for identification of beneficiaries, deciding on location, curriculum and level of school and the result of the survey was used in the planning process to prioritise setting up of EMRSs;
- funds were utilised economically, efficiently and effectively;
- adequate physical infrastructure was available for academic and residential purpose in EMRSs;
- adequate manpower including qualified and trained teachers were available for imparting quality education;
- academic performance was above or at least at par with the performance of other schools in the concerned districts;
- system of inspection and monitoring was in place and effective.

3.4.1.2 *Audit criteria*

The following were the sources of audit criteria.

- Guidelines of EMRS issued by Government of India;
- Odisha Model Tribal Education Society (OMTES) Bye-laws, Rules and Regulations and
- Odisha General Financial Rules and Odisha Public Works Account Code.

3.4.1.3 *Audit scope and methodology*

We conducted test check of records of five⁷³ out of 13 EMRSs of the State during March to July 2012 covering the period from 2007-08 to 2011-12. These five EMRSs were selected using stratified random sampling without replacement method on the basis of funds allotted to each EMRS. We test checked the records of OMTES and five EMRSs, conducted joint physical inspection of infrastructure and facilities at all the five test checked EMRSs in the presence of representatives of concerned EMRSs and taken photographs, wherever considered necessary. We also conducted interview of students and teachers through questionnaires and incorporated the findings at appropriate places in this report. The draft report was discussed with the representatives of the Department on 12 October 2012 and the replies received (October 2012) were duly incorporated in the report at appropriate places.

⁷³ Dhanghera, Laing, Malkangiri, Rampilo and Ranki

Audit Findings

3.4.2 Survey and planning

3.4.2.1 Survey for prioritisation for setting up of EMRSs

The GoI guidelines envisaged quality education at middle and higher level to ST students in remote areas. The schools eligible under the scheme were to be located in scheduled or tribal areas. Thus, there was need for conducting survey to ensure availability of required number of students and prioritisation of the districts for setting up of EMRSs i.e. where concentration of ST population was more. We, however, noticed that neither any survey was conducted to identify the beneficiaries, location, curriculum and level of schools etc. nor any prioritisation of districts based on ST population and literacy ratio as per census 2001 was made for setting up of EMRSs. We examined the district wise ST population and its ratio to the total population of the districts and noticed that while EMRSs were established in Kandhamal (52 per cent) and Gajapati (51 per cent) ten years back in 2001-02, the same was established in Malkangiri (57 per cent) and Nuapada (35 per cent) only in 2011-12. Besides, three such schools were established during 2000-01 to 2002-03 in Sundargarh district with 50 per cent ST population. Further, during 2007-08, one such school was established in Jajpur district with ST population of eight per cent ignoring Deogarh, Jharsuguda and Sambalpur with more than 30 per cent ST population and that of another seven districts with ST population ranging between 11 and 29 per cent where no such school was established as of August 2012, as detailed in *Appendix 3.4.1*. The selection of districts for coverage under the scheme and its prioritisation based on any pre-determined criteria was not evident.

The Department stated (October 2012) that survey might have been conducted at the time of submission of proposal to the Government for setting up of EMRSs. The reply is not acceptable as both OMTES and the Department could not produce any documentary evidence in support of the same, though specifically called for in Audit.

3.4.3 Financial management

3.4.3.1 Receipt and utilisation of funds

During 2007-12, the SSD Department received ₹ 94.24 crore towards construction and management of EMRSs. Out of total availability of ₹ 103.05 crore during this period, ₹ 42.74 crore (41 per cent) was utilised leaving ₹ 60.32 crore unutilised as of 31 March 2012 as indicated in table 3.11:

Table : 3.11 Year wise receipt and expenditure of funds received under EMRS

(₹ in crore)

Year	Opening Balance	Fund received			Total availability	Expenditure (per cent)	Spending efficiency (per cent)	Closing Balance
		GIA	Interest	Others				
2007-08	0.64	10.88	0.06	0.00	11.58	5.81	50	5.77
2008-09	5.77	8.85	0.12	0.91	15.65	8.49	54	7.16
2009-10	7.16	7.98	0.17	0.15	15.46	7.15	46	8.31
2010-11	8.31	31.40	0.36	0.38	40.45	9.47	23	30.98
2011-12	30.98	35.14	2.29	3.73	72.14	11.82	16	60.32
Total		94.25	3.00	5.17	103.06	42.74		

(Source: Information furnished by OMTES)

As would be seen from the above table, utilisation of funds ranged between 16 per cent and 54 per cent of the total funds available during the years.

The Department attributed (October 2012) the reasons for such unspent balance to receipt of arrear grant (₹ 7.48 crore) in 2009-10 towards salaries and allied expenditure of the EMRS made out of State resources in the initial stages, receipt of non-recurring grant of ₹ 18 crore on 31 March 2012 and procedural delays in selection of site, preparation of estimate etc. for the three new EMRSs.

3.4.3.2 Delay in release of funds to OMTES

GoI released funds to State Government under Article 275 (1) of the Constitution for setting up and management of EMRSs with the condition to release the same to Project Implementing Agencies (PIAs) within 30 days and to ensure that the grants were utilised for the purpose for which they were sanctioned. But, Audit noticed that during the period 2010-12, though GoI released funds in July 2010 (₹ 31.77 crore) and June 2011 (₹ 17.12 crore), the same was transferred to the PIA i.e. OMTES after a delay of four to nine months. As a result, utilisation of funds for the intended purpose got delayed by the same period.

The Department stated (October 2012) that the delay in release of funds beyond the time limit prescribed by GoI is mainly due to formulation of provision under the State budget and observance of other formalities after it is voted by the State Legislature. The reply is not acceptable since GoI prescribed that the funds should be released within 30 days to PIA.

3.4.3.3 Submission of UC in excess of actual expenditure

Audit noticed that the Department submitted (November/December 2011) Utilisation Certificate (UC) for ₹ 21.47 crore to GoI as against the actual expenditure of ₹12.71 crore which resulted in submission of inflated UC by ₹8.76 crore. This was mainly due to submission of UC for full non-recurring grant of ₹12 crore received from GoI during July 2010 for construction of EMRS complexes at Malkangiri and Nuapada, against expenditure of ₹ 3.46 crore as reported (June 2012) by the executants, the Orissa State Police Housing and Welfare Corporation (OPHWC).

The Department stated (October 2012) that UC was submitted as per requirement of GoI. The reply is not acceptable as the UC was to be limited to the actual expenditure and advances to executing agencies were not to be treated as final expenditure which was against the financial rules.

3.4.4 Physical Infrastructure

Guidelines provided for allocation of minimum of 20 acres of land (upto August 2010) for each school, free of cost of which up to 3.5 acres was to be used for the construction of school buildings. This limit was, however, reduced to 15 acres from September 2010. The remaining area was to be maintained properly with a reasonable portion to be earmarked for playground. Each EMRS was to have adequate number of class rooms, additional rooms for science laboratories, computer lab, recreation room / auditorium etc. as well as hostel buildings and staff quarters for teaching and non-teaching staff to ensure quality education in EMRSs.

We examined the availability of physical and human infrastructure in the test checked EMRSs and noticed the following deficiencies.

3.4.4.1 Inadequate class rooms

As per scheme guidelines, every class should have maximum 60 students, preferably in two sections of 30 students each. Thus, for every class of about 60 students, two rooms were necessary for creating better environment for education.

We found overcrowding in four⁷⁴ out of five test-checked EMRSs, where for seven classes (VI to XII) with students' strength between 40 and 65 per class, only seven class rooms were available in each of these EMRS. Due to shortage of rooms, each class could not be divided into sections. In EMRS, Ranki, Zoology laboratory was accommodated in Class VI room.

We also noticed that in EMRS, Malkangiri, despite availability of four class rooms in the temporary building, two classes (VI-VII) with student strength more than 50 in each class were accommodated in two rooms without division into sections. This resulted in overcrowding of students in a single class room which is likely to affect the quality of education as the teachers would not able to take care of every student.



57 students reading in a class room,
Malkanagiri

The Department stated (October 2012) that it was decided in the eighteenth Governing Body meeting of OMTES to bifurcate classes as per revised GoI guidelines and funds were being placed with different EMRSs to meet such needs. It was also stated that steps were being taken to provide a dedicated room

⁷⁴ Dhanghera, Laing , Rampilo and Ranki

for Zoology laboratory at EMRS, Ranki and Principal, EMRS, Malkangiri has been instructed to divide Class-VI and VII into two sections each in the available building.

3.4.4.2 Boarders sleeping on the floor due to non availability of cots



We observed that except EMRS, Dhanghera, 19 to 82 *per cent* of the boarders of the boys and girls hostels of remaining four test checked EMRSs were sleeping on the floor due to non-supply of sufficient number of cots. We noticed availability of only 700 cots in these schools (Laing: 340, Malkangiri: 22 Rampilo: 168 and Ranki 170) against the requirement of 1380 (Laing: 420, Malkangiri : 120 Rampilo: 420 and Ranki: 420) in these schools.

Principals of the test-checked EMRSs attributed the reasons to non-receipt of funds from OMTES, despite requests. The Department, however, stated (October 2012) that necessary funds have been allotted to the Principals of each EMRS with instruction to provide cots to all students. The replies of the Principals and the Department were contradictory.

3.4.4.3 Non-maintenance of the schools and hostels

During joint physical inspection (June 2012) of the test checked EMRSs, we found that the school and hostel buildings were not maintained properly. Window glasses of almost all class rooms of test checked EMRSs except that of Malkangiri were found to be broken and had not been replaced.

Besides, piped water supply to the school buildings of Ranki and Dhanghera remained defunct. We also noticed that steel bars were posted in the stairs without fixing them to the railing in the boys' hostel at EMRS, Laing; the same posed threat to the safety of the boarders.

The Department stated (October 2012) that funds had been provided to each EMRS for all such repair works.

3.4.4.4 *Poor sanitation condition in hostels*

On joint physical inspection of hostels of four EMRSs, (Rampilo, Ranki, Dhanghera and Laing), we found that toilets of boys hostels were not cleaned due to failure of piped water supply system to the toilets and bath rooms of the hostels, despite instructions (November 2011) of the OMTES and rupees seven per boarder per month was provided to facilitate proper cleaning of campus toilets



Toilet of boys' hostel, Dhanghera



Use of the tap of dining basin for washing and bathing, Laing

and maintenance of sanitary items. Such un-clean toilets contributed to unhygienic atmosphere in the hostels. We observed that the boarders of the boys' hostel of EMRS, Laing were taking bath and washing their clothes using the tap of dining basin on the verandah of the dining hall. In respect of EMRS, Malkangiri, the toilets of both the boys and girls were found to be clean.

The Department had stated (October 2012) that funds had been provided to EMRSs for repair works and Principals had been asked to outsource cleaning of toilets.

3.4.4.5 *Students staying in class room due to non-completion of hostel building for over five years*

On examination of records of OMTES, we found that in EMRS, Siriguda, the boy students were accommodated in the extra rooms available in the upstairs of academic block since last five years. This was due to delay in completion of the boys hostel building.

The work of construction of school complex including that of boys hostel was entrusted (July 2005) to 'Odisha Construction Corporation (OCC), a State Public Sector Undertaking at ₹ 2.97 crore without inviting tender. The date of commencement and scheduled date of completion of this work were 15 October 2006 and 28 May 2008 respectively as per the terms of contract (February 2007), which also did not permit any cost or time over run. But, OCC completed the required buildings except the Boys hostel and handed over (November 2007 to April 2008) the same to OMTES. The Boys hostel was not completed and OCC insisted for extra cost as the specification for the building was changed midway. OOC was paid ₹ 2.70 crore and the contract was rescinded with penalty of ₹ 3.11 lakh. Construction work of this hostel was then entrusted to Integrated Tribal Development Agency (ITDA), Rayagada and the same was not completed (August 2012).

The Department stated (October 2012) that the civil construction portion of the hostel was completed and the boys would be shifted to the hostel building

only after completion of sanitation and electrical works. Proper monitoring by OMTES for timely completion of hostel building, as more than five years elapsed for completion of the civil works alone, despite availability of funds was thus lacking.

3.4.5 Irregular award of works for construction of EMRS complexes

Odisha General Finance Rules (OGFR) requires award of works on open tendering process. Besides, guidelines (July 2007) of Central Vigilance Commission issued on the basis of the Apex court's decision (December 2006), requires to treat award of contract on nomination basis as breach of Article 14 of the Constitution of India. However, we noticed that contrary to the above provisions, in two cases of construction of EMRS complexes at Nuapada and Malkangiri with estimated cost of ₹ 10.84 crore and ₹ 15.22 crore respectively, the works were awarded by OMTES to a Public Sector Undertaking i.e. Odisha State Police Housing and Welfare Corporation (OPHWC) on nomination basis, without inviting open tender. No timeline for completion of the work was also fixed. We found that though no reason was attributed for award of works of EMRS, Nuapada to OPHWC, yet in case of EMRS, Malkangiri, the reason was indicated to be difficult situation and raw material problem in Malkangiri district. We, however, noticed that

- The reason indicated for EMRS, Malkangiri was not correct as OPHWC awarded the work to a contractor (Nipani Industries, Jabalpur) on tender basis.
- As of March 2012, ₹ 3.28 crore was utilised on construction of the EMRS complex at Malkangiri.
- For EMRS, Nuapada, though the Corporation was requested (October 2011) to commence the work early, yet OMTES did neither place funds with OPHWC despite availability of funds nor fixed any timeline for completion of this work. We noticed that as of July 2012, works valued ₹ 17.73 lakh were only executed.

The Department stated (October 2012) that the work was awarded to OPHWC as per the decision of seventeenth Governing Body meeting, keeping in view that Malkangiri was a naxal affected area and OPHWC is a Government owned corporation. The reply is not acceptable because, as per CVC guidelines, open tendering is required even in case of awarding works to government agencies, and OPHWC also sub-contracted the work on tender basis.

3.4.5.1 Non rectification of defects

Examination of handing over reports of buildings by the Orissa Industrial Infrastructure Development Corporation (IDCO) revealed that the defects in the soak-pit of girls' hostel, staff quarters, water seepage in wall and roof joint of the Principal's quarters and fixing of doors and windows of EMRS, Rampilo were not rectified (June 2012) since its handing over (August 2011) by the executants (IDCO). As per the handing over report of the buildings of EMRS, Ranki, no

defect was noticed. The buildings of EMRS, Dhangera and Laing had not been taken over by the concerned Principals (July 2012).

The Department stated (October 2012) that the buildings of EMRSs had been handed over to PA, ITDAs under whose direct supervision, these EMRSs are running and the defects as pointed out were being rectified.

3.4.5.2 *Non implementation of renewable energy technologies*

The GoI guidelines (June 2010) required use of fuel saving or renewable energy technologies was to be encouraged in the EMR schools by implementing schemes of the Ministry of New and Renewable Energy. But, we found that the test checked EMRSs had not availed benefit of any such fuel saving schemes. OMTES had not issued any specific instruction in this regard. In all test checked EMRSs, fire wood/coal/gas was used in kitchen for cooking of food in hostels.

The Department stated (October 2012) that instructions had been given to EMRSs to utilise fuel saving renewable energy technology in the kitchen of each EMRS.

3.4.6 **Manpower: Teachers and support staff**

3.4.6.1 *Sanctioned strength vis-à-vis men-in-position*

We noticed that against sanctioned strength of 221 teaching staff and 260 non-teaching staff, there were 193 teaching staff and 203 non-teaching staff as of October 2012 as indicated in the table 3.12 given below.

Table 3.12: Table showing sanctioned strength vis-à-vis men-in-position

Sl. No.	Name of the EMRS	Teaching staff		Non-teaching staff	
		Sanctioned Strength	Men in Position	Sanctioned Strength	Men in Position
1	Bhabanipur	17	17	20	16
2	Chandragiri	17	17	20	16
3	Dhangera	17	17	20	18
4	Hirli	17	17	20	17
5	Lahunipada	17	17	20	16
6	Laing	17	17	20	18
7	Mahasinghi	17	17	20	17
8	Malkangiri	17	3	20	7
9	Nuapada	17	3	20	7
10	Pungar	17	17	20	18
11	Rampilo	17	17	20	20
12	Ranki	17	17	20	16
13	Siriguda	17	17	20	17
Total		221	193	260	203

(Source: Information furnished by the OMTES)

Though there is no shortage of teaching staff in the schools considering that only Class VI and VII were in operation in Malkangiri and Nuapada, there was shortage in the non-teaching staff in all the 13 EMRSs. We also noticed that the guidelines provided for giving higher pay scales to the Principal and teaching staff of EMRSs than that of their counterparts in the Government schools, so that best

talents would be attracted to these schools. We noticed that all the teachers in EMRSs were appointed on consolidated salary which was much less than their counterparts in Government schools as detailed in *Appendix 3.4.2*. Though these schools were running in residential pattern, yet full time wardens were not posted in any of these schools to look after the welfare of the students. In EMRS, Laing teachers were found holding additional charge of wardens.

The Department stated (October 2012) that it had been decided in eighteenth Board of Governors meeting to engage two wardens in each EMRS. The Department also stated that a scheme had been approved by the Government and on implementation of the same, the teachers would get salary at par with their counterparts in Government schools.

3.4.6.2 Health check up of boarders

As per the instructions (March 2009) of the SSD department, the school management committee would ensure health check up of the inmates fortnightly by the medical staff of the nearest Primary Health Centre / Community Health Centre / Government Hospital. The medical checkup of students and issue of health cards was mandatory for each boarder.

However, we found that regular health check up of the boarders of three sample EMRS (Rampilo, Ranki, Dhanghera) was done fortnightly by the doctors while in EMRS, Laing health check up of the boarders was not done every fortnight but only three to four times in a year. In EMRS, Malkangiri, health check up of the boarders by the medical staffs was not done at all.

The Department stated (October 2012) that steps have been taken in coordination with Health Department to provide health cards to each student and ensure fortnightly health check up.

3.4.7 Academic performance

The objective of the scheme was to provide good quality education which can be possible through maintaining due transparency in selection of students, imparting higher quality of teaching by the teachers in their respective subject, review of performance of the teachers including the Principal and training of teachers for capacity building and professional development. We reviewed these aspects and noticed good as well as under-performances as discussed in following paragraphs.

3.4.7.1 Selection of students

The GoI guidelines (June 2010) provided that admission to the EMRS were to be made through selection /competition. We observed that the selection of students for admission was made on merit basis through State level entrance test conducted by the EMRSs on the basis of open advertisement published by the OMTES annually for Class-VI.

3.4.7.2 Teaching aids, modules and quality of teaching

Teaching aids like maps, charts, models, articles and modules were used by the teachers in all test checked EMRSs while imparting training. Besides, notes, comparative statements, solution papers and reference books were also used by the teachers while imparting training in all test checked EMRSs. We also observed that adequate PGT, TGT, Sanskrit Teachers, Hindi Teachers, Physical Education Trainer (PET) and Laboratory Assistants were available in test checked EMRSs. Based on discussions made and interviews of teachers and Principals conducted by us in all test checked EMRSs, we are of the view that the teaching was imparted by the teachers through notes on subjects, revision of subjects taught earlier, clearance of doubts through question answers weekly/fortnightly and monthly test on different subjects and half yearly internal tests. On evaluation of the performance of the students, extra classes and remedial classes for slow learners were also taken up by the teachers for discussion of question papers available in question bank. The students confirmed that extra and remedial classes were taken up by the teachers beyond the school hours and the students had no complaint against any teacher.

The quality and performance of teachers was assessed by the Principals regularly in the Principal and Teachers meeting, checking of Teacher's lesson diaries and submission of performance reports to the OMTES.

3.4.7.3 Games, sports and co- curricular activities

Scheme guidelines provided that time table of EMRSs would be so divided that sufficient time would be available for various activities, such as games and sports, cultural activities and other extracurricular activities, so as to ensure all-round development of the students.

We noticed that though playgrounds are available in all test checked EMRSs, it was not developed in EMRS, Laing. However, the students were using the play grounds for football, volley ball, cricket, kho-kho and kabadi. Annual sports were conducted in all the EMRSs along with cultural programmes. Similarly, various competitions like debate, song, Jhoti, Science quiz, General quiz, Mathematics quiz, painting, sloka recitation, dance etc. were also conducted. Both boys and girls participated in district level and State level sports events and in all India womens' festivals as well.

3.4.7.4 Non introduction of commerce and humanities streams

As per the revised guidelines, at the higher secondary level (XI and XII) there would be three sections per class for the three streams of Science, Commerce and Humanities. We observed that, in all EMRSs, though Science stream was introduced, Commerce and Humanities streams were not introduced (October 2012) since the schools were established since 2000-01. The Department stated (September 2012) that steps would be taken to process for other two streams as well.

3.4.7.5 Performance of EMRSs in HSC and CHSE Examination

The objective of EMRS was to provide opportunities to meritorious students belonging to ST community to assess high quality education. We reviewed the performance of test checked EMRSs based on performance of Class-X and Class-XII students in Annual High School Certificate (HSC) Examination conducted by the BSE and CHSE for five years period from 2007-08 to 2011-12 and noticed that the pass percentage and students securing first division in both examinations were encouraging as indicated in table below:

Table 3.13: Performance of four⁷⁵ test checked EMRSs in HSC Examination: Class-X

Year	Total students appeared	Passed	1 st Division	2 nd Division	3 rd Division	Percentage of pass out
2007-08	155	128	27	66	35	83
2008-09	160	145	42	69	34	91
2009-10	189	174	54	83	37	96
2010-11	199	180	63	74	43	90
2011-12	217	189	71	69	49	87
Total	920	816	257	361	198	

(Source: Records of concerned EMRS)

Table 3.14: Performance of four test checked EMRSs in CHSE Examination Class-XII

Year	No of students appeared	No of students Passed	1 st Division	2 nd Division	3 rd Division	Percentage of pass out
2007-08	56	35	01	07	27	63
2008-09	170	125	04	47	74	74
2009-10	189	146	35	78	33	77
2010-11	210	191	32	106	53	91
2011-12	219	218	103	90	25	99
Total	844	715	175	328	212	

(Source: Records of concerned EMRS)

From the above, it was evident that during the year 2007-08, the rate of passing out was 83 *per cent* in case of Class-X which increased to 90 *per cent* in 2010-11 and then reduced to 87 *per cent* in 2011-12. Students securing first division also steadily increased. Students failed in HSC examination reduced from 17 *per cent* in 2007-08 to 13 *per cent* in 2011-12. In case of Class-XII, the passing out rate was 63 *per cent* in 2007-08 which increased to 99 *per cent* in 2011-12.

We observed that in respect of four tests checked EMRSs, 217 students appeared in HSC Examination in 2012 of which only 71 students (33 *per cent*) passed in first division. Out of 219 students that appeared in +2 Science Examinations in 2012, 103 students (47 *per cent*) passed in first division. The results of EMRSs were, however, less than the results of the other schools/colleges of the locality as detailed in the tables 3.15 and 3.16:

⁷⁵ Out of five test checked EMRSs, at Malkangiri the school is running with only Class VI and VII

Table 3.15: Table showing the school wise results of HSC Examination during 2008 – 12

Name of the block and district (1)	Name of the schools with highest result (2)	Percentage of results in				
		2008 (3)	2009 (4)	2010 (5)	2011 (6)	2012 (7)
Mayurbhanj, Khunta	EMRS, Dhanghera	92	98	92	96	94
	B C Pur	97	93	100	97	93
	Basipitha	100	100	100	100	100
	Balimundali	89	95	100	93	100
Keonjhar	EMRS, Ranki	69	94	95	91	86
	Govt. High School, Naranpur	97	100	100	98	98
	B D High School, Kusumita	80	91	100	31	37
	N S Police High School	94	93	98	98	94
Sundargarh	EMRS, Laing	85	85	100	88	92
	St. Mary Girls High School	92	91	100	90	97
Dangadi, Jajpur	EMRS, Rampilo		33	100	84	73
	Jajpur Zilla School	99	93	98	99	98

(Source : Information furnished by concerned District Education Officers)

Table 3.16: Table showing the details of college-wise CHSE results during 2008 -12

Name of the district (1)	Name of the College with highest result (2)	Percentage of result				
		2008 (3)	2009 (4)	2010 (5)	2011 (6)	2012 (7)
Mayurbhanj	EMRS, Dhanghera	62	100	67	79.31	98
	Kaptipada college, Nuasahi	Data not available	85	100	Data not available	62
	K.C College, Krushnachandrapur	Data not available	100	97	Data not available	99
Keonjhar	EMRS, Ranki	Not started	24	100	100	100
	D D College, Keonjhar	-	66	72	Data not available	56
	Women Junior College, Keojhar	-	47	50	58	Data not available
Jajpur	EMRS, Rampilo	Not started		31	91	100
	N C College, Jajpur	-	-	86	Data not available	81
	V N College, Jajpur Road	-	-	58	Data not available	Data not available
Sundargarh	EMRS, Laing	Not started	93	90	Data not available	100
	Nirmula Munda College, Bhalulata	-	96	96	Data not available	71
	Bansidhar College, Kenaveta	-	84	96	Data not available	76

(Source: Results published by Council of Higher Secondary Education, Odisha)

As may be seen from the above table, the performance of students of EMRS, Ranki in +2 Examinations during 2010, 2011 and 2012 remained 100 per cent. But in other test checked EMRSs, the success percentages were less than that of the nearby Government Schools/Colleges. However, the details of students

got admitted in higher/ professional courses were not available and the same had not been maintained by OMTES.

The Department stated (October 2012) that special coaching classes on engineering were done for all students of EMRS from 2011-12 and were planned for medical classes during 2012-13. It further added that career counseling cell was functioning in each EMRS. The fact, however, remained that data on students admitted in higher/ professional courses were not available with the OMTES/ Department (October 2012) to assess the extent to which the ST students availed higher and professional education at par with the non-tribal students for getting jobs in government, public sector and private sectors.

3.4.8 Inspection and Monitoring

Since the objective of the scheme was to enable the students of EMRSs to avail of facilities of reservation in higher and professional educational courses for getting jobs in government, public sector undertakings and in private sectors, the School Management Committees and the OMTES should review the progress of academic/co-curricular/extra-curricular activities of the students, their admission into technical colleges and their placement in government/ PSU/ private sector. We examined the system of inspection and monitoring in test checked EMRSs and noticed several deficiencies as discussed in succeeding paragraphs.

3.4.8.1 *Board of Governors met fewer times than required*

As per the bye laws of the OMTES, the Governing Body should meet at least once in a quarter or as frequently as required in each year and if necessary more than once on such date and at such place as may be decided by the Chairman. However, we noticed from the proceedings of the Board meeting that the Board of Governors met only 18 times as of August 2012 since its inception in May 2000 against 48 times required to monitor the implementation of EMRSs. During 2007-12, it met only six times against 20 times required.

3.4.8.2 *School Level Management Committee (SLMC) did not meet regularly*

As per the bye laws of OMTES and Order (March 2009) of the SSD department, the Management Committee of the School should be headed by the Collector of concerned district. The Principal of the concerned School would be the Member Secretary and other members would include PA, ITDA, Inspector of Schools (Welfare), Chief District Medical Officer (CDMO) of the concerned district, Executive Engineer of the District Rural Development Agency (DRDA) and two eminent educationists of the area who look after the overall development of the school. The Committee had to look after overall development of the school and to render advice to the society, as and when necessary. The Committee had to meet every month in the school premises on any day during first week of each month under the Chairmanship of Collector.

We noticed in the test checked EMRSs that against 153 meetings⁷⁶ of such Committee required to be conducted during 2009-12, only 20 meetings⁷⁷ were held and minutes recorded. Due to shortfall in conducting these meetings, various developmental works of the school like installation of solar power system inside the campus, development of play ground, supply of bed cots to the boarder, construction of kitchen garden, purchase of generator, construction of staff quarters and addressing acute water problem, completion of compound wall, construction of class room etc. in the test checked EMRSs remained affected/deficient.

3.4.8.3 Monitoring and evaluation

We noticed that:

- the SLMCs and the OMTES did not review the progress of academic/co-curricular/extra-curricular activities of the students of EMRS and did not maintain any record to watch the admission of EMRS pass outs into technical colleges and their placements in Government/PSU/Private Sector though EMRSs were functioning in the State since 2000-2001.
- Online centralised mechanism required to be established under the scheme was yet to be operationalised (October 2012).

3.4.9 Conclusion

Neither any survey was conducted to identify the location and prioritise, nor were proposals for setting up of EMRSs sent to GoI based on any predetermined criteria. Though performance of existing EMRSs on passing out rate in HSC and CHSE examinations was satisfactory, yet it needs further improvement as it remained below that of many other schools in the locality/district. Funds were left unutilised in bank accounts and there were instances of submission of inflated UCs. Construction works were awarded to State Public Sector Undertakings without following open tender process. Execution of works by these PSUs was not monitored which delayed completion of the works and led to time as well as cost overruns. Most of buildings of test checked EMRSs were left without any maintenance. Sanitation and hygiene in hostels was poor. School level Management Committees did not meet regularly. Further, career progressions of the passed out students by way of enrolment in higher educational/ professional courses and their appointment in Government/ PSUs / private institutions was not monitored. Monitoring of the performance of EMRSs by OMTES was poor.

⁷⁶ 36 meetings each for Dhangera, Laing, Rampilo, Ranki and 9 meeting for Malkangiri

⁷⁷ Dhangera (1), Laing (4), Rampilo (9), Ranki (6)

3.4.10 Recommendations

The Government may consider the following recommendations for effective functioning of the EMRSs:

- Required steps may be taken for opening of EMRSs in remaining 19 districts of the State to cater to the needs of ST students ;
- Construction works may be awarded to contractors based on open bidding process in compliance with the instructions of Central Vigilance Commission and ensure timely completion of works by them;
- Sanitary condition in the hostels may be improved on priority; provision for annual maintenance of school buildings, hostels and staff quarters ensured;
- Enrolment of passed students in higher educational/ professional courses and their appointment in Government/ PSUs/ Private institutions may be monitored by OMTES.
- Monitoring of the performance of EMRSs by OMTES may be strengthened.

FOOD SUPPLIES AND CONSUMER WELFARE DEPARTMENT

3.5 Diversion of TPDS rice

Under the Centrally-sponsored Targeted Public Distribution System, rice allotted by GoI to BPL families at the scale of 35 kilogram/month during 2002-12 was distributed at reduced scale of 25 kilogram and the saved rice of 26.48 lakh MT involving central subsidy of ₹ 2655.61 crore was diverted for distribution to beneficiaries not recognised by GoI.

With a view to enhancing the food security at household level, the Targeted Public Distribution System (TPDS), a centrally sponsored plan scheme was under implementation in the State with effect from June 1997. The scheme provided that Below Poverty Line (BPL) families / households were to be supplied 35 kilograms of rice per month with effect from April 2002 at the Central Issue Price (CIP) of ₹ 5.65 per kilogram. Under the scheme, Government of India (GoI) allocates a monthly quota of rice to the BPL families in the State the number of which was to be determined based on the poverty estimates of Planning Commission on the projected population of BPL families identified by the State Government whichever was less. GoI's PDS (Control) Order, 2001 prohibited the State Government from diverting food grains made available by the GoI for distribution to various categories of beneficiaries at specified scales. While the Food Corporation of India (FCI) releases a part of the allocated rice, the Odisha State Civil Supplies Corporation (OSCSC) also supplies the balance allocation out of its custom milled rice⁷⁸ at the CIP of ₹ 5.65 per kilogram. Since the CIP of such rice is less than the FCI's / OSCSC's economic cost price, the difference is reimbursed to FCI and OSCSC by the GoI as subsidy. The OSCSC was to lift the GoI allotted TPDS rice from FCI along with its own custom milled rice at the CIP.

During audit (October 2011 and June 2012) of the Food Supplies and Consumer Welfare (FS&CW) department, we noticed that the GoI allocated TPDS rice meant for BPL families to Government of Odisha ranging from 123698 metric tonnes (MTs) to 97131 MTs per month during 2002-12 for issue among 35.34

⁷⁸ Under the Decentralised Public Distribution System of GoI, the OSCSC procures paddy within the State and convert the same to custom-milled rice (CMR) through miller for supply to beneficiaries under TPDS

lakh to 27.75 lakh BPL families⁷⁹ at the scale of 35 kilograms per month per family at the CIP of ₹ 5.65 per kilogram during the above period. But since September 2002, the FS&CW department, with the approval (September 2002) of the State Cabinet, has been supplying TPDS rice allocated by GoI at the scale of 25 kilogram per month to each BPL family. This was done in order to accommodate 48.58 lakh⁸⁰ in 2002-03 to 42.32 lakh families⁸¹ in 2011-12 identified as BPL by the State Government. When the GoO mooted a proposal (January 2002) to sell TPDS rice at the scale of 25 kilogram per BPL family, the Ministry of Consumer Affairs, Food and Public Distribution, GoI insisted (July 2002) on maintaining the distribution at the scale of 35 kilograms per BPL family. Besides, the GoI did not accede (May 2009) to the State Government's request (April 2009) for allocation of food grains to increased number of BPL families and instructed the latter to restrict the number of BPL families to the numbers accepted by GoI.

As seen (June 2012) from the records of the OSCSC, 92.69 lakh MT of TPDS rice was lifted by the Corporation during 2002-12 which was enough to cover 8.52 lakh to 27.75 lakh BPL families. This rice, however, was sold to 11.93 lakh to 38.85 lakh families during the period at the reduced scale of 25 kilogram per family/month depriving 10 kilogram of rice every month. This has resulted in irregular distribution of 26.48 lakh MT rice to 3.40 lakh to 11.10 lakh beneficiaries not approved by the GoI at the subsidised rate involving GoI subsidy of ₹ 2655.61 crore during the period, besides consequential denial of adequate food security envisaged under the central scheme to the BPL beneficiaries approved by GOI. The details are given at *Appendix 3.5.1*. The irregularity continues (June 2012).

The Commissioner-cum-Secretary stated (July 2012) that the GoI, on the recommendation of the Lakhdawala Committee of the Planning Commission reduced the number of the BPL families of the State basing on secondary data which the State had estimated under a door to door survey during 1997-98. He

⁷⁹ This included 7.42 lakh APL families of KBK districts who are to be supplied TPDS rice at BPL rate and excluded Antyodaya Anna Yojana and Annapurna Yojana beneficiaries who are to be supplied rice at 35 kilograms per month at the subsidised BPL price as approved by GoI from April 2002

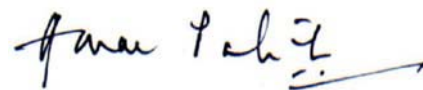
⁸⁰ 48.58 lakh as per 1997 BPL survey.

⁸¹ 36.91 lakh BPL families plus 5.41 lakh APL families of KBK (Koraput, Bolangir and Kalahandi) districts.

further added that the GoI's reduction was difficult to implement on the ground level as no procedure for that has been prescribed by GoI.

The reply was not convincing since this argument of the Department was contrary to the PDS (Control) order, 2001 and was rejected (July 2002 and May 2009) by GoI who insisted on restricting the number of BPL families to the number accepted by GoI.

Bhubaneswar
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