
CHAPTER-2

PERFORMANCE AUDIT

CHAPTER-2

Rural Development Department

2.1 Implementation of Indira Awaas Yojana (IAY)

Executive Summary

Indira Awaas Yojana (IAY) was launched by the Ministry of Rural Development in May 1985 with an objective to help rural people below the poverty-line (BPL) in construction of dwelling units and upgradation of existing unserviceable kutcha houses by providing assistance in the form of lump sum grant. Review of IAY in the State for the period April 2008 to March 2013 was conducted between May and September 2013. Some of the major audit findings are discussed below:

Financial Management

There was a short release of state share of 11.89 crore, besides State lost central share amounting to 256.42 crore due to excess carry over fund, short release of state share etc.

(Paragraphs 2.1.5.2 and 2.1.5.3)

Implementing agencies had not accounted for interest 1.05 crore earned on IAY funds despite credit by banks.

(Paragraph 2.1.5.8)

In 16 blocks, Utilisation Certificates (UCS) for an expenditure of 142.61 crore were not submitted by Block Development Officers (BDOs) to District Rural Development Agencies (DRDAs), as of May 2013.

(Paragraph 2.1.5, 9)

Financial management under the scheme should be bolstered with accurate accounting and effective utilisation of scheme funds.

Identification and selection of beneficiaries

Additional 9.90 lakh BPL families identified in revised BPL survey 2010 were deprived of IAY scheme as State government did not sanction their names for inclusion in eligible beneficiaries list on the ground of extra burden on public exchequer.

(Paragraph 2.1.6.1)

Out of six test checked districts permanent waitlist was not prepared in Garhwa and Deoghar district to select IAY beneficiaries and in 14 testchecked blocks, 25,424 beneficiaries were selected without Gram Sabha approval.

(Paragraph 2.1,6.2)

In seven blocks of Garhwa and Ranchi districts, names of 593 selected beneficiaries did not match with the names mentioned in BPL list. Further, in six blocks of three test-checked districts, 474 houses were allotted to beneficiaries whose BPL numbers were not present in BPL list.

(Paragraph 2.1. 6.4)

In twelve blocks of six districts, 134 beneficiaries were allotted 279 houses under IAY during 2008-13.

(Paragraph 2.1. 6.5)

Preparation of correct Permanent Waitlist by the Gram Panchayats with approval of Gram Sabha as envisaged in IA Y guidelines should be ensured.

Construction of Houses and Quality

In 17 test-checked blocks, 22 per cent houses, out of 29,118 houses sanctioned during 2008-11, were incomplete as of July 2013. Delay in completion ranged from four months to more than three years.

(Paragraph 2.1.7.1)

Inventory of constructed/upgraded houses under IAY not maintained in test checked blocks.

(Paragraph 2.1.7.2)

Implementing agency should ensure completion of targeted IA Y houses in prescribed timeframe.

Convergence with other Schemes

Test checked districts neither had any co-ordination with other departments in identifying the schemes/programmes that could be converged with IAY nor did they have any information on different facilities provided under Convergence. Further, in nine blocks, irregular deductions of 13.81 lakh were made from the instalments of beneficiaries.

(Paragraphs 2.1.8.1 and 2.1.8.2)

DRDAs should identify the programmes/schemes implemented by various Departments for dovetailing with IA Y to ensure provision of intended facilities to IA Y beneficiaries under Convergence.

Monitoring and Evaluation

The State Level Vigilance and Monitoring Committee (SLVMC) met only twice against the required 12 meetings to be held during 2010-13. Further, against the required 12 meetings of District Level Village Monitoring Committee (DLVMC) there was a shortfall ranging between 17 and 50 Per cent in number of meetings in four districts.

(Paragraph 2.1.9.4)

Meetings of SLVMC and DLVMC in required numbers should be ensured for better monitoring and supervision of implementation of IA Y scheme.

2.1.1 Introduction

Indira Awaas Yojana (IAY), the flagship scheme of the Ministry of Rural Development (MoRD) for fulfilment of housing needs of rural poor was launched in May 1985 as a sub-scheme of Jawahar Rozgar Yojana (JRY). It is being implemented as an independent scheme since 1 January 1996.

Objective of IAY

The objective of the Indira Awaas Yojana is to help in construction/ upgradation of dwelling units of rural Below Poverty Line (BPL) households ¹ belonging to members of Schedule Castes (SCs)/Schedule Tribes (STs), freed bonded labourers, minorities and other non-SC/ST rural households by providing them a lump sum financial assistance.

Assistance Pattern

Indira Awaas Yojana is a Centrally Sponsored Scheme funded on cost-sharing basis between Government of India (GOI) and the State Governments in the ratio of 75:25. In addition to the entitled grant², an IAY beneficiary can also avail a loan up to 20,000 under differential rate of interest (DRI) scheme at an interest rate of 4 per cent per annum.

2.1.2 Organisational structure

In Jharkhand, the scheme is being implemented in the districts by District Rural Development Agencies (DRDAs) headed by the Deputy Commissioners (DCs)/ Deputy Development Commissioners (DDCs) under the overall supervision of the Principal Secretary, Rural Development Department (RDD). Organisational structure of Rural Development Department for implementation of IAY is as in Appendix-2,1.1. RDD is responsible for monitoring of scheme implementation although the funds were directly released by GOI to DRDAs.

2.1.3 Audit approach

Audit objectives

We reviewed the implementation of Indira Awaas Yojana in Jharkhand state to assess whether:

- The allocation and release of funds under IAY were made in an adequate and timely manner and that these were utilised economically and efficiently in accordance with the scheme provisions;
- The identification and selection of the target groups and the processes for allotment, construction and up-gradation of dwelling units were adequate and conformed to the scheme guidelines;
- The physical performance under IAY in terms of number of units constructed/ upgraded was as planned and targeted and that the constructions corresponded to the quality and financial parameters set out in the scheme guidelines;

¹

As per IAY guidelines, 60 per cent of physical targets of IAY houses will be utilised for SC/ST BPL households, 40 per cent for non SC/ST-BPL households. Three and fifteen per cent of the above categories are for physically/ mentally challenged persons and BPL minorities respectively.

² Effective rates of assistance for new construction of dwelling unit under IAY: from the year 2008: 35,000 (plain area) and 38,500 (hilly & difficult area), from the year 2010:

₹ 45,000 (plain area) and 48,500 (hilly & difficult area). Effective rates for Upgradation of dwelling unit under IAY: for the years 2008-13: 15,000.

- The convergence of IAY activities with other programmes as envisaged was effectively achieved and ensured availability of a complete functional dwelling unit; and

- The mechanism in place for monitoring and evaluation of the outcomes of the programme was adequate and effective.

2.1.3.2 Audit criteria

The audit criteria for the review of IAY were adopted from the following sources:

- Indira Awaas Yojana guidelines issued by MoRD, Government of India (GoI);
- Circulars/instructions issued by MoRD and RDD, Government of Jharkhand (GoJ);
- Accounts Code 2001 issued by Government of India for accounting procedure of District Rural Development Agencies (DRDAs); and
- Periodical reports/ returns prescribed under IAY Guidelines, BPL List and National Level Monitors (NLMs) Report.

2.1.4 Audit scope and methodology

The review of the implementation of IAY in the State for the period 2008-2013 was conducted between May 2013 and September 2013 through issuing questionnaire/proformas and test check of records at the Department, six⁵ (out of 24) districts/DRDAs and 18⁶ (out of 260) blocks. Audit also conducted joint physical inspection of 1198 IAY houses in 102 Gram Panchayats (GPs) and interviewed beneficiaries/owners of these houses.

Review of IAY commenced with Entry Conference with the Principal Secretary, Rural Development Department on 23 May 2013, wherein the methodology, scope, objectives, and criteria were discussed. Exit Conference with the Secretary, Rural Development Department, Government of Jharkhand (GoJ) was held on 17 February 2014. Interim reply on report was furnished by RDD on 20 February 2014 which has been suitably incorporated.

Audit findings

2.1.5 Financial management

The State Government did not consider giving 75 per cent weightage to housing shortage prescribed for interblock/inter-panchayat allocation of funds.

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e to IAY guidelines for fund allocation to blocks

As per para 4.1 of IAY Guidelines, inter-district/inter-panchayat allocation within a State was to be made by giving 75 per cent weightage to housing shortage and 25 per cent weightage to rural SC/ST population of the concerned districts. Audit noticed that during 2008-13, the inter-block/interGP allocation of funds was being done by DRDAs by using census population

Savings for 2008-12 remained four to 36 per cent of the total available funds, while expenditure exceeded the available funds by ₹64.65 crore (17 per cent) during 2012-13.

Overall short release of State share in the State was 11.89 crore during 2008-13.

⁵Deoghar, East Singhbhum, Godda, Garhwa, Palamu, and Ranchi districts.

⁶Sadar Deoghar, Madhupur, Ghatshila, Gourabanda, Godda Sadar, Thakurgangti, Chinia, Dandai, Nagaruntari, Garhwa Sadar, Medininagar, Leslignanj, Chainpur, Bishrampur, Namkum, Ratu, Mandar and Nagri.

figures of SC, ST, Minority and others without considering the actual housing shortage as required under the guidelines.

In reply, RDD stated (February 2014) that funds were allocated by Government of India directly to the districts following the principles adopted in the guidelines.

However, RDD did not reply in respect of non-adoption of prescribed principle for allocations within the district.

Financial Utilisation and Reporting

As per the scheme guidelines, central assistance to the State Government was to be released in two instalments. The first instalment (50 per cent of the total allocation) was to be released in the beginning of the financial year. Release of second instalment was subject to utilisation of 60 per cent available funds.

The position of Central and State releases and expenditure reported by the Rural Development Department for the period 2008-13 is shown in the Table 2.1.1:

Table 2,101: Release and Expenditure of IAY funds in the state
(ein crore)

Financial Year	Opening balance	Central Release	State Release	Available fund (2+3+4)	Expenditure	Savings (5-6) in per cent (Column 7 to 5)
2008-09	47.28	190.01	44.50	281.78	180.06	101.71 36
2009-10	101.71	389.97	134.86	626.54	401.61	224.93 36
2010-11	224.93	558.64	173.94	957.51	713.58	243.93 25
2011-12	243.93	207.25	82.30	533.49	511.37	22.12 4
2012-13	22.12	259.71		369.55	434.20	64.65
Total	639.97	1605.58	523.31	2768.87	2240.82	

(Source: Information provided by RDD)

- As can be seen from the table above that although savings for 2008-12 remained four to 36 per cent of the total available funds, the expenditure exceeded the available funds by 64.65 crore (17 per cent) during 2012-13. Reasons of savings were due to non/delayed completion of targeted IAY houses and receipt of funds at the end of financial year.

Regarding excess expenditure during 2012-13 RDD stated (February 2014) that records would be verified and statements will be furnished. With respect to savings, Department stated that concerned districts will be asked to specify the reason for not using the balance amounts.

- Further, as per 75:25 funding ratio between Gol and State government, the State share against central release (R 1605.58 crore) should have been ₹ 535.19 crore for 2008-13. However, we noticed a short release of state share amounting to 11.89 crore (2008-13) for IAY due to inadequacy in budget provisions prepared by RDD.

RDD accepted and stated (February 2014) that the audit observation would be verified and accordingly balance amount would be released.

State lost central share amounting to ₹ 256.42 crore which would have been sufficient to construct 53,598 houses.

There was diversion of IAY fund in Ranchi and East Singhbhum DRDAs.

allocation was curtailed by 285.48 crore during 2009-13 due to excess carryover of funds by the districts, short release of State share, non-submission of Utilisation Certificates (UCS) etc. However, ₹ 29.06 crore out of 285.48 crore was recouped by MoRD during 2013-14. Thus, State lost central share amounting to 256.42 crore^s which would have been sufficient to construct 53,598 additional houses⁶ for the houseless BPL families under IAY.

Loss of Central share: 256.42 crore

In reply, RDD stated (February 2014) that the effective loss of central share would be worked out and districts will be directed to demand the deducted central share after utilising the available amount at the earliest.

Delays in release of State share

As per clause 4.6 of IAY Guidelines the State Government shall release its share to DRDA within one month of release of Central assistance.

We noticed during audit that during 2008-13, in five out of six test-checked districts (except Garhwa), state share to DRDAs was released by RDD with a delay ranging from two to 239 days (Appendix-2.1.2). Delays in release of State share of funds could have significantly increased the risk of nonachievement of physical targets under the Scheme.

As per IAY Guidelines (clause 4.2) at the time of submitting the proposal for the second instalment, the opening balance of the district should not exceed 10 per cent of the funds available during the previous year and that the State Government should have also released all its due contribution up to the date of the application.

RDD accepted and stated (February 2014) that sometimes there is delay due to late receipt of information from Gol/districts regarding release of central funds which results in delay in release of state share.

However, audit observed from allotment letters of state share that due to inadequate budget provision the state share was not released/allotted to DRDAs timely.

Diversion of funds

As per clause-2 Chapter-VI of Accounting Code, 2001, funds cannot be diverted from one scheme to another scheme or from central scheme to state scheme. We however noticed during audit following instances of diversion of IAY funds towards other scheme/purposes;

- In DRDA, Ranchi an amount of ₹ 28 lakh⁷ was diverted from IAY to Birsa Awas Yojana (BAY), implemented by Integral Tribal Development Authority (IDA), Ranchi between August 2011 and March 2012.

₹ 285.48 crore - 29.06 crore.

⁶ Additional houses that could be constructed: 2009-10: 2187 (₹ 765.318 lakh @ ₹ 0.35 lakh) + 2010-11: 1626 (₹ 731.675 lakh @ ₹ 0.45 lakh) + 2011-12: 7781 (₹ 3773.661 lakh @ ₹ 0.45 lakh) + 2012-13: 42004 (₹ 20371.74 lakh @ ₹ 0.485 lakh).

⁷ ₹ 3,50,000 (vide cheque no. 254338 dated 20.08.2011) + ₹ 3,50,000 (vide cheque no. 254339 dated 25.01.2012) + ₹ 21,00,000 (vide cheque no. 254340 dated 12.03.2012).

- In DRDA, East Singhbhum IAY funds amounting to 11.88 lakh were diverted towards BPL survey work during 2008-09.

Diversion of funds from IAY to other schemes or purposes was irregular.

In reply, RDD stated (February 2014) that show cause would be given to concerned districts.

2.1.5.6 Non-utilisation of Funds

Finance Department, GoJ issued instructions (June 2011) that money under IAY should be withdrawn by respective Drawing & Disbursing Officers only when it is immediately required for payment to the beneficiaries.

We during audit of six test checked districts noticed instances of funds remaining unutilised at DRDAs/Blocks/other implementing agencies level as detailed in Table 2.1.2:

Table 2.1.2: Non-utilisation of funds by DRDAs[Blocks/Other implementing agencies

Districts	Period	Observation
Godda, Palamu, and Ranchi	2008-13	Funds of 24.86 crore provided to twenty four blocks during 2008-13 remained unutilised at the end of respective year (Appendix-2.1.3). Schemes were implemented from funds already available with the blocks.
East Singhbhum and Ranchi	2010-12	Out of Cheques for 21.61 crore provided to blocks, 20.84 crore was encashed during 2011-12 and 0.77 crore was encashed during 2012-13. Thus, the amounts remained blocked u to two ears.
Ranchi	2011-13	Cheques amounting to 53.77 lakh ⁸ during January-March 2011, were shown in transit as of March 2013.
Deoghar, East Singhbhum, Garhwa, Godda and Palamu,	2008-13	3.12 crore remained unutilised as of March 2013 for various reasons viz. non-taking up of sanctioned schemes, non-payment of instalment etc. (Appendix-21.4),

Government money remained unutilised due to inaction on the part of concerned implementing agencies.

(Source : DR-DO

Thus, government money remained unutilised without any purpose due to inaction on the part of concerned implementing agencies.

RDD stated (February 2014) that concerned districts would be asked to explain the reasons.

The fact remains that funds remained unutilised for long periods thereby obstructing achievement of envisaged scheme objectives.

7 Suspected misappropriation offunds

As per Accounts Code 2001 (Chapter XV), DRDAs and Blocks are responsible for the correct accounting of money distributed to the implementing agencies

8 27.37 lakh to Mandar Block (vide cheque no. 016186 dated 31.3.2011) and 26.40 lakh to Silli Block (vide cheque no. 935174 dated 4.12.2011).
test checked districts.

There was suspected misappropriation of funds amounting to 49.53 lakh in

Implementing agencies had not accounted for interest of ₹ 1.05 crore accrued on scheme fund despite credit by banks in the pass books.

by supervising and controlling the whole accounting functions. Audit, however noticed several instances of suspected misappropriation of funds as discussed in Table 2.1.3:

Table 201.3:
Statement showing suspected misappropriation of funds

would be asked to explain the reasons.

The non-availability of details of these amounts in the accounts indicates the possibility of misappropriation.

2.1.5.8 Non-accounting of accrued interest in cash book

As per Accounts Code 2001, Bank Interest earned on each scheme should be added in the scheme funds and reflected in the scheme cash book. Further as per clause 4.8 of LAY Guidelines, the interest accrued on the deposits of IAY funds shall be treated as part of IAY resources.

In the test-checked districts, we found that implementing agencies had not accounted for at-least 1.05 crore earned as interest on IAY funds despite credit by the banks in the pass books (Appendix-2,1.5). Further, it was noticed from the audited accounts of test checked DRDAs that bank interests were not being credited in the cash books of blocks against IAY deposits kept in bank accounts for various periods during 2008-13 in all blocks in the test-checked districts (Appendix-2.1,6). Reasons for the same included keeping funds in non-interest bearing bank accounts (refer to paragraph 2.1.5.13), merging funds with other scheme funds (paragraph 2.1.5, 11), non-reconciliation of bank accounts (refer to paragraph 2.1.5.12).

⁹ Accounts were audited by the Chartered Accountants appointed for audit of IAY.

¹⁰ In DRDA, Garhwa closing balance for 2008-09: 41.63 lakh; Opening Balance for 2009-10: 33.22 lakh. Difference: 8.40 lakh.

DRD/Blocks	Observation
Ranchi, Garhwa	A sum of 447 lakh was provided to Circle Officer (CO), Nagaruntari prior to 2008-09. Though the amount was reflected in the cash book but it was not found in the bank accounts of Circle Office. The concerned CO showed his ignorance about the availability of aforesaid funds.
	As per audited accounts of DRDA Ranchi 5.82 lakh was shown as issued to CO, Murhu during 2008-09. However, this was absent from opening balance of 2009-10 without indicating a reason.
	In DRDA Garhwa there was a variation 8.40 lakh in the closing balance and opening balance of audited account of the year 2008-09 and 2009-10 respectively.
Bishrampur, Madhupur, Ratu Blocks	No records in respect of selection of private agencies and vouchers were provided to audit for payment of 30.84 lakh for construction of toilets, smokeless chulha and marble latrines to 12 agencies.

(Source: DRDAs, blocks)

In reply, RDD stated (February 2014) that concerned districts

As the government remained unaware of accrued interest on the fund balances available with Blocks, possibility of mis-utilisation/ defalcation] misappropriation of government money cannot be ruled out.

In reply, RDD accepted and stated (February 2014) that DRDAs would be instructed to follow financial and accounting norms.

21.509 Treatment of Advances as expenditure and Non-Submission of Utilisation Certificates

As per clause 10, Chapter 1, Accounts Code 2001 issued by Gol, funds transferred to Block Development Officers (BDOs)/implementing agencies shall be reflected as advance in the cash book/balance sheet and not as final expenditure which should be finalised only on the basis of Utilisation Certificates (UCs)/Adjustment bills received from them.

Rupees 604.11 crore were treated as expenditure without obtaining UCs/adjustment bills.

UCS against the expenditure of ₹ 142.61 crore were not submitted by BDOs to DRDAs during 2008-13.

violating the norms.

- In DRDAs of six test checked districts, 604.11 crore advanced/provided to BDOs/ other implementing agencies 11 was booked as expenditure without obtaining UCs/adjustment bills (Appendix-2.1.7) on the date of release itself.
- We noticed in audit that in 16 test-checked blocks, UCS were not submitted (May 2013) by BDOs to DRDAs against an expenditure of ₹ 142.61 crore made during 2008-13 (Appendix-2.1.8), No reason for the same was found on record. Further, we noticed in audit that despite nonsubmission of UCS by BDOs, DRDAs submitted incorrect utilisation certificates to MoRD as mentioned in paragraph number 2.1.93.

RDD accepted and stated (February 2014) that DRDAs would be instructed to follow proper financial and accounting norms.

2.1.5.10 Poor utilisation of Differential Rate of Interest scheme

IAY guidelines (clause 3.3) stipulated that a beneficiary could also avail a loan upto 20,000 per housing unit under Differential Rate of Interest (4 per cent per annum) scheme (DRI) in addition to the assistance provided under the scheme. The State Governments/ DRDAs concerned were to coordinate with financial institutions to get this credit facility extended to interested beneficiaries.

No housing loan was given to any beneficiary in six test-checked districts except East Singhbhum.

Audit found that no housing loan was given to any beneficiary during 2008-13 in six test-checked districts except East Singhbhum where 456 beneficiaries were provided DRI loan amounting to 56.46 lakh in 2009-10.

RDD did not furnish any reply on the observation.

2.1.5.11 Operation of multiple Bank accounts

As per clause 4.7 of IAY Guidelines, IAY funds shall be kept in a nationalised/ scheduled/ cooperative bank or a Post Office in an exclusive savings bank account by DRDAs. We noticed in audit that:

- In violation of the above guidelines, in all the six test-checked DRDAs, IAY funds were kept in up to six bank accounts. Such multiple bank

In all the six testchecked DRDAs, IAY

funds were kept in multiple bank accounts while

Circle offices in certain cases.

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(Appendix-2.1.9).

Bank accounts were not reconciled by five out of six test-checked DRDAs.

RDD accepted audit observation and stated (February 2014) that DRDAs have been instructed to take necessary action in the light of audit observations.

2.1.5.12 Non-reconciliation of bank accounts

As per clause 2 Chapter-VIII of Accounts Code 2001, Gol, DRDAs should reconcile their bank accounts on a monthly basis.

However, we noticed during audit that cash book and bank accounts were not reconciled by five out of six test-checked DRDAs (except East Singhbhum). Therefore, the amount of interest accrued and earned on unutilised IAY scheme funds and the exact expenditure position of IAY scheme, wherever it was merged with other scheme funds could not be ascertained by Audit. RDD accepted and stated (February 2014) that DRDAs have been instructed to take necessary action in the light of audit observations.

In two blocks IAY funds were kept in non-interest bearing account.

2.1.5.13 Keeping funds in non-interest bearing accounts

As per IAY Guidelines (clause 4.7 and 4.8), IAY funds were required to be kept in Savings Accounts of Bank/Post Offices and interest earned was to be treated as additional scheme funds.

Separate cash book for IAY was not maintained in DRDA East Singhbhum, Ranchi and Deoghar.

In two blocks (Namkum and Mandar Block) IAY funds were kept in Current Account/Savings-Institutional account under which no interest was provided by banks (Appendix-2.1.10). This was contrary to the norms and resulted in loss of interest on deposits.

RDD accepted and stated (February 2014) that DRDAs have been instructed to take necessary action in the light of audit observations.

2.1.5.14 Non-maintenance of separate cash book for IAY

As per clause 1 Chapter II of Accounts Code 2001, DRDAs are required to maintain a separate cash book for each scheme.

529 beneficiaries were paid 66.80 lakh through bearer cheques during 2008-10.

We noticed during audit that separate cash book for IAY was not maintained in DRDA East Singhbhum, Ranchi and Deoghar as transactions from other schemes were also recorded in IAY cash book (Appendix-2.1.11).

RDD accepted and stated (February 2014) that DRDAs have been instructed to take necessary action in the light of audit observations.

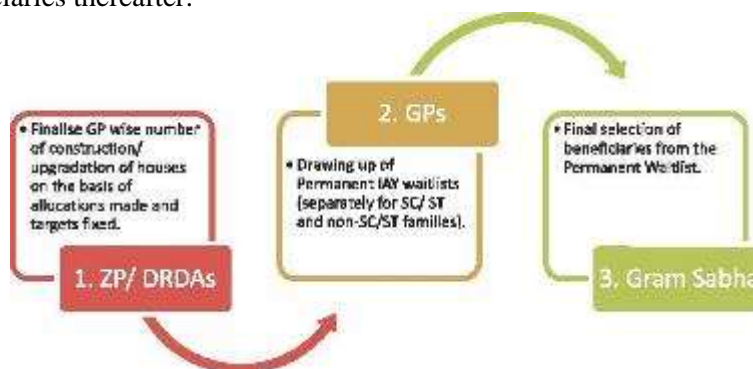
accounts for IAY funds were noticed in fifteen out of eighteen testchecked blocks.

2.1.5.15 Irregular payment of funds through bearer's cheque

As per IAY Guidelines, payment to beneficiaries should be released in their bank/post office accounts only. Scrutiny revealed that in Medininagar Sadar block, Palamu, 66.80 lakh was paid to 529 beneficiaries through bearer cheques during 2008-10. In reply, RDD accepted and stated (February 2014) that matter will be enquired into and action will be taken accordingly.

Further, in four⁷ out of 18 test-checked blocks IAY funds were merged with other scheme funds

As per clause 2.1 of IAY guidelines, the Zila Parishad (ZP)/DRDAs were to decide the number of houses to be constructed/ upgraded Panchayat-wise under IAY, during a particular financial year on the basis of allocations made and targets fixed by MoRD. The following flowchart depicts the process of selection of beneficiaries thereafter.



Families added in revised BPL survey deprived of IAY benefits

9.90 lakh BPL families were deprived of IAY scheme as RDD did not approve them on the ground of extra burden on public exchequer.

State Cabinet ordered revised survey to update BPL list 2002-07 which was lakh BPL families in BPL list. Although RDD acknowledged additional BPL families, they were deprived of IAY scheme benefits (as of August 2013) as it did not approve them for different welfare schemes including IAY on the ground of extra burden on public exchequer.

RDD accepted and stated (February 2014) that at present the work of Socio Economic Caste Census (SECC) is in progress, BPL list will be revised on the basis of SECC data. However, the facts remains that these families were deprived of IAY benefits despite their inclusion in updated BPI, list.

Irregularities in preparation of Permanent Wait List of beneficiaries

MoRD instructed (November 2005) the State Government to prepare two fresh Permanent Waitlists - one for SC/STs and other for non-SC/ST, in accordance with BPL survey list based on the ranking in BPL survey 2002 with the poorest-of-poor on the top. We noticed during audit that:

- Permanent Waitlist was not prepared in two (Garhwa and Deoghar) out of six test-checked districts and beneficiaries were selected directly from BPL lists. In reply, Deputy Development Commissioner (DDC), Garhwa stated that compliance will be furnished to audit after taking necessary steps, (September 2013). In the remaining three test-checked districts (Godda, Palamu and Ranchi), Permanent Waitlists were prepared by DRDAs instead of these lists being prepared by GPs.
- Permanent Waitlist was not updated in any of the test-checked DRDAs/ Blocks as was required under the Guidelines.

Out of six test-checked districts, Permanent Waitlist W2S not prepared in Garhwa and Deoghar

districts to select the beneficiaries for IAY housings.

71 beneficiaries, selected from Waitlist found to have been fictitious as their BPL number did not match with BPL list.

2.1.6 Identification and Selection of beneficiaries

carried out in 2010-11 land added 9.90

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- Further, instead of two waitlists - one each for SC/ST and non-SC/ST, in four test-checked Blocks⁸⁹, only one waitlist incorporating both SC/ST and non-SC/ST was prepared. In reply BDOs stated that action will be taken to follow IAY guidelines in future (November 2013).
- In five blocks⁹ 50 beneficiaries though with 'zero' score (landless¹⁰) in BPL list were allotted IAY houses during

In three blocks of Garhwa district, 15 houses were allotted to the relatives of BPL number holders.

2008-13. Audit noticed that though the selected beneficiaries had constructed houses on their own land, they were given 'zero' score during BPL Survey which was to be provided to landless BPL households only. This created doubt over the authenticity of BPL list itself, on the basis of which the permanent waitlist had been drawn up. In reply, BDOs stated that IAY houses were allotted to beneficiaries having their own land. Reply confirms the audit observation that these beneficiaries were not landless and therefore irregularly placed at a higher level in the priority list.

- During 2008-13, in 14¹¹ out of 18 test-checked blocks, 25,424 out of 37,038 beneficiaries were selected without approval from Gram Sabhas.

In reply, RDD accepted and stated (February 2014) that follow up action will be taken up on receipt of districts reply. Incorrect Permanent IAY Waitlists

Audit scrutiny revealed that:

In three blocks¹² names of 527 beneficiaries had not been included in IAY waitlist. These beneficiaries were directly selected from BPL list during 2012-13.

- During 2008-12, in three blocks (Mandar, Nagri and Ratu) of Ranchi district, 71 beneficiaries selected from IAY Waitlist, to whom IAY grant for construction of houses amounting to 22.12 lakh was made, were not present in the corresponding BPL list. BDOs in reply stated that names of some beneficiaries were deleted in 2010 while revising BPL list 2002. However, permanent wait list was not accordingly updated, which would have resulted in selection of such beneficiaries.

Reply of BDOs confirms the audit observation that ineligible beneficiaries were selected due to discrepancy in IAY Waitlist.

- In Sadar Block of Godda district, the wait list was not prepared by giving priority to poorest of poor on the top as persons with higher BPL score were positioned higher than people with lower score. BDO, Godda Sadar stated that the matter was being intimated to DRDA.

In seven blocks, names of 593 beneficiaries selected during 2008-13 were not traceable from BPL list.

- In two test-checked blocks (Ghatshila and Gourabanda) of East Singhbhum district, Permanent Waitlist was prepared without mentioning corresponding BPL Score. Thus, whether the priority as required under the guidelines was maintained in selection of beneficiaries by the concerned blocks or not, could not be ascertained in Audit.

⁸ Namkum, Nagri, Mandar and Ratu.

¹⁰ As per MoRD letter no. (2-16025/4/20024.1 (RD) dated 5 April 2005, 'zero' score in BPL list will be awarded to those BPL beneficiaries who are landless, besides other criteria.

⁹ Mandar, Nagri and Ratu blocks of Ranchi district; Sadar and Madhupur blocks of Deoghar district.

¹¹ Sadar and Madhupur blocks of Deoghar district; Ghatshila and Gourabanda blocks of East Singhbhum districts; Chinia, Dandai, Sadar and Nagarutanri blocks of Garhwa district; Sadar and Thakurgangti blocks of Godda district; Chainpur block of Palamu district and Mandar, Ratu and Namkum blocks of Ranchi district.

¹² Namkum Block of Ranchi district, Sadar block of Godda district and Ghatshila block of East Singhbhum district.

- In two test-checked blocks¹³ of Godda district various discrepancies in waitlist viz. non-mentioning of names of father/husband of beneficiary (50 out of 5688 cases), inclusion of names of general

beneficiaries in SC/ST waitlist (15 out of 459 cases) etc. were noticed.

- In three blocks in Garhwa district, 15 houses were allotted to the relatives of BPL number holders. BDOs stated that necessary steps would be taken to avoid such irregularities in future.

RDD accepted and stated (February 2014) that DRDAs have been instructed to take necessary

action in the light of audit observations.

Selection of ineligible persons as beneficiaries

Scrutiny of Scheme Register, Beneficiary list, BPL list and Waitlist of test-checked blocks revealed that:

- Names of 593 beneficiaries selected during 2008-13 were not traceable from BPL list in seven blocks of Ranchi and Garhwa. Thus fraudulent payment 1.87 crore to 593 ineligible beneficiaries could not be ruled out (Appendix-21.12/A),
- Scrutiny revealed that in six blocks¹⁴ of three districts¹⁵ 474 houses have been allotted against fictitious BPL number as these numbers were non-existent in BPL list. Thus, payment of 1.29 crore made to 474 beneficiaries, whose names could not be traced in BPL list appeared fictitious (Appendix-2.1.12/B).

2008-13 without ascertaining their BPL status as no BPL number was mentioned in the records (Scheme register, Scheme file and list of approved beneficiaries) against the selected beneficiaries. Thus payment of ₹ 1.01 crore appeared to be fictitious (Appendix-21.12/C).

RDD accepted and stated (February 2014) that DRDAs have been instructed to take necessary action in the light of audit observations.

- In eight blocks¹⁶ of four districts¹⁷ 485 beneficiaries were selected during 134 beneficiaries/ households selected during 2008-13 were irregularly allotted 145 additional houses involving ₹ 43.06 lakh under IAY against the prescribed one house.

Without assessing the actual requirements i.e. identification of the landless and houseless BPL families, recognising government/private lands to be transferred to beneficiary, funds for Homestead Scheme were released to the blocks.

¹³ Godda Sadar and Thakurgangati blocks.

¹⁴ Ghatshila, Namkum, Nagri, Mandar, Ratu and Sadar block Godda.

¹⁵ East Singhbhum, Godda and Ranchi.

¹⁶ Chinia, Dandai, Ghatshila, Thakurgangti, Madhupur, Sadar block Deoghar, Sadar block Garhwa and Sadar block Godda.

¹⁷ Deoghar, Garhwa, Godda and East Singhbhum.

2.1.6.5

Multiple allotments of IAY houses to Single beneficiary/household

₹ 43.06 lakh were fraudulently allotted to beneficiaries already allotted houses by the concerned BDOs.

RDD accepted the observation and stated (February 2014) that show cause would be given to the concerned district officials.

2.1.6.6 Multiple allocations due to overlapping with State Scheme

In three blocks (Chinia, Dandai and Sadar block) of Garhwa district and in two blocks (Ghatshila and Gurabanda) of East Singhbhum district, 19 households were allotted 45 houses from both IAY and Sidhu-Kanhu Awaas Yojana¹⁹ during 2008-11. Thus, allotment of 26 houses and payment made so far to beneficiaries for these extra houses amounting to 7.51 lakh proved to be irregular. RDD accepted and stated (February 2014) that show cause would be given to concerned district officials.

Non-Selection of beneficiaries under Homestead Scheme

As per clause 8.1 of IAY Guidelines, rural BPL households without house sites were to be provided financial assistance (10,000 per beneficiary) for purchase/acquisition of a homestead site of an area around 100-250 sqm.

In twelve¹⁸ test-checked blocks of six test checked districts, 134 beneficiaries/households selected during 2008-13 were irregularly allotted multiple (total 279) houses under IAY. Thus, 145 additional houses involving

Audit scrutiny revealed that neither the required steps were taken at any level to assess the availability of government land for transfer as homestead site nor land was identified for acquisition/purchase nor central government was informed about non-availability of land. Govt released 1st instalment of ₹ 122.61 crore²⁵ under the scheme in February 2013 only for construction of houses and no money was released for land acquisition as required steps were not taken by the state government. Thus, state failed to get financial assistance for acquisition/purchase of land for homestead sites and the fund provided under the scheme was spent on construction of IAY houses for those BPL families who are in possession of land. The status of fund utilisation is presented in the Table 2.1.4:

Table 2.1.4: Statement of utilisation of fund

Test checked DRDAs	Status
Godda, Garhwa, Palamu	Entire 27.81 crore released under the homestead scheme remained unutilised at DRDAs as of August 2013.
East Singhbhum, Deo har and Ranchi	15.44 crore spent on construction of houses for those BPL families who were in possession of land.

(Source: DRDAs)

RDD accepted and stated (February 2014) that DRDAs have been instructed to identify the landless BPL number holders and take necessary action.

2.1.7 Physical Achievement and Construction of Houses under IAY

¹⁸ Chinia, Dandai, Ghatshila, Gurabanda, Garhwa Sadar, Godda Sadar, Lesliganj, Madhupur, Medininagar Sadar,

Namkum, Nagaruntari and Ratu.

¹⁹ Sidhu Kanhu Awaas Yojana is a state sponsored housing scheme implemented on the lines of IAY guidelines. State government also released its matching share 40.87 crore.

6,396 houses sanctioned during 2008-11 remained incomplete with a delay in completion ranging between four months and more than three years.

houses

As per LAY guidelines (clause 5.10), maximum time provided for completion of houses was two years. Thus all the houses sanctioned upto 2010-11 should have been completed by March 2013. However, in 17 out of 18 test-checked blocks²⁰, out of 29,118 houses sanctioned for new construction/up-gradation during 2008-11, 6,396 (22 per cent) houses were incomplete as of July 2013. Delay in completion ranged from four months to more than three years. No action was taken up by the concerned BDOs to get the houses completed though funds required for construction of houses were released to them by DRDAs.

RDD accepted and stated (February 2014) that during 2009-10, additional IAY units were allotted to the State in the last quarter of year which affected achievement of targets.

Non-maintenance of year-wise inventory

The guidelines (clause 5.9) provided that the implementing agencies should have a complete inventory of houses constructed/upgraded under IAY with details of commencement of construction, its completion, etc.

No inventory for houses constructed/upgraded under LAY was maintained.

However, scheme register was the only record maintained at the Block level which only showed personal details of the beneficiary and did not record construction status. Due to non-maintenance of detailed inventory, the Blocks/DRDAs were unable to ascertain the total number of houses sanctioned to a GP, number of houses completed, number of houses left incomplete etc. for a given period.

RDD accepted and stated (February 2014) that DRDAs have been instructed to take necessary action.

Non-provision of Innovative technologies

No effort was made to contact any expert institutions for seeking information on innovative technologies, materials, designs etc.

As per clause 5.2 of IAY Guidelines, DRDAs should contact various organisations/institutions for seeking information on innovative technologies to help beneficiaries in construction/upgradation of cost effective and disaster resistant houses. However, during audit we noticed that no effort was made by any of the test-checked DRDAs to contact any expert institutions for seeking information on innovative technologies, materials, designs etc.

RDD accepted and stated (February 2014) that DRDAs have been instructed to take necessary action.

Delay in completion of

No Quality Inspection of IAY houses

As per IAY Guidelines (clause 5.7.1), technical supervision was required to be provided for construction of IAY houses at least at foundation laying and lintel level.

In none of the Blocks technical officers were engaged for technical supervision of construction work.

PSUs) Sectors for the year ended 31 March 2013

No IEC activities were carried out under IAY.

IAY houses could not be ruled out which was confirmed in joint verification of houses (paragraph 2.1.10.2 of this report).

In reply, RDD stated (February 2014) that DRDAs have been instructed to take necessary action.

No application/request for procurement of construction material was found provided by beneficiaries due to lack of awareness about the relevant provisions of IAY.

However, in none of the Blocks technical supervision of construction work was carried out. Thus, sub-standard construction of

Lack of awareness about scheme provisions among beneficiaries

As per IAY Guidelines State/DRDAs were required to carry out Information, Education and Communication (IEC) activities to create awareness among citizens about IAY and its provisions. As per information furnished to audit, no IEC activities were carried out in any of the test-checked districts. In reply RDD stated (February 2014) that DRDAs have been instructed to take necessary action.

- As per IAY Guidelines 2010, DRDAs can help the beneficiaries in acquiring raw material on control rates, if they so request. This will result in economy in cost, ensure quality of construction, lead to greater satisfaction and acceptance of the house by the beneficiary.

During audit we noticed that no request for procurement of construction material was made by the beneficiaries in any of the test-checked Blocks. This could be due to lack of awareness about the relevant provisions of IAY. RDD accepted and stated (February 2014) that DRDAs have been instructed to take necessary action.

2.1.8 Convergence with other Schemes

Poor Convergence activities

IAY Guidelines provide for identifying programmes/ schemes implemented by Central Government²¹ for dovetailing them with Indira Awaas Yojana.

DRDAs of test-checked districts neither had any co-ordination with other Departments in identifying the schemes/programmes that could be converged with IAY nor did they have any information on different facilities provided under Total Sanitation Campaign (TSC), Rajiv Gandhi Grameen Vidutikaran Yojana (RGGVY) etc. in IAY. However, as per State Monthly Progress Report for the year 2009-13, provision of facilities under convergence in the State was as detailed in Table 2.1.5.

Table 2.1.5: Details showing provision of facilities under convergence

Period	State/ Selected districts	No. of complete IAY houses	Provision of facilities under convergence in comparison with complete IAY houses with percentage					
			Sanitary Latrines constructed/ Per cent	Smokeless Chulha provided/ Per cent	Free power connection under RGGVY/ Per cent	Aam Admi Bima	Self help group membership under SGSY/ Per cent	Job Card issued under NREGA/ Per cent
2009-13	State	337154	33035	27758	4710	2757	6622	59251

²¹

T
O

tal Sanitation Campaign (TSC), Rajiv Gandhi Grameen Vidutikaran Yojana (RGGVY) and National Rural Drinking Water Programme (NRDWP) etc.

			9.80 er cent	8.23 er cent	1.39 r cent	0.81 cent	1.96 er cent	17.57 er cent
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(Source: State MPR, State government could not provide figures for 2008-09)

Thus, status of convergence in the State ranged from less than one per cent to 17 per cent.

RDD accepted and stated (February 2014) that districts have been asked to take necessary action to comply with the guidelines.

2.1.8.2 Irregular deduction from the instalments of beneficiaries

According to paragraph 3.2 of IAY guideline 2004, if the beneficiary is unable to construct smokeless chulha and toilet, deduction of 100 and 600 respectively would be made from the assistance. The provision of deduction of 600 from IAY unit assistance for non-construction of toilet was deleted with effect from February 2006. The provision for deduction due to non-construction of smokeless chulha was withdrawn from IAY guidelines issued in the 2010.

In nine blocks²² of four districts (Deoghar, Godda, Garhwa and Ranchi)

Irregular deduction from the instalments was made while making payment to beneficiaries,

irregular deductions amounting to 13.81 lakh were made from instalments released to the beneficiaries during 2008-12. Deductions²³ were on account of non-construction of toilet, smokeless chulha, non-installation of marble plate for Logo of IAY etc. except in blocks of Godda and Ranchi district where no reasons for deductions were found mentioned in the records. In reply, BDOs stated that no such deductions were being made from the beneficiaries at present (September 2013).

RDD accepted and stated (February 2014) that districts have been asked to take necessary action to comply with the guidelines.

2.1.9 Monitoring and evaluation

RDD at state level, DRDA at district level and BDOs at block level were responsible for effective implementation of IAY through adequate and effective monitoring. Besides, the Jan Sewaks and Panchayat Sewaks at GP level were required to monitor the progress of construction.

²² Ratu, Mandar, Godda sadar, Thakurgangti, Madhupur, Chinia, Dandai, Garhwa sadar and Nagaruntari.

²³ As per IAY Guideline 2004, sanitary latrine and smokeless chulha will be provided with each IAY house. In case, the beneficiary is unable to construct sanitary latrine, due to some reasons, an amount Of? 600 would be deducted from the assistance to be provided, This clause was deleted in 2006.

Several important records were not maintained in test checked DRDAs/ Blocks.

ance of records

We noticed that in all six test-checked DRDAs and in all the test-checked blocks several important records relating to preparation of permanent wait list, records of credit-cum-subsidy and DRI loans, Inventory/ Asset Register, records of IEC activities, Complaints Register, Monthly Progress Reports (MPRs) for Homestead schemes and Convergence, Utilisation Certificates²⁴ etc. were not maintained (Appendix-2,1.13). In reply, RDD stated (February 2014) that show cause would be given to concerned districts.

Wide variations were noticed in Financial and Physical status recorded in MPRs and UCs of DRDAs.

Discrepancies in Data

Scrutiny of UCS and IORs²⁵ of six test-checked DRDAs revealed that there were wide variations (ranging upto 377 per cent) in data of financial status and physical status given in these two records as detailed in Appendix-2.1.14.

Thus in the absence of any reconciliation of MPRs and UCS, financial accountability and transparency in the records in the districts could have been affected. In reply, RDD stated (February 2014) that show cause would be given to concerned districts. Incorrect submission of facts to Ministry of Rural Development

Incorrect facts were submitted to MoRD in respect of diversion of fund, parking of funds in savings account, constitution of Village level vigilance monitoring committees etc. by the test checked DRDAs.

As per IAY guidelines (provision 4.2) DRDAs were to attach various certificates with UC while submitting applications for release of second instalments. We noticed during audit that incorrect facts were submitted to MoRD in respect of diversion of fund, parking of funds in savings account, constitution of Village level vigilance monitoring committees, receipt and scrutiny of UCS of previous years etc. by the test checked DRDAs as detailed in Appendix-2.1.15. In reply, RDD stated (February 2014) that districts have been instructed to comply with the guidelines.

State Level Monitoring and Evaluation

Ministry of Rural Development, Government of India issued (4 September 2009) guidelines for constitution of Vigilance & Monitoring Committee at State and district level for monitoring implementation of IAY and proper utilisation of funds etc. under the chairmanship of minister of Rural Development Department of the concerned State. Committee was to have members from the Parliament and Legislative Assembly besides state level officers. We noticed that:

- State level Vigilance and Monitoring Committee (SLVMC) met only twice against the required 12 meetings (one meeting every quarter) to be held during the 2010-13. Further, as per the proceedings of the meetings financial/physical targets/achievements, process of allotment and complaints cases were discussed but remedial steps to be taken, new time lines etc. were either not finalised or were not on record.
- No meeting of District Level Vigilance and Monitoring Committee (DLVMC) was held in two (Garhwa and Palamu) out of six test-checked

SLVMC met only twice against prescribed 12 meetings during 2010-13.

Mai
nten

²⁴ Utilisation Certificates to be maintained by

Blocks for submission to DRDAs.

²⁵ Monthly Progress Report (MPR) depicting month wise physical and financial performance of the scheme.

No Complaint Monitoring System for redressal of grievances was set up at any level.

stated that districts have been instructed to comply with the guidelines for DLVMC meetings.

Reply in respect of meeting of SLVMC is not acceptable as President's rule did not restrict RDD from holding monitoring committee meetings since as per guidelines of Vigilance and Monitoring Committee (provision 4A) in the absence of elected government in the State, senior most Parliament member from the Committee was to be deemed its Chairman.

2.1.9.5 Absence of Grievance Redressal Mechanism

IAY Guidelines (provision 6.1.2) prescribe for setting up of effective Complaint Monitoring System with adequate staff which can independently give a report about the short-comings/shortfalls, for effective redressal.

No schedule of inspections indicating minimum number of field visits for each supervisory level officer at State, district and block level was prepared by RDD.

As per the information furnished to audit no complaint register was maintained at any level. Further, during the scrutiny of records of four districts, 139 complaint cases²⁶ were found received during 2008-13, none of which were disposed off as of July-September 2013. In Deoghar and Garhwa district, no complaints were shown to have been received during 2008-13.

In reply, RDD stated (February 2014) that districts have been instructed to comply with the guidelines.

districts, while there was a shortfall ranging between 17 and 50 per cent in number of meetings in other four districts.

2.1.9.6 Internal verification of Works at field level

As per IAY Guidelines (provisions 6.1) state government was to prescribe a schedule of inspection for each supervisory level functionary from the State level to the block level to ascertain satisfactory programme implementation.

Further, as per the information furnished to audit no village level vigilance committees were created in any of the test-checked blocks.

It was observed that RDD did not prescribe any schedule of inspection indicating minimum number of field visits for supervisory level officers. Audit did not find records in respect of field visits carried out by State/District/Block level officers in the test-checked DRDAs/ blocks. Lack of regular and effective inspection was evident from the fact that out of 29,118 houses sanctioned during 2008-11 in 18 blocks²⁷ of six test checked districts, 6,396 houses were incomplete as of September 2013.

In reply, RDD stated (February 2014) that districts have been instructed to comply with the guidelines.

7 Social Audit and Monitoring by NGOs

As per IAY Guidelines (clause 6.385), social audit of the Scheme shall be conducted. However no system of social auditing was followed, due to which

In reply, RDD stated (February 2014) that regular meetings of SLVMC could not be held during President's Rule in the State. It was further

²⁶ Palamu-133 complaint cases; Godda-three

complaint cases; East Singhbhum-compliant two cases and Ranchi-one case.

²⁷ Including Nagri block which was separated from Ratu block of Ranchi district from 2011-12.

Social Audit of I-
AY was not
carried out in the
State.

Prescribed period of
implementation of
AWAASSoft was
2010-11, however,
this has been started
from 2012-13 and is
on unupdated
condition.

community
monitoring and
transparency in
implementation of
IAY scheme could
have been
insufficient. Again,
no supervision,
guidance and
monitoring of
construction of IAY
houses by Non-
Government
Organisation
(NGOs) as
envisaged under the
programme
guidelines was
noticed in audit.

In reply, RDD
stated (February
2014) that
concerned districts
will be instructed to
send the action
taken report.

2.1.9.8 AWAASSoft

PSUs) Sectors for the year ended 31 March 2013

A web-based MIS Programme Software 'AWAASSoft' to capture beneficiarywise data to monitor IAY Scheme was launched in July 2010 as a management tool to generate all reports, track released funds, progress in construction of houses and convergence of all benefits.

We noticed that AWAASSoft has been implemented in the State with effect from 2012-13 though it was prescribed to be carried out from 2010-11. Further, information furnished by RDD and test-checked DRDAs disclosed discrepancies in various information (Appendix-2.1.16) between the data uploaded in MIS and MPR.

In reply, RDD stated (February 2014) that records on AWAASSoft will be updated by July 2014.

Findings of the Joint Inspection and Beneficiary Survey

1,198 sampled beneficiaries were interviewed by audit to assess their perception and experiences with the Scheme during the joint physical verification²⁸ of IAY sites. The findings are as follows:

2.1.10.1 Problems faced by beneficiaries in getting assistance under the Scheme

- 59 (4.92 per cent) beneficiaries stated that they faced problems in getting their IAY houses sanctioned.
- 852 (71.12 per cent) beneficiaries were not aware of the Permanent Waitlist of IAY.

2.1.10.2 Construction of houses

- 522 (43.54 per cent) houses were found incomplete though out of this, 151 houses were shown as complete in the block level records.
- 81 beneficiaries (6.76 per cent) did not construct houses after receiving 1st instalment (74 beneficiaries) or even after receiving full payment (seven beneficiaries).
- 25 houses (2.17 per cent) were abandoned for various reasons such as migration, lack of interest in construction work by the beneficiaries, financial assistance spent on domestic purposes etc. after providing ₹ 8.32 lakh.
- 302 beneficiaries (32.72 per cent) stated that no inspection was carried out by any authority during construction;

²⁸ Conducted by Audit
personnel along
with Panchayat

Sevak and Jan Sevak of concerned blocks in 102 test checked Gram Panchayats of 18 blocks in six selected districts.

- Only one out of 1198 beneficiaries was aware of DRI loan/Credit-cumsubsidy scheme for construction or upgradation of houses while none of the beneficiaries were aware of the provisions of the Homestead Scheme.
- Against prescribed 20 square meters, plinth area of physically verified IAY houses varied from 7.8 to 185.805 sq. meters.
- As per IAY guidelines (clause 5.2.1) efforts should be made to ensure that house is a pucca one with permanent walls and roofing. The walls are plastered at least externally. However, audit noticed that eight per cent of test-checked houses were constructed with mud and bricks; 33 per cent IAY houses were constructed with asbestos/ Khaprail roof; and 28 per cent IAY houses were constructed without external plaster.
- 1096 (91 per cent) out of 1198 beneficiaries stated that their houses were not provided with sanitary latrines; 201 beneficiaries complained about shortage of water as they were fetching water from a distance of 1-5 kms. Electricity supply under RGGVY had been provided to 283 (23.6 per cent) out of 1198 households, while 1050 (87.6 per cent) beneficiaries stated that they did not get assistance under LIC- Janshree Bima or Aam Admi Bima.

In respect of findings of the Joint Inspection cum Beneficiary Survey RDD stated (February 2014) that instructions have been issued to concerned districts to submit related reports.

**Incomplete IAY houses noticed in Joint Physical Inspection but
reported as complete in records**



BPL No. 3996, Scheme No- 51/08-09 at BPL No. 8243, Scheme No.198 /2008-09 at
Gorsanda in GP in Sadar block, Godda was Sodag in Namkum block of Ranchi was paid paid
04300. as, coo.

Conclusion

The envisaged objective of IAY to provide housing to the rural poor was not achieved due to lapses in implementation of the scheme. Scheme was affected due to short /delayed release of funds by State Government, loss of central share, diversion and non-utilisation of government money, suspected misappropriation of scheme funds, non-accounting of interest amounts, which hampered the overall utilisation efficiency. Besides non-provision of LAY Scheme benefits to 9.90 lakh additional identified BPL families there were instances of non/improper preparation of IAY waitlist, non-transparent process for selection of beneficiaries resulting in fraudulent/multiple allotment of houses to ineligible beneficiaries at the cost of eligible BPL Households. Targeted IAY houses were not completed within stipulated time schedule. There was lack of co-ordination with other Departments to identify the schemes/programmes that could be dovetailed with IAY to provide intended facilities to IAY beneficiaries under Convergence. There

were discrepancies between MPR and MIS data which reduced the reliability of information. There was lack of monitoring and evaluation at each level and as a result outcomes /shortcomings of scheme could not be evaluated adequately. Inadequate numbers of meeting of SLVMC and DLVMC deprived the scheme of the benefits of supervisions and guidance of these Committees.

Recommendations

The Government may consider:

- Financial management under the scheme should be bolstered with accurate accounting and continuous supervision of affairs of implementing agencies for effective utilisation of scheme fund;
- Preparation of correct Permanent Waitlist by the Gram Panchayats with due approval of Gram Sabha as envisaged in IA Y guidelines should be ensured;
- Implementing agency should ensure completion of targeted IA Y houses in prescribed timeframe;
- Programmes/schemes implemented by various Departments should be identified for dovetailing with IA Y to ensure provision of intended facilities to IA Y beneficiaries under Convergence; and
- Meetings of SLVMC and DLVMC in required numbers should be ensured for better monitoring and supervision of implementation of IA Y scheme.

Agriculture and Sugarcane Development Department

2.2 Implementation of Rashtriya Krishi Vikas Yojana in Jharkhand

Executive Summary

Government of India (GoI) launched Rashtriya Krishi Vikas Yojana (RKVY) in May 2007 to incentivise States so as to increase public investment to bring about quantifiable changes in production and productivity of various components of agriculture and allied sectors by addressing them in a holistic manner. We reviewed the performance of RKVY for 2007-08 to 2012-13 to assess the effectiveness of Planning, financial management, execution and monitoring of projects in the implementation of RKVY in the State. Important findings are discussed below:

The Agriculture and Sugarcane Development Department (ASDD) failed to reflect local needs in projects implemented in 2012-13 as District Agriculture Plans for 2012-13 were not prepared.

ASDD should ensure preparation of District Agriculture Plans.

(Paragraph 2.2.6.2)

The State failed to tap funds of ₹ 93.37 crore of second installments due to non-utilisation of available funds.

ASDD should ensure timely utilisation of available funds.

(Paragraph 2.2.7.4)

Project implementation under RKVY was not satisfactory. ASDD could not provide envisaged irrigation facility to the farmers' group due to non-completion of 119 out of 491 units of microlifts irrigation system in test-checked districts. Further, hostels facility to farmers to attend training programme regarding new technique of agriculture was not made available due to non-completion of three 50-bedded hostels. Data available with Automatic Weather Station Reception centre could not be utilised for agromet advisory service due to non-establishment of expert centre in ASDD. ASDD failed to start training to farmers and envisaged seed production in Government Agricultural Farms as these farms were not strengthened.

ASDD should ensure timely completion of projects to extend desired benefits of projects to farmers.

(Paragraph 2.2.8)

ASDD failed to review the implementation of project as state level committee was not formed. Further, ASDD also failed to update RKVY Database and Management Information System with correct entries to reflect actual position of various projects implemented.

ASDD should ensure formation of State level committee to review the implementation of projects and actual status of projects should be reflected in RKVY Database and Management Information System for proper monitoring of projects.

(Paragraphs 2.2.9.3 and 2.2.9.5)

202.1	Introduction	2013
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In Jharkhand, 52 per cent of geographical area is under cultivation by 39 lakh farmers. The cultivated area in Jharkhand is spread over three agro-climatic zones of Central and North Eastern Plateau, Western Plateau and South Eastern Plateau zones ¹. Irrigation is available for 10 per cent ² of the cultivated area.

Concerned by the slow growth in the Agriculture and allied sectors, the National Development Council launched (29th May 2007) a special Additional Central Assistance Scheme known as National Agriculture Development Programme, also known as Rashtriya Krishi Vikash Yojana (RKVY) with the aim of achieving four per cent growth rate in Agriculture Sector during XI Five Year Plan Period (2007-12). NIC resolved that agriculture development strategies must be reoriented to meet the needs of farmers and called upon the Central and State Government to re-evolve a strategy to rejuvenate agriculture.

In Jharkhand, various Central and State Schemes such as National Food Security Mission (NFSM), Integrated Scheme of Pulses, Agricultural Technology Management Agency (ATMA), Accelerated Irrigation Benefit Programme (AIBP) etc., are being implemented for development of agriculture. The State achieved 4.85 per cent growth in the agriculture sector during the XI Plan period (2007-12) against the targeted growth of four per cent as envisaged in RKVY guidelines.

202.2	Organisational set up	
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The Ministry of Agriculture, Department of Agriculture and Cooperation (DAC), Government of India (GoI) is responsible for budgetary controls, release of funds and overall administration of the scheme at the Central level. The State Agriculture and Sugarcane Development Department (ASDD) was the nodal Department for the implementation of RKVY in the State. State Level Sanctioning Committee (SLSC) headed by the Chief Secretary of the

State was the apex body for selection of projects and monitoring of the Yojana. In the state RKVY was implemented by the Departments of Agriculture and Sugarcane Development and Animal Husbandry and Fisheries (AH&FD) headed by the Principal Secretaries/Secretaries. Three directors (Agriculture, Soil Conservation and State Agricultural Management and Extension Training Institute (SAMETI)) in ASDD and Director, Fisheries in AH&FD assisted their Principal Secretaries/ Secretaries. Director, SAMETI functioned as nodal officer up to November 2010. Thereafter, Director, Agriculture functioned as nodal officer. Principal Secretary, ASDD and Director, Agriculture withdrew funds from treasury and made available to the Director, SAMETI for the implementation of RKVY projects. District Officers were key functionaries for implementation of RKVY.

1 Source: The State Agriculture Plan (2008-12).

Source:- State Agriculture Plan(2008-09 to 2011-12).

3 Source:-Central Statistical Organisation (CSO); Ministry of Agriculture, GoI (As on 30.09.2013).

The audit objectives were to examine whether:

2.2.3 Audit objectives

- planning process during the implementation of scheme was effective and according to RKVY guidelines;
- financial management ensured adequate and timely availability of funds and their effective and economic utilisation;
- projects were implemented according to the regulatory structure in place and the intended objectives of the projects were achieved and
- monitoring and supervision was adequate to ensure effective implementation.

2.2.4 Audit criteria

The audit criteria applied for framing the audit comments were drawn from the following sources:

- Guidelines of Rashtriya Krishi Vikas Yojana;
- Website of RKVY scheme titled 'rkvy.nic.in';
- District Agriculture Plans (DAPs) and State Agriculture Plan (SAP);
- Instructions/guidelines issued at State level for implementation of RKVY, and
- Jharkhand Financial Rules, Jharkhand Treasury Code and Jharkhand Public Works Accounts Code.

2.2.5 Audit scope and methodology

We reviewed the Performance of RKVY in the State covering the period from 2007-08 to 2012-13 which involved audit of the records of Agriculture Department (Nodal Department for implementation of RKVY in the State) and Animal Husbandry and Fisheries Department (Fisheries sector). A total of nine projects out of 225 projects under Stream-I²⁹ covering five sectors were selected and two projects based on higher expenditure in 2009-10 under Stream-II³⁰ were selected. Based on project execution, six districts were selected. The details of projects and districts selected are given in

Appendix-2.2.1.

An entry conference was held with the Secretary, ASDD on 13 May 2013 in which audit objectives, scope and criteria were discussed. ASDD furnished replies in

²⁹ The specific projects which the State chooses to implement under various sectors viz. agriculture mechanisation, integrated development of major food crops, Animal Husbandry and Fisheries activities etc. should be included in the District Agriculture Plan (DAPs) and State Agriculture plan (SAP) under Stream-I.

³⁰ Projects under State plan proposed by the State Government and approved by the Planning Commission were to be taken up to strengthen the existing state sector schemes and also for meeting the resource gap of state Government under Stream-II. 6 Dhanbad, Dumka, Hazaribag, Ramgarh, Ranchi and Saraikela.

December 2013. An exit conference between the Principal Accountant General and Secretary, ASDD was held on 18 February 2014

Two projects were taken up though these were not part of DAPs/SAP.

were to be prepared and State Agriculture Plan (SAP) was to be prepared by consolidating DAPs. SLSC was to monitor and ensure the preparation of DAPs and SAP. Further, SLSC was responsible for sanctioning the projects which were part of DAPs/SAP under Stream I of RKVY. DAPs and SAP were to be approved by the Planning Commission and Department of Agriculture and Cooperation (DAO, Gol. The States were exempted from submission of DAPs for 2007-08 as the State plan had already been finalised.

1 Non- inclusion of projects in DAPs and SAPs

Total 136 sanctioned projects costing ₹ 833.76 crore were dropped.

Scrutiny of records revealed that DAPs and SAPs for 2008-09 to 2011-12 were prepared by the Department through consultants and submitted to SLSC between September and November 2008. Approval of DAPs and SAP by Planning Commission and DAC, Gol, if any, was not on record. Further scrutiny revealed that two projects viz. distribution of High Yield Varieties (HYV) seeds in 2010-11 and distribution of Hybrid Notified seeds in 2011-12 were taken up by the State though these projects were not part of DAPs and SAP of the respective years.

Further, we observed that subsequent to audit observation SLSC dropped (October 2013) 136 sanctioned projects of 833.76 crore due to reasons of (i) projects not being as per RKVY guidelines, (ii) non-availability/dispute of land and (iii) impractical proposals. This showed that due diligence was not performed at the approval stage for these projects.

DAI's for 2012-13 were not prepared. wherein the audit findings were discussed. Replies and views of the Secretary, ASDD have been suitably incorporated in the Audit Report.

The Department did not reply specifically on the issue of non-approval of DAPs/SAP for 2008-09 to 2011-12. Further, the Department while accepting the absence of above two projects in DAPs and SAP stated that these projects were relevant as seeds was a priority area in DAP and SAP. The fact remains that only those projects were to be taken up for implementation which were included in DAPs and SAP.

2 Non- preparation of DAPs

Audit findings

DAPs of 2012-13 were not prepared by the districts though required as per guidelines of RKVY, whereas SAP of 2012-13 was prepared by the Nodal Department by considering the proposals submitted by the different Directorates. Thus, local needs were not considered in State plan of 2012-13 as DAPs were not prepared for the year.

ASDD did not give specific reply.

3 Blocking of unspent fund for preparation of DAPs

2.2.6

Planning audit.

During 2007-08, 1.90 crore was received (January 2008) from Gol by the ASDD out of which 148 crore was spent as of March 2009 as payment to consultants for preparation of DAPs/SAP and the unspent amount of 0.42 crore lying with SAMETI was remitted into treasury in January 2014 after being pointed out by

As per guidelines of RKVY, District Agriculture Plans (DAPs)

The State was not eligible for receipt of fund under RKVY during 2008-11 due to non-maintenance of baseline expenditure during 2007-10.

226.4 Irregular appointment of Consultant for preparation of DAPs

ASDD engaged (March 2008) NABCONS ⁷ for the preparation of DAPs of 24 districts and SAP of the State for 2008-12 at a consultation fee of five lakh plus service tax (12.36 per cent) per district. However, the work of preparation of DAPs

for three districts was withdrawn (June 2008) from NABCONS and entrusted (July 2008) to another consultant, Gene Campaign an NGO at a cost of 10 lakh per district against five lakh given to NABCONS. The reasons for engagement of a new consultant for three districts at a higher rate were not available in records. This resulted in excess and avoidable expenditure of ₹ 13.15 lakh⁸. Further, it was also noticed that clause for charging service tax was not

included in the Memorandum of Understanding (MOU) made between ASDD and the Gene Campaign.

2.207	Financial management
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Norms offunding

Allocation of fund under RKVY is determined by Planning commission for the eligible states based on three parameters (i) percentage share of net unirrigated area in the state to the net un-irrigated area of the eligible states (ii) projected growth rate to be achieved by the States by the end of XI five year plan in Agriculture and allied sectors compared to the growth rate in Agriculture and allied sectors in the base year i.e. 2005-06 and (iii) increase in total plan expenditure in Agriculture and allied sectors in the previous year over the year prior to that year.

Release offunds against norms

Non-eligibility under RKVY

As per paragraph 2.5 of RKVY guidelines, a State would be eligible to receive allocation if the baseline share (average percentage of expenditure incurred under agriculture by the State Government in the State Plan during the three years prior to the previous year) of expenditure in Agriculture and allied sectors in total State plan (excluding RKVY funds) expenditure is at least maintained. After determination of the eligibility Gol allocated funds to a State.

We observed that as per Finance Accounts the percentage of expenditure (excluding RKVY funds) on Agriculture and allied Sector to State Plan expenditure (excluding RKVY funds) during 2007-08 (5.51), 2008-09 (4.97) and 2009-10 (4.45) was less than the baseline expenditure average during the year 2004-05 to 2006-07 (6.92), 2005-06 to 2007-08 (6.85) and 2006-07 to 2008-09 (6.62) respectively. Thus, the State was not eligible for receipt of fund under RKVY during 2008-09 to 2010-11. However, Gol released funds of ₹196.34 crore during this period.

ASDD replied that the Planning Commission of India made the State eligible on the basis of data furnished by ASDD and the State Planning Department also. The facts remains that the State did not increase expenditure in

NABARD Consultancy Services.

8 Gene Campaign: 30 16.85 lakh for three districts at the rate five lakh plus service tax 61800 per district.

Agriculture and allied sector under State Plan to become eligible for receiving RKVY funds.

(ii) Irregular release of installment of projects

As per guidelines of RKVY, fund was to be released in two equal installments of 50 per cent of central allocation under Sream II.

We noticed that Gol released 100 per cent of fund 32.84 crore) under stream II during 2010-11 in contravention of prescribed norms of RKVY guidelines.

Thus, the State received funds from Gol in violation of RKVY guidelines.

Receipt of grants and its utilisation

RKVY fund is available to the States in two distinct streams. As per paragraphs 7.1.1 and 7.1.6 of guidelines of RKVY, at least 75 per cent of the allocated amount was to be proposed under Stream-I for specific projects and as per paragraph 12.1 remaining 25 per cent of allocated amount was to be proposed under Stream-II untied to any particular project. SLSC is authorised to sanction projects under Stream-I. Under Stream-II, projects under State plan proposed by the State Government and approved by the Planning Commission were to be taken up to strengthen the existing state sector schemes and also for meeting the resource gap.

ASDD failed to provide bifurcated data for Stream-I and II. During 2007-08 to 2012-13, DAC released 645.96 crore against the total allocation 761.48 crore, of which 507.53 crore was spent. Thus, GoJ could spend 66.65 per cent of the allocation and 78.57 per cent of fund received as detailed in Table 2.2.1 below:

Table 2.2.1: Details of funds under RKVY

(in crore)

Year	GOI's allocation	Opening balance	Released from DAC	Total funds available	Expenditure	Closing Balance	Percentage of underutilisation
1	2	3	4	5 3+4	6	7	
2007-08	61.66		55.68	55.68		55.68	100
2008-09	58.62	55.68	29.31	84.99	45.93	39.06	45
2009-10	70.13	39.06	70.13	109.19	95.91	13.28	12
2010-11	160.96	13.28	96.90	110.18	95.26	14.92	13
2011-12	168.56	14.92	174.5	189.48	143.83	45.65	24
2012-13	241.55	45.65	219.38	265.03	127.78*	137.25	52
Total	761.48		645.96		507.53		

(Source: Agriculture Directorate, Government of Jharkhand)

* Excluding Irrigation sector etc as Director Soil Conservation did not furnish the details. ₹ During 2011-12, additional funds of ₹ 100 crore were released by GoI over and above the allocation of funds for the year,

* The above table indicates that during 2007-08 to 2012-13, under utilisation of funds ranged between 12 and 100 per cent.

ASDD attributed under utilisation of funds to late start of RKVY in the State. The reply was not entirely correct as under utilisation continued during 2008-09 to 2012-13 though RKVY was already launched in 2007-08, which deprived the State of second installment of grants as discussed in paragraph 2.2.7.4.

* Scrutiny revealed that SLSC proposed list of schemes along with the cost to be met out of RKVY outlay and that of by State and others in the proposed projects. DAC released funds for the projects sanctioned by SLSC within the funds allocated by the Planning Commission for the State. As per release order of DAC, the State was to prepare a priority list of projects to be implemented within the allocated funds. But, the State did not prepare priority list in any of the years. Further, as per terms of reference for the preparation of State Agriculture Plan, the State Government was to make good the short release of funds under RKVY by GoI. ASDD did not furnish data regarding release of deficient funds/contribution by the State for the projects sanctioned by SLSC.

Therefore, State outlay on those projects could not be assessed in audit. We further observed in audit that Gol approved 225 projects at an estimated cost 1595.24 crore⁹ under RKVY proposed by SLSC during 2007-08 to 2012-13 but Gol allocated only 761.48 crore and released ₹ 645.96 crore. The balance required amount was to be bridged with State resources. Details of funds released from State resources to meet the requirement for the projects sanctioned by SLSC was not furnished to audit though called for in January 2014.

Delay in release offunds

Details of release of funds for RKVY projects in the State were not furnished by ASDD. However, the information regarding sanction and release of funds relating to test-checked projects were obtained at the time of scrutiny of project files and delays were noticed in eight out of 11 test-checked projects as detailed in the Table 2.2.2 below:

Table 2-2.2: Statement showing delay in release of funds in test checked projects

Year	Receipt of funds from Gol		Release of fund for test-checked projects to implement in agencies			Delay in months
	Date	Amount (Z in crore)	Amount (Z in crore)	Name of project	Date	
2007-08	Between 11/2007 and 12/2007	53.78	23.50	Disolution of Micm Lift Irrigation system and 21.50 crore	02/2009	14 months
				Strengthening of Government Fish Seed Farm, Ramgarh (two crore)	02/2009 (1.90 crore) and 03/2009 (0.10 crore)	
2008-09	Between 06/2008 and 03/2009	29.31	3.05	Establishment of Fisheries and Livestock Research Institute 0.50 crore	06/2013	51 months
				Construction of SO bedded hostels (Z 2.55 crore)		33 months
2009-10	Between 06/2009 and 01/2010	70.13	1.05	Establishment of Automatic Weather Stations (AWS) Reception Centre	Between 04/ 2010 and 06/2010	Between five and months
2010-11	Between 04/2010 and 08/2010	96.90	27.85	Distribution of High Yield (HYV) Seeds four crore	11/2010	Three months
				Improved System 23 Crore	12/2010	Four months
				Jharkhand Agriculture Machinery Testing and Training Centre 0.85 crore	12/ 2011	16 months

(Source: Agriculture and Sugarcane Development Department. Note: Delay was calculated from release of last but all month for the year concerned)

⁹ 2007-08: 142.25 crore, 2008-09: 28.59 crore, 2009-10: 116.83 crore, 2010-11: ₹ 297.42 crore, 2011-12: 320.23 crore and 2012-13: 689.92 crore.

Revenue of ₹ 1.72 crore was not counted towards respective scheme funds.

The State was deprived of Gol Grants of 03.37 crore due to nonutilisation of available funds.

Due to delayed release of funds by ASDD/Nodal Officer³¹³² the test-checked projects were either completed with delays or not completed which defeated the very purpose of the project as discussed in paragraph 2.2.8.

ASDD accepted the facts of delayed release but did not furnish any reason for delay.

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ion of second installment of grants

As per guidelines of RKVY, 50 per cent of funds under Stream-I was to be released in the first installment and 40 per cent of fund after physical progress of at least 50 per cent of prescribed milestone. Further, 10 per cent fund was to be released after completion of projects. Under Stream II, fund was to be released in two equal installments of 50 per cent of central allocation. The first installment was to be released in April and the second and the final installment after submission of Utilisation Certificates for the fund released upto previous financial year, expenditure of at least 60 per cent of available fund and submission of physical and financial performance report on regular basis.

Scrutiny revealed that Gol allocated 58.62 crore during 2008-09 and released 29.31 crore as first installment. Out of 29.31 crore the Department could utilise only 10.46 crore. As such, second installment 29.31 crore could not be released. During 2010-11, Gol allocated 160.96 crore and released first installment of 96.90 crore³¹ (Stream-I: 49.26 crore, Stream-II: 32.84 crore and Sub-scheme: 14.80 crore) only and did not release second installment of ₹ 64.06 crore (for Stream-I and Sub-scheme) due to non-utilisation of available balance as prescribed. Thus, GoJ was deprived of Gol Grants of 93.37 crore (2008-09: 29.31 crore and 2010-11:

₹ 64.06 crore). ASDD did not give specific reply to audit observation.

Interest from savings bank accounts of RKVY funds

We observed that eight implementing agencies³³ withdrew funds from treasuries during 2007-08 to 2012-13 and kept them in savings bank accounts in contravention of resolution³⁴ of the Finance Department of Government of Jharkhand. There was no provision of transactions through banks in the RKVY guidelines also as the funds were to be routed through State treasury. Further, in April 2010 DAC decided that interest earned would be counted towards grants-in-aid for respective scheme fund. But, the implementing agencies kept the funds in banks in violation of above provision and earned interest 0.69 crore³⁵ as of March 2013. Besides, SAMETI (nodal agency) also parked the funds in saving bank account and earned interest of ₹ 1.03 crore (as of December 2012). Implementing agencies did not maintain the bank account scheme-wise (Stream-I, Stream-II and Sub-scheme) and in its absence the interest earned could not be treated as fund of respective

scheme. The State Government also did not inform of the interest earned out of scheme fund to Gol as revealed from the Utilisation Certificates submitted by GoJ to Gol. Thus, interest earned ₹ 1.72 crore was not counted towards respective scheme funds.

³¹ Directors, Agriculture and SAMETI, Jharkhand, Ranchi.

³² For Stream-II, DAC released

full amount in one lump sum.

³³ DAO Dumka, ATMA; Dumka, Ranchi, Hazaribag, Ramgarh and Saraikela; DSCO Saraikela and DFO Ranchi.

³⁴ Resolution no 118 dated 21.01.2007 in which drawing of fund from treasury and keeping it in bank was not allowed.

³⁵ DAO Dumka ₹ 0.02 crore, ATMA Dumka: 0.15 crore, ATMA Saraikela ₹ 0.02 crore, ATMA Ranchi ₹ 0.19 crore, ATMA Hazaribag ₹ 0.12 crore, ATMA Ramgarh ₹ 0.07 crore, DSCO Saraikela ₹ 0.05 crore and DFO Ranchi ₹ 0.07 crore.

ASDD did not reply. However, the Secretary assured in exit conference to look into the matter

6 Non- utilisation of advance paid to NGO

ASDD sanctioned 40 lakh for the establishment of seed village ³⁶ by NGO Gene Campaign and Director, Agriculture executed (February 2010) an agreement with NGO for establishment of seed village in Ormanjhi, Ranchi and provided (April 2010) 27.50 lakh in advance to NGO. As per agreement, NGO was to submit the half-yearly progress report and in absence of progress of work/utilisation of funds action was to be initiated against NGO by the Director. But scrutiny of records revealed that NGO never submitted the progress reports as no work was executed and kept the funds unutilised (November 2013). The Director also did not initiate any action. Thus, the Director, Agriculture irregularly extended undue benefit to NGO.

2.2.8 Implementation of projects

For the purpose of Performance Audit, total nine projects covering five sectors under Stream-I and two projects under Stream-II were selected for detailed checking. The selected projects and sectors are shown in Appendix-2.2.1.

Stream- I Projects

Micro[Minor Irrigation Sector

Two Stream-I projects namely Distribution of Micro lift Irrigation System among progressive farmers' groups during 2008-09 and Construction of Improved Irrigation System during 2010-11 from this sector were test-checked. Shortcomings noticed in implementation of these projects are discussed in following paragraphs:

1 Distribution of Micro lift Irrigation System among progressive farmers ' group

With a view to provide irrigation facility through lift irrigation to progressive farmers of the State ASDD sanctioned (February 2009) distribution of 2000 units (costing 2.15 lakh each) of Micro lift Irrigation System. This system consisted of installation of 8 HP diesel pump set, laying of PVC pipes, construction of vats and pump house. Water from pre-identified source was to be lifted by pump set (installed in pump house) through PVC pipes to vats³⁷.

The estimated cost of 2000 units was 43 crore which was to be shared ₹ 21.50 crore from RKVY, 10.75 crore from state and 10.75 crore by farmers. Project Directors, ATMA were implementing agencies of the project. As against 2000 units sanctioned, only 1515 units were distributed after incurring an expenditure 17.77 crore under RKVY by the implementing agencies. In six test-checked districts total 372 units ³⁸ of micro lift systems could only be distributed as of November 2013 against target of 491 units¹⁸ after incurring expenditure of 7.08 crore¹⁹.

Following shortcomings in the project of distribution of Micro lift Irrigation Systems were noticed in the test-checked districts:

(i) Non- completion of Micro lift Irrigation System

³⁶ Seed Village deals with production and processing of seed.

³⁷ It is a pucca water tank-cum-chamber having outlets in all walls.

³⁸ Dhanbad: 26, Dumka: 37, Hazaribag: 89, Ramgarh: 16, Ranchi: 128 and Saraikeela: 76.

In Dumka, 171.45 lakh was provided (May 2009) by DAO Dumka to Project Director (PI), Agricultural Technology Management Agency (ATMA) for distribution of 106 units of Micro lift Irrigation System, out of which 50 lakh was spent on 37 completed units and 61.83 lakh on 69 incomplete units as of June 2013 based on physical progress of units. Owing to non-payment of supplier's bills and non-construction of vats by PD and Junior Engineer, ATMA 69 units could not be completed and the objectives of micro lift irrigation in Dumka could not be achieved.

ASDD replied that the matter was under investigation and further action would be taken after getting report from the investigating team.

In Ramgarh, 19 (at an expenditure of 23.09 lakh) out of 35 units were not completed as of August 2013 by PD ATMA against scheduled date of completion by March 2010 due to slow progress in execution of work. Further, 16 units were completed after delays ranged between 11 and 34 months for which no reasons were found in records.

ASDD replied that (December 2013) the matter would be thoroughly investigated and results intimated.

In Dhanbad, out of 54 units PD ATMA transferred (November 2009) execution of 15²⁰ units to Prema Niketan (an NGO) and executed 39 units. Total 26 out of 39 units executed by PI) were completed (May 2011) after a delay of 18 months and 13 units 34.72 lakh) were incomplete as of November 2013 after delay of 48 months. Further, PD ATMA had no information till date of audit (November 2013) regarding progress of 15 units to be executed by NGO to whom 18.25 lakh was paid (November 2009) in advance. We further observed that excess payment ₹ 1.69 lakh for purchase of 9550 meters of PVC pipes for the beneficiaries pertaining to 19 units in five blocks²¹ was made to the Secretary/President of the beneficiary group at 139.70 per metre as per entries in MB in place of? 122 per metre billed by suppliers.

ASDD did not reply to audit observation.

In Ranchi three out of 131 units were not taken up for which no reason was intimated by PD ATMA cum District Agriculture Officer (DAO) Ranchi. The unutilised amount of 4.97 lakh related to three units was remitted into treasury in March 2014 after lapse of four years from receipt of funds.

Desired benefit of providing irrigation could not be achieved due to noncompletion of 119 microlift irrigation system.

¹⁸ Dhanbad: 54, Dumka: 106, Hazaribag: 89, Ramgarh: 35, Ranchi: 131 and Saraikela: 76.

¹⁹ Dhanbad: 0.75 crore, Dumka: 1.12 crore, Hazaribag: 1.43 crore, Ramgarh: 0.49 crore, Ranchi: 2.06 crore and Saraikela: 1.23 crores ²⁰ Estimated cost: 32.25 lakh.

Baghmara, Dhanbad, Jharia, Nirsra and Topchanchi.

- Though all targeted 89 units of micro lift schemes in Hazaribag were completed, 11 units were completed after delay ranging between four and 14 months whereas no record was furnished to audit to ascertain the delay for six units executed by an NGO. The remaining 72 units were completed on time.
- In Saraikela, 76 units were completed after delays ranging between seven and 29 months against scheduled date of completion by 15 June 2009. We further observed that one unit of micro lift system for farmers' group of Purusilli village was shifted to Block Nursery, Chandil (Saraikela) by PI, ATMA

without ensuring provision of fund equal to farmers' contribution. In the absence of which the unit could not be installed.

(ii) Results of physical verification

Joint physical verification with representatives of PD ATMA was carried out at 23 places^{39,40} in test-checked districts. During physical verification of Block Nursery Chandil, Saraikela we observed that neither pump sets, pipes and accessories were available nor construction of civil work was executed though measurements were taken in MB against supply of pump sets, pipes and accessories and execution of civil works done and payment of ₹ 1.61 lakh was shown to be made. Thus, expenditure was not supported by evidence of work done during joint physical verification and 1.61 lakh was suspected to have been misappropriated by then PD ATMA. In Ranchi, in three out of four units, pump houses were not found constructed; pump sets and pipes were lying in the houses of three beneficiaries. DAO Ranchi² replied that full systems with pump house were constructed and handed over to the beneficiaries whose maintenance rests with beneficiary committees. The reply is contrary to the facts found during joint physical verification. Thus, the payment⁴¹ made for construction of three pump houses was not in order as pump houses had not been constructed. In Dhanbad, Hazaribag, Saraikela and Dumka, nine pump sets were lying in the houses of beneficiaries in case of nine⁴² out of 17 physically verified units.

Although District Agriculture Officers (DAOs) were to monitor the execution of works after release of funds to implementing agencies, this was not done which resulted in doubtful and delayed execution of works. Total 119 out of 491 units of micro lift irrigation system could not be completed in test-checked districts. This resulted in non-achievement/delayed achievement of objective of providing irrigation besides unfruitful expenditure of ₹ 119.64 lakh⁴³ on these incomplete units.

ASDD replied (December 2013) that the matter would be thoroughly investigated and results would be intimated.

228.2 Construction of Improved Irrigation System

ASDD sanctioned (December 2010 and February 2011) construction of 602 Improved Irrigation Systems^{44,45} for 60.18 crore² at a cost of ₹ 11 lakh⁴⁶ each under RKVY Stream-I and under Bringing Green Revolution in Eastern India (BGREI), a sub scheme of RKVY for the development of barren land and 'Rice Fallow Land'

³⁹ Dhanbad: five, Dumka: five, Hazaribag: two, Ramgarh: two, Ranchi: four and Saraikela: five.

⁴⁰ The then PD ATMA Ranchi.

⁴¹ 1.73 lakh (at the rate ₹ 57750).

⁴² Dhanbad: two, Dumka: three, Hazaribag: one and Saraikela: three.

⁴³ Ramgarh: 23.09 lakh, Dhanbad: 34.72 lakh and Dumka: 61.83 lakh.

⁴⁴ It contains Pucca Check Dam (Named as BPCD), Loose Boulder Check Dam (LBCD) with Guard Wall and Micro lift Irrigation System.

⁴⁵ Sanction order 102: 365 lakh+103: 321 lakh+163: 5994 lakh 6680 lakh minus farmers contribution: 662.20 lakh= 6017.80 lakh.

⁴⁶ (a) Construction of Pucca Check Dam: 5.00 lakh, (b) Construction of Loose Boulder Check Dam and Guard Wall: 2.50 lakh and Micro lift Irrigation System (contains Intake Well, Pump House, Pump set, pipes and Vat) 3850 lakh.

PSUs) Sectors for the year ended 31 March 2013

⁴⁷ area in 24 districts. Total 602 units were to be constructed with 370 units under RKVY stream I and 232 units under BGREI. Scheme was to be executed, operated and maintained through Pani Panchayat (a village level beneficiary society) with their contribution (10 per cent of estimated cost 11 lakh) either in cash, labour or material. Execution of the project through Pani Panchayats was to ensure involvement of members of Pani Panchayats with the projects. In test-checked districts all targeted 171 units⁴⁸ were completed after incurring expenditure of? 16.81 crore⁴⁹.

Scrutiny of records revealed the following irregularities:

(i) Non-creation of revolving funds

Operation and maintenance of Improved Irrigation System could not be ensured in absence of revolving fund.

As per guidelines to Pani Panchayat and Government order, revolving funds was to be created for operation and maintenance of the Irrigation system by cash contribution of farmer in shape of user charges. Pani Panchayat was responsible to submit annual report to Soil Conservation Officer (SCO) regarding deposit of user charges in savings bank account and SCO was responsible to maintain the details of accumulated fund in savings bank account and their utilisation. Scrutiny of scheme files of all 171 units and bank statements of Pani Panchayats in test-checked districts revealed that no user charges had been fixed by the Pani Panchayats towards cost of diesel and other maintenance charges. Further, joint physical verification of 13 units⁵⁰ of test-checked districts revealed that six units⁵¹ were not operational as pump sets were not installed at sites and these pump sets were kept in the houses of Secretary/President of Pani Panchayat. As such, operation and maintenance of the projects in absence of revolving fund and their use by all beneficiary members of Pani Panchayat concerned could not be ensured. ASDD replied that Pani Panchayat had been authorised to fix amount of user charges which had been deposited in the bank accounts of Pani Panchayat. The reply is incorrect as no deposit of user charges by Pani Panchayat was shown in their accounts as verified in audit during scrutiny of bank statements/passbooks.

Lack of vouchers

As per Jharkhand Financial Rules (Sl. 2 appendix-vii) in the case of execution of work departmentally muster roll should be maintained for labour in support of wages received by the labourers . The cost of materials obtained should be supported by sub vouchers where necessary.

We observed in audit that payments by SCOs were made through running account bills prepared on the basis of MBs without obtaining vouchers of boulder, stone chips, sand, bricks, cement etc. and Muster Rolls for engagement of labourers by SCOs. However, vouchers of pump sets, pipes and fittings were submitted by Pani Panchayats.

⁴⁷ After the cultivation of paddy crop field remain unused due to availability of excess moisture/water in the soil.

⁴⁸ Dhanbad: 16, Dumka: 26, Hazaribag: 38, Ramgarh: 31, Ranchi: 40 and Saraikela: 20.

⁴⁹ Dhanbad: 1.58 crore, Dumka: 2.56 crore, Hazaribag: 3.72 crore, Ramgarh: 3.01 crore, Ranchi: 3.96 crore and Saraikela: 1.98 crore.

⁵⁰ Dhanbad: two, Hazaribag: two, Dumka: two, Ramgarh: three, Ranchi: two and Saraikela: two.

⁵¹ Dhanbad: one, Dumka: two, Ramgarh: two, Ranchi: one.

ASDD replied that work was executed as per manual and submission of supporting vouchers of materials and muster roll for labour were not required as project was beneficiary oriented. Reply was not convincing as the work was not allotted through tender to Pani Panchayats as such the execution of work was supposed to have been done by Depaffinent. Therefore, SCOs were required to ensure the genuineness of the expenditure incurred by Pani Panchayats by submission of vouchers and muster rolls by the Pani Panchayats to SCOs.

(iii) Short deduction of royalty

As per Mines & Geology Department circular letter (December 2010) the Six SCOs deducted drawing and disbursing officers were required to make payments to the short royalty of executing agency/supplier against the construction material used in execution ₹ 38.06 lakh. of works after deduction of payable royalty at double the prescribed rates if the supplies of those materials have not been transported with valid challan. Scrutiny revealed that in test-checked districts in 149 units during 2010-11 and 2011-12 the transported mining materials were not accompanied with valid challans. As per insfruction (December 2010) of Mines and Geology Department, royalty of? 78.38 lakh at double rate was recoverable. However, the concerned SCOs deducted royalty 40.32 lakh only from the executing agencies (Pani Panchayats). This resulted in short deduction of royalty of ₹ 38.06 lakh.

The Secretary assured in exit conference to look into the matter.

Seed Sector

Two projects namely, distribution of High Yield Varieties seeds in 2010-11 and distribution of Hybrid Notified Seeds in 2011-12, were selected from this sector. Shortcomings noticed in implementation of these projects are discussed in following paragraphs.

2.2.8.3 Distribution of High Yield Varieties (HYO seed and Seed production at Government Agriculture Farm

ASDD sanctioned (October 2010) two projects through which seeds to farmers under RKVY and BGREI would be made available though the distribution of High Yield Varieties (HYV) was not included DAPs and SAP. The details are given in Table 2.2-3.

Table 2.2.3: Statement of utilisation of RKVY and BGREI fund for distribution of seeds (2010-11)

Rin crore				
Head	Name of project	Outlay/ Sanction	Allotment	Expenditure
RKVY	Distribution of HYV seed and Seeds production at Agriculture Farm	7.40	4.00	1.69
BGREI	Intensive ulse develo ment	3.45	3.45	1.09
	Intensive maize and wheat roduction	4.11	4.10	1.24
Total		14.96	11.55	4.02

(Source: Agriculture and Sugarcane Development Department and RWY website)

It may be seen from above table that 7.53 crore out of alloffilent of ₹11.55 crore in the state was not utilised. Further, it was noticed that against the allotted fund of four crore by ASDD, the Director, Agiculture sub-allotted

₹ 2.16 crore only to DAOs. The other reasons of less utilisation of funds were delay in approval of rates of seeds (maize), non-issue of purchase orders for seeds (pulses, certified seeds), fertilizers, micronutrients etc., non-supply of seeds by the suppliers and lack of monitoring by DAOs, Joint Director and Director (Agriculture). We observed that:

(i) Less utilisation of RKVY funds

Subsidy of
₹ 49.09 lakh
during 2010-
11 was
charged excess
to State
exchequer.

As per orders (16 June 2010) of SLSC, seeds of different crops were to be provided to the beneficiary farmers by DAOs through the Block Agriculture Officers at 75 per cent subsidy. The subsidy was to be charged 50 per cent from RKVY and 25 per cent from State Government funds. However, ASDD did not follow SLSC's instruction and charged lesser rates of subsidy from RKVY funds for different crops during 2010-11. The deficient amount of subsidy (not charged from RKVY funds) was spent out of state resources. This resulted in less utilisation of RKVY funds under this project and corresponding excess burden of 49.09 lakh on State exchequer during 2010-11 as detailed in Appendix-2.2.2.

Further, in three⁵² out of six test-checked districts the achievement for procurement and distribution of Kharif seeds for paddy was 4,431 quintal as against target of 6,215 quintal and the remaining three⁵³ districts were not covered by RKVY under the project because these districts were covered under National Food Security Mission scheme.

Thus, due to non-observance of SLSC's instruction for charging 50 per cent subsidy to farmers from RKVY fund, the State had to bear excess expenditure from its own resources. Further, due to less distribution than the targeted distribution of seeds the intended benefit of distribution of HYV seeds to farmers could not be achieved.

The Secretary accepted the audit observations.

(ii) Non-production in Government Agriculture farm

Even though the project⁵⁴ included seed production in Government Agriculture Farms for integrated development of pulses, certified seed, hybrid paddy and hybrid maize, production of seeds could not be started due to reasons as stated by DAOs (i) non-issue of purchase order of seeds by the Director, Agriculture to DAOs at Ranchi and Hazaribag, (ii) absence of fencing/boundary wall of the farm at Ramgarh and (iii) non-withdrawal of allotted funds from the treasuries by DAOs at Dhanbad and Saraikela. However in Dumka 151 quintals of paddy seeds were produced in two Agriculture Farms during 2010-11. The produced seeds were transferred (November 2012) by Sub-divisional Agriculture Officer Dumka to Seed Production Farm, Chitra (Saraihat) but yield report was not received by

⁵² Dhanbad , Dumka and Saraikela.

⁵³ Hazaribag, Ramgarh and Ranchi.

⁵⁴ Distribution of HYV seeds and Seed production at agriculture Farm.

him as of July 2013. As such, further utilisation and yield of seeds could not be ascertained in audit.

The Secretary accepted the facts in exit conference.

2.2.8.4 Distribution of Hybrid Notified Seed (2011-12)

Hybrid Notified Varieties of Arhar, maize, mustard and sunflower seeds could not be distributed.

ASDD sanctioned (June 2011) distribution of different types of seeds in the State on subsidy basis under State Plan, National Food Security Mission and RKVY to meet the requirement in the State. Accordingly, under RKVY ASDD issued (October 2011) sanction order for distribution of hybrid notified seeds on 50 per cent subsidy. ASDD was to select seed suppliers and approve rates of hybrid notified seeds. Seeds were to be distributed among farmers by seed suppliers who were to claim subsidy amount from DAOs. Under this scheme, the following targets of distribution of different kinds of hybrid seeds during 2011-12 were fixed.

Table 2.24: Statement of target for distribution of subsidised notified hybrid seeds (2011-12)

Sl. No.	Name of crop	Requirement (In quintal)	Rate per quintal g in thousands)	Cost in crore)	Subsidy sanctioned in crore	Subsidy disbursed in crore
1	Padd	15000	20	30.00	15.00	8.20
2	Arhar	3700	10	3.70	1.85	0.00
3	Maize	12760	10	12.76	6.38	0.00
4	Mustard	500	10	0.50	0.25	0.00
5	Sunflower	160	30	0848	0.24	0.00
Total				47.44	23.72	8.20

(Source: Agriculture and Sugarcane Development Department)

In respect of paddy seed the Department allotted 8.93 crore only against sanctioned amount of 15.00 crore for subsidy on distribution of hybrid notified seed. Out of which 8.20 crore was shown as spent.

Scrutiny of records revealed that:

(i) Short coverage by Hybrid Notified Seeds of paddy

The supply orders were issued only on 20 June 2011 to nine firms for supply of paddy seeds and three firms for supply of maize seeds by 30 June 2011.

Total 8,929.27 quintals of paddy seeds were received and supplied to beneficiaries against the requirements of 15,000 quintals. However, no allotment was given by the Department for procurement of maize seeds and hence no maize seeds were procured.

ASDD replied (December 2013 and February 2014) that apart from distribution of 8,929.27 quintals of notified hybrid paddy seed on subsidy, 10,341.62 quintals was distributed on non-subsidy out of which 3,830.89 quintals was notified hybrid seed. Although subsidy of 3.83 crore was payable on distribution of above

3,830.89 quintals of notified hybrid seed, we observed that the subsidy was not paid to the farmers as fund of 8.93 crore only was allotted by ASDD which was consumed in subsidising the distribution of 8,929.27 quintals. Besides, only 12,760.16 quintals (Subsidy basis: 8,929.27 quintal and Non-subsidy basis: 3,830.89 quintals) of hybrid notified paddy was distributed against the target of 15,000 quintals,

In exit conference the Secretary stated that less funds were allotted by the Department because the project was demand driven.

Reply was not in order as farmers were deprived of subsidy of 3.83 crore due to less allotment by the Department despite existence of demand.

Absence of procurement of Mustard, Sunflower and Arhar seed

Seeds of sunflower and mustard were not distributed by ASDD during 2011-12 as Department approved rate of purchase in September 2011 only and purchase order was not issued as of November 2011 and in the meantime sowing period⁵⁵ for sunflower and mustard was over. Arhar seeds could not be procured for distribution as there was no response to tender and ASDD did not initiate retender.

In reply, ASDD accepted the facts.

(iii) Non-organisation of awareness programme

Awareness programme regarding utilisation and benefits of hybrid notified varieties of seeds was not organized by the suppliers in testchecked districts.

MoUs executed with suppliers prescribed that awareness programmes were also to be organised by the suppliers and ATMA for farmers regarding utilisation and productivity of hybrid notified seeds. In test-checked districts, no documentary evidence was shown to audit regarding awareness programme arranged by suppliers and ATMA. Despite awareness programmes for utilisation of Hybrid Notified Seeds not being organised by the suppliers, full payment of 4.37 crore was released to them by DAOs of test-checked districts.

ASDD stated that the farmers were already aware of the hybrid variety. Reply was contrary to terms and conditions of MOU in which organisation of awareness programme was mandatory for suppliers.

(iv) Non- assessment of productivity

As per MOU executed (June 2011) between PD ATMA and suppliers, at least one crop cutting must be taken up from each of the clusters of villages following random sampling method and the yield must be recorded in the presence of representative of suppliers and Departmental Officers. At least 10 per cent of crop cutting must be attended by DAO/Sub-divisional Agriculture Officer/Deputy PD ATMA to identify the productivity of crops. But, no such crop cuttings were carried out in test-checked districts during 2011-12. Thus, evaluation of impact of the scheme could not be carried out.

ASDD stated (December 2013) that photography and video-recording of crop cutting were being done from 2012-13, however ASDD was silent about crop cutting done during 2011-12 in which the project was implemented.

⁵⁵ Mustard: 20 September to 20 November and Sunflower: 01 October to 15 October.

Fisheries Sector

Two projects namely (i) Strengthening of Government Seed Farm and Construction of Fish Seed hatchery at Ramgarh and (ii) Establishment of Fisheries and Livestock Research Institute at Gourikarma, Hazaribag from this sector were selected. Observations in implementation of these projects are discussed in following paragraphs:

228.5 Strengthening of Government Fish Seed Farm and construction of Fish Seed Hatchery and other infrastructure at Ramgarh

Government Fish Seed Farm at Bijulia Tank (20.14 acre) Ramgarh was washed away during the rainy season of 2008. Strengthening⁵⁶ of the same was sanctioned (2008-09) by ASDD for two crore. The project was aimed at development of composite fish culture with production of at least one quintal per acre per year with a revenue target of 16.11 lakh per year. District Fisheries Officer (DPO) Ramgarh spent (between March 2009 and January 2011) two crore on departmental execution of work. We observed the following:

Absence of tendering process in procurement of material

Considerable quantum of material like bricks, cement, stone chips and Hume Pipes costing 16.54 lakh were purchased from local market without tender process as required under circular of October 2002⁵⁷ of Finance Department of GoJ. A comparison of the rate at which material purchased with the rate provided in the Schedule of Rates was made and the excess cost in purchase of the material worked out amounting to 5.37 lakh⁵⁸.

ASDD replied that the rates of material provided in SOR were without carriage and loading/unloading cost. Reply was not correct as carriage and loading/unloading charge of 1.33 lakh was separately claimed and paid in addition to the payment for materials purchased.

During 2010-13, revenue from sale of fish was short

⁵⁶ Strengthening of embankment, construction of spillway and consnwtion of drain.

⁵⁷ As per Circular order for purchase of materials more than 50,000, tender in newspaper is required to be published.

⁵⁸ Cement: ₹ 26 lakh (for 11780 bags ;SoR- 215/bag actually paid- 278-290/bag), Sand: 0.42 lakh (for 6000 M³-SoR- 70/M³ but actually paid at the rate 260/M³ , Bricks: 0.12 lakh (for 600000 -SoR- 2600/thousand actually paid- 2800/thousand), Chips: 0.30 lakh (for 187.80 M³ , SoR- ₹ 700/M³ actually paid 860/M³) and Hume pipe: 3.27 lakh (for 115 meter SoRR 3650/₹ 3.2 actually paid 6490/meter).

realised by 42.50
lakh.

Fisheries Livestock
Research Institute at
Goriakarma could
not be established
besides diversion of
₹50 lakh.

Three SO-
bedded hostels
could not be
established due
to delay in
department's
decision.

(ii) Non-
achievement of
sales target

While approving
the projects by
SLSC, target of
sale proceeds of
₹ 48.33 lakh⁴²
during 2010-11 to
2012-13 was

PSUs) Sectors for the year ended 31 March 2013

estimated from sale of fish by Fish Seed Farm Ramgarh. We observed that only 5.83 lakh could be collected on sale of fish. Though DFO, Ramgarh stated in his reply to audit observation that target of 10 lakh from sale of fish in the years 2010-11 to 2012-13 was fixed by the Director, Fisheries, he did not state any basis of fixation of above target against originally envisaged while approving the project. This resulted in short realisation of 42.50 lakh in three year period from sale of fish due to lesser production of fish.

ASDD replied that it would take two years to produce marketable fish and also attributed poaching as the reason for drop in fish production which could not be prevented due to absence of fencing.

Thus, despite incurring two crore in strengthening of fish farm, there was inadequate increase in fish production in comparison to estimated quantity. DFO ought to have ensured that no poaching was done on the premises of the seed farm by whatever measures he found necessary.

228.6 Non-implementation of Fisheries and Livestock Research Institute at Goriyakarma

To develop suitable practices, breeds/species etc in livestock and fish culture ASDD sanctioned 2.00 crore for establishment of Fisheries and Livestock Research Institute at Goriakarma, Hazaribag and 50 lakh out of ₹2.00 crore was made available (March 2009) by ASDD to the Director, SAMETI for implementation of the scheme. The fund was transferred (June 2013) to District Fisheries Officer Gumla by the order of Secretary, AH&FD to meet expenditure for establishment of Fisheries Engineering College, Gumla which was not in the list of approved projects under RKVY. Thus, the transfer of fund of 50 lakh to DFC, Gumla was diversion of fund besides non-implementation of the approved project.

ASDD accepted the fact that the funds were lying unutilised as equipment for Fisheries Engineering College Gumla were yet to be purchased. However ASDD did not reply regarding diversion of fund to a non-RKVY scheme.

Extension Sector

Two projects namely Construction of 50-bedded hostels for farmers at Dumka, Ranchi and Saraikela and Establishment of Jharkhand Agriculture Machinery Testing and Training Centre at Ranchi were selected from this sector. Shortcomings noticed in implementation of these projects are discussed in following paragraphs:

7 Non-completion of 50-bedded hostels for farmers at Dumka, Ranchi and Saraikela

Establishment of three Krishi Gyan and Udyog Kendras (Bokaro, Dumka and Palamau) was sanctioned (February 2009) for 2.55 crore (each at the cost of ₹ 85 lakh) and the funds required were withdrawn from treasury and

42 At the rate 16.11 lakh per annum for 20.14 quintals of fish.

JAMTTC at Ranchi could not be established fully even after lapse of about three years after sanction. transferred (March 2009) to SAMETI for implementation of the project. As per sanction order of ASDD, the work plan of the project was to be prepared and submitted by Birsa Agricultural University (BAU) but the status of preparation and submission of work plan by BAU was not furnished by the Director Agriculture. After more than two years the Department decided (December 2011) to construct three 50-bedded hostels for farmers in Ranchi, Dumka and Saraikela in place of Krishi Gyan and Udyog Kendras. The reason of changing of project was not furnished by

Director Agriculture though called for (June 2013). SAMETI provided (December 2011) funds of 85 lakh each to DC, Dumka and Saraikela and Secretary, Rarnkrishna Mission, Ranchi to complete the work by March 2013. The project was aimed to provide hostel facility to the farmers who were to attend the training programme in the district headquarters regarding new techniques of agriculture. Due to delay in Department's decision and delayed execution of work by implementing agencies, the required buildings could not be completed (September 2013) and the desired benefits of the project could not be achieved even after more than four years of its sanction and withdrawal of funds. Status of works as of August 2013 is reflected in the photographs given below:



Partially completed hostels at Ranchi and Dumka

ASDD did not reply to audit observation.

2.2.8.8 Partial Establishment of Jharkhand Agriculture Machinery Testing and Training Centre at Ranchi

ASDD sanctioned (October 2010) 85 lakh⁴³ for establishment of Farm Machinery Testing and Training Centre at Birsa Agriculture University (BAU), Ranchi. As there was no progress of work site for location of centre was shifted (November 2011) to another place at Hehal, Ranchi under Soil Conservation Directorate. The project was to be implemented by Assistant Director (Survey), Soil Conservation, Ranchi and was aimed for testing of agriculture machinery like tillage implement, showing and planting equipment, harvesting and threshing equipment, equipment for residue management etc., for use by farmers in the State, providing training for repair of machinery to young farmers and motivating them for self-employment, and doing work in the area of Agriculture Engineering and Mechanisation in the State in co-ordination with BAU- For this purpose, prime movers like tractor, power tiller, electric motor etc, instrumentation like dynamometer, set of measuring instruments, stop watch, moisture measuring instruments, digital electronic balance, platform type balance etc., were to be procured. The

⁴³ Salary and wages: 13.10 lakh, recurring expenditure: 10 lakh and Machines: ₹61.90 lakh.

project was to be completed in five years period from 2011-12 to 2015-16. The sanctioned cost of machines for the period from 2011-12 to 2015-16 was ₹ 1.17 crore. In 2011-12, 61.90 lakh were allocated for procurement of machinery which was revised to 86.90 lakh in 2012-13 by making addition of allotment of fund OR 25 lakh earmarked for this year.

We noticed that:

- ASDD could not finalise tender and approve rate till 2011-12 for purchase of required machinery. Again in 2012-13, only 34 per cent

29.12 lakh) of allotted fund of 86.90 lakh was utilised on purchase of 12 machines viz. tractor, turbo tractor, dynamometer, digital soil moisture meter, grain moisture meter, tipping trailer, digital vermin, welding machine, chop saw machine, pump set, table top weighing scale and platform weighing scale due to finalisation of tender only for 12 out of 44 machinery. As such, required machines could not be procured till 2013 and JAMTTC could not be established as envisaged.

ASDD stated that less expenditure was reported due to delay in issue of sanction order and tender process in 2011-12 and no reason was furnished for 2012-13.

- Training for farmers for utilisation of machines procured was started only in December 2012 though 3.15 lakh was utilised on salary, wages and contingency till March 2012. However, the evaluation of the training was not done as such usefulness of the training for self employment to young farmers could not be assessed.

ASDD replied that evaluation of training would be done in coming year.

- Only three agricultural equipments of private companies were tested till March 2013 and no report was prepared regarding their use by farmers in the State.
- Work" for progress of Agriculture Engineering and mechanisation in the State done by this centre in co-ordination with BAU could not be assessed by audit as no record was furnished in this regard.

ASDD did not reply to audit observations.

Thus, due to lack of action initially by BAU and delayed finalisation of tender for purchase of required machines, the required machine could not be procured and envisaged testing of machines and training of farmers could not be commenced even after lapse of about three years after sanction.

Agricultural Research Sector

One project viz. establishment of Automatic Weather Stations (AWS) Reception Center was selected from this sector. Observations in implementation of this project are discussed in following paragraphs.

⁴⁴ Sustaining manufacturing quality and continual dissemination of technology for practical use.

228.9 Establishment of AWS Reception Center in Ranchi

Establishment of AWS Reception Center in the campus of Jharkhand Space Application Centre (JSAC) Ranchi was sanctioned (October 2009) for ₹ 98.33 lakh by ASDD to receive data on temperature, rainfall, humidity, wind speed etc to facilitate irrigation scheduling, prevention of crop pests infestation, fertilizer application etc. ASDD also sanctioned (October 2009) establishment of Expert Centre for Agromet Advisory Service Generation at Agriculture Department for 5.65 lakh to receive the data from JSAC for further dissemination to districts and blocks. The funds for recurring expenditure⁴⁵ were also sanctioned (October

2009). ASDD provided (April and June 2010) 104.65 lakh to JSAC, the implementing agency. The implementing agency spent 93.97 lakh on establishment of AWS Reception Centre. We observed that:

(i) Non-utilisation of Infrastructure created

Against target date of completion by March 2010, AWS Reception Center could only be established in May 2011 as funds were provided to implementing agency between April and May 2010 by the nodal officer though allotment order of ASDD was issued in September 2009.

ASDD was not getting required data from JSAC even after establishment of AWS Reception centre.

Further, Expert Center at Agriculture Department could not be established to receive the data from JSAC for further dissemination to the district and block level officers for which no reason was stated by ASDD. Funds for this purpose had been lying with JSAC since June 2010.

We noticed that the data generated by AWS Reception Centre was used by Agriculture Insurance Companies only as of July 2013. In the absence of Expert Center, ASDD could not use the data for planning irrigation scheduling, crop pests infestation, fertilizer application etc. This defeated the very purpose of the project.

ASDD did not reply to audit observation.

Stream-II Projects

Two projects namely (i) Construction of 0.30 acre fish rearing ponds and fish hatcheries as well as providing net, fish seeds, fertilizer, lime and medicines as input and (ii) Strengthening of Agriculture Seed farms from stream-II were selected. Shortcomings noticed in implementation of these projects are discussed in following paragraphs:

228.10 Construction of 0.30 acre fish seed rearing ponds and fish hatcheries as well as providing net, fish seeds, fertilizer, lime and medicines as input

The project for construction of 450 fish seed rearing ponds (five feet depth at an estimated cost 0.55 lakh each) and 10 fish hatcheries (estimated cost of ₹ 3.40 lakh each) on private lands of the beneficiaries on 100 per cent subsidy

45 From State's fund-recurring expenditure for AWS Reception Center: 31.06 lakh and Expert Center for Agromet advisory Service Generation at Department of Agriculture: ₹6.60 lakh.

basis was sanctioned (October 2009) for 3.04 crore⁵⁹ by AH&FD. Unemployed beneficiaries having interest in fish production and owning land were to be selected by the Deputy Commissioner-cum-chairman of ATMA Sites available to the beneficiaries were to be verified jointly by DFO, JE and Fisheries Extension Supervisor. Further, availability of sufficient water, feasibility and success of the project was the responsibility of Departmental officers. Inputs like net, fish spawn, fertilizer, lime and medicine for cleaning pond bed, feed supplement etc., were to

⁵⁹ Ponds: 450 (estimated cost of < 0.55 lakh)- 247.50 lakh, Hatchery: 10 (estimated cost of ₹ 3.40 lakh)- 34.00 lakh and Inputs: 22.50 lakh.

be provided in the first year for commencement of rearing of fish seeds. AH&FD spent 2.89 crore during 2009-10. In six test-checked districts 0.92 crore was allotted for construction of 131 ponds and four hatcheries, out of which 126 ponds and two hatcheries were completed after incurring expenditure 0.87 crore as of March 2010.

We observed following:

(i) Selection of beneficiary against prescribed norms

In five test-checked districts, Fisheries Extension Supervisor alone selected sites.

In five test-checked districts (except Ranch-1) the Fisheries Extension Supervisor alone verified the sites and recommended beneficiaries for construction of ponds but availability of sufficient water and feasibility of the project was not ensured by the Departmental officers.

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Further, it was observed that the inputs were not distributed by DFOs in the test-checked districts and the allotted fund of 5.79 lakh was surrendered as such the beneficiaries were deprived of the facility for starting rearing of fish seeds.

ASDD did not reply to audit observation.

Non-maintenance of records as per norms

As per administrative order (February 2010) of the Director, Fisheries, AH&FD, folder/register containing information regarding benefits and facilities made available to beneficiaries as well as information on improvement of the financial position of beneficiaries after implementation of the project was to be maintained by DFOs. Further, as per sanction order of AH&FD, 30 per cent of total targeted units must be provided to women beneficiaries. But, no record was found maintained by DFOs of test-checked districts. As such, it could not be ascertained whether beneficiaries derived any benefit after implementation of the projects and they were using these ponds for rearing of fish seeds as prescribed. Further, it was also noticed that in test-checked districts only 27⁶¹ women beneficiaries were selected against target of 41⁶² women.

(iii) Result of physical verification

During joint physical verification^{SO} (between July and November 2013) of 34 ponds in test-checked districts it was noticed that 10 ponds were dry whereas three ponds had insufficient water. Thus, selection of inappropriate site could not be ruled out.

The Director, Fisheries replied (February 2014) that drying, cleaning and exposure to sun of the pond bed were prime requirements for seed rearing as such ponds were dry. The reply is not convincing as although joint physical verification

⁶⁰ Where 13 units were selected without inspection of sites, two units were selected after inspection by three officials, two units were selected after inspection by two officials and 13 units were selected after inspection by one official.

⁶¹ Dhanbad: 10, Dumka: 04, Hazaribag: 06, Ramgarh: 03, Ranchi: 04, and Sarikela: nil.

⁶² Dhanbad: 05, Dumka: 10, Hazaribag: 06, Ramgarh: 03, Ranchi: 10, and Sarikela: 07.

was conducted by audit along with official of DFOs during the monsoon season and just after the monsoon (July-November 2013), the ponds were found to be dry. Photographs of dry ponds taken during joint physical verification can be seen below:



Dry ponds of two beneficiaries at Dombhui, Dhanbad

2.2.8.11 Strengthening of Government Agricultural Farm

ASDD sanctioned (October 2009) 30 crore to strengthen 40 Government agricultural farms which were to function as farmer's seed production training centre for seed production so that the farmers may produce certified/improved seeds in their own fields and use these seeds for increasing the production of various crops in their fields. The estimated cost for strengthening each farm was 75 lakh⁵¹. A State Level Technical Committee⁵² (SLTC) was to be constituted for monitoring and implementation of this project. SLTC was to prepare farm wise seed plans consisting of production cycle, target for five years and varieties of seeds to be produced etc. within three months of date of sanction. Further, SLTC was also to technically monitor the implementation of the plan at the state level.

ASDD allotted (October 2009) only 16.48 crore to Director, Agriculture who further sub-allotted (between December 2009 and January 2010) 14.04 crore to DAOs and reported expenditure of 11.42 crore was as of March 2010. We observed the following:

By audit team with DFO/representative of DFO.

51 65 lakh for development of farm i.e. construction of boundary, Different stores, Land development, development of water resources etc., rest 10 lakh was earmarked for seed development i.e. for construction of threshing floor, crop shed and seed storage. SLTC was to consist of Deputy Director (farm), Deputy Director (soil conservation), Birsa Agricultural University (BAL), Seed Experts of Ramkrishna Mission, Director (Extension) BAU and Director Horticulture under chairmanship of Director, Agriculture.

n-constitution of SLTC

SLTC was not constituted as of August, 2013 resulting in non-preparation of seed plans consisting of production cycle, target for five years and varieties of seeds to be produced in the farms. In absence of SLTC, technical monitoring of production of seeds in the agricultural farms could not be ensured.

(ii) Absence of production in seed farms

None of the test checked farms imparted any training for seed production to the farmers due to incomplete civil works and lack of manpower.

(i) N
o

Production of seed could not be started in three out of six⁶³ test checked farms whereas 30 quintals of wheat seed were produced (2011-12) in Bundu (Ranchi) and information regarding 2010-11 and 2012-13 was not furnished, five quintals of Masoor pulse were produced (2012-13) in Nimdih (Saraikela) and 71.24 quintals of paddy seeds were produced (2010-11) in Asanbani (Dumka) whereas no seeds were produced in absence of allotment of fund during 2011-12 in Asanbani (Dumka) and information was not furnished for the year 2012-13.

Further, none of the test checked farms imparted any training for

seed production to the farmers of their service area due to incomplete civil works and lack of manpower in the farms. We observed in audit that against sanctioned 22 posts (Farm Assistant: five, Farm Sardar: two, Ploughman: 14 and Tractor driver: one) in six test checked Agricultural Farms, only in nine posts (Farm Assistant: four, Ploughman: five) men were in position.

(iii) Expenditure without execution of work

Joint physical verification of Nimdih (Saraikela) farm, revealed that work of boundary wall with barbed wire fencing and agricultural implement shed was incomplete even after incurring 23.47 lakh as against estimated amount of ₹ 24.62 lakh. Construction of Crop shed was not done even though the estimated amount 3.45 lakh was shown as paid in the measurement book. Thus, expenditure was shown as incurred without executing the work of construction of crop shed.

Thus, due to lack of seed plan, slow progress of strengthening work and lack of man power, production of seed and training of farmers in these farms could not be started as envisaged.

The Secretary agreed with non-functioning of Government Agriculture Farms.

2.2.9 Monitoring and supervision

SLSC is the apex body for monitoring of RKVY. SLSC was required to meet at least once in a quarter and to carry out field studies to ensure that the programmes are implemented according to the prescribed guidelines. We observed the following:

i Absence of adequate meetings

Only 11 out of required 22 meetings of SLSC were held during 2007-08 to 2012-13. In test checked districts, SLSC did not conduct any field study to monitor the progress of the scheme though prescribed.

ASDD did not reply to audit observation.

⁶³ Alakhdiha and Baliapur (Dhanbad),

Asanbani (Dumka), Bundu (Ranchi), Charhi (Hazaribag) and Nimdih (Saraikela).

Absence of monitoring in execution of projects

Three⁶⁴ out of nine test checked projects were started after delays ranging between six to 48 months. But, instructions/directions issued by SLSC in this regard were not on record.

ASDD did not reply to audit observation.

Non-formation of State level committee

State level Committee under chairmanship of Agriculture Production Commissioner was not constituted to review the implementation of projects.

As per direction (July 2008) of DAC, a State level Committee under chairmanship of Agriculture Production Commissioner (Secretary, ASDD) was to be constituted to review the implementation of projects. The committee had not been constituted as of May 2013.

- Quarterly physical and financial reports were not submitted to Gol by

ASDD except in 2012-13 as required under paragraph 5.2(iv) of RKVY guideline.

- Non-adherence to norms prescribed for checking of measurement of civil works by the responsible officers of the Soil Conservation Directorate was noticed as mentioned in paragraph 2.2.9.4 below.

Inadequate checks of measurement

As per manual of Soil Conservation Directorate under ASDD, Assistant Soil Conservation Officer (ASCO) was authorised for 100 per cent measurement of Pucca structures and implementation of schemes⁵⁵ as per plan only with the assistance of Junior Engineer. SCOs were to measure 50 per cent of work executed. Thereafter, measurement of 20 per cent of the work is checked by the District Soil Conservation Officer (DSCO)/Assistant Director (AD), as no payment could be made after execution of 60 per cent of the work unless measurement had been checked by DSCO/AD. Scrutiny of records in testchecked districts revealed following deficiencies:

- ASCOs took measurements without assistance of JE.
- MBs showed checking of numbers of units by SCOs and DSCOs/AD without showing the percentage of measurement of quantity of executed work checked. However, in Hazaribagh and Ramgarh, certificate of 50 per cent checking of measurement by SCO was recorded in MB but no such certificate was found in respect of checking by DSCO/AD and in Ranchi checking of measurement by SCO or DSCO/AD, was not recorded in MB. In Dumka and Dhanbad, initials in token of measurements were recorded but the quantity and item of work measured was not identified. However, in Saraikela certificate of measurement was recorded in the bills.

But, in all test-checked districts payments were released by DSCOs/ADs.

Thus, SCOs and DSCOs/ADs could not carry out sufficient check of measurement of executed works, however, full payments were irregularly made.

Payments were released without sufficient checks of measurements by SCOs and DSCOs/ADs.

⁶⁴ AWS Reception Center (2009-10): six months, JAMTTC (2010-11): 13 months and Establishment of 50-bedded hostels: 48 months.

ASDD did not reply to audit observation.

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Construction of Improved Irrigation Systems.

DMIS)

Data entry of Projects in RDMIS made by the Nodal agency was not in conformity with actual expenditure 229.5 Incorrect feeding of data in RWY Database and

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According to guidelines, DAC was to monitor the schemes by a web-based⁶⁵Management Information System for RKVY, called RKVY Database and Management Information System (RDMIS), in order to collect and disseminate relevant information and data related to each project and also to collect progress and completion details of each project over its life cycle. We observed that status (as of May 2013) of projects entered in RDMIS was not in conformity with actual expenditure viz. (i) the projects establishment of Krishi Gyan and Udyog Kenrdas was shown completed in RDMIS though in reality the project was shelved and in its place construction of three 50-bedded hostels for farmers were taken up which were still to be completed, (ii) on establishment of JAMTTC, 31.15 lakh was shown as expenditure in RDMIS though in reality only 3.15 lakh was spent during 2011-12 and expenditure of? 55 lakh was shown in place of actual expenditure 58.30 lakh during 2012-13, (iii) establishment of Fisheries and Live Stock Research Institute at Goriakarma was shown as complete at an expenditure two crore though in reality 50 lakh only was released and that too was subsequently diverted to other schemes and (iv) against 50 approved projects recorded in RDMIS (Appendix-2.2.3) expenditure incurred were not recorded. Thus, entries in RDMIS did not reflect the actual position of various projects implemented and the integrity of data was doubtful*

2.2.10 Conclusion

The State has implemented Rashtriya Krishi Vikas Yojana (RKVY) besides various Central and State schemes for development of agriculture and was able to achieve 4.85 per cent growth during the XI five year plan (2007-12) in the agriculture sector against the targeted growth rate of four per cent envisaged under RKVY. However, audit noticed various deficiencies in implementation of scheme in the State. Agriculture and Sugarcane Development Department (ASDD) failed to consider local needs in projects of 2012-13 as District Agriculture Plans were not prepared. The Government of India released funds 196.34 crore during 2008-09 to 2010-11 though the State was not eligible for receipt of fund due to non-maintenance of baseline expenditure. ASDD could not tap allocated funds of 93.37 crore under RKVY as second installments due to non-utilisation of available funds. Most of the projects reviewed were delayed or incomplete. ASDD could not provide envisaged irrigation facility to the farmers' group due to non-completion of 119 out of 491 units of micro lifts irrigation system in test-checked districts. Further, hostels facility to farmers to attend training programme regarding new technique of agriculture was not made available due to non-completion of three 50-bedded hostels. Data available with Automatic Weather Station Reception centre could not be utilised for agromet advisory service due to non-establishment of expert centre in ASDD. ASDD failed to start to farmers and envisaged seed production in Government Agricultural Farms as these farms were not strengthened. State level committee under the chairmanship of secretary was

⁶⁵ Website address: www.rkvy.nic.in.

not constituted
to review the

implementation of projects. Further, ASDD also failed to update RKVY Database and

Management Information System to reflect actual position of various implemented projects.

2.2.11 Recommendations

ASDD should ensure:

- preparation of District Agriculture Plans and selection of projects as per local needs;
- increase in expenditure in Agriculture and allied sector with respect to previous year and timely utilisation of available funds so that sufficient funds could be received from (301);
- timely completion of projects to extend desired benefits of projects to farmers';
- formation of State level committee to review the implementation of projects; and
- regular and correct updating of data on RKVY Database and Management Information System to reflect correct picture of all projects and proper monitoring of projects for their timely completion.

Drinking Water and Sanitation Department

2.3 Rural Drinking Water Programmes in Jharkhand

Executive Summary

The Government of India (GOI) launched (1972-73) Accelerated Rural Water Supply Programme (ARWSP) to ensure provision of adequate drinking water supply to the rural community through the Public Health Engineering System. In order to address the major issues like sustainability of water availability and quality, ARWSP was renamed by GOI as National Rural Drinking Water Programme (NRDWP) for the Eleventh Plan Period (2007-12). The State Government resolved (January 2010) to implement NRDWP from the financial year 2009-10.

The goal of the State was to provide every rural person with adequate safe water for drinking, cooking and other domestic basic needs on a sustainable basis. In the State about seven per cent of the rural population were covered through piped water supply schemes and the remaining by dispersed sources i.e. tube wells and wells.

We conducted a review of Rural Drinking Water Programmes in Jharkhand covering period from 2008-13. Significant audit findings are narrated below:

The Annual Action Plan for the year 2008-09 and 2009-10 required under ARWSP was not prepared. In respect of NRDWP the State Programme Management Unit did not prepare the Rolling Plan. The Village Water Security Plans and District Water Security Plans were not prepared. The Department had not prepared Perspective Plan and shelf of Schemes for short, medium and long term development planning.

The Government should ensure preparation of Annual Comprehensive Water Security Action Plan of the State on the basis of District Water Security Plans and Rolling Plan in respect of NRDWP and Perspective Plan for State Plan schemes.

(Paragraph 23.6)

There were surrenders/ savings in the Central/State funds allocated to the executing agency by the Department under various components.

The Government should ensure full utilisation of funds under state plan as well as NRDWP.

(Paragraph 2.3.7)

There were instances of non-functioning of Rural Piped Water Supply Schemes, award of work without acquiring land, large number of incomplete Rural Piped Water Supply Schemes/Mini Rural Piped Water Supply Schemes etc. and also completed schemes were not handed over to the Village Water Sanitation Committees. Household water connections in completed Rural Piped Water Supply Schemes/Mini Rural Piped Water Supply Schemes were not issued or less issued and water user charges were not realised from households issued water connections.

The Government should ensure completion of schemes within time frame, handing over of completed Rural Piped Water Supply Schemes/Mini Rural Piped Water Supply Scheme to concerned Village Water Sanitation Committees, release of household water connections and realisation of water charges from the users in respect of completed schemes.

(Paragraphs 2.3.8.1 and 2.3.8.3)

Field testing kits had not been procured. The objective to provide safe drinking water to all villages was not achieved as required number of water sources were not tested for quality. Prescribed monitoring by CES and SES was not done.

The Government should strengthen water quality monitoring and surveillance network to provide the safe drinking water to all villages and effective monitoring of implementation of the schemes should be ensured.

(Paragraphs 2.3.11 and 23.14)

2.3.1 Introduction

Provision for safe drinking water for people is a basic necessity. In 1972-73 the Government of India (GoI) launched Accelerated Rural Water Supply Programme (ARWSP) to ensure provision of adequate drinking water supply to the rural community through the Public Health Engineering System. In order to address the major issues like sustainability of water availability and quality, ARWSP was renamed by GoI as National Rural Drinking Water Programme (NRDWP) for the Eleventh Plan Period (2007-12). The State Government resolved (January 2010) to implement NRDWP during the financial year 2009-10. In the State, Drinking Water and Sanitation Department (Department) is the administrative Department responsible for implementation of schemes like Rural Piped Water Supply Schemes (RPWSSs) and Drilled Tube Wells (DTWs) under ARWSP/NRDWP as well as State Plan.

Under NRDWP the goal of the State is to provide every rural person with adequate safe water for drinking, cooking and other domestic basic needs on a sustainable basis. The basic water requirement was to meet certain minimum water quality standards² and to be readily and conveniently accessible at all times. Issues of potability, reliability, sustainability, convenience, equity and consumer preference were the guiding principles while planning for water supply schemes in rural areas. Further, the norms of NRDWP lays down that ultimately all rural households are to be provided with adequate piped safe drinking water supply within the household premises for preventing contamination likely while fetching water from a distant source. Under NRDWP, there was paradigm shift from 'just providing a water supply system in the village to ensuring water supply security at household level'. As per

Protection against diseases by providing safe water supply and hygienic disposal of Sewage.

Desirable limit as per BIS norms: pH - 6.5 TO 8.5, Arsenic 0.05 mg/L, Fluoride 1.0 Mg/L, TDS 500mg/L, Nitrate 45 mg/L, Iron 0.30 mg/L, Calcium (as Ca) 75 mg/L, Turbidity 5 NW, Alkalinity 200 mg/L etc.

norms, 40 litres of drinking water per capita per day is to be provided to meet the requirements based on basic minimum needs for Drinking, Cooking, Bathing, Washing Utensils and House Ablution. In the State, as of March 2013, about seven per cent of the rural population were covered through piped water supply schemes and the remaining by dispersed sources i.e. tube wells and wells.

In the State, there were 174 ongoing RPWSSs under state plan at the beginning of the 2008-09 and 88⁶⁶ new schemes were sanctioned and taken up under state plan and NRDWP during 2008-13.

(NRDWP)

⁶⁶ 2008-09: 20; 2009-10: 7; 2010-11: 14; 2011-12: 18 and 2012-13: 19 78 under state plan and 10 schemes under NRDWP during 2010-12.

out of 262⁶⁷, 203 RPWSSs were completed during 2008-13 and 58⁶⁸ RPWSSs could not be completed which included 19 new RPWSSs taken up in 2012-13 due to be completed in 18 months or more.

2.3.2 Organisational structure

Additional Chief Secretary is the head of the Department. Engineer-in-Chief (EIC) was responsible for the execution of the schemes/programmes under the overall administrative control of the Additional Chief Secretary. EIC is assisted by five Chief Engineers (CES), three at Headquarters and two in the field, 17 Superintending Engineers (SES) at circle levels and 51⁶ Executive Engineers (EEs) at Headquarters and field level. There are 32 Drinking Water and Sanitation Divisions in the State for implementing Rural Drinking Water Schemes and Programmes headed by EEs. State Programme and Management Unit (SPMU) is headed by CE cum Executive Director who is overall incharge for planning, implementation and monitoring of NRDWP in the State.

2.3.03 Audit objectives

The objectives of the review of Rural Drinking Water Programmes in Jharkhand were to examine and assess whether:

- Planning for Rural Drinking Water schemes and programmes was effective;
- Financial management was adequate and effective;
- Programmes, schemes and projects were implemented economically, efficiently and effectively;
- Human Resource Management was efficient and effective; and
- Monitoring mechanism of the schemes and programmes at different levels were effective.

2.3.4 Audit criteria

The main criteria to arrive at audit conclusions are drawn from the following sources:-

- Guidelines of State Plan Schemes, ARWSP and NRDWP;
- Guidelines of National Rural Drinking Water Quality & Surveillance Programme (January 2006);
- Project Implementation Plan for individual scheme/programme; and
- Jharkhand Public Works Accounts (JPWA) and Jharkhand Public Works Department (JPWD) code.

2.3.5 Scope and methodology

The review was conducted for the period 2008-09 to 2012-13 between May 2013 and August 2013 in ten⁷⁰ out of 32 divisions covering 40 per cent of total expenditure. Ten divisions included two divisions, Pakur and Sahibganj, having

⁶⁷ 174+78 (state plan) + 10

⁶⁸ Taken 2010-11:20, 2011-12:14 and 2012-13:19 = 53 (state plan) + 2010-12-05 (NRDWP).

⁶⁹ - Civil Divisions, 09 - Mechanical Divisions, 04 —Urban Divisions and 06 –Hqrs.

⁷⁰ Deoghar, Dhanbad II, Dumka II, Gurnla, Giridih II, Jamshedpur, Latehar, Pakur, Ranchi and Sahibganj.

unsafe drinking water due to high arsenic, fluoride and iron content. Entry conference was held on 17 May 2013 with the Additional Chief Secretary of the Department in which objectives and scope of audit were discussed.

Review covered scrutiny of records/documents/information collected/available at Secretariat, offices of EIC, CES and EEs of sampled divisions and office of the State Programme Management Unit (SPMU) for NRDWP schemes. Audit also gathered evidence through joint physical verification of two works in each division and took photographs. An exit conference was held on 6 February 2014 with the Additional Chief Secretary of the Department to discuss significant audit findings. Replies of the Government have been suitably incorporated.

2.3.6 Planning

The guidelines of ARWSP envisaged that the State shall prepare Annual Action Plans (AAPs) six months before the commencement of the financial year on the basis of prepared shelf of schemes, the likely size of the allocation under State sector, Minimum Need Programme (MNP) and ARWSP as well as likely carry over of funds from the earlier year. While preparing AAPs, completion of the incomplete works shall be given priority over taking up of new works.

ARWSP was modified to NRDWP with effect from 2009-10. The guidelines of NRDWP envisaged that the village community will prepare the Village Water Security Plan (VWSP⁷¹). Based on all VWSPs in a district, the District Water Security Plan (DWSP) will be prepared. Under the broad goals set by the State, a five year rolling plan would be prepared and during each financial year the sub-goals and priorities would be fixed by preparing an Annual Comprehensive Water Security Action Plan (ACWSAP). ACWSAP inter alia includes broad directions and tangible targets/projects planned to be achieved in the financial year.

In respect of schemes under State Plan, Advance Plannin and Investigation Organisation (APIO) under EIC was to be constituted in every Works Department so that the organisation may keep vigil over the project from formulation of project report to the stage of completion of the project under State Plan. Further, a select committee was also to be constituted which was to be accountable for short, medium and long term development planning. EIC was to be the ex-officio Secretary and some experts from multidisciplinary areas were to be members of the committee. The committee was to approve the feasibility report of a project after which the Detailed Project Report (DPR) was to be prepared. The Department was also to establish field units for survey and investigation so that Perspective Plan and shelf of schemes with sufficient numbers of DPRs were to be prepared for all regions and projects were to be taken up as and when resources were available.

Audit scrutiny revealed that:

⁷¹ VWSP consists of the demographic, physical features, water sources, available drinking water infrastructure and gaps, proposed works to augment the existing infrastructure and water sources details of management, operations & maintenance of the systems and sources etc.

The Department had not prepared the AAP in respect of ARWSP for the years 2008-10,

The Department/SPMU had not prepared the Rolling Plan. However, the SPMU prepared AAPs for the period of 2010-11 to 2012-13 for the State as a whole in the absence of DWSPs.

The Department had not prepared perspective plan and shelf of schemes. The Department had also not constituted APIO.

- The Department had not prepared AAP in respect of ARWSP for the years 2008-10. In an earlier audit of ARWSP which featured in CAG's Audit Report of the State for the year ended 31 March 2007 it was pointed out that AAPs for the period 2002-07 were not prepared.
- In respect of NRDWP, VWSP and DWSP were not prepared by any village and district (July 2013). The Department/SPMU did not prepare the Rolling Plan as envisaged under the guidelines. Further, SPMU prepared AAPs in place of ACWSAP for the period 2010-11 to 2012-13 for the State as a whole in the absence of DWSPs. Thus, there was an absence of bottom up and grassroots based planning and the schemes/projects taken up for execution were Department driven.
- In respect of State Plan schemes, the Department had not prepared perspective plan and shelf of schemes. The Department had also not constituted APIO and field units for survey and investigation for keeping vigil over process of formulation of project reports and survey and investigation for identification of suitable schemes for needy habitations.

In reply, the Government stated (February 2014) that VWSP and DWSP could not be prepared due to shortage of manpower and also agreed that Perspective Plan shall be prepared. It was further stated that shelf of schemes has been prepared from the financial year 2013-14,

The reply confirms that the Department failed to ensure planning at grassroots level, preparation of rolling/annual plans for ARWSP, NRDWP and State Plan schemes and in setting up goals for the long and short term. Also there was no apparent integration and coordination of planning process under ARWSP/NRDWP and state plan schemes.

Resolution No.948 dated 16 July 1986 issued by the Cabinet Secretariat and Co-ordination Department, Government of Bihar as per Annexure A of Bihar Public Works Account Code.

2.3.7 Financial management

According to the guidelines of ARWSP, the allocation of Central Assistance was subject to the matching share by the State Government for the projects under the State Sector MM). Under NRDWP components ¹⁰ wise funds were provided by both Gol and the State Government. The funds were to be released in two instalments in different sharing pattern for each component. First instalment amounting to 50 per cent of the allocated fund was to be released without any condition. However, the second instalment to cover the balance of the annual allocation was to be released on fulfilment of the conditions which inter alia included utilisation of 60 per cent of the available resources.

For NRDWP, SPMU opened two separate bank accounts at State level for crediting Programme ¹¹ Funds and Support ¹² Activities Funds. Gol was to release Central Share for Programme and Support activities directly into respective bank accounts. The State Government was to release the matching share to Programme Funds Account for Coverage, Water Quality and Operation and Maintenance (O&M). The funds were to be allotted by SPMU to the Divisions for execution of schemes.

Besides, funds were also provided by the State Government under State Plan for capital outlay on implementation of RPWSSs and construction of DTWs. In respect of ARWSP against the allotment of 143.97 crore and ₹ 82.95 crore respectively from Gol and State share during 2008-09, only ₹ 93.47 crore and 73.56 crore was spent. Unspent allotment of Gol fund amounting to 50.50 crore was included as Gol share of NRDWP (April 2009). The Department surrendered unspent State contribution of ₹ 9.39 crore (March 2009). To that extent the Rural Drinking Water Programmes in the state suffered.

Details of fund received and expenditure incurred under NRDWP for both Programme and Support activities during 2009-13 is given in Table 2.3.1.

¹⁰ Coverage, Operation & Maintenance and water quality - 50:50 share between Gol and State and National Rural Water Quality Monitoring & Surveillance Programme (NRDWQMSP) 100 per cent share by Gol.

¹¹ Coverage, Operation & Maintenance and water quality.

¹² Under Support activities five per cent of NRDWP funds on a 100 per cent Central Share basis was to be used for: Management Information System, National Rural Water Quality Monitoring & Surveillance Programme Communication and Capacity Development Programme and Project Monitoring and Evaluation, Research and Development.

Table 2.3.1: Funds received and expenditure incurred under NRDWP during 2009-13
(in crore)

Year	Balance (Central)	Opening Balance (State)	Actual releases to SPMU				Total time available	Ex enditure			Closing Balance
			Central	State	Total	Interest		Central	State	Total	
1	2	3	4	5	6	7	8	9	10	11 (9+10)	12 (8-11)
2009-10	64.8813	Nil		80.53	191.88	0.06	256.82	86.46	68.91	155.37 60	11.44 40
2010-11	89.82	Nil	129.95	108.50	238.45	8.29	336.55	128.19	77.50	205.69 61	130.86 39
2011-12	96.4	34.46	148.17	168.00	316.17	9.68	456.72	169.84	149.40	319.24 70	137.48 30
2012-13	79.31		243.43	178.05	421.48	8.33	567.29	204.87	155.32	360.19 63	207.10 37

(Source: Data provided by SPMU)

It is evident from the above table that SPMU spent only 60 to 70 per cent of total fund available every year during 2009-13.

During 2009 to 2013, out 429.56 crore received by test checked divisions expenditure of 368.05 crore was made leaving unspent balance of ₹ 61.51 crore (Appendix-2.3.1). The savings ranged between 5.87 per cent and 28.04 per cent.

The allotment and expenditure incurred during 2008-09 to 2012-13 under State Plan for Rural Drinking Water Programmes in the State is given in Table 2.3.2.

Table 2.3.2: Statement showing allotment and expenditure during 2008-13 under State Plan

(Z in crore)

Sub Head	Year	Allotment	Expenditure	Surrender	Percentage of surrender
Rural W/S Schemes (Piped)	2008-09	56.64	51.27	5.37	9.48
	2009-10	36.80	29.68	7.12	19.36
	2010-11	56.15	45.50	10.65	18.97
	2011-12	60.60	36.84	23.76	39.2
	2012-13		74.49	37.36	33.4
Total		322.04	237.78	84.26	
Rural W/S (tube wells)	2008-09	25.00	18.78	6.22	24.88
	2009-10	71.77		0.46	0.64
	2010-11	41.77	41.13	0.64	1.54
	2011-12	6.45	3.98	2.47	38.26
	2012-13	2.95	0.44	2.51	85.03
Total		147.94	135.64	12.30	

(Source: Data provided by Department)

The above table revealed that there was under utilisation of allotment in both schemes ranging upto 39.20 per cent in respect of Rural Water Supply Schemes (Piped) and upto 85 per cent in respect of Rural Water Supply Scheme (Tube Wells) during 2008-13.

Under State Plan during 2008 to 2013 out of total amount 193.18 crore received by test checked divisions expenditure 172.26 crore were incurred and 20.91 crore were surrendered. (Detailed in Appendix-2,3.2)

¹³ NRDWP Programme- 61.48 crore and in Support- 3.40 crore.

¹⁴ A sum of 11.63 crore of state fund under ARWSP was surrendered.

In reply, the Government stated (February 2014) that necessary steps would be taken to utilise funds.

Non-submission of UCS for funds allocated under Operation and Maintenance (O&M) 4.21 crore

The details of expenditure and UCS 4.21 crore was not submitted by the VWSCS.

During 2011-12 and 2012-13, the test checked divisions released 2.76 crore and 1.45 crore respectively to Village Water and Sanitation Committees (VWSCs) of the State under O&M component of the programme. VWSCs were to submit utilisation certificates (UCS) to SPMU for 4.21 crore within three to six months of release of funds through concerned divisions. But it was observed (December 2013) that neither details of expenditure nor UCS were submitted by these VWSCs.

In reply, the Government stated (February 2014) that steps were being taken to train VWSCs for proper book keeping, accounting procedure so that VWSCs would be able to submit UCS.

2.3.8 Implementation of the Schemes

Rural Piped Water Supply Scheme of State Plan

The objective of Rural Piped Water Supply Scheme (RPWSS) was to maximise the use of surface water and reduce the burden on ground water (as it was a limited reserve) and provide adequate piped safe drinking water supply within the household premises to the rural households in a phased manner. There are 390 RPWSSs as of September 2013 under State Plan (337 completed RPWSSs and 53 ongoing RPWSSs). The completed schemes are being operated by the Department, VWSCs and contractors (O&M for two years as per agreement). The details of RPWSSs at State level are given in

Table 2.3.3:

Table 23.3: Status of RPWSSs at state level in lakh

Number of Schemes operated by		Number of stand posts	Number of Vats	Number of schemes where house connections were issued	Number of house connections	schemes where realisation of user charges was nil	Number of schemes where no house connection	Amount of water user charges realised during 2010-11
Department	157	1089	148	116	20841	63	41	40.47
VWSCS					11802	20	43	7.34
Contractor	16	56	4	12	1485	06	4	0.11
Total	292*	1928	324	204	34128	89	88	47.92

(Source: Data provided by Department) (*292 RPWSS are functional out of 337 completed RPWSS)

Scrutiny revealed that

- Forty five out of 337 completed RPWSSs were non-functional for various

Out of 337, 45 reasons viz. low voltage, motor disorder, failure of bores, theft of motors, RPWSSs were non-pipes and transformers, dried sources, defects in civil works, dispute functional for various

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among villagers, damaged pipeline/rising main etc.

reasons.

- There were no household water connections in 88 out of 292 schemes.

15 Water Charges was 62 per month for each household to be collected from the users on account of consumption of water from piped water supply schemes.

- Out of 292 completed and functional schemes, schemes numbering 270 schemes were completed upto 2010-11. Under these 270 schemes, 33140 household connections were issued.
- Water user charges collected during 2010-11 amounted to 47.92 lakh which was 19 per cent against the demand of 2.47 crore 62 x 12 month x 33140). Details of collection of water charges for 2008-09, 2009-10, 2011-12 and 2012-13 were not provided by the Department.
- No realisation of water user charges was made in 89 schemes where household connections had been released.

Further, we did a detailed scrutiny ⁷² (June to August 2013) of records of 20 numbers of RPWSSs in the test-checked divisions. These were constructed at an estimated cost of 48.07 crore (sanctioned between June 2006 and March 2012) for coverage of 1,07,238 population. We observed that 13 out of 20 were operational. Of the remaining seven, six RPWSSs were completed but were not functional (December 2013) after incurring 19.04 crore. The remaining one RPWSS was still incomplete (December 2013). Thus, the objective of providing safe piped drinking water to 34,633 populations in their homes was not achieved (Appendix-2.3.3).

The Government admitted (February 2014) the fact that the number of house connections under RPWSSs was very low and stated that efforts would be made in this regard. Depaffinent has issued (September 2013) an order that any scheme will not be considered as completed unless 50 per cent households are provided with domestic water connection. Further, RPWSS shall not include public stand posts and vats from 2013-14 onwards. Department also stated that all efforts would be made to realise all the arrears of water charges and complete RPWSSs in the least possible time. However, the fact remains that the objectives of the schemes could not be achieved in the incomplete/ non-functional schemes.

2.3.8.2 Rural Piped Water Supply Schemes implemented under NRDWP

To provide safe and adequate drinking water in rural areas of the State, ten⁷³ major RPWSSs were taken up during 2010-12 under NRDWP in seven divisions ⁷⁴. During 2012-13, no new schemes were taken up. The details of RPWSSs at State level implemented under NRDWP are given in Table 2.34.

⁷² Scrutiny of sanction orders, Notice inviting Tender, Estimates, Agreements, MBS, Running account Bills, Vouchers etc.

⁷³ Bhatinda (DhanbadII), Baralota, Bishrampur and Chainpur, (Medninagar), Gandey (Giridih-I), Manika and Netarhat (Latehar) Motia (Godda), Jari-Jarmana (Gumla) and Mega RPWSS (Sahibganj).

⁷⁴ Dhanbad II, Giridih I, Godda, Gumla, Latehar, Palamu and Sahibganj.

Table 2.3.4: Status of RPWSSs at State level under NRDWP as of
Janua 2014

Details ^{75,76} of Schemes undertaken in the State		Number of Schemes operated by VWSCS	Number of schemes where house connection were issued	Number of house connections	Number of schemes where no house connection	Amount of water charges realised during 2012-13
Nos. of completed schemes	Nog. of incomplete schemes					
5	5	5	5	1214	Nil	

The expenditure incurred on the schemes became wasteful besides loss to the Government on account of nonencashment of BG.

(Source: Data provided by Department)

Out of ten, only five²¹ RPWSSs were completed and made functional (January 2014).

Observations on two⁷⁷, out of five⁷⁸ Incomplete RPWSSs, being implemented in test checked divisions are given below:

Wasteful expenditure beside

s loss to the Government due to nonrevalidation and non-encashment of Bank Guarantee

In Gumla⁷⁹ the RPWSS was sanctioned for 2.07 crore (1.035 crore central share and 1.035 crore State share) in August 2010 for villages Jari and Jarmana at Albert Ekka Block covering 1095 people and allotted to the contractor on estimated value of 2.24 crore with the stipulated date of completion as July 2012. Our scrutiny (June 2013) revealed that after incurring an expenditure 4.61 lakh, the work was stopped (June 2012), CE cum Executive Director, SPMU, Ranchi (July 2012) rescinded the work due to non-execution of the work by the contractor. Further, we observed that the division failed to revalidate and encash Bank Guarantee⁸⁰ (BG) of ₹ 11.25 lakh which expired on 5 January 2012 during currency of contract. Thus, the expenditure 4.61 lakh on the scheme became wasteful besides loss to the Government on account of non-revalidation and non-encashment of BG worth 11.25 lakh.

The Government accepted (February 2014) the audit observation and stated that action would be taken against the concerned BE.

Slow progress of work due to delay in acquisition of land

A mega RPWSS was sanctioned (November 2011) for 138.77 crore (₹ 69.38 crore Central share and 69.38 crore State share) for providing drinking water to the people of 62 villages of four blocks⁸¹ covering 1,27,386 people of Sahibganj district. The scheme work was awarded in June 2012 at an

⁷⁵ Bhatinda (Dhanbad), Chainpur (Medninagar), Gandey (Giridih-I), Manika and Netarhat (Latehar).

⁷⁶ These schemes are being managed by VWSCs and the collection of water charges realised by the VWSCs and the details are not available with the department.

Bhatinda (Dhanbad), Chainpur (Medninagar), Gandey (Giridih-I), Manika and Netarhat (Latehar).

⁷⁷ Gumla and Sahibganj.

⁷⁸ Baralota and Bishrampur RPWSSs at Medninagar Division, RPWSS at Gumia and Sahibganj and Motia(Godda).

⁷⁹ Construction of Jari and Jarmana Rural Water Supply Scheme at Albert Ekka Block (Durnri).

⁸⁰ BG no. 49071PEBG-110001 dated 6.12.011 for ₹ 11,25,000 issued from Bank of India, Booty More Branch.

⁸¹ Barhait, Rajmahal, Sahibganj and Uduwa.

Due to non-acquisition of land there was slow progress of work which was only 45 per cent as of February 2014.

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completed by July 2014. Our scrutiny (August 2013) of work files and other records revealed that the mega RPWSS commenced without acquiring land required for Water Treatment Plants⁸² Elevated Service Reservoirs²⁸ and Rising Main Pipe⁸⁴ which was in violation of the provision⁸⁵ of JPWA code that no work was to commence without acquiring land. We observed that the division sought No-Objection Certificates (NOCs) from various Departments only after commencement of work in July 2012. We also observed that due to non-acquisition of land there was slow progress of work. As of February 2014, only 45 per cent work was done after incurring 64.66 crore though the scheme is to be completed by July 2014.

In reply, the Government stated (February 2014) that delayed execution of work was due to non-availability of NOCs from District Administration, Railway Department and Municipal Corporation for acquisition of land and efforts shall be made to acquire the land. The reply confirms the audit observations.

2.3.8.3 Mini Rural Piped Water Supply Schemes implemented under NRDWP

In order to provide piped water supply at household level covering a population of 500 to 1000, the Department had introduced (September 2010) Mini Rural Piped Water Supply Scheme (MRPWSS). The components of a MRPWSS were a High Yield Drilled Tube well (HYDT), Submersible pump set, PVC overhead tank, PVC distribution pipe line, India Mark II Hand pump, rainwater harvesting structure etc.

During 2010-12 total 5,044³¹ MRPWSSs were sanctioned in the state with the instruction that MRPWSS was to be constructed if the discharge of the HYDT was more than 5,000 litre per hour. These MRPWSSs were to be completed within three to six months of issue of work order. In case discharge of HYDT be less than 5,000 lit-re per hour, it would be utilised as hand pump and other components would not be constructed/installed.

Out of 5,044 sanctioned MRPWSSs, only 1,884 HYDTs were eligible for conversion into MRPWSS on the basis of their discharge rate. It was observed that 1,496 (79 per cent) out of 1,884 MRPWSSs were still incomplete as of August 2013 in the State. As two to four years have lapsed since their sanction, their non-completion indicates improper implementation of the schemes.

Out of 64, 26 MRPWSS were still incomplete after incurring expenditure of

Out of 1884, 1496 MRPWSS (79 per cent) were still incomplete as of August 2013 despite lapse of two to four years since their sanction. agreement cost 133.68 crore to be

⁸² At Sahibganj block from Railway Department and at Barhait block from Water Resources Department

⁸³ ESRs-(Barhait-5, Rajmahal-3, Sahibganj-5 and

Udhwa-3) and work started on the consent of concerned VWSCs in 3 out of 16 ESRs.

⁸⁴ NOCs were to be obtained from Road Construction Department, Rural Works Department, Municipal Corporation and Railway Department

⁸⁵ Paragraph number 7.5 of No.948 dated 16 July 1986 issued by the Cabinet Secretariat and Co-ordination Department, Government of Bihar as per Annexure A of Bihar Public Works Account Code.

⁸⁶ in 1st phase (September 2010) and 240 in 2nd phase in 2010-11 and 4197 in 3rd phase in 2011-12 and 129 for quality affected areas in 2010-11.

₹2.22 crore as of
July 2013.

Scrutiny of records of the test checked divisions in respect of conversion of HYDT into MRPWSSs revealed that:

- In four⁸⁷ test checked divisions, 19.07 crore was sanctioned in 2010-12 for construction of 124 MRPWSSs in 124 habitations. Out 19.07 crore, ₹ 12.05 crore was allotted during 2010-13 by SPMU to the divisions of which 10.30 crore was spent as of July 2013. Scrutiny of records (July and August 2013) of the concerned divisions revealed that only 64 out of 124 HYDTs were eligible for conversion into MRPWSSs. However, 26 out of 64 MRPWSSs were still incomplete after incurring expenditure of ₹ 2.22 crore as of July 2013 although the period of three to six month prescribed for their completion was over⁸⁸ Incomplete schemes did not fulfil the objective of the schemes and thus expenditure incurred on these schemes proved unfruitful.
- In four⁸⁹ test-checked divisions, 24 HYDTs of quality affected areas were eligible for conversion into MRPWSSs. Scrutiny (August 2013) revealed that in three³⁵ divisions these MRPWSSs were completed whereas at Sahibganj construction of three MRPWSSs which commenced in March 2012 and were to be completed by June 2012 were incomplete. A sum of ₹ 13.33 lakh was incurred (March 2013) but these MRPWSSs remained incomplete (September 2013). Thus, the expenditure incurred on these MRPWSSs of quality affected areas of Sahibganj did not fulfil the objectives of the scheme to provide safe drinking water.

Eight RPWSSs were shown completed after incurring expenditure of ₹ 1.03 crore, but none of these were functional due to various reasons.

During 2010-12, total 1,575 MRPWSSs were sanctioned in the ten test-checked divisions of which only 641 HYDTs (41 per cent) qualified for conversion into MRPWSS on the basis of discharge of HYDT (Appendix-2.3.4).

Rupees 61.05 lakh was sanctioned on

In reply, the Government stated (February 2014) that efforts would be made for early completion of MRPWSSs.

2.3.8.4 Unfruitful expenditure

Under ARWSP, 3.96 crore was sanctioned during 2008-09 for construction of 17 RPWSSs for quality affected habitations in Pakur division. Scrutiny of records revealed that though eight RPWSSs were shown completed (March 2012) after incurring expenditure of 1.03 crore, but none of these were functional (August 2013) due to various reasons viz. want of electric connection, low voltage, dispute among villagers, motor disorder etc. (Appendix-2.3.5). Thus, the expenditure incurred on these schemes proved unfruitful.

2.3.8.5 Sanction of inadmissible works

In State Plan, under the minor head Direction and Administration (D&A), proposals for purchase of machinery & equipment, training of personnel, survey & consultancy fee for preparation of DPR of schemes, purchase of new vehicles & Minor Construction works etc. for RPWSS were to be taken up.

On scrutiny of sanctions and allotment letters and other relevant records and

information collected from EE, Gonda division, Ranchi, we noticed that

₹ 61.05 lakh was sanctioned (December 2012) under D&A Head for execution of 12 schemes for construction of HYDT with fitting of submersible motors,

⁸⁷ Dhanbad-II, Dumka-II, Pakur and Sahibganj.

⁸⁸ Between August 2011 and March 2012 : three months to six months.

⁸⁹ Giridih- [I, Gumla, Pakur and Sahibganj. ³⁵ Giridih- II, Gumla and Pakur.

inadmissible
works.

Economic (Non-PSUs) Sectors for the year ended 31 March 2013

laying of pipes, construction of Reinforced Cement Concrete (RCC) staging, construction of soak pits, drainage, septic tank sewer lines in residences of senior officers³⁶ of the State in urban areas of Ranchi although the expenditure of 61.04 lakh incurred (March 2013) under minor head Direction and Administration ought to have been incurred for RPWSSs.

In reply, it was stated (February 2014) by the Government that the expenditure incurred was admissible under item 'Provision of Water in Government buildings' under Direction and Administration. The reply was not acceptable as these items were included from 2013-14 onwards, whereas the expenditure has been incurred in the year 2012-13.

2.3.9 Results of joint physical verification

In an attempt to ascertain the operational position of schemes on the ground, the audit team physically verified (June and August 2013) along with officers of the Department, 19 schemes" in test checked divisions. The estimated cost of these schemes was 20.23 crore and expenditure incurred on was

₹ 17.36 crore. Scheme wise details are mentioned in **Appendix-2.3.6**.

We observed that:

- One MRPWSS covering 343 persons at Phulbhangra, Sahibganj division was found non-functional though it was being shown as operational in the monthly progress report (March 2013) of the division. Thus, there was a discrepancy between the documentation available in the division and the actual status of the scheme.
- Five³⁸ out of 18 MRPWSSs under NRDWP were found non-functional/incomplete and expenditure incurred on these schemes was 66.54 lakh. Hence, as these schemes were non-functional/incomplete, 4,025³⁹ persons were deprived of benefit of piped water.
- No household connections were released in 13 MRPWSSs though these were shown as completed and were to provide piped drinking water to 10307 persons.
- One RPWSS covering 24250 people under State Plan at Madhuban Pirtand had been completed. This was being operated under trial and run condition. There was no household connection released in the scheme.

36 Hon 'ble Minister of PWD Department; Divisional Commissioner South Chhotanagpur Division; PA to CM; Section office Raj Bhawan; Deputy Commissioner; Hon'ble Lokayukt; SIB Office; Residence of Civil SDO, Sadar Ranchi and Residence of Deputy Commissioner at PWD Colony RIMS Campus.

37 One RPWSS under state plan and 18 MRPWSSs under NRDWP.

38 Banderkuppei, Dhwachita, Ichak, Kothya and Maharo.

39 Population of Banderkuppei : 681, Dhwachita: 469, Ichak: 1420, Kothya: 819 and Maharo: 636.

Thus despite 13 schemes being functional the major component of releasing household connections was not implemented. In reply, the Government stated (February 2014) that efforts would be made for completion of the schemes.

The fact remains that due to non-completion/non-functioning of schemes and household connections not released in functional schemes, the targeted population (38,925) was deprived of full benefit of the scheme viz. piped drinking water.



Photograph of non-functional Phoolbhanga MRPWSS of Sahibganj

2.3.10 Lack of testing of water sources

National Rural Water Quality Monitoring & Surveillance Programme (NRWQMSP) a component of NRDWP emphasised the availability of safe and potable drinking water. Under the programme, laboratories were to be set up at the State, districts, sub-divisions level and all drinking water sources⁹⁰ were to be tested at least once in a year for checking chemical contamination and twice in a year (pre and post monsoon) for checking bacteriological contamination. State level laboratory was also to be involved in testing concentrations of rare elements and extend all necessary help in providing water quality test reports to the State Government during natural calamities and disasters. Sample from 100 per cent of the sources were to be tested by sub divisional laboratories for bacteriological, chemical and physical parameters, 10 per cent of samples were to be tested including positively tested samples by the district laboratories apart from routine cross verification by the State laboratory.

We noticed (August 2013) that only one chemist and one sample collector were deployed in the State laboratory. All other posts⁹¹ at the State lab were vacant. The infrastructure of State laboratory was also inadequate as there was lack of instruments⁹² as required under Drinking Water Quality Monitoring Protocol⁴³ (DWQMP). We observed that district laboratories were not functional in districts covered by test-checked divisions during the period 2008-13 except at Jamshedpur where only one chemist was posted.

We observed that DW&SD sanctioned (November 2010) 1.02 crore for the construction of 35 laboratories at sub-divisional level of 24 districts at a cost of?

⁹⁰ Water sources are sources of water that are useful or potentially useful which are either from Wells, DTWs or Piped water supply.

⁹¹ Chief Chemist, Bacteriologist, Laboratory Technician, Analyst, Laboratory Attendant and Senior System Analyst

⁹² Water Still, Heating Mantle, Water bath, Hot air Oven, Atomic Absorption spectrophotometer with Electrode lamp, UV Luminar Air flow chamber for Bacteriological Analysis, Milipore Filter assembly with a vacuum-pump, Plate count and colony counter, Arsenic testing Instrumentation, Hydride generator, Flame Coupled Board, Auto Burette, Uranium Analyser, Double Distillation Apparatus, Argon, Nitrogen, Oxygen gas cylinder, Pressure pump, Deep Freezer (-20%) etc. required under DWQMP were not available.

2.90 lakh each in the State. In test checked divisions, we observed that the sub-divisional laboratories (numbering 10) could not be made functional as of January 2014 due to lack of equipment and manpower in nine" divisions and non-completion of building in Dhanbad-II division.

Thus, the required tests of drinking water sources for chemical and bacteriological parameters were not conducted due to non-functioning of the sub- divisional and district laboratories.

The Government stated (February 2014) that the laboratories in six districts" had been developed in May 2013 and three⁴⁶ more district laboratories had been established in August 2013 and also efforts are being made to establish the laboratories in all the districts of the State. In regard to State laboratory it was stated that the laboratory building was under construction and orders for required instruments had been placed which would be delivered to the new laboratory. Further, the Sub divisional Laboratories would be equipped during the year 2014-15 and creation of posts would be processed.

The fact remains that required test of water sources could not be conducted due to non-availability of laboratories.

Non-procurement of Field Test Kit (FTK)

NRWQM&S programme was launched (2005-06) with the prime objective of institutionalisation of community participation and involvement of Panchayati Raj Institutions (PRIs) for water quality monitoring and surveillance of all drinking water sources (hand pumps, wells, piped water supply scheme). Under this programme one field test kit (FTK) was to be provided to each Gram Panchayat (GP) for primary detection of chemical and biological contamination for all drinking water sources of GP. While modifying ARWSP as NRDWP in 2009-10 NRDWQM&S strategy was also modified. As per modified strategy, for sample collection at the household level and at the habitation level one person, preferably a woman member of VWSC may be nominated and designated as Jal Surakshak. The Jal Surakshak was to use F TK to obtain preliminary results of water quality. There were 4,562 GPs in the State as of July 2013. We noticed that no FTK was procured during 2009-12 to be issued to GPs for preliminary examination of the water sources. During 2012-13, SPMU procured 2,800 FTKs at a cost of 70 lakh under funds available under Support component of NRDWP, out of which 2,785 FTKs were distributed to divisions covering 16 districts of the State. Each

⁴³ The Department of Drinking Water Supply, Govt, New Delhi develop a separate uniform protocol to standardised the requirements for setting up and functioning of Laboratories at various levels.

⁴⁴ Deoghar, Dumka II, Giridih [I, Gumla, Jamshedpur, Latehar, Pakur, Ranchi East and Sahibganj.

⁴⁵ Chaibasa, Garhwa, Jamshedpur, Latehar, Palamau and Ranchi. ⁴⁶ Chatra , Hazatibagh and Jhumritilaiya.

F TK was to be used to conduct 100 tests. As against 1, 79,241 water sources in 13 districts only 72,101 tests were conducted as of September 2013. In three districts namely Hazaribagh, Ramgarh and Deoghar having 28,567 water sources not a single test was conducted despite 614 FTKs provided to them. Moreover, remaining eight districts having 1,28,265 water sources were not provided any FTK. Thus, no test of water sources was conducted in these districts at GP level. (Appendix-2.3.7)

In reply, the Government stated (February 2014) that due to remote and inaccessible area only 1, 12,454 sources had been tested as of January 2014 and assured that during 2014-15 all sources would be tested.

The fact remains that objective to provide safe drinking water was not achieved due to non-testing of 100 per cent water sources as envisaged in the scheme.

2.3.12 Non-formation of VWSC

As per NRDWP guidelines, a Village Water and Sanitation Committee is to be set up as a standing committee in each GP for planning, monitoring, implementation and operation and maintenance of the Water Supply Scheme to ensure active participation of the community. Each VWSC was required to open bank account.

The State Government resolved (March 2010) to create a VWSC in each village of the State and also prescribed the procedure of formation of VWSCs and their functions. The Gram Sabha (GS) will elect the nine members for VWSC of which five would be women. GS will also elect the Jal Surakshak. The State Government also directed (April 2010) all Deputy Commissioners cum Chairpersons of the District Water and Sanitation Mission to hand over assets and infrastructures of rural water supply schemes to VWSC by 26 January 2011.

Scrutiny of records of SPMU revealed that in the State, 28,177 out of 29,413 VWSCs were formed (January 2014). Further, in test-checked divisions it was observed that against the requirement of 11,025 VWSCs 10,725 VWSCs were formed, out of which only 9,929 VWSCs were having their bank accounts. Thus, there was shortfall of 300 VWSCS and 796 VWSCS had no bank accounts in ten test-checked divisions.

In reply, the Government accepted (February 2014) the fact and stated formation of remaining VWSCs and opening of their Bank Accounts are under process.

Human Resource Management

2.3.13.1 Shortage of man power

The status of technical and non-technical staff in test-checked divisions of the Department as of November 2013 was as under:

Table 2.3.5: Position of technical staff in test-checked divisions as of November 2013

Name of post	Sanctioned Strength	Person-in-position	Shortage	Shortage (per cent)
Executive Engineer				0.00
Assistant Engineer	28	27	1	3.57
Estimate Officer	5			40.00
Junior Engineer	75	55	20	26.67
Estimator				100.00
Total	122	95	27	22.31

(Source: Data provided by Divisions)

Table 2.3.6: Position of non-technical staff in test-checked divisions as of November 2013

Name of post	Sanctioned Strength	Person-in-position	Shortage	Shortage (per cent)
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Head clerk/ Accounts Clerk/ T istl Clerk/ Peon	535	330	205	38.31
Total	535	330	205	38.31

(Source: Data provided by Divisions)

It was evident from the above table that there was 22 per cent shortage of technical staff and in case of non-technical staff, shortage was 38 per cent. Shortage of staff slows down the pace of implementation of schemes/ programmes and hampers the attainment of started objective of the schemes. Further, we observed that there were shortages of staff in State laboratory, districts laboratories as well as sub-divisional laboratories which adversely affected the functioning of laboratories as mentioned in paragraph 2.3.10.

In reply, the Government stated (February 2014) efforts would be made for creation of posts of Assistant Engineers/Junior Engineers and Office staff for Circles and Divisions.

The reply was not acceptable, as Department needed to fill the existing technical and non-technical posts in the first instance.

Monitoring

A "State Level Scheme Sanctioning Committee" (SLSSC) was to be constituted under the chairpersonship of Additional Chief Secretary of the Department for furnishing complete and timely information to Gol and also to ensure that proper system of close monitoring and evaluation is in place in respect of NRDWP schemes. Meetings of the Committee were to be held at least twice in a year, wherein apart from sanctioning new schemes, progress, completion and commissioning of the schemes approved earlier by the Committee were to be reviewed.

We observed that SLSSC meetings were held biennially where the new schemes were sanctioned and progress of ongoing schemes were reviewed,

According to JPWA Code CEs/SEs/EEs should inspect/monitor the implementation of works/schemes at different levels under their control.

EIC is the technical head and is responsible for the proper and efficient working of the Department. Powers and Duties of EIC will be vested in CE where he is the administrative and technical head of a branch of the Department. As per Rule 20 of JPWA Code, CE will inspect each circle office under his charge once in a year and each divisional office once in every two years and submit a report to EIC soon after the inspection has been made. SE has to inspect each divisional office once every six months, each sub-divisional office once every year, and each sectional office once every two years. EE should inspect each Sub divisional Office within the limit of his charge once every six months and each Sectional Office once in a year and submit report of his inspection in the prescribed form to SE.

Test checked ten divisions were under administrative control of two Regional Chief Engineers⁹³ and four SEs⁹⁴. As per the provision CE had to conduct fifty inspections of circles and 90 inspections of divisions under his control during the period 2008-13. We observed that no inspection was conducted by CE of the circles and divisions under their control as no record was available.

⁹³ Dumkø and Ranchi.

⁹⁴ Dhanbad, Dumka, Gumla and Ranchi.

Similarly four SES had to conduct 170 inspections of 17 divisions under their control during 2008-13, however, it was noticed that no inspection was conducted by SE as no record regarding inspections was made available.

The number of inspections carried out by RCEs and SES during 2008-13 was not made available though called for (July and August 2013). Further the information regarding inspection carried out by RCEs and SES and report thereof, to be submitted to EIC were also called for (September 2013) from EIC. In reply to audit query EIC issued (October 2013) letters to RCEs and SES to furnish the details of inspection conducted during 2008-13, which itself shows that the laid down procedure of inspections by the officials was not followed.

Further, the Government stated (February 2014) that officials were being directed to follow the rules and orders strictly.

Non-monitoring by the authorities of the divisions/circles under their control was a violation of the codal provision resulting in shortcomings and deficiencies in implementation apart from delays and failure to make RPWSSs fully functional as mentioned in the above paragraphs. However, shortcomings and deficiencies were noticed in implementation apart from delays.

2.3.15 Conclusion

Implementation of Rural Drinking Water Programme in the State suffered from deficiencies. The Annual Action Plan for the year 2008-09 and 2009-10 required under ARWSP was not prepared. In respect of NRDWP the State Programme Management Unit did not prepare the Rolling Plan. The Village Water Security Plans and District Water Security Plans were not prepared. The Department had not prepared Perspective Plan and shelf of Schemes for short, medium and long term development planning. There were surrenders/ savings in the Central/State funds allocated to the executing agency by the Department under various components. There were instances of non-functioning of Rural Piped Water Supply Schemes, award of work without acquiring land, large number of incomplete Rural Piped Water Supply Schemes/Mini Rural Piped Water Supply Schemes etc and also completed schemes were not handed over to the Village Water Sanitation Committees. There were noness number of household water connections in functional Rural Piped Water Supply Schemes/Mini Rural Piped Water Supply Schemes and water user charges were not realised from the households issued water connections. Field testing kits had not been procured. Prescribed monitoring by CES and SES was not done. The objective to provide safe drinking water to all villages was not achieved as required number of water sources were not tested for quality. There was shortage of technical staff in the test checked divisions.

2.3.16 Recommendations

We recommend that the Government should ensure:

- preparation of Annual Comprehensive Water Security Action Plan of the State on the basis of District Water Security Plans and Rolling Plan in respect of NRDWP and Perspective Plan for State Plan schemes; ■ full utilisation offunds under state plan as well as NRDWP;
- completion of schemes within timeframe and handover of completed Rural Piped Water Supply Schemes/Mini Rural Piped Water Supply Scheme to concerned Village Water Sanitation Committees;

- release of household water connections and realisation of water charges from users in respect of completed schemes;
- strengthen water quality monitoring and surveillance network to provide safe drinking water to all villages; and ■ effective monitoring of implementation of the schemes.

The Government accepted (February 2014) all recommendations.

Health, Medical Education and Family Welfare Department	
2.4	Infrastructure and functioning of Community Health Centres in Jharkhand

Executive Summary

Health policy of the Government of Jharkhand envisages a three tier structure comprising the primary, secondary and tertiary health care facilities to bring the health care services within the reach of the people. In this framework, the Community Health Centre (CHO, the third tier of the network of rural health care units, was required to act primarily as a referral centre (for the neighbouring Primary Health Centres (PHCs) usually four in number) for the patients requiring specialised treatment in the areas of medicine, surgery, paediatrics and gynaecology. The objective was two-fold; to make modern health care services accessible to the rural people and to ease the overcrowding in the district hospitals. To enable CHCs to contribute towards meeting the intended objectives, these were designed to be manned by seven specialists² in addition to six General Duty Medical Officers and function as 30 bedded hospital for indoor patients, equipped with operation theatre, labour room, X-ray machine, pathological laboratory, generator backup etc. alongwith the complementary medical and para medical staff. The audit of infrastructure and functioning of CHCs in Jharkhand revealed:

Community Health Centres (CHCs) were planned as First Referral Units (FRUs) also alongwith increase in number of Primary Health Centres (PHCs). Out of 220 PHCs required under 36 test-checked CHCs, only 53 (24 per cent) PHCs were in existence as of July 2013. Further, out of 53 PHCs, 17 PHCs were running without doctors. As a result patients were directly coming to CHCs and the objective of CHCs being FRU was not achieved.

PHCs should be established in sufficient numbers and deployed with adequate manpower to enable the functioning of CHCs as First Referral Units.

(Paragraphs 2.4.6.1 and 246.2)

As of July 2013, 111 CHCs buildings were incomplete beyond their due date of completion after incurring an expenditure 221.98 crore due to delay in site selection and slow progress of work by executing agencies and against 1,354 Specialist doctors required in the State as per IPHS norms, no Specialist doctors were deployed in the State as of July 2013.

(Paragraphs 248.1 and 24.9)

Out of 36 test-checked CHCs, in 30 CHCs only six functional beds existed against the requirement of 30 beds.

(Paragraph 2.4.10.1)

Completion of CHC buildings should be done in time bound manner alongwith availability of infrastructure and Specialist doctors in all CHCs.

1 1st tier: Health Sub-Centres, 2nd tier: Primary Health Centres and 3rd tier: Community Health Centres.

2 General Surgeon, Physician, Obstetrician & Gynaecologist, Paediatrician, Anaesthetist, Public Health Manager and Dental Surgeon.

Purchase of machines and equipments by the respective Civil Surgeons was not requirement driven which led to idling of these equipment and their benefit to patients.

Purchase of machines and equipments should be need based and their proper utilisation may be ensured.

(Paragraph 2.4.10.2)

Shortfall in availability of essential medicines ranged between 26 and 85 per cent in 36 test-checked CHCs and ANMs of Sub-centres, though not competent to administer the Schedule-H drugs, distributed the same among the rural patients which was fraught with the risk of severe health hazard among them.

Availability of all essential medicines in CHCs should be ensured.

(Paragraphs 2.4.11.1 and 2.4.11.2)

No inspection was conducted by the District health authority during the period 2008-13 in test checked CHCs. Shortfall in number of meetings by Rogi Kalyan Samiti (RKS) ranged between 75 to 84 per cent during 2008-13.

Regular and effective monitoring of CHCs should be ensured

(Paragraph 24.13)

Introduction

Recognizing the importance of Health in the process of economic and social development, the State Government had underlined the strengthening of the primary health care units as its thrust area in its Annual and Five Year Plans. These primary health care units were proposed to be strengthened and upgraded as per Indian Public Health Standards⁹⁵ (IPHS) prescribed by the Ministry of Health and Family Welfare, Government of India.

In this framework, the Community Health Centre (CHC), the third tier⁹⁶ of the network of rural health care institutions, was required to act primarily as a First Referral Unit (FRU) for neighbouring Primary Health Centres (PHCs), for patients requiring specialised health care services. CHC was to provide services to 80,000 population in tribal areas and population in other than tribal areas. The objective of having a referral centre for the primary health care institutions was twofold i.e. to make modern health care services accessible to the rural people and ease the overcrowding in the district hospitals. CHCs were, accordingly, designed to be equipped with specialist doctors, 30 beds for indoor patients, operation theatre, labour room, X-ray, ultrasound and ECG machines, pathological laboratory, generator backup etc. along with the complementary medical and para medical staff.

2.4.2 Organisational set-up

At Government level, Principal Secretary, Health, Medical Education and Family Welfare Department (HME&FWD) and Mission Director (MD), National Rural

⁹⁵ In order to provide quality care in the primary health care units, IPHS are being prescribed to provide optimal expert care to the community and achieve and maintain an acceptable standard of quality of care.

⁹⁶ 1st tier: Health Sub-Centres, 2nd tier: Primary Health Centres and 3rd tier: Community Health Centres.

Health Mission (NRHM) were responsible for implementation of standards stipulated under IPHS. Directors (Health & Family Welfare and Finance) were to assist the Principal Secretary and MD in planning, supervision and monitoring the creation of CHCs. Besides, one Engineering Cell existed for construction work of the Department. The Civil Surgeon cum Chief Medical Officer (CS cum CMO) and Medical Officer in charge (MOIC) of CHCs were responsible for implementation of the health programme at district/block level,

2.4.3 Audit objectives

The specific objectives of Audit were:

- To assess whether planning for establishment of CHCs was done as per IPHS norms;
- To assess whether financial management for establishment of CHCs was effective and efficient;
- To assess the availability and adequacy of medical, para medical and supportive staff in CHCs;
- To assess whether necessary health infrastructure including complementary facilities and medicines were available in CHCs to enable them to act as First Referral Units (FRUs);
- To assess if proper facilities for disposal of biomedical waste were available in CHCs; and
- To check whether monitoring mechanism prescribed in IPHS norms are being followed to oversee the functioning of CHCs and their evaluation.

Audit criteria

Following are the sources of criteria on the basis of which audit tests were carried out:

- Plan documents for upgradation of CHCs;
- Provisions of IPHS and sanctions of GoV/State Government;
- Provisions of Financial Management prescribed under NRHM, PWD code, Treasury code and government orders, circulars etc;
- Various reports and returns submitted/maintained in the Department and prescribed monitoring norms; and
- Provisions of Bio-medical Waste (Management and Handling) Rules, 1998.

2.4.5 Audit coverage and methodology

Audit covered nine⁵ out of 24 districts of the State covering 5 per cent of total expenditure incurred on construction of CHC buildings. In each district, four CHCs⁶ were selected keeping in view the population being covered by each CHC. Besides, records relating to planning, budget formulation and release of funds, sanction and implementation of civil works etc. for 2008-13 were examined at the offices of Principal Secretary, Mission Director and Chief Engineer, Engineering Cell at Ranchi and other executing agencies like National Rural Employment Programme (NREP), Rural Development (Special) Divisions of concerned districts etc. Besides, the audit team also conducted Joint Physical Verification of civil works in the sample districts and also took feedback from patients.

The audit objectives and scope of audit were discussed with the Principal Secretary of the Department on 25 June 2013 in an entry conference. In spite of several requests⁷, the Principal Secretary did not give time and as such the exit conference could not be held. However, the Department's replies have been received (February 2014) and have been incorporated in this report at appropriate places.

Audit findings

24.6 Planning process

The Government of Jharkhand has been endeavoring to provide accessible, affordable and quality health care to the people of the State, with focus on rural population. In order to achieve this goal, the State Government has embarked on infrastructure development of CHCs, PHCs and Health Sub Centres (HSCs) during 2007-12. The State Government has emphasized on construction of new CHC building as part of infrastructure development.

CHCs were proposed to be placed at every block headquarter. Out of 212 existing blocks in Jharkhand in 2006-07, 24 blocks situated in district headquarters, where either sadar hospitals or sub-divisional hospitals already existed, were excluded for construction of CHC buildings. Further, out of remaining 188 proposed CHCs, 32 existing referral hospitals needed to be upgraded to the level of CHCs. As these referral hospitals were already 30 bedded, construction of hospital buildings were not planned for them. Thus, remaining 156 CHC buildings were required to be constructed for the setting up of 30 bedded hospitals. The State Government planned to construct 154 CHC buildings (132 from state plan and 22 from NRHM fund) during 2008-13. Remaining two CHC buildings (Poraiyahat of district Godda and Tisri of district Giridih) were not included in the plan.

Bokaro, Deoghar, Dumka, East Singhbhum, Gumla, Hazaribag, Lohardaga, Ranchi and West Singhbhum.

⁶ Bokaro (Bermo, Gomia, Jaridih and Peterwar), Deoghar (Jasidih, Mohanpur, Sarwan and Madhupur), Dumka (Gopikandar, Jarmundi, Masalia and Shikaripara), East Singhbhum (Dhalbhumgarh, Golmuri, Patamda and Potka), Gumla (Bharno, Palkot, Raidih and Sisai), Hazaribag (Bishnugarh, Chauparan, Ichak and Katkamsandi), Lohardaga (Bhandra, Kisko, Kuru and Senha), Ranchi (Angara, Chanho, Kanke and Mandar) and West Singhbhum (Bundhgaon, Jhinkpani, Khutpani and Tantnagar).

⁷ Letter Nos. Report civil/AR/2012-13/353, 369, 385 & 394 dated 20.12.2013, 09.01.2014, 27.01.2014 and 05.02.2014 respectively.

Out of 220 Pi-ICs required in 36 CHCs, only 53 (24 per cent) PHCs were in existence as of July 2013. Further, out of 53 PHCs, 17 Pi-ICs were running without doctors.

2.4.6.1 Establishment of Community Health Centres

During 2007-08 the State Government planned to remodel the primary health care services on the basis of IPHS guidelines which envisaged CHCs to be the first referral unit to provide health care services to patients referred from PHCs and HSCs. Under IPHS guidelines, population norms of 80,000 in tribal areas and in general areas were fixed for creation of one CHC which was to be located at the centre of the block headquarter in order to improve access to the patients.

Scrutiny of Eleventh Five Year Plan document (2007-12) for creation of CHCs revealed that population norms were not taken into consideration. In fact, 212 CHCs were proposed (February 2007) to be set up covering each block of the State. PHCs and referral hospitals operating in 188 rural blocks were renamed as

CHCs were proposed for creation by consideration of geographical areas of existing blocks and not on population norms.

CHCs. However, issue of Government notification for creation of these CHCs was pending as of June 2013.

The Department while accepting the audit observation stated (February 2014) that population norms would be taken care of in new sanctions of CHCs as per resources.

2.4.6.2 Establishment of Primary Health Centres

CHC is primarily a referral centre for PHCs. Each CHC in tribal area covering a population of 80,000 was required to be a referral centre for four PHCs covering 20,000 population each. Similarly, each CHC in general area covering a population of was required to be a first referral centre for four PHCs covering 30,000 population each. As such, CHC was designed to cater to the needs of four PHCs at an average which would refer cases to CHCs for specialised health care. Thus, the functioning of CHCs as First Referral Units (FRUs) is directly related to the establishment of PHCs.

Out of 36 test-checked CHCs in nine districts, it was found that the number of PHCs established under each CHC was far less in number than prescribed. Besides, these PHCs were drastically lacking in doctors and para medical staff (Appendix-2.4.1). Further, out of 220 PHCs required in above mentioned 36 CHCs, only 53 (24 per cent) PHCs were in existence as of July 2013. Further, as against 90 sanctioned posts of doctors in these PHCs, only 59 doctors were posted. However, it was observed that out of 59 doctors posted in PHCs, 15⁹⁷ doctors were actually working elsewhere and two doctors were absent since more than one year which further reduced the actual strength of doctors in position to only 42. Out of above mentioned 53 PHCs, 17 PHCs were running without any doctor. Likewise, number of para medical staff was 76 as against sanctioned posts of 218 resulting in a shortfall of 65 per cent.

Thus, the overall scenario clearly indicated that neither PHCs nor CHCs were established following the required population norms and the feeder units (PHCs) for referring cases to CHCs were lacking in terms of requisite man power due to which CHCs were not functioning as FRUs. This fact was further confirmed by the patients' response taken during interviews conducted

in all 36 test-checked CHCs, wherein all the patients interviewed stated that they were directly coming to CHCs without being referred from anywhere.

24.7 Financial management

Funding Pattern

For construction of NRHM funded CHC buildings, funds were provided by the Jharkhand State Rural Health Society (JSRHS) to the executing agencies. Similarly, Principal Secretary, Health, Medical Education & Family Welfare Department allotted fund either to the Deputy Commissioners (DCs) of the districts or directly to the executing agencies from the state budget under the state plan. DCs of the districts, in turn transferred the fund to the executing agencies for construction of CHC buildings.

The budget allocation and expenditure incurred there against under NRHM and state plan during 2008-13 is shown in Table 24.1:

Table 2-4.1: Budget Allotments and expenditure as of March 2013

Rin crore)

Year	NRHM			State Ian		
	Allotment	Expenditure	Savings (-) er cent	Allotment	Expenditure	Savings (-) Per cent
2008-09	62.68	42.09	20.59			

⁹⁷ In CHCs- 5, in Sub-divisional

Hospitals- 3, in Sadar Hospitals- 6 and in Director, Health Training Institute, Ranchi- 1.

2009-10				179.95	150.44	29.51
2010-11				44.89	40.65	04.24
2011-12	12.72	03.88	08.84	61.88	62.14	+ 0.26*
2012-13				46, 80	38.52	08.28
Total	75.40	45.97	29.43 39	333.52	291.75	

(Source: Jharkhand Rural Health Mission Society)

*In Angara CHC, allotment was e and expenditure during the year was ₹ 30,00,000. The excess expenditure of was incurred from the previous unspent balance.

Table 2.4.1, above, indicates that there were savings of 39 per cent under NRHM and 13 per cent under state plan during 2008-13, Savings were due to delay in site selection, slow progress of work by the executing agencies, non-finalisation of tenders by the competent authority, political dispute etc. Consequently, 135 CHCs are yet to be constructed resulting in denial of envisaged health services.

The Department accepted (February 2014) the audit observation and stated that in future huge savings would be avoided.

The fact remains that allotted funds could not be fully utilised for creation of health infrastructure in CHCs.

2.4.8 Construction of Community Health Centre buildings

2.4.8.1 Physical and financial status of Community Health Centre buildings

Scrutiny revealed that out of 154 CHC buildings planned for construction, 141 CHC buildings, at an estimated cost of 399.24 crore, were taken up during 2008-13, of which only 19 buildings (13 per cent) were completed and handed over as detailed in Table Remaining 13 buildings were not taken up for want of required land.

Table 2.4.2: Number of CHC Buildings taken up, completed and pending as of July 2013

Year	No. of works taken up	Total allotment	Completed CHCs		Incomplete CHCs		
			No.	Expenditure	No.	Expenditure	No. of work not yet to start
2008-09	18	62.68	02	7.20	16	55.48	
2009-10	99	179.95	16	54.80	83	125.15	13
2010-11	13	44.89	01	03.54	12	41.35	
2011-12	08	74.60			08	74.60	
2012-13	03	46.80			03	46.80	
Total	141	408.92	19	65.54	122	343.38	13

(in crore)

In case of 111 CHC buildings taken up during 2008-11, due date of completion was already over after incurring an expenditure of ₹ 221.98 crore against estimated cost of ₹ 399.24 crore. (Source: Jharkhand Rural Health Mission Society)

Further, 122 (87 per cent) CHC buildings were incomplete as of July 2013 after incurring an expenditure of ₹ 343.38 crore. Scrutiny further revealed the due date of completion of CHC buildings was 18 months from the date of commencement. Thus, in case of 111 CHC buildings taken up during 2008-11, due date of completion was already over after incurring an expenditure of ₹ 221.98 crore against estimated cost of ₹ 399.24 crore. Audit observed that reasons for huge pendency in completion of buildings were delay in site selection and slow progress of work by the executing agencies. Thus,

due to delay in completion of CHC buildings the very purpose of creating infrastructure facilities of 30 bedded hospitals in time bound manner was defeated.

The Department accepted (February 2014) the fact and stated that all executing agencies have been time and again instructed in meetings at different levels to complete the incomplete works.

248.2 Non-imposition of penalty

According to clause two of the terms and conditions of contract, if a contractor fails to complete the work within the stipulated period, penalty at the rate of 0.5 per cent per day of estimated cost of unexecuted work, subject to maximum of 10 per cent of the total estimated cost is leviable. Further, as per provision of the clause five of the contract, if a contractor desires to get extension of time for completion of work on the ground of unavoidable hindrances, he will have to apply in writing to the Executive Engineer (EE) within 40 days from the date of starting of the hindrances.

Scrutiny revealed that, out of 10 works for construction of CHC buildings in test-checked districts at a total estimated cost ₹ 37.88 crore, construction of only two CHC buildings in Jugsalai (East Singhbhum) and Manoharpur (West Singhbhum) were completed after delay of five months and one year respectively. No time extension was applied for by the contractor in case of Jugsalai CHC (East Singhbhum) as of July 2013 although time extension was sought by contractor at Manoharpur and granted. In remaining nine ongoing CHC works, due dates of completion have already lapsed between April 2011 and April 2013. Of these, in case of Goelkera CHC in West Singhbhum, time extension was applied for by the contractor and granted (up to April 2012) by the Chief Engineer (CE) during March 2012. In case of remaining eight ongoing works, no time extension was applied for by the contractors as of July 2013.

However, in spite of delay in execution of works, the EE did not impose any penalty on these contractors to whom time extension has not been granted.

Non-imposition of penalty on contractors resulted in a total loss of ₹2.87 crore to the Government (Appendix-2.4.2).

The Department accepted (February 2014) the audit observation and stated that instructions shall be issued to executing agencies for imposition/recovery of penalty.

2.409	Manpower Management
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CHCs are required to deliver specialised health care services to the rural people. In the absence of these services, rural population would be forced to spend a lot of time and money in availing themselves of such services in the urban areas. To enable CHCs to discharge this responsibility, CHCs were envisaged to be manned by medical specialists, para medical staff and necessary infrastructure. As per IPHS norms, in each CHC, there shall be seven posts of specialist doctors which include one each of General Surgeon, Physician, Obstetrician & Gynaecologist, Paediatrician, Anaesthetist, Public Health Manager, Dental Surgeon and one Eye Surgeon among a group of five CHCs.

In addition, there shall be six General Duty Medical Officers in each CHC. Besides, there shall also be one post of Specialist, AYUSH (Ayurveda, Yoga & Naturopathy, Unani, Siddha and Homoeopathy) and one post of General Duty Medical Officer of AYUSH in each CHC. However, the Government did not plan for deployment of AYUSH doctors as of July 2013.

Details of man-power as per IPHS norms, posts sanctioned and persons in position there against with respect to doctors and para medical staff as of July 2013 is given in Table 2.43:

Table 24.3: Details showing requirement of manpower for 188 CHCs as per IPHS norms, posts sanctioned and persons in position as on July 2013

	Category	Requirement as per IPHS norms	Sanctioned by the Government	Shortfall in sanction against IPHS norms (per cent)	Persons in position	Shortfall against sanction by the Government per cent	Shortfall against IPHS norms (Per cent)
1	Specialist Doctor	1354	564 *	790 (58)	Nil	564 (100)	1354 (100)
2	General du Doctor	1128	775	353 31	624	151 19	504 45
3	Staff Nurse	3572	900	2672 75	408	492 55	3164 89
4	Pharmacist	564	200	364 65			467 83
5	Laborato Technician			164 29	232	168 42	332 59
6	Radio her	376	150	226 60	80	70 47	296 79

Against 1,354 Specialist doctors required in the State as per IPHS norms, Specialist doctor had not been deployed in the State as of July 2013.

(Source: Jharkhand Rural Health Mission Society) *Posts of Specialist Doctors were sanctioned by the Gayernment only in June 2013.

From Table it was evident that the manpower (i.e. General duty Doctor, Staff Nurse, Pharmacist, Laboratory Technician and Radiographer) was not deployed by the Government as per IPHS norms. Though the posts of three specialist doctors (Physician, Paediatrician and Dental Surgeon) for each CHC were sanctioned (June 2013) by the Government, the deployment was not made as of July 2013. The

shortfall in manpower as per IPHS norms and against posts sanctioned by the Government, as deployment of portrayed in

Table 24.3, ranged between 45 to 100 per cent and 19 to 100 per cent respectively. Hence, the objective of providing specialised health care services to the rural people was not achieved.

Scrutiny of the records and information furnished by the 36 test checked CHCs of nine⁹⁸ districts revealed that the vacancies in respect of General Duty Doctors substantially reduced in East Singhbhum and Hazaribag due to fresh appointments against the sanctioned posts. However, vacancies continue to persist in respect of other cadres.

The Department accepted (February 2014) the audit observation and stated that 564 posts of specialist doctors including one Physician, one Paediatrician and one Dental Surgeon for each CHC have been sanctioned (June 2013) and requisition had been sent to Jharkhand Public Service Commission for their appointment (February 2014). Further, revision of sanction and/or deployment of manpower in all cadres as per recommendations of IPHS norms was under process and also stated that the gap in deployment of manpower in all cadres would be filled up in the coming years.

2.4010	Basic health infrastructure including equipment and medicines
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One of the main objectives of the establishment of CHCs is to provide specialist health care services for both routine and referral cases. To meet the objective, it was envisaged that besides man power, CHCs should also be equipped with adequate health infrastructure including physical facilities, equipment and medicines so that the specialised health care services available in CHCs could be optimally utilised.

Keeping this in view, the IPHS norms provide that CHCs as referral centres should be well equipped with essential complementary facilities like operation theatre, labour room, blood storage, laboratory and safe drinking water. Besides, equipments like refrigerators, X-ray machine, Electrocardiogram (ECG) machine, Ultra-sound machine, generator set etc. are also to be provided in CHCs,

2.4.10.1 Availability of physical facilities in Community Health Centres

The availability of physical facilities, during 2008-09 and 2012-13, in nine test-checked districts (four CHCs in each district) is presented in Appendix 24.3 for comparing the position at the beginning of its upgradation vis-a-vis the present status.

From Appendix-2.4.3 following important deficiencies in infrastructure and facilities can be seen in 36 test-checked CHCs:

In all 36 test-checked CHCs no facility for new born care, intranatal examination of gynaecological condition and AYUSH was

- available. Surgical procedures, except routine family planning operations were not provided in any testchecked CHC for want of surgeons.
- In all 36 test-checked CHCs no facility for new born care and intranatal examination of gynaecological condition was available for want of specialist
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⁹⁸ Bokaro, Deoghar, Dumka, East Singhbhum, Gumla, Hazaribag, Lohardaga, Ranchi and West Singhbhum.

doctors. Though required as per IPHS norms, AYUSH facility was not created in any of the test-checked CHCs.

Delivery services were being provided by CHCs as were being provided by the erstwhile PHCs now upgraded as CHCs. As such, labour rooms were available in all the test-checked CHCs. However, no caesarean deliveries were being performed for want of specialist gynaecologists.

CHCs are required to be equipped with 30 functional beds. Against this norm, out of 36 test-checked CHCs, only four CHCs (Jaridih, Madhupur, Mandar and Sarwan) had 30 beds. Besides, two CHCs

Blood storage facility was not available during 2008-13 in any of the testchecked CHCs except CHC Sarwan (Deoghar).

CHCs were not upgraded up to the norms envisaged in IPHS during 2008-13 to cater specialised

(Raidih and Sisai) had 20 beds and rest 30¹⁰ test-checked CHCs had only six or less beds each which were sanctioned for erstwhile PHCs. Further, in case of 30 six-bedded CHCs, there were no separate male and female wards except at Kanke (Ranchi). Thus, as the new CHC buildings had not come into being, the bed capacity in these PHCs upgraded as CHCs did not conform to prescribed norms.

- As per IPHS norms, CHCs are required to have a well-equipped operation theatre. However, it was seen that only Tubectomy and Vasectomy operations were being performed as routine family planning operations in 36 test-checked CHCs. As no specialist surgeon was posted, other surgeries were not performed. Thus, services of CHCs were limited only to family planning surgeries.

- Though required, in none of the test-checked CHCs, facilities for treatment of Reproductive Tract Infection (RTI)/Sexually Transmitted Infection (STD) were found in existence. However, counselling facilities for Acquired Immune Deficiency Syndrome (AIDS)/Sexually Transmitted Disease (STD) was found in all four test-checked CHCs of Bokaro, Deoghar, East Singhbhum and West Singhbhum, three CHCs in Hazaribag and one CHC each in Gumla and Ranchi, out of 36 test-checked CHCs. However, facility of counselling in eight CHCs of two districts (Dumka and Lohardaga) was totally absent.

- As per IPHS norms, provision for quarters has been made in 'Residential Zone' and minimum requirement was shown as eight quarters for Doctors, another eight for Nurse/Paramedical Staff, two for Ward Boys and one for Driver. We observed that during 2008-13, residential quarters for doctors and para medical staff were available only in Jaridih CHC (Bokaro) and Sisai CHC (Gumla) out of 36 test-checked CHCs. These quarters were part

¹⁰

Bokaro (Bermo, Gomia and Petarwar), Deoghar (Jasidih and Mohanpur), Durnka (Gopikandar, Jarmundi, Masalia and Sikaripara), East Singhbhum (Dhalbhumgarh, Golmuri, Patamda and Potka), Gumla (Bharno and Palkot), Hazaribag (Bishnugarh, Chauparan, Ichak and Katkamsandi), Lohardaga (Bhandra, Kisko, Kuru and Senha), Ranchi (Angara, Chanho and Kanke) and West Singhbhum (Bundhgaon, Jhinkpani, Khutpani and Tantnagar).

of the erstwhile referral hospitals situated at these places and no new additions were made since then (February 2007).

services to the rural people as PRU.

Purchase of machines and equipments by the respective Civil Surgeons was not well thought and need driven which led to their non-utilisation in Community Health Centres.

- As a quality assurance in service delivery, blood storage facility in CHC is an essential part. We observed that blood storage refrigerators were provided in 11 CHCs, out of 36 test-checked CHCs. However, except in CHC Sarwan (Deoghar) these could not be utilised in the absence of license from the State Drug Controller. Further, no blood storage refrigerator

was purchased for remaining 25 CHCs. Hence, blood storage facility was not available in any of the test-checked CHCs, except CHC Sarwan, during 2008-13.

- As per IPHS norms, facilities of X-Ray, Electro Cardiogram (ECG) and Ultra-sonography (USG) machines are essential in each CHC. Out of 36 test-checked CHCs, only three CHCs (Jaridih in Bokaro, Sisai in Gumla and Mandar in Ranchi) had working X-ray machines while eight other CHCs had dysfunctional X-ray machines. Remaining 25 CHCs did not have the X-ray facility. Besides, facility of Ultrasound was available only in five¹¹ CHCs and ECG machines were available in only thirteen¹² CHCs but these could not be put to use as specialists were not deployed. Thus, during 2008-13, a majority of CHCs did not provide basic diagnostic facilities due to either lack of equipments or specialist doctors/technicians.

Thus, it was evident that CHCs were not upgraded as envisaged in IPHS norms till date (July 2013) to provide specialised health services to the rural people as FRUs.

The Department stated (February 2014) that the Government established Jharkhand Medical and Health Infrastructure Development and Procurement Corporation and all equipment & furniture would be procured by this Corporation on the requisition of Director-in-Chief based on the real requirement of different hospital /centres.

The facts remains that due to lack of physical facilities CHCs could not fulfil their objective of providing specialised health care to rural population as First Referral Units.

2410.2 Medical Equipments not put to use in Community Health Centres

Owing to audit scrutiny of stock register, and physical verification of equipment pertaining to central store of test-checked CHCs and replies furnished by Medical Officers in-charge of CHCs, it was revealed that a large number of machines and equipment purchased were not put to use as of July 2013 as detailed in Appendix-2.4.4.

It was noticed that:-

- In Dhalbhumgarh (East Singhbhum district), Raidih and Sisai (Gumla district), Mandar (Ranchi district), Bundhgaon, Jhinkpani and Tantnagar

¹¹ Madhupur, Mohanpur and Sarwan (Deoghar), Golmuri and Potka (East Singhbhum).

¹² Madhupur and Mohanpur (Deoghar), Potka (East Singhbhum), Sisai (Gumla), Bhandra and Kisko (Lohardaga), Angara, Chanho and Mandar (Ranchi), Bundhgaon, Jhinkpani Khuntpani and Tantnagar (West Singhbhum).

(West Singhbhum district) CHCs, 59 general beds (cost 1.76 lakh) were not placed in wards owing to lack of space since March 2012.

- In Mandar (Ranchi), Palkot and Raidih (Gumla) and Bundhgaon (West Singhbhum) CHCs, five shadow less lamps (cost 8.11 lakh) were not put to use since March 2012 due to lack of space in operation theatre in Mandar, PaLkot and Bundhgaon CHCs. In Raidih one old lamp (not shadow less) was

functional in operation theatre and shadow less lamp was not installed as of July 2013.

- In four test-checked CHCs of Gumla, three-phase Sterilizers each (Surgeon Model) costing 9.25 lakh were lying idle in their central stores since April 2012 for want of three-phase electricity connection as per reply concerned Medical Officers In-charge.
- In nineteen⁹⁹¹⁰⁰ test checked CHCs, Blood Gas Analyzers¹⁴ with electrolytes valuing 89.86 lakh were lying in the store due to non-availability of Air-Conditioners since March 2012 as intimated by concerned Medical Officers In-charge.
- One ECG machine each in thirteen⁵ test-checked CHCs, valuing ₹ 5.46 lakh were not put to use since March-April 2012 for want of technicians/physicians.
- In five CHCs (Jaridih, Madhupur, Mohanpur in Deoghar and Golmuri, Potka in East Singhbhum), Ultrasound machines valuing 13.50 lakh were not put to use since February 2012 for want of specialists/ technicians/ doctors.
- In Palkot CHC (Gumla) one operation theater table purchased at a cost of ₹ 1.10 lakh during March 2012 was not in use due to lack of space in the operation theatre situated in the old building.
- Three Diathermy machines, purchased during March 2012, at a cost of ₹ 18 lakh were lying idle in Madhupur (Deoghar district), Bhandra and Kuru CHCs (Lohardaga district) as technicians and specialist surgeons were not posted.
- Ten¹⁰¹ numbers of Blood Storage Freezers worth 18.10 lakh were purchased between January and March 2012 but could not be utilised due to non-obtaining licenses for blood storage from the State Drug Controller.
- In Bundhgaon CHC (West Singhbhum) one Pathfast¹⁰² machine valuing ₹ 13.91 lakh, purchased during April 2012, was not put to use as of July 2013.

⁹⁹ Jaridih (Bokaro), Jaridih, Mohanpur, Sarwan (Deoghar), Dhalbhumgarh, Golmuri, Patamda, Potka (East Singhbhum), Bharno, Raidih, Sisai (Gumla), Bhandra, Kuru (Lohardaga), Angara, Chanho, Kanke, Mandar (Ranchi) and Bundhgaon, Tantnagar (West Singhbhum). Blood Gas Analysis, also called Arterial Blood Gas (ABG) Analysis, is a test which measures the amount of oxygen and carbon dioxide in the blood as well as the acidity (pH) of the blood.

¹⁰⁰ Madhupur, Mohanpur (Deoghar), Potka (East Singhbhum), Sisai (Gumla), Bhandra, Kisko (Lohardaga), Angara, Chanho, Mandar (Ranchi) and Bundhgaon, Jhinkpani, Khuntpani, Tantnagar (West Singhbhum).

¹⁰¹ Jaridih, Petarwar (Bokaro), Jarmundi (Dumka), Patamda (East Singhbhum), Sisai (Gumla), Bishnugarh (Hazaribag), Bhandra, Kisko, Kuru (Lohardaga) and Angara (Ranchi).

¹⁰² Pathfast, an equipment, provides fast differential diagnosis with high precision for a full scale test of six samples in few minutes only from whole blood, serum or plasma and is used in intensive care and emergency ward.

- Three sets each of Advanced Ventilator¹⁰³ with accessories and Cardiac Monitor with Defibrillator¹⁰⁴ was purchased at a cost 41.71 lakh by CS cum CMO, Hazaribag during February 2012. Of these, two sets each were issued to Barhi and Bishnugarh CHCs and one set was issued to Sadar Hospital, Hazaribag during the same month. During scrutiny of Stock Registers of Machine and Equipments in Barhi and Bishnugarh (February 2012) CHCs, it was found that Advanced Ventilator and Cardiac Monitors with Defibrillator valuing 27.80 lakh were not put to use since their receipt (February 2012) for want of specialist doctors.
- In Bundhgaon CHC (West Singhbhum) one Multi Paramonitor¹⁰⁵ purchased on April 2012 at a cost 1.88 lakh was found lying in store as of July 2013.

Thus, purchase of machines and equipments by Civil Surgeons was not well considered considering the non-availability of specialists and technicians and lack of space which led to non-use of these equipment for the benefit of patients.

All Medical Officers/ CS-CMOs accepted the audit comment and stated that the equipments could not be used for want of specialist doctors/frained para medical staff as well as paucity of space.

The Department accepted (February 2014) the audit observation and stated that Jharkhand Medical and Health Infrastructure Development and Procurement Corporation has been established for procurement of equipments and furniture on the requisition of Director in Chief based on the real requirement of different hospitals and centres. The Department also stated that all Civil Surgeons would be instructed to make functional the non-functional equipments. However, the Department did not address the issues of non appointment of specialists and non-completion of buildings needed for installation of these equipments.

2,410.3 Diagnostic services

For providing assured quality health service delivery to the rural people, availability of full range of diagnostic services is essentially required in CHCs. IPHS norms provide detailed list of diagnostic services to be provided by the CHCs. In audit, availability of diagnostic services, required under PHS norms in test-checked CHCs during 2008-13 is given in Appendix-2.4.5.

Detailed analysis revealed the following deficiencies in all test-checked CHCs:

- Under Haematology, 14 tests are prescribed by IPHS norms, of which only two tests (Haemoglobin estimation and detection of Malaria parasite) were being conducted in all test-checked CHCs. There were no facilities for other tests.

¹⁰³ Ventilator is a machine mainly used in hospital to get oxygen into the lungs, remove carbon dioxide (a toxic gas) from the body, help people, who have lost all ability to breathe on their own, breathe easier.

¹⁰⁴ Defibrillation is a common treatment for life-threatening cardiac dysrhythmias, ventricular fibrillation and pulseless ventricular tachycardia. Defibrillation consists of delivering therapeutic dose of electrical energy to the heart with a device called a Defibrillator.

¹⁰⁵ Multi Paramonitor is used in Intensive Care Unit (ICU) to measure the heart rate, respiration, temperature, pulse, blood oxygen saturation, non-invasive blood pressure and pulse.

- In urine analysis, it was noticed that out of eight prescribed tests, only two tests (Albumin and Sugar) were being conducted in all the 36 test-checked CHCs.
- Out of three prescribed tests under stool analysis, none was being done in any of the 36 test-checked CHCs.
- Under biochemistry, out of five prescribed tests, only blood sugar test was being carried out in all test-checked CHCs.
- X-ray facility was not available in 33 out of 36 test-checked CHCs. Even in the three CHCs, where X-ray facility was there, out of five prescribed tests, only two tests (chest and bones) were being carried out. Besides, facilities for dental X-ray and ultra sonography were not available in any of the 36 test-checked CHCs.
- Under Microbiology, Serology, Cardiac Investigation and Ophthalmology, 10 tests were prescribed. However, none of them were being conducted in any of the 36 test-checked CHCs.

The Medical Officer in-charge attributed non-conducting of above mentioned tests in CHCs to non-availability of trained man power (Laboratory Technicians, Radiographer etc.) and infrastructure in existing CHC buildings.

Above deficiencies clearly indicate that CHCs were lagging behind in achieving the goals set for delivery of quality health care service to rural people.

The Department accepted (February 2014) the audit observation and stated that efforts were being taken to render all the facilities as per IPHS norms in coming years.

Medicine

Availability of medicines is an important factor that could influence the utilisation of CHCs as a centre of quality service delivery. Non-availability of essential medicines as prescribed in IPHS guidelines for CHCs would have a bearing on expenditure being incurred by the rural/tribal people.

Medicines were being procured from two sources. Under NRHM, medicines were being procured by Jharkhand Rural Health Mission Society for all units including CHCs and supplied through CS cum CMO of the districts. Besides, lump sum allotment was made directly to the Medical Officers in charge (MO WC) of CHCs. MOs L/C purchased the medicines from Government companies at the rates approved by the Director-in-Chief, Health Services.

ANMs of Sub-centres, though not competent to administer the Schedule-H drugs, distributed the same among the rural patients which was fraught with the risk of severe health hazard.

During audit, following deficiencies in procurement and utilisation of medicines were noticed:

2411.1 Non-Availability of essential medicines in Community Health Centres

As per IPHS norms, 111 medicines are required to be stocked in each CHC.

In audit, complete sets of central stock register of medicines for only 2012-13 was made available on the basis of which availability of essential medicines vis-à-vis

Shortfall in availability of essential medicines ranged between 26 to 85 per cent in 36 testchecked CHCs.

requirement as per IPHS norms for CHCs was compared. Details of availability of essential medicines are given in Appendix-2.4.6.

From the details, it was evident that shortfall in availability of essential medicines ranged between 26 to 85 per cent in 36 test-checked CHCs. The fact was further strengthened by the views of 167 patients respondents interviewed in 36 CHCs of which 155 (93 per cent) respondents stated that all medicines

were not provided to them by CHCs. MOs VC of CHCs stated that shortage was owing to less allotment of funds.

The Department accepted the facts and stated (February 2014) that all essential medicines would be procured by the Jharkhand Medical and Health Infrastructure Development and Procurement Corporation on real requirement of different hospitals and centres. Non-availability of essential medicines deprived the rural people of the benefit of access to free medicines.

2411.2 Administration of Schedule-H drugs by Auxiliary Nurse Midwife

As per provisions made under Rule 97 (c) of Drugs & Cosmetics Rules, 1945, drugs listed in Schedule-H are to be strictly issued and administered with the prescription of registered medical practitioners only. Under this category, 536 drugs were enlisted.

During audit, it was seen that in all test-checked CHCs various types of antibiotics (both injectable and tablet/capsule forms) were issued by CHCs to Health Sub-centres where only Auxiliary Nurse Midwife (ANMs) were posted. All antibiotics are categorised as Schedule-H drugs. ANMs of the sub-centres though not competent to administer such medicines, distributed them among the patients. Administration of Schedule-H drugs by ANMs without being prescribed by registered medical practitioners in violation of provisions of Drugs & Cosmetics Rule, 1945 is fraught with the risk of severe health hazard to the rural people.

The Department accepted (February 2014) the audit observation and stated that direction would be issued for the proper administration of Schedule-H medicines.

2.4.12 Inadequate facilities for disposal of Bio-medical waste

Proper disposal of bio-medical waste generated in hospitals is crucial for protection and improvement of environment in and around the hospital. This is equally important for complying with the requirement of laws on protection of environment. As per provisions of Bio-medical Waste (Management and Handling) Rules, 1998 issued by the Ministry of Environment and Forest,

Deep pits were not constructed in CHCs at Chanho and Mandar (Ranchi) and Tantnagar (West Singhbhum) and biomedical wastes were disposed of in the open. It was also observed that in spite of availability of deep pit in CHC Kuru (Lohardaga), biomedical wastes were disposed of in the open, Government of India, deep pit burial

the facility of covered deep pit for bio-medical waste generated by them. However, during 2012-13, covered deep pits were constructed in all test checked CHCs except in CHCs at Chanho and Mandar (Ranchi) and Tantnagar (West Singhbhum). Bio-medical waste generated by these CHCs were disposed of in the open. It was also observed that in spite of availability of deep pit in CHC Kuru (Lohardaga), bio-medical waste was disposed of in the open behind the hospital ward as shown in the following photograph.



2.4.13 Monitoring

As per the provisions contained in IPHS, following monitoring norms should be strictly followed for monitoring CHCs by the various notified levels:

Internal monitoring:

- Routine monitoring by District health authority at least once in a month,
- Social Audit through Rogi Kalyan Samiti (RKS)/ Panchayati Raj Institution (PRI),
- Medical Audit and others like death audit, technical audit, Disaster preparedness audit etc.,
- Patient satisfaction survey.

External monitoring:

- Gradation of the Centre by Nagar Parishad/ Rogi Kalyan Samiti,
- Community monitoring of laboratory both by external as well as internal agencies.

In course of audit following deficiencies in monitoring were noticed:

- Routine monthly monitoring by District health authority (CS-CMO) was not done in any of test-checked CHCs during 2008-13.

of biomedical waste generated by rural health care units is essential.

It was observed that during 2008-12 none of the 36 test-checked CHCs had

Bio medical wastes are lying open behind the ward of Kuru CHG Lohardaga The Department stated (February 2014) that the funds have been provided to all CHCs for proper disposal of Bio-medical waste.

No inspection was conducted by the District authority during the period 2008-13. Shortfall in number of meetings by RKS ranged between 75 to 84 per cent during 2008-13.

- Rogi Kalyan Samiti (RKS)/Hospital Management Society ¹⁰⁶, at CHC level headed by Block Development Officer was formed during April 2006. It was required to meet quarterly for monitoring the functioning of CHCs. Actual number of meetings held in all test-checked CHCs against the required norms is given in Table 2.44:

Table 2.4-4: Details of Rogi Kalyan Samiti meetings in test checked CHCs

2008-09	144	22	122 84
2009-10	144	25	119 83
2010-11	144	35	109 77
2011-12	144	36	
2012-13	144	34	110 76

(Source: Data furnished by (MCs)

From Table 2.4.4 it is evident that every year the RKS failed to conduct the required number of meetings and the shortfall in number of meetings ranged between 75 to 84 per cent during 2008-13. Further, it was also seen that out of 36 test-checked CHCs, in 24 CHCs, RKS meetings were not held at all during the said period. Thus, monitoring by RKS was inadequate.

- Neither medical audit and other audits like social audit, death audit, technical audit, disaster preparedness audit nor patient satisfaction survey, gradation of the Centre by Nagar Parishad/ Rogi Kalyan Samiti and community monitoring of laboratory was conducted during 2008-13.

Thus, due to weak monitoring, idle medical equipments, insufficient diagnostic services, lack of essential medicines and administration of Schedule- H drugs by ANMs resulted in poor quality service delivery by CHCs.

The Department stated (February 2014) that eight State Review Mission teams under NRHM were reviewing the progress of all health programmes and each team was allotted three districts.

The fact remains that deficiencies viz, lack of regular monitoring, lack of disaster preparedness, non-conducting of patient satisfaction surveys were not addressed which led to non-adherence of IPHS guidelines and inadequacies are persisting as mentioned in paragraphs 2.4.10.2, 2.4.10.3, 2.4.11.1 and 2.4.11.2.

Conclusion

Community Health Centres (CHCs) were planned as First Referral Units (FRUs) also along with increase in number of Primary Health Centres (PHCs). Out of 220 PHCs required under 36 test-checked CHCs, only 53 (24 per cent) PHCs were in existence as of July 2013. Further, out of 53 PHCs, 17 PHCs were running without

Year	Number of meetings required as per norms in all 36 CHCs	Actual number of meetings held	Shortfall (Per cent)
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CHCs and the objective of CHCs being FRU was not achieved. As of July 2013, 122 (87 per cent) CHC buildings were pending completion after incurring an expenditure of 343.38 crore due to delays in site selection and slow progress of work by the executing agencies. Against requirement of 1,354 Specialist doctors in the State as per IPHS norms, no specialist doctors were deployed as of July 2013. Out of 36 test-checked CHCs, in 30 CHCs only six functional beds existed against the requirement of 30 beds. Purchase of machines and equipments by the respective Civil Surgeons was not well thought and need based which led to idling of these equipment and denial of their benefit to patients. Shortfall in availability of essential medicines ranged between 26 to 85 per cent in 36 test-checked CHCs. ANMs of Sub-centres, though not competent to administer the Schedule-H drugs,

¹⁰⁶ Officer in charge of CHC, AYUSH doctor of CHC,

Block level officers of Integrated Child Development Services, Rural Development, Panchayati Raj, Water and Sanitation, Education and Social Welfare, Representative of Health Sector Non Government Organisation working in the area and PRI representatives.

distributed the same among the rural patients which was fraught with the risk of severe health hazard among them. No inspection was conducted by the district health authority during the period 2008-13. Shortfall in number of meetings by Rogi Kalyan Samiti ranged between 75 to 84 per cent during 2008-13.

Thus, CHCs were not upgraded in accordance with the IPHS norms and were still running practically as PHCs.

204.15	Recommendations
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Government should ensure:

- Establishment of PHCs in sufficient numbers and deployment of adequate manpower that ensures the functioning of CHCs as First Referral Units;
- Completion of CHC buildings in time bound manner with availability of basic health infrastructure and appointment of Specialist doctors in all CHCs;
- Purchase of machines and equipments should be need based and their proper utilisation may be ensured;
- Availability of all essential medicines in CHCs and administration of Schedule-H medicines on the prescription of authorised medical practitioners only; and
- Regular and effective monitoring of CHCs by the competent authorities as envisaged in IPHS guidelines.

Working of a Government Department

2.5 Functioning of Road Construction Department

Executive Summary

The Road Construction Department constructs and maintains State Highways (SH), Major District Roads (MDR) and Other District Roads (ODR) generally called Public Works Department (PWD) Roads. There were 7,049.60 kilometers (km) of PWD roads in the State as of March 2013. The focus of the Department is on improving connectivity and increasing the road density in the State. Audit was conducted to assess functioning of the Road Construction Department (Department). Some of the major audit findings are discussed below:

The Department prepared Budget Estimates without collecting requirements from the fields. The Department taken up Road and Bridge projects worth 661.87 crore and incurred expenditure of 217.15 crore as of December 2013 for which there was no budget provision.

The Department should ensure budget estimates to be more realistic.

(Paragraphs 2.5-6.1 and 2.5.6.3)

A systematic planning process according to the prescribed norms was missing in the Department and projects were selected without assessing their feasibility as required under planning norms.

(Paragraph 2.5.7.1)

Up-gradation of 22 roads at an expenditure of 450.87 crore could not achieve objective of smooth traffic movement due to non-rehabilitation of 43 old and narrow bridges on them.

The Department should take up construction of bridges in tandem with road works to make the roads all weather roads.

(Paragraph 2.5.8.4)

The Department did not exercise due diligence before opting for Build, Operate and Transfer (BOT) Annuity model for development of projects under Public Private Partnership (PPP). By incorporating a clause in Programme Development Agreement (PDA) executed with the private partner, Concessionaire was not selected in fair and competitive manner and the Department did not have adequate control over the Concessionaire's activities.

Adequate Government control over public expenditure involved in PPP Projects should be ensured.

(Paragraphs 2.5.9.1, 2.5.9.2 and 2.5.9.4)

The Department formed a Special Purpose Vehicle (SPV), a Joint Venture Company with a private partner, but adopted BOT (Annuity) model through SPV for executing the projects under PPP, which defeated the objective of forming SPV, as under SPV model SPV was required to invest the project cost and to recover the same through collection of toll as per guidelines of Ministry of Road Transport and Highways (MoRTH), Government of India (GOD).

(Paragraph 2.5.9.3)

Non-completion of pre-construction activities like finalisation of design of road and structures, land acquisition, resettlement & rehabilitations etc. delayed scheduled completion of the Asian Development Bank aided project.

(Paragraph 2.5, 10.1)

The prescribed quality tests were not ensured during construction of roads. Adequate quality tests should be conducted to ensure quality of works.

(Paragraph 2.5.11,1)

There was shortage of manpower mainly at headquarters' level and junior officers (Executive Engineers) were holding higher and supervisory posts (Superintending Engineer (SE), Chief Engineer (CF.) and Engineer-in-Chief).

(Paragraph 2.5.13.1)

The Inspecting authorities conducted inspections of sub-ordinate offices less than 10 per cent of prescribed norms. There was lack of inspection of works at CE and SE level.

The Department should ensure monitoring of works through regular inspections.

(Paragraph 2.5.141)

There was absence of internal audit of the field offices. Internal audit of test-checked units was not conducted during 2008-13, which was fraught with the risk of continued non-detection of irregularities.

(Paragraph 2.5.15.1)

2.5.1 Introduction

The road infrastructure of the State is divided into three categories viz. primary system (National Highways), secondary system (State Highways and Major District Roads) and tertiary system (Rural Roads and Other District Roads). The Road Construction Department (Department) constructs and maintains State Highways (SH), Major District Roads (MDR) and Other District Roads (DR) generally called Public Works Department (PWD) Roads while the National Highways are the property of the Ministry of Road

Transport and Highways (MoRTH), Government of India (GoI) and the Department only maintains them. There were 7,049.60 kilometers (km) of PWD roads¹ in the State (density being 88.44 km per 1,000 sq km against national average of 182.40 km per 1,000 sq km as of March 2013). The focus of the Department is on improving connectivity and increasing the road density in the State as per XIth and XIIth Five Year Plans.

1 SH: 1,886.40 km, MDR: 4,987.40 and ODR: 175.80 km.

2.5.2 Organisational set-up

The Principal Secretary is the Chief Controlling Officer of the Department, assisted by an Engineer-in-Chief and three Chief Engineers. The field units of the Department are Circles, Divisions, Sub-divisions and Sections headed by the Superintending Engineer (SE), Executive Engineer (EE), Assistant Engineer (AE) and the Junior Engineer (JE) respectively. The organisational set-up of the Department and major functions of the Officers are shown in Appendix-2.5.1. In addition, the Department has other agencies like State

Highway Authority of Jharkhand (SHAJ)¹⁰⁷, Jharkhand Accelerated Road Development Company Limited¹⁰⁸ (JARDCL) and a Project Implementation Cell (PIC) for implementation of Asian Development Bank (ADB) aided project, which help the Department in achieving its objectives.

2.5.3 Audit objectives

Audit was conducted to assess whether:

- financial management resulted in economic, efficient and effective utilisation of resources; ■ the planning process of the Department was efficient and effective;
- programme implementation inclusive of ADB and PPP Projects achieved its objectives in an economic, efficient and effective way;
- store and human resource management was efficient to achieve the objective of the Department; and ■ monitoring mechanism was efficient and effective.

2.5.4 Audit criteria

The audit criteria were drawn from the following sources:

- Jharkhand Budget Manual (JBM), Jharkhand Public Works Account (JPWA) and Department Codes;
- MoRTH guidelines, scheme guidelines, contract documents and related orders and instructions;
- Policy documents, agreements and Manuals related to PPP and ADB aided projects;
- Relevant Circulars, Instructions, Notifications etc. issued from time to time by the Department]Government of Jharkhand (GoJ).

2.5.5 Audit coverage and methodology of audit

¹⁰⁷ Created under State Highway Authority of Jharkhand Act, 2007 notified in June 2008.

¹⁰⁸ A joint venture of Government of Jharkhand (GOD) and a private company for taking up road projects on Public Private Partnership mode.

Audit covered the functioning of the Department for the period 2008-13 excluding activities of the Department relating to National Highways. Out of 42¹⁰⁹ Drawing and Disbursing Officers (DDOs) looking after PWD roads, 24

between May 2013 and December 2013. The exit conference was held on 19 December 2013 with the Principal Secretary of the Department where audit observations were discussed. The Department furnished (December 2013 and January 2014) replies which have been suitably incorporated in the report.

The Department prepared BES for works without collecting requirements from the field units which led to the under utilisation of funds.

DDOs¹¹⁰ were selected for test-check. Two¹¹¹ out of five ongoing PPP projects and the only ADB aided project were selected for test check. Records of the office of the Principal Secretary and Engineer-in-Chief were also examined.

We commenced the audit with an entry conference with the Special Secretary of the Department on 6 May 2013 wherein audit objectives, scope and methodology were discussed. The audit was conducted

2.5.6 Financial management

Deficient preparation of Budget Estimates

According to Rules 65 and 133 of Jharkhand Budget Manual (JBM), the Controlling Officer (CO) should examine the budgets received from the Disbursing Officers to see that they are correct and should ensure that possibility of occurrence of large excesses or savings should be negligible.

We noticed that the Department did not call for the Budget Estimates (BEs) of works (Plan and Non-Plan) from EEs of the test-checked units. BES for the works (Plan) were prepared on the basis of approved Annual Plans whereas a lump sum provision for works (Non-Plan) was made in BES without collecting requirements from the field. EEs submitted BES for only establishment expenditure. Preparation of BES without assessing requirements of field units led to under utilisation of funds as discussed in paragraph 2.5.6.2.

The Principal Secretary stated (January 2014) that the Department itself prepared BES to meet huge current and future demands with available resources. However, the Department has now conducted priority road corridors studies and prepared a Vision Document for future planning.

The reply confirms that BES were prepared without collecting requirements from field units. Moreover, the priority road corridors study was conducted in 2012-13 and would be considered by the Department for budget estimation in future only.

2.5.6.2 Under utilisation offunds

The budget outlay, release, expenditure, savings and surrender of the Department for the period 2008-13 are shown in Tables 2.5.1 and 2.5.2:

¹⁰⁹ Two Chief Engineers, seven Superintending Engineers and 33 Executive Engineers (26 Road Divisions, two Road (Mechanical) Divisions, four Planning Divisions and one Division for ADB aided Project).

¹¹⁰ Two Chief Engineers (CES, Communication and Central Design Organisation), Five SES (three Road Circles: Dumka, Hazaribagh and Palamu, one Road Mechanical Circle: Ranchi and one Advance Planning Circle: Ranchi) and 17 EEs (13 Road Divisions: Chaibasa, Dumka, Daltonganj, Dhanbad, Godda, Garhwa, Jamtara, Jamshedpur, Koderma, Ramgarh, Ranchi, Simdega, Sahebganj; one Road Mechanical Division: Sahebganj, two Planning Divisions: Advance Planning and Field Survey Division, Dumka and Planning and Investigation Division, Ranchi and EE, Project Implementation cell, ADB Project, Ranchi).

¹¹¹ Adityapur-Kandra Road (AK) and Ranchi-Patratu Dam Road (RPR-I).

Table 25 . . 1: Details of Budget outlay, release and expenditure (Capital)

7in crore							
Year	Budget outlay	Fund released	Expenditure	Less release than budget	Savings of release	Total savings (Col. 5 + Col. 6)	Surrender
1	2	3	4		6	7	8
2008-09	635.07	570.57	547.02	64.50	23.55	88.05	95.84
2009-10	737.29	513.68	507.10	223.61	6.58	230.19	48.21
2010-11	817.45	768.33	670.75		97.58	146.70	136.20
2011-12	1696.60	799.74	796.66	896.86	3.08	899.94	912.14
2012-13	1673.45	1565.50	1498.90	107.95	66.60	174.55	157.42
Total	5559.86	4217.82	4020.43	1342.04	197.39	1539.43	1349.81

(Source : Appropriation Accounts and data of the Department)

Table 2.5.2: Details of Budget outlay, release and expenditure (Revenue)

ein crore							
Year	Budget outlay	Fund released	Expenditure	Less release than budget	Savings of release	Total savings (Col. S + Col. 6)	Surrender
2008-09	189.92	172.72	160.66	17.20	12.06	29.26	25.23
2009-10	200.55	133.78	118.38	66.77	15.40	82.17	76.17
2010-11	188.91	178.89	168.31	10.02	10.58	20.60	15.30
2011-12	221.11	203.16	203.09	17.95	0.07	18.02	10.56
2012-13	321.20	290.68	287.34	30.52	3.34	33.86	16.63
Total	1121.69	979.23	937.78	142.46	41.45	183.91	143.89

(Source : Appropriation Accounts and data of the Department)

The Department could not surrender ₹ 540.48 crore in time so as to utilise this funds by other spending Departments.

From the Tables 2.5.1 and 2.5.2, it can be seen that:

- The Department did not release capital grant of 1,342.04 crore. This included an amount of 900 crore surrendered by the

Department in March 2012 due to curtailment (February 2012) in Annual Plan outlay⁷ of the Department for the year 2011-12.

- Against the savings 1,723.34 crore⁸ during 2008-13, the Department surrendered 1,493.70 crore⁹ which included surrender 310.84 crore on 31 March of related financial years. Remaining balance of 229.64 crore was allowed to lapse. Thus, due to non-surrender of savings or surrender on 31 March, other spending departments could not utilise ₹540.48 crore.

Further, the test-checked units could not utilise capital grant of ₹ 198.78 crore and revenue grant of ₹ 29.78 crore during 2008-13 (Appendix-25.2).

The Principal Secretary attributed (January 2014) delays in land acquisition, utility shifting and receiving mandatory forest clearances as main reasons behind under utilisation of funds. Regarding surrender, the Principal Secretary assured to assess the likely surrenders in advance.

The reply shows that the Department did not ensure timely acquisition of land and other activities/clearance to utilise the budget provisions. Further, the Department did not estimate the likely savings and its timely surrender as required under JBM.

Annual Plan Outlay of the Department was reduced from 1,700 crore to 800 crore.

8 Capital grant: 1,539.43 crore and Revenue grant: 183.91 crore.

9 Capital grant: 1,349.81 crore and Revenue grant: 143.89 crore.

The Department sanctioned Road and Bridge projects worth 661.87 crore for which there was no budget provision.

on the works which were not in the budget estimates

The Department administratively approved plan works ¹¹²113 of 45 road projects (613.71 km) for 520.35 crore and construction of 46 bridges for 141.52 crore during 2008-13. However, these projects were not included in BES for making provision of fund. As of December 2013, 217.15 crore was incurred on these projects. On other hand, the Department did not sanction 31 road (522.48 km) and 19 bridge projects as of December 2013 though these were included in BES of 2008-09 to 2012-13 and shown as ongoing or as new projects. Thus, the Department sanctioned projects worth 661.87 crore and incurred expenditure of 217.15 crore and created liabilities of ₹444.72 crore¹¹⁴ without making any budget provision.

The Principal Secretary stated (January 2014) that BES included on-going as well as new works, however, the expenditure of the Department was always kept within budget provisions.

The reply is not acceptable as the Department had taken up those works which were not included in BES either as ongoing works or as new works.

2.5.6.4 Irregular booking of advances as expenditure

According to Rules 4, 370 and 386 of Jharkhand Public Works Account (JPWA) Code, suspense ¹¹⁵ account is maintained by the division for the temporary passage of transactions which are taken to the account of the sanction or grant concerned, but cannot be cleared finally either because the relevant payment, recovery or adjustment is awaited.

We noticed that 13 (except Dhanbad) out of 14 test-checked Road Divisions granted advance 620.80 crore to different authorities ¹⁴ during 2008-13 for land acquisition and utility shifting. However, these were booked as expenditure in divisional accounts instead of classifying them as advance under suspense account Miscellaneous Public Work Advance (MPWA). Further, against advance of 620.80 crore, the concerned authorities submitted adjustment vouchers or expenditure report for only 83.36 crore as of December 2013 (Appendix-2.5.3).

Classification of advances as expenditure led to non-monitoring of utilisation of advances by EEs as these were booked as expenditure.

On this being pointed out, the Principal Secretary stated (January 2014) that the field officers shall be instructed to monitor utilisation of advances.

A systematic planning process according to the prescribed norms was found missing in the Department

2.5.7 Planning

Advance of ₹ 620.80 crore for land acquisition and utility shifting was booked as expenditure in divisional accounts.

2.5.6.3

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¹¹² Widening and strengthening (of existing road carriage way and crust), strengthening (of existing road carriage way and crust) and Improvement of

Riding Quality (strengthening of bituminous or concrete road crust).

¹¹³ Road projects: 146.35 crore and Bridge projects: 70.80 crore.

¹¹⁴ Administratively approved cost 661.87 crore minus expenditure 217.15 crore.

¹¹⁵ Purchase, Stock, Miscellaneous Public Work Advance, Store and Workshop are suspense head/accounts.

District Land Acquisition Officers, EEs, Drinking Water and Sanitation Divisions and Accounts Officers, Electrical Supply Circles.

**I Absence
of proper
planning**

As per a
Resolution ¹¹⁶ of
1986, every
working
department
should constitute
Advance
Planning and
Investigation
Wing (Wing)
under the
Engineer-in-Chief
to keep vigil over
the project
formulation. A
Select Committee
should be
constituted, with
the Engineer-in-
Chief of the Wing
as ex-officio
Secretary and
some experts ¹¹⁷
as members of the
Committee, for
short, medium
and long term
development
planning.

Detailed Project Reports (DPRs) of a project should be prepared after approval of the feasibility report of the project by the Select Committee. The Department should also prepare shelf of projects which should be taken up as and when resources are available.

We noticed that although the Department had Advance Planning and Investigation Wing, i.e. Central Design Organisation (CDO) ¹¹⁸ headed by CE, CDC), the Wing was not involved in the project formulation i.e. selection of the projects. The Wing prepared DPRs after selection of Projects by the Department. The Department did not have a Select Committee required for selection of the project. The Department also did not prepare a shelf of schemes. Thus, a systematic planning process according to the prescribed norms was found missing in the Department.

The Principal Secretary stated (January 2014) that to address the acute deficit in infrastructure, schemes were selected for execution on the basis of need and available financial means.

The reply is not acceptable as the Department had no documents to support need analysis. Moreover, the Department neither involved Advance Planning Wing in planning process nor prepared shelf of schemes as required under the Resolution of July, 1986. Further, a lump sum provision for construction of roads and bridges was made in Comprehensive Outlay of Budgetary Transaction (COBT) ¹¹⁹ during 2009-12 without giving list of proposed schemes.

Selection of projects

As per MoRTH guidelines, the project is initiated with Technical Appraisal Report (TAR). DPR ought to be prepared after TAR is approved. Further, Rules 100 and 101 read with appendix VILI of Jharkhand Public Work Department (JPWD) Code stipulate that all work proposals will be called for from EE and it is his duty to oppose any demand which he thinks is not really necessary.

We noticed that during 2008-13, the Department only once sought (October 2011) proposal of schemes from the Chief Engineer (Communication) and these proposals were included in COBT for 2012-13. During 2009-12, only

lump sum targets (Road: 1,649 and Bridge: 37 numbers) for new projects were fixed with the comment that the individual projects would be selected as and when required.

The Principal Secretary stated (January 2014) that some projects were taken up on the basis of priority road corridors study conducted by the Department to achieve its objectives.

The reply is not acceptable because the priority road corridors study was done only in 2012-13 for future planning and no projects taken up from the priority road corridors study during 2008-13.

¹¹⁶ Para 3.3 of Resolution 948 dated 16 July 1986 issued by the Cabinet Secretariat and Coordination

Department, Government of Bihar.

¹¹⁷ From multidisciplinary areas as members of the Committee.

¹¹⁸ Comprised of one Circle and four Divisions.

¹¹⁹ As per approved annual plan, physical and financial proposal with details of schemes is submitted by the Departments for approval of the Cabinet and the Legislature. Approved proposal is called COBT.

Absence of long term planning denied benefit of plan expenditure

The Department had gone for widening and strengthening the roads without exhausting their designed life for which 260.93 crore had been incurred.

life of non-bituminous road crust⁹ for 10 to 15 years and bituminous crust^o for five years after their completion, following the norms of MoRTH. The Department sanctioned widening & strengthening²¹ of nine (376.59 roads between July 2003 and October 2011. Out of this, widening and strengthening of six roads (264.89 km) was completed between April 2008 and December 2013 and in remaining three roads (111.70 km), work was in progress. As of December 2013, 203.99 crore had been incurred on these works. Similarly, Improvement of Riding Quality (IRQ)²² of five roads (186.93 was sanctioned between August 2011 and January 2013. One road (52 km) was complete as of December 2013 and works on other four roads were under progress after incurring expenditure of 56.94 crore as of December 2013. Further, after spending 260.93 crore, the Department had again gone for widening and strengthening of these 14 roads at a tentative cost 3,222.12 crore in 2013-14 including strengthening of existing road crust (nonbituminous) within 10 to 15 years or within five years (bituminous crust) of their completion. (Details are given in Appendix 25.4).

We noticed that the Department approved DPRs of PWD roads with a design

Thus, need for widening and strengthening of same roads without exhausting the designed life of road crusts (non-bituminous and bituminous) within one to six years of their construction renders the expenditure of 260.93 crore incurred on existing crust unfruitful and shows that the Department had absence of long term planning and the works were being executed in ad-hoc fashion.

On this being pointed out, the Principal Secretary stated (January 2014) that preparation of DPRs for widening and strengthening was ordered for preparation of a shelf of schemes and DPRs necessarily factored the works done in past.

The reply is not acceptable because design life of all these projects will exhaust from 2018 onwards only. Further, five out 14 roads have also been technically sanctioned (between October 2012 and September 2013) for ₹ 996.81 crore with provision for laying of fresh road crust (non-bituminous

- 19 Sub-base and Base layers consist of mix of mainly stone chips/metal and granular materials like moorum, stone dust and sand.
- 20 Bituminous layers consist of mix of mainly stone chips and bitumen.
- 21 Construction of new road in widened portion and strengthening of existing road crust. 22 Strengthening of existing bituminous or concrete crust through fresh overlaying. and bituminous) over existing road crust although the prescribed life of existing road crust was not over.

2.5.8 Programme implementation

Under achievement of targets

The Department prepared Five Year Plans which included physical targets. We observed in audit that the target of XIth Plan was shown revised in Annual Plan for 2011-12 without assigning any reason. The targets fixed in XIth and XIIth Plans and achievements against them are detailed in Table 2.5.3:

Table 2.5.3: Targets and achievement of Five Year Plan

Roads len in km and Brid es in Nos.

	Plan			Plan		
	Target	Revised target	Achievement	Plan target	Target for 2012-13	Achievement in 2012-13
Stren enin ofPWD Roads	500	500	2544	3000	550	747
Widenin to four lane	300	150		400		
Widening and strengthening to two Lane	2000	900		450		
Sub-total	2800	1550	2544	5900	1000	747
Wideni of Brid es	83	30	47	300	84	25
Consn•uctionfReconstruction of Brid es	223	55		154		
Sub-Total	306	85	47	454		25

The Department could not complete road projects so as to achieve the targets of Plan.

(Source : Annual Plans furnished by the department) We noticed that:

- Achievement in case of up-gradation¹²⁰ of road works was 2,544 km (164 per cent) and in case of bridge work was 47 numbers (55 per cent) against revised target of XIth Five Year Plan. However, completed road projects were only 1050.70 km¹²¹ (68 per cent of revised target) and the remaining 1493.30 km

¹²⁰ Widening and strengthening, Strengthening/Re-construction and IRQ.

¹²¹

	Brief of sanction and status of road ro °ects	Len h in km
1	On oin Road ro °ects as on 01.042007	2126.66
2	Pro °ects sanctioned durin 2007-12	2927.11
3	Total Road pro °ects taken up durin 2007-12 (Sl. No. 1 plus Sl. No. 2)	5053.77

were ongoing projects. Thus, the Department could not complete major portion of

road projects taken up during XIth Five Year Plan within the Plan period. Similarly, achievement in 2012-13 was also low as it was 75 and 30 per cent respectively in the case of road and bridge works.

- Additionally, the Department could not achieve targets of construction of Bypasses (15 nos.), Railway Over Bridges (ROBs-17 nos.), establishment of a training institute fixed during XIth Five Year Plan. We noticed that the Department had released 71.16 crore to the Railways till December 2013 for construction of only six²¹²²¹²³ out of targeted 17 ROBs.

The Principal Secretary stated (January 2014) that the target of XIth Five Year Plan was revised due to reduction in Plan size. However, target of bridges could not be achieved mainly due to delays in land acquisition and other clearances.

However, the fact remains that even after curtailment 900 crore in Annual Plan size of 2011-12, the revised plan size of Mth Five Year Plan of < 3370.50 crore²⁶ was more than the original plan size 2,887.80 crore) of XIth Five Year Plan. Further, the Department incurred expenditure of 2822.76 crore during XIth Five Year Plan period (2007-12) which was less by 65.04 crore (two per cent) than the original plan size.

2.5.8.2 Slow execution of road and bridge projects

The Department executed 262 road and 159 bridge projects during 2008-13. Physical and financial achievements of these projects are detailed in Table 2.5.4:

Table 2.5.4: Physical and financial achievements of road and bridge projects (as of December 2013)

Amount in crore and length in kilometer								
	Work	Number of projects	Sanctioned length	AA cost	Agreed cost	Expenditure	Completed projects	Completed length
1	Widening and strengthening	165	3091.27	3161.95	2824.67	2394.19	93	2066.12
2	Strengthening	42	785.36	918.97	838.84	839.45	29	624.01
3	Improvement of Riding Quality	55	870.88	322.14	333.32	286.67	39	721.06
	Sub total	262	4747.51 ⁷	4403.06	3996.83	3520.31	161	3411.19
4	widening of bridges.	159		303.28	290.89	224.39	80	

(Source: Monthly progress reports of the divisions)

We further noticed that out of 101 incomplete road projects, 50 projects (1156.39 km) were scheduled to be completed by March 2013 but were incomplete as of December 2013 with completed length of only 612.93 km (53 per cent). Similarly, 31 out of 79 bridge projects were not completed as of December 2013 though were to be completed by March 2013.

The Principal Secretary attributed delay in land acquisition, utility shifting and forest clearances as the main reasons behind slow execution.

As seen in audit in case of six²⁹ test-checked road projects, the need of land acquisition and utility shifting had already been mentioned in the technically

4 On Road projects as on 01.04.2012
122 Road letted during 2007-12 No. 3-SI. No. 4 4003.07 : Derived from COB Ts and Annual Plans) 1050.70 (Source

123 Five ROBs in Dhanbad 57.57 crore) and one ROB in Koderma District 13.59 crore).

sanctioned (between December 2007 and January 2012) DPRs, but the divisions initiated (between October 2008 and March 2013) the process for land acquisition and utility shifting only after commencement of work. Besides, slow execution of works by the contractors and delay in revision in

Twenty out of 41 test-checked road projects were incomplete due to delay in land acquisition, utility shifting besides non/slow execution of works by contractors. estimates were other reasons for non-completion of works as seen in 13³⁰ testchecked projects.

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- 26 During XIth Five Year Plan (2007-12) budget outlay of the Department was 4428.88 crore. Discrepancy in revised plan size of XIth Five Year Plan and Budget outlay was due to non-reconciliation of figures by the Finance and Planning Departments of the State.
- 27 Including 3171.41 of ongoing road projects as on 1 April 2008.
- 28 Including 90 no. of ongoing bridge projects as on 1 April 2008.
- 29 Khorimahua-Dhanwar-Saria, Kathal more-Argora, Traffic rotary at Kantatoli chowk, Ranchi, Kanthitanr-Pithoria, Kanke bazartanr-Block chowk and Pakur-Barharwa-Dighi more.

dprojects

Audit of test-checked 46 roads and seven bridge projects/agreements of 13³¹ Road Divisions disclosed the following:

- Out of 46 test-checked road projects, 41 road projects (795.39 km) were scheduled to be completed by December 2013 but only 21 projects (377.64 km) were completed. Remaining 20 projects were incomplete due to delay in land acquisition, utility shifting besides non/slow execution of works by contractors. Further, out of seven bridge projects six were complete as of December 2013.
- Agreements for eight out of 21 (20 roads and one bridge) incomplete projects were terminated mid-way due to non-execution of works by the contractors, however, balance work of four of these works was yet to be re-started as of December 2013. Other irregularities noticed in test-checked projects/Divisions have been discussed in succeeding paragraphs.

2.5.8.4 Non-construction of bridges on upgraded roads

One of the prime objectives of the Department was to ensure fast traffic movement which could not be achieved without rehabilitation of narrow and old bridges simultaneously with up-gradation of roads. We noticed during audit that:

- In six test-checked Divisions³², up-gradation of 11 roads (230.49 km) was completed and that of two roads (47.65 km) was near completion as of December 2013 at an expenditure 236.33 crore. But, construction or re-construction of 21 out of 39 old, narrow and damaged bridges on these 13 roads was not sanctioned as of December 2013 though these bridges have been identified for re-construction between October 2012 and February 2013 by EEs of test-checked Divisions.
- In eight Divisions³³, nine roads (249.05 km) had been upgraded³⁴ at an expenditure of 214.54 crore as of December 2013 but 22 out of required 35 bridges on these nine roads were not sanctioned as of December 2013 despite repeated requests (between December 2008 and January 2013) to the Department by the field engineers during ~~construction~~ of roads.

Jharia-Baliapur, Park market-Howrah Motor, Meralbana-Ambakhoria, MangalhaatTaljhari, Murgabani-Rajnagar-Kundhit, Godda-Sunderpahari-Dharampur, Gola-Charu missing link,

- Chaibasa-
Saitwa,
Kasidah-
Hulung,
Barabhum-
Bandowan,
SimdegaRengar
i-Karsai-Bolba-
Orissa Border,
Kowar-
Koderma and a
HL Bridge in
SahebganjMirja
chowki-
Boarijore road.
- 31 Out of 14 test-
checked road
divisions, one
division
(Project
Implementati
on Cell) was
for ADB
aided Project,
observation
on which is
discussed in
paragraph
2.5.10.
- 32 Chaibasa,
Dumka,
Godda,
Ramgarh,
Ranchi and
Sahebganj
- 33 Four test-
checked
Divisions:
Chaibasa,
Jamshedpur,
Koderma and
Sahebganj and
four other
Divisions:
Bokaro,

Khunti, Pakur and Saraikella-Kharsawan. 34 Five roads (137.84 km) were complete. Without rehabilitation of bridges, upgradation of 22 roads with expenditure of ₹450.87 crore could not achieve objective of fast tramc movement.

Thus, due to not sanctioning the rehabilitation of 43 out of required 74 bridges in tandem with up-gradation of 22 roads, the expenditure 450.87 crore on up-gradation of roads could not achieve objective of fast traffic movement.

The Principal Secretary stated (January 2014) that the matter has been taken up seriously and the Department had already sanctioned 180 bridges from 2011-12 till date and now roads and bridges are being sanctioned together as a single project.

However, the facts remains that the above 43 bridges as mentioned in audit observation are not yet sanctioned despite the roads completed or nearing completion.

2.5.8,5 Grant of interestfree advance

According to Rule 251 of JPWA Code, advances to contractors as a rule is prohibited, however, in exceptional cases contractor may be granted advance on the security of materials brought to the site but the Government should prevent this from becoming a general practice. Further, as per Central Vigilance Commission (CVC) guidelines (November 2007), interest free advance should not be encouraged and its recovery should be made timebound to reduce the scope of misutilisation of advance.

We observed that under clauses 51 and 52 of the Standard Bidding Document¹²⁴ (SBD) agreement (used by the Department), there was a provision for interest free advance to the contractor equivalent to 15 per cent¹²⁵ of contract price which was recoverable from the contractors proportionately³⁷. As per agreements, all 14 test-checked Divisions granted interest free advance of ₹ 218.10 crore¹²⁷ to contractors against 64 works during 2008-13. Of which, ₹ 134.63 crore¹²⁸ was proportionately recovered till December 2013. On the other hand, the State Government borrowed funds during 2008-13 at borrowing interest rates ranging between 7.42 and 8.79 per cent to meet its plan expenditure.

Thus, provision for grant of interest free advance and its proportionate recovery was generalised by inserting the related clauses in SBD which was not in accordance with the Codal provision and the guidelines of CVC.

On this being pointed out, the Principal Secretary stated (January 2014) that a proposal for suitable amendments in the relevant clauses of SBD was under consideration of the Government. Follow up action was awaited as of February 2014.

¹²⁴ SBD is a bid document comprising of tendering process, conditions of contract, technical specifications etc. of a work which was

implemented (November 2007) by the Department for the work valued more than 2.50 crore.

¹²⁵ Mobilisation advance of 10 per cent and equipment advance of five per cent.

¹²⁶ At the rate of 20 per cent of amount of interim payments and shall commence in the next interim payment following that in which the total of all such payments to the contractor has reached not less than 20 per cent of the contract price or six months from the date of payment of first installment of advance whichever is earlier but always within intended date of completion.

¹²⁷ Mobilisation advance: 192.09 crore and equipment advance: 26.01 crore.

¹²⁸ Mobilisation advance: 114.29 crore and equipment advance: 20.34 crore.

2.5.8.6 Non-raising of demand after termination of the contract

As per clause 60 of SBD contract, if the contract is terminated because of a fundamental breach¹²⁹ of contract by the contractor, the Engineer shall issue a certificate for the value of the work done less applicable recoveries as per contract. If the total amount due to the employer exceeds any payment due to the contractor, it shall be a debt payable to the employer.

We noticed in audit that EEs of six test-checked Divisions⁴¹ did not raise demand for 25.42 crore after termination of seven test-checked agreements due to non/slow execution of works by the contractors (Appendix-25.5). Against the dues of 25.42 crore, the Divisions had 4.22 crore on account of security of the contractors. Besides, the Department was deprived of recovery of 56.79 lakh from securities as EEs did not ensure recovery of proper security or other dues (royalty and advance) from running bills during the currency of the contract and these dues were later on adjusted from available securities of contractors after termination of contracts.

On this being pointed out, the Principal Secretary stated (January 2014) that certificate cases would be instituted as per Public Demand and Recovery Act in these cases for recoveries of dues. Follow up action was awaited (February 2014).

2.5.9 Public Private Partnership projects

The Department executed (February 2008) a Programme Development Agreement (PDA) with a private company to create a Joint Venture (JV) as a Special Purpose Vehicle (SPV) for developing 1,500 lane km roads under the Jharkhand Accelerated Road Development Programme (JARDP) on Public Private Partnership (PPP) mode. SPV viz. Jharkhand Accelerated Road Development Company Limited (JARDCCL) was formed in March 2008 with paid capital of 10 crore in which equity share of Government of Jharkhand (GoJ) was 26 per cent and equity share of the private company was 74 per cent.

We noticed that the Department did not have any defined policy regarding implementation of PPP projects before signing (February 2008) PDA and formation of JV/SPV in March 2008. The Department, however, issued a Resolution in this regard only in December 2010. As per the Resolution, all PPP projects of the Department are to be executed either by the Department or through SPV on Build, Operate and Transfer (BOT) Toll or BOT (Annuity) models. Financially viable projects are to be taken up on BOT (Toll) model and projects which cannot be taken up on this model, though essential for development of a particular region of the State, are to be taken up on BOT (Annuity) mode. Concessionaires are to be selected in transparent manner through open competitive bidding.

The Department did not perform due diligence to assess the projected toll collection or to fix

benchmark for annuity before opting BOT (Annuity) model for implementing PPP projects

¹²⁹ As per clause 59.2 of SBD, fundamental breach of contract by contractor includes (i) the contractor stops work for 28 days, (ii) the contractor fails to correct a particular defect within a reasonable time determined by the engineer, (iii) the contractor does not maintain required security, (iv) the contractor has delayed the completion of works by the number of days for which the maximum amount of liquidated damage can be paid. ⁴¹ Chaibasa, Dhanbad, Godda, Ramgarh, Ranchi and Simdega.

As of March 2013, five road projects¹³⁰ (182.38 km) had been taken up (between September 2009 and August 2011) on PPP mode in the State. Irregularities noticed in execution of PPP projects have been discussed in succeeding paragraphs ,

2.5.9.1 Lack of due diligence before inviting Expression of Interest

As per Guidelines (May 2006) of MoRTH, there are three types of PPP model i.e. BOT (Toll)¹³¹¹³² , BOT

(Annuity)" and SPV¹³³ under which construction cost is recovered through collection of toll by private partner, concerned Government and SPV respectively.

The Department invited (March 2007) Expression of Interest (Eol) for development of 1500 lane kms of roads under PPP on BOT (Annuity) mode through a SPV. As per terms of Eol invited, the Department was to (i) select a private partner to form a JV/SPV, (ii) to decide the rate of annuity to be paid semi annually to SPV and (iii) to decide the other cost¹³⁴, as percentage of the awarded construction cost, for deciding the Total Project Cost (TPC), based on which amount of annuity was to be paid during concession period of 15 years. Concession agreement was to be executed between GoJ and SPV.

We observed that:

- Before inviting Eol, the Department did not assess financial viability of projects to select a suitable model for implementing the projects under PPP mode. The Department opted for BOT (Annuity) mode without anticipating the financial burden of annuity and its realisation through collection of toll during the concession period on the basis of traffic forecast. Due to non-assessment of financial viability of projects, other models viz. SPV and BOT (Toll) models could not be considered for implementation of PPP projects under which GoJ was not required to pay annuity.

We, further, observed that during concession period of five ongoing PPP projects, GoJ is required to pay 5,372.15 crore (Appendix 2.56) as annuity to SPV. It was seen in case of up-gradation of Adityapur-Kandra (AK) road that the project was initially not included in the list of roads for

which Eol was invited in March 2007. The project was earlier decided (September 2010) to be developed on Design, Build, Finance, Operate and Transfer (DBFOT) Toll model for which the Department had calculated Net Present Value (NPV)¹³⁵ of the cost of the project. Later on, the project was decided (December 2010) to be developed through the present SPV (JARDCL) on BOT (Annuity) mode. Keeping all the factors same¹³⁶, as

¹³⁰ (i) Adityapur-Kandra road (AK), (ii) Chaibasa- Kandra-Chowka road (CKC), (iii) & (iv) Ranchi-Patratu-Ramgarh road (RPR and RPR [I] and (iv) Ranchi Ring Road (RRR) (Section-III, IV, V & VI).

¹³¹ It is a contractual PPP model in which the Concessionaire (private sector) meets the upfront]constructio

n and annual maintenance cost and recovers the entire cost along with the interest and a return on investment by collection of toll.

¹³² It is also a contractual PPP model in which the Concessionaire (private sector) meets the entire upfront/construction and maintenance cost and recovers the investment at a pre determined rate of return through annuities payable by the public sector. In this model the Government retains the risk of toll collection.

¹³³ It is an institutional PPP model under which a SPV is formed on revenue sharing basis proportionately to their equity participation jointly by the Government and the private partner under Companies Act, 1956. It involves very less cash support from the Government in form of equity. Rest of the funds comes from the private partner/financial institutions in form of equity/debt and amount spent on developments of projects is to be recovered in prescribed concession period by way of collection of toll by the SPV itself.

¹³⁴ Insurance cost, financial arrangements cost, interest during construction period, DPR cost, supervision and the project management cost, preliminary and pre-operative cost and contingencies.

¹³⁵ Future investment cost at current price.

¹³⁶ Routine maintenance @ 0.5 lakh per lane km, periodic maintenance @ 60 lakh per km in every fifth year, supervision

considered by the Department in calculating NPV of AK road, NPV of cost of all five ongoing projects and annuity payable comes to 1,708.65 crore and 2,431.77 crore respectively, as calculated by audit, which shows that the net return on investment was nearly 43 per cent ranging between 34 and 48 per cent for different projects. However, the Department did not perform due diligence to assess the projected toll collection during concession period and to fix benchmark for annuity in Eol which may have safeguarded the Department against payment of such high rate of annuity.

Thus, BOT (Annuity) model for implementing PPP projects was selected without performing required due diligence.

On this being pointed, the Principal Secretary stated (January 2014) that viability was not assessed by the Department as the decision to take up work on BOT (Annuity) had been approved (January 2008) by the Cabinet.

The Reply confirms that viability of projects was not assessed before inviting (March 2007) Eol for development of roads under PPP on BOT (Annuity) model through SPV.

- As per the Guidelines issued (November 2007) by the Planning Commission, GoI, Total Project Cost (TPC) should normally include the likely construction cost plus about 25 per cent thereof for financing costs, physical and price contingencies etc.

We noticed that the Department did not restrict the TPC to 1.25 times of construction (awarded) cost as envisaged in above guidelines of Gole. Further, there was no record to show that the Department had done any assessment to anticipate other costs for calculation of TPC. TPC of projects was decided at 1.3 times based on the rate quoted by the lowest bidder. Thus, TPC was decided 1.3 times of construction cost without any assessment and in violation of GoI guidelines. This resulted in excess fixation of TPC by 72.48 crore for five ongoing projects and accordingly excess liability of annuity of 205.70 crore on the Department (Appendix-25.6).

The Principal Secretary replied (January 2014) that TPC in the instant case was based on awarded cost of construction which was based on the competitive bid.

The Concessionaire
was not selected in fair

and consultancy @ 3 per cent of construction cost, administrative cost @ 2 lakh per month, other operational cost @ 1 lakh per month, annual growth rate of 5 per cent for cost escalation and discount rate @ 12 per cent per annum.

and competitive
manner.

Concessionaire against the terms and conditions of Eol

According to the guidelines (November 2007) of Ministry of Finance, GoI, the Concessionaire should be selected in fair and competitive manner.

We noticed that SPV (JARDCL) itself was to act as Concessionaire as per terms and conditions of Eol. However, a clause 4.2¹³⁷ was incorporated in PDA beyond the terms of Eol, regarding formation of another implementation SPV to act as Concessionaire. Accordingly, with the consent of the Department, the private partner of SPV formed (August 2009) another JV, Jharkhand Road Project Implementation Company Limited (JRPICL), with its subsidiary company¹³⁸ as Concessionaire. Subsequently, the Concessionaire (implementation SPV-JRPICL) executed (between September 2009 and August 2011) tripartite Concession Agreements (CAs)⁵¹ for projects handed over to the SPV (JARDCL).

Thus, by incorporating a clause in PDA, the Concessionaire was selected without competitive bidding and as such transparency and competition was circumvented in selection of Concessionaire. Besides, the Department did not have adequate control over activities of Concessionaire as discussed in paragraph 2.5.9.4.

The reply of the Department was silent on this issue.

Objective of forming
SPV was not achieved
and the Department
did not succeed in
safeguarding public
interest by forming
SPV.

The fact remains
that the
Department
failed to insert
condition in Eol
for limiting TPC
equivalent to
1.25 times of
construction
cost.

259.3 Non-fulfillment of objective of forming SPV

We noticed that the Department invited (March 2007) Eol for formation of SPV but the Department through Eol itself opted for BOT (Annuity) model for implementation of projects. However, BOT (Annuity) being a contractual PPP model, the Concessionaire should have been selected directly by the Department rather than formation of a SPV to act as Concessionaire. As such, objective of forming SPV was not achieved as under SPV model the cost of construction and maintenance should have been recovered by SPV by way of toll.

Thus, the Department did not succeed in safeguarding public interest by forming SPV.

On this being pointed out the Principal Secretary stated (January 2014) that it was an "Institutionalised PPP" through SPV/JV to carry out PPP projects on BOT (Annuity) based on predefined terms and conditions under which right of collection of toll was with GoJ.

The reply is not acceptable because in an Institutionalised PPP mode, the Government imparts very less cash support and SPV/JV itself spends amount on development of projects and recover the same by way of collection of toll

as per guidelines of MoRTH which ought to have been considered before defining the terms and conditions of Eol.

2.5.9.4 Absence of control mechanism

As per provisions of PDA and Concession Agreement (CA), the Department has control tools i.e. Board of Directors¹³⁹ of JARDCL, independent consultant (IC),

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ctio
n of
new

¹³⁷ GoJ and JV partner
may take up
financing,
construction,
operation and
maintenance of the

roads either through this SPV or through other special purpose company incorporated by GoJ and/or JV partner.

¹³⁸ With 10 per cent share of JV partner and 90 per cent share of its subsidiary company.

⁵¹ Between GOJ, JARDCL and JRPICL.

¹³⁹ Maximum with nine Directors including a Chairman, a Managing Director and at least one independent Director. The Chairman of the Board shall be nominated

Statutory Auditor (SA) and a technical auditor (TA)¹⁴⁰ to exercise controls over Concessionaire's activities.

We observed in audit that:

- As per Recital I of Concession Agreement, the Concessionaire was to fulfill and perform the obligations and exercise the rights of JV partner including designing, engineering, financing, procurement, construction, operation and maintenance of the projects on BOT (Annuity) basis as defined under PDA. However, the Concessionaire, being a JV of private companies, the Department did not have adequate control over its activities either through equity participation or through its representation in Board of Directors of the Concessionaire (JRPICL).

The Department did not have adequate control over the Concessionaire's activities.

On this being pointed out, the Principal Secretary stated (January 2014) that the obligations of the Concessionaire and SPV (JARDCL) were clearly defined in Article IX and Article IXA respectively of CA and thus, inference of Audit that "Concessionaire would perform all obligations and duties which were to be performed by SPV" was unfounded.

The reply of the Department is not acceptable as under Recital I and para 9.2 of Article IX of CA, the Concessionaire (JRPICL) was to perform the obligations of designing, engineering, financing, procurement, construction, operation and maintenance of the project on BOT (Annuity) basis which were to be performed by SPV (JARDCL) as per EoI invited.

- Though the Independent Consultant (IC) and Statutory Auditor (SA) were appointed by the Department/SPV but their remuneration, other expenses and termination was to be decided by the concessionaire under Articles XX and XXVIII of CA, indicating that the independence of IC or SA was not ensured. Thus, possibility of working of IC/SA in favour of the Concessionaire from which they were getting their remuneration cannot be ruled out.

The Principal Secretary stated that as per advice of the Law Department, GoJ, payment to IC was not made by the Department because as per PDA the Department had only to pay annuity to the Concessionaire. The reply was silent about remuneration to SA.

The fact remains that IC and SA were being paid remuneration and other expenses as decided by the Concessionaire. Instead, the Department should have decided the remuneration to IC and SA to ensure their independence.

As per clause 20.1 of Article XX of CA, the Department did not appoint a Technical Auditor (TA) as of September 2013, independent from Concessionaire, to review the work carried out by IC. Thus, the Department did not ensure review of work of IC by appointing a TA.

The Principal Secretary stated (January 2014) that clause regarding appointment of TA had been inserted by the Department as an additional

by the State Government not below the scale of the Chief Secretary; the Managing Director shall be nominated by the JV partner and other Directors by share holders.

¹⁴⁰ To be appointed during concession period by the Department at its own cost as a proof consultant to review the work of the independent consultant.

on General, Social and Economic (Non-PSUs) Sectors for the year ended 31 March 2013 safeguard and TA was to review the work of IC during the concession period. The concession period of the projects ranged between 15.75 to 17.5 years and the Department would appoint TA as and when required.

The reply confirms that TA was not appointed as of December 2013 in test-checked two projects even after 28 to 50 months from the date (October 2009 and August 2011) of signing of CAS and even though the projects have been declared completed and the Department has started paying annuity.

5 Non-collection of toll/userfee

As per Article VII of Concession Agreement (Volume I), GoJ was to collect toll either by itself or through any agency selected for this purpose.

We noticed during audit that toll plaza was not constructed by the Concessionaire in Adityapur-Kandra road within the construction period upto November 2012 which was extended up to January 2013. In Ranchi-Patratu Dam road toll plaza was to be constructed by the Department itself which was not constructed as of December 2013 though the project was declared completed in October 2012. As such, the Department has not yet started (December 2013) collection of toll though payment of first annuity 47.98 crore⁵⁴ has already been made by the Department on the basis of submission of provisional completion certificate by IC.

Thus, due to delay in construction of toll plazas, no toll was collected even after lapse of 11 to 14 months from the date of completion of the projects.

The Principal Secretary stated (January 2014) that the Department would collect toll after completion of Toll Plaza in Adityapur-Kandra road and contemplate to collect toll in Ranchi-Patratu Dam road.

The fact remains that the Department did not start realisation of toll burden even though annuity payments has been started.

2.5610	ADB aided project
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Jharkhand State Roads Project (the Project) has been developed with the loan assistance from the Asian Development Bank (ADB) for improvement of 311 km of Govindpur to Sahebganj road in four packages⁵⁵ at administratively approved cost of 1,064.27 crore, targeted to be completed by June 2014. Deficiencies in implementation of the Project have been discussed in succeeding paragraphs.

⁵⁴ AK road: 22.91 crore (July 2013) and RPR 1: 25.07 crore (April 2013).

⁵⁵ Package I: Govindpur-Jamtara (81 km), Package II: Jamtara-Dumka (82 km), Package III: Dumka-Barhet (98 km) and Package IV: Barhet-Sahebganj (50 km).

2.5.10.1 Non-adherence to milestones

The Project Administration Manual (PAM) of ADB aided project contained milestones for all pre-construction activities which could not be achieved as discussed under:

Delay in finalisation of DPR

As per PAM, DPR of the project was to be finalised by December 2008.

We observed that DPR was initially finalised and technically sanctioned by CE, Central Design Organisation (CDO) in August 2009. The Construction and Supervision Consultant (CSC), CE, CDC) and the Project Implementation Cell (PIC) visited (between May 2010 and December 2011) the sites and observed that the highest flood level and position of habitations in and around the alignment of the proposed road were not properly considered during preparation of DPR. This

necessitated re-alignment of road in habitated areas, change in profile of road, bypasses at three places (Dumka, Govindpur and Jamtara), extra cross drainages etc. Thus, due diligence was not exercised in preparation of DPR. Revision of DPR was pending as of December 2013 and work was being executed on the basis of revised road profile (sanctioned by CE, CDC) in March 2012) and after sanction of estimates as and when submitted by contractors.

On this being pointed out, the Principal Secretary stated (December 2013) that revised estimate of Package I, III and IV had been approved and that of Package II was to be submitted by the contractor.

The reply confirms that the DPR of the project was not yet finalised.

Delay in land acquisition

As per PAM, land acquisition was to be completed by June 2010.

We observed that the original requirement of land was 370.67 acres as per the project summary report prepared by ADB in September 2008. This was increased from time to time due to changes in design and alignment of road, location and numbers of cross drainages etc. Against the latest (December 2013) requirement of 1364.16 acres of land (including 168 acres of forest land), 361.72 acres of land was yet to be acquired.

The Principal Secretary stated (December 2013) that as per initial plan land requirement was assessed with respect to Right of Way¹⁴¹ (ROW) of 15 metre whereas as per sanctioned DPR, land acquisition was done for ROW of 30 to 45 metre. Further, excess land was required for a completely new alignment of the road.

The reply confirms that the Department failed to assess actual requirement of land during preparation of DPR and the requirement was further increased due to change in alignment of road after commencement of construction work which caused delay in land acquisition. Moreover, DPR is yet to be finalised (December 2013) even after lapse of more than three years from commencement of works (September 2010).

(iii) Non-completion of Rehabilitation and Resettlement

As per PAM, Rehabilitation and Resettlement (R&R) of Project Affected Persons (PAPs) was to be completed by June 2010.

We observed that as per project summary report of ADB, initially 4,515 PAPs (households) were to be affected by the project. Number of PAPs increased time and again due to changes in design and road alignments. R&R of PAPs were pending as of December 2013. Additionally, 414 Common Property Resources (CPRs)⁵⁷ like religious places, community halls, hospitals and schools etc. were identified for rehabilitation and re-construction. Project Implementation Cell (PIC) advanced (July to September 2012) 7.30 crore to District Land Acquisition Officers (DLAOs) for re-construction of 326 CPRs of Package I to III through the Government Departments and related communities. It was, however, noticed that the money was lying with DLAOs as of December 2013 owing to non-finalisation of estimates and the construction sites required for construction of CPRs.

The Principal Secretary stated (December 2013) that out of 9,680 title holders, 1,108 had not been paid compensation due to non-submission of required papers,

¹⁴¹ Width of road land.

on General, Social and Economic (Non-PSUs) Sectors for the year ended 31 March 2013 legal dispute and non-preparation of identity cards. Further, for re-construction of CPRs, funds had been transferred to DLAOs.

The reply confirms that the Department failed to resolve the issue of R&R and rehabilitation and reconstruction of CPRs which was cascading effect of changes in DPR.

tv) Delay in development of online monitoring management system

As per PAM, Financial Management System (FMS) was to be developed by September 2010 for online monitoring of the project and to provide reports to GoJ and ADB.

We observed that PIC executed (September 2009) an agreement with a System Development Consultant (SDC) to develop FMS and Management Information System (MIS) by September 2010 and to link these with existing MIS of the Department and with the Quality Assurance System (QAS) to be developed by the Construction and Supervision Consultant (CSC) for online monitoring of the project. It was seen in audit that though FMS and MIS were developed and linked with QAS but were not fully operational due to non-procurement of required server and poor internet connectivity. Linking of FMS and MIS with the existing MIS of the Department was pending as of December 2013.

The Principal Secretary stated (December 2013) that quotation for procurement of independent server had been invited and would be procured within two to three months. The Principal Secretary further stated that PIC had no trained manpower to upload the data and the consultant and the contractors were not able to update the data due to poor internet connectivity in field.

Religious CPRs: 101, Community CPRs: 33 and Government CPRs: 280.

The fact remains that procurement of server was delayed by the Department and training and capacity building had to go hand in hand with the system development.

2.5.10.2 Slow Progress of work

For ADB aided project, PIC executed (September 2010) four construction agreements, one for each package, at an agreed cost of 798.86 crore for completion of works by September 2013. As of January 2014, contractors were paid 442.44 crore including outstanding mobilisation and material advances against executed work value of 324.69 crore. Physical progress of works as of January 2014 was as shown in Tables 2.5.6 and 2.5.7:

Table 2.5.6: Physical progress of road work

Package	Length to be completed	Unhindered stretch	Work in progress	Bituminous work completed up to the top layer	Len th in km			
					Forest land	Other land	Utility shiftin	Total
1	81.00	66.74	65.89	50.72	6.56	6.07	1.63	14.26

11	82.00	69.44	53.45	15.63	5.78	3.37	3.41	12.56
111	98.00	81.42	72.00	37.87	13.62	0.90	2.06	16.58
	50.00	40.97	36.94	16.67	7.20	1.32	0.51	9.03
Total	311.00	258.57	228.28	120.89	33.16	11.66	7.61	52.43

(Source: Monthly progress report of the project)

Table 2.5.7: Physical progress of structures

Package	Structures to be constructed			Structures completed			Structures in progress		
	ROBs	Bridges	Culverts/ VUPs	ROBs	Bridges	Culverts/ VUPs	ROBs	Bridges	Culverts/ VUPs
1	1	15	166		9	112	0	4	7
11	1	13	100		4	59	0	8	10
111	1	23	163		9	89	0	7	2
		5	120			91	0	4	2
Sub total	3	56	549	0	22	351	0	23	21
Total	608			373			44		

(Source: Monthly progress report of the project; ROB: Railway Over Bridge, VUP: Vent Under Pass)

From Tables 2.5.6 and 2.5.7 it can be seen that:

- The road was to be constructed in 311 km out of which 258.57 km of unhindered stretch was available with the Department. Of these, work was in progress only in 228.28 km, however, it was complete only in 120.89 km (53 per cent) up to top bituminous layer.
- Out of 608 structures to be constructed, only 373 structures (61 per cent) were complete and work on 44 structures (seven per cent) was under progress. Work on remaining 191 structures (31 per cent) was not started due to non-submission of estimates by contractors.

On this being pointed out in audit, the Principal Secretary stated (December 2013) that land acquisition, forest clearance, utility shifting, mandatory clearance and delay in receiving approval of drawings of ROBs from Railway Department were major reasons behind slow progress.

The fact remains that the project was not completed within scheduled date (September 2013) due to non-finalisation of pre-construction activities like

Adequate quality tests as per IV10RTH norms were not ensured during execution of works.

changes in design of road and structures, land acquisition, utility shifting and rehabilitation and resettlement.

2.5.10.3 Avoidable burden of price adjustment

As per clause 13.8 of General Condition of Contract of ADB aided project, the price of specific materials (cement, steel and bitumen) utilised in the work was to be adjusted for rise or fall comparing the base prices effective on 28 days prior to the closing date of submission of bid and (i) current prices during the period of utilisation, for bitumen and (ii) current price either relevant to the period of

Consideration of current price prevailing on the date of utilisation instead of date of purchase resulted into avoidable excess payment of 22.27 lakh.

purchase or related to the period of utilisation, for cement and steel. Actual quantities of bitumen, cement and steel delivered at the site and included in schedule of payment for advance payment was eligible for price adjustment.

We noticed that these materials were purchased by contractors in advance and incorporated in schedule of payment for getting material advance.

However, the price adjustment for materials was paid to contractors comparing the base prices with the current prices prevailing on the date of their utilisation rather than the current prices prevailing on the date of purchases which had actual impact on variation in prices. This resulted in avoidable excess payment of ₹ 22.27 lakh as of April 2013 calculated only in

one (Package I) out of four agreements.

On this being pointed out, the Principal Secretary agreed (December 2013) regarding excess payment of 50.59 lakh as price adjustment for steel and cement in all four packages and stated that 40.59 lakh had been adjusted and ₹ 10 lakh would be adjusted from next bills but did not agree to audit objection regarding bitumen citing the condition of the contract.

Reply regarding bitumen is not acceptable as the contractors were paid material advance against bitumen in same manner as were paid for steel and cements and as such same condition should have been incorporated in the contract.

Quality control

2.5.11.1 Inadequate quality tests

As per MoRTH guidelines, the engineer-in-charge of the work is to ensure through adequate quality tests that the work performed and the material incorporated in work conforms to required specification.

We noticed that in 11 out of 13 test-checked Road Divisions, on an average only 5 to 250 tests per agreement in plan works and 2 to 26 tests in non-plan works were conducted. Whereas, in test checked Package-I of ADB aided project (81 kms of road between Govindpur and Jamtara), 84,418 quality tests were conducted by CSC against requirement of 79,933 tests as per the norms of MoRTH. Further, the tests conducted by the divisions generally related to physical requirement (strength) and grading (size) of aggregates. Other tests like testing of CBR (load capacity), density of various layers, compaction, thickness of road crusts, content of materials in mix was negligible. It was also seen that quality test results of two roads¹⁴² conducted (August 2013) by SE,

Plant and machineries were lying idle for more than four years and were deteriorated with passes of time.

Road Circle, Dumka disclosed less content of aggregates and bitumen in mix and less thickness of road crusts. Lack of trained manpower and testing equipments with Divisions and contractors were reasons behind less tests as intimated by EEs of the test-checked Divisions.

The Principal Secretary stated (January 2014) that adequate tests would be ensured in future.

The fact remains that adequate quality tests as per MoRTH norms were not ensured during execution of works.

Store management

2.5-12.1 Idle tools and plants

We noticed during audit that the test-checked Road Mechanical Division, Sahebganj had 31 major plant and machineries¹⁴³ as on March 2013 which were received by the Division between 1988 and 2000. These were nonfunctional and required repair. During 2008-13, the Division was allotted (2009-10) only one work of special repair of Dumka-Hansdiha road. Out of 31, 23 plant and machinery could

¹⁴² Godda-Sunderpahari-Dharmpur road and

Godda-Pirpainty road of Godda Road Division.

¹⁴³ Hot mix plants-2, road rollers-8, generators-5, loaders-3, crane-I, paver finisher-I, trucks-I I. 60 Hot mix plants-2, road rollers- 8, generators-5, loaders-2, paver finisher-I, nicks-5.

be utilised economically after being repaired. But, neither did the Department provide required fund for repair nor did the Division initiate action to dispose of the idle plant and machinery. Thus, plant and machineries were lying idle for more than four years and

The reply confirms that the Department did not take action either for disposal of old plant and machineries or to repair and utilise usable plant and machineries. Moreover, as per conditions of contract, contractors are required to utilise their own plants and machineries in construction works.

Human resource management

2.5.13.1 Shortage of man power

Vacancies in respect of posts as on March 2013 have been given in Table 2.5.8

Table 2.508: Sanctioned strength and men in position

There was shortage of manpower mainly at headquarters' level and junior omcers were holding higher posts.

	Posts	Sanctioned strength	Working strength	Vacancy	Percentage of vacancies
Head uarters' and field					
1	En ineer-in-Chief	1		1	100
2	Chief En ineer	3		3	100
3	Su erintendin E neer	18		18	100
Head uarters'					
4	D u Secre	2	1	1	50
5	Under Secre				
6	Assistant	48	4	44	92
7	Clerk C/LDC	44	15	29	66

(Source : Information furnished by the Department)

had deteriorated with passes of time.

The inspecting officers conducted inspections less than 10 per cent of the prescribed inspection norms.

From the Table 2,5.8 it can be seen that:

- (i) There were 100 per cent vacancies in higher posts in the engineering cadre. These posts were being held temporarily during 2008-13 by Junior Officers of the Executive Engineer cadre.
- (ii) At headquarters' level, there were vacancies in the posts of Deputy and Under Secretary as well as in supporting (Assistant and Clerks) staff ranging from 46 to 92 per cent of sanctioned strength.

The Principal Secretary stated (January 2014) that the plant and machineries were very old. However, plant and machineries which were use-worthy would be utilised.

The Principal Secretary stated (January 2014) that promotion to higher posts to have regular officers were under consideration of the Government. Further action is awaited (February 2014).

Monitoring and evaluation

25.141 Lack of inspection

JPWD Code (Rules 20, 24, 45 and 50) envisage inspection schedule¹⁴⁴ of different levels of officers of his sub-ordinate offices and in case of failure to do so, the inspecting officer has to submit a report stating reasons for non-inspection.

We noticed during audit that CE (Communication) did not inspect test-checked three Road Circles against prescribed 15 inspections and inspected only three¹⁴⁵ (only once) out of 13 test-checked Road Divisions during 2008-13 against prescribed 26 inspections.

SES conducted 10 inspections of only four^{146,147} out of 13 test-checked Divisions during 2008-13 *inst prescribed 130 inspections in five years. Similarly, EEs of only five

out of 13 test-checked Road Divisions inspected their Sub-Divisions during 2008-13. As such, the inspecting officers conducted inspections less than 10 per cent of the prescribed inspection norms. Further, the inspecting officers neither prepared inspection reports nor reports stating reasons for not conducting prescribed inspections of sub-ordinate offices.

Lack of prescribed inspections was one of the reasons behind poor infrastructure at sectional level as 95 out of 105 Sections of 13 test-checked Divisions had no office of their own.

The Principal Secretary stated (January 2014) that the Department would initiate action to mitigate shortcomings and ensure compliance of the provisions of the Code regarding inspection.

The reply confirms that required inspections as prescribed under the Code were not done by the departmental authorities.

Absence of internal audit of the field offices was fraught with the risk of continued nondetection of irregularities.

25.142 Review meetings and inspection of works

There were no prescribed mechanisms for review meetings and inspection of works by higher authorities. However, the Department issued instructions time to time regarding monthly inspection of roads by CE and SE and submission of action taken notes by EEs. We noticed during audit that:

- The Secretary conducted regular review meetings as well as visited sites.
- At CE and SE level, there was no compiled data showing numbers and frequency of review meetings and inspections of works. Further, action taken notes against shortcomings pointed out in inspection notes of CES and SES, if any, were not available though EEs concerned were to submit the same within 10 days.

Lack of inspection mainly at CE and SE level led to slow execution of works and non-assurance of quality works.

The Principal Secretary stated (January 2014) that inspection by the higher officers were being done on routine basis. However, they were instructed to have records of inspection and to ensure follow up action.

Internal control

2.5.15.1 Internal Audit

Establishment of a dedicated internal audit wing is important for effective monitoring of implementation of various schemes as well as the day-to-day activities.

The Department did not establish an internal audit wing. During 2008-13, internal audit of none of the test checked units were conducted by the audit wing of the

¹⁴⁴ Chief Engineer: each Circle once in a year and each Division once in every two years. Superintending

Engineer: each Division once in six months, each Sub-division once in a year and each Section once in every two years. Executive Engineer: each Sub-division once in six months and each Section once in a year. Assistant Engineer: each Section four times every year.

¹⁴⁵ Jamshedpur, Ramgarh and Ranchi.

¹⁴⁶ Jamshedpur, Ramgarh, Ranchi and Simdega.

¹⁴⁷ Dumka, Garhwa, Jamshedpur, Ramgarh and Ranchi.

Finance Department though the Department had 42 auditable units excluding offices of the Principal Secretary, Engineer-in-Chief and the Director, Quality Control. The Department had also not requested the Finance Department to conduct internal audit of other

units. Absence of internal audit of the field offices was fraught with the risk of continued non-detection of irregularities, if any.

The Principal Secretary stated (January 2014) that the Finance Department was being requested for such audit. Further action is awaited (February 2014).

Conclusion

The financial management, planning, implementation and monitoring of the projects including ADB and PPP projects were deficient. The Department did not prepare budget estimates after receiving requirements from the field offices which led to under utilisation of funds. A systematic planning process according to the prescribed norms was missing in the Department and projects were selected without assessing their feasibility as required under planning norms. The Department did not achieve the targets of eleventh plan and upgraded roads without filling un-bridged gaps. The Department adopted BOT (Annuity) model through SPV for PPP projects without performing due diligence. Further, the Department did not select Concessionaire in fair and competitive manner and did not have adequate control over its activities due to

it being under the control of the private partner. Bottlenecks in progress of ADB aided Project viz. delay in finalisation of changes in sanctioned DPR, land acquisition, utility shifting etc. could not be resolved. The Divisions did not conduct prescribed quality tests due to which quality of works could not be ensured. There was lack of inspection at CE and SE level and follow up action was not ensured,

Recommendations

The Department should ensure:

- budget estimates to be more realistic;
- construction of bridges in tandem with road works to make the roads all weather roads;
- adequate Government control over public expenditure involved in PPP Projects; ■ quality of works through prescribed quality tests; and ■ monitoring of works through regular inspections.

Information Technology Department

2.6 Information Technology Audit of e-District -a project under National e-Governance Plan

Executive Summary

As a part of the National e-Governance Plan (NeGP), a pilot e-District project at Ranchi district was approved for implementation by Gol in March 2008. The project became operational in September 2011 for only one out of ten services identified for implementation.

We conducted an IT Audit of e-District (pilot project) and analysed the data from September 2011 to August 2013. Following are the main audit findings:

As of March 2013 only one service was operational and subsequently three more categories of services were rolled out (January 2014).

The Government should have an action timeline for introduction of critical services like online delivery of PDS ration cards to the citizens.

(Paragraph 26.9)

Provision of digitization of data was made in the e-District but neither manually issued certificates were digitized nor the legacy data of e-Nagrik was migrated into the database of e-District.

The legacy data should be migrated in the database of e-District.

(Paragraph 2.6.10)

Data backup was not taken daily contrary to the backup policy. We noticed that data of a day was lost permanently.

The Government should devise a Business Continuity Plan and daily backup of data should be taken.

(Paragraph 2.6.12)

Though time limit was seven days as per Cabinet's decision for issue of certificates through e-District, these were issued with delay ranging from one to 557 days.

The Government should ensure timely issuance of certificates.

(Paragraph 26.13)

The software contains no programming elements to generate alerts or validation by restricting issuance of multiple certificates to one person. As a result multiple certificates with different caste were issued to same person. Similarly multiple Birth/Death certificates with different dates of birth/death were issued to same person.

The Government should address input and process control issues to ensure accuracy and reliability of data.

Para ra h 26.142

2.6.1 Introduction

The Government of India (Gol) approved (May 2006) the National e-Governance Plan (NeGP) with a vision to make all Government services accessible to the common man in his locality, through common service delivery outlets and ensure

efficiency, transparency and reliability of such services at affordable costs to realise the basic needs of the common man.

e-District, one of the 31 Mission Mode Projects (MMPs) under NeGP, was approved by Gol in March 2008 which aims at strengthening the District Administration to deliver Government services in a cohesive manner leveraging Information and Communication Technology (ICT) to the citizens at his doorstep by utilizing three infrastructure pillars viz. State Wide Area Network (SWAN), State Data Centre (SDC) and Common Service Centres (CSCs).

The scheme was to be implemented in two phases. In Phase I - Pilot was to be undertaken covering one or two districts and in Phase II the project was to be rolled out across the State subsequent to successful implementation of the Pilot.

Being the capital district with the highest population in State, Ranchi was selected for pilot project of e-District in Jharkhand.

Administrative approval of Pilot e-District project for 3.20 crore was accorded (March 2008) by the Department of Information Technology¹ (DIT), GOL. All funds under the project for Pilot implementation were to be released directly to the State Designated Agency (SDA) identified by the State Government. The State Government designated the Jharkhand Agency for Promotion of Information Technology² (JAP-IT) as SDA for implementation of the project along with National Informatics Centre Service Inc. (NICSI).

2.602 Organizational set up of State Designated Agency

The Chief Minister of Jharkhand is the Chairman of JAP-IT and Minister in charge of Department of Information Technology (DoIT) is the vice-Chairman, who are assisted by the Chief Executive Officer i.e. the Principal Secretary of the Deptt, GoJ. The Chief Executive Officer is responsible for implementation of the project. However, the monitoring of e-District project is being done by the District e-Governance Society (DeGS), Ranchi headed by the District Collector formed and registered under Societies Registration Act as per the guidelines of NeGP. Further, Additional Collector, Land Reforms and Naxal, Ranchi has been appointed as the nodal officer for implementation of e-District project.

2.6.3 Objectives of the e-District

The primary purpose of the e-District project is to provide support to the basic administrative unit i.e., "District Administration" to enable content

- 1 Rechristened as Department of Electronics and Information Technology (Deity), Gol.
- 2 An autonomous body under Department of Information Technology, Government of Jharkhand.
- 3 NICSI was set up under National Informatics Centre, Ministry of Communications and Information Technology, Gol to provide total IT solutions to Government organisations.

development of government to citizen (G2C) services. The key objectives of e-district are to e-enable the highly visible services offered to the citizens, infusion of transparency and accountability in Service delivery, reduction of administrative burden in delivering the services through process simplification and infusion of ICT, to integrate the e-District with other key Mission Mode Projects (MMP), to make use of Common Service Centres to deliver the services to citizens at the village level, to create and maintain accurate, current and complete citizen related data-sources for ensuring that government benefits are extended to the eligible citizens, and to create a sustainable model and supporting structures for effective implementation of MMP in all the Districts across the State.

Some of the key services targeted for delivery were Issuance of Birth/Death/ Caste etc. certificates, old age/widow pension, electoral services, Public Distribution System (PDS) etc. Details of services identified for implementation under e-District in Jharkhand are shown in Appendix-2 6.1.

296.4 Audit objectives

The audit was conducted to ascertain whether:

- the enshrined objectives of e-District were achieved economically, efficiently & effectively;
- general and specific controls were in place to ensure data security, accuracy, reliability & consistency; and, ■ robust backup plan existed and functioned effectively.

2.6.5 Audit criteria

The audit criteria were derived from the following:

- Guidelines issued by DIT, Gol for e-District;
- Jharkhand Municipal Act, 2011 ;
- General Financial Rules, 2005; and,
- Executive instructions issued from time to time.

206.6 Audit scope and methodology

Records related to implementation of pilot project of e-District were test checked in JAP-IT and working process of CSCs were also verified by visiting 25 CSCs (August 2013). Audit obtained database (September 2011 to August 2013) of e-District pilot project from JAP-IT and analysed the data of issuance of certificates¹⁴⁸ using Computer Assisted Audit Techniques (CAATs) during August-September 2013. We discussed the audit objective, criteria and methodology with Officer on Special Duty (OSD), JAP-IT in an entry conference held on 13 August 2013. An exit conference was held with OSD, JAP-IT on 17 February 2014 to discuss the significant audit findings. Replies of the Government have been incorporated suitably.

Utilisation Certificate of the amount released as 1st installment was not furnished in time.

implementing agencies in March 2008 for consultancy, hardware, software, data digitisation, capacity building etc. components of the project. JAP-IT spent 1.34 crore (including interest on grant funds) by August 2013 for making payments to the Tata Consultancy Services (the vendor). The second instalment of 1.60 crore was to be released on utilisation of released funds, however, the same was not released by Deity, Gol till date of audit (August 2013). Details of which are discussed in paragraph 2.6.11.

2.6.7 Fund flow under e-District

The first instalment as 50 per cent of project cost i.e. 1.60 crore (i.e. 40.12 lakh to MCSI and 1.20 crore to JAP-IT) was released to the

2.6.8 Delay in submission of Utilisation Certificate

As per the administrative approval, 50 per cent of the sanctioned amount was to be released as 2nd installment after receipt of Utilisation Certificate (UC) of the amount released as 1st installment. Further, as per Rule 212 of General Financial Rules, 2005, UC should be submitted within 12 months of the close of the financial year during which the amount was received.

As mentioned in para 2.6.7, Deity, Gol released first installment of 1.20 crore to JAP-IT in March 2008 and interest of 14.61 lakh was earned on these funds. We noticed that JAP-IT submitted the first UC for ₹ 1.29 crore in September 2012 and

¹⁴⁸ (i) Birth, (ii) Death, (iii) Caste (iv) Income (v) Residential and (vi) OBC Creamy Layer.

final UC of? 1.34 crore in August 2013 against these funds. As JAP-IT could not fully utilise the grant and furnish UC timely, the 2nd installment 1.60 crore was not released by Deity, Gol till date of audit (August 2013) which affected the initiation of data digitisation work.

On this being pointed out the Government while accepting the observation stated (January 2014) that the first UC was sent in September 2012, however transfer of the second installment was delayed owing to a direction (November 2012) from the Department of Expenditure, Gol which required that any Grant in Aid (GIA) funds available with the State may either be utilised or surrendered before any further transfer of funds.

The fact remains that had the State

utilised the fund on time and furnished UC accordingly, the second installment of fund would have been received. In absence of second installment data digitisation of legacy data could not be done.

206.9

Implementation of e-District project

The Pilot e-District project was administratively approved (March 2008) with the condition to implement the project within 18 months i.e. by September 2009. We noticed during audit that the agreement was executed (January 2010) by JAP-IT with Tata Consultancy Services (TCS) Limited for software design and development, procurement and supply of hardware and network infrastructure etc. with time line of four months for the delivery of software from the date of signing of the contract.

The project has gone operational only in September 2011, with a delay of two years. As of March 2013 only one service (issue of certificates) was

Even after a lapse of five years six services could not be started through Common service delivery outlets.

Manually issued certificates were not digitized and the legacy data was not migrated into the system.

operational and subsequently three¹⁴⁹ more categories of services were rolled out and links were provided for electoral service, revenue court and consumer courts (January 2014). Thus, the basic objective of e-District to provide integrated citizen services through common service delivery outlets was denied to the common man. The services are yet to be provided (January 2014).

¹⁴⁹ RTI Application under Public

Grievance Redressal & Old Age/Widow/Disability Pension under Pension Schemes both in June 2013 and Government Dues & Recovery in July 2013.

The State Cabinet decided (September 2013) not to extend the pilot e-District application developed by TCS to other districts. Instead, it had approved (September 2013) the proposal of rolling out Service Plus Application of National Infon•natics Centre at two districts, Ramgarh and Hazaribagh, for the pilot services before final approval for state wide rollout. It was ascertained that the reason for not rolling out the e-

PSUs) Sectors for the year ended 31 March 2013

District pilot application developed by TCS to other districts was due to lack of co-operation and not showing the expected progress by the system integrator (TCS).

The Government replied (January 2014) that approval has been obtained for the Service Plus platform developed by NIC for State wide roll out in place of e-District project developed by TCS. However, OSD, JAP-IT replied (November 2013) that the delay in implementation was due to delay in completion of pre-conditions viz. finalisation of SRS, Digital Signature, connectivity etc. The District Administration decided to roll out the services in a phased manner.

The reply is not acceptable as five years lapsed from the sanction of the project, the decision of rolling out services in phased manner also amounts to denial of services at the door step of the citizen which was the very essence of e-District. Further, a new system is being adopted, again on pilot basis, for rolling out the services of e-District state wide.

2.6,10	Absence of Legacy data
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Prior to introduction of e-District, issue of certificates of birth, caste, income etc. were being done through e-Nagrik, a system developed by the National Informatics Centre (April 2007). Prior to e-Nagrik, these certificates were issued manually. As per the best practices the legacy data of previous issued certificates and the manually issued certificates were required to be digitised and migrated into new system to complete the database for the purpose of verification. In absence of the legacy data, there was risk of issuance of certificates to ineligible citizens without verification against earlier issued certificates.

We during audit noticed that provision 25 lakh for data digitisation was made in the e-District. However, data analysis revealed that neither manually issued certificates were digitised nor the legacy data of e-Nagrik was migrated into the database of e-District. Due to this completeness, accuracy and reliability of data could not be ascertained.

On this being pointed out the Government replied (January 2014) that the fund earmarked for data digitisation had to be utilised for payment of invoices of TCS pending release of second installment from Deity.

The fact remains that the fund could not be utilised in time, which actually delayed the release of second installment. Consequently, data was not digitised in respect of even one service i.e. issue of certificates.

Avoidable expenditure of 90.14 lakh due to nonestablishment of State Data Centre (SDC)
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State Data Centre (SDC) is an important element of the core infrastructure of NeGP for implementation of e-District to provide functionalities like central repository of the State, secure data storage, online delivery of services, citizen information portal, state intranet portal, disaster recovery, remote management and service integration etc.

We during audit noticed that an SDC was being created at Ranchi but due to delay in handing over of the constructed building by the Building Construction Department and execution of substandard work SDC could not be established so far (January 2014).

State Data Centre could not be established and additional expenditure of ₹90.14 lakh was incurred.

Backup policy of taking daily backups was not adhered.

We further noticed that out of total allocated (March 2008) amount ₹ 3.20 crore for eight components⁶ of Pilot e-District project, 2.09 crore was to be spent on four components'. An agreement was executed (January 2010) by JAP-IT with TCS for 3.00 crore for execution of these four components and various other items viz. Support services for 5 years, Storage Area Network (SAN), Domain Name Server (DNS), Load Balancer, various software like antivirus, office automation etc. which were not covered under the Pilot guidelines and without approval of DIT, Gol. Though permission was sought (November 2009) for sanction of the additional amount of ₹ 90.14 lakh for these other items but DIT, Gol refused (January 2010) to sanction the same. Subsequently, the State Government sanctioned (February 2010) the additional amount of 90.14 lakh. Thus, inclusion of additional items like SAN, DNS etc. in the agreement resulted in extra burden 90.14 lakh on the State Exchequer.

On this being pointed out the Government while accepting the observation replied (January 2014) that additional items were procured because SDC was not in operational condition and the items were required for the pilot project going live.

The fact remains that expenditure for these items could have been avoided, had there been proper synchronisation and co-ordination for timely establishment of SDC under NeGP.

6 (i) Hardware- 73.62 lakh (ii) System software- 35.83 lakh (iii) Application software ₹ 90 lakh (iv) Data digitization- 25 lakh (v) BPR and Consultancy- 75 lakh (vi) Training- 10 lakh (vii) Administrative expenses- 5 lakh and (viii) MCSI charges ₹5.24 lakh.

7 (i) Hardware- 73.62 lakh (ii) System software- 35.83 lakh (iii) Application software ₹ 90 lakh and (iv) Training- 10 lakh.

Certificates were issued with a delay up to 557 days.

2.6.12 Business Continuity Plan

Business Continuity Planning (BCP), a term that covers both disaster recovery planning (DRP) and business resumption planning. BCP is the preparation and testing of measures that protect business operations and also provide the means for the recovery of technologies in the event of any loss, damage or failure of facilities. Further, a sound backup policy and its effective implementation ensure easy data retrieval in the event of unforeseen disruptions.

A backup policy was in existence and it required taking daily backup of full data dump and archive log.

During audit we noticed that on 5th September 2013 the e-District server went down due to hardware data block corruption in Storage Area Network ¹⁵⁰ space and the certificates were issued manually as the system could not be restored for two days. Due to non-existence of a backup server, e-District portal could not be started immediately. Moreover, the data for one day was lost permanently due to non-adherence of backup policy of taking daily backups. The system was restored by restoring the data dump taken on 2nd September 2013 and by applying the available archive logs upto 3rd September 2013 (till 4:00 PM). This shows that data backup was not taken daily as data dump for 3rd and 4th September 2013 was not

retrievable contrary to the backup policy.

On this being pointed out the Government while accepting the observation replied (January 2014) that Data block corruption in Storage Area Network (SAN) space is a rare occurrence at hardware level. However, periodic mock drills are being planned and the same has been given to the concerned authorities through mail for its strict adherence for the security of the system.

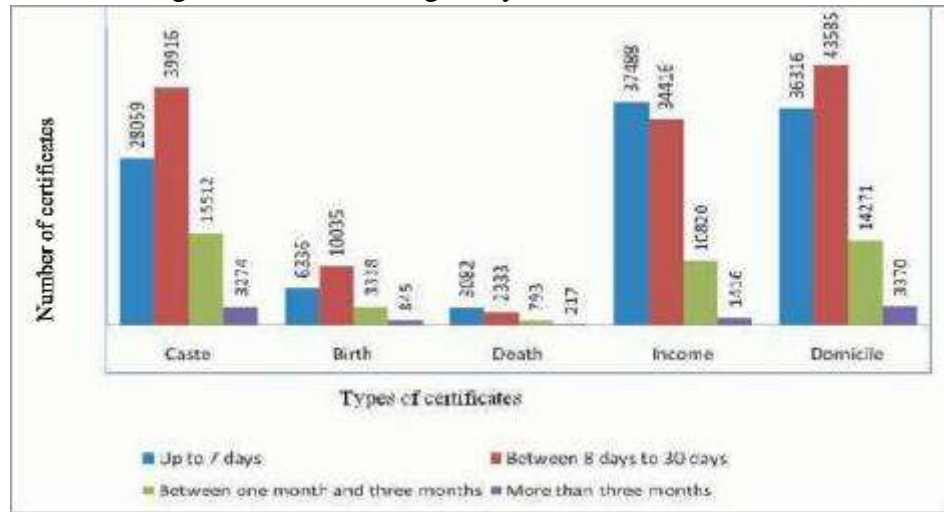
The facts remain same due to non-adherence of backup policy, the crucial data was lost permanently.

2.6.13 Delay in issue of certificates

As per Cabinet decision (September 2011) the time limit for electronic delivery of certificates through e-District was seven days.

Audit analysed the database, related to issue of certificates and noticed that there were delays in issue of certificates which ranged between one and 557 days as shown in Diagram 2.6.1 :

Diagram 2.6,1: Showing delay in issuance of certificates



During visit of CSCs, it was intimated by CSC personnel that CSCs were uploading the information/documents into the system in about one to four days from the date of receipt of the application. This delay was in addition to the delay analysed above and was a hidden delay as this was not captured in the system.

Thus, the basic objective of the Business Process Reengineering (BPR) i.e. by making the process faster to provide the services promptly and in a timely manner was not achieved.

On this being pointed out the Government while accepting the observation replied (January 2014) that this issue is now being taken care of by the introduction of e-mail alerts to supervisors of all those officers/staff who do not forward/approve the application on time.

2.6.14 Inadequate input and process controls

26.141 Caste-certificates were issued to the same Person showing different caste

To restrict the issuance of multiple caste certificates to a single person there should exist a validation parameter by combining Name, Father's name and address etc.

Audit analysed the database provided by the JAP-IT and observed 88312 cases

of issuance of caste certificates. During analysis of data it was noticed that in

199 out of 88312 cases, caste-certificates were issued to the same person with different caste-class viz. SC/ST/BC/OBC. Few examples are given in

Table 2.6.1:

Table 2.6.1: Issuance of caste certificate to same persons of different caste

Token	Caste		Caste Class	Name	Relative Name	
258668	A Mast	159726	RNC/ANGRA/CHILDA G/CST/58468/2013	OBC	Tanu Kumari	Milan Mahto
213574		153614	RNC/ANGRA/CHILDA G/CST/52530/2013	OBC Cream	Tanu Kumari	Milan Mahto

Multiple Castecertificates were issued to same persons with different caste.

312019	180581	RNC/RNC-HaIka 11/csT/78753/2013	SC	Savitri Kujur	Anuj Kujur
312009	180582	RNC/RNC-HaIka IVCST/78754/2013	ST	Savitri K_ujur	Anuj Kujur
66672	117344	RNC/ITKI/KULLVCST/ 17202/2012	SC	Ravi Kettetta	Raghu Kerketta
25234	104723	RNC[ITKVKULLI/CST/ 4680/2012	ST	Ravi Kerketta	Raghu Kerketta

This indicates that the software contains no programming elements to generate alerts or validation by restricting issuance of multiple certificates to one person.

Thus, there was lack of suitable input as well as process controls in the system. Caste-certificates with different caste to the same person may be misused for getting various relaxations given by the Government.

On this being pointed out the Government while accepting the observation replied (January 2014) that Advanced Duplicate check measure has been implemented in October 2013.

26.142 Multiple Birth/Death-certificates issued to the same person

Certificate of Birth authorises an applicant regarding his age eligibility at various fronts viz. admissions in educational institutes, services, inclusion into voter list etc. whereas certificate of Death authorises a claimant for any kind of benefits accrued after one's death. Issue of multiple birth/death certificates in favour of same person would affect the reliability of statistics of the Government as each issuance of birth/death certificate is recorded as a unique birth/death and hence would lead to wrong assessment of the eligibility of a candidate.

Audit analysed 20616 cases of issuance of birth certificates from the database provided by JAP-IT.

Multiple Birth/Deathcertificates were issued to same persons.

- In 948 cases more than one birth certificate were issued in the name of same person having same name of parents.
- In 764 out of these 948 cases the birth certificates were issued with same date of birth. Some instances of issuance of more than one birth certificates to same person with same date of birth are given in Appendix-2 6.2.
- In 184 out of 948 cases, the birth certificates with different date of birth were issued to the same person. For example:

APPMST	Date of Birth	Name of Child	Father's Name	Mother's Name	Reg. No.
107816	20/04/2000	Anchal Rani	Arun Hajam	Nishi Devi	RNC/ITKI/ITKIW/B IRTH/7817/2013
108597	20/04/2002	Anchal Rani	Arun Hajam	Nishi Dev-i	RNC/ITKVITKIW/B IRTH/8598/2013

(Some other instances are shown in Appendix-26.3)

Similarly, during analysis of 6,471 cases of issuance of death certificate in the database it was noticed that

- In 308 cases more than one death certificates were issued for the same person.
- In 290 out of these 308 cases the date of death of the person was same. Some instances of issuance of death certificates to same person with same date of death are given in Appendix-26.4.

- In rest 18 out of 308 cases the date of death was different. For example:

Token No.	Date of Death	Deceased Name	Deceased Relative Name	Reg. ND.
269882	31/12/2012	Tulsi Paitandy	Balram Paitandy	RNC/RNC/DEA THJ5316/2013
329601	31/01/2013	Tulsi Paitandy	Balram Paitandy	RNC/RNC/DEA TH/6474/2013

(Some instances are shown in Appendix-2.6.5)

This was possible due to lack of input]process control in the system. Absence of any check in the software to restrict duplicate entry of same birth/death resulted in issue of multiple birth/death certificates.

On this being pointed out the Government while accepting the observation replied (January 2014) that Advanced Duplicate check measure has been implemented in October 2013.

2.6.15 Conclusion

The project went live on 13 September 2011. Only one service, out of 10 services selected, was being provided to the citizen through e-District as of March 2013. The basic objective of speedy service delivery could not be met due to delay in issue of certificates in prescribed time. The system was not fully secure and reliable as multiple birth, death and caste certificates were issued to the same persons. There were no alternative measures in place to handle accidental loss of data and start the services (e-District portal) immediately in case the e-District server went down.

2.6.16 Recommendations

The Government may consider:

- Having an action timeline for introduction of critical services like online delivery of PDS ration cards to the citizens;
- To migrate the legacy data in the database of e-District;
- To take efforts for timely issuance of the certificates;
- To address the input and process control issues pointed out in the report to ensure accuracy and reliability in data; and,
- To devise a Business Continuity Plan and take necessary action to reduce frequency and impact of server downtime.

Human Resources Development Department

2.7 Utilisation of Twelfth Finance Commission Grants under Education Sector

2.7.1 Introduction

The Twelfth Finance Commission (TFC) was constituted by the President of India (November 2002) under Article 280 of the Constitution of India with a view to strengthen fiscal condition of the States by way of tax devolution and grants-in-aid to the States, Based on the assessment of needs and developmental concerns of Jharkhand, TFC recommended grants-in-aid of 3,032.82 crore for nine sectors] of the State for the award period 2005-10, of which 651.73 crore was for Education Sector.

The State suffered from critical gaps in the accessibility of secondary education and the existing schools (both primary and secondary) suffered from acute shortage of infrastructure in the form of building, furniture, library, laboratory and other essentials. The State intended to fill these critical gaps with all essential infrastructures with the help of funds recommended by TFC and sanctioned by the Government of India (GOD).

At State level, the Principal Secretary, Human Resource Development Department (HRDD) assisted by two Directors one each for Primary and Secondary Education was responsible for implementation of the projects/programmes carried out under TFC grants. In addition to them, the State Project Director (SPD), Jharkhand Education Project Council (JEPC²), was to co-ordinate the execution of the projects/works for Primary Education.

The Deputy Commissioners (DCs), District Education Officers (DEOs) for Secondary Education and District Programme Officers (DPOs) for Primary Education were the Officers responsible for implementation of the Programme at district level.

To assess the economic, efficient and effective utilisation of TFC grants, we conducted an audit of this Sector between May and July 2013 by test check of records in the offices of the Principal Secretary, HRDD and Directors, Secondary Education and Primary Education and SPD, JEPC at State level. Besides, we selected seven³ out of 24 districts by Monetary Unit Sampling (MUS) Method and an additional district Palamau was taken up on the request of Principal Secretary, HRDD.

The audit objectives and scope of audit were discussed with the Principal Secretary of the Department on 17 May 2013 in an entry conference. In spite of several requests, the Principal Secretary did not give time and as such the exit conference could not be held. However, the Department's replies have been received (September 2013 and January 2014) and have been incorporated in this report at appropriate places.

1

Education, Health, Maintenance of roads and bridges, Maintenance of Public buildings, Maintenance of forests, Heritage conservation, State Specific Needs (Development of Capital and Police force), Local Bodies and Calamity Relief.

2 A registered society for implementation of Sarva Shiksha Abhiyan (SSA) programme³ Dumka, Gumla, Hazaribag, Koderma, Lohardaga, Ranchi and West Singhbhum.

As the works were not taken up on the basis of year wise plan Government has to bear burden of < 140.33 crore.

TFC grants to the State Government. As per the guidelines, a High Level Committee (HLC) headed by the Chief Secretary with Finance Secretary and Secretaries of concerned Departments as members was to be constituted in the State to ensure proper utilisation of grants. I-LC was to approve the projects at the beginning of every year, quantify the physical and financial targets and decide time schedule for completion of the work.

We noticed in audit the following:

- The Finance Department of the State Government communicated (September 2005) TFC recommendations to HRDD asking for submission of a Consolidated Plan for entire five year period of TFC as well as yearwise plan equal to grant earmarked for that particular year. HRDD, however, submitted (July 2006) Consolidated Plan of 652.62 crore for entire TFC period to HLC after a lapse of nine months. HLC approved (August 2006) the Consolidated Plan of 651.73 crore, equal to allocated grants of TFC.

It was seen in audit that projects to be executed each year of the award period were not quantified though required to be done as per guidelines of TFC. Further, unit cost of each work prepared by HRDD was on ad-hoc basis and not as per detailed estimates.

Department took two years for preparation of DPR; hence, works could not be started in first three years.

Auditfindings

2.702

Planning

Assessment of infrastructural needs

Twelfth Finance Commission recommended (November 2004) 651.73 crore for Education Sector earmarking funds for each year of the award period i.e. 2005-10. Gol communicated (May 2005) the guidelines for release and utilisation of

Since, the year-wise list of projects was neither prepared by HRDD nor targets were quantified and approved by HLC, the Government of Jharkhand (GoJ) released entire fund of 456.72 crore⁴ including TFC grants of ₹ 379.77 crore to Primary and Secondary Education Directors in two phases each for Primary and Secondary Education during 2007-08 to 2008-09. As the projects were not taken up on the basis of year-wise planning, HRDD took up works costing 520.10 crore against the total released TFC grants of 379.77 crore against total allocation of 651.73 crore. The State Government has to bear burden 140.33 crore 520.10 crore- 379.77 crore) for completion of these works due to short release and subsequent lapse of TFC grants by Gol owing to non-fulfilment of conditions for release of second instalment by the State Government as detailed in paragraph 287.3.1.

- It was further seen that the Special Secretary, HRDD asked (September 2006) both the Directors of Primary and Secondary Education to prepare Detailed Project Report (DPR) of projects to be taken up through TFC

⁴ 456.72 crore were released by GoJ to implementing agencies during 2007-09 (Secondary Education 215.27 crore in January 2008 and September 2008 & Primary Education ₹ 241.44 crore in December 2007 and August 2008). However out of total grants of ₹ 379.77 crore, 77.50 crore was released by Gol during 2009-10.

grants. Both the Directors took about two years in finalisation (September and November 2008) of DPRs of Primary and Secondary education schools⁵. The reasons for such long delay in preparation of DPRs were not available in the records.

As the detailed estimates of works were prepared and approved during 2008-09, no work was executed during the first three years (2005-08) of

TFC award period (2005-10). Since the works were not executed during 2005-08 and the unit cost of works at the time of approval of Consolidated Plan was on tentative basis, the estimated cost of works was prepared (June and November 2008) based on current Schedule of Rates resulting in increase in the unit cost of works and decrease in the number of works to be taken up as can be seen in the Table 25.1:

Table 2.7,1: Works approved by HLC and works actually taken up

No.	Name of Work	Projects initially approved by HLC in 2006			Revision of number and cost of units approved by HLC in July 2008 and January 2009			Works finally taken up			Funds provided (crore)
		Unit Cost in lakh	No. of Units	Total Cost in crore	Unit Cost (₹ in lakh)	No. of Units	Total Cost in crore	Revised Unit Cost in lakh)	No. of	Total cost in crore)	
Prim Education											
1.	Upgradation of Education Guarantee Scheme (EGS) Centres to Primary Schools and New School Buildings	3.25	10000	325.00	24.60	197	48.46	24.60	183	45.02	241.446
2.	Kasturba Gandhi Balika Vidyalaya (KGBV) residential School	20.00	155	31.00	265.00	97	258.69	20.00	80	16.00	
					265.00	97	258.69	265.00	121	243.80	
3.	Strengthening of Basic Schools	40.00	128	51.20	64.70	116	75.05				
4.	Additional Class Rooms				2.46		24.99				
Secondary Education											
5.	Project Schools	26.00	110	28.60		110	68.37			68.37	68.37
6.	Up-gradation of Middle Schools into High Schools		250	52.50							00
7.	Up-gradation of 161 High Schools into (+2) Schools and 59 existing +2 Schools	61.00	220	134.20	137.00	106	145.22	137.00	103	141.11	141.11
8.	Construction of Boundary Wall of Girls' Secondary (High) Schools	10.00	295	29.23	10.00	310	31.00	10.00	58	5.80	5.80
	Total		11158	651.73		1951	651.78		655	520.10	456.72

Source:

Primary: Kasturba Gandhi Balika Vidyalayas (KGBVs) and New School Buildings (NSBs),
Secondary: +2 High Schools, Project High Schools.

6 Originally 241.44 crore were provided by HRDD: (i) for EGS Centre/NSB 165.64 crore, (ii) for KGBV 31 crore and (iii) for Basic Schools 44.80 crore. However, finally out 241.44 crore 22.53 crore was utilised for construction of EGS centre/NSB and ₹ 214.29 crore for KGBVs and 12.97 crore (with interest) are still lying with DPOs.

From Table 2,7.1, it is evident that the unit cost of Education Guarantee Scheme (EGS) Centres, Kasturba Gandhi Balika Vidyalayas (KGBVs), Project High Schools and +2 High Schools had increased. The additional funds required for construction of EGS Centres, KGBVs and Project Schools due to increase in unit cost was met by reducing the number of initially approved units of EGS Centres, KGBVs and +2 High Schools and not taking up the works of strengthening of Basic Schools and up-gradation of Middle Schools.

The Director, Secondary Education cum Special Secretary accepted (January 2014) the audit findings and stated that in future Department would be vigilant in utilisation of grants of Finance Commission. The fact remains that due to lack of proper planning the school projects taken up from TFC grants were delayed and number of school buildings to be constructed was reduced due to increase in per unit cost which affects accessibility for education.

- FILC approved (August 2006) construction of boundary walls in 295 girls High Schools at a unit cost of 10.00 lakh each. However, I-IRDD sanctioned (November 2007) 31.00 crore for construction of boundary walls in 310 girls High Schools despite the fact that there were only 58 girls High Schools in the State for which funds amounting to 5.80 crore were released (January 2008). We noticed in four test-checked districts⁷ that out of 58 schools funds of <1.10 crore was released by the Director, Secondary Education, for 11 such schools where boundary walls already existed in these schools.

The Director, Secondary Education cum Special Secretary stated (January 2014) that due to incomplete information available with the Directorate, fund was released. Reply indicates that Department did not have a complete database and funds were released without assessment of actual needs.

- Director, Primary Education released (February 2008) 46.40 crore to DEOs of different districts for construction of basic school buildings without assessment of actual requirement for 116 Basic Schools. However, 41 Headmasters of concerned Basic schools in a State level meeting (July 2008) stated that there was no requirement of new buildings in their schools. Further, as instructed by Director, Primary Education DPRs were to be prepared by the concerned DEOs and to be approved by the Department. Scrutiny revealed that although 44.80 crore was withdrawn (February March 2008) from treasuries by DEOs and kept in Personal Ledger Accounts, DPRs were not prepared even for a single school. For the above reasons, State Government instructed (March 2010) DEOs to transfer the funds kept in Personal Ledger Accounts to JEPC for construction of KGBVs. Consequently, funds amounting to 44.80 crore for construction of buildings of basic schools were transferred to JEPC during 2010-11 for construction of KGBVs. Thus, due to entrustment of DPR preparation for basic schools to DEOs in spite of fact that DPRs for other works (KGBVs and +2 High School) were prepared at State level, the entire fund was kept idle for more than two years and 75 basic schools were deprived of new buildings although funds were available.

Gumla, Lohardaga, Ranchi and West Singhbhum.

The Director, Primary Education replied (September 2013) that the Department in consultation with Finance Department decided to take back the fund from DEOs for completing the ongoing work of KGBVs. The fact remains that the works were planned and funds were released without assessment of actual needs.

It was evident from the above that the Consolidated Plan was prepared after a delay of nine months, DPRs for KGBVs and High schools were prepared on ad-hoc basis after a delay of two years, DPRs were not prepared for basic schools and complete data regarding status of schools infrastructure had not been maintained by the Department. As a result, projects were taken up after delays of three years and TFC grants were not utilised fully.

2.7.3 Financial Management

Short-release of grants by Government of India due to nonfulfilment of conditions by the State Government

According to TFC guidelines, the grants were to be released in two equal instalments each year of award period 2005-10. While there was no pre-condition for release of the first instalment of grants in any year, the second instalment was to be released only after the fulfilment of prescribed conditions of maintaining of Non-Plan Revenue Expenditure (NPRE) of Education Head not below the projected figures of NPRE as per TFC guidelines during 2005-06 to 2009-10. The State Government had to make budget provision every year as per recommendation of TFC and sanction the fund for projects as approved by the HLC. Detailed condition for release of 2nd instalment of TFC grants and actual status of relevant budgetary provision vis-a-vis bench marks set by TFC are given in Appendix-2 7.1.

We observed in audit that the State Government failed to maintain NPRE under Education Head as per TFC guidelines for four years continuously and thus did not fulfil the conditions for release of second instalment of grants. As a result, Gol did not release the same during 2006-10. The year-wise allocation and release of grants is given in the Table 2.7.2:

Table 2.7.2: Year-wise allocation and release of grants for education sector
(ein crore)

Year	Allocation b Gol	Actual release b Gol		Total release b Gol	Short Release
		1 st Instalment	2 nd Instalment		
2005-06	107.82	53.91	53.91	107.82	
2006-07	118.06	59.03		59.03	59.03
2007-08	129.28	64.64		64.64	64.64
2008-09	141.56	70.78		70.78	70.78
2009-10	155.01	77.5		77.5	77.51
Total	651.73	325.86	53.91	379.77	271.96

Due to nonfulfillment of condition, second

instalment of ₹ 271.96 crore were not provided by the Gol during 2006-10.
(Source: HRD Department)

Thus, against the total allocated grants of? 651.73 crore, the State received only ₹ 379.77 crore (58 per cent) and was deprived of 271.96 crore (42 per cent) due to non-fulfilment of conditions for its release.

Due to short receipt of TFC grants, against 11,158 works approved by HLC, only 655 works could be taken up by the Department at an estimated cost of ₹ 520.10 crore as detailed in Table 2,7.1. For implementation of these 655

Rupees 12.97 crore remained unutilised with DPO, 23.82 crore with DEO and ₹20.25 crore with implementing agencies.

works ⁸, the Department released only 456.72 crore. HRDD, in addition to TFC grants of 379.77 crore had provided additional fund of 76.95 crore from State resources. However, it was still short of foregone TFC grants of ₹271.96 crore.

Non-utilisation offunds

Rule 300 of the Jharkhand Treasury Code stipulates that no money should be withdrawn from the Treasury unless it is required for immediate payment. It is not permissible to draw advances in anticipation of demands from the Treasury either for the execution of works, the completion of which is likely to take a considerable time or to prevent the lapse of appropriations.

- The Director, Secondary Education, HRDD allotted (2007-08 to 2008 -09) ₹ 217.58⁹ crore to all DEOs for construction of School buildings and boundary walls in secondary/high schools. Of the total allotted fund of ₹ 217.58 crore, DEOs withdrew (January 2008 to March 2009) only ₹ 215.27 crore from the Treasury, and released (July 2008 to May 2013) ₹ 191.45 crore to Implementing Agencies for construction works and balance amount of 23.82 crore remained unutilised with the concerned DEOs for more than four years. Further, Implementing Agencies also utilised only 171.20 crore and 20.25 crore remained unutilised with them as of December 2013.

The Director, Secondary Education cum Special Secretary stated (January 2014) that due to local litigation, work could not begin in some schools although funds was released for all sanctioned schools.

The reply is not acceptable as only one case pertaining to litigation was seen in audit and funds remained unutilised due to excess release of funds by the Department, funds released without requirement and non-completion of work due to shortage of technical staff.

Similarly, for works ¹⁰ pertaining to Primary Education, funds of? 196.64 crore were provided (2007-09) to JEPC by the Director, Primary Education. In addition to this, funds of 44.80 crore provided (February 2008) to DEOs by Director, Primary Education for strengthening of basic schools were transferred (May 2010 to October 2010) to JEPC for its utilisation in construction of KGBVs. Against the available funds 241.44 crore, JEPC released the entire amount¹¹ during 2007-13 to different DPOs for execution of works, of which

₹ 12.97 crore including interest was still unutilised as of December 2013 with DPOs.

The Director, Primary Education replied (September 2013) that information regarding funds lying idle with DPOs was being collected. The fact remains that Director, Primary Education was not monitoring the utilisation of funds.

Education Guarantee Scheme Centres-183, KGBV-201, Project High Schools-110, +2 High Schools-103, Boundary walls-58.

⁹ 2.31 crore were not drawn from treasury.

¹⁰ KGBVs and New School Buildings (EGS Centres were taken up as New School Buildings). ¹¹ Up to March 2013- 220.93 crore ; after March 2013- 20.51 crore.

Amount of? 12.84 crore was released in excess of actual requirement. Thus, total funds of 57.04 crore ¹² remained un-utilised/blocked with DEOs, DPOs and implementing agencies for more than four years due to non-completion of works and

release of funds in excess of requirement which was indicative of lack of monitoring and poor financial management.

3 Release offunds by HRDD in excess of actual requirement

HRDD directed (January 2008) all the Regional Deputy Directors and DEOs to get the work of construction of school buildings executed departmentally through Zila Parishad under which no contractor's profit was admissible. HRDD while allotting the funds, directed (October 2008) all DEOs to construct Ground+I school building at an estimated cost of 137.00 lakh including contractor's profit. Since, the work was to be executed departmentally, there was requirement of only 124.53 lakh i.e. excluding

contractor's profit (9.1 per cent) for construction of one +2 High School. The Department released (January and September 2008) funds 141.11 crore (at the rate of ₹ 137.00 lakh per school) to DEOs of 20 districts for construction of 103 Nos. +2 High Schools instead of actually required amount of 128.27 crore (at the rate of ₹ 124.53 lakh per school). Thus, amount of 12.84 crore was released in excess of actual requirement. The excess released amount was either retained by districts or incurred on additional items.

In response to audit queries, DEO, Dumka replied (June 2013) that expenditure was incurred on additional items in the interest of work. DEO, Ranchi replied that funds would be refunded after consultation with the Department.

The Director, Secondary Education cum Special Secretary stated (January 2014) that on the basis of Measurement Book and report regarding the actual execution of work, the concerned executing agencies were made the payments.

The reply of the Department was not acceptable as on the one hand HRDD released 12.84 crore to concerned DEOs in excess of requirement and on the other hand approved number of +2 High Schools to be constructed were reduced from 220 to 103 due to shortage of funds. If the Department had released 124.53 lakh per school, it could have constructed 10 more +2 High Schools by utilising excess released funds of 12.84 crore. Thus, the Department failed to utilise the available funds efficiently.

Creation of liability due to execution of work beyond approved scope of work

As per Para 130 (a) of Jharkhand Public Works Department Code, it is a fundamental rule that no work shall commence or liability incurred in connection with it, until, administrative approval has been obtained, a properly detailed design and estimate have been technically sanctioned, appropriation of funds made and orders for the commencement issued by the competent authority.

Based on the approval of HLC for construction of ground+2 buildings in +2 High Schools, an estimate amounting to 192.83 lakh was technically approved (June 2008) by the Chief Engineer, Rural Works Department, South Chotanagpur and Santhal Pargana Zone. However, the Department opted (October 2008) to construct only ground+I model building with an estimated

12 DEOs- 23.82 crore; DPOs- 12.97 crore; Implementing Agencies - 20.25 crore.

cost 137.00 lakh which was approved by HLC. Accordingly, funds 137 lakh for each +2 High School was released by the Department to DEOs. DEO, Palamau book transferred (March 2009) 274.00 lakh to Executive Engineer (EE), Building Construction Division (BCD), Palamau for construction of two +2 High Schools. But, DEO while intimating about the transfer/deposit of funds for execution of these works to the Executive Engineer, BCD mentioned the estimated cost of building as 192.83 lakh instead 137.00 lakh.

As DEO did not communicate the decision of the Department regarding construction of ground+1 building instead of ground+2 building, EE, BCD got the school buildings completed (April 2011 and December 2012) with a cost of ₹ 3.57 crore by entering into agreements (March 2010) with two contractors. Against the work cost 3.57 crore, 2.73 crore was paid to contractors up to February 2014 and liability of 0.84 crore was created by the Executive Engineer, BCD due to work executed beyond approved scope.

The Director, Secondary Education cum Special Secretary accepted the observation and attributed it to lack of proper cooperation with the Engineering Department.

The fact remains that liability of 0.84 crore was created by Executive Engineer due to execution of work in excess of approved funds.

2.704	Execution of works
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Physical and financial status of works

Financial and physical status of work taken up through TFC grants in the State is given in the Table 2.7.3:

Table 2 . 7 3. Financial and physical status of work in the State as of
December 2013

Works	No. of works taken up by the Department	Estimated cost (R in crore)	No. of works taken up by implementing agencies	No. of works completed	No. of works incomplete	Expenditure in crore)
+2 Hi Schools						112.96
Project High Schools	110	68.37	108	72	36	57.24
Boun walls	58	5.80	10	10		1.00
KGBVs Departmental	80	16.00	80	33	47	16.00
KGBVs Tender	121	243.80	118	60	58	198.29
New School Buildings	183	45.02	96	69	27	22.53
Total	655	520.10	512	308	204	408.02

143 works could not be taken up due to land dispute, nonreceipt of No Objection Certificates from Forest Department etc.

(Source: I-IRD Department)

- From the above, it could be seen that for development of infrastructure in the State HRDD took up 655 works at an estimated cost of ₹ 520.10 crore, of which only 512 works were finally taken up (2007-09) by the implementing agencies. Balance 143 works could not be taken up due to land disputes, non-receipt of No Objection Certificates from Forest Department, already constructed boundary walls for which funds were

released, works pertaining to other newly created¹⁵¹ district, stoppage of works due to curtailment¹⁴ of funds by Gol and for want of revised administrative approval.

Of the 512 works taken by the IA, 308 works were completed and 204 works remained incomplete as of December 2013.

Parishad without ascertaining the availability of Engineers.

- Of the 512 works taken by the implementing agencies, 308 works were completed and 204 works remained incomplete as of December 2013 due to shortage of technical staff, local hindrances, works being executed in naxal affected areas and imprisonment of some Engineers to whom the funds were advanced for execution of works, non-availability of land in time and delays in release of fund to implementing agencies. An amount of 408.02 crore was spent on these works.
- For execution of work pertaining to Secondary Education, the Director, instructed (January 2008) all the Regional Deputy Directors and DEOs to get the work of construction of school buildings executed departmentally through Zila Parishads (ZPs) so that the works could be completed on time. The Department had prescribed (August 2008) that the works were to be completed by 15 March 2009 which was revised (August 2010) to 30 September 2010. The Department transferred (January and September 2008)

Assigning the departmental execution of works to Zila

funds to DEOs who transferred (July 2008 to May 2013) them to concerned ZPs for execution of works. In seven ¹⁵²153 test-checked districts, out of 111 works] ⁶ assigned to ZPs, 79 works were completed and 30 works remained incomplete as of June 2013 despite completion of TFC period in March 2010. In seven test-checked districts except Palamau there was shortage of Engineers. Against the sanctioned strength of 37 Engineers, only 11 Engineers were in position as of June 2013 in ZPs of these seven districts. Moreover, District Engineers of four ¹⁷ districts also stated that works could not be completed due to shortage of manpower.

Thus, assigning the works to ZPs without ascertaining the availability of Engineers was one of the reasons for non-completion of these 30 works.

The Director, Secondary Education cum Special Secretary did not give (January 2014) any specific reply to the audit comment.

Incomplete buildings for want of approval of revised estimates
HLC approved (August 2006) 31 crore for construction of buildings of 155 KGBVs. Cost of each building was 40 lakh, of which 20 lakh would be met from TFC grants and remaining 20 lakh from Gol funds. HRDD sanctioned and allotted (November-December 2007) 31 crore to the Director, Primary Education for construction of these 155 KGBVs. The Director transferred (March 2008) the grant to JEPC for initiating the work. JEPC, in turn, transferred 31 crore to DPOs of all the districts of the State for execution of works through School Construction Committees within six months of commencement of construction. However, construction of only 80 KGBVs was taken up (2007-09) by the School Construction Committees and 33 KGBVs were completed. Remaining 47 KGBVs were incomplete after spending

¹⁵¹ The work was allotted to DEO of Hazaribag district but due to creation of a new district

Ramgarh, bifurcated from Hazaribag district, some works were not taken up as it pertained to Ramgarh district
Works of New School Buildings were stopped due to curtailment of funds by Gol.

¹⁵² Dumka, Gumla, Hazaribag, Koderma, Lohardaga, Ranchi and West Singhbhum.

¹⁵³ +2 High Schools-40; Project High Schools-60 and Boundary walls-11. 17 Gumla, Koderma, Lohardaga and West Singhbhum.

18.80 crore as of December 2013 for want of additional funds as the revised estimate submitted by DPOs to JEPC and thereafter to Director, Primary Education, have not yet been approved. The Department had asked (May 2013) the remaining 75 School Construction Committees to refund the money, While 15 School Construction Committees have refunded the money, the balance fund 12.97 crore including interest) towards cost of 60 KGBVs were still lying with the School Construction Committees (December 2013).

3 Additional Kasturba Gandhi Balika Vidyalayas Works taken up without approval of ILC

HRDD submitted (December 2008) a revised proposal to HLC, without mentioning the fact that it had allotted 31.00 crore to JEPC for construction of already sanctioned 155 KGBVs during 2007-08. In the revised proposal, the cost of each KGBV was enhanced from 40.00 lakh to 264.96 lakh. HLC approved (January 2009) the revised cost and also revised its initial approval of ₹ 31.00 crore for construction of 155 KGBVs to 258.69 crore for construction of 97 KGBVs. The enhanced amount was to be met from TFC funds originally earmarked for construction of New School Buildings. Scrutiny of records of JEPC revealed that on the basis of revised approval of HLC, JEPC provided funds amounting to 207.88 crore to the concerned DPOs for construction of 121 KGBVs although HLC had approved construction of 97 KGBVs at a cost of ₹258.69 crore. As against 121 KGBVs, works of 118 KGBVs had commenced, 60 buildings were completed and 58 buildings were not completed as of December 2013 due to lack of funds. Thus, HRDD instead of approaching HLC/State Government for additional funds, **stretching** TFC grants for construction of 21 (118-97) additional KGBVs resulted in 58 buildings remaining incomplete.

Outstanding temporary advance

As per Para 100 of Jharkhand Public Works Account Code, temporary advances are granted to subordinate officers to make petty payments against passed vouchers. Subsequent advance is to be granted only after the adjustment of the first advance.

In three test-checked districts ¹⁵⁴, the District Engineers, Zila Parishads granted (September 2008 to January 2012) 89 advances of 32.02 crore to nine Assistant Engineers (AEs)/Junior Engineers (JEs) for construction of school buildings and boundary walls in violation of codal provision. Accounts submitted by AEs/JEs were not made available to audit. However, as per MB and information furnished by the implementing agencies we noticed that an amount of 26.08 crore was spent on construction works by these AEs/JEs. Therefore, an amount of ₹ 5.94 crore was outstanding against these AEs/JEs till date of audit (May - July 2013).

In reply (June and July 2013), the District Engineers of two Zila Parishad¹⁹ stated that necessary action would be taken to adjust the advances. District

¹⁵⁴ Dumka, Koderma, West Singhbhum. ¹⁹ Dumka and Koderma.

Engineer, Zila Parishad, West Singhbhum stated (April 2013) that the concerned AES and JES were in jail, so the adjustment could not be made.

2.7.5 Monitoring and Evaluation

At State level, HLC was responsible for monitoring both physical and financial targets. HLC was required to meet at least once in every quarter to review the utilisation of grants and issue directions for mid-course correction, if considered necessary.

Scrutiny of records and information/documents collected from HRDD revealed that against the required 20 meetings in five years, the minutes of meeting pertaining to six meetings only were made available to audit. Scrutiny of the minutes of first to fifth meetings held between August 2006 and January 2009 revealed that these were held only to approve the works, revise numbers and cost of works. Physical and financial status of works was not monitored in these meetings. However, in the last meeting held in September 2009, HLC had shown its displeasure for delay in the completion of works at various levels and directed the Department for detailed monitoring.

The lack of monitoring by HLC and absence of monitoring mechanism at district level resulted in delay in completion of works.

For effective utilisation of grants, proper planning, efficient selection of implementing agencies and regular monitoring of the work at State and District level should be done.

2.7.6 Conclusion

The State Government failed to obtain the second instalment of allocated grants from Gol for four years continuously due to non-fulfilment of conditions laid down by Gol. Against the allocated grants of 651.73 crore, only 379.77 crore was received by the State Government. Due to short receipt of grant, the coverage for construction of buildings in schools was reduced. HRDD even failed to utilise the available grants and amount of 57.04 crore was lying unutilised with the District Education Officers, District Programme Officers and implementing agencies. As proper monitoring was not done at State and district level, 204 works remained incomplete as of December 2013, even after the lapse of TFC period in March 2010. Thus, the very objective of providing better infrastructural facilities and accessibility for education by utilisation of TFC grants in the State was not fully achieved.

CHAPTER-3 COMPLIANCE AUDIT

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Com liance Audit