2. PERFORMANCE AUDIT

This chapter contains results of Performance Audits of '*Pradhan Mantri Gram Sadak Yojana*', 'Mid-day Meal Scheme', '*Swarna Jayanti Shahari Rozgar Yojana*/ National Urban Livelihood Mission', 'Information System Audit of Implementation of Crime and Criminal Tracking Network and Systems'; Long Paragraphs on 'Post-Matric Fee-reimbursement scheme', 'Implementation of Uttar Pradesh *Janhit* Guarantee *Adhiniyam*, 2011', 'Volunteers in Home Guards', 'Procurement of paddy and delivery of Customed Milled Rice for central pool by Regional Food Controller, Gorakhpur' and Follow-up audit of 'Sanjay Gandhi Post Graduate Institute of Medical Sciences, Lucknow'.

RURAL DEVELOPMENT DEPARTMENT

2.1 *Pradhan Mantri Gram Sadak Yojana*

Executive Summary

Government of India (GoI) launched 100 *per cent* centrally sponsored '*Pradhan Mantri Gram Sadak Yojana*' (PMGSY) in December 2000 for providing all-weather road connectivity to all eligible unconnected habitations in rural areas with population of 500 and above (population of 250 persons and above in Hill States, Desert areas and selected Tribal and Backward districts). Besides, upgradation of existing rural roads was also to be carried out under PMGSY. A total expenditure of ₹ 3,557.25 crore was incurred during 2010-15 on construction, upgradation and maintenance of rural roads under PMGSY.

Performance audit of PMGSY was conducted covering the period 2010-15 which revealed shortcomings in funds management, planning, programme implementation, quality assurance and monitoring, as discussed below:

Financial management

- The State Government did not ensure speedy execution of works due to which 40 to 74 *per cent* of GoI funds remained unspent at the end of each financial year during 2010-13. During 2013-15 also, the State Government could not spend the PMGSY funds fully.

(Paragraph 2.1.6.1)

- Due to lack of co-ordination amongst various executing Departments, construction of 502 rural roads costing ₹ 302.14 crore, proposed under PMGSY, were executed by other than designated departments, which has resulted in deprival of GoI's assistance to that extent.

(Paragraph 2.1.6.2 (i))

Planning

- Planning for implementation of PMGSY in the State was deficient as District Rural Road Plan was not prepared, core network did not cover all the eligible habitations and the comprehensive upgradation priority lists of roads did not cover all the roads.

(Paragraphs 2.1.7.1, 2.1.7.2 & 2.1.7.3)

Programme Implementation

- During 2010-15, against the targets of 1723 roads for new construction and 1888 roads for upgradation, 978 new roads (57 *per cent*) were constructed and 1209 (64 *per cent*) roads were upgraded, resulting in shortfall of 745 roads (43 *per cent*) in new construction and 679 roads (36 *per cent*) in upgradation work.

(Paragraph 2.1.8.1)

- Ignoring the specifications of Indian Road Congress, 46 *per cent* of the test-checked roads costing ₹ 137.01 crore were constructed with lesser thickness of pavement which led to execution of sub-standard works, affecting sustainability of the roads for the designed life of 10 years.

(Paragraph no. 2.1.8.2(ii) (a)

- Inadmissible roads were upgraded by spending ₹ 163.59 crore of central funds in test-checked districts.

(Paragraph 2.1.8.2(iv))

- Contract management was weak as 99 *per cent* contracts were awarded with delays, ranging between 01 and 37 months adversely affecting the schedule of construction of PMGSY roads.

(Paragraph 2.1.8.3(i))

- In the sampled districts 67 *per cent* works were delayed by 03 to 36 months but liquidated damages were not levied in any case against the contractors.

(Paragraph 2.1.8.4(i))

- Sixty *per cent* of the selected works, valuing ₹ 143.15 crore were declared complete without constructing drainage structures, thus defeating the primary objective of PMGSY to provide all-weather road connectivity to all eligible habitations.

(Paragraph 2.1.8.4(iii) (b))

- PMGSY roads were devoid of proper maintenance. Concerned engineering authorities did not carry out periodic inspections of roads for prompt defect rectification by the contractors. Seventy Seven *per cent* of the roads were not provided periodic renewal for periods upto 50 months.

(Paragraph 2.1.8.5)

Quality assurance and monitoring

- Quality testing of materials and workmanship were not carried out as per norms. The State Quality Monitors also did not perform required inspections of the work as per norms. Online Management, Monitoring and Accounting System for online monitoring of scheme was not properly maintained and utilised.

(Paragraph 2.1.9.1 & 2.1.9.2)

2.1.1 Introduction

Government of India (GoI) launched (December 2000*) Pradhan Mantri Gram Sadak Yojana* as a 100 *per cent* centrally sponsored scheme aimed at providing connectivity by way of an 'all-weather road' to the eligible unconnected habitations in rural areas with a population of 500 persons and above (population of 250 persons and above in hill states, desert areas and selected tribal and backward districts) by 2007. The roads were to be provided with necessary culverts and cross drainage structures to make them motorable throughout the year. Besides, upgradation of existing rural roads was also to be taken up as a second priority work.

GoI further evolved (August 2013) PMGSY-II for upgradation of selected rural roads on a cost sharing basis between GoI and the State Government in the ratio of 75: 25. State Government's proposal for upgradation of 252 roads was approved (January 2014) by GoI subject to compliance of observations relating to cost, design and specifications on detailed project reports. The State Government submitted compliance report (May 2014) on the observations of GoI and the decision of the GoI was awaited. No funds were received by the State Government under PMGSY-II from GoI as of October 2015.

The interventions provided in PMGSY to ensure efficient and streamlined execution of works under the scheme have been summarised in ***Appendix 2.1.1***.

2.1.2 Organisational Structure

At GoI level, Ministry of Rural Development (MoRD) was entrusted with the task of organising the scheme of PMGSY and National Rural Roads Development Agency (NRRDA) was responsible for providing technical and managerial support. The Empowered Committee, headed by the Secretary, MoRD was responsible for scrutinising the proposals sent by the State Government.

At the State level, Rural Development Department (RD) with an autonomous agency called State Rural Roads Development Agency (SRRDA), headed by the Chief Executive Officer (CEO) was responsible for implementation of the scheme in the State. Besides, State Level Standing Committee (SLSC) of the State Government was also responsible for close and effective monitoring of the scheme. For the execution of PMGSY works in the State, the State Government nominated Public Works Department (PWD) in 42 districts and

Rural Engineering Department (RED) in 33 districts, as executing agencies. At the district level, the divisions of PWD and RED, headed by Executive Engineer (EE), were nominated as Programme Implementation Units (PIUs) for execution of PMGSY works. The PIUs were dedicated for PMGSY works only. An organogram is given in ***Appendix 2.1.2.***

2.1.3 Audit objectives

The audit objectives were to assess whether:

- Funds provided were adequate and financial resources were managed efficiently in accordance with scheme guidelines;
- Holistic integrated planning, based on District Rural Road Plan (DRRP) and core network, by adopting the prescribed priorities for rural roads connectivity was done and implemented effectively;
- Road works were awarded and executed economically, efficiently and effectively; and envisaged objectives of ensuring rural road connectivity to the eligible habitations was achieved within the prescribed timeframe;
- An effective mechanism for maintenance of roads was put in place and implemented; and
- System for quality assurance and monitoring was adequate and effective.

2.1.4 Audit criteria

The sources of audit criteria were:

- Guidelines of PMGSY and subsequent amendments issued by GoI, Operations manual and accounts manual of PMGSY, manual of construction of rural roads prescribed by MoRD and specification of Indian Road Congress (IRC) for construction of rural roads;
- Reports of National and State quality monitors, periodical reports/returns, and instructions/circulars issued by GoI and the State Government; and
- Studies conducted by various agencies at GoI and the State Government level.

2.1.5 Scope and methodology of Audit

In performance audit, apart from general scrutiny of records, records related to the works executed during 2010-15 under PMGSY (no work was executed under PMGSY-II) were scrutinised during March to August 2015 in the office of CEO, SRRDA, Directorate, Rural Engineering Department and Engineer-in-Chief, Public Works Department (PWD) and PIUs located in 18[1] out of

[1] Agra, Allahabad, Basti, Chandauli, Deoria, Etawah, Fatehpur, Faizabad, Jalaun, Jhansi, Kannauj, Kashganj Kushinagar, Mahrajganj, Mathura, Moradabad, Shahjehanpur and Sitapur.

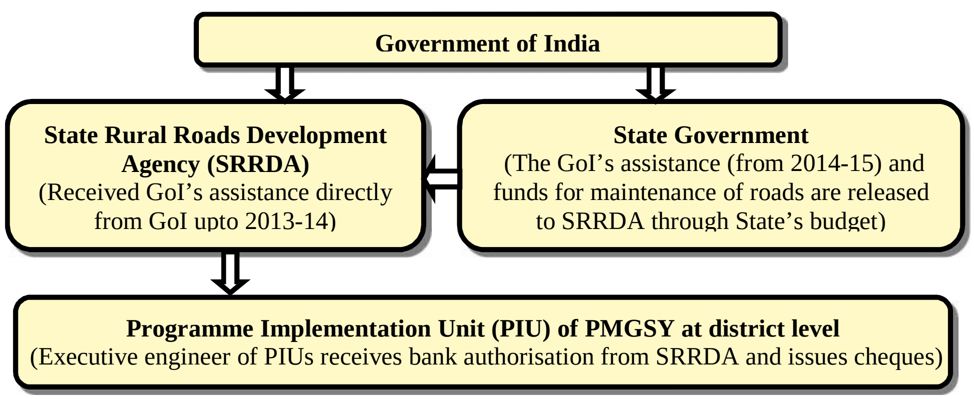
72 Districts[2], selected through Probability Proportionate to Size Without Replacement (PPSWOR) statistical sampling method. Information was also collected from the divisions of PWD in the selected districts. For detailed scrutiny, 427 packages (926 roads) out of 1494 packages executed during 2010-15, were selected using statistical sampling. Physical evidences were also collected through joint physical inspection of works and by taking the photographs.

Audit objectives/criteria/scope and methodology were discussed (February 2015) with the Principal Secretary, RD during the entry conference. The State Government's reply on the issues raised in the report was received (October 2015) and suitably incorporated in the report. An exit conference was also held (October 2015) in which the State Government accepted the facts and figures and the recommendations made by Audit. The results of exit conference have been incorporated at appropriate places in the report.

2.1.6 Funds management

The cost of construction/upgradation of roads and administrative expenses were to be borne by GoI whereas the State Government was to bear the cost of maintenance of roads during the five years post-construction period. The funds received from GoI and the State Government were to be kept in three designated accounts *viz.*, Programme fund (for execution of works), Administrative fund (for meeting administrative expenses) and Maintenance fund (for maintenance of roads). Pictorial representation of funds flow is given **Chart 1** below:

Chart 1: Flow of fund under PMGSY



(Source: Guidelines of PMGSY and GoI's order)

2.1.6.1 Financial targets and achievements

Out of total sanction of ₹ 13,959.31 crore under PMGSY during 2000-15, GoI released ₹ 11,453.51 crore against which ₹ 11,399.77 crore was spent as of March 2015 (***Appendix 2.1.3***). The position of availability of funds and expenditure thereagainst during 2010-15 for execution of works is given in Table 1**.**

[2] In Hapur, Shamli and Shambhal no work was taken up. Thus, these three districts were not considered for sampling.

Table 1: Details of funds available and expenditure at the State level during 2010-15

(₹ in crore)

Year	Opening balance	Demand	Receipt (*per cent* to col. 3)	Total fund available	Expenditure (*per cent* to col. 5)	Closing balance (*per cent* to col. 5)
1	2	3	4	5	6	7
2010-11	237.32	1,500.00	1,337.45 (89)	1,574.77	944.12 (60)	630.65 (40)
2011-12	630.65	300.00	241.87 (81)	872.52	238.59 (27)	633.93 (73)
2012-13	633.93	160.00	7.48 (05)	641.41	163.63 (26)	477.78 (74)
2013-14	477.78	2,000.00	623.33 (31)	1,101.11	939.72 (85)	161.39 (15)
2014-15	161.39	2,600.00	840.60 (32)	1,001.99	948.25 (95)	53.74 (05)
Total			**3,050.73**		**3,234.31**	

(Source: Information made available by SRRDA)

Due to slow progress of works, funds ranging between 40 to 74 *per cent* were not spent during 2010-13

The position of availability of funds and expenditure thereagainst during 2010-15 in the sampled districts is given in ***Appendix 2.1.4.*** Besides, GoI also provided ₹ 59.16 crore for administrative expenses during 2010-15.

As evident from Table-1, during 2010-13, the State Government failed to spend the available GoI's assistance, ranging between 40 *per cent* and 74 *per cent* mainly due to delay in taking up the works, non-execution of contracts and slow progress of works. During 2013-14 and 2014-15, the utilisation of funds by the State Government was improved, however, GoI did not provide funds to the State Government as per its demands and restricted the releases to 31 and 32 *per cent* respectively of the projected demand.

Further, the State Government was to provide requisite funds to SRRDA for proper upkeep of roads during the post-construction period of five years. Audit scrutiny revealed that against the demands of ₹ 354.43 crore placed by SRRDA during 2010-15, the State Government released only ₹ 263.34 crore (74 *per cent*) as detailed in ***Appendix 2.1.5***. Empowered Committee of GoI also observed (January 2014) that execution capacity of the State was adversely affected due to inadequate release of maintenance funds by the State Government and less number of inspections carried out by State Quality Monitors.

Short releases of funds from GoI and the State Government, as discussed above, resulted in accumulation of contractors' bills amounting to ₹ 84.64 crore pending for payments for the last one to two years in the sampled districts.

The State Government replied (October 2015) that due to delay in execution of contract bonds and slow progress of works, the funds could not be fully utilised during 2010-13. In respect of short release of funds for maintenance works, it did not furnish reply.

2.1.6.2 Mobilisation of financial resources

The State Government did not monitor execution of identified works closely to ensure that roads eligible for construction under PMGSY were not financed and executed under State Government schemes. Further, despite accepting tenders at rate higher than the cost approved by GoI, the State Government did not release the tender premium (excess amount) to PMGSY fund in contravention of the scheme guidelines. Both the issues are discussed in detail below:

(i) Failure to obtain GoI's assistance

Core network for connecting 20,872 habitations by construction of all-weather roads under PMGSY was approved in 2004. Annual proposals, detailing the eligible roads, alongwith their detailed project reports were required to be sent to GoI for sanction of funds.

GoI's assistance of ₹ 370.10 crore was denied

Scrutiny of records revealed that execution of works of 638 roads out of 18,369 roads sanctioned under PMGSY were not taken up as of March 2015. SRRDA proposed 638 roads (length: 1,307.95 Km; cost: ₹ 370.10 crore) to GoI for deletion from PMGSY roads, as a result 504 roads were deleted (February 2009) and 134 roads were pending for deletion with GoI as of October 2015. Scrutiny further revealed that construction of 502 roads (₹ 302.14 crore) of aforementioned 638 roads were not taken up by PIUs for construction as it was found that these roads had already been constructed by other construction agencies under other programmes of the State Government. Further, the remaining 136 roads were not executed because of non-availability of land (90 roads) and due to other miscellaneous reasons (46 roads).

Audit scrutiny disclosed that 645 habitations connected by these 638 roads were part of the core network approved by GoI under PMGSY. This indicated that due to lack of proper monitoring and coordination on the part of the concerned agencies/departments, the State Government had to forego the financial assistance of ₹ 370.10 crore from GoI, putting avoidable financial burden on the State exchequer on construction of these 638 roads from State funds. Besides, expenditure of ₹ 1.31 crore, incurred on preparation of DPRs for these 638 works also proved infructuous.

The State Government did not furnish reply.

(ii) Non-release of tender premium by the State Government

According to the guidelines of the scheme and GoI's order (January 2008), the State Government was to bear the cost of tender premium resulting from execution of contract agreement at a cost higher than the cost approved by GoI.

The State Government did not bear tender premium cost of ₹ 55.17 crore

Scrutiny of records revealed that 296 out of 1,320 works, sanctioned during 2010-15 were contracted at an excess cost of ₹ 55.17 crore over the approved cost ***(Appendix 2.1.6)***. The State Government, however, did not bear ₹ 55.17 crore tender premium cost and met the excess expenditure from the PMGSY funds received from GoI.

The State Government replied (October 2015) that demand for funds was being submitted for allocation of funds. The fact remains that the State Government did not provide funds even after two to six years from the date of contracts.

Recommendation: Progress of execution of works should be closely monitored to avoid delay and to ensure adequate utilization of available funds.

2.1.6.3 Diversion of funds

Defying the provisions of Operations manual of PMGSY, an amount of ₹ 4.64 crore was diverted from programme funds and paid to the independent quality monitor (M/s SMEC International Private Limited), engaged for providing technical examination consultancy services, instead of meeting these expenses from administrative funds. This included irregular payment of ₹ 8.37 lakh because of continuation of consultancy services beyond the contracted period without required approval.

The State Government replied (October 2015) that GoI had been requested for release of funds to recoup the programme fund account.

2.1.6.4 Ineffective bank reconciliation

Bank Reconciliation Statement (BRS) was required to be prepared by SRRDA at the end of each month to ensure proper accounting of receipt and payments.

Scrutiny of reconciliation statements of March 2014[3] indicates a difference of ₹ 35.24 crore between cash books and bank statements. Scrutiny further revealed that cheques amounting to ₹ 20.39 crore issued during 2007-14 were not shown encashed in the bank statements; ₹ 2.06 crore were erroneously debited by bank to the wrong accounts (₹ 3.67 crore debited to administrative fund instead of maintenance fund and ₹ 1.61 crore were debited to maintenance fund instead of administrative fund) and for the remaining differences of ₹ 12.79 crore, no reason was mentioned in the reconciliation statements. SRRDA did not rectify the differences as of October 2015.

Non-reconciliation/rectification of differences not only impacts the accuracy of programme accounts but also fraught with the risk of fraud, embezzlement and misutilisation of funds.

The State Government replied (October 2015) that efforts were being made to correct the accounts on the actual balances.

2.1.7 Planning

At the outset of planning exercise, District Rural Road Plan (DRRP), indicating all rural habitations in the district with the status of road connectivity to the habitations was required to be prepared by each PIU. Thereafter core network, a subset of DRRP, was to be prepared representing the minimum network that ensured connectivity to all eligible unconnected habitations through at least one all-weather road. Comprehensive New

[3] Preparation of Annual account for 2014-15 was underway.

Connectivity Priority List (CNCPL) for new connectivity and Comprehensive Upgradation Priority List (CUPL) for upgradation of existing rural roads were also to be prepared from core network.

Scrutiny of records in test-checked districts revealed various deficiencies in planning as discussed below:

2.1.7.1 Non-preparation of District Rural Road Plan

Contrary to guidelines, in 14 out of 18 sampled districts, DRRP was not prepared and in remaining four districts DRRP was not produced to Audit.

The State Government replied (October 2015) that PIUs were being asked to explain the circumstances under which they did not produce DRRP to Audit.

2.1.7.2 Deficiency in preparation of Core Network

Core network was not inclusive of all roads eligible to be constructed under PMGSY

It was noticed in the sampled districts that core network contained only list of roads but the required essential information and documents *viz.*, Block map, marked with the market centres and rural business hubs and category-wise network of roads in support of adherence to the process prescribed for preparation of core network, as discussed in ***Appendix 2.1.7,*** were not appended to the core network. Besides, as required, core network was not presented before Block *Panchayat* for approval in any of the sampled districts. Hence, there was no assurance of suggestions of public representatives being adequately taken into account in preparation of core network.

Thus, due to non-adherence of procedures prescribed for preparation of core network coupled with non-preparation of DRRP, it could not be assured that all eligible unconnected habitations were actually included in the core network or otherwise. Improper preparation of core network was confirmed from the fact that the State Government itself subsequently identified (March 2013), 6221 unconnected habitations of population size of 500-999 persons which did not form part of core network.

The State Government replied (October 2015) that the left out 6,221 habitations were taken care of but did not specify the schemes under which these habitations were provided connectivity and the amount of capital outlay incurred from the state resources. No explanation was given for not adhering to the prescribed procedure for preparation of core network.

2.1.7.3 Deficiencies in preparation of Comprehensive Upgradation Priority List

Comprehensive upgradation priority list was not prepared as per prescribed norms and procedures

Comprehensive Upgradation Priority List (CUPL) was to be prepared adhering to the procedures described in ***Appendix 2.1.8***, when no new connectivity remained pending in the district. We observed that:

- Instead of preparing a comprehensive CUPL for each district, PIUs prepared it for each phase of PMGSY. It was observed that new roads were added while uncovered roads from earlier list were ignored (***Appendix 2.1.9)***. As a result, a complete prioritised list of roads identified for upgradation in a district under PMGSY was not available covering all the phases;

- Roads in CUPL were arranged only on the basis of Pavement Condition Index (PCI) without considering the other factors *viz.*, population and traffic density, though required. Instances of roads serving lesser population given higher priority were noticed in sampled districts; and

- CUPL was to be verified by State Technical Agency (STA) and National Quality Monitor (NQM). However, CUPL of only three of 18 sampled districts *viz.*, Deoria, Jalaun and Kushinagar was verified by STA whereas NQM did not verify CUPL of any sampled districts.

The State Government replied (October 2015) that since PCI is subject to change with the passage of time, the CUPL cannot be prepared once for all the subsequent phases. The reply was not acceptable because as per guidelines, one CUPL was required to be prepared for the district.

2.1.7.4 Absence of integrated planning

SRRDA at the State level and PIUs at the district level were responsible for integrated rural road planning and work management under PMGSY and other schemes executed by the State Government. The State Government, however, did not put in place the required mechanism for integration and coordination among the various departments of the State Government and PIUs at any stage *viz.*, selection of roads, execution of works and reporting, both at the district and at the State level. This resulted in other departments of the State Government constructing identified PMGSY roads under other schemes of the State Government. Overlap in sanctioning of works between PMGSY and other schemes of the State Government ultimately led to denial of GoI's assistance, as discussed in Paragraph no. 2.1.6.2 (i). Besides, due to non-maintenance of adequate database of roads constructed by other departments, status of connectivity of habitations identified under PMGSY was also not ascertainable as has been discussed in detail in paragraph no. 2.1.8.1 (i).

The State Government in its reply stated (October 2015) that mapping of the habitations connected through the roads constructed by other departments is underway.

2.1.8 Programme implementation

2.1.8.1 Physical targets and achievements

Out of 17,649 roads[4] (length: 50,068 km), taken up during last 15 years periods (2000-15), 16,225 roads (92 *per cent*), comprising 43,263 km length were completed as of March 2015, leaving a shortfall of 1,424 roads (length: 6,805 km).

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[4] Comprising both New construction and Upgradation of road works.

During 2010-15, against the targets of 1,723 roads for new construction and 1888 roads for upgradation, 978 new roads (57 *per cent*) were constructed and 1,209 (64 *per cent*) roads were upgraded by spending ₹ 3,234.31 crore. The details are given in ***Appendices 2.1.10 and 2.1.11***. A pictorial representation of the physical progress *vis-à-vis* targets during 2010-15 is given in Chart-II & III alongside.

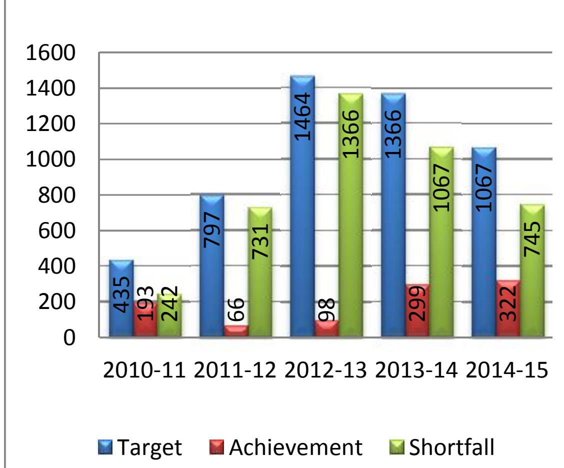

Chart - II
Physical achievements of new works *vis-a-vis* targets (No. of roads)

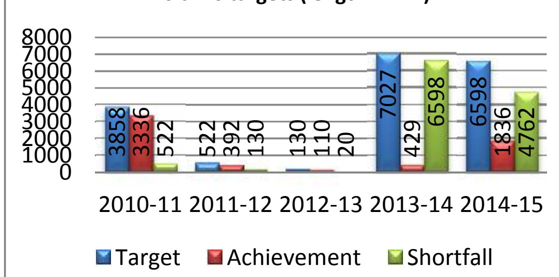

Chart - III
Physical achievements of upgradation works vis-a-vis targets (length in km)

Physical progress of new construction and upgradation works during 2010-15 in the sampled districts has been given in ***Appendix 2.1.12***.

Slow pace of work led to delayed completion of works

The shortfalls of 43 *per cent* in new constructions and 36 *per cent* in upgradation works were mainly due to delayed commencement of works, non-availability of land and slow pace of work by the contractors as noticed in the sampled districts. However, details of receipts of funds separately for new connectivity and upgradation during 2010-15 were not available with SRRDA due to which it could not be assured as to whether physical performance of construction (57 *per cent*) and upgradation (64 *per cent*) of roads was in-consonance with the financial performance or otherwise.

The State Government replied (October 2015) that paucity of funds had delayed the completion of work, especially sanctioned during 2012-13. It also stated that steps had been contemplated to ensure timely completion of works. The reply was not acceptable as 40 to 74 *per cent* of funds remained unspent during 2010-13 and there was an unspent balance of about 15 *per cent* in the year 2013-14 also.

Recommendation: Prompt action should be taken to enhance the pace of works to expedite completion of on-going projects.

Habitation connectivity

Out of 20,872 habitations identified under the core network for providing all-weather road connectivity, 12,223 habitations were connected under

PMGSY as of October 2015. Year-wise status of habitation connectivity achieved during 2010-15 is given in ***Appendix 2.1.13***. The State Government claimed that out of remaining 8649 habitations, 8,637 habitations have been connected through other schemes of the State Government and balance 12 habitations were not connected due to land dispute/non-clearance of forest land as of October 2015. However, on this being asked by Audit (June 2015), SRRDA could not provide details of 8,637 habitations stated to have been connected through other schemes.

Audit further observed that the stated coverage of 12,223 habitations under PMGSY included 817 habitations which were still not connected as construction of 745 roads for connecting these habitations were under progress and yet to be completed as of October 2015. Hence, 829 habitations (12+817) still remained to be connected with all-weather roads as of October 2015.

The State Government replied (October 2015) that mapping of the habitations connected under other schemes of the State Government was being done. Thus, the status of connectivity of habitations identified under PMGSY was not fully ascertainable.

2.1.8.2 Preparation of Detailed Project Reports

Detailed Project Report (DPR) for each work was to be prepared in accordance with Rural Roads Manual (IRC:SP 20:2002 & SP-72 of 2007) and by factoring in the alignment of road, availability of land, topography (levels, bearings /angles of road), traffic density, quality of soil, requirement of geometrics (curves, gradients, width, camber *etc.*) and design of pavement and drainage structures.

Scrutiny of records in the sampled districts revealed deficiencies in preparation of DPRs as discussed below:

(i) Non-conduct of Transect Walks

While deciding the alignment of the proposed road, PIUs were to conduct Transect Walks[5] with *Panchayat Pradhan* and officials of Revenue and Forest Departments. Local people, to be affected by the alignment of the roads were also to be provided opportunity to put forth their views.

The required Transact Walks were not conducted

Scrutiny of records in the sampled districts, however, revealed that the required Transect Walks were not undertaken in any of the sampled works. Thus, envisaged involvement of local people in deciding the alignment of roads was not achieved.

Further, land required to be obtained from the Government, Forest Department and private parties was also to be identified during Transect Walks and necessary action initiated to acquire it before commencement of work. Audit,

[5] A walk to be conducted along the proposed road to decide the alignment.

however, observed that construction of 20 roads, sanctioned at a cost of ₹ 16.33 crore, to provide all-weather road connectivity to 20 habitations in the sampled districts were not completed due to land dispute with farmers and non-clearance of forest land (***Appendix 2.1.14)***. Process of execution of work on all the 20 roads had been initiated and in seven cases the execution of works had also commenced without ensuring availability of land. An amount of ₹ 2.27 crore incurred on preliminary surveys and partial construction of these 20 road works has also been rendered infructuous.

The State Government replied (October 2015) that PIUs were being asked to explain reasons for not ensuring availability of land before award of works. In respect of non-conduct of Transect Walk, it did not furnish reply.

(ii) Non-adherence to technical specifications in pavement designing

(a) Insufficient overlaying of non-bituminous crust

As per IRC-72 of 2007, thickness of pavement was to be designed on the basis of projected number of commercial vehicles, in term of Equivalent Single Axle Load (ESAL) and strength of sub-grade (soil) in term of California Bearing Ratio[6] (CBR).

Thickness of crust in pavements was not as per requirement

Audit scrutinised records of all 240 upgradation works sanctioned under phase-X of PMGSY in the sampled districts and found that in 111 roads (46 *per cent*), constructed at the cost of ₹ 137.01 crore, thickness of non-bituminous crust was lower than the prescribed IRC specification by 04 to 35 *per cent* (***Appendix 2.1.15).***

Scrutiny further revealed that against the requirement of overlaying of three layers of Water Bound Macadam (WBM), Programme Implementation Units (PIUs) provided only two layers in aforementioned 111 roads on the pretext that NRRDA in its meeting (October 2012) directed to restrict the overlaying only to two layers of WBM. It was, however, observed from the minutes of the said meeting that no restriction was imposed by NRRDA for providing the third layer of WBM. Instead, NRRDA had directed that for providing third layer of WBM, a certificate from the concerned Superintending Engineer (SE) and Chief Engineer (CE) was required to be sent with the proposals.

Thus, reduction in pavement strength below prescribed norms led to execution of sub-standard works, which may affect the sustainability of these roads for the designed life of 10 years.

The State Government confirmed (October 2015) that no such order for curtailment of crust at the cost of the strength of roads was issued by NRRDA. The fact remains that execution of sub-standard works was not addressed at any level.

(b) Non-measurement of existing crust thickness

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[6] A penetration test for evaluation of the mechanical strength of soil, to be used in road work.

Operations manual of PMGSY prescribes that while preparing DPR for upgradation of existing roads, existing thickness of sub-base/base course (crust) should be ascertained and recorded in the measurement book for designing the pavement. Lower thickness of the crust of an existing road would require correspondingly higher thickness of overlaying for ensuring appropriate strengthening of the road.

Thickness of existing crust of the roads was not found recorded in the measurement books

Scrutiny of records of 240 roads in test-checked districts disclosed that PIUs prepared DPRs for upgradation of these roads taking the existing thickness of crust ranging between 60 MM and 170 MM only but no such measurement was found recorded in the measurement books. Audit, therefore, obtained data of thickness of existing crusts from the records of concerned Public Works Division (PWD) in respect of 119 of the aforementioned 240 roads, which disclosed that the crust thickness of these 119 roads was shown higher in the records of PWD as compared to what was recorded in the DPRs for upgradation of roads (***Appendix 2.1.16).***

This indicated that the process of preparation of DPR with regard to ascertaining of the existing thickness of crust was defective, non-transparent and fraught with the risk of incurring excess/fraudulent expenditure in overlaying by providing additional layers of sub-base/base course without requirement.

The State Government replied (October 2015) that in the course of preparation of DPRs, the details of existing thickness of crust were to be obtained from the parent construction agencies and to be taken into account while designing the pavement structure. It also stated that PIUs were being directed to adhere to the aforementioned procedure. The fact remains that overlaying of additional layers was doubtful because PIUs did not ascertain the actual thickness of crust already existed.

(iii) Non-improvement of road geometrics

The geometrics of the roads was not improved

As per IRC specifications, roads having traffic density of more than 100 motor vehicles per day should be 3.75 metre wide. Hence, upgradation of existing roads with more than 100 motor vehicles per day traffic density involved (i) increasing the existing width of the roads to 3.75 metre, and (ii) overlaying of crust of appropriate thickness on the carriage way of 3.75 metre.

Contrary to the IRC specification, upgradation of nine (24 *per cent*) out of 37 Through Routes[7] were upgraded at the cost of ₹ 15.44 crore in four sampled districts during 2010-15 (***Appendix 2.1.17***) without widening the existing pavement to the specified width of 3.75 metre though traffic density in these roads was more than 100 motor vehicles per day. Thus, failure to ensure requisite widening of these roads led to non-achievement of one of the prime objectives of upgradation *viz.*, facilitating smooth and safe traffic movement.

[7] Roads which collect traffic from several link roads or a long chain of habitations.

The State Government replied (October 2015) that widening of roads was discouraged to bring down cost of construction. The fact remains that non-adherence to the specified specifications, defeated the purpose of upgradation of existing roads.

(iv) Inadmissible works

According to operations manual of PMGSY, only Through Routes (TRs) were eligible to be taken up for upgradation under the scheme.

Inadmissible roads were also constructed under the scheme

Scrutiny of records, however, revealed that out of 210 roads upgraded during 2010-15 in 11 sampled districts, 111 Link Routes[8] measuring 453.39 km were also upgraded at the cost of ₹ 163.59 crore (***Appendix 2.1.18)*** from PMGSY funds in violation of scheme guidelines.

The State Government replied (October 2015) that apart from TRs, Main rural link roads could also be taken up under the scheme. The reply was not acceptable as no Main rural link road was identified in core network.

2.1.8.3 Contract management

(i) Delay in award of work

Ninety nine *per cent* contracts were awarded with delay

According to operations manual of the scheme, works after being sanctioned by GoI were to be awarded and commenced within three months from the date of sanction by completing the prescribed tendering process.

Scrutiny of records of SRRDA revealed that 1,229 (99 *per cent*) contracts (contract cost: ₹ 3,387.28 crore), out of 1,242 contracts executed in the State during 2010-15, were awarded with delays ranging from one to 37 months from the date of sanction (***Appendix 2.1.19)***. This included 507 contracts of the sampled districts in which contracts were executed with delays ranging between 102 and 801 days. In six districts *viz.*, Deoria, Faizabad, Jalaun, Kasganj, Kushinagar and Maharajganj, 100 *per cent* contracts were executed with delay ***(Appendix 2.1.20)*** ranging between 102 and 644 days.

Scrutiny of records in 11 sampled districts further revealed that in 132 out of 308 contracts (information of which was made available to Audit), even notices for inviting tenders were issued with delays ranging between 97 days and 672 days from the date of sanction of works (***Appendix 2.1.21)***.

The State Government did not furnish any specific reasons for such abnormal delays but stated (October 2015) that PIUs had been directed to adhere to the prescribed time limits in awarding of contracts.

(ii) Insufficient performance security

Standard Bidding Documents (SBD) of PMGSY provide that in the event of receipt of 'seriously unbalanced bids', the bid prices should be analysed to

[8] Roads which connect habitation or a group of habitations to TRs or to District roads.

ensure internal consistency of quoted prices with the construction method and schedule for completion of works. Additional performance security to protect the department against financial loss in the event of default of the bidder was also to be obtained. SBD, however, did not stipulate any criteria to define the gap between the quoted price and the estimated price that would lead to the bid being declared seriously unbalanced for the purpose of obtaining additional performance security.

Scrutiny of records in the sampled districts, however, revealed that in 163 contracts (30 *per cent*), though the bid prices were lower than the corresponding estimated prices, contracts were awarded without analysing the prices and in none of the case, additional performance security was obtained. This included 59 contracts valuing ₹ 156.10 crore in which bid prices were lower by 11 to 24 *per cent* ***(Appendix 2.1.22)***. This was against the standard terms of SBD. The interest of the Government, in the event of default of the contractor to execute the work within the quoted price, was, therefore, not protected by taking additional performance security.

The State Government replied (October 2015) that concerned PIUs were being asked for the reasons for not adhering to the prescribed procedures.

2.1.8.4 Execution of work

(i) Delay in completion of works and non-levy of liquidated damages

Liquidated damages were not imposed over the contractors for delaying the completion of works

The works sanctioned under the scheme were to be completed within 12 months from the date of award of contract. Liquidated Damages (LDs) upto 10 *per cent*[9] of the contracted value were to be levied against the defaulting contractors for delay in execution of works.

Scrutiny of records of 550 works executed during 2010-15 in the sampled districts revealed that 367 works (67 *per cent*), costing ₹ 1,247.24 crore, were delayed between three month and 36 months (***Appendix 2.1.23***) but neither any LDs were levied from the contractors nor any responsibility fixed on the departmental officers for abnormal delays in execution/completion of works. In 291 out of 367 delayed works, contractors were granted Extension of Time (EoT) and remaining 76 cases of delay with contract value of ₹ 236.81 crore, were pending with the competent authorities as of October 2015 for granting EoT.

Detailed scrutiny of records of randomly selected 51 delayed works with total contracted cost of ₹ 171.48 crore disclosed that the contractors were served repeated notices by Assistant Engineer (AE)/Executive Engineer(EE)/SE for slow pace and non-execution of works but they ignored such instruction and did not expedite the pace of works. These contractors were subsequently granted extensions on vague, unverified and unjustified grounds including illness of contractors, rain, hindrance created by villagers and difficulties in transportation of material *etc.* (***Appendix 2.1.24)***.

[9] One *per cent* per week of delay.

The fact that no LD was charged in any case of delay indicated that extensions were being granted to the contractors in a routine manner, thus, extending them undue favour by waiving of LD charges. In case contractors were not responsible for delay in any case and all the delays were attributable to the departmental authorities, the cases of abnormal delays need be examined and responsibility may be fixed addressing systemic deficiencies/bottlenecks, if any.

The State Government replied (October 2015) that the executing agencies were being directed to impose LDs for delays in works as per relevant clauses of the contracts.

Recommendation: Scheme guidelines and standard conditions of the contract should be strictly followed in awarding the contracts.

The State Government should also investigate the cases of abnormal delay in execution of works for fixing responsibility and addressing systemic deficiencies/bottlenecks, if any.

(i) Grant of mobilisation/machinery advances

Operations manual of PMGSY prescribes that mobilisation advance (upto 5 *per cent* of contract value) to mobilise resources on the works site within 10 days from the commencement of work and machinery advance (upto 10 *per cent* of contract value) for procurement of machinery and equipment are admissible to the contractor based on the requirement assessed by the Engineer-in-charge.

(a) Mobilisation advance

Scrutiny of records revealed that interest free advances amounting to ₹ 10.27 crore were granted (January 2006 to November 2013) to the contractors in 55 out of 550 contracts in the sampled districts. It was observed that the advances were granted beyond the prescribed period (10 days) by four to 217 days.

Besides, terms of SBD provided for recovery of mobilisation advance on proportionate basis from the bills of the contractors. This implied that recovery of advance was not time based but linked with the progress of work, which was inconsistent with Central Vigilance Commission (CVC) guidelines issued in April 2007. Due to this deficiency in the contract terms, contractors retained mobilisation advance of ₹ 2.36 crore in 27 delayed works (49 *per cent*) even beyond the original stipulated date of completion ***(Appendix 2.1.25)***. Absence of definite time schedule for recovering the advances not only resulted in loss to the Government on account of loss of interest, but also did not compel contractors to execute works expeditiously.

(b) Machinery advance

Scrutiny of records revealed that machinery advances amounting to ₹ 8.04 crore for 29 works in the sampled districts were granted (April 2006 to

March 2014) to the contractors without obtaining and verifying the invoices in support of procurement of machinery and equipment, though required in the contract conditions.

Besides, recovery of advances was also linked with the progress of works due to which in 18 delayed works (62 *per cent*), contractors were allowed to retain advances amounting to ₹ 2.40 crore, even beyond the stipulated date of completion (***Appendix 2.1.26)***. This included ₹ 1.07 crore lying unrecovered as of October 2015.

Thus, contractors were given undue benefits by granting mobilisation and machinery advances.

The State Government stated (October 2015) that explanations were called for and the executive agencies were being directed to strictly adhere to the procedure for sanctioning the advances and recovering the same.

Recommendation: Guidelines for time based recovery of mobilisation and machinery advances should be prescribed for PMGSY contracts.

(ii) Non construction of cross drainages

With a view to keep the roads serviceable in all-weather and to prevent early damage of the pavement due to water logging, adequate number of Cross Drainage (CD) structures[10] were to be constructed alongwith construction of roads. Scrutiny of records in the sampled districts revealed non-execution of CD works, as discussed in the succeeding paragraphs.

(a) Non-provisioning of causeways

Scrutiny of records revealed that construction of four roads costing ₹ 9.41 crore was taken up (March-April 2013) in two districts (Jhansi: one road; and Sitapur: three roads) without inclusion of three causeways, which were necessary to make the roads serviceable in all weathers. It was observed that construction of causeways was not provisioned in DPRs and the need of these causeways was felt subsequently during execution of works, when SEs/SQMs inspected the roads (August 2013 and February 2014). The details are given in ***Appendix 2.1.27***.

Scrutiny further revealed that PIU, Sitapur did not take any action for inclusion of the causeways as of October 2015 and construction works of the three roads were stopped (February 2014) after spending ₹ 82.02 lakh on the partial execution of road works. In Jhansi district, proposal for construction of the causeway in one road was pending for approval with the State Government (October 2015) but by that time construction of the road had been completed leaving the habitations unconnected with all-weather road.

[10] Drains, culverts, small bridges, pipe bridges, causeways *etc.*

The State Government replied (October 2015) that explanations were being obtained from the EEs concerned for not proposing the required causeways for construction.

(b) Short-execution of cross drainage works

Despite being provided in DPRs and contracts, cross drainage (CD) structures *viz.*, hume-pipe culverts, small drains *etc.*, were not constructed in 84 roads (60 *per cent*), costing ₹ 143.15 crore out of 140 sampled roads in 15 selected districts (***Appendix 2.1.28***). The short provision of CD structures ranged from five *per cent* to 100 *per cent.* All 84 roads, however, were declared complete despite above deficiency. Thus, due to non-construction of required cross drainages, the envisaged all-weather connectivity to the respective habitations could not be ensured.

The State Government in reply (October 2015) stated that minor modifications might take place at the time of actual execution of works. The reply was not acceptable as provision of proper cross drainage was essential for ensuring all-weather connectivity of the habitations and in several roads 100 *per cent* of the proposed CD works were not executed.

2.1.8.5 Maintenance of PMGSY roads

Operations manual of PMGSY prescribes that the roads taken up under the scheme were to be covered by five years maintenance contracts, entered into along with the construction contract with the same contractor. After expiry of five years post-construction maintenance period, the State Government was required to develop ways and means for regular and systematic maintenance and renewal of these roads. We observed that:

(i) Maintenance of roads within the contracted period

Scrutiny of records of SRRDA revealed that contractors in 82 works in 20 districts left the works midway but PIUs did not execute fresh contracts, as a result these roads were not being provided routine maintenance for the last one to four years.

The State Government replied (October 2015) that the concerned PIUs have been asked to explain the reasons for leaving 82 roads without maintenance.

Further, contrary to the provision contained in Operations manual, the required inspections[11] by JE/AE/EE were not performed in any of the sampled districts to identify defects in the roads. Prescribed records *viz.* Routine Inspection Card (RIC) for recording the defects noticed during inspections and log books for keeping the details of all maintenance works were also not maintained by PIUs. As a result, execution of contracted routine maintenance by the respective contractors could not be verified in audit.

[11] JE: one month; AE: three months; and EE: six months.

Damaged road (T-3 to Jagdishpur via Masauni) in Chandauli district (17.06.2015)

Potholes in Sahawar to Sidpura Road in Kasganj district (28.05.2015)

The roads were not provided routine maintenance during the defect liability period

It was also observed in the joint physical verification of randomly selected 54 roads by Audit that the roads were devoid of proper maintenance as bituminous surface at several places had come off (11 roads) and the shoulders were unmaintained and with full of vegetation (42 roads).

The State Government replied (October 2015) that PIUs and State Quality Monitors (SQMs) were asked to ensure proper maintenance of roads.

(ii) Maintenance of roads after the contracted period

The roads constructed under PMGSY were not provided periodic renewal

As per State Government order (November 2010) the roads constructed and maintained under PMGSY would be transferred to PWD for further upkeep. The State Government was required to implement Rural Road Maintenance System by prioritizing the roads as per traffic intensity and condition of pavement to ensure timely renewal of PMGSY roads. In addition to this, zonal maintenance contracts consisting of five year maintenance including renewal of Through routes were also to be executed.

It was observed that the State Government neither implemented the required rural road maintenance system nor executed zonal maintenance contracts for PMGSY roads. In the absence of any specific provision, PWD divisions did not ensure timely renewal of PMGSY roads, transferred to them from PIUs. In the sampled districts, 417 (77 *per cent*) out of 540 test-checked roads were not provided periodic renewal for period upto 50 months ***(Appendix 2.1.29)***.

Potholes in NH-28 to Sangrampur via Sonbarsa in Basti district(25.06.2015)

Potholes in Baitalpur to Rampur Karkhana Road in Deoria district (16.06.2015).

Joint physical inspections of 18 roads in the sampled districts also confirmed that the potholes had developed on the roads for want of periodic renewals.

The State Government stated that guidelines for maintenance of rural roads had been issued. The reply was not correct as the said guidelines did not contain specific provisions for renewal and maintenance of PMGSY roads.

Recommendation: The State Government should put in place suitable mechanism for maintenance of PMGSY roads to avoid untimely deterioration of roads.

2.1.9 Quality assurance and monitoring

2.1.9.1 Quality assurance

Of the three tier quality assurance mechanisms, provided in PMGSY, quality tests of material were required to be conducted in the field laboratory and inspections of works were to be carried out by independent State Quality Monitors (SQMs) and by National Quality Monitors (NQMs) to ensure quality of works. Audit scrutiny disclosed deficiencies in randomly selected 90 out of 180 selected works, as discussed in the succeeding paragraphs.

(i) Inadequate quality testing

Prescribed quality tests were not carried out

Records in the sampled districts revealed that out of 60 types of quality tests[12] required to be conducted in each work, quality tests were not conducted, ranging between 13 and 85 *per cent* ***(Appendix 2.1.30)***.

Further, as per the State Government order (May 2009), EEs were to obtain Consignee Receipt Certificates (CRCs) from contractors before making payments for the bituminous works. CRCs were also required to be verified from the oil companies. It was, however, observed that CRCs for 6,521.08 MT bitumen, amounting to ₹ 22.82 crore, out of 9978.87 MT, procured (2010-15) for 31.78 lakh M^2 bituminous work were not obtained from the contractors before making payments. Besides, required verification of CRCs obtained from the contractors for the remaining supply of 3,457.79 MT bitumen amounting to ₹ 12.10 crore was also not carried out from the respective oil companies ***(Appendix 2.1.31)***. Thus, the quality and quantity of the bitumen, procured and utilised on the works by the contractors was not ensured.

The State Government replied (October 2015) that PIUs were being directed to carry out all prescribed tests and ensure CRCs from contractors prior to payment.

(ii) Inadequate and ineffective inspections by SQMs

SQMs were required to carry out at least three inspections of each completed roads to check all the three stages of road works (Earth work, sub-base/base course and bituminous works) at least once. Besides, during each inspection,

[12] Earth work: 08 tests; Granular sub base/base:19 tests; and Bituminous: 33 tests.

at least one spot in each km of length of road was to be selected randomly for such inspections. We observed:

State Quality Monitors did not carry out prescribed inspections as per norms

(a) The required three inspections of the completed roads by SQMs were carried out in only 31 out of 65 completed roads. In other 30 roads, one to two inspections were carried out and four roads remained without any inspection ***(Appendix 2.1.32)***. Further, all the three stages of roads were checked in only 8 out of 31 roads, despite being inspected thrice. In remaining 23 roads, only two stages (granular and bituminous) were checked; and

(b) It was also observed that SQMs did not perform checks on the desired number of spots (one spot in each km of length). The inspections in 65 roads were carried out in lesser number of spots, ranging between 8 *per cent* and 92 *per cent* ***(Appendix 2.1.33)***.

Thus, inspections carried out by SQMs did not yield desired assurance of maintaining the desired quality.

The State Government replied (October 2015) that the SQMs had been directed to carry out prescribed inspections at the prescribed number of spots.

2.1.9.2 Monitoring

On-line Management, Monitoring and Accounting System (OMMAS) with eight modules and 14 sub-modules ***(Appendix 2.1.34)*** was the prime mechanism for online monitoring and management of scheme**.** SRRDA and PIUs were responsible for ensuring uploading and updating of all relevant data in the database of relevant modules of OMMAS.

Analysis of OMMAS data disclosed that data available in the modules *viz.*, Master data, Rural Roads Plan and Tendering was incomplete and incorrect. The required Unique Identification Number (UID) was not assigned to all the roads in core network; contractors' details (validity of registration, contractors' identity *etc*.,) were incorrect, details of roads were incomplete and information related to tender process was not available. Besides, against 12 habitations reported as unconnected by SRRDA as of October 2015, 9,782 habitations were shown unconnected in OMMAS. The audit observations in this regard are given in ***Appendix 2.1.35***. Thus, database of OMMAS was incomplete and unreliable.

The State Government replied (October 2015) that efforts were being made to remove the deficiencies in OMMAS.

Recommendation: Robust quality control regimens should be adhered to and deficiencies in OMMAS should be removed on priority by evolving a practicable action plan.

2.1.10 Non-maintenance of records

Against the prescribed 46 and 115 types of records (initial accounts records, supporting schedules, subsidiary registers, *etc*.), to be maintained at SRRDA and PIU level respectively ***(Appendix 2.1.36)***, records ranging between 63 and 77 *per cent* were not maintained ***(Appendix 2.1.37)***. Thus, related transactions were not verifiable in audit.

The Government replied (October 2015) that PIUs were being directed to maintain all the mandatory records.

2.1.11 Conclusions and recommendations

Financial Management

- The State Government failed to spend 40 to 74 *per cent* of available GoI's assistance during 2010-13 due to laxity in execution of works and managing contracts. It also did not provide 26 *per cent* of requisite maintenance funds. Besides, due to lack of coordination amongst various executing departments, construction of 502 rural roads costing ₹ 302.14 crore were executed by different departments using State's funds, though these roads were sanctioned under PMGSY.

Recommendation: Progress of execution of works should be closely monitored to avoid delay and to ensure adequate utilization of available funds.

Planning

- Planning was deficient as core network and comprehensive upgradation priority lists were not prepared as per prescribed procedures due to which connectivity of eligible habitations under PMGSY was not ascertainable.

Programme implementation

- Achievements *vis-a-vis* targets were poor as only 57 and 64 *per cent* roads were constructed and upgraded respectively during 2010-15.

Recommendation: Prompt action should be taken to enhance the pace of works to expedite completion of on-going projects.

- Contract management was weak as 99 *per cent* contracts were awarded with delays of 01 to 37 months and that too without obtaining requisite performance security from the contractors. Though, contractors failed to complete 67 *per cent* works in the sampled districts within stipulated time, liquidated damages were not levied in any case. Responsibility was also not fixed on the departmental officers for abnormal delays in execution/ completion of works.

Recommendation: Scheme guidelines and standard conditions of the contract should be strictly followed in awarding the contracts. The State Government should also investigate the cases of abnormal delay in execution of works for fixing responsibility and addressing systemic deficiencies/ bottlenecks, if any.

- Recovery of interest free mobilisation and machinery advances in 49 and 62 *per cent* works respectively were linked with the progress of works due to deficiency in contract terms. Thus, contractors were allowed to retain the advances beyond the stipulated dates of completion in the delayed works.

Recommendation: Guidelines for time based recovery of mobilisation and machinery advances should be prescribed for PMGSY contracts.

- Periodical inspections were not carried out by engineering authorities during maintenance period. The State Government also did not put in place required mechanism for maintenance of PMGSY roads after taking over them from PIUs.

Recommendation: The State Government should put in place suitable mechanism for maintenance of PMGSY roads to avoid untimely deterioration of roads.

Quality assurance and monitoring

- The stated three tier regimen of quality control was not adhered to. Monitoring was ineffective due to inconsistencies in data in Online Monitoring, Management and Accounting System (OMMAS).

Recommendation: Robust quality control regimens should be adhered to and deficiencies in OMMAS should be removed on priority by evolving a practicable action plan.

2.2 Mid-Day Meal Scheme

Executive Summary

The National Programme of Nutritional Support to Primary Education (Mid-Day Meal Scheme) was launched (1995) as a centrally sponsored scheme to boost universalisation of primary education by increasing enrolment, retention and attendance; and improving nutritional levels of children in government/government aided schools. The revised guidelines (2004/2006) laid main emphasis on nutritional support to these children by providing cooked Mid-Day Meals to them. An expenditure of ₹ 7,226.65 crore was incurred on the scheme during 2010-15 in the State.

Important findings of the Performance Audit are given below:

Management of funds

- There was lack of proper management of funds. The unspent balances at the end of financial years increased significantly from ₹ 336.58 crore in 2010-11 to ₹ 598.96 crore in 2014-15.

(Paragraph 2.2.6.1)

Planning

- Despite improving nutritional level of children being one of the main objectives of the scheme, State Government did not conduct any baseline study to ascertain nutritional level of children in Primary Schools and Upper Primary Schools and area specific nutritional deficiencies prevalent among them. Micronutrient supplementations were not provided to children in schools as per norms.

(Paragraphs 2.2.7.1 & 2.2.8.6(ii))

Implementation of the scheme

- Against the total allocation of 16.95 lakh MTs of foodgrain during 2010-15, Government of Uttar Pradesh lifted only 13.83 lakh MTs of foodgrain despite non-availability of buffer stock of foodgrains in schools resulting in frequent disruption in supply of meals or local purchase of foodgrains.

(Paragraph 2.2.8.1 (i))

- Audit in test-checked districts revealed excess payments made to transportation agencies on account of transportation cost of foodgrains and profit margin to *kotedars* amounting to ₹ 12.74 crore and ₹ 3.19 crore respectively. Further, large number of empty gunny bags valuing ₹ 56.47 crore remained unaccounted for.

(Paragraphs 2.2.8.2 (ii) & (iii))

- Government of Uttar Pradesh incurred total expenditure of ₹ 724.23 crore during 2006-15 on construction of 1.13 lakh kitchen-cum-stores having inferior specifications in terms of plinth area. Physical verification of 630 test-checked schools revealed that 18 *per cent* kitchen-cum-stores did not have

proper doors, 16 *per cent* did not have adequate light, 21 *per cent* did not have proper ventilation and 34 *per cent* did not have proper facilities for drainage and waste disposal.

(Paragraph 2.2.8.3(i) (a))

- Twenty one *per cent* of the schools still did not have kitchen-cum-stores and 42 *per cent* did not have LPG connections for cooking of mid-day meals despite availability of funds.

(Paragraphs 2.2.8.3 (i)(c) & (ii))

- Against the directives (November 2001) of Hon'ble Supreme Court to provide mid-day meals for minimum 200 days in a year, 56257 schools provided mid-day meal for average 102 days during 2010-15. The average shortfall in providing meals in these schools ranged between 10 *per cent* and 88 *per cent*. 802 schools still remained to be covered under the Mid-Day Meal Scheme due to non-supply of meals by Principals of some Government aided schools, schools under construction and closure of Education Guarantee Scheme/Alternative and Innovative Education centres during academic sessions.

(Paragraphs 2.2.8.4 (i) & (ii))

- In 48 *per cent* schools, cooks were not imparted trainings in hygienic habits as required and community members and voluntary organisations were not involved in ensuring taste and quality of meals, safety and hygiene in preparation and adequacy of meals served.

(Paragraphs 2.2.8.5(i)&(ii))

- Adequate health support was not provided to children. Physical verification of 630 selected schools in 21 test-checked districts revealed that health check-ups were not conducted and health registers/cards of children were not maintained in 203 (32 *per cent*) and 392 (62 *per cent*) schools respectively. Weighing machines were not available in 272 schools (43 *per cent*). Body Mass Index was not recorded in 400 (64 *per cent*) schools.

(Paragraph 2.2.8.6(i))

Monitoring of the scheme

- Monitoring of the scheme was not effective as meetings of Steering-cum-Monitoring Committees at district and block levels and District Vigilance and Monitoring Committees were not held at prescribed intervals.

(Paragraph 2.2.9.1)

Impact of the scheme

- Despite implementation of Mid-Day Meals scheme, the enrolment of students in Primary Schools decreased from 1.59 crore in 2010-11 to 1.34 crore in 2014-15. The decrease in enrolment during the period ranged between 1.55 *per cent* and 7.03 *per cent* per year.

(Paragraph 2.2.11.1)

2.2.1 Introduction

The National Programme of Nutritional Support to Primary Education (NPNSPE) was launched as a Centrally Sponsored Scheme on 15th August 1995 with the objective to boost universalisation of primary education, by increasing enrolment, retention and attendance and simultaneously improving the nutritional level of students in primary classes of government, local body and government aided schools. Government of India (GoI) revised the scheme in 2004 and 2006, and renamed it as 'National Programme of Mid-Day Meal in Schools' (MDMS) in September 2007. The scope of the scheme was extended in April 2008 to cover students of Upper Primary classes. A summary of changes made in the scheme from time to time is given in ***Appendix 2.2.1***. MDMS aimed at:

- Improving the nutritional status of children in classes I to VIII in Government, Local Body and Government aided schools; Education Guarantee Scheme[1] (EGS) and Alternative and Innovative Education[2] (AIE) centres; and *Madarsas/Maktabs* supported under *Sarva Shiksha Abhiyan* (SSA).

- Encouraging poor children belonging to disadvantaged sections of society to attend school regularly and help them to concentrate on classroom activities.

- Providing nutritional support to the children of primary education in drought-affected areas during summer vacations.

To achieve these objectives, MDMS envisages providing cooked meal with nutritional value of 450 calories (protein 12 grams) to students of primary schools (PSs) and 700 calories (protein 20 grams) to students of upper primary schools (UPSs) on each school day; and adequate quantities of micronutrients and de-worming medicine provided under appropriate schemes of Health Department of the State Government or through convergence with School Health Programme of National Rural Health Mission (NRHM).

GoI provided assistance under MDMS by way of:

- Foodgrains (wheat and rice) at the rate of 100 grams and 150 grams per child of PSs and UPSs respectively per school day;

- Actual transportation cost (TC) of foodgrains from nearest Food Corporation of India (FCI) godown to the schools subject to maximum ceiling of ₹ 75 per quintal;

- Cost for provisioning and replacement of kitchen devices.

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[1] Addresses the educational needs in the inaccessible habitations where there is no formal school within a radius of one kilometer and at least 15 to 25 children of 6-14 years are available but not enrolled in schools.
[2] Addresses the educational needs of the specific categories of very deprived children e.g., child labour, migrating children, working children, children living in difficult circumstances, older children etc.

- Seventy-five per cent of the cooking cost (CC), honorarium to cook-cum-helpers (HCCH) and cost for construction of kitchen-cum-stores; the balance 25 per cent cost being contributed by the state government.

- Funds for Management, Monitoring and Evaluation (MME) of the scheme (1.8 *per cent* of the total assistance on cost of foodgrains, TC, CC and HCCH).

Last Performance Audit of the scheme was conducted during 2007-08 and covered the period from 2002-07. The report recommended conducting baseline survey to capture basic data for implementation of the scheme, preparing budget estimates on the basis of realistic data, ensuring fair average quality of foodgrains, ensuring prescribed calories and quantity of proteins in cooked meals, conducting periodical health check-ups of children to ensure improvement in the health and nutritional status of children, regular visit by task forces and wide publicity of the scheme.

2.2.2 Organisational structure

At Government level, the overall responsibility for implementation of the scheme vested with the Secretary, Basic Education, Government of Uttar Pradesh (GoUP) and at the state level with the Director, Mid-Day Meal Authority (MDMA), Lucknow. At district level, the District Magistrate (DM) was the nodal officer responsible for implementation of the scheme through District Basic Shiksha Adhikari (BSA). A flowchart showing organisational structure is given in ***Appendix 2.2.2***.

2.2.3 Audit Objective

Performance audit of the scheme was carried out to assess whether:

- The funds allocated were utilised in an economic and efficient manner and the related records were maintained properly;

- The scheme was implemented in planned manner, covering all the eligible primary and upper primary level schools' children;

- The objectives of enhancing enrolment, retention and attendance; and also improving nutritional status of children in Primary Schools (PSs) and Upper Primary Schools (UPSs) were achieved; and

- The implementation of the scheme was monitored effectively.

2.2.4 Audit criteria

The sources of audit criteria were:

- Scheme guidelines/norms issued from time to time;
- Annual Work Plans and Budget; and
- State Financial Rules and evaluation reports of the scheme.

2.2.5 Audit scope and methodology

The records for the period 2010-15 were scrutinised during January to May 2015 in the following offices:

- The Secretary, Basic Education, GoUP, Lucknow;
- The Director, MDMA, Lucknow;
- BSAs of 21 districts[3], selected through Probability Proportional to Size without Replacement (PPSWOR) method;
- 630 PSs/UPSs, EGS/AIE centres and *Madarsas/Maktabs* (30 schools in each of the 21 test-checked district), selected using statistical methodology. Joint inspections of the selected schools were also carried out.
- Relevant information was also collected from State Project Director, *Sabhi Ke Liye Shiksha Pariyojna*, Lucknow; Food Corporation of India (FCI), Lucknow; Director, National Rural Health Mission (NRHM), Lucknow and their subordinate offices, wherever required. Information was also collected from District Food Marketing Officers (DFMOs) and District Managers, UP State Food & Essential Commodities Corporation (F&ECC).

An entry conference was held on 10 March 2015 with the Secretary, Basic Education, GoUP, Lucknow. In the conference, the audit objectives, criteria, scope and methodology were discussed.

Exit conference could not be held due to non-availability of the Principal Secretary, Basic Education, despite repeated requests made by Audit.

Financial Management and Planning

With the objective to provide MDM to students of eligible PSs and UPSs, GoUP prepared Annual Work Plans and Budget (AWP&B) and submitted the same to Programme Approval Board (PAB) of MDMS for approval. On the basis of approval granted by PAB, GoI released funds to State Government as cost of foodgrains, CC, TC, HCCH, cost for construction of kitchen-cum-stores/procurement of kitchen devices and funds for MME of scheme.

2.2.6 Management of funds

GoI released central assistance under the scheme to the Finance Department of the State Government (SFD). SFD transferred the funds, including share contributed by GoUP, to Basic Education Department (nodal department), which released it to districts. In districts, the responsibility of drawing and disbursing officer was assigned to Finance & Accounts Officer (*Basic Shiksha*) as shown in fund flow chart given below:

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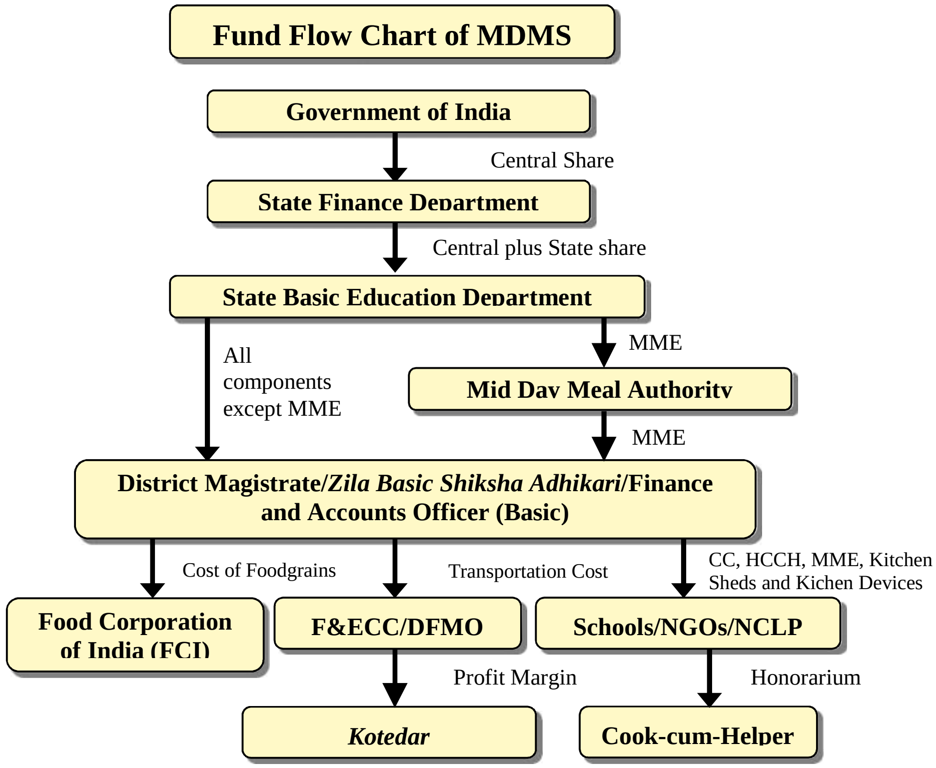
[3] Allahabad, Bareilly, Bijnor, Budaun, Bulandshahr, Faizabad, Ghazipur, Hardoi, Jalaun, Kannauj, Kanpur Nagar, Kaushambi, Kushinagar, Lucknow, Mirzapur, Moradabad, Sambhal, Saharanpur, Shahjahanpur , Siddharthanagar, and Sonebhadra. Jalaun and Lucknow districts were selected to provide representation to Bundelkhand region and being state capital respectively.



2.2.6.1 Allocation, release and utilisation of funds

The overall financial details of MDMS during 2010-15, are given in Table 1:

Table 1: Details of release and utilisation of funds during 2010-15

(₹ in crore)

Particulars	2010-11	2011-12	2012-13	2013-14	2014-15	Total
	(in *per cent*)					
Demands as per AWP&B	2,390.34	1,822.02	2,073.87	2,621.53	2,361.67	11,269.43
Outlay approved by PAB and its percentage with respect to AWP&B	1,847.97 (77)	1,524.10 (84)	1,691.68 (82)	1,813.18 (69)	1,799.77 (76)	8,676.70 (77)
Budget Provision (RE) and its percentage with respect to PAB approval	2,286.00 (124)	2,025.47 (133)	1,998.94 (118)	1,769.36 (98)	1,730.82 (96)	9,810.59 (113)
Releases[4] and its percentage with respect to budget provisions	1,590.61 (70)	1,291.47 (64)	1,621.22 (81)	1,438.62 (81)	1,587.69 (92)	7,529.61 (77)
Expenditure and its percentage with respect to releases	1,478.11 (93)	1,230.08 (95)	1,573.44 (97)	1,420.93 (99)	1,524.09 (96)	7,226.65 (96)

(Source: AWP&B, PAB approval, budget and *Koshwani*)

Audit observed that:

- Against the demand of ₹ 11,269.43 crore in AWP&B, PAB approved outlays of ₹ 8,676.70 crore (77 *per cent*) only during 2010-15 with the

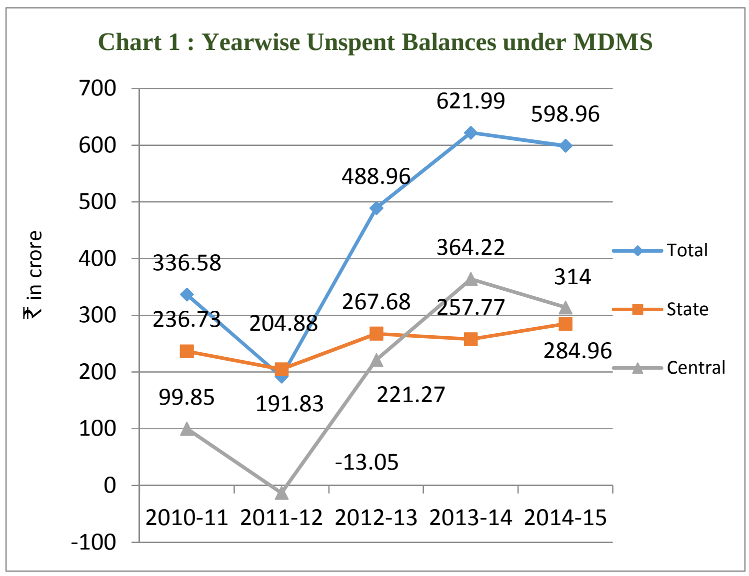
[4]As per *Koshwani* - a gateway to financial activities and a website to keep financial health of GoUP.

condition that in case of necessity, state government may approach GoI for release of additional assistance. The GoUP, however, could not fully utilise the outlays approved by PAB.

- The outlay of ₹ 8,676.70 crore approved by PAB included central share of ₹ 6,814.59 crore and state share of ₹ 1,862.11crore where against GoI and GoUP released ₹ 5,897.02 crore and ₹ 1,632.59 crore respectively during 2010-15. Thus, GoI and GoUP did not release their shares of ₹ 917.57 crore (13 *per cent*) and ₹ 229.52 crore (12 *per cent*) respectively, as detailed in ***Appendix 2.2.3.***
- Despite reduction of funds demand by PAB, GoUP made excess provision in annual budgets ranging between 118 and 133 *per cent* of the PAB's approval during 2010-13, whereas release of funds and expenditure ranged between 64 to 92 *per cent* and 93 to 99 *per cent* of budget provision and releases respectively.

Management of scheme funds was not adequate and unspent balance at the end of the financial year increased significantly from ₹ 336.58 crore in 2010-11 to ₹ 598.96 crore in 2014-15

- Unspent balance at the end of the financial year increased from ₹ 336.58 crore in 2010-11 to ₹ 598.96 crore in 2014-15. The unspent funds were relatively higher under state share of funding, as a percentage of release by the GoUP, in comparison to savings under central releases, as detailed in the ***Chart 1***. During scrutiny we observed that unspent balances relating to cost for construction of kitchen-cum-store (₹ 84.60 crore), kitchen devices (₹ 7.69 crore), and LPG (₹ 3.89 crore) were lying with GoUP; CC (₹ 338.91 crore) and HCCH (₹ 134.56 crore) were lying with schools; and funds for MME (₹ 5.43 crore) and TC (₹ 12.87 crore) were lying with MDMA as of March 2015.



The above indicated that excess demands were projected in AWP&B and unrealistic budgetary provisions were made by GoUP during 2010-13. These led to savings under central and state share of funding.

In reply, MDMA accepted (November 2015) the observation relating to lesser approval of outlays by PAB than demand projected. Regarding excess budgetary provisions made by GoUP, it stated that budget estimates for the next financial year were sent by administrative departments in the month of December, i.e. prior to the approval of budget by GoI. Reply is not acceptable as audit commented on revised budgetary provisions which were made after approval of budget by GoI.

Recommendation: The Government should asses its demand realistically by adopting bottom up approach of planning correctly and effectively.

2.2.6.2 Cost of foodgrains and cooking cost

GoI provided funds to State Governments for payment of cost of foodgrains to FCI and CC for converting food grains into cooked meals. GoUP made (February 2006/November 2007) *Gram Pradhans* (*Pradhans*) of the *Gram Panchayats* (GPs) responsible for implementation of MDMS and also for maintaining accounts of foodgrains and CC received under the scheme.

Foodgrains and cooking cost totaling ₹ 27.03 crore was not recovered from old *Pradhans* after *Gram Panchayat* elections held in October 2010

We observed that a total quantity of 25,992 MTs of foodgrains valuing ₹ 13.39 crore pertaining to 9,072 *Pradhans* in 24 districts and CC amounting to ₹ 0.92 crore pertaining to Budaun district, lying with old *Pradhans*, were neither transferred to newly elected *Pradhans* (election for GPs held in October 2010) nor recovered from them. Further, in Hardoi district, against the actual OB of ₹ 15.20 crore, UC for the year 2009-10 showed OB of ₹ 2.48 crore. The differential amount of ₹ 12.72 crore made available to GPs remain un-traceable for last 5 years. Details of these cases are given in ***Appendix 2.2.4.***

In reply, MDMA accepted (November 2015) the observation and stated that directives had been issued (July 2011/November 2013) to recover the cost of foodgrains and CC from *Pradhans* but did not furnish any reply regarding non-traceable CC of ₹ 12.72 crore in Hardoi district.

2.2.6.3 Transportation cost

Under the scheme, GoI provides funds for reimbursement of actual cost incurred in transportation of foodgrains from nearest FCI godowns to school subject to maximum of ₹ 75 per quintal. We observed that against the maximum payable TC of ₹ 103.71 crore, calculated on the basis of total quantity of 13.83 lakh MTs of foodgrains lifted from FCI, GoUP reported expenditure of ₹ 116.41 crore during 2010-15 to GoI.

In reply, MDMA stated that the excess expenditure was due to payment of liabilities pertaining to previous years. Reply is not acceptable as balance sheets (2010-13) prepared by MDMA did not depict any liability relating to TC.

2.2.6.4 Honorarium to cook-cum-helpers

Under the scheme, HCCH was provided at the rate of ₹ 1,000 per month for cooking of meals. We observed that:

- GoUP contributed ₹ 600.51 crore during 2010-15 against its share of ₹ 454.30 crore for HCCH. Audit, however, observed that utilisation was less than 50 *per cent* of the available funds, resulting in blockade of ₹ 95.04 crore since 2010-11, as detailed in ***Appendix 2.2.***5

- In Lucknow district, 22 NGOs provided MDM to 41,969 children during April 2010 to May 2011. Contrary to norms, excess payment of HCCH amounting to ₹ 21.12 lakh was made to NGOs, as detailed in ***Appendix 2.2.6*** and ***2.2.7.***

MDMA stated (November 2015) that balance amount of HCCH would be utilised in 2015-16 but furnished no reply regarding excess payment of ₹ 21.12 lakh made to NGOs.

2.2.6.5 Funds for construction of kitchen-cum-store

Under the scheme, non-recurring grant is provided for construction of kitchen-cum-stores in schools at the rates applicable from time to time.

We observed that a total amount of ₹ 247.83 crore was released during 2009-10 for construction of kitchen-cum-store in schools in the State. Out of the released funds, an amount of ₹ 79.80 crore remained unutilised. In the PAB meeting held in May 2011, it was noted that construction of kitchen-cum-stores was saturated in the state and, therefore, GoI directed (June 2011) to refund the unutilised amount. However, the unutilised amount of ₹ 79.80 crore was yet to be refunded by the state government as of March 2015.

In reply, MDMA accepted (November 2015) the observations and stated that the available funds would be released soon for construction of kitchen-cum-stores in remaining government and government aided schools. Reply is not acceptable as GoI had directed to refund the balance funds after saturation of requirement reported by GoUP.

2.2.6.6 Funds for Management, Monitoring and Evaluation (MME)

Under the scheme, GoI provides funds for MME at the rate of 1.8 *per cent* of total assistance on cost of foodgrains, TC, CC and HCCH. We observed that:

MDMA utilised ₹ 11 crore meant for school level expenses

- The guidelines stipulates incurring 50 *per cent* of the total expenditure on MME at school level. Against the eligibility of ₹ 51.79 crore, the actual funds transferred to schools were ₹ 40.79 crore during 2010-15, as detailed in ***Appendix 2.2.8***, leading to utilisation of schools' share of MME of ₹ 11 crore by MDMA.

- Out of interest earned in the accounts of MME maintained at State and district levels upto March 2013 totaling ₹ 4.11 crore, only ₹ 1.64 crore was deposited in the revenue account of GoUP. The balance amount was not reported to GoI. Further, there was no system in place to work out and report the amount of interest earned in school level accounts to MDMA.

In reply, MDMA stated (November 2015) that service provider of Interactive Voice Response System (IVRS) was paid (₹ 25.30 crore) on behalf of schools; accepted deposit of interest in the revenue account of GoUP and assured reporting of the balance amount of interest to GoI. Reply is not acceptable as service provider was not to be paid out of funds earmarked for school level MME.

2.2.7 Planning

Planning involves efficiently organising pre-implementation activities for ensuring implementation of the scheme in a comprehensive, cost effective and timely manner. With regard to MDM, it implied conduct of baseline and subsequent periodic surveys for determining the prevalence of nutritional deficiencies, properly assessing the requirement of foodgrains to ensure uninterrupted supply of cooked meals, identifying infrastructural deficiencies, creating necessary awareness amongst targeted groups and projecting financial requirement correctly. Audit observed several deficiencies in planning as discussed below:

2.2.7.1 Baseline studies to capture data on nutritional level of children not conducted.

Baseline studies to capture basic data on nutritional level and nutritional deficiencies prevalent among students of primary and upper primary classes were not conducted

The scheme guidelines (2004) provided for undertaking baseline studies so as to capture the basic data for the first year of implementation of the scheme.

We observed that GoUP neither conducted baseline studies during the first year (2004-05) nor in subsequent years of implementation of the scheme to capture the basic data on nutritional level of children in PSs and UPSs and to identify area specific nutritional deficiencies prevalent among them. It also did not set any measurable parameters for observing improvement in nutritional status of the children.

In reply, MDMA stated (November 2015) that household survey to identify out of schools children is conducted under SSA. The reply is not acceptable as survey of out of school children conducted under SSA does not bring out status of improvement in nutritional level of school children and prevalence of specific nutritional deficiencies amongst them.

2.2.7.2 Annual Work Plan and Budget

Bottom up approach of planning was not adopted in preparation of Annual Work Plan and Budget

The scheme Guidelines required the State Governments to prepare AWP&B by following bottom up approach of planning based on information maintained at school level, like enrolment, attendance, requirement of kitchen-cum-stores, kitchen devices etc., and aggregated at block and district levels; for submission of the same to PAB for approval. The requirement of foodgrains and central assistance for cooking cost etc., for a given year were to be projected in AWP&B on the basis of anticipated enrolment, anticipated number of working days and estimated 'average attendance' rate in that year.

We observed that the bottom up approach and the methodology, as envisaged in the guidelines, was not adopted in preparation of AWP&B and demands for cost of foodgrains, CC, TC and MME were projected[5] on the basis of the 'maximum availing of MDM' on any day of the preceding year, obtained through Interactive Voice Response System (IVRS) installed at MDMA, and rates/percentages fixed for these components, leading to incorrect and inflated projection of demand of foodgrains and other central assistances. Demands for kitchen-cum-store, kitchen devices etc., were also projected without following the bottom-up approach. The projected demand, however, was not approved by PAB, as discussed in paragraph 2.2.6.1.

In reply, MDMA stated (November 2015) that basic data from schools were collected directly through IVRS which was also an example of bottom up approach of planning. Reply is not acceptable as the requirement of foodgrains and budget was projected during 2012-15 on the basis of peak number of children who availed MDM on a specific date, for example, 9 May 2013 for PSs and 14 September 2013 for UPSs for AWP&B of 2014-15 and the procedure laid down in the guidelines was not followed.

2.2.7.3 Lack of plan for disadvantaged sections

The scheme guidelines envisaged encouraging poor children belonging to disadvantaged sections of the society for attending schools regularly.

We observed that GoUP belatedly (November 2012) notified the definition of 'poor' and 'disadvantaged sections' but did not prepare any plan focusing on poor children belonging to these sections of the society for attending schools regularly.

MDMA stated (November 2015) that data of such children are collected under SSA. The reply is not acceptable as MDMA failed to prepare any plan focusing on children belonging to these sections as required under MDMS. Further, SSA also did not furnish any information regarding identification of poor and disadvantaged section.

2.2.8 Implementation of the scheme

Adequate provision of desired quality foodgrains, efficient transportation and delivery mechanism, proper quality assurance of cooked meals, safety & hygiene, availability of essential infrastructure and sound institutional framework were essential for effective implementation of the scheme. Audit observed that there were serious gaps in each of these areas which affected the scheme adversely in terms of supply of quality meals to school children for prescribed number of days. The detailed findings are discussed below:

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[5] It made inflated projection by capping availing of MDM at 50 *per cent* for districts where it was less than 50 *per cent* during preceding years of 2010-12 and projected total No. of 632.60 lakh children having availed MDM in AWP&B for 2010-15 against average number 560.02 lakh children having availed MDM during preceding years.

2.2.8.1 Management of foodgrains

(i) Allocation, lifting and utilisation of foodgrains

The guidelines required projection of accurate demand for foodgrains at the rate of 100 and 150 grams per child of PSs and UPSs respectively per school-day, on the basis of average attendance in schools. The year-wise status of foodgrains allocated, lifted and utilised during 2010-15 is given in table 2:

Table 2: Details showing allocation, lifting and utilisation of foodgrains for PSs and UPSs in the state

(Quantity in MT)

Sl. No.	Year	Foodgrains approved by PAB (allocated)	Foodgrains lifted as per UC	Foodgrains utilised as per UC
1.	2010-11	3,89,663	2,98,823	2,87,350
2.	2011-12	3,05,424	2,49,548	2,92,701
3.	2012-13	3,31,930	2,96,296	2,60,506
4.	2013-14	3,41,186	2,75,596	2,64,635
5.	2014-15	3,26,635	2,62,587	2,59,374
	Total	**16,94,838**	**13,82,850**	**13,64,566**

(Source: information furnished by MDM Authority)

Low attendance rate and non-supply/ interrupted supply of meals to students led to utilisation of only 81 *per cent* of the foodgrains allocated by GoI

Thus, against the total allocation of 16,94,838 MTs of foodgrains during 2010-15, only 13,82,850 MTs of foodgrains were lifted from FCI and 13,64,566 MTs were utilised; constituting 82 *per cent* and 81 *per cent* of the foodgrains approved by PAB respectively. Status in test-checked districts is given in ***Appendix 2.2.9***.

Audit noticed that the demand for foodgrains was projected on higher side as discussed in paragraph 2.2.7.2 above. It was also observed that children were availing meals for lesser number of days than the prescribed, on account of various reasons including low attendance rate (paragraph 2.2.11.2), non-supply of meals (Paragraph 2.2.8.4 (ii)) and interruptions in supply of meals (Para 2.2.8.4 (iii)). This resulted in gap between foodgrains allocated and actually utilised.

MDMA stated that utilisation was about 90.58 *per cent* of foodgrains allotted (15,06,376 MTs) by GoI during 2010-15. Reply is not acceptable as meals were not served in large number of schools for minimum 200 days as discussed in paragraph 2.2.8.4 (ii) and the requirement of foodgrains was not projected correctly as per scheme guidelines.

(ii) Failure in maintaining buffer stock of foodgrains in schools

Despite allocation of adequate quantities of foodgrains by GoI, buffer stock of foodgrains was not maintained at school level

Paragraph 3.3 of MDM guidelines required the States to ensure that a minimum of one-month buffer stock of foodgrains is available in each school so that disruption in supply of meals could be avoided. Despite allocation of foodgrains being considerably higher than actual utilisation as discussed in paragraph 2.2.8.1 (i) above, we observed negative opening balances (OBs) of stock of foodgrains in districts during 2010-15, as detailed in Table 3:

Table 3: Negative stock balances of foodgrains at the beginning of financial years

(Quantities in MTs)

Sl. No.	Financial Year	Month	Primary Schools		Upper Primary Schools	
			Rice	Wheat	Rice	Wheat
1.	2010-11	April 2010	-3,503.41 (18)	-2,352.61(18)	-1,970.76 (25)	-993.21 (23)
2.	2011-12	April 2011	-4,191.15 (14)	-1,472.62 (10)	-1,630.40 (15)	-748.00 (13)
3.	2012-13	April 2012	-7,246.55 (35)	-5,142.78 (45)	-5,472.34 (43)	-3,016.03(37)
4.	2013-14	April 2013	-1,273.02 (11)	-1,417.42 (16)	-2,041.33 (21)	-960.94 (19)
5.	2014-15	April 2014	-534.98 (06)	-708.20 (07)	-784.83 (11)	-602.27 (11)

(Source: Information furnished by MDMA, Figures in brackets indicate number of districts involved)

In test-checked districts also, negative OBs of foodgrains were noticed as detailed in ***Appendix 2.2.10***. The negative OBs[6] indicated that the required buffer stock of foodgrains was not maintained in schools and MDM was prepared by procuring foodgrains from local sources.

In reply, MDMA accepted (November 2015) the observation and stated that foodgrains were procured from local sources to maintain supply of MDM to children. MDMA did not furnish reasons for reaching stock-out situation in several districts. Reply was not acceptable as the State Government was required to ensure maintenance of buffer stock of foodgrains at school level.

2.2.8.2 Transportation and delivery of foodgrains

GoUP engaged Food and Civil Supplies Department (F&CSD) of Uttar Pradesh and UP Food and Essential Commodities Corporation (F&ECC), transporting foodgrains under Public Distribution System (PDS), as transportation agencies (TAs) for transportation of foodgrains from FCI to block godowns and distribution of the same to schools through Fair Price Shopkeepers (*Kotedars*). Deficiencies noticed in transportation and delivery of foodgrains as discussed below:

(i) Short delivery and diversion of foodgrains

Payments made to transportation agencies without ensuring delivery of foodgrains to block godowns/ schools resulted in short delivery and diversion of foodgrains valuing ₹ 7.36 crore

Scheme guidelines required TAs to lift foodgrains from FCI godowns and deliver the same to the designated authority at *taluka*/block level. State Government authorised TAs to make arrangements for carriage of foodgrains to schools. BSA was made responsible for making payment to FCI after verification of quantity of foodgrains lifted by TA from FCI and delivered to block godowns, and also obtaining school-wise details of foodgrains supplied alongwith bills of TC for subsequent month. We observed that while making payments, compliance of the above provisions were not ensured by BSAs of Faizabad, Ghazipur, Mirzapur and Lucknow districts, leading to short

[6] Negative OB in districts indicated aggregate of negative OBs in schools at the end of preceding financial years.

delivery/diversion and suspected misappropriation of 14200.25 MT of foodgrains valuing ₹ 7.36 crore, as detailed in ***Appendix 2.2.11***.

These cases of repeated misutilisation/misappropriation of foodgrains need to be investigated by the Government and responsibility on erring officers/ officials may be fixed.

MDMA furnished no reply regarding observations on Lucknow, Ghazipur and non-traceable quantity of foodgrains in Mirzapur. Regarding fake allotment order issued in Mirzapur; it stated (November 2015) that foodgrains have been adjusted whereas discrepancies in stock, found in Faizabad, was due to incorrect entries in UCs (2008-10) which has been rectified. No relevant documents, however, were furnished in support of reply though called for.

(ii) Excess payment on account of transportation of foodgrains

As per paragraph 2.3 of scheme guidelines, TAs were to be reimbursed the actual cost incurred on transportation of foodgrains from nearest FCI godowns to the PSs/UPSs subject to the maximum ceiling of ₹ 75 per quintal. Further, GoUP decided (February 2007) to pay profit margin of ₹ 12 per quintal to *kotedars*, out of the TC of ₹ 75 per quintal received from GoI. The profit margin was to be paid to *kotedars* by TA at the time of lifting of foodgrains from block godowns and the same was to be reimbursed to TA by BSA.

We observed that:

Excess payment totaling ₹ 15.93 crore was made to transportation agencies on account of transportation cost and profit margin to *kotedar*

- Instead of reimbursement of the actual cost to TAs, BSAs reimbursed the maximum ceiling rates to TAs for transportation of foodgrains resulting in excess payment of ₹ 12.74 crore on TC in 20 test-checked districts during 2010-15 as detailed in ***Appendix 2.2.12 (A) & (B)***.

- Against the actual payment of ₹ 1.59 crore made by TAs to *kotedars* in 20 test-checked districts[7], BSAs made payment of ₹ 4.78 crore to TAs as profit margins of *kotedars* during 2010-15 against transportation of 3.98 lakh MTs of foodgrains, resulting in excess payment of ₹ 3.19 crore, as detailed in ***Appendix 2.2.13.***

In reply, MDMA stated (November 2015) that TAs were paid at the maximum permissible rate of ₹ 75 per quintal. Reply is not acceptable as reimbursement were to be made on the basis of actual expenditure incurred.

(iii) Loss of empty gunny bags

Revoking its order of February 2007 that allowed retention of gunny bags by *kotedars*, GoUP directed (April 2010) to dispose of the empty gunny bags of foodgrains in accordance with the instruction of MDM Directorate/Education Department. The MDM guidelines (2004) stipulated accountal and disposal of empty gunny bags of foodgrains by the Village Education Committee/Parents Teachers Association/School Management and Development Committee and utilisation of the sale proceeds for enrichment of MDM.

[7] One test-checked district, namely Jalaun did not furnish information.

Empty gunny bags valuing ₹ 56.47 crore were lost due to lack of instruction for its accountal and disposal

We observed that despite directives issued by GoUP, MDMA did not circulate any instruction to schools for accountal and disposal of gunny bags in accordance with the guidelines. Instead, it referred (April 2010/October 2011/November 2014) the matter to GoI which was not responded (October 2015). As a result, 275.44 lakh gunny bags, valuing ₹ 56.47 crore[8] remained unaccounted during 2010-15 at school level, as detailed in ***Appendix 2.2.14***.

In reply, MDMA stated (November 2015) that revised guidelines (2006) did not incorporate any provision relating to disposal of gunny bags and the matter has been referred to GoI. Reply is not acceptable as, in the absence of provisions in revised guidelines, existing instructions of MDMA/Education Department for disposal of empty gunny bags were to be adhered by the schools.

2.2.8.3 Infrastructure facilities

(i) Construction of kitchen-cum-stores

GoI released ₹ 750 crore for construction of 1,22,572 kitchen-cum-stores during 2006-10. Guidelines (2006) prescribed a plinth area of 24.76 square metres[9] for construction of kitchen-cum-store in schools under MDMS. Subsequently, GoI revised the norms and prescribed (December 2009) a plinth area of 20 square metres for construction of kitchen-cum-stores in schools having children upto 100 and additional 4 square metres for every additional 100 children. We observed that:

Total 1.13 lakh kitchen-cum-stores, constructed at a total expenditure of ₹ 724.23 crore, were having inadequate space for cooking of meals

(a) Inadequate space: GoUP adopted (February 2008) a standard design on a plinth area of 14.31 square metres against the norm of 20 square metres/24.76 square metres despite the fact that PSs/UPSs in the state had average 125 students per school. As a result, 1.13 lakh kitchen-cum-stores constructed during 2006-15 at a total cost of ₹ 724.23 crore were having inadequate space for cooking of MDM far below the prescribed norms.

Foodgrains stored in unhygienic conditions in Adarsh Primary School, Kasya, Kushinagar

MDM being prepared on firewood outside Kitchen-cum-store in Primary School, Kanchanpur, Siddharthnagar due to paucity of space.

[8] At 60 *per cent* of rates applicable in *Rabi* (2010-11: ₹ 26.73, 2011-12: ₹ 27.17, 2012-13: ₹ 32.59, 2013-14: ₹ 38.69 and 2014-15: ₹ 44.12) and *Kharif* (2010-11: ₹ 25.97, 2011-12: ₹ 35.82, 2012-13: ₹ 35.03, 2013-14: ₹ 40.17 and 2014-15: ₹ 35.36) Marketing Seasons during 2010-15 for once used bags.

[9] Suitable for cooking of meals for about 150 children.

(b) Lack of drainage and ventilation: Guidelines required that kitchen-cum-stores must be kept clean, should have proper ventilation, adequate light and arrangement for drainage and waste disposal. Physical verification of kitchen-cum-stores in 630 test-checked schools revealed that kitchens in 18 *per cent* schools did not have proper doors, 16 *per cent* did not have adequate light, 21 *per cent* did not have proper ventilation and 34 *per cent* did not have proper facilities for drainage and waste disposal. Thus, the directives for cooking meals in safe and hygienic conditions were not adhered to.

(c) Total coverage: Against 1.67 lakh PSs and UPSs in the state, kitchen sheds were provided to 1.32 lakh schools during 2006-15 including 1.13 lakh constructed from MDM funds and 0.19 lakh kitchen-cum-stores constructed from funds provided under SSA. Hence, 0.35 lakh schools (21 *per cent*) still remained without kitchen-cum-stores. This included 16,156 UPSs within PSs campus, 9,294 schools having land availability issues, 1,290 schools that have not commenced construction of kitchen-cum-store despite availability of funds and 8,195 being government aided schools.

In reply, MDMA stated (November 2015) that the action has been taken in accordance with GoI's release order (February 2010). Reply is not acceptable as GoI never approved plinth area lesser than 20 square metre for construction of kitchen-cum-store. MDMA did not furnish any reply to the audit findings relating to lack of ventilation and other facilities in kitchen-cum-stores and non-coverage of schools with kitchen-cum-stores. In case of Government aided schools, however, it stated that consent from these schools were being obtained for bearing 25 *per cent* of the cost of construction.

(ii) Liquefied Petroleum Gas (LPG) connections

GoI provided CC for cooking of meals which included cost of fuel also. Consequent to roll back (September 2012) of subsidy, GoUP demanded ₹ 610.42 crore from GoI for reimbursement of differential cost of LPG for 2012-14 but GoI released ₹ 198.95 crore only in March 2013/January 2014. Against the available funds, districts submitted claims of ₹ 1.03 crore only for reimbursement covering the period September 2012 to March 2015 and the entire balance amount of ₹ 197.92 crore was lying unutilised with MDMA. This indicated negligible utilisation of LPG in schools and placement of demand by MDMA without following bottom up approach.

We also observed that LPG connections were not available in 70,622 schools (42 *per cent*). Out of the unutilised balance, GoUP sought (March 2014) approval of GoI for utilisation of ₹ 35.31 crore for providing LPG connections to schools. The approval, however, was awaited as of March 2015. Meanwhile, GoUP utilised ₹ 195 crore as cooking cost of MDM during 2014-15. Thus, opportunity to provide LPG connections to these schools was lost.

Physical verification of 630 test-checked schools revealed that firewood/cow-dung cakes was being used for preparation of MDM in 263 schools (42 *per cent*) which were not safe for the school environment.

In reply, MDMA accepted (November 2015) the observation.

Recommendation: The Government should ensure availability of essential infrastructure facilities in schools.

2.2.8.4 Supply of cooked meals to children in schools

(i) Extent of coverage of schools

Paragraph 2.6 of MDMS guidelines stipulated coverage of all Government/ Government aided schools, EGS/AIE centres and *Madarsas/Maktabs* (eligible schools) for providing MDM. The number of eligible schools in the State and the number reported to have been covered under MDMS during last five years were as per Table 4:

Table 4: Details showing Primary and Upper Primary Schools covered under MDM during 2010-15

Year	Number of schools operational in the State	Number of schools covered under MDM	Number of Schools not covered	Total percentage of covered schools
2010-11	1,60,076	1,53,527	6,549	95.91
2011-12	1,69,606	1,57,505	12,101	92.87
2012-13	1,69,621	1,61,933	7,688	95.47
2013-14	1,69,470	1,65,479	3,991	97.65
2014-15	1,68,478	1,67,676	802	99.52

(Source: Information provided by MDMA)

The number of eligible schools remaining uncovered declined from 6,549 schools in 2010-11 to 802 schools in 2014-15. Audit of 21 test-checked districts also indicated non-coverage of 670 to 3,570 schools during 2010-15, as detailed in ***Appendix 2.2.15***.

In reply, MDMA cited non-supply of MDM by Principals of some government aided schools, non-implementation of MDM by schools under construction, and closure of EGS/AIE centres during academic sessions, as possible reasons for non-coverage of schools.

(ii) Failure to provide MDM for prescribed minimum days

Average 56,257 (35 *per cent*) schools per year covered under the scheme failed to provide meals to its students for required minimum 200 days

Hon'ble Supreme Court directed (November 2001) the State Governments to implement MDMS by providing cooked meals to children on each day of school for a minimum of 200 days.

On the basis of IVRS data made available by MDMA, we observed that out of average 1,61,384 schools with average enrolment of 2,01,90,092 children covered under MDMS during 2010-15, following number of children were not provided MDM for minimum 200 days as given in the Table 5.

Table 5: Details showing schools providing MDM for less than 200 days during 2010-15

Sl. No.	Meals served in schools for less than 200 days in a year				Nutritional support provided against the norm of 200 days (*per cent*)
	Range of days	Average number of schools	Average number of children	Average number of days meals served	
1.	0-49	4,134	4,55,067	23	12
2.	50-99	6,724	7,84,348	77	39
3.	100-149	12,251	35,17,465	128	64
4.	150-199	33,148	39,49,112	179	90
	Total	**56,257**	**87,05,992**	**102**	**51**

(Source: IVRS data provided by MDMA)

Thus, average 4,55,067 children, 7,84,348 children, 35,17,465 children and 39,49,112 children were provided only 12 *per cent*, 39 *per cent*, 64 *per cent* and 90 *per cent* nutritional support against the norms of 200 days, leading to partial achievement of the objective. Year-wise details of the number of schools failing to adhere to the norm of providing MDM for minimum 200 days, are given in ***Appendix 2.2.16***.

In test-checked districts we observed that:

- Due to the failure of the Principals of the schools to make necessary arrangements, MDM was not provided to 33,366 and 37,713 children studying in PSs and UPS of 87 and 167 High Schools and Intermediate colleges in test-checked districts of Saharanpur and Bulandshahr during August 2010 to October 2011 and July 2012 to March 2015 respectively. Further, CC amounting to ₹ 1.14 crore and 305 MTs of foodgrains valuing ₹ 15.69 lakh provided to these schools were lying unrecovered/unutilised (May 2015), as detailed in ***Appendix 2.2.17***.

- Similarly, in test-checked district Hardoi, four Non-Government Organisations (NGOs) did not supply MDM to 14,181 children enrolled in 48 schools for periods ranging between 2 to 15 months.

In reply, MDMA stated (November 2015) that MDM provided to children contained the required protein and calorific value. Reply does not address the issue of provision of MDM for less than 200 days by many schools in contravention of Hon'ble Supreme Court directives. Further, it did not furnish any reply regarding non-supply of MDM in test-checked districts of Saharanpur, Bulandshahr and Hardoi.

(iii) Disruption in providing of cooked meals to children

GoUP directed (September 2009) that action should be taken against those responsible for disruption in supply of MDM for three or more days.

We, however, found that IVRS data furnished by MDMA indicated disrupted supply of meals to children in all the districts of UP during 2010-15, as detailed in Table 6:

Table 6: Details showing year-wise position of disruption in supply of MDM to children in the State during 2010-15[10]

Sl. No.	Year	Total School days on which meals were to be served (in crore)	Total school days for which IVRS data was received by MDMA (in crore)	Total disruptions in terms of number of school days on which meals were not served (out of (4))		Disruption in supply of meals in schools	
				School days (in crore)	*Per cent*	For three or more days	For five or more days
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1.	2010-11	3.38	2.14	0.52	*24.30*	4,825	3,264
2.	2011-12	3.78	3.16	0.27	*8.54*	8,123	6,696
3.	2012-13	3.51	3.23	0.25	*7.74*	5,250	4,445
4.	2013-14	3.70	3.51	0.35	*9.97*	7,171	5,925
5.	2014-15	3.62	3.30	0.24	*7.27*	3,565	2,826
	Total	**17.99**	**15.34**	**1.63**	**10.63**	**28,934**	**23,156**

(Source: Data available on IVRS, provided by MDMA)

The average disruption in providing meals to students of primary and upper primary schools during 2010-15 was 10.63 *per cent* of total school days

The analysis in table indicates that there were disruptions of about 11 *per cent* school days in supply of mid-day meals to school children. Further, there were total 28,934 and 23,156 disruptions in supply of meals to children for 'three or more days' and 'five or more days' respectively during 2010-15. Information obtained from 630 test-checked schools revealed that non-availability of foodgrains and CC were the main reasons attributable for disrupted supply of meals. Other reasons for disrupted supply of meals, as cited by schools, were non-availability of water and fuel in schools, theft of utensils/LPG cylinders and absence of students from schools, as detailed in ***Appendix 2.2.18.***

In reply, MDMA stated (November 2015) that disruption of more than three days was reported to DMs/BSAs for resuming the supply of meals. Reply is not acceptable as no effective action was taken to ensure disruption free supply of MDM in schools. Further, no responsibility was fixed for such repetitive disruptions.

Recommendation: The Government should conduct a baseline study to capture basic data on nutritional level of children in PS and UPS and area specific nutritional deficiencies prevalent among them.

Disruptions in supply of MDM should be minimised by ensuring availability of foodgrains and availability of buffer stock at school levels.

2.2.8.5 Quality and safety of meals

(i) Inadequate assurance for quality of meals

Audit noticed lapses and deficiencies in adherence to government guidelines and instruction regarding proper quality testing of meals and adequate monitoring and supervision in preparation and serving of meals to children to ensure quality, safety and hygiene as discussed below:

[10] From July 2010

(a) Involvement of teachers and mothers in tasting and feeding of meals: Guidelines provided that food prepared should be tasted by 2-3 adults including at least one teacher before it is served to children. Guidelines, further, required involvement of community members including mothers groups in supervising feeding of children to ensure that plates used for eating are clean, children washed their hands and avoid littering and wastage of food. Joint physical verification and information furnished by 630 selected schools in 21 test-checked districts, however, revealed that the required one mother was not present to supervise the preparation and serving of meals to children in 341 schools (54 *per cent*). Prepared food was not tasted by the required at least 2-3 adults including at least one teacher before it was served to children in 35 schools.

(b) Involvement of Voluntary Organisation: GoUP issued instruction (October 2007) envisaging monitoring of MDMS by involvement of Social and Voluntary Organisations (VOs). VOs were to be involved in ensuring preparation of meals in accordance with the menu, providing adequate quantity of meals to children, quality of meals, safety and hygiene in preparation of meals and availability of water.

Audit of 630 test-checked schools in 21 selected districts revealed that GoUP nominated (October 2007) six VOs for carrying out the above tasks but these agencies never monitored MDM in 457 schools (73 *per cent*). Remaining 173 schools did not furnish any reply.

Thus, meals were provided to children without adequate quality testing and proper monitoring and supervision.

MDMA furnished no reply with regard to non-involvement of teachers and mothers in tasting and feeding of meals and involvement of VOs.

(ii) Inadequate safety and hygiene in kitchen

Paragraph 4.2 of the guidelines and directives issued (December 2007) by GoUP provided keeping kitchen and utensils clean and dry, storing foodgrains in a place away from moisture, in air tight containers, using ‘Agmark’ spices and providing trainings to cooks in maintaining safety and hygienic habits.

Joint inspection by audit and teachers/headmasters of 630 test-checked schools revealed that:

- Kitchen-cum-stores were not found properly cleaned in 60 schools. Food ingredients were not kept in proper containers and utensils were not cleaned properly in 99 and 25 schools respectively. ‘Agmark’ spices, required to be used, were also not used in 50 schools.

- Meals were not prepared in hygienic conditions in 54 schools and cooked meals were not served to children in hygienic place in 77 schools.

- Training for hygienic habits was not imparted to cooks in 303 schools (48 *per cent*). Similarly, training for safe handling of stoves/LPG cylinder etc. was also not imparted to cooks in any of the test-checked school.

MDMA did not furnish any reply.

2.2.8.6 Health support to children

(i) Regular health check-ups of children

The scheme provided regular health check-up through convergence with NRHM. The details given in Table 7 indicate year-wise target for coverage and students covered under NRHM during 2010-15:

Table 7: Details showing children covered under Schools Health Programme/ *Rashtriya Bal Swasthya Karyakram*

Adequate health check-ups were not conducted and required doses of micronutrient supplementation and de-worming medicine were not provided to students covered under the scheme

(Figures in numbers)

Sl. No.	Year	No of students enrolled as per MDMA	Target for coverage of children under SHP	Achievement		
				Number of children covered	Percentage of coverage	
					Against enrolment	Against target fixed under SHP
1.	2010-11	2,03,45,456	73,80,000	43,93,726	21.60	59.54
2.	2011-12	2,10,03,082	86,10,000	18,59,613	8.85	21.60
3.	2012-13	2,03,43,102	55,59,613	23,35,822	11.48	42.01
4.	2013-14	2,00,97,201	1,66,78,839	1,24,47,089	61.93	74.63
5.	2014-15	1,91,61,620	1,63,93,913	91,70,281	47.86	55.94

(Source: Information received from NRHM Directorate and MDMA)

We observed that School Health Programme (SHP) of NRHM was implemented without convergence with MDMS. As a result, the coverage of children under SHP ranged between 8.85 to 61.93 *per cent* of the enrolment in schools during 2010-15. Even achievement against the target fixed under SHP was ranging between 21.60 and 74.63 *per cent* leading to inadequate health check-ups under SHP.

Physical verification and information furnished by 630 selected schools in 21 test-checked districts revealed that health check-ups were not conducted and health registers/cards of children were not maintained in 203 (32 *per cent*) and 392 (62 *per cent*) schools respectively. Weighing machines were not available in 272 schools (43 *per cent*). Body Mass Index was not recorded and eyes were never tested in 400 (64 *per cent*) and 296 (47 *per cent*) schools respectively.

In reply, MDMA stated (November 2015) that the programme is solely implemented by the health department and micro plan is prepared under the directives of CMO of the district. It only received reports from NRHM directorate. The reply indicated lack of convergence of MDMS with NRHM.

(ii) Administration of micronutrients to children

Scheme guidelines provide administration of six-monthly doses for de-worming, weekly doses of Iron & Folic-Acid (IFA), Zinc & Vitamin A and other appropriate supplements depending on the common deficiencies found in the concerned area. The expenditure was to be funded from the appropriate scheme of the State Government or through convergence with NRHM.

Audit observed that neither the State Government provided any funds for micronutrients supplementation to children nor monitored its implementation through convergence with NRHM.

We, however, sought information from 630 sampled schools in 21 test-checked districts to ascertain the extent of implementation of these component. Our test-check of 630 schools revealed that 254 schools (40 *per cent*) never provided IFA tablets to children whereas 87, 57 and 47 schools provided the same once, twice and thrice respectively during 2010-15. Further, 270 schools (43 *per cent*) never provided de-worming tablets to children whereas 210 schools (33 *per cent*) provided the same once, twice and thrice during 2010-15.

In reply, MDMA stated that the programme is implemented solely by the Health Department of the State and there was no provision of conducting studies under the programme to find nutritional deficiencies in the children. Reply of MDMA indicates that there was no coordination between MDMA and NRHM authorities to ensure administration of required micronutrients to children.

Monitoring, evaluation and impact assessment of the scheme

With a view to ensure proper implementation of the scheme and achievement of objectives of increasing enrolment, attendance, retention and improvement in nutritional level of children, MDMS provided multi-level monitoring mechanism and also evaluation of the scheme to take corrective action.

2.2.9 Monitoring of the scheme

2.2.9.1 Institutional monitoring

Meetings were not held and inspections were not carried out by monitoring agencies as per norms

Guidelines of the scheme provides institutional monitoring through monthly meetings of district and block level Steering-cum-Monitoring Committee (SMC), quarterly meetings of District Vigilance Monitoring Committees (DVMC) and inspection of schools by District and Block Level Task Forces (DTF/BTF) at least once in a year. The composition of these committees and task forces is given in ***Appendix 2.2.19***.

We observed that monitoring of the scheme was not as per norms, as discussed in Table 8:

Table 8: Details showing inadequate monitoring by monitoring agencies

Sl. No.	Agency	Frequency	Details of monitoring
1.	District and block SMC	Monthly meetings	Shortfall in holding district and block level SMC meetings ranged between 18 to 47 *per cent* and 36 to 73 *per cent* respectively during 2010-15 (***Appendix 2.2.20***). Audit of 21 test-checked districts also revealed that against 1181 meetings, only 822 meetings were held during 2010-15 (***Appendix 2.2.21***).
2.	DVMC	Quarterly meetings	DVMC was not set up in Hardoi district. In 20 districts, where DVMCs were set up, no meeting was convened in six districts. In five districts, only one meeting was convened during 2010-15 (***Appendix 2.2.22***).
3.	DTF/ BTF	At least once in a year	In 11 districts, inspection of schools during 2010-15 was one to 65 *per cent* less than the prescribed norms (***Appendix 2.2.23***). Further, 12 districts did not prepare inspection reports whereas 15 districts did not submit inspection reports to SMCs. As a result, corrective steps on these reports were not taken.

Shortfall in holding meetings and conducting inspections as well as non-preparation of inspection reports lead to inadequate monitoring of the scheme.

MDMA furnished no reply.

Recommendation: The Government should ensure adequate inspection and monitoring of the scheme at all levels.

2.2.9.2 *Monitoring through IVRS*

Interactive Voice Response System (IVRS) was introduced by GoUP in April 2010 under the MDMS as a daily monitoring system with data on children availing MDM is collected from schools through a voice response system using mobile phone. It has been introduced and managed by MDMA, Lucknow for the monitoring the implementation of MDMS at school level.

We, during performance audit, observed that:

- All the schools were not reporting actual serving of MDM on daily basis through IVRS. As already discussed in paragraph 2.2.8.4 (iii) above, against the total school days of 17.99 crore for last five years, MDM data for only 15.34 crore school days was captured in IVRS indicating less reporting to the extent of about 15 *per cent*. The number of meals actually served, as reported through IVRS, was considerably lower[11] than that reported through Management Information System (MIS) compiled from school level MDM register.

[11] As reported by MDMA, the data reported through IVRS during 2012-13 and 2014-15 were lower than that reported through MIS by 208683303 numbers and 290332386 numbers respectively.

● Since IVRS has been developed as a daily monitoring system, to ensure data integrity, the system should not allow any change in the information about serving or non-serving of MDM on a particular day recorded in the system, after a specified number of days of reporting. Audit, however, noticed that the information recorded was never locked and could be changed at any time even after one to five years of reporting. This lack of control and adequacy of security in the system was fraught with the risk of subsequent manipulation of reported data for misuse and misappropriation of funds.

● Further, it was noticed that the number of meals served/attendances reported by schools on the basis of MDM register were not realistic. With the objective to verify the actual attendance, we conducted Joint physical verification with teachers/headmasters of respective 630[12] selected PSs/UPSs of 21 test-checked districts. Presence on the day of verification was compared with the average of presence in respective schools during preceding month. We found that average attendance during the preceding month was 17.5 *per cent* higher than attendance on the day of verification, despite the fact that programmes of physical verification to the schools were intimated in advance.

MDMA accepted (November 2015) the observations regarding non-receipt of data through IVRS and excess number of meals served reported through MIS; and stated that provision for locking of data was available at block level. Reply is not acceptable as the data was not found locked in test-checked districts even after one to five years of reporting. MDMA also stated (November 2015) that Director of Education (*Basic Shiksha*) has been requested to enquire into the matter relating to inflated projection of attendance and taking action against the responsible officers/officials.

2.2.10 Evaluation of the scheme

The guidelines provided for evaluation of the scheme through external agencies. We observed that the evaluation was conducted during 2010-11 and 2012-13 by two and three agencies respectively. These agencies recommended appointing contractual staff for managing MDM in schools, formulating guidelines for NGOs, strengthening MDM cell and enhancing quality of education (***Appendix 2.2.24)*** etc. The MDMA formed (February 2014) a sub-committee for submitting its suggestions on the report. Recommendations of evaluation agencies were put up in meeting (February 2015) of the management committee of MDMA but no further action was taken (March 2015) for implementation of the recommendations of the report. MDMA accepted the observations stating (November 2015) that necessary actions would be taken on the recommendations.

[12]PS: 420, UPS: 210. During physical verification eight schools were found closed, meals were not served in five schools and records relating to MDM were not put up by eight schools.

2.2.11 Impact of the scheme

The MDMS aimed to boost universalisation of primary education by increasing enrolment, retention, attendance and to improve nutritional level of students.

2.2.11.1 Impact on enrolment

We observed that the total number of children enrolled in PSs covered under MDMs decreased whereas enrolment in private PSs increased during 2010-15, as detailed in Table 9:

Table 9: Details showing decrease and increase in enrolment of children in PSs covered under MDMS and private elementary schools during 2010-15

Sl. No.	Year	No of Primary Schools	Total enrolment in PSs covered under MDMS	*Per cent* decrease in enrolment as compared to enrolment in previous years	Total enrolment in private elementary schools	*Per cent* increase in enrolment as compared to enrolment in previous years
1.	2009-10	1,08,390	1,70,64,944	-	1,16,44,675	-
2.	2010-11	1,07,546	1,58,65,317	7.03	1,22,37,360	5.09
3.	2011-12	1,16,107	1,51,70,833	4.38	1,55,40,557	26.99
4.	2012-13	1,15,683	1,43,18,772	5.62	1,78,02,029	14.55
5.	2013-14	1,15,451	1,40,97,256	1.55	1,80,60,720	1.45
6.	2014-15	1,14,373	1,33,72,102	5.14	1,88,40,481	4.32

(Source: AWP&B, District Information System for Education and information provided by MDMA)

Objectives of the scheme remained largely unachieved as enrolment and attendance in schools covered under the scheme decreased during 2010-15 whereas improvement in nutritional level of its children remained unmonitored

The total decrease in enrolment in PSs covered under MDMS was 21.64 *per cent* whereas the total increase of enrolment in private elementary schools was 61.79 *per cent* upto 2014-15, as compared to enrolment of PSs in these schools during 2009-10.

MDMA accepted (November 2015) the observation and stated that lack of teachers in government/government aided schools impacted adversely on quality of education and children migrated to private schools.

2.2.11.2 Impact on attendance

Despite being an important objective of the scheme to improve attendance, MDMA did not collect and maintain data on attendance. MDMA treated data on children availing MDM on a particular day as attendance of children on that day. Audit, therefore, computed average yearly attendance on the basis of data on meals served. The details given in Table 10 indicate year-wise position of average MDM served/attendance of children in PS and UPS during 2010-15:

Table 10: Details showing attendance of children in PS and UPS of the state during 2010-15

Sl. No.	Year	Number of children enrolled on 30 September (*) (in crore)		Number of days schools scheduled to opened	Total student days (on the basis of number of meals availed) (in crore)		Average attendance (Average number of days on which MDM was served)			
							PS		UPS	
		PS	UPS		PS	UPS	Days	*Per cent*	Days	*Per cent*
(i)	(ii)	(iii)	(iv)	(v)	(vi)	(vii)	(viii) = (vi)/(iii)	(ix) = (viii)*100/(v)	(x) = (vii)/(iv)	(xi)= (x)*100/(v)
1.	2010-11	1.59	0.45	230	197.81	59.78	124	53.90	133	57.80
2.	2011-12	1.52	0.58	220	193.89	71.75	128	58.20	124	56.40
3.	2012-13	1.43	0.60	234	163.91	63.91	115	49.10	107	45.70
4.	2013-14	1.41	0.60	243	165.94	65.88	118	48.60	110	45.30
5.	2014-15	1.34	0.58	234	161.29	65.39	120	51.30	113	48.30
	Total	**7.29**	**2.81**	**1161**	**882.84**	**326.71**	**605**		**587**	
	Average	1.46	0.56	232	176.57	65.34	121	52.10	117	50.40

*Enrolment figures have been taken for 30 September of the preceding year as this cut-off date is normally used by MDMA for planning and projection of requirement of funds and foodgrains on the assumption that maximum enrolments have taken place by that date.

The table indicates that the average attendance in PSs decreased by 6.9 *per cent* during 2011-15 (it increased by 4.3 *per cent* during 2010-11). Similarly, average attendance in UPSs decreased by 9.5 *per cent* during 2010-15. In 21 test-checked districts also, we observed that attendance of students in PSs and UPSs decreased 2011-15[13] by 3.1 *per cent* and 5.1 *per cent* respectively during the period, as detailed in ***Appendix 2.2.25*.**

Thus, GoUP failed to check the decreasing trend in attendance leading to non-achievement of objective of increasing attendance of children in schools.

MDMA did not furnish reply.

Recommendation: The Government should take necessary steps to improve enrolment and attendance in eligible primary and upper primary schools.

2.2.11.3 Impact on retention

MDMA did not maintain data relating to dropout students of PS and UPS, though decreasing drop-out rate was one of the objectives of MDMA. However, data on enrolment indicated that the drop-out rate of students was quite significant ranging between 1.83 to 5.35 *per cent* (average 3.45 *per cent*)

[13] The enrolment in PS and UPS increased during 2011-12 by 6.4 *per cent* and 4.7 *per cent* as compared to enrolment during 2010-11.

in respect of PSs and 0.00 to 15.63 *per cent* (average 3.89 *per cent*) for UPSs during last five years as shown in the Table 11.

Table 11: Details showing average attendance of children in PSs and UPSs during 2010-15

Sl. No.	Year	Number of students				Number of Dropout students	
		Maximum enrolment during the academic session		Enrolment in the last quarter of academic session			
		PS	UPS	PS	UPS	PS	UPS
1.	2010-11	1,58,97,195	58,75,825	1,50,46,905	49,57,315	8,50,290	9,18,510
2.	2011-12	1,51,13,339	59,31,206	1,43,59,961	59,31,206	7,53,378	0
3.	2012-13	1,43,10,140	59,39,156	1,40,48,879	59,29,217	2,61,261	9,939
4.	2013-14	1,40,55,274	60,11,435	1,37,79,915	60,04,860	2,75,359	6,575
5.	2014-15	1,37,60,180	59,81,120	1,33,74,374	57,59,496	3,85,806	2,21,624

(Source: State level Quarterly Progress Report provided by MDMA)

Thus, children ranging between 2,75,359 to 8,50,290 and 6,575 to 9,18,510 were dropped out midway from PSs and UPSs respectively during 2010-15.

MDMA accepted the observation and stated that the drop out of student was related to quality of education imparted in government/government aided schools which was not satisfactory due to shortage of teachers in these schools.

2.2.11.4 Impact on nutritional level

GoUP neither conducted baseline studies during the first year, despite provided in the guidelines (2004) nor in subsequent years of implementation of the scheme to capture the basic data on nutritional level of children in PS and UPS, as discussed in paragraphs 2.2.7.1. It also did not set any measurable parameters for observing improvement in nutritional status of the children. As a result, MDMA had no data on nutritional level/improvement in nutritional level of children in primary and upper primary classes.

MDMA stated (November 2015) that house hold survey was conducted under SSA. Reply is not acceptable as the household survey does not bring out prevalence of nutritional deficiencies among children, as discussed in paragraph 2.2.7.1.

2.2.12 Conclusions and recommendations

- There was unrealistic projection of demand. Further, the unspent balances of funds at the end of financial years increased significantly during 2010-15.

Recommendation: The Government should asses its demand realistically by adopting bottom up approach of planning correctly and effectively.

- The objective of MDMS for improving nutritional status of children studying in primary and upper primary schools remained largely unachieved due to various reasons viz. coverage of MDM for less than 200 days in many schools, frequent disruptions, decrease in enrolment and attendance, etc. Further, GoUP had no data regarding nutritional level of children in PS and UPS and area specific nutritional deficiencies prevalent among them. Micronutrient supplementation was not provided to children for prescribed number of days and doses.

Recommendation: The Government should conduct a baseline study to capture basic data on nutritional level of children in PS and UPS and area specific nutritional deficiencies prevalent among them.

Disruptions in supply of MDM should be minimised by ensuring availability of foodgrains and availability of buffer stock at school levels.

- Enrolment of students in Primary Schools decreased every year during 2010-15. Further, the attendance of the children was poor and a substantial number of children left the schools in mid-sessions.

Recommendation: The Government should take necessary steps to improve enrolment and attendance in eligible primary and upper primary schools.

- Schools covered under the scheme lacked essential infrastructure facilities like kitchen-cum-store (21 *per cent*) and LPG connections (42 *per cent*).

Recommendation: The Government should ensure availability of essential infrastructure facilities in schools.

- Monitoring of the scheme was not effective as meetings of District Vigilance and Monitoring Committees and Steering-cum-Monitoring Committees at the district and block levels were not held at prescribed intervals.

Recommendation: The Government should ensure adequate inspection and monitoring of the scheme at all levels.

URBAN EMPLOYMENT AND POVERTY ALLEVIATION PROGRAMME DEPARTMENT

2.3 *Swarna Jayanti Shahari Rozgar Yojana*/National Urban Livelihood Mission

Executive summary

Government of India launched (December 1997) *Swarna Jayanti Shahari Rozgar Yojana* (SJSRY) to provide gainful employment to urban poor living Below Poverty Line. The scheme was subsequently revamped (September 2013) as National Urban Livelihood Mission (NULM). An expenditure of ₹ 402.10 crore was incurred on SJSRY during 2010-14. The schemes are funded on 75:25 basis by Centre and State Governments. Performance audit of SJSRY (Period: 2010-14) and NULM (Period: 2014-15) was conducted covering 19 districts. Our findings are as follows:

Financial

- Against the total allocation of ₹ 620.42 crore under SJSRY, only 70 *per cent* funds were released by the two Governments. The State Government providing merely 45 *per cent* of its share of allocation during 2010-14. The State Urban Development Agency allocated funds to district level agencies based on 'total urban population' instead of 'population of urban poor' resulting in higher allocation of funds to districts with less population of urban poor and lower allocation of funds to districts with higher number of urban poor.

(Paragraph 2.3.6.1)

- Only 33 to 56 *per cent* of the available funds were utilised under SJSRY during 2010-14 indicating inadequate performance of the Department in implementing programmes. No expenditure was incurred under NULM during 2014-15 despite availability of funds of ₹ 206.50 crore as the scheme was still at planning stage defeating the prime objective of providing gainful employment to urban poor.

(Paragraph 2.3.6.2)

- The State Urban Development Agency also did not maintain intervention-wise details of unspent funds and incurred excess expenditure under Skill Training for Employment Promotion amongst Urban Poor, Urban Self Employment Programme and Urban Women Self-Help Programme schemes by diverting funds from Urban Wage Employment Programme and Urban Community Development Network without obtaining approval, which adversely impacted the implementation of SJSRY and NULM.

(Paragraph 2.3.6.3)

Planning

- Planning in SJSRY was almost non-existent as no slum survey for identification of beneficiaries was conducted, and Slum Development Plan and Urban Poverty Reduction Strategy were also not prepared. No comprehensive database of beneficiaries and Urban Poverty Alleviation cells in Urban Local Bodies were setup for ensuring convergence and rendering assistance in identification of beneficiaries.

(Paragraph 2.3.7.1 to 2.3.7.3)

Programme Implementation

Urban Community Development Network

- Community structures such as Neighbourhood Groups and Neighbourhood Committees, and Community Organisers, who had to play important roles in organising the urban poor for tackling urban poverty and helping in the implementation of SJSRY at grass root level, were not established/engaged in large number of districts test-checked. This affected the scheme implementation adversely.

(Paragraph 2.3.8.1)

Skill Training for Employment Promotion amongst Urban Poor

- Against the target of 1.42 lakh, skill training was imparted to only 60 *per cent* beneficiaries in the test-checked districts despite availability of unspent funds of ₹ 10.18 crore during 2010-14.

(Paragraph 2.3.8.2(ii))

- The tool-kits could have helped the beneficiaries in establishing their own self-employment ventures. However, in violation of scheme guidelines, in 14 test-checked districts, 24,832 beneficiaries (46 *per cent*) were not provided tool-kits after skill training. Stipend of ₹ 1.69 crore was also not disbursed to 7,053 successful trainees in four test-checked districts.

(Paragraph 2.3.8.2(v))

- Rupees 59.08 crore was spent on imparting training to 85,109 beneficiaries through private Institutes in test-checked districts but only 12 *per cent* of them could get placement/self-employment.

(Paragraph 2.3.8.2(vi))

Urban Self Employment Programme

- There was a shortfall of 15 *per cent* in achieving the targets under the scheme for providing subsidised loans. Only 10 *per cent* women beneficiaries were given loan against the norm of 30 *per cent*.

(Paragraph 2.3.8.3)

- Of the 926 cases of loan sanctions produced to audit for scrutiny in 15 districts, 43 *per cent* cases were found to be irregular as loans in these cases were sanctioned to ineligible beneficiaries. Such irregular sanctions were significantly higher in Aligarh, Ghaziabad, Gorakhpur, Kanpur Nagar, Saharanpur and Varanasi districts.

(Paragraph 2.3.8.3(i))

Urban Women Self-Help Programme

- Only 29 *per cent* beneficiaries of self-help groups of urban poor women were provided subsidised loan for setting up gainful self-employment venture against the target of 1.07 lakh beneficiaries. Cases of sanction of loan to ineligible beneficiaries were also noticed.

(Paragraphs 2.3.8.4(i)&(ii))

Urban Wage Employment Programme

. Against the target of providing 5.31 lakh man-days of wage employment during 2010-14, only 3.91 lakh man-days of wage employment could be provided resulting in shortfall of 26 *per cent*, primarily due to non-adherence to material-labour ratio of 60:40 *per cent*.

(Paragraph no. 2.3.8.5 (i))

2.3.1 Introduction

Government of India (GoI) launched (December 1997) *Swarna Jayanti Shahari Rozgar Yojana* (SJSRY) to provide gainful employment to the urban unemployed or underemployed poor through encouraging the setting up of self-employment ventures or provision of wage employment. SJSRY consisted of two components schemes *viz.*, Urban Self-Employment Programme (USEP) and Urban Wage Employment Programme (UWEP). The scheme of SJSRY was revised in April 2009 by including three more component schemes namely Urban Women Self-help Programme (UWSP), Skill Training for Employment Promotion amongst Urban Poor (STEP-UP) and Urban Community Development Network (UCDN).

The main objectives of SJSRY as per 2009 guidelines were:

- Addressing urban poverty alleviation through gainful employment to urban unemployed/underemployed poor by encouraging them to set up self-employment ventures, with support for their sustainability;

- Supporting skill development and training programmes to enable the urban poor have access to employment opportunities opened up by the market or undertake self-employment; and

- Empowering the community to tackle the issues of urban poverty through suitable self-managed community structures (***Appendix-2.3.1***).

Urban poverty being multi-dimensional, various vulnerabilities (occupational, residential and social) faced by the poor in cities and towns needed to be addressed simultaneously in a comprehensive and integrated manner, with a targeted focus on vulnerable groups. It was in this context that a mission mode approach to urban livelihood was considered necessary in the form of National Urban Livelihood Mission (NULM). SJSRY was, therefore, revamped (September 2013) as NULM and made operational from April 2014. NULM comprises of six programmes as detailed in ***Appendix 2.3.2***.

Funding of SJSRY and NULM between GoI and the Government of Uttar Pradesh (GoUP) is in the ratio of 75:25.

2.3.2 Organisational Structure

The Secretary, Urban Employment and Poverty Alleviation Programme Department, GoUP was responsible for overall implementation and monitoring of the scheme at Government level. The scheme was implemented through the State Urban Development Agency (SUDA) at State level, District Urban Development Agency (DUDA) at district level, Town Urban Poverty

Alleviation cell (UPA cell) at ULB level and Community Development Societies (CDS) and other community structures at lower level like *mohalla, etc*. The Director, SUDA was responsible for planning, coordination, implementation, financial control, monitoring and evaluation of the scheme activities at the State level. At district level, the District Magistrate assisted by the Project Director (Additional District Magistrate rank officer nominated by DM) and Project Officer (PO), District Urban Development Agency (DUDA) in coordination with community structures comprising Neighbourhood Groups (NHGs), Neighbourhood Committees (NHCs), and Community Development Societies (CDS) in Urban Local Bodies ***(Appendix-2.3.3)*** developed under UCDN component of SJSRY were responsible for implementation of the scheme.

2.3.3 Audit Objectives

The objectives of the Performance Audit were to ascertain as to whether the:

- Financial management of the scheme was sound and funds were released adequately, timely and in proportion to the urban poor population; and were utilised as envisaged;
- Planning was adequate, proper surveys for identification of beneficiaries were conducted and urban community development network was strengthened for efficient implementation of the scheme;
- Skill training was imparted to all eligible identified beneficiaries through reputed institutions in tune with the emerging market opportunities, and requisite tool-kits were provided to help them start their own self-employment ventures;
- Financial assistance through loans and subsidy under self-employment programmes was provided to targeted eligible beneficiaries as per Government approved norms; and women and other disadvantageous groups were adequately covered;
- Adequate wage employment was generated for urban poor through creation of useful community assets in towns/cities; and
- Effective monitoring and internal control mechanism were in place.

2.3.4 Audit Criteria

The sources of criteria were as under:

- Guidelines of SJSRY/NULM, instructions/circulars issued by GoI, GoUP and nodal agencies at State and district levels;
- Guidelines of Reserve Bank of India for administration of subsidy; and
- Financial Rules, specifications and guidelines of Public Works Department.

2.3.5 Scope of Audit and Methodology

An Entry Conference was held on 6 February 2015 with the Secretary, GoUP; wherein the audit objectives, scope and methodology were discussed which were accepted. We conducted the test-check of the records for the period 2010-15 at Secretary, Urban Employment and Poverty Alleviation Programme Department, SUDA, Lucknow and at 19 DUDAs[1] selected using Probability Proportional to Size without Replacement statistical sampling method. The records of SJSRY/NULM for 2010-15 of SUDA and DUDAs were examined during February 2015 to June 2015. We also conducted interviews and joint physical verification of the beneficiaries. The Exit Conference was held with the Special Secretary, GoUP on 26 October 2015 wherein facts and figures and recommendations made by Audit were accepted. The results of Exit Conference and replies (November 2015) of GoUP have been suitably incorporated.

Audit Findings

2.3.6 Financial Management

2.3.6.1 Allocation and release of fund

SJSRY and NULM guidelines envisaged allocation of funds to be made to State in relation to the incidence of urban poverty, with sharing of funds between GoI and GoUP in the ratio of 75:25. GoI was to release subsequent instalments only after submission of Utilisation Certificates (UCs) by SUDA and in tune with the matching share released by GoUP. The year-wise allocation and releases of funds during 2010-15 under SJSRY and NULM are given in Table 1.

Table 1: Details of year-wise allocation and releases during 2010-15

(₹ In crore)

Sl. No.	Year	Opening balance	Allocation		Fund released		Total available funds	Releases by SUDA (*per cent*)
			GoI	GoUP	GoI	GoUP		
1	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**
				Swarna Jayanti Shahari Rozgar Yojana				
1.	2010-11	109.85	72.24	25.00	72.25	22.67	204.77	106.59 (52)
2.	2011-12	90.95	111.19	43.76	111.19	43.76	245.90	81.79(33)
3.	2012-13	165.57	93.37	145.00	46.69	15.55	227.81	83.27(37)
4.	2013-14	143.99	93.48	36.38	93.93	30.78	268.70	117.48(44)
		Total	**370.28**	**250.14**	**324.06**	**112.76**		**389.13**
Total for GoI & GoUP			**620.42**		**436.82**			**389.13**
				National Urban Livelihood Mission				
5.	2014-15	144.57	157.98	24.16	46.45	15.48	206.50	33.99 (16)
		Grand Total	**528.26**	**274.30**	**370.51**	**128.24**		**423.12**

(Source: SUDA, Lucknow)

[1] Agra, Aligarh, Ambedkarnagar, Bahraich, Bareilly, Chitrakoot, Fatehpur, Ghaziabad, Gorakhpur, Hardoi, Jhansi, Kanpur Nagar, Mau, Moradabad, Muzaffarnagar, Raibareli, Saharanpur, Sonbhadra and Varanasi.

We observed that:

Short release of funds by GoUP

(i) Against the total allocation of ₹ 620.42 crore under SJSRY scheme, only ₹ 436.82 crore (70 *per cent*) was released by the two Governments during 2010-14 with GoI releasing 87.52 *per cent* and GoUP providing only 45 *per cent* of their share of allocation during the four years period. This was due to slackness on the part of agencies at State and district level in implementing the programme and utilising the allocated funds.

(ii) During 2014-15, GoUP released ₹ 39.40 crore to SUDA on 31 March 2015 under NULM, *i.e.* on last day of the year in contravention of Rule-215 of General Financial Rule (GFR).

Funds not released by SUDA in proportion to urban poor population

(iii) GoI allocated funds on the basis of population of urban poor, whereas SUDA made allocation to DUDAs on the basis of total urban population. This has resulted in higher allocation of funds in some of the test-checked districts though population of urban poor in these districts like Ghaziabad was relatively less. On the other hand, districts with higher population of urban poor such as Ambedkarnagar were provided with less funds as given in ***Appendix 2.3.4***.

On this being pointed out in Audit, SUDA stated that due to non-availability of BPL data funds were allocated on the basis of urban population.

2.3.6.2 Utilisation of funds

The year-wise releases and utilisation of funds under SJSRY and NULM during 2010-15 are given in Table 2.

Table 2: Details of year wise utilisation of funds during 2010-15

(₹ in crore)

Sl. No.	Year	Opening balance	Total releases by GoI and GoUP	Total fund available with SUDA	Expenditure (*per cent*)	Closing balance available with SUDA
1	2	3	4	5	6	7
Swarna Jayanti Shahari Rozgar Yojana						
1.	2010-11	109.85	94.92	204.77	113.82 (56)	90.95
2.	2011-12	90.95	154.95	245.90	80.33(33)	165.57
3.	2012-13	165.57	62.24	227.81	83.82(37)	143.99
4.	2013-14	143.99	124.71	268.70	124.13(46)	144.57
		Total	**436.82**		**402.10**	
National Urban Livelihood Mission						
5.	2014-15	144.57	61.93	206.50	00.00	206.50
		Grand Total	**498.75**		**402.10**	

(Source: SUDA, Lucknow)

It would be seen from the above table that SUDA incurred expenditure ranging between 33 *per cent* and 56 *per cent* of the total available funds ranging between ₹ 204.77 crore and ₹ 268.70 crore under SJSRY during 2010-14. No expenditure was incurred under NULM despite availability of funds to the extent of ₹ 206.50 crore during 2014-15.

UCs were not submitted by SUDA timely

We also observed that, SUDA failed to submit UCs within stipulated timeframe which resulted in non-release of ₹ 46.68 crore by GoI during 2012-13; and UCs of ₹ 155.61 crore were pending as of November 2015 (***Appendix 2.3.5***).

The Government did not furnish the specific reply on the issue.

2.3.6.3 Diversion of funds amongst the components of schemes

While allocating funds under SJSRY, GoI clearly indicated the proportionate share of each interventions scheme in terms with percentage and advised GoUP to follow the allocation while implementing the scheme. Any change in proportion of allocation of the intervention schemes required approval of GoI.

GoI norms in allocation of fund were not adhered to and approval for deviations was not taken by SUDA

We observed that SUDA made major deviations in percentage allocation of intervention component schemes during 2010-13 but did not seek GoI approval with justification. Excess allocation of funds over the percentages prescribed by GoI was made by SUDA under STEP-UP, USEP and UWSP schemes by diverting allocations from UWEP and UCDN as given in ***Appendix 2.3.6***. It was also observed that SUDA was not maintaining intervention-wise status of unspent funds.

GoUP stated (November 2015) that component-wise integrated UCs were sent to GoI. The reply was not acceptable as SUDA furnished UCs to GoI in piece meal for smaller amounts with considerable delays instead of submitting a consolidated UC for the entire annual allocation and, therefore, it was not possible to monitor deviations in the percentage allocations from the UCs. Besides, SUDA was required to provide justification and seek approval of GoI for deviations made in allocations.

2.3.6.4 Non-accounting of interest accrued

Interest of ₹ 49.59 crore earned was neither intimated to GoI nor adjusted in subsequent allocations of funds

While allocating funds under SJSRY, GoI clearly indicated that funds was to be kept in saving bank account and interest earned was either to be adjusted in the next year allocation or to be refunded to GoI. We noticed that SUDA earned interest of ₹ 49.59 crore[2] on unutilised funds of SJSRY which were parked in different saving bank accounts during 1997-2015 **(*Appendix 2.3.7*)**. SUDA neither refunded nor intimated the amount of interest earned to GoI/GoUP for adjustment in subsequent allocations.

GoUP stated (November 2015) that action has been taken regarding interest amount as per directives of GoI. The reply was not acceptable as GoUP did

[2] Calculated at the rate of interest of savings bank account applicable from time to time during 1997-2015 on the minimum fund which remained available throughout the year.

not provide any details of adjustment of interest earned in subsequent allocations or refund of the same to GoI.

Recommendation: SUDA and GoUP should ensure that accrued interest is being accounted for and Utilisation Certificates were sent timely to GoI.

2.3.7 Planning

Identification of beneficiaries and slum clusters through household, slum and livelihood surveys and preparation of Urban Poverty Reduction Strategy, Slum Development Plan and community level Micro-plans and Mini-plans were essential for effective implementation of the scheme. The surveys were to be conducted by ULBs through their Urban Poverty Alleviation (UPA) cell. Community structures like NHGs, NHCs and CDSs were to be involved in the task of identification of beneficiaries under the guidance of UPA cell.

2.3.7.1 Identification of beneficiaries

GoI issued directives (February 2008) and released ₹ 4.47 crore[3] to GoUP to conduct slum, household and livelihood surveys[4] for identification of urban poor and developing a database to be used in preparation of slum-free/poverty-free City Action Plans and poverty alleviation programmes.

We observed that SUDA released ₹ 2.59 crore (April 2008 to March 2010) to DUDAs for completing the survey work by 10 August 2009 and submitting the survey report to SUDA for online feeding and preparation of database by March 2011. SUDA also awarded (August 2010) the work for online feeding of survey data and developing a database to M/s UPTRON India Limited, Lucknow for completion of work by March 2011.

Slum survey was not conducted and database of identified beneficiary not prepared

Audit observed that no slum survey was conducted as of March 2015 and there were considerable delays in completing household and livelihood surveys ranging from nine months (Sonbhadra) to 66 months (Jhansi) as noticed in test-checked districts. It was also noticed that at most of the places DUDAs got the household and livelihood surveys conducted directly through Non-Government Organisation without involving ULBs and community structures like CDS. As a result, a comprehensive database of urban poor could not be developed as of March 2015 despite incurring an expenditure of ₹ 3.32 crore[5].

Thus, lackadaisical approach of SUDA/DUDA led to delays in identification of beneficiaries and non-preparation of database, which rendered the expenditure of ₹ 3.32 crore unfruitful.

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[3] September 2008: ₹ 45.00 lakhs, March 2009: ₹ 39.00 lakhs, July 2009: ₹ 115.00 lakhs, March 2010: ₹ 33.31 lakhs, September 2010: ₹ 104.00 lakhs, March 2011: ₹ 50.63 lakhs and March 2012: ₹ 60.00 lakhs.

[4] Slum survey: Information of each slum, notified/ non-notified, located within the boundaries of the City; Household survey: Information of every household located within the boundaries of the particular slum area under survey; and Livelihood survey: Information from every member of the household**.**

[5] Expenditure incurred on survey: ₹ 3.32 crore (by the districts: ₹ 1.98 crore & payment to UPTRON: ₹ 1.34 crore).

GoUP stated (November 2015) that due to non-availability of format of slum profile, online data feeding was not done and data of household and livelihood survey collected was being utilised. The reply was not acceptable in view of the fact that the comprehensive database has not been prepared so far due to non-conduct of slum surveys and non-feeding of data of household and livelihood surveys. Therefore, beneficiary information was not available online.

Recommendation: Comprehensive database should be prepared after survey of slum area so as to develop a mechanism to identify and provide benefit to genuine beneficiaries.

2.3.7.2 Non-preparation of Perspective/Slum Development Plans

Implementation of SJSRY was taken up without proper identification of beneficiaries and without preparing any perspective or development plan

Paragraph 8.5 of scheme guidelines required preparation of Mini-plans at community level, Slum Development Plan and community level Micro-plans at district and Urban Poverty Reduction Strategy (Perspective Plan) at SUDA level for overall development of slums in the State.

We observed in test-checked DUDAs/SUDA that Mini-plans at community level, Slum Development Plan and community level Micro-plans at district and Urban Poverty Reduction Strategy (Perspective Plan) at SUDA were not prepared during 2010-14. Thus, implementation of SJSRY in the test-checked districts was taken up without proper identification of beneficiaries and without preparing any perspective or development plan at any level. This adversely impacted the implementation of the scheme by way of extending benefits to ineligible beneficiaries, improper identification of self-help groups, non-identification of community assets actually needed to be constructed, improper identification of trades for skill training *etc*.

GoUP stated (November 2015) that detailed work plans for implementation of the schemes during the financial year were prepared in the meetings of Governing Body of the districts. Reply of GoUP confirms that no perspective plans based on proper surveys and involvements of community structures as prescribed under the scheme guidelines were prepared, and the scheme was implemented in an *adhoc* manner on the basis of the decisions taken by the Governing Body of DUDA.

Recommendation: Perspective and slum development plan should be prepared for implementation of the scheme in an effective manner.

2.3.7.3 Non-constitution of Urban Poverty Alleviation Cells in ULBs

Paragraph 9.3 of the guidelines envisaged constitution of UPA Cell at the level of ULBs under the Commissioner or Executive Officer of the Municipal Corporation/Municipality for identifying the urban poor clusters; setting up of community structures; ensuring convergence among the activities of the CDSs, ULBs and Line Departments; rendering assistance for preparation of the ULB's Poverty Sub-Plan; Budget for the urban poor, conducting slum, household and livelihood surveys, identifying beneficiaries for various schemes *etc*.

We observed that in test-checked districts, UPA cells were not constituted (March 2014), as a result ULBs could not be effectively involved in the implementation of the scheme, in contravention of scheme guidelines.

GoUP stated (November 2015) that DUDAs were functioning as UPA cell. The reply was not acceptable as UPA cell was not established at ULB level, resultantly convergence among the activities of CDS, ULBs and Line departments was also not ensured and ULBs were not involved in planning and identification of beneficiaries.

2.3.8 Implementation of SJSRY

2.3.8.1 Urban Community Development Network (UCDN)

SJSRY aimed at empowering the community and strengthening the community structures by organising the urban poor for tackling the urban poverty through suitable self-managed and capacity building programmes. An expenditure of ₹ 24.29 crore was incurred on UCDN during 2010-14 (***Appendix 2.3.6***).

Non-strengthening of Community network

Paragraph 8.1 and 8.3 of the guidelines envisaged establishment and nurturing of community structures (NHGs, NHCs and CDSs) to facilitate poverty alleviation. CDSs were the focal points for identification of beneficiaries and viable projects suitable for the area, preparation of loan and subsidy applications, monitoring recovery of loans and providing necessary support to beneficiaries. At the community level, Community Organisers[6] (CO), the main link between urban poor represented through CDS and the implementation machinery *viz*., ULB were to be engaged on contractual basis for organising community structures, coordinating the conduct of surveys of urban poor and working with community for implementation and monitoring of SJSRY. We observed following in 19 test-checked districts:

Community structures were not strengthened adequately

(i) Creation of community structures: Though CDSs were established in all districts, NHGs & NHCs were not established in nine districts[7] and COs were not engaged in 16 districts[8]. Thus, community structures were not adequately strengthened as required under programme guidelines.

(ii) Training to ineligible members: SUDA directed (July 2011) for imparting training to active members of NHGs, NHCs and CDS for strengthening of community network and grooming them as trainers. We noticed that ₹ 68.39 lakh was spent during 2010-14 in three test-checked

[6] One CO (preferably women) for about 2,000 identified families in ULB.
[7] Agra, Aligarh, Ambedkarnagar, Bahraich, Chitrakoot, Ghaziabad, Hardoi, Saharanpur and Varanasi.
[8] Agra, Aligarh, Ambedkarnagar, Chitrakoot, Fatehpur, Ghaziabad, Gorakhpur, Hardoi, Jhansi, Kanpur Nagar, Mau, Moradabad, Muzaffarnagar, Saharanpur, Sonbhadra and Varanasi.

districts on imparting training to 3080 inactive women of 11 ULBs who were not the members of NHGs ***(Appendix 2.3.8)***. Thus, infructuous expenditure of ₹ 68.39 lakh was incurred on training of ineligible members who did not take part in activities relating to the implementation of SJSRY.

GoUP stated (November 2015) that CDS selected members at district level who were trained after approval of DUDAs. The reply was not acceptable as only active members were to be imparted training.

Inadequate training was imparted to members of community structure

(iii) Inadequate training: We observed that DUDA, Agra released ₹ 51.61 lakh during 2013-14 to UP State Small Industrial Corporation Limited (UPSICL) for imparting three-day training to 2480 women in nine-point training module. It was noticed that, against the nine-point training module approved by SUDA, UPSICL imparted training only on four points modules. Thus, expenditure of ₹ 51.61 lakh remained unfruitful as the required training on all the nine module was not imparted.

The Government did not furnish any reply on the issue.

2.3.8.2 Skill Training for Employment Promotion amongst Urban Poor (STEP-UP)

STEP-UP aimed at poverty alleviation in urban areas by facilitating skill development of urban poor through well-structured market-oriented programmes to enhance their capacity to undertake self-employment as well as access better salaried employment. Skill training was to be linked with accreditation, certification and preferably to be taken on PPP mode with the involvement of reputed institutions (Indian Institute of Technology, National Institute of Technology and reputed Engineering Colleges). DUDAs identified trades such as carpentry, plumbing, electrical, computer, mobile repairing, driving, tailoring, beautician, security guard, foreign language, *etc.*, for imparting training to urban poor. An expenditure of ₹ 124.51 crore was incurred on this component of the scheme during 2010-14 **(*Appendix 2.3.6*)**.

Audit examination disclosed the following:

(i) Selection of training institutes

A lead institute at the State level by SUDA and nodal institutes at the district level by DUDAs were to be identified to finalise the modalities for accreditation, preparation of quality training modules, training of trainers, mentoring and placement coordination. GoUP also directed (September 2012) to select these institutes after ensuring their quality and ability of trainers, adequacy of infrastructure facilities and success ratio of placement/self-employment.

Reputed lead and nodal institutes at State and district level were not involved in skill training

It was observed in nine test-checked districts that instead of identifying and involving reputed lead and nodal institutes at State and district level, DUDAs arbitrarily selected 105 private institutes for imparting training to 33,587 beneficiaries during 2010-14 and spent ₹ 16.12 crore (***Appendix 2.3.9***)**.** Thus, the objective of imparting quality training programme to beneficiaries could not be ensured.

The Government did not furnish any reply on the issue.

(ii) Non-achievement of targets for imparting Skill training

The targets and achievements for imparting skill training under STEP-UP as per reports available with SUDA during 2010-14 were given in Table 3.

Table 3: Targets and achievements under STEP-UP

Sl. No.	Year	Number of beneficiaries	
		Target	Achievement *(per cent)*
1	2	3	4
1.	2010-11	28,971	52,419 (181)
2.	2011-12	44,612	31,846 (71)
3.	2012-13	44,612	12,520 (28)
4.	2013-14	62,800	1,00,491(160)
	Total	**1,80,995**	**1,97,276**

(Source: Records of SUDA, Lucknow)

It would be seen from the above table that achievement under STEP-UP, as per information available with SUDA for the entire State, ranged from 28 to 71 *per cent* during 2011-13. However, in 2010-11 and 2013-14, achievement was more than (160 to 181 *per cent*) the target.

40 *per cent* beneficiaries were deprived of skill training

We observed that in the test-checked districts, only 85,109 (60 *per cent*) beneficiaries against the target of 1,41,893 were imparted skill training during 2010-14, despite availability of unspent funds of ₹ 10.18 crore (***Appendix 2.3.10***). Thus, 40 *per cent* beneficiaries in test-checked districts remained deprived of the benefits of skill development programme.

The Government did not furnish the reply.

(iii) Non-observance of norms of targeted beneficiaries

Guidelines provided for training of the urban poor with coverage of at least 30 *per cent* of women, Scheduled Castes (SCs)/ Scheduled Tribes (STs) in proportion of their strength, 15 *per cent* minorities and three *per cent* differently able persons. We observed that in the test-checked districts:

- Only six to 10 *per cent* of the women and less than one *per cent* of the differently able beneficiaries were imparted skill training. No ST beneficiary was covered under the scheme though 1.06 lakh ST population existed in the State; and

- DUDA, Saharanpur spent ₹ 22.38 lakh on imparting (2012-14) skill training to 350 beneficiaries, out of which 243 belonged to Above Poverty Line (APL) category, resultantly depriving the urban poor from scheme benefits. Thus, the objectives of skill development of targeted categories were not achieved.

GoUP stated (November 2015) that beneficiaries were covered according to availability. The reply of GoUP confirms the audit assertion that planning of the programme was deficient and beneficiaries were not identified properly through comprehensive survey and involvement of local community.

(iv) Sub-contracting of work of training programmes

Training work awarded to six institutes was sub-contracted to private institutes

We observed that in four test-checked districts, Project Director awarded the work of imparting training to 1904 beneficiaries to six institutes **(*Appendix 2.3.11*)** at the cost of ₹ 99.07 lakh during 2010-14. The selected institutes sub-contracted, in contravention to the directives of GoUP, the work to other institutes which were not inspected by the DUDAs. Thus, the very purpose of verification of institutes was defeated as the selected institutes did not impart the training themselves.

In its reply, GoUP stated (November 2015) that training work was allotted to the Government institutes who got the training imparted through empanelled institutes. The reply was not acceptable as training work should not have been awarded to Public Sector Undertakings (PSUs) without ascertaining their requisite training infrastructure and expertise, needed for skill trainings.

(v) Non-issue of tool-kits and non-payment of stipend to beneficiaries

Paragraph 6.5 of the guidelines and the directives issued (January 2010) by GoUP envisaged expenditure of ₹ 10,000 per trainee for imparting training (training: ₹ 2,500, stationery items: ₹ 2,000, tool-kits: ₹ 3,000 and stipend: maximum ₹ 2,500 at the rate of ₹ 400 per month). After successful completion of the training it was necessary for distribution of tool-kits of appropriate trade to help the beneficiary to start their ventures. The stipend and tool-kits were to be distributed to successful trainees by DUDAs. We noticed that in following cases tool-kits and stipend was not provided to beneficiaries:

46 *per cent* beneficiaries were deprived of tool-kits

- Skill training was imparted to, 53,490 beneficiaries in 14 test-checked districts **(*Appendix 2.3.12*)** during 2010-14, but tool-kits were provided to only 28,655 beneficiaries (54 *per cent*). Thus 24,835 beneficiaries (46 *per cent*) were deprived of the tool-kits despite availability of funds of ₹ 7.89 crore.

Expenditure of ₹ 2.04 crore on payment of stipend and tool-kits could not be verified

- In contravention to the directives of GoUP, DUDAs of three test-checked districts made (2010-13) advance payment of ₹ 3.17 crore (₹ 10,000 per trainee for 3169 beneficiaries) to eight institutes towards the cost of training, stipend and tool-kits (***Appendix 2.3.13***). Further, DUDA, Saharanpur purchased (2010-12) 2118 tool-kits costing ₹ 63.54 lakh from UPSICL and handed over to the training institutes for its distribution to successful trainees. However, there was no evidence on record of payment of stipend and distribution of tool-kits to the trainees by the Institutes. Thus, the expenditure of ₹ 2.04 crore on stipend and tool-kits could not be verified in audit.

The Government did not furnish reply.

For imparting training to 4120 beneficiaries, ₹ 1.77 crore was paid to three Institutes, without ensuring training quality, disbursement of tool-kits and stipend and placement/ self-employment

- DUDA, Agra awarded (2013-14) the work of imparting training (inclusive of tool-kits) to 4120 beneficiaries to three institutes[9] and paid ₹ 1.77 crore. On the basis of complaint made by CDS, SUDA constituted (May 2014) an enquiry committee headed by the Project Director, SUDA; which reported (May 2014) that quality of training was poor, tool-kits and stipend were not distributed and placement/self-employment was not ensured by the institutes. The matter was referred (July 2014) to GoUP, wherein the decision was pending as of October 2015.

GoUP stated (November 2015) that enquiry is being conducted by Commissioner, Agra and report is awaited.

Stipend not paid to successful beneficiaries

- In contravention to the guidelines, despite availability of funds of ₹ 1.63 crore, stipend of ₹ 1.69 crore was not disbursed to 7053 successful beneficiaries in four test-checked districts; and stipend of ₹ 0.90 crore was provided to 27 training Institutes for disbursement to 4683 successful beneficiaries in four test-checked districts as detailed in ***Appendix 2.3.14*** and ***Appendix 2.3.15***. However, the evidence of disbursement of stipend by these institutes to the trainees was not made available to audit.

The Government did not furnish reply.

Recommendation: Distribution of tool-kits and stipend to successful beneficiaries should be ensured.

(vi) Lack of assurance for employment/self-employment

GoUP issued (September 2012) directives to DUDAs for ensuring the placement of successful trainees by entering into an agreement with the institutes, imparting training.

We observed that, training was imparted to 85,109 beneficiaries during 2010-14 in the test-checked districts at a cost of ₹ 59.08 crore (***Appendix 2.3.10***). However, details of placement/self-employment of only 10412 beneficiaries (12 *per cent*) were made by the Institutes till March 2015.

GoUP stated (November 2015) that all trained beneficiaries were provided employment/self-employment. The reply was not acceptable as details of 100 *per cent* placement/self-employment were not furnished though called for.

[9] Data Expert, Fotech *Sewa Sansthan* and Vcall Soft Solution Private Ltd.

2.3.8.3 Urban Self Employment Programme (USEP)

USEP aimed to extend financial assistance (subsidy: 25 *per cent* of project cost subject to maximum of ₹ 50,000 and margin money: 5 *per cent* of the project cost) up to ₹ two lakh by way of loan, subsidy and technical, marketing, and infrastructural support for setting up of gainful self-employment ventures to urban poor. Paragraph 4 of the guidelines envisaged coverage of at least 30 *per cent* of the women, SCs/STs in proportion of their strength in the town, 15 *per cent* of the minorities and three *per cent* of the differently able.

An expenditure of ₹ 111.95 crore (***Appendix 2.3.6***) was incurred during 2010-14 on payment of subsidy against loans, sanctioned to beneficiaries by banks under USEP for self-employment projects. The number of beneficiaries provided loans against the target fixed during 2010-14 were as given in Table 4:

Table 4: Details of beneficiaries provided subsidised loans under USEP

Sl. No.	Year	Number of beneficiaries	
		Target for sanction of loan	Achievement (*per cent*)
1.	2010-11	3,621	7,402 (204)
2.	2011-12	11,193	4,605(41)
3.	2012-13	9,123	9,503(104)
4.	2013-14	9,400	6,943(74)
	Total	**33,337**	**28,453 (85)**

(Source: Records of SUDA, Lucknow)

Only 74 *per cent* beneficiaries were sanctioned loans and provided subsidy during 2010-14 in test-checked districts

Only 28,453 beneficiaries (85 *per cent*) were sanctioned loan against the physical target of 33,337 beneficiaries, under USEP resulting in a shortfall of 15 *per cent.* Audit examination in 19 test-checked districts disclosed that against the target of 16,153 beneficiaries, only 11,908 beneficiaries (74 *per cent*) were sanctioned loans and were provided subsidy of ₹ 51.28 crore during 2010-14. Significant shortfalls in achievement of targets were noticed in Aligarh, Bareilly, Gorakhpur, Kanpur Nagar, Moradabad and Varanasi (***Appendix 2.3.16***).

Further, only four to 10 *per cent* women against the target of 30 *per cent*, less than one *per cent* differently able against the target of three *per cent* and no Scheduled Tribes beneficiaries were covered.

GoUP stated (November 2015) that beneficiaries were covered by DUDAs as per their availability. The reply of GoUP confirms the audit assertion that planning of the programme was deficient and beneficiaries were not identified properly through comprehensive survey and involvement of local community.

(i) Benefits provided to ineligible applicants

Paragraph 4.2.5 of the guidelines envisaged for identification of genuine beneficiaries by involving community structures and top priority was to be accorded to the poorest of the poor. We observed that due to non-effectiveness of community structures, database of urban poor was not prepared and beneficiaries were selected on the basis of interviews, nomination by CDS and people directly approaching DUDA. We also noticed that benefits of USEP were extended to ineligible applicants in test-checked districts as discussed below:

Subsidy of ₹ 1.64 crore was disbursed to 397 (43 *per cent*) out of 926, ineligible beneficiaries under the scheme

- Out of 10,593 loans application approved by 15 DUDAs during 2010-14, 926 loan sanctions were made available to Audit. Scrutiny of these 926 loan approvals revealed that subsidy of ₹ 1.64 crore was disbursed to 397 APL category applicants (43 *per cent*) who were ineligible under the scheme**.** The percentage of number of ineligible applicants, sanctioned loans were significantly higher in Aligarh: 97 *per cent*, Ghaziabad: 93 *per cent*, Gorakhpur: 80 *per cent*, Kanpur Nagar: 62 *per cent*, Saharanpur: 67 *per cent* and Varanasi: 69 *per cent* **(*Appendix 2.3.17*)**; and

- Subsidy of ₹ 5.82 crore was released to 1,459 beneficiaries by DUDA, Agra during 2010-14 without ascertaining the eligibility criteria as neither the BPL cards nor income certificates were available.

GoUP stated (November 2015) that loan was provided to beneficiaries after satisfaction of DUDA and banks. The reply was not acceptable as benefit of subsidised loans were extended to ineligible applicants.

2.3.8.4 Urban Women Self-Help Programme (UWSP)

UWSP aimed to develop the confidence level of women by organising them to work in groups. CDSs were responsible for promotion of self-help groups (SHG) of urban poor women. An expenditure of ₹ 24.97 crore **(*Appendix 2.3.6*)** was incurred during 2010-14 on payment of subsidy against loans sanctioned by banks to women SHGs and on revolving fund.

(i) Non-achievement of targets

Paragraph 5 and 5.2.3 of the guidelines focused on providing financial assistance by way of sanctioning loan and subsidy of ₹ three lakh (35 *per cent* of project cost or ₹ 0.60 lakh per member, whichever is less) to self-help groups (at least of five urban poor women) for setting up gainful self-employment ventures[10] for the projects suitable in the area.

The Physical achievements *vis-à-vis* the targets fixed for UWSP during 2010-14 are given in Table 5:

[10] Tea shop, Newspaper/magazine shop, Milk vendor, Fruit/Vegetable vending, Making/manufacturing of Washing powder, Agarbatti, Bangles, Garments, Plastic toys, Saree printing *etc.*

Table 5: Details of beneficiaries provided subsidy under UWSP

Sl. No.	Year	Number of beneficiaries	
		Target	Achievement (*per cent*)
1	2	3	4
1.	2010-11	10,864	9,412 (87)
2.	2011-12	22,335	3,600 (16)
3.	2012-13	51,572	7,918 (15)
4.	2013-14	21,975	9,560 (44)
Total		**1,06,746**	**30,490 (29)**

(Source: Records of SUDA, Lucknow)

Only 29 *per cent* beneficiaries of self-help groups of urban poor women were provided loan with subsidy for setting up gainful self-employment ventures

It would be seen from the above table that only 30,490 (29 *per cent*) beneficiaries of self-help groups of urban poor women were provided subsidy for setting-up gainful self-employment ventures against the target of 1,06,746 beneficiaries and in test-checked districts, only 18,145 (60 *per cent*) against the target of 30,166 beneficiaries were covered **(*Appendix 2.3.18*)** during 2010-14.

GoUP stated (November 2015) that targets were achieved as per availability of funds. The reply was not acceptable as SUDA could not utilise allocated funds and unutilised funds of ₹ 206.50 crore were lying with SUDA during 2010-14.

(ii) Subsidy given to ineligible groups

Paragraph 4.2.5 of the guidelines envisaged to accord top priority to the poorest of the poor beneficiaries. We noticed that in 11 out of 19 test-checked districts, subsidy of ₹ 1.35 crore was given to 60 (188 beneficiaries) out of 182 groups (911 beneficiaries) belonging to APL category **(*Appendix 2.3.19*)**; and in five test-checked districts, subsidy of ₹ 1.82 crore was provided to 450 beneficiaries of 84 groups **(*Appendix 2.3.20*)**, without furnishing of required income certificates and BPL ration cards.

GoUP stated (November 2015) that loan was provided to beneficiaries after satisfaction of DUDA and banks. The reply was not acceptable as benefits were extended to ineligible beneficiaries.

(iii) Revolving fund

Paragraph 5.3.1 of the guidelines prescribed that Self-Help Groups/Thrift & Credit Societies (minimum five urban poor women), were entitled for grant of ₹ 25,000 as Revolving Fund (maximum ₹ 2000 per member) after one year of formation of group. GoUP issued directives (January 2000) for providing matching grant to functional groups according to their savings to enable them for purchases of raw material, marketing and infrastructure support for income generation and other group activities. We noticed that:

- Out of 1,242 SHGs provided grant for revolving fund during 2010-14 in the test-checked districts, 446 (36 *per cent*) SHGs in nine districts became

Out of 1,242 SHGs, 446 (36 *per cent*) became inactive after getting the grant of ₹ 89.45 lakh during 2010-14 in the test-checked districts

inactive[11] after getting the grant of ₹ 89.45 lakh. This indicated that identification of SHGs was not proper, and DUDA as well as Community Structures failed to effectively monitor the activities/ventures of these groups **(*Appendix 2.3.21*).**

- Test-check of 121 groups revealed that DUDAs of Gorakhpur, Hardoi, Jhansi, Mau and Moradabad provided ₹ 19.31 lakh in excess of their savings towards revolving fund to 104 groups **(*Appendix 2.3.22*)**; and

- Test-check of 11 districts revealed that revolving fund of ₹ 1.34 crore was provided to 674 groups (8859 beneficiaries) without ascertaining whether they actually belonged to BPL category, as neither ration cards nor income certificates were available on record **(*Appendix 2.3.23*)**.

The Government did not furnish any reply.

2.3.8.5 Urban Wage Employment Programme (UWEP)

UWEP component of the scheme provided opportunities for wage-employment of urban poor living below the poverty line in ULBs for creation of community assets by adopting the material to labour ratio of 60:40. These assets may include community centres, storm water drains, roads, night shelters, kitchen sheds in primary schools under Mid-day meal scheme and other community requirement like parks, solid waste management facilities decided by community structures themselves. Emphasis was to be laid on the construction of community assets in low-income neighbourhoods. An expenditure of ₹ 83.58 crore **(*Appendix-2.3.6*)** was incurred during 2010-14 on implementation of UWEP in the State.

(i) Loss of wage employment opportunities

There was a shortfall of 1.40 lakh man-days (26 *per cent*) of wage employment during 2010-14

In test-checked districts, a target of providing 5.31 lakh man-days of wage employment was fixed by SUDA for 2010-14, against which only 3.91 lakh man-days of wage employment could be provided during the above period resulting in a shortfall of 1.40 lakh man-days (26 *per cent*). Audit examination of 309 works valuing ₹ 20.60 crore disclosed that works were executed during 2010-14, wherein the ratio of material and labour was 79:21 (Material: ₹ 16.18 crore and Labour: ₹ 4.42 crore) against the prescribed norms of 60:40. Non-adherence of material-labour norms resulted in deficit in generation of 1.40 lakh man-days during 2010-14. Significant shortfall was noticed in the districts of Agra, Ambedkarnagar, Bahraich, Gorakhpur and Sonbhadra as detailed in ***Appendix 2.3.24 & 2.3.25*.**

GoUP stated (November 2015) that earth filling included in material was a labour component. The reply of GoUP confirms the audit contention that the prescribed material labour norms were not adhered to.

[11] Group which is not mobilizing its savings and credit in addition to its entrepreneurial activities is called an inactive group.

(ii) Non-handing over of community assets to ULBs

Against the directives (October 2011) of SUDA, 309 paver block roads constructed during 2010-14 at a cost of ₹ 20.60 crore in 19 test-checked districts were neither recorded in the asset register by DUDAs nor handed over to ULBs as of March 2015, resulting in non-maintenance of these assets.

GoUP stated (November 2015) that all assets created were transferred to concerned ULBs of the districts. The reply was not acceptable as in test-checked districts, DUDAs accepted the fact of non-handing over of the assets to ULBs.

2.3.8.6 Information, Education and Communication (IEC)

Paragraph 10.3 of the guidelines specified that three *per cent* of annual allocation under SJSRY was to be utilised for publicity, evaluation studies and monitoring of the scheme.

Only ₹ 2.79 crore out of apportioned amount of ₹ 13.11 crore of IEC fund was utilised and balance ₹ 10.32 crore, was parked in the banks during 2010-14

We noticed that against the apportionment of ₹ 13.11 crore for IEC, SUDA utilised only ₹ 2.79 crore during 2010-14, leaving the balance of ₹ 10.32 crore unutilised and was parked in the banks. We further, noticed that during 2010-14 against ₹ 2.79 crore SUDA released only ₹ 12.79 lakh to DUDAs of the test-checked districts for meeting IEC related expenditures, against which only ₹ 10.88 lakh was spent, ₹ 0.30 lakh was refunded and balance ₹ 1.61 lakh was lying in the districts **(*Appendix 2.3.26*)**. No expenditure under IEC was incurred by five[12] test-checked districts.

GoUP stated (November 2015) that maximum funds were utilised at SUDA level for publicity. The reply was not acceptable as proper utilisation of funds was not done for publicity in the ULBs/districts, evaluation study and monitoring of the scheme.

2.3.9 Implementation of National Urban Livelihood Mission

Despite availability of ₹ 206.50 crore under NULM, no expenditure was incurred by SUDA/DUDAs during 2014-15

The SJSRY was revamped by NULM with effect from 1 April 2014 by GoI, with fund sharing in the ratio of 75:25 by GoI and GoUP. Against allocation of ₹ 182.14 crore (GoI: ₹ 157.98 crore and GoUP: ₹ 24.16 crore) during 2014-15, only ₹ 61.93 crore (GoI: ₹ 46.45 crore and GoUP: ₹ 15.48 crore) was released by GoUP and total available fund under NULM was ₹ 206.50 crore (unspent balance of SJSRY: ₹ 144.57 crore and releases under NULM: ₹ 61.93 crore). We observed that though targets were fixed under different components and initiation of forming of SHGs (seven *per cent*) under Social Mobilisation and Institution Development, forwarding of beneficiaries applications (eight *per cent*) to banks under Self-Employment Programme and surveying of street vendors (in three cities) under SUSV was made (***Appendix 2.3.27***), however, despite availability of fund of ₹ 206.50 crore, no expenditure was incurred by SUDA/DUDAs during 2014-15 under NULM.

[12] Agra, Aligarh, Gorakhpur, Jhansi and Mau.

GoUP stated (November 2015) that constitution of federations and their transformation into SHG-based structure, capacity building work, shelter housing, and appointment of technical experts was under process.

2.3.10 Internal Control, Monitoring and Evaluation

2.3.10.1 Internal Control

***Sakhi Divas* was not organised by DUDAs and social audit was also not conducted during 2010-14**

An effective internal control system ensures optimum utilisation of resources. We noticed that in test-checked districts:

- *Sakhi Divas* was to be organised involving CDS at ULB level by DUDAs on every third Saturday of the month to ensure transparency in execution and getting a feedback of the scheme activities. However, no *Sakhi Divas* was organised during 2010-14 by DUDAs;

- SUDA and DUDAs has no internal audit wing nor has evolved any mechanism of internal audit; and

- GoUP directed (August 2010) for conduct of social audit to ascertain transparency in implementation of the scheme activities. However, no social audit was conducted during 2010-14.

GoUP stated (November 2015) that provision for social audit has been done under NULM.

2.3.10.2 Monitoring and Evaluation

Guidelines provisioned that State Level Monitoring Committee (SLMC) under the Chairmanship of Secretary of the Department was to be constituted for effective implementation and monitoring of the scheme activities and at least one meeting was to be held at every three months. We observed that SLMC was not constituted as of March 2015. It was also observed that:

- Memorandum of Association envisaged that Governing Body of SUDA was to meet once in every quarter. However, only four meetings were held against the required 20 meetings during 2010-15;

SLMC and DLRMC were not constituted, prescribed Governing Body meetings of SUDA were not conducted and concurrent evaluation was not undertaken

- As per directives of GoI,[13] District Level Review and Monitoring Committee (DLRMC), headed by a Member of Parliament was to be constituted, for monitoring the implementation of scheme, reviewing the physical and financial progress. The minutes of the meeting was to be submitted to SUDA for ensuring the action as indicated in the minutes. We noticed that DLRMC was not constituted as of March 2015; and

- Concurrent evaluation was to be undertaken at periodic intervals for assessing the impact of SJSRY. However, evaluation of the scheme was not undertaken by SUDA.

[13] OM: No. F.2-45 (1)/2011/CB dated-27-11-2011.

Thus, due to non-constitution of SLMC and non-adherence of norms of conduct of meetings of Governing Body and DLRMC, effective monitoring and impact evaluation could not be ensured.

GoUP stated (November 2015) that monitoring was being done and instructions were issued in the monthly meetings at district and State level. The reply was not acceptable as according to provisions of guidelines, SLMC and DLRMC were to be constituted for effective monitoring.

Recommendation: Constitution of State Level Monitoring Committee and District Level Review and Monitoring Committee for effective monitoring and evaluation should be ensured.

2.3.11 Evidencing and Documentation

We observed that records relating to asset register, stock registers, monitoring reports and records in connection with grievance redressal had not been maintained by SUDA/DUDAs. Further, records as detailed in ***Appendix 2.3.28*** were not produced by SUDA during performance audit, though called for.

2.3.12 Conclusions and Recommendations

- The financial management of the scheme was poor and ineffective. The component-wise unspent fund was not ascertained and recorded.

- Accrued interest of ₹ 49.59 crore remained out of account and Utilisation Certificates were not sent within stipulated timeframe due to which GoI withheld release of funds amounting to ₹ 46.68 crore during 2012-13.

Recommendation: SUDA and GoUP should ensure that accrued interest is being accounted for and Utilisation certificates were sent timely to GoI.

- Slum survey for identification of genuine beneficiaries was not conducted and database was not prepared; loans were provided to ineligible beneficiaries.

Recommendation: Comprehensive database should be prepared after survey of slum area so as to develop a mechanism to identify and provide benefit to genuine beneficiaries.

- Perspective plan and slum development plan for poverty alleviation were not prepared at SUDA and DUDA level.

Recommendation: Perspective and slum development plan should be prepared for implementation of the scheme in an effective manner.

- Lead institutes at State level and nodal institutes at district level were not selected, due to which training programmes were sub-contracted and placement of beneficiaries was not ensured. Distribution of tool-kits and stipend to successful beneficiaries was not ensured.

Recommendation: Distribution of tool-kits and stipend to successful beneficiaries should be ensured.

● State Level Monitoring Committee and District Level Review and Monitoring Committee were not constituted and evaluation was not done.

Recommendation: Constitution of State Level Monitoring Committee and District Level Review and Monitoring Committee for effective monitoring and evaluation should be ensured.

2.4 Information System Audit of Implementation of "Crime and Criminal Tracking Network and Systems"

Executive Summary

Crime and Criminal Tracking Network and Systems (CCTNS) Project was envisaged by Ministry of Home Affairs (MHA), Government of India (GoI) to modernise police force for enhancing outcomes in the areas of crime investigation and criminals' detection, information gathering and its dissemination among various police organisations and units across the country through creation of a nationwide network under the National e-Governance Plan (NeGP). While MHA was responsible for providing necessary funds and basic Core Application Software (CAS), States were to implement the project by engaging a System Integrator (SI) and suitably customising the software to suit their requirement. MHA in February 2011, approved the project at a cost of ₹ 113.78 crore for various components against which GoI released ₹ 84.86 crore during 2009-15. A total expenditure of ₹ 59.31 crore has been incurred on the project as of March 2015. However, the project was yet to be Go-Live as of September 2015.

Information system audit of the project revealed the following:

Financial Management

- The CCTNS Project initiated during 2009-10 with the approval of ₹ 113.78 crore by MHA, GoI could not be completed within timelines set, as a result Go-Live status remained un-achieved even after 19 months of the schedule date of completion (February 2014).

(Paragraphs 2.4.1, 2.4.6.1 & 2.4.6.2)

Project Planning, System Integration and Operationalisation

- Project planning suffered from delays and deficiencies due to non-performance of State Project Management Consultant. Implementation of the project was considerably delayed due to non-observance of contractual obligations by project implementing agency viz., System Integrator but no action was taken against the firm.

(Paragraphs 2.4.6.2 & 2.4.6.3)

- There were irregularities and deviations in procurement of hardware items and software licenses. Excess/ irregular expenditure of ₹ 25.10 crore was incurred on procurement of diesel generator sets (₹ 17.27 crore), software licenses (₹ 6.67 crore) and coverage of Reporting out posts (₹ 1.16 crore).

(Paragraph 2.4.6.4 (i) to (v))

- SI and Bharat Sanchar Nigam Limited (BSNL) failed to provide network connectivity to all the locations as only 85 *per cent* locations were covered as of March 2015. Out of 2,116 locations connected, only seven *per cent* of the locations had uptime connectivity of over 80 *per cent*, indicating inadequate network performance.

(Paragraph 2.4.6.5)

- SI also failed to complete data digitisation and migration of legacy data to CAS. Despite digitisation of 78 *per cent* of the legacy records, no records could be migrated to CAS due to poor quality of digitisation by SI and non/improper verification by police stations/authorities.

(Paragraph 2.4.6.6)

- Adequate capacity building was not ensured as there was shortfall of 28 *per cent* in training of police personnel. The shortfall in training was 36 *per cent* in the test checked districts. Adequate number of police personnel were not deployed for undergoing training in CAS application.

(Paragraph 2.4.6.7)

- The customisation and operationalisation of CAS had not yet fully stabilised. Except for registration of FIRs, no other functionalities of CAS such as investigation, prosecution, search and reporting etc., were being used by police stations and higher offices. Citizen interface services through Police portal and via SMS were yet to be made fully functional. Extension modules for other services were also not used as envisaged.

(Paragraphs 2.4.6.8 (i)&(ii))

Deficiencies in CAS database

- Despite facility in CAS for auto generation of date, time and serial number of FIR registration, Department decided to manually record this information in CAS defeating the very objective of CCTNS to make police citizen friendly, transparent and accountable. The CAS database was lacking in consistency, quality and effectiveness of access controls.

(Paragraph 2.4.7)

Monitoring and Evaluation

- Uttar Pradesh Police Technical Services has not engaged any third party agency for audit and certification of CAS security and controls. Monitoring of the project was ineffective as prescribed meetings of the Governance Structure were not held regularly.

(Paragraphs 2.4.8.4 & 2.4.8.5)

2.4.1 Introduction

The Crime and Criminal Tracking Network Systems (CCTNS) was conceptualised (June 2009) by the Ministry of Home Affairs (MHA) as a Mission Mode Project fully funded by Government of India (GoI) under the

National e-Governance Plan (NeGP). CCTNS aims at creating a comprehensive and integrated system for enhancing the efficiency and effectiveness of policing at all levels especially at the Police Station level through creation of a nationwide networked infrastructure for evolution of state-of-art tracking system. The detailed objectives of CCTNS are given in ***Appendix 2.4.1.*** The National Crime Records Bureau (NCRB) was appointed by MHA as the central nodal agency for managing nationwide implementation of the project.

CCTNS Core Application Software (CAS) functionalities included four basic modules for Registration, Investigation, Prosecution, and Search and Reporting and a portal for providing Citizen interface. CAS[1] developed was deployed at National Data Centre (NDC) by NCRB. The CAS having common functionalities among all the States was distributed to the states by GoI for configuration, customization and deployment at State Data Centre (SDC).

A Memorandum of Understanding (MoU) was signed (October 2009) between MHA, GoI and Government of Uttar Pradesh (GoUP) for implementation of the project in the State. The project was to be implemented in 2,487 locations including 1,504 police stations, 105 Reporting Out Posts (ROPs[2]), 792 higher offices and 86 District Training Centers/ Regional Institutes in the State.

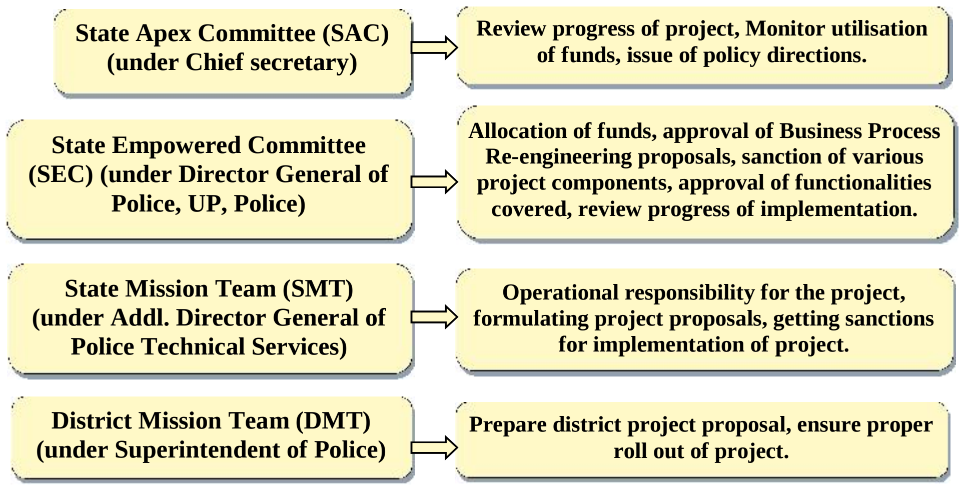
The existing police application software viz. Common Integrated Police Application[3] (CIPA) deployed at the police stations under three phases[4] of its implementation during 2006-2011 was to be replaced by CCTNS. Hardware provided under CIPA phase-II and phase-III was to be reutilised by providing additional hardware whereas CIPA phase-I hardware was to be completely replaced. The CCTNS project was to be completed (Go-Live) within 23 months of agreement (March 2012) with SI. MHA approved ₹ 113.78 crore in February 2011 for the implementation of the project in the State.

2.4.2 Organisational structure

The Principal Secretary, Home (Police) Department of the State was responsible for implementation of the CCTNS. GoUP constituted (December 2009) following Governance Structure for overall project monitoring and management as detailed in chart-1 below:

[1] CAS (Center) developed by M/s Wipro Ltd.
[2] ROPs are police chowkis under police stations where FIRs can be registered.
[3] CIPA was an application designed for computerization of police stations under police modernization programme.
[4] CIPA Phase I (137 locations), Phase-II (440 locations) and Phase-III (401 locations).

Chart 1: Governance committees and their role and functions



The Uttar Pradesh Police Technical Services (UPPTS), Lucknow was designated as the nodal agency and Additional Director General of Police Technical Services (ADGTS) as the State Nodal Officer for implementation of CCTNS.

2.4.3 Audit objectives

The audit objectives of the Information System (IS) audit of CCTNS were to assess and evaluate whether:

- State Project Management Consultant and System Integrator employed by GoUP for project planning and implementation performed their roles and responsibilities effectively as per contractual obligations;
- The core application software (CAS) was customized properly and comprehensively and system integration achieved in an efficient, effective and timely manner covering all the identified services;
- Digitisation and migration of legacy data from manual records into CAS was done effectively and accurately to facilitate crime investigation and criminals detection;
- Effective connectivity to all the police stations and higher offices was ensured;
- Capacity building of police personnel was adequate to equip them with necessary skills to optimally utilize CCTNS for rendering police services efficiently and effectively to the citizens;
- System had adequate inbuilt validation and access controls to ensure correctness, security and reliability of database; and
- The project implementation was effectively monitored by the Governance structure to ensure achievement of envisaged objectives of CCTNS.

2.4.4 Audit Criteria

The sources of audit criteria were:

- Guidelines issued by MHA, GoI and NCRB for implementation of CCTNS;
- Orders and Circulars issued by the GoI and GoUP, State IT Policy Vision (2012);
- Agreements between GoUP and the vendors for implementation of CCTNS; and
- Provisions of Financial Hand Books.

2.4.5 Audit scope and methodology

An Information System audit on CCTNS to evaluate the performance and effectiveness of the system was conducted from April to June 2015. An Entry conference with Principal Secretary (Home) was held on 09 April 2015 and records were examined at the offices of Additional Director General (ADG), Uttar Pradesh Police Technical Services (UPPTS), State Crime Record Bureau; Forensic Science Laboratory at Lucknow; and nine[5] districts selected through simple random sampling without replacement sampling methodology. CAS database was obtained[6] and examined using Computer Aided Audit Techniques (CAATs). Exit conference with Principal Secretary (Home) was held on 14 October 2015 and replies furnished have been suitably incorporated in the report.

Audit findings

Nine important services (***Appendix 2.4.2***) relating to police functioning were to be covered in CCTNS as per Implementation guidelines issued to States by MHA, GoI under e-Governance programme. These services were to be implemented through various modules and extension modules of CAS in the State. Implementation of CCTNS in the State of Uttar Pradesh has been badly delayed. Against the original target date of February 2014 for completion (Go-Live) of the project covering all the functionalities/ services, only one service module of CAS viz., Registration of FIRs has been made operational and being used by police stations. Other services modules such as Investigation, Prosecution, Search & Reporting etc., though developed, are rarely being used by the police stations and higher offices as of September 2015. The Portal for providing Citizen Interface has also not been fully developed and made operational.

The delays and deficiencies noticed in project planning, system integration, implementation and monitoring are discussed below:

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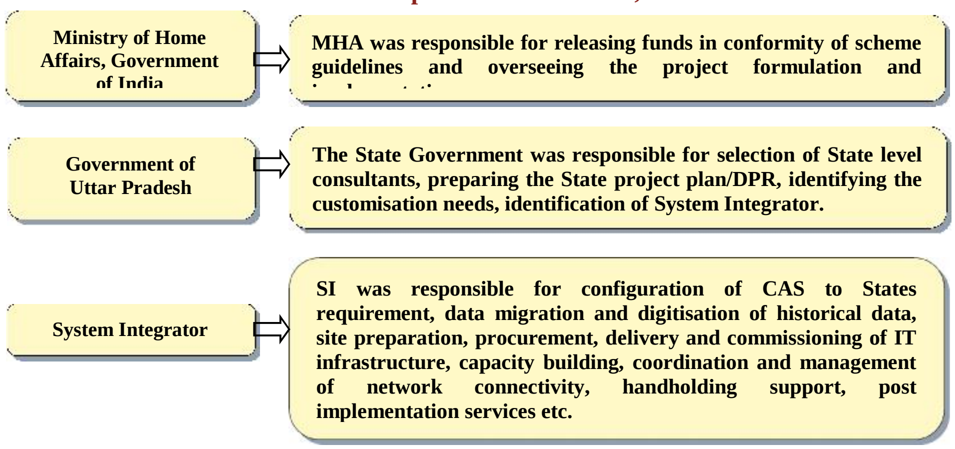
[5] Allahabad, Badaun, Faizabad, Kanpur city, Lucknow, Mirzapur, Moradabad, Muzaffarnagar and Varanasi.

[6] CAS database backup (14/05/2015) from SDC, Lucknow.

2.4.6 Project Planning, System Integration and Operationalisation

As per the project implementation strategy of CCTNS, agreed between MHA and GoUP, States were to be provided a Core Application Software (CAS) by MHA which could be customised, configured and deployed in the State by the State Government through the State level System Integrator to meet the specific requirement of the State. Roles and responsibility of MHA, GoUP and System Integrator (SI) were as given in the Chart below :

Chart 2: Roles and responsibilities of MHA, GoUP and SI



2.4.6.1 Financial Management

For implementation of CCTNS in the State, GoUP prepared a Project Implementation and Monitoring (PIM) report with the help of a State Project management consultant and submitted to MHA for according approval and sanctioning project funding. MHA in February 2011, approved the PIM and sanctioned ₹ 113.78 crore for various components of the project as under:

Sl. No.	Activity/Project Component	Amount proposed by GoUP in PIM (₹ in crore)	Amount allocated by MHA, GoI (₹ in crore)
1.	Site preparation police station	4.13	4.30
2.	Site preparation higher offices	3.43	3.26
3.	Hardware police station	69.28	29.29
4.	Hardware higher offices	23.87	14.61
5.	Capacity building	22.07	22.00
6.	Data digitisation	24.97	9.93
7.	Handholding	20.16	13.79
8.	Data center	6.97	4.85
9.	Project management consultancy	5.37	2.75
10.	Application (CAS) related cost	1.61	1.50
11.	Integration with Jails, FSL and FPB	0	0.96
12.	CIPA complete hardware for Phase-I and additional hardware for Phase-3	0	6.54
13.	Networking	37.55	0
	Total	**219.41**	**113.78**

Further, it was also observed that against the sanctioned amount, GoI released ₹ 84.86 crore during 2009-15. A total expenditure of ₹ 59.31 crore has been incurred on the project as of March 2015 as per details given in ***Appendix 2.4.3.***

Deficiencies noticed in the management of the project by GoUP and its design, development and execution by SI are discussed in the succeeding paragraphs.

2.4.6.2 Project Management Consultancy

State Project Management Consultant (SPMC) namely M/s National Institute of Smart Governance (NISG) was selected by MHA and appointed (April 2010) by GoUP for assisting State Government in preparation of Project Implementation and Monitoring (PIM) report, detailing project estimates, Request for Proposal (RFP) for selection of System Integrator (SI) for the project etc. We observed the following:

(i) Delay in appointment of SPMC

State Project Management Consultant was to be appointed by GoUP within 45 days of signing of the MoU (October 2009) with MHA. However, appointment (April 2010) of SPMC was done with a delay of four months. This delayed preparation of Project Implementation and Monitoring Report (PIM) and obtaining approval of MHA.

(ii) Delay in execution/non-execution of activities by SPMC

(a) Delay in preparation of DPR and RFP

SPMC was required to complete following activities within 12 months by deploying qualified key resources:

- Project Plan, Infrastructure assessment and Capacity plan;
- Functional requirement, BPR reports, data migration assessment;
- Preparation of PIM/DPR;
- Preparation and issue of RFP and Bid evaluation for selection of SI; and
- ToRs for State Programme Management Unit (SPMU) and handover.

PIM report and RFP for selection of SI was to be prepared by SPMC within 75 days and 105 days from the date of appointment respectively.

SPMC submitted PIM (January 2011) with a delay of more than six months and RFP (April 2011) with a delay of more than eight months which delayed the process for selection of SI by 12 months, thus adversely impacting project implementation.

(b) Non execution of work

Audit observed that preparation of Terms of Reference for State Program Management Unit (SPMU) and handover activities were not executed by the SPMC which required smooth knowledge transfer of the project assets, learning, best practices followed, challenges faced and improvements suggested to SPMU. As a result, SPMU had deficient project knowledge which was bound to affect project implementation.

(c) *Qualification of Key Resource*

As agreed between UPPTS and SPMC, the required qualification of Senior Manager (Project Development) was to be BE/B-Tech with three years' MBA and having experience as project manager in projects worth ₹ 25 crore. However, Key resource deployed was having qualification of MA economics with MBM marketing and HR. This puts a question mark on the quality of services rendered by the consultant and effective monitoring by UPPTS.

In reply, the Government stated (September 2015) that penalty was imposed on SPMC for delay and quality of work. All design flaws and lapses were rectified considering MHA advisories for it.

Fact remains that the work of SPMC was not closely monitored by the State Government to avoid such delays.

2.4.6.3 System Integrator

M/s NIIT Technologies Ltd, New Delhi was appointed (March 2012) as SI by GoUP to provide services which included site preparation, supply and commissioning of hardware/ software at locations covered including CAS customization, State Data Center and Disaster Recovery (DR) site, digitization of 10 years legacy data (2003-2012), five extension modules, capacity building and training, network connectivity in co-ordination with BSNL and operation and maintenance of infrastructure for three years. We observed that:

Delay in System integration by SI

As per contract (March 2012) with the System Integrator (SI), project milestones were set for the activities to be carried out by the SI and payments thereof were related to work outcome. As per the thirteen milestones set, all the component works related to system integration viz., configuration of CAS to States requirement, data migration and digitisation of historical data, site preparation, procurement, delivery and commissioning of IT infrastructure, capacity building, coordination and management of network connectivity, handholding support, were to be completed by February 2014. Due to non-achievement of any of the milestone activities, no payment was made to SI upto the last milestone date (February 2014) except ₹ 4.35 crore paid (March 2012) as Mobilisation advance at the time of signing of the contract.

As SI did not complete the work by the contracted date, the State Apex Committee (SAC), in its meeting, (February 2014) extended the completion date (Go-Live) to 30 June, 2014 with the consent of the SI, by resetting deadlines for remaining works. SAC also directed that in case the work is not completed by 30 June 2014, penalty at the rate of 2 *per cent* for each week of delay subject to maximum of ten *per cent*, would be imposed on SI. The payments of ₹ 43.82 crore to SI, thereafter, were released based on work executed and not based on milestones fixed.

Audit observed that SI did not fill up the post of Project manager for a period of one year from October 2013 to October 2014. This showed lack of monitoring on the part of the Department. This was bound to impact adversely on the delivery of services by SI. Further, payment of ₹ 43.82 crore to SI before achievement of milestones was also in contravention of contractual provisions and guidelines issued by MHA. Grant of extension to SI without imposing liquidated damages (LD) was also in violation of contract provisions and amounts to extension of undue benefit to the contractor.

Audit further observed that even after the expiry of the extended period, the SI has yet not completed the works and the major works remaining incomplete as of September 2015 are configuration, customisation and extension of CAS, capacity building, network connectivity, handholding and data digitisation work. No action has been taken against SI by imposing LD/penalty for not adhering to the extended time line.

Go-Live status of the project remained unachieved

Thus, due to the failure of the SI to execute project as per contracted milestones and lack of effective monitoring by the Department, the CCTNS project could not Go-Live even after 19 months of the original schedule date of completion.

In reply, the Government (September 2015) stated that due to innumerable change request from SI, payments were delayed and due to incomplete data digitisation by SI, Go-Live could not happen. Reply is not acceptable as no action was taken against SI for delays by imposing LD/penalties as per contractual provisions.

2.4.6.4 Hardware for police stations and higher offices

An amount of ₹ 43.90 crore was approved by MHA based on the PIM report of the State government for procurement of hardware for police station and higher offices. Following irregularities/ deviations were noticed by audit in procurement of hardware items:

(i) Deviations from RFP in procurement of hardware

RFP document for selection of SI prepared by SPMC on the basis of PIM and approved (April 2011) by State Empowered Committee (SEC). RFP contained the scope of work and quantities of hardware and other items (Computers, printers, UPS, DG set, furniture etc.) to be covered under the project. SI was selected through a competitive bidding process hence any change in the specifications or significant variations in the scope of the work contained in the RFP was not desirable as it could have impact on determination of the lowest bidder.

Audit observed that there were significant differences in the quantities of items as specified in RFP and those contracted with SI. Quantities of items like Desktops, 500VA UPS, External hard drives and printers was increased with the corresponding increase of cost of ₹ 3.43 crore while the quantities of items like 2KVA UPS, site preparation, tables/chairs etc. were reduced with resultant decrease in cost by ₹ 3.11 crore ***(Appendix 2.4.4)***. In joint inspection Audit, however, found that many of these hardware items were lying unused as discussed in paragraph 2.4.8.3 of this report. It was noticed that even the specifications of some of the items were changed, for example, against 673 UPSs of 2 KVA providing backup of 2 hours as per RFP, 3456 UPS units of 500 VA providing backup of only half an hour were contracted.

This reflected inadequate contract management on the part of SPMC and the State government as they should have appropriately revised the quantities before issue of RFP if there were any major changes in the requirements, after approval of PIM and preparation of RFP by SPMC.

In reply, the Government stated that all alterations were made as part of adjustment to impact more locations. The reply is not acceptable as MHA denied funding for locations coming into existence after March 2011 and if there were any important changes in user requirements the same should have been included in the RFP before issue.

(ii) Excess expenditure on DG sets

Excess expenditure of ₹ 17.27 crore on DG sets

Under CCTNS scheme, it was envisaged to provide one Diesel Generator (DG) set per police station to maintain regular power supply. Audit observed that SI/GoUP procured DG sets of specification and cost substantially higher than those approved by MHA in PIM. Specification and rate allowed by MHA were 2 KVA DG set at the rate of ₹ 0.30 lakh. However, against these specification and rate, DG set of 5 KVA at the rate of ₹ 1.5 lakh (1,439 units) were contracted and procured without proper assessment report for higher specification. This resulted in excess expenditure of ₹ 17.27 crore in procurement of 1439 DG sets.

Further, during physical verification of 58 police stations, it was noticed that DG sets were rarely used due to shortage of fuel on account of non-availability of funds. In 34 police stations, even log books of the generator sets were not maintained**.** Thus, even after incurring excess expenditure, DG sets remained unutilised.

In reply, the Government stated that deviations were made keeping in view success and sustainability of the CCTNS project and approved by State Apex Committee (SAC). The reply is not acceptable as requirement assessed by NCRB was only 2 KVA DG set, and cost of 5 KVA DG set in PIM was also not approved by MHA. No justification was recorded by SAC for permitting higher specifications involving substantially higher cost. Further, neither the deviations were approved from MHA nor the approval for expenditure incurred from State funds for such procurement was obtained as directed.

(iii) Software licenses procured

Irregular expenditure of ₹ 6.67 crore on procurement of software licenses

PIM approved by MHA did not provide for any procurement of software items such as Operating System windows, antivirus and Office suite etc., from CCTNS funding. Audit, however, observed that as per contract with SI, licences were procured for Operating System windows-7 Professional (5,711 copies; ₹ 3.63 crore), MS-Office suite (5354 copies; ₹ 2.81 crore) and Antivirus software (4,833 copies; ₹ 0.23 crore) resulting in irregular expenditure of ₹ 6.67 crore. Further, it was observed that due to non-functional CIPA computers, above software items worth ₹ 1.93 crore remained un-installed although the same were delivered (upto May 2014) by SI (***Appendix 2.4.5***). This led to wasteful expenditure of ₹ 1.93 crore.

In reply, the Government stated (September 2015) that un-installed software licenses were lying with UPPTS. The reply of the State Government confirmed that these software items were procured without requirement in violation of MHA approval.

(iv) Electronic pens not put to use

Electronic pens were to be used by the investigating officers during investigation to capture data at the scene of crime. However, electronic pens were not put to use in any of the police stations in the State. This not only led to idle expenditure of ₹ 1.42 crore on 1,637 electronic pens delivered by SI (upto September 2014) but also defeated the purpose for which these were procured.

While accepting the fact, UPPTS replied (November 2015) that functionality is getting developed in CAS to use electronic pen.

(v) Coverage of Reporting Out Posts

ROPs covered at the cost of ₹ 1.16 crore subsequently withdrawn

Reporting Out Posts (ROP) are police chowkis under the police station where FIR can be registered. MHA denied funding for the ROPs, however, contract with SI included 105 ROPs to be covered under CCTNS. Hardware and software were delivered to the ROPs at the cost of ₹ 1.16 crore (***Appendix 2.4.6***). During physical verification, it was found that CAS was not being used in any of the eight ROPs. Further, each ROP was incurring an expenditure of ₹ 14,500 *per annum* on bandwidth charges. Thus, GoUP incurred irregular expenditure of ₹ 1.16 crore on ROPs from CCTNS funds without approval of MHA.

In reply, the Government acknowledged the fact and stated that ROPs are withdrawn from CCTNS project.

2.4.6.5 Network infrastructure and performance

As per agreement (April 2012), BSNL was to provide network connectivity between police stations/ higher offices and State Data Center (SDC), SDC to National Data Center and between SDC and Disaster Recovery Center[7] using technologies like Virtual Private Network over Broad Band (VPNoBB), Worldwide Interoperability for Microwave Access (WiMAX) and Very Small Aperture Terminal' (VSAT). Status of connectivity provided by BSNL given in Table 1 below:

Table 1: Status of connectivity, as of March 2015

Sl. No.	Connectivity	Connectivity Status			Connectivity Percentage (available)
		Connectivity Required	Connectivity Available	Connectivity Not available	
1.	VPNoBB	2,146	1,961	185	91
2.	VPNoWIMAX	212	143	69	67
3.	VSAT	129	12	117	09
	Total	**2,487**	**2116**	**371**	**85**

Source: UPPTS connectivity status report March 2015

Cent *per cent* network connectivity remained unachieved

From Table 1 it is evident that only 85 per cent connectivity was available. As per Service Level Agreement (SLA) with BSNL, percentage uptime availability of more than 97 *per cent* was to be ensured. Status of percentage uptime availability of systems is detailed in Table 2 below:

Table 2: Status of percentage uptime availability of systems

Percentage Availability	100 - 80 percent	79 - 60 percent	59 - 40 percent	39 - 20 percent	19 - 1 percent	Zero percent
No. of links	147	177	237	300	454	801
						2,116

Source: UPPTS Network Monitoring System report (1 January to 9 February 2015)

From table 2 it is evident that 37 *per cent* of the locations (801) had no uplink connection even for once whereas only for seven *per cent* of the locations (147) percentage uptime connectivity was over 80 *per cent* reflecting poor network performance. Although, various meetings were held between BSNL/ SI/UPPTS to resolve the issues viz. non-termination of line, absence of modems, bandwidth availability, high latency but the same still remained to be resolved.

In reply, the Government stated that matter has been escalated with the BSNL at the highest level.

Recommendation: GoUP should effectively monitor and liaise with BSNL authorities at highest level to achieve optimum network connectivity.

[7] Located at Pune.

2.4.6.6 Data Digitisation and migration to CAS

To facilitate investigating officers in crime investigation and criminal detection it was envisaged to digitise and migrate legacy data of past ten years into CAS. As per contract with SI, 23.56 lakh IPC case files and 2.93 lakh additional registers (crime/criminal related data of registered mafia, gang information, history sheets, wanted/rewarded criminals etc.) from January 2003 onwards were to be digitised in batches and verified at the level of district authorities (police station level 100 *per cent*, Circle officer level 10 *per cent*, district nodal officer level 5 *per cent* and subsequently at the UPPTS level one *per cent* prior to migration to SDC. Penalty for errors[8] found during verification was to be imposed on the SI along with re-digitisation of records.

Data digitisation and migration not achieved

Scrutiny of Data Digitisation status report (January 2015) revealed that only 78 *per cent* (18.35 lakh) of records were digitised by SI of which only 30 *per cent* (5.45 lakh) records were verified by districts authorities. However, no digitised records were migrated into CAS database as records verified subsequently by UPPTS were found incorrect. UPPTS directed (July 2015) all districts and SI for rectification and re-digitisation of records, however no penalty on SI was imposed (March 2015). Thus, the objective of data digitization and migration for effective tracking of history of crime and criminals from the CCTNS still remained unfulfilled.

In reply, the Government stated that data redigitisation of records by SI and verification by department was being carried out. The reply confirms that proper digitisation and migration of data by SI and verification of records by the district authorities was not done resulting in delay in programme implementation.

Recommendation: Accurate and complete data digitisation and migration into CAS should be ensured in a time bound manner.

2.4.6.7 Capacity building

The objective of CCTNS capacity building initiatives was to equip the direct users of CCTNS with the right skills and knowledge to optimally use CCTNS. Status of training planned and covered is detailed in Table below:

Training	Trainees planned	Training imparted	Shortfall (percentage)
State (All districts)	56,941	41,106	15,835(28)
In test check districts	11,112	7,126	3,986(36)

Audit examination disclosed the following:

Training plans not achieved, shortfall of 28 *per cent* at State level

There was a shortfall of 28 *per cent* in achieving the training targets for capacity building for the State as a whole, whereas shortfall was 36 *per cent* in the test checked districts ***(Appendix 2.4.7)***. Adequate number of trainees were not deputed for training in large number of batches and the shortfall

[8] Error rate between 0.5 to 1 *per cent* ₹ 5,000/batch and ₹ 10,000/batch for error rate above one *per cent*.

ranged between 30 to 90 *per cent* in 65 batches of role based training (***Appendix 2.4.8***). Analysis of sign-off certificates provided (scanned copy) for the trainings conducted during 2012-13 at different training centres revealed that in 124 batches[9] the number of trainees were zero. Despite shortfall in training, no training programmes were conducted at the training centers of the test checked districts since June 2013.

SI was also responsible for evaluation of the effectiveness of all end users trainings by an independent Third Party Assessment Agency (TPA). Based on the evaluation, refresher training were to be arranged. TPA[10] carried out (September 2014) evaluation for 12,640 CAS role based trained staff and found 3,404 (27 *per cent*) participants absent and 4,456 (35 *per cent*) trainees failed. No refresher course was planned (May 2015) for the failed candidates and the evaluation for other training programmes was also not yet completed.

In reply, the Government stated that training capacity was not fully utilized because of low turn up and due to law and order issues some batches went blank. SI has been instructed to conduct refresher training. Reply is not acceptable as the Departmental authorities were responsible for deputing adequate number of police personnel for training and also ensuring that SI carry out training programmes as agreed including refresher training for failed candidates.

Recommendation: Reasons for failure of such a large number of candidates need be analysed and addressed.

2.4.6.8 Customisation and operationalisation of CAS

Audit examined the functioning of CAS application and observed the following delays/deficiencies:

(i) Operationalisation and use of CAS for core Services

The core modules of CAS included four modules viz. Registration module for submission and generation of response on the complaints submitted, Investigation module for capturing crime and investigation details, arrest cards, property seizure etc., Prosecution module for capturing prosecution details going on for the particular registration, Citizen Interface portal for citizens to register online complaint and view status on the complaint and Search and reporting module for search on specified criteria.

CAS functionalities not being used

Study of implementation of CAS in test checked districts disclosed that out of the four core modules only Registration module was being used on day-to–day basis for registration of FIRs and the remaining three modules for Investigation, Prosecution and Search & Reporting, though developed, were being used rarely by the police authorities. Report (Integrated Information Form (IIF)) generated from CAS for the period January 2014 to May 2015 in

[9] Resulting in infructuous expenditure of ₹ 11.18 lakh on 124 batches (₹ 9,014 *per* batch) where sign-off was provided for nil candidates.
[10] M/s Ginger Wave Pvt. Ltd.

respect of all districts also disclosed that there was very little information available in CAS database about other three core functionalities as detailed in Table 3 below :

Table 3: Status of information available in CAS on various stages from Registration of FIR to final Appeal in the State

Period	FIR registration (IIF-I)	Crime detail (IIF-2)	Arrest Memo (IIF-3)	Property seizure (IIF-4)	Final form (IIF5)	Court disposal (IIF-6)	Result of appeal (IIF-7)
1 January 2014 to 14/05/2015	1,34,694	1,822	84	4	293	0	0

Source: UPPTS-IIF report generated from CAS for the period 01/01/2014 to 14/05/2015.

Audit examination disclosed the following:

- Apart from registration of FIRs, integrated forms were not being captured in CAS in respect of other core services viz. investigation, prosecution, etc., reflecting that functionalities of CAS were not being fully utilised by the police stations.

- Out of 1,504 police stations, only 1,276 police stations were registering FIRs through CAS (May 2015). Thus, even registration of FIRs through CAS has not been implemented in all the police stations of the State.

- Citizen Centric portal services envisaged to be made available through Police portal and via SMS were yet to be made fully functional.

- Search functionality to track the criminal on particular search criteria and customised report generation was also not functional.

- In the absence of customised report generation functionality, reports were being generated through backend (June 2015).

In reply, the Government stated that CAS was still in the development stage and customisation of reports through front end was under process. Instruction for filling up of Integrated Information Forms (IIF) had been issued and Citizen Centric Services were being rolled out for web and mobile targeting end of November 2015. Reply is not acceptable as CCTNS has not been made fully operational (Go-Live) even after lapse of one year of the extended date of completion (June 2014). Further, no revised timeline has been fixed by GoUP as of September 2015 by which all the functionalities of CAS would be made operational and CCTNS will Go-Live.

(ii) Extension modules for other Services

Five extension modules were developed by SI and approved (May 2014) by the SEC viz. (i) Logistics module to keep record of all the assets under department, (ii) SMS gateway module to provide SMS based services to citizens and police department; (iii) Forensic Science module (FSL) to streamline the flow between different divisions of FSL right from receipt of samples to dispatch of expert report, (iv) Knowledge Repository module to create and share knowledge base for police department and v) Daily Duty Management module to record daily duty allocation/ distribution of work at the police station and provide reporting functionality to the higher authorities.

Audit observed that none of the extension modules were being used as envisaged in test checked districts. In Logistics and Daily duty module neither complete data was being entered nor any reports generated. SMS gateway service was available to the user groups created within the police department for instant messaging and getting details of FIRs registered, however, there was no provision enabled for the citizens to get citizen services or for intimating the complainants and the relatives of the accused. In FSL module only cases referred were being diarised and not being assigned to the concerned branches of investigation and functionality to generate all test reports through CAS was not available (July 2015). Further, no efforts have been taken for interfacing and integration of data of Jails and Finger Print Bureau as approved in PIM as of September 2015.

In reply, the Government stated that instruction to use the modules have been issued and SI was working on the amendments proposed in the FSL module. Reply is not acceptable as the Governance Structure should have effectively been monitored to ensure that the police stations start using all the functionalities of CAS immediately for timely implementation of CCTNS.

(iii) Non-integration of Government Railway Police (GRP)

Under CCTNS, hardware items were provided to 65 Government Railway Police (GRP) stations and higher offices. However, none of the GRP police station was using CAS application due to non-integration with CAS. During physical verification of eight GRP police stations either the hardware items were found seal packed or were being used for other purposes. Thus, in absence of integration, expenditure on procurement of hardware/software items costing ₹ 1.21 crore remained idle **(*Appendix 2.4.9*)**.

In reply, the Government stated that instruction have been issued to SI for integration of CAS with GRP units.

(iv) Non-generation of State Crime Reports

The objective of the centralized database as envisaged in CAS was to fulfill the requirement of different entities as per their requirement. The State Crime Record Bureau (SCRB) gathers all statistical data about crime from all over the State for analysis and reporting to NCRB. SCRB was covered under CCTNS and provided with required infrastructure. However, during test check it was observed that CAS was not being used by the SCRB and data gathering was being done by obtaining inputs from field offices, thus, defeating the purpose of maintaining a centralised database.

In reply, Government stated that reporting services are still evolving and few are working, once they are made functional, SCRB would use the reports.

Recommendation: Implementation of CAS across all the units covered and services should be ensured and all modules made functional for proper integration and sharing of information.

2.4.7 Deficiencies in CAS database

We observed following discrepancies in the data made available to audit from State Data Centre (SDC), Lucknow.

2.4.7.1 Inconsistency in CAS database

(i) Data consistency refers to the requirement that any data written to the database must be valid according to all defined rules. Status of particular data captured in different set of tables should be same to maintain data consistency.

However, in two different master table (master office type tables[11] and master police station table[12]) containing the same data on active police stations was found to be different reflecting that proper linkages for uniform updating was missing. UPPTS replied that the issue was being taken up with NCRB.

(ii) CAS functionality was available both in online and offline mode. To maintain consistency, master tables from SDC are synchronised with police stations (client) for proper functionality and compatibility with the client database. However, many master tables of SDC were not found synched with police stations. Specific analysis of master role table revealed that it was not synched to 865 police stations. Thus, consistency between police station and SDC master tables remained unachieved affecting online usability of CAS.

2.4.7.2 Weakness in CAS Access Controls

(i) Access control grants users access during operations, by associating users with tasks/ resources that they are allowed to perform/ access based on pre-defined policy/ roles. In CAS, all users are assigned unique user numbers with login-id and password to access the system captured in user table. Roles (tasks) assigned to users and logins made in the system are captured in roles and login tables.

Analysis of login tables revealed that out of 22,495 unique users' login made in the system, no details of unique user number was found captured in the user table for 9,719 users. We also found that blank login-id was captured in case of 33,683 logins made in the system. Further, 239 users logging in the system (66,232 times), had no specified role captured in the system reflecting that access controls were not enforced in the system.

(ii) In CAS, any user created is captured with login-id linked with police station code and the status of the user is either captured as 'active' or 'deleted'. Analysis revealed that out of 19582 'active' users, 606 users were

[11] Containing details of all offices.
[12] Containing details of police stations only.

having duplicate login-id and police station code. Thus, uniqueness of the user in the system was not ensured.

In reply, Government stated (September 2015) that it was due to enabling the provision for creation of offline user ids. Offline ids have been stopped and utility has been developed for rectification of the data.

2.4.7.3 Registration of FIRs

Prior to submitting of FIR in CAS, General Diary (GD) entry of the case is captured. As per the System Requirement Specification functionality (CAS-NCRB), registration date and time for both GD and FIR was not to be entered in the system and was to be captured from the server date and time automatically. FIR and GD serial numbers were also to be auto generated by the system. However, UPPTS changed these functionalities from 'auto generation' to 'manual entry' under customisation of CAS. MHA and Project Consultant (SPMU) had recommended (August 2014) against manual capturing of FIR and GD serial numbers. Audit observed that manual entry of FIR date leaves scope for manipulation of the date of FIR in crime reporting which has been an area of serious public concern under manual system of filing FIR and therefore should have been full automated as per the features available in CAS supplied by MHA to ensure prompt and accurate reporting of crimes and provide improved policing services to public. This defeated the very purpose of automation of core policing functions under CCTNS to ensure that FIRs are registered promptly after receipt of complaint from public.

Using IT audit tools, we conducted analysis of 1,38,939 FIRs captured through CAS and found following discrepancies:

Activity	Result of examination
Erroneous entry of date and time for FIR and GD.	In 209 cases FIR registration data and time was earlier (1 to 1,640 days) than the GD date and time, whereas in 31,518 cases GD entry date and time was not found entered.
Incorrect capture of FIR serial numbers	In 6,308 cases, FIR having higher serial number was captured with an earlier FIR date than the date of the lower serial numbered FIR.
entry of Information receive date of complaint	Information receive date was blank in 1,27,168 records, whereas in 9,773 records it was captured as '1/1/1900'.
Delayed entry of FIRs in CAS	59,809 FIRs (online-11,689 and offline-48,154) were captured with delays (43 *per cent*) ranging from 1 to 3,652 days. Further, in 34 cases, record creation date was prior to FIR registration date (upto (-) 4,770 days).
Delayed synchronisation of FIRs from police stations to SDC.	Delay of 2 to 30 days in 52,613 records, 31 to 60 days in 12,085 records, 61 to 90 days in 5,842 records and over 91 days (upto 4,842 days) in 13,235 records. In 87 cases, record synchronisation date was earlier (upto 30 days) than the record creation date.

Above discrepancies indicates that no system checks were enforced while going in for manual entry of FIRs number and date. Incomplete and inaccurate information in the database renders the database unreliable defeating the very purpose of implementing the CCTNS. It also made online monitoring of FIRs difficult.

Recommendation: CAS database management and access controls, validation controls needs to be strengthened to ensure data integrity, confidentiality and availability at all times.

2.4.8 Monitoring and Evaluation

2.4.8.1 Ineffective monitoring by SPMU

State Programme Management Unit (SPMU)[13] was engaged (August 2012) at a cost of ₹ Four crore for a period of three years for providing management services for overall implementation of CCTNS in the State. Responsibilities of SPMU included supporting the State in monitoring of the compliance of the contractual obligations and SLA of the System Integrator, monitoring the deployment, customization, integration and configuration of CAS, data digitization, monitoring the procurement, deployment and commissioning of necessary hardware, networking equipment's and connectivity. Further, SPMU was to assist in the User Acceptance Testing and Audit of the system to ensure that the all the functional and security requirements and all the standards and specifications as set out to achieve the desired outcomes are met and submit a Go-Live report.

As there were considerable delays by SI in completing various activities of the CCTNS project and ensuring that it achieves Go-Live by the stipulated date, indicated that monitoring by SPMU was not effective.

2.4.8.2 Non maintenance of IT Assets registers

As per the MoU signed between GoUP and GoI (October 2009), an audited assets register in prescribed proforma was required to be maintained. A list of assets acquired was required to be submitted at the end of each financial year by Nodal Officer to MHA. However, no such assets register had been maintained in the test checked districts and the list of assets acquired had not been submitted to MHA by UPPTS as of September 2015. In test-checked districts, it was noticed that IT hardware/software supplied directly to police stations had neither been accounted for nor physically verified annually. Absence of these checks and regular monitoring of the same exposed the assets to the risk of misuse/pilferage.

While accepting the audit observation the Government stated that instruction have been issued for maintaining the asset registers.

[13] M/s Ernst & Young Pvt. Ltd, Kolkata

2.4.8.3 Joint Physical Verification for maintenance of IT assets

Hardware delivered not maintained/ utilised

Audit conducted Joint Physical Verification of 58 Police Stations and 40 Higher Offices which revealed that hardware items supplied at the locations were not properly maintained. As hardware items viz. Desktop (98 and 12 sealed pack), UPS 500VA (23 and 4 sealed pack), Modems (18), UPS 2KVA (27), Multifunctional Printers (44 and 07 sealed pack), Duplex laser printer (17 and 03 sealed pack), 24-port Switch (53 and 09 sealed pack) and external hard disk not in use (19 and 06 sealed pack) were found non-functional during physical verification.

At the police station and higher offices all installed computers were to be connected through Local Area Network (LAN) cabling under site preparation, however, audit observed that in none of the locations all installed computers were connected through LAN cable. Windows operating system in 63 computers and MS-Office in 75 computers were not activated. *Anti-virus* in 166 computers was also not updated. Further, Asset register (71), Complaint register (81) and Generator logbooks (34) were not being maintained by police stations ***(Appendix 2.4.10*****).** This indicated lack of monitoring by SI/SPMU and the Governance Structure created for effective and timely implementation of CAS.

In reply, the Government stated that proper instruction (September 2015) has been issued.

2.4.8.4 Information security Review

Security policy documents and security review is essential to protect the system from security threats. As per contract, UPPTS was to engage a third party agency for audit and certification of security and control aspect of the system. Further, as per RFP, SI was responsible for preparation of Backup policies, Business Continuity Plan and other policy documents.

However, neither third party agency was engaged for carrying out system security review and certification nor documented policies were available with UPPTS. In absence of system security review and documented policies, information system installed was at risk.

In reply, the Government stated that Security policy has been submitted by State IT Department and SI, and certification of the system will be done once final version is released.

2.4.8.5 Monitoring by Governance Committees

As per the MoU signed between GoUP and GoI (October 2009), GoUP was to constitute Governance Structure and ensure meetings as per the MHA guidelines. However, Governance structure consisting of four committees as detailed in *paragraph 2.4.2* above was created but prescribed meetings were not held as detailed in Table 4 below:

Table 4: Status of Meetings required as per MHA guidelines and held

Sl. No.	Name of Committee	Frequency of meeting as per guidelines	Meetings required to be held from January 2010 to March 2015	Meetings actually held as of March 2015.	Percentage shortfall
1.	State Apex Committee (under Chief Secretary)	Once in a quarter	21	10	52
2.	State Empowered Committee (under Director General of Police, UP, Police)	Once in a month	63	24	62
3.	State Mission Team (under addl. Director General of Police Technical Services)	Once in a month	63	38	40
4.	District Mission Team (under Superintendent of Police)	Once in a month	63	Not compiled at UPPTS	

In the test checked nine districts regular monthly meetings were not held as per implementation guidelines of MHA.

In reply, the Government stated that Governance Committee meetings were called only when required. Reply was not acceptable as meetings of Governance Committee were not being held in accordance with the prescribed frequency.

2.4.9 Conclusion and Recommendations

- CCTNS was launched to create comprehensive and integrated system for enhancing efficiency of policing through adoption of principles of e-Governance and creation of nation-wide network infrastructure for IT enabled system for investigation of crime and detection of criminals. Timely implementation of the project components and deployment of customized CAS through SI was to be ensured by GoUP. An expenditure of ₹ 59.31 crore was incurred on the project by GoUP for purchase of hardware, data digitization, customization and extension of CAS, capacity building etc., as of March 2015. However, CAS could not be stabilized as of September 2015. Except for registration of FIRs other functionalities/ modules of CAS were rarely used by the police stations and higher offices though made functional. Further, Citizen centric services envisaged to be made available through Police portal and *via* SMS were yet to be made fully functional.

Recommendation: Government should take steps for effective use of all functionalities of CAS and reporting to ensure transparency and operational efficiency in working of police department.

Efforts should be made to operationalize Citizen Centric services containing online complaint facility through Web/SMS, status enquiry of the trial case etc., on priority to ensure prompt hassle free service delivery to citizens.

- Requirement of hardware quantities and specifications as assessed during preparation of RFP were not followed during contract execution with System Integrator (SI). Excess/ irregular expenditure of ₹ 25.10 crore on procurement of hardware/ software items was incurred against MHA directives, and the same were also not adequately utilized.

- SI failed to ensure cent *per cent* network connectivity in coordination with the BSNL. Despite digitization of 78 *per cent* of the records, no data could be migrated to CAS database due to incorrect data digitization by SI and non-verification of the same by police authorities as a result re-digitisation of data was under process.

Recommendation: SI/GoUP should effectively monitor and liaise with BSNL authorities at higher level to achieve 100 *per cent* network connectivity.

Data digitisation and migration of data into CAS database should be ensured in a time bound manner.

- The objective of capacity building was not achieved as adequate number of trainees was not deputed for training in large number of batches resulting in shortfall of 28 *per cent* at the State level. Despite this, no training programmes were being planned by SI/UPPTS.

- Automation of core police functions was not achieved as automatic capturing of FIR date, time and serial numbers were changed to manual entry. Manual intervention not only defeated the very purpose of automation but also rendered the database unreliable as erroneous data was found captured in the database.

Recommendation: Manual capturing of FIR date and other information after automation of policing services should be avoided to ensure correct crime reporting and prompt investigation.

CAS database management and access/ validation controls needs to be strengthened to ensure data integrity, confidentiality and availability at all times to make online monitoring and reporting possible at all levels.

- Both project consultants viz SPMC & SPMU and implementing agency (SI) have failed to fulfill their contractual responsibilities and various committees of Governance Structure have also not properly performed their responsibilities to periodically monitor the progress of project. Even after lapse of 15 months from the extended date of completion (June 2014), Go-Live status of the project remained unachieved. It has defeated the aim of computerization and bringing in greater efficiency and transparency in various processes and functions at the police station level and improvement in service delivery to citizens.

Recommendation: Government should decide the timeline to achieve Go-Live status of the project after fixing the responsibilities for delay on the agency concerned.

SOCIAL, BACKWARD CLASSES AND MINORITIES WELFARE DEPARTMENTS

2.5 Post-Matric Fee-reimbursement scheme

Executive Summary

Post-Matric Fee-reimbursement is given to the students of the State for study in recognised post-matriculation or post-secondary courses. Fee-reimbursement was sanctioned and disbursed manually till 2009-10 and thereafter, the process was automated. The audit of the scheme was taken up in five selected districts *viz.* Banda, Barabanki, Deoria, Ghaziabad and Kanpur Nagar to cover the transactions of computerised database which disclosed the following:

Scrutiny of applications

- Reimbursement of fee of ₹ 10.24 crore was claimed by different students in 20,198 cases by using same income/caste/high school certificates. For example: (i) 36 income certificates were used by 1,242 students for 10 to 236 times in Kanpur Nagar district in 2010-11 to claim ₹ 32.30 lakh; and (ii) 44 caste certificates were used by 2,158 students for 10 to 550 times in Deoria district during 2012-13 to claim ₹ 83.47 lakh.

(Paragraphs 2.5.7.1 (i) & 2.5.7.2 (iii))

- Income details of 34 students were verified by audit on test-check basis from the income certificates available on the website of Board of Revenue and it was found that in all the cases, the fee reimbursement was claimed based on incorrect income detail, thus extending benefit to ineligible students.

(Paragraph 2.5.7.1 (ii)(a))

Processing of claims

- 6,313 eligible students were denied reimbursement of fee in Barabanki, Deoria, Ghaziabad and Kanpur Nagar districts.

(Paragraph 2.5.7.2 (i))

- In 638 cases, reimbursement of fee of ₹ 16.41 lakh was made without any claim being processed and approved in Barabanki and Ghaziabad districts.

(Paragraph 2.5.7.2 (ii))

Processing of payments

- 1,792 students claimed reimbursement of fee of ₹ 4.80 crore by submitting false declaration and submitting claims simultaneously for two courses.

(Paragraph 2.5.7.3 (i))

- Fee was irregularly reimbursed to 2,309 students amounting to ₹ 5.13 crore who changed their course of study.

(Paragraph 2.5.7.3 (ii))

- In 241 cases, children of same parents were sanctioned reimbursement of fee under different categories (SC, OBC, General and Minority) amounting to ₹ 16.84 lakh.

(Paragraph 2.5.7.3 (iv))

- Reimbursement of fee was made at different rates for the same course and category.

(Paragraph 2.5.7.3 (v))

Credit of fee in beneficiaries' accounts

- Out of 24 banks, to whom data was sent for verifying the authenticity of payments, response from only one bank was received. We found that against 93 cases forwarded by the bank there were 27 instances of incorrect account number of the beneficiaries and 14 instances of reimbursement of claim twice to the same student.

(Paragraph 2.5.7.4)

2.5.1 Introduction

Fee-reimbursement is a part of Scholarship scheme and represents an important social welfare measure implemented by the Government of Uttar Pradesh (GoUP) to increase enrolment and ensure retention of Scheduled Caste (SC), Scheduled Tribe (ST), General, Backward and Minority students in educational institutions. GoUP has been implementing the scheme through the Departments of Social Welfare, Backward Classes Welfare and Minorities Welfare. The benefits of this scheme are provided to post-matric students based on the parameters specified by the Government from time to time. Fee is reimbursed to students, for recognised post-matriculation or post-secondary courses pursued in recognised institutions belonging to the State, whose income, combined with the income of their parents/guardians, is within the maximum prescribed income of ₹ two lakh[1] per annum.

During 2010-15, ₹ 7,508.37 crore[2] was spent on reimbursement of fee by GoUP. To mitigate the problems of manual system of sanction and payment of scholarships, the Government introduced e-Scholarship Management System, '*Saksham*', developed by National Informatics Centre (NIC) in 2007-08 and fee reimbursement module was incepted in 2010-11.

2.5.2 Organisational Structure

Principal Secretaries of the respective Welfare Departments (Social Welfare, Backward Classes and Minorities Welfare) exercise the overall control over

[1] Income level was revised from ₹ one lakh to ₹ two lakh for SC/ST category and for other categories of student in 2010-11 and 2012-13 respectively.

[2] As the payment for the year 2014-15 was not completed, therefore, figures for 2014-15 was not provided to audit.

implementation of the scheme for fee-reimbursement. The respective Principal Secretaries are assisted by the Directors of the respective Welfare Departments. The scheme is implemented at the district level by District Social Welfare Officer (DSWO), District Backward Class Welfare Officer (DBCWO) and District Minority Welfare Officer (DMWO).

2.5.3 Audit Objectives

Audit of fee-reimbursement scheme was undertaken to assess whether:

- The process of verification of applications at institutions/college level was robust, transparent and effective to ensure that only genuine and eligible applications/claims were recommended for sanction of fee reimbursement;

- The scrutiny of claims in the offices of respective Welfare Officers through *Saksham* database was comprehensive, reliable and adequate;

- The system of approval of claims and disbursement of payment was credible, transparent and effective to ensure timely disbursement of payment to bonafide beneficiaries; and

- Monitoring mechanisms were adequate.

2.5.4 Audit Criteria

Audit criteria have been derived from the following sources:

- Guidelines of the scheme and orders issued from time to time by GoUP;
- Budgetary allocations, expenditure and savings; and
- Departmental instructions and manuals.

2.5.5 Audit scope and methodology

The audit examination covered the period from 2010-11 to 2014-15, however, as the payments for 2014-15 were under process for reimbursement to the beneficiaries, the same could not be covered under audit period and audit was restricted to the period from 2010-11 to 2013-14 only. An entry conference was held with the Principal Secretary, Social Welfare Department in January 2015. Five[3] districts were selected for test-check from four geographical regions of the State viz., Awadh, Bundelkhand, Poorvanchal and Western region. Audit was carried out from January to May 2015 and involved collection of information from respective Welfare Directorates and analysis of database including demand and payment data provided by respective District Welfare Officers/National Informatics Centre (NIC).

Audit findings were discussed with the Principal Secretary/Secretary and Directors of the Welfare departments in an Exit Conference held in October

[3] Banda, Barabanki, Deoria, Ghaziabad and Kanpur Nagar.

2015 and their responses/replies have been suitably incorporated in the report at appropriate places.

Audit Findings

2.5.6 Allocation and Expenditure

An expenditure of ₹ 7,508.37 crore was incurred on reimbursement of fee by the GoUP during 2010-14[4] (***Appendix 2.5.1)***. The details of expenditure *vis-à-vis* allocation of funds in the test-checked districts during 2010-14 is given in ***Appendix 2.5.2*** and is summarised in Table 1.

Table 1: Details showing allocation and expenditure during 2010-14

(₹ in crore)

Sl. No.	Year	Allotment	Expenditure	Surrendered/deposited
1.	2010-11	169.20	165.10	4.10
2.	2011-12	194.82	190.92	3.90
3.	2012-13	275.08	264.84	10.24
4.	2013-14	373.08	371.62	1.46
	Total	**1,012.18**	**992.48**	**19.70**

(Source: Figures as provided by Welfare Departments)

It is evident from the above table that against the allotment of ₹ 1,012.18 crore, an expenditure of ₹ 992.48 crore was incurred by the test-checked districts during 2010-14 and ₹ 19.70 crore was surrendered/deposited into Government account.

2.5.7 Process of fee-reimbursement

The process involved in sanction and disbursement of fee-reimbursement is as follows:

- **Submission of applications:** After obtaining admission in a recognised post-matriculation or post-secondary course, the students who fulfill the prescribed criteria are required to submit their application in prescribed format duly supported by valid certificates in their respective Institutions/Colleges within the stipulated timeline.

- **Scrutiny of applications:** The respective Institutes/Colleges are responsible for verifying the income/caste certificates submitted by the students from the website of Board of Revenue and feed the particulars of the applicants in the *Saksham* software[5]. The respective Institutes are responsible for the accuracy of data entered in *Saksham* database. Thereafter, hard and soft copy of the data is submitted to the District Inspector of Schools/Regional Higher Education Officer for authenticating the number of students, and verification of course for onward submission to District Scholarship Sanction Committee.

[4] As the payments for the year 2014-15 was under process, the same were not provided to Audit.
[5] From the year 2013-14, the manual data entry was replaced by an online system.

- **Processing and approval of claims:** Once the data is approved by the District Scholarship Sanction Committee, the respective Welfare Officers are required to send the data to District Informatics Officer for projecting the demand and publishing of the same in website[6]. The payment approvals are accorded on the basis of demand projected and published by NIC through software.

- **Disbursement of fee-reimbursement by bank:** The amount of fee is provided to the banks by the respective Welfare Department and the same is transferred to students/Institute's account by district nodal State Bank of India branches till 2012-13 and thereafter through treasury *via* (e-payment) National Electronic Fund Transfer/Real Time Gross Settlement.

The roles and responsibilities of stakeholders involved in the process of reimbursement of post-matric fee are given in ***Appendix 2.5.3***. We examined the process of reimbursement of fee through analysis of demand and payment data. We found shortcomings in the process as discussed in succeeding paragraphs.

2.5.7.1 Scrutiny of applications

The primary responsibility of accuracy of data along with verification of certificates was vested upon the respective Institutions/Colleges. The following shortcomings were noticed:

(i) Fee-reimbursement by using same certificates

Fee of ₹ 10.24 crore was claimed in 20,198 cases by using similar certificates

The e-management system allowed filing of multiple applications where high school certificate and income/caste certificate was used by more than one student. We found 20,198 cases in the test-checked districts where different students have claimed reimbursement by using similar documents during 2010-14 involving irregular disbursement of fee of ₹ 10.24 crore as detailed in ***Appendix 2.5.4***.

(ii) Reimbursement of fee to ineligible students

Fee was reimbursed on the basis of incorrect income detail

(a) We during audit cross verified the annual income certificates of 34 students as shown in the database with their income as shown in the website of Board of Revenue and found that as per the latter, they were ineligible to receive reimbursement of fee as their annual income was more than the cut-off income level upto which fee was reimbursed to the students in the respective years. Thus, reimbursement of fee amounting to ₹ 1.74 lakh was made to ineligible beneficiaries as detailed in ***Appendix 2.5.5***.

While accepting the audit observations, the Government assured that matter would be investigated and action initiated to recover the amount.

Physical verification of applications disclosed several instances of mis-match of documents

(b) Physical verification of applications on test-check basis in seven colleges of Barabanki district was carried out by audit in November 2015 to verify the

[6] www.scholarship.up.nic.in

veracity of the information submitted by the students in their application forms *vis-a-vis* the information captured in the *Saksham* database which formed basis for sanctioning reimbursement of fee. Scrutiny disclosed instances of deviations in filling up the particulars of income/caste certificates, high school certificate etc., submitted by students to their Colleges/Institutions with applications, being completely different from the information captured in *Saksham* database. In 410 applications made available to audit, out of total 626 applications called for scrutiny, we noticed:

- 18 instances of income certificate numbers, four instances of caste certificate numbers and 11 instances of high school certificate enclosed with the applications did not match with the data captured in *Saksham* database;

- 86 instances of amount of annual income mentioned in the income certificate did not match with the *Saksham* database;

- 38 instances of income certificate, 56 instances of high school certificate and four instances of caste certificate was issued in the name of other persons;

- 57 instances of income certificate not available on the website of Revenue Department etc.

Thus, in more than 50 *per cent* cases test-checked by audit, irregularities were noticed in sanction and payment of fee reimbursement. The College/ Institution-wise information is given in ***Appendix 2.5.6***.

2.5.7.2 Processing of claims

(i) Eligible students denied fee-reimbursement

6,313 eligible students were denied the benefit of fee reimbursement

As per the Fee-reimbursement *Niyamawali*-2012 (Rules), all eligible students with the income upto the cut-off income level were to be sanctioned fee reimbursement except for SC/ST category[7] students. In four[8] out of five test-checked districts, 6,313 students whose income was either equal or less than the cut-off income were not sanctioned fee reimbursement during 2011-13 as detailed in ***Appendix 2.5.7*** thereby denying them the benefits of the Scheme. During Exit Conference, the Government while confirming the audit observation stated that in view of the seriousness of the matter, suitable action will be initiated against the concerned officials.

(ii) Reimbursement of fee without claims

Reimbursement of fee of ₹ 16.41 lakh was made to 638 students without demand

We observed cases where fee was reimbursed to students whose names did not appear in the demand data. We found that in Barabanki ₹ 5.61 lakh had been reimbursed to 40 students and in Ghaziabad ₹ 10.80 lakh had been reimbursed to 598 students whose names did not feature in the demand list during the period 2011-12. Similarly, in 2013-14, *Vishwanath Rai Kakand, Mahavidyalay*, Deoria had forwarded applications of 59 minority students

[7] Reimbursement of fee to SC/ST is demand driven while for other categories it is budget driven.
[8] Barabanki, Deoria, Ghaziabad and Kanpur Nagar.

against which demand for fee reimbursement in respect of 77 students was generated and fee was reimbursed to 11 students only. Reasons for such irregularity were not recorded.

In Exit Conference, the Government admitted the audit observation and assured that matter would be investigated for suitable action.

(iii) Analysis of demand data

Our analysis of the demand database revealed the following irregularities:

(a) 23 income certificates were used by 994 students for 10 to 290 times in district Deoria during 2012-13 in support of claim of ₹ 42.12 lakh;

(b) 36 income certificates were used by 1242 students for 10 to 236 times in Kanpur Nagar during 2010-11 in support of claim of ₹ 32.30 lakh;

(c) 14 income certificates were used by 255 students for 11 to 44 times in Ghaziabad district during 2010-11 in support of claim of ₹ 0.60 lakh. The details are given in ***Appendix 2.5.8***;

(d) 44 caste certificates were used by 2158 students for 10 to 550 times in Deoria district during 2012-13 in support of claim of ₹ 83.47 lakh as detailed in ***Appendix 2.5.9***.

(iv) Inaccuracies in Saksham database

The analysis of *Saksham* database revealed that the processing of demand data through e-system lacked credibility as mentioned below:

(a) Caste certificates of 196 students (Barabanki), 90 students (Banda), 80 students (Deoria), 1,443 students (Ghaziabad) and 312 students (Kanpur Nagar) were not captured in the database for 2012-13;

(b) Income certificates of 149 students (Barabanki), 11 students (Banda) and 790 students (Ghaziabad) were not captured in the database for 2012-13;

(c) Merit details of students of minority category were not captured in the demand and payment database for 2012-13 and 2013-14 in all the selected districts;

(d) Information relating to free and paid seats under institutional category was not exhibited separately for 2010-14 in any of the selected districts;

(e) Category of Institutes such as Government, Government aided and Private for determination of priority was not exhibited in the database of any selected districts for 2010-11; and

(f) The certificates of proof of address of beneficiaries of general and minority categories were not captured in any of the selected districts.

The above deficiencies/irregularities indicated that there was lack of effective validation controls in *Saksham* database.

During Exit Conference, the Government while confirming the audit observation assured to initiate action to address the shortcomings in the database.

2.5.7.3 Processing of payment

The following irregularities were observed in the processing of payment made to the students on account of reimbursement of fee:

(i) Reimbursement of fee on false declaration

1,792 students claimed reimbursement of fee by giving false declaration

The rules provided that fee-reimbursement shall be restricted to only one course at a time and any false declaration by the students would attract penalties like cancellation of claim, recovery of amount paid and blacklisting of students. We observed in the test-checked districts that 1,792 students in contravention of rules claimed ₹ 4.80 crore by providing false declarations and submitting claims simultaneously for two courses as detailed in ***Appendix 2.5.10***. DSWO and DBCWO, Kanpur Nagar accepted the observation and stated (May 2015) that recovery of ₹ 11.63 lakh from 30 students had been made at the instance of audit and efforts are being made to recover the balance amount.

During Exit Conference, the Government stated that matter would be investigated and action taken to recover the amount.

(ii) Irregular reimbursement of fee

2,309 students were irregularly paid reimbursement of fee of ₹ 5.13 crore who changed their course of study

The norms stipulated that reimbursement of fee should be cancelled, if the student changes the subject of the course of study for which it was originally awarded or changes the Institution of study without obtaining prior approval of the Government and fee reimbursed so far should be recovered. Audit analysis of the database of payment data revealed that in contravention of the guidelines, 2,309 students were irregularly paid reimbursement of fee of ₹ 5.13 crore in four[9] out of five test-checked districts as detailed in ***Appendix 2.5.11***. During Exit Conference, the Government accepted the audit observation and stated that action will be initiated to recover the amount.

(iii) Sanction of fee at higher rates

Dr. Ambedkar Institute of Technology for Handicapped, Kanpur Nagar charged excess fee of ₹ 1.66 crore from 1,006 students

The Admission and Fee Regulatory Committee was formed in June 2008 to prescribe the fee structure of private Engineering and other Professional courses. The committee prescribed (August 2010) fee of ₹ 46,100 per annum for B-Tech course for Dr. Ambedkar Institute of Technology for Handicapped, Kanpur Nagar. However, we observed that in contravention of the prescribed fee, the Institute charged excess fee per annum (₹ 58,250 to ₹ 63,650) for

[9] Barabanki, Deoria, Ghaziabad and Kanpur Nagar.

B-Tech course. This resulted in excess reimbursement of fee by the Government amounting to ₹ 1.66 crore to 1006 students during 2012-14. The DBCWO, Kanpur Nagar stated (April 2015) that the Institute was a Government aided Institute. The reply was not acceptable as the committee had fixed the same fee for B-Tech course in similar Institutes.

Further, we also observed similar instances of excess charging of fee over and above the prescribed limit for the professional courses by the Institutes for which excess reimbursement of fee was made to 208 students in three districts[10] amounting to ₹ 68.58 lakh as detailed in ***Appendix 2.5.12***.

During Exit Conference, the Government accepted the audit observation and stated that action will be initiated to recover the amount.

(iv) Sanction of fee to students under different categories

In 241 cases children of same parent were reimbursed fee under difference categories

We observed in 241 cases that reimbursement of fee amounting to ₹ 16.84 lakh was made in the selected districts during the period 2013-14 to children of same parents/guardians under different categories *i.e.* where one child was shown as SC and other as OBC or one as General and other as OBC as detailed in ***Appendix 2.5.13.*** The Government assured to investigate the matter and recover the amount.

(v) Reimbursement of different fee for same course

Different fee was reimbursed for same course and category

We observed that different fee was being reimbursed for the same course by the concerned DWOs as detailed in ***Appendix 2.5.14***. The norms provided that the DWOs should update the fee and course masters[11] and monitor fee structure. These details were, however, not provided to audit. The data obtained by Audit from the Backward Class Welfare Directorate, however, revealed that different fee structures were fed in the database for 4,787 courses as detailed in ***Appendix 2.5.15***. This led to reimbursement of fee at different rates for the same course at the same Institute to the students. In reply the Government stated that the matter will be investigated for fixing the responsibility of the concerned officials.

Recommendation: The system control in *Saksham* database should be strengthened to ensure that no fee is reimbursed without proper sanction and demand/receipt of valid applications and the database should be bereft of any opacity.

2.5.7.4 Credit of fee in beneficiaries' accounts

The districts did not maintain any audit trail of transactions like cash book, reconciliation statement, refund details and other supporting records to provide an assurance that amount sanctioned to the beneficiaries had actually been credited to their bonafied account. Thus, audit could not verify as to whether

[10] Barabanki, Ghaziabad and Kanpur Nagar.
[11] The details of Institutes and courses are captured in course master and fee structure in the fee master of the master database.

the reimbursement of fee had actually been credited to the beneficiaries bonafied account.

We attempted to track the amount credited in the beneficiary account in Barabanki and Ghaziabad districts. We culled out the data of duplicate students on random basis *i.e*. those students who have submitted claims twice in a year and sent for authenticating the account and verifying the date of credit of fee by banks. Of 24 banks[12], to which data was sent, response from only one bank[13] was received. Scrutiny revealed that against 93 cases forwarded by the bank, we found 27 instances of incorrect account number of beneficiaries and 14 cases of reimbursement of claim twice to the same student.

In reply, Government stated (August 2015) that status has been called from respective Welfare Officers of Barabanki and Ghaziabad and the outcome would be intimated, separately.

During Exit Conference, while confirming the audit observation it was stated that no directives have been issued by the Finance Department to regulate the failed transactions and assured to take up the issue with the Finance Department, separately.

2.5.7.5 Refund of undisbursed fee

The Rules stipulate that the amounts which are not credited in the students' accounts shall be refunded by the banks into the notional accounts of the Welfare Officers without delay. Such refunds were required to be supported with details of students. It is further provided that the respective Welfare Officers should present the details of such refunds to the district level committee headed by District Magistrate for early resolution of the problem.

Instead of refunding the undisbursed amount in the notional account, the banks made refunds through bankers cheques/ demand draft

In violation of these Rules, we found that banks, instead of refunding undisbursed fee directly in the notional account, issued bankers cheques/demand drafts in favour of respective District Welfare Officers. Further, none of the test-checked districts had adequately maintained the records/details of refunds received from banks. No mechanism was in place in the test-checked districts (i) to check that the amounts of fee which could not be credited in the bank accounts of the students, due to incorrect account number, IFS code etc., were refunded and (ii) to verify that no undisbursed amount was lying with the banks. In absence of required information/data, audit could not ascertain the number of cases resolved and amounts re-submitted to the banks for crediting the same in students' accounts. We noticed that 191 time-barred cheques valuing ₹ 22.88 lakh,[14] refunded by various banks in previous years, were retained in the office of DBCWO, Barabanki as of May 2015. DBCWO, Barabanki, after revalidating the cheques on three or four occasions, did not deposit the same in the Government account. Such systemic lapse facilitated the mis-appropriation of

[12] 14 banks in Barabanki and 10 banks in Ghaziabad.
[13] *Gramin* Bank of *Aryavart*, Regional Office, Barabanki.
[14] It was not clear from the records as to whether the said amount was related to Fee-reimbursement only.

₹ 19 lakh in Barabanki in 2012-13 by crediting the amount in favour of 24 unauthorized students through forged advise issued to banks as detailed in ***Appendix 2.5.16***.

The Government stated (August 2015) that direction to initiate action against the concerned officers has been issued. It was further stated during Exit Conference that in view of seriousness of the matter, it will be investigated for appropriate action.

Recommendation: The process of reimbursement of fee and refunds received from banks needs to be investigated to ensure that no ineligible student gets the benefit and the amount of refund are properly accounted for in the Government account.

2.5.8 Monitoring and Evaluation

For the purpose of Monitoring and Evaluation of the scheme, a district level committee under the chairmanship of the District Magistrate was formed to review the Institutions, courses, fee etc., and also carry out 100 *per cent* verification of Institutes having more than 27 *per cent* OBC category and 30 *per cent* SC/ST category enrollments. However, there was nothing on record to show that this verification was done. During Exit Conference it was assured that matter will be investigated.

The Government had also not carried out any evaluation of the scheme to identify shortcomings in its operations and plug loopholes. No information was available with the DWOs about the attendance, completion of course and success rate of students availing fee reimbursement. Audit carried out an analysis of students who had applied for fee-reimbursement in the second year of their respective courses. The trend showed marked decrease in number of students who continued their studies/course in the next year as given in ***Appendix 2.5.17***. Our analysis revealed that only 32.13 *per cent* students had applied for re-imbursement of fee in their second year.

During Exit Conference, the Government confirmed and appreciated the audit observation and assured that appropriate action will be initiated against such erring Institutes.

2.5.9 Limitations

Audit was constrained, as the payment data were not made available by the Welfare Officers/NIC of three districts[15] despite repeated requests. DMWO Kanpur Nagar and Ghaziabad did not furnish the records of expenditure of fee-reimbursement to minority category students for 2010-15. Hence expenditure incurred by these offices/districts for the above periods could not be vouchsafed in audit.

[15] Payment data for 2010-11 and 2011-12 of Kanpur Nagar; 2010-11, 2011-12 and 2012-13 of Banda and 2010-11 of Barabanki were not furnished, though called for.

Test-checked districts did not furnish the data of the students of the State who were studying outside the State. The lists of records/data not provided and replies not furnished to audit memos are detailed in ***Appendix 2.5.18*** and ***Appendix 2.5.19*** respectively.

In the light of irregular reimbursements, sanction based on incorrect information/documentation in large number of cases, the State Government may get all such cases investigated.

2.5.10 Conclusions and Recommendations

- Though e-system developed has brought in some positive changes in the implementation of the scheme. However, there were numerous errors in the system like use of similar income/caste and high school certificates by students to claim reimbursement and submitting claim on the basis of false declaration etc.

- Implementation of the scheme was marked with several lacunae like sanction of fee without approval/demand and at higher rate, irregular reimbursement of fee to students who changed their course of study midway and capturing of different fee structure in master data etc.

Recommendation: The system control in *Saksham* database should be strengthened to ensure that no fee is reimbursed without proper sanction and demand/receipt of valid applications and the database should be bereft of any opacity.

- No system existed in the district to ensure that amount sanctioned to the beneficiaries had actually been credited in their accounts and all the uncredited amount was refunded by the banks and have been properly accounted for in Government account.

Recommendation: The process of reimbursement of fee and refunds received from banks needs to be investigated to ensure that no ineligible student gets the benefit and the amount of refund are properly accounted for in the Government account.

- Monitoring and evaluation of the scheme was inadequate and no impact assessment was done by the Government to assess the scheme.

Recommendation: Monitoring and supervision at the level of respective Welfare Departments and District Welfare Officers may be reviewed and strengthened adequately to ensure that the benefits of Post Matric Fee- reimbursement scheme are provided to all eligible students in a prompt and efficient manner.

2.6 Implementation of Uttar Pradesh *Janhit* Guarantee *Adhiniyam*, 2011

Executive Summary

Uttar Pradesh *Janhit* Guarantee *Adhiniyam*, 2011 *(Adhiniyam)* was enacted in March 2011 and Uttar Pradesh *Janhit Guarantee* Rules, 2011 (UPJGR) made (December 2011) thereunder in the State to ensure delivery of public services in stipulated timeframe. Audit of implementation of the *Adhiniyam* was conducted in five Departments by selecting 42 notified services to verify as to all important services had been notified, and the respective Departments were delivering notified public services within the stipulated time-frame as per provisions of the *Adhiniyam*. Our important findings are as follows:

Selection of Services

- The services of 31 out of 93 Departments under the State Government remained un-covered under the *Adhiniyam* even after lapse of four years of the enactment of the *Adhiniyam* (March 2011).

(Paragraph 2.6.6)

Non-issue of notification of Appellate Authorities

- Due to lack of coordination between *Lok Seva Prabandhan Vibhag* and the Administrative Departments, the designated, first appellate and second appellate officers were not notified in 37 (88 *per cent*) out of 42 test-checked services, even after two years of notification of services under the *Adhiniyam*.

(Paragraph 2.6.7.1)

Non-issue of Acknowledgements

- In contravention of UPJGR, the acknowledgements in prescribed Form were not issued to any applicant by 30 out of 31 test-checked offices in five test-checked districts.

(Paragraph 2.6.7.3)

Delivery of Services

- The Department took 46 to 675 days for delivery of uncontested mutation of property in two Urban Local Bodies (Nagar Nigam, Jhansi and Meerut) test-checked, against the stipulated time period of 45 days under the *Adhiniyam* and the rules made thereunder.

(Paragraph 2.6.8.1)

- Despite lapse of two to 17 months, the Department failed to take decision on cases relating to payment of compensation of unsuccessful family planning in 49 out of 57 test-checked cases pertaining to Chief Medical Officers of Fatehpur, Jhansi, Meerut and Varanasi as against prescribed 45 days under the *Adhiniyam*.

(Paragraph 2.6.8.2)

- Out of 236 test-checked cases relating to payments under National Family Benefit Scheme, the concerned offices took decision in 51 cases with delays ranging from 46 to 300 days; and services not provided in 76 cases despite the lapse of 3 to 14 months.

(Paragraph 2.6.8.3)

- The offices took 17 to 384 days in 125 test-checked cases for issue of Character Verification Certificate as against 15 days prescribed.

(Paragraph 2.6.8.4)

Capacity Development of Service Departments

- No training was imparted to staff to familiarise them with the provisions of the *Adhiniyam* and Rules made thereunder. Due to lack of training, concerned officials were not aware of the procedures for implementation of provisions of the Act and the prescribed timelines for delivery of services.

(Paragraph 2.6.9)

Non-exhibition of Relevant Information of the Services

- 28 out of 31 test-checked offices failed to exhibit the relevant information on the notice board for awareness to the public due to which people were not aware about their rights provided under this *Adhiniyam* for obtaining services in stipulated time period.

(Paragraph 2.6.10.1)

Mechanism for Monitoring

- The monitoring was lax and ineffective as the Administrative Departments did not make serious efforts to get the monthly progress reports from their field offices.

(Paragraph 2.6.11)

2.6.1 Introduction

The Uttar Pradesh *Janhit Guarantee Adhiniyam*, 2011 *(Adhiniyam)* was enacted in March 2011 and came into effect from 14 January 2011 to usher in accountability and transparency as a part of Government's on-going Administrative reforms subsequent to the promulgation of the Ordinance of 13 January 2011. The basic provisions of the *Adhiniyam* required notification of the services to be rendered, stipulating time-frame for providing these services, nomination of Administrative/appellate authorities and imposing penalties for non-compliance/delay. In exercise of the powers conferred by section 10 of the *Adhiniyam*, Uttar Pradesh *Janhit Guarantee* Rules, 2011 (UPJGR) were made (December 2011) laying down the procedures for application, appeal, revision, recovery of penalty and payment of compensation to applicants.

Initially, in 2011, the *Adhiniyam* was made applicable to only five Departments, which were delivering 17 services (***Appendix 2.6.1***). The

Adhiniyam was amended in November 2013 and made applicable to 29 Departments (***Appendix 2.6.2***) for delivering 140 citizen centric services such as birth/death certificates, caste certificates, income certificates, uncontested mutation of land, issue of new APL ration card, new water connection in urban areas, decision on old age pension, decision on registration of property, decision on character verification etc., including 10 services of the establishment viz., decision on sanction of pension, sanction of General Provident Fund, medical reimbursement, etc.

2.6.2 Organizational Structure

At the Government level, Principal Secretary, *Lok Seva Prabandhan Vibhag* (LSPV) was responsible for notifying services, stipulated time frame for providing services, designated officers/appellate authorities and to facilitate compliance of the *Adhiniyam*. The Principal Secretaries of the respective Departments ***(Appendix 2.6.2)***, rendering the services to the citizens, were responsible for monitoring implementation of the provisions of the said *Adhiniyam* in their Departments by nominating Designated Officer(s), First Appellate Officer and Second Appellate Officer.

2.6.3 Audit Objective

The main audit objectives were to assess whether:

- Selection of services under the *Adhiniyam* was done properly in a comprehensive manner;
- Institutional arrangement for implementation of the *Adhiniyam* were adequate;
- The services were delivered as envisaged under the *Adhiniyam* and grievances were being redressed within the specified time frame;
- Arrangements made for awareness generation amongst citizen were adequate; and
- Mechanism for monitoring the delivery of services and coordination with Departments responsible for providing services were adequate and redressal of grievances were ensured.

2.6.4 Audit Criteria

The main sources of criteria were:

- Uttar Pradesh *Janhit Guarantee Adhiniyam*, 2011 and the provisions therein;
- Uttar Pradesh *Janhit Guarantee* Rules, 2011;

- Notifications of services issued by the Government from time to time;
- Government orders/instructions/circulars issued from time to time; and
- Reports and returns of the service providers (Departments).

2.6.5 Audit Scope and Methodology

Out of 29 Departments for which services had been notified, 18 Departments fall under the jurisdiction of the Office of the Principal Accountant General (G&SSA), UP, Allahabad (***Appendix 2.6.2***) which were delivering 89 notified services under the *Adhiniyam*. Out of 18, five Departments viz., Home (Police), Medical and Health, Secondary Education, Social Welfare and Nagar Vikas were selected[1] using statistical methodology for test-check of records and documents. For test-check and analysis of records, five districts viz., Fatehpur, Jhansi, Luckow, Meerut and Varanasi were also selected[1] by distributing all the districts of the State into four regions including Lucknow as Headquarters of the Departments. The Departments and services selected for this review are given below:

Sl. No.	Name of Department	Name of Services
1.	***Nagar Vikas***	(i) Uncontested Mutation of property in Nagar Nigam Area; (ii) New connection of water supply in Nagar Nigam Area; (iii) Birth/Death certificates in Nagar Palika Parishad/Nagar Panchayat Areas; and (iv) Birth/Death certificates in Nagar Nigam Area.
2.	**Medical and Health**	(i) Disability Certificate; (ii) Decision on Medico-Legal Certificate (Injury); (iii) Decision on Death Certificate for people dying in the hospital; (iv) Decision on Age Certificate; (v) Decision on illness and fitness certificate; (vi) Decision on registration of Nursing Home; (vii) Decision on the Immunization Certificate; (viii) Decision on the payment for unsuccessful Family Planning; and (ix) Decision on the technical scrutiny and inevitability certificate for medical reimbursement.
3.	**Social Welfare**	(i) Decision on Old Age Pension; (ii) Decision on family benefit scheme; (iii) Decision on information of molestation of Scheduled Caste/Scheduled Tribe; (iv) Decision on complaint of scholarship for Scheduled Caste/Scheduled Tribe; and (v) Decision on *Rani Laxmi Bai* Pension Scheme.
4.	**Home (Police)**	(i) Decision on verification of forms/application received from passport office; (ii) Decision on character Verification (Police Verification Report, Military Verification Report, Private Verification Report); (iii) Decision on character verification (for contractors); (iv) Decision on scrutiny/sanction of Application for renewal of Arms license; (v) Decision on providing certified copy of post-mortem report and other relevant records; (vi) Decision on compounding on challan under 34 Police Act, Motor Vehicle Act; (vii) Decision on recommendation/permission for organizing

[1] By using Probability Proportional to Size without Replacement method.

		peaceful public function meeting and holding march/procession; (viii) Decision on no objection/ recommendation for license for firecrackers (a) For manufacturing, (b) For storage, (c) For sale and (d) For temporary sale; (ix) Decision on receipt and disposal of application received at the Police Station; (x) Decision on complaint letters regarding medical check-up/treatment and economic and physical exploitation in jails; (xi) Decision on providing certificate for the period of detention in jails and the work leant therein; (xii) Decision on providing no objection certificate by Fire Services (a) For organizing public functions and (b) For other purpose; (xiii) Decision on assessment of damages due to fire; (xiv) Decision on recommendation/permission for film shooting; and (xv) Decision by the State Railway Police on compounding challan of vehicles parked in No parking zone within its jurisdiction.
5.	**Secondary Education**	(i) Decision on the issuance of Original certificates; (ii) Decision on the issuance of duplicate certificate; (iii) Decision on the issuance of Original Mark Sheet; (iv) Decision on the issuance of duplicate Mark Sheet; (v) Decision on the issuance of corrected Certificate; (vi) Decision on the issuance of corrected Mark Sheet; (vii) Decision on the disposal of cancelled examination result; (viii) Decision on the With-held results; and (ix) Decision on the rectification of incomplete/wrong results.
	Total	**42 Services**

An Entry conference with the Principal Secretary, LSPV was held on 16 April 2015 under the Chairmanship of Agriculture Production Commissioner, GoUP wherein audit objective, criteria, scope and methodology were discussed[2]. The scope of audit was constrained as the Principal Secretary, LSPV denied access to information/records pertaining to LSPV which was mainly created for enforcement of the provisions of the *Adhiniyam*. The exit conference was held on 6 November 2015 with the Principal Secretary, LSPV, wherein, audit findings, conclusion and recommendations were discussed in detail. The replies of the State Government (August 2015) and results of Exit Conference have been suitably incorporated in the report.

Audit findings

2.6.6 Selection of Services

According to Section 3 of the *Adhiniyam*, the State Government was to notify services to be covered under the *Adhiniyam*. LSPV was established (January 2011) to ensure delivery of services under the *Adhiniyam* to the public in a time bound manner. LSPV was responsible for policy formulation and monitoring of delivery of services covered under the *Uttar Pradesh Janhit Guarantee Adhiniyam 2011* rendered through different Departments.

Scrutiny revealed that the services were selected for notification on the basis of recommendations of concerned Departments. Out of 93 Departments,

[2] The Principal Secretary, *Lok Seva Prabandhan Vibhag* did not sign the minutes of the meeting despite repeated requests.

130 services pertaining to 29 Departments have been notified as per details given in ***Appendix 2.6.2***. Important services notified include birth/death certificate, disability certificate, uncontested mutation of property, caste certificate, income certificate, etc.

The services of 31 (33 *per cent*) out of 93 Departments were not notified even after lapse of four year of enactment of *Adhiniyam*

Audit observed that services rendered by various important Departments such as Minority Welfare, Handicapped, Backward Welfare, Fisheries Department etc., were not notified even after a lapse of four years of enactment of the *Adhiniyam*. Neither these Administrative Departments made any proposals in this regard for notification of services, nor LSPV, which was responsible for monitoring implementation of the *Adhiniyam*, took effective steps to get the important services notified for ensuring timely delivery of services as per provisions of the *Adhiniyam*. As a result, several important services such as daughter's marriage scheme for minority community, pre/post matric scholarship scheme, handicapped pension, daughter's marriage scheme for backward class community, pre/post matric scholarship schemes, *machhua awaas yojna* etc., relating to these Departments remained uncovered under the *Adhiniyam* denying the benefit of guaranteed service delivery to the public.

In reply, the Government stated (August 2015) that out of 93 Departments, services of 31 Departments have already been notified till date and the services rendered by other 31 Departments were not notified as these were not related to the citizens. It further stated that remaining 31 Departments did not send proposal to LSPV for notification of services.

Reply of the Government confirms that monitoring and coordination at the level of LSPV was lax and ineffective and the departmental authorities adopted a lackadaisical attitude resulting in non-identification/selection of services in 31 Departments for coverage under the *Adhiniyam*.

2.6.7 Institutional Arrangement

Proper institutional arrangements were required to be made by service rendering Departments and LSPV to facilitate effective implementation of the *Adhiniyam*. Audit scrutiny revealed the following:

2.6.7.1 Non-issue of Notification

According to Section 3 of the *Adhiniyam*, GoUP was to notify designated officers, first appellate officers and second appellate officers/revising officer for delivery of services.

Audit selected 42 services pertaining to five selected departments for test-check and found that in 37 services (88 *per cent*), the designated, first appellate and second appellate officers were not notified as of March 2015 ***(Appendix 2.6.3)***. The important services for which above officers have not been notified include age certificate, registration of nursing home, issuance of original/duplicate mark sheets, rectification of incomplete/wrong result, character verification, verification of forms/application received for passport office, family benefit scheme, old age pension etc.

Further scrutiny revealed that LSPV, while notifying the services, had directed (November 2013) the concerned service Departments to nominate first appellate and second appellate officers but failed to mention the designated officers, who were the key persons for rendering the services to the citizens. Therefore, the designated officers were neither nominated by the concerned Departments nor notified by LSPV for above mentioned 37 services. It was also observed that nomination of first appellate and second appellate officers were sent by the respective Departments to LSPV, however, these nominations were yet to be notified by LSPV as of March 2015. This indicated lack of coordination between LSPV and the Administrative Departments resulting in non-implementation of provisions of the *Adhiniyam* despite notification of the services.

Due to lack of coordination between LSPV and Administrative Departments, the key persons were not notified for timely delivery of services to the people

In reply, LSPV stated that the respective Administrative Departments had to nominate the designated, first appellate and second appellate officer. The reply of LSPV confirms that there is a lack of coordination between LSPV and Administrative Departments, which is adversely affecting the implementation of the *Adhiniyam*, denying the benefit of timely delivery of essential services to citizens.

Recommendation: The services of Departments uncovered under the *Adhiniyam* should immediately be identified and notified along with the designated officers, first appellate officers and second appellate officers, being key persons for implementation of the Adhiniyam.

2.6.7.2 Nominations of Subordinate Officers

The officials, responsible for receiving application and issuing acknowledgement, were not nominated for timely delivery of services

Rule 3 of UPJGR envisaged that the designated officer may nominate subordinate officers/employees to receive applications and issue acknowledgements.

Scrutiny of the records of test-checked districts revealed that the subordinate officers/employees, responsible for receiving applications and issuing acknowledgments, were nominated in only one out of 31 entities test-checked including 19 entities where designated officers had already been notified ***(Appendix 2.6.3)***. Thus, in case of delay, the accountability for receiving applications and issuing acknowledgements could not be fixed.

In reply, LSPV stated that nomination of subordinate officer for receiving applications and issuing acknowledgements was the responsibility of concerned Administrative Departments. However, entities in their replies accepted the fact. The reply was not acceptable as neither the Administrative Departments nor the Coordinating Department i.e. LSPV took appropriate and timely action to ensure that officials for receiving applications are nominated and proper acknowledgement are issued for monitoring compliance.

2.6.7.3 Non-issue of Acknowledgement

97 *per cent* test-checked offices did not issue acknowledgement in prescribed form

Rule 4 of UPJGR entails that the officials authorised to receive applications under Rule 3 shall give acknowledgement to the applicant in Form-1 and if the necessary documents had not been annexed with the application, then it should be clearly mentioned in the acknowledgement. The said form of acknowledgement also includes the last date of the stipulated time limit (for rendering the services), which was key to the success of the implementation of *Adhiniyam*, 2011.

97 *per cent* test-checked offices did not issue acknowledgement in prescribed form

We noticed that in contravention of Rules, the acknowledgements in prescribed Form was not issued to any applicant by 30 out of 31 offices in test-checked districts ***(Appendix 2.6.3)***.

In reply, LSPV stated that nomination of subordinate officer for receiving applications and issuing acknowledgements was the responsibility of concerned Departments. However, the officers responsible for delivery of services in test-checked offices accepted (April to June 2015) the fact and stated that they were not aware of this requirement under the *Adhiniyam*. The reply was not acceptable as the provisions of UPJGR makes it obligatory to issue acknowledgements against the applications received.

Recommendation: A system should be put in place to ensure issue of acknowledgement as laid down in the *Adhiniyam*.

2.6.8 Delivery of Services under the *Adhiniyam*

Audit conducted test-check in 31 offices under five Departments to verify whether services were being rendered within the stipulated time limit as notified by the Department. Audit observed that the notified time limit was not being adhered to, in delivering most of the services test-checked. Major Audit findings noticed in various departments are discussed below:

2.6.8.1 Nagar Vikas Vibhag

Under *Nagar Vikas Vibhag*, services such as un-contested mutation of property; new connection of water supply; and birth/death certificate were to be delivered under the *Adhiniyam*. Scrutiny of records in test-checked offices revealed the following facts:

Services were delivered to the people with the delay in 42 *per cent* cases

- According to notification (January 2011), the stipulated time limit for issue of Birth/Death Certificate was 45 days. However, five urban local bodies[3] took 47 to 299 days in 101 cases out of 3,648 test-checked for issue of these certificates. In three urban local bodies[4], 54 cases out of 3,648 test-checked birth/death certificates were pending for more than two months. ***(Appendix 2.6.4)***.

[3] NPP, Fatehpur; NN, Varanasi; NPP, Santhar, Jhansi; NP, Ranipur, Jhansi amd NP, Katera, Jhansi.
[4] NP, Nagram, Lucknow; NPP, Ramnagar, Varanasi and NP, Garautha, Jhansi.

● As per notification (January 2011), the stipulated time limit for un-contested mutation of properties in Nagar Nigam area was 45 days. However, two urban local bodies[5] took 46 to 675 days in 62 cases (42 *per cent*) out of 148 test-checked cases for Uncontested Mutation of Property ***(Appendix 2.6.5)***.

2.6.8.2 Medical and Health Department

Under Medical and Health Department, services such as Disability Certificate; Medico-Legal Certificate (Injury); Death Certificate; Age Certificate; Illness and Fitness Certificate; registration of Nursing Home; Immunization Certificate; payment for unsuccessful Family Planning; and Technical Scrutiny and Inevitability Certificate for medical reimbursement were to be delivered under the *Adhiniyam* within prescribed days for respective services. Scrutiny of records in test-checked offices revealed the following facts:

● According to notification (November 2013), the Chief Medical Officer (CMO) was to take a decision within 30 days for Age Certification. However, CMO, Fatehpur took 40 to 292 days in three cases out of 10 test-checked cases for issue of Age Certificates. In remaining four CMOs (Jhansi, Lucknow, Meerut and Varanasi), no such records were maintained as a result audit could not verify the date of application *vis-à-vis* date of delivery of service. (***Appendix 2.6.6***).

Decision on payment of unsuccessful family planning cases was not taken up in 86 *per cent* cases

● As per notification (November 2013), in case of Unsuccessful Family Planning, the CMO was to take a decision on payments within 45 days. Test-check of records of CMOs of Fatehpur, Varanasi, Jhansi and Meerut revealed that in 49 out of 57 test-checked cases of unsuccessful Family Planning, decision(s) were not taken as of May-July 2015 despite lapse of two to 17 months ***(Appendix 2.6.7)***.

● As per notification (November 2013), the CMO was to take a decision within 90 days, regarding registration of Nursing Homes. Test-check of records of CMOs of Fatehpur, Varanasi and Meerut, however, revealed that in 13 out of 48 test-checked cases of registration of nursing homes, CMOs took 94 to 191 days ***(Appendix 2.6.8)***.

● According to notification (November 2013), the CMO was to take a decision within 45 days to decide cases of Technical Scrutiny & Inevitability Certificate for medical reimbursement. Test-check of records of CMOs of Jhansi and Meerut revealed that in 19 out of 405 test-checked cases of Technical Scrutiny & Inevitability Certificate for medical reimbursement, CMOs took 46 to 126 days ***(Appendix 2.6.9)***.

2.6.8.3 Social Welfare Department

Under Social Welfare Department, services such as Old Age Pension; Family Benefit Scheme; information of molestation Scheduled Caste/Scheduled

[5] NN, Jhansi and NN, Meerut.

Delayed services provided in 43 *per cent* cases and in 32 *per cent* cases, services were pending for delivery

Tribe; complaint of scholarship for Scheduled Caste/Scheduled Tribe; and *Rani Laxmi Bai* Pension Scheme were to be delivered under the *Adhiniyam*. According to notification (November 2013), District Social Welfare Officer (DSWO) was to take a decision within 30 days about payments of cases under the scheme of National Family Benefit Scheme.

Scrutiny of records of DSWOs of Fatehpur, Varanasi, Jhansi & Meerut revealed that out of 236 test-checked cases, DSWOs took decision with a delay ranging between 46 and 300 days in 51 cases, services were not provided in 76 cases and in 50 cases of delays, the actual time taken for providing services could not be ascertained due to incomplete records (***Appendix 2.6.10***).

2.6.8.4 Home Department (Police)

Under Home (Police) Department, services such as verification of forms/application received from passport office; character verification; scrutiny/sanction of application for renewal of arms license; providing certified copy of post-mortem report and other relevant records; compounding on challan under 34 Police Act, Motor Vehicle Act; recommendation/ permission for organizing peaceful public function meeting and holding march/procession; no objection/recommendation for license for firecrackers; etc., were to be delivered under the *Adhiniyam*. Scrutiny of records in test-checked offices revealed the following facts:

Important services were being provided with the delay in contravention of the very objective of the *Adhiniyam*

- As per notification (November 2013), Government Departments had to take decision within 15 days for cases of Character Verification (Police Verification Report/Military Verification Report/Private Verification Report). However, Home Department (SSP/SP, Fatehpur, Varanasi, Jhansi & Meerut) took 17 to 384 days in 125 cases out of 2,535 test-checked cases for issue of Character Verification Certificate. Besides, in 92 cases of two districts (SSP, Varanasi & Jhansi) out of 2,535 test-checked cases, decisions were awaited as of October 2015 (***Appendix 2.6.11***).

- According to notification (November 2013), Government Departments had to take decision within 15 days for cases of decision on Character Verification (for Contractors). However, Home Department (SSP/SP, Fatehpur & Meerut) took 19 to 101 days in 29 out of 90 test-checked cases for issue of Character Verification Certificate. (***Appendix 2.6.12***).

- According to notification (November 2013), Government Departments had to take decision within 15 days for cases of decision on Verification of Form/Application received from Passport Office. However, SSP, Jhansi took 22 to 52 days in all 59 test-checked cases for issue of Verification of Form/Application received from Passport Office.

In reply, LSPV stated that the above cases relate to Administrative Departments and hence it could be explained by them only. The respective offices test-checked (April to July 2015) stated that they were not aware about the requirement of the *Adhiniyam*; therefore, the services were being provided to the citizens as per earlier practices. Reply of LSPV was not acceptable as it failed to effectively monitor and coordinate with the Administrative Departments to ensure proper implementation of the *Adhiniyam*, which was the primary objective for creation of LSPV Department in 2011.

2.6.9 Capacity Development of Service Departments

Training to the staff

No training was imparted to staff to familiarize them with the provisions of the *Adhiniyam* and Rules made thereunder

For proper compliance of the *Adhiniyam*, it was imperative to impart training to the officials/officers for dissemination of knowledge about the provisions of the *Adhiniyam*/Rules. We observed that no training was imparted to staff to familiarise them with the provisions of the *Adhiniyam* and Rules made thereunder to ensure smooth implementation of the *Adhiniyam* and timely delivery of services. Lack of proper training seriously affected effective implementation of the *Adhiniyam* as discussed in paragraphs 2.6.8.

In reply, LSPV stated (August 2015) that Administrative Departments were responsible for training. Reply is not acceptable as neither the Administrative Departments organised any trainings nor LSPV issued any policy directives in this regard.

2.6.10 Awareness Generation

2.6.10.1 Non-exhibition of Relevant Information of the Services

Rule 6 of the UPJGR required the designated officer to exhibit the relevant information of the services on a notice board in Form 2 and install these at conspicuous places of the office(s) to make the general public aware of their rights. The necessary documents to be attached with an application for obtaining notified services were also to be displayed on the notice board(s).

90 *per cent* test-checked offices did not exhibit the relevant information for awareness to the people

We noticed that out of 31 entities of five Departments in test-checked districts, 28 entities (90 *per cent*) had not displayed the relevant information on notice boards and three entities displayed such information on the format prescribed for the purpose ***(Appendix 2.6.3)***.

In reply, LSPV stated that the instruction have been issued (June 2014) to all Administrative Departments. Fact remains that neither the provisions of the *Adhiniyam* nor the instruction issued by LSPV are complied with.

2.6.10.2 Publicity of the UP *Janhit Guarantee Adhiniyam*, 2011

The GoUP issued order (December 2013) for promotion and dissemination of information regarding the *Adhiniyam* up to the grass root levels. The GoUP further directed (August 2014) that the information on services notified under the *Adhiniyam* were to be widely disseminated. However, we noticed that neither any promotion campaign was carried out nor wide publicity was given in any of the test-checked districts ***(Appendix 2.6.3)***.

In reply, LSPV stated that instruction have been issued to all concerned Departments for dissemination of the *Adhiniyam* and wide publicity of notified services at their own level.

Thus, in absence of wide publicity, the beneficiaries were unaware of the services notified and their rights under the *Adhiniyam*.

2.6.11 Monitoring Mechanism

2.6.11.1 Monitoring Mechanism

Lack of co-ordination amongst the Departments, badly affected the monitoring of the implementation of the *Adhiniyam*

The office memorandum, issued in April 2013 by the Secretariat Administration Department for allotment of works to the LSPV envisaged that the LSPV was to monitor the citizen services under *Adhiniyam* through service-wise monthly reports from the Administrative Departments. It also envisaged that the LSPV was to compile the information received from Administrative Departments and submit it to the Chief Secretary, Uttar Pradesh. Besides, a Monitoring Cell under LSPV was also to be constituted to monitor the services, notified under Section 3 of the *Adhiniyam*. The LSPV also directed (December 2013) that all service rendering Departments would submit Monthly Progress Report (MPR) to LSPV. These instruction were also forwarded by the Administrative Departments to their subordinate offices for similar action.

We during audit noticed that:

- Out of 31 entities test-checked, 29 entities (94 *per cent*) did not submit the required MPRs to their Administrative Departments ***(Appendix 2.6.3)*** and only two entities submitted the MPRs as 'Nil' despite rendering the notified services under the *Adhiniyam*.

- The Administrative Departments were also not submitting the service-wise MPRs to the LSPV despite repeated orders/ request made by them. This indicated that the Administrative Departments were neither monitoring proper implementation of the *Adhiniyam* by their subordinate offices nor cooperating with LSPV for timely submission of progress reports. The required accountability, responsibility and job descriptions were also not defined and documented in respect of subordinate staff assigned for the job by the Administrative Departments.

- Monitoring Cell was not formed at State level for better co-ordination among the various Departments for rendering the notified services within the prescribed time limit.

In reply, LSPV stated that instruction have been issued repeatedly and compliance of the same was the responsibility of concerned Administrative Departments. Regarding monitoring committee, it stated that the point was also related to the Administrative Departments. The facts remained that both LSPV and Administrative Departments failed to effectively monitor and ensure proper implementation of the *Adhiniyam*.

Recommendation: The LSPV should ensure adequate monitoring of implementation of the provisions of the *Adhiniyam* and compliance of orders regarding proper submission of Monthly Progress Report.

2.6.11.2 Maintenance of Records

Rule 16 of the UPJGR provided that the designated officer shall maintain the records of the applications in Form 3.

Scrutiny revealed that such records were not maintained in 30 out of 31 test-checked entities of all test-checked Departments ***(Appendix 2.6.3)***. In reply, LSPV stated that maintenance of records is the responsibility of the Administrative Departments and need not to be commented. The reply was not acceptable as LSPV was over all responsible for compliance of the said *Adhiniyam* so that notified services might be rendered in time bound manner.

2.6.12 Conclusions and Recommendations

- The services of 33 *per cent* of the Departments remained un-covered under the *Adhiniyam*. In other Departments, where services have been notified, neither LSPV nor Administrative Departments notified the designated officers, first appellate and second appellate officers even after lapse of two years of notification of services which adversely impacted timely delivery of services to the public.

Recommendation: The services of Departments uncovered under the *Adhiniyam* should immediately be identified and notified along with the designated officers, first appellate officers and second appellate officers, being key persons for implementation of the Adhiniyam.

- Non-issue of acknowledgement not only deprived the beneficiaries for timely delivery of services but also refrain the Department from its accountability and transparency.

Recommendation: A system should be put in place to ensure issue of acknowledgement as laid down in the *Adhiniyam*.

- Notified services were not being rendered by the Departments in stipulated time frame. Due to lack of training activities, concerned officers/officials were not aware of the procedures for implementation of provisions of the *Adhiniyam*.

- The entities did not display the relevant information of the services on a notice board at conspicuous place for awareness of the citizens.

- No effective mechanism for monitoring was in place. Administrative Departments did not ensure compliance of orders regarding proper submission of Monthly Progress Report (MPRs). Service delivery Departments neither maintained the records in the prescribed format nor furnished the MPRs to the LSPV.

Recommendation: The LSPV should ensure adequate monitoring of implementation of the provisions of the *Adhiniyam* and compliance of orders regarding proper submission of Monthly Progress Report.

2.7 Volunteers in Home Guards

Executive Summary

The Government established a force of volunteers in Home Guards in the State in 1963, under the Uttar Pradesh Home Guards Act, 1963, as an auxiliary to the police to assist them in maintaining law and order and internal security and help the community in the event of air raids, fires, floods, epidemics and other emergencies. Audit of "Volunteers in Home Guards" was conducted covering the period 2010-15. Major audit findings are discussed below:

Financial Management

- Due to delayed submission of claims by the State Government, Claim of ₹ 27.84 crore, pertaining to the years 2008-11, for deployment of Home Guard volunteers during *Lok Sabh*a and *Vidhan Sabha* elections was not reimbursed by the Government of India as of October 2015.

(Paragraph 2.7.6.2)

- The Department failed to collect ₹ 9.38 crore on account of Service Tax, during 2010-15, from Organisations/Institutions where Home Guard Volunteers were engaged on commercial duty.

(Paragraph 2.7.6.3)

Human Resources

- The Government had to bear an expenditure of ₹ 5.08 crore by way of duty allowance on deployment of Home Guard volunteers in security of VIPs and at the Offices/*Kendras* of political parties in violation of Government orders.

(Paragraph 2.7.7.1)

- Commandant General, Home Guards failed to procure most of the items of the uniforms, resulting in non-issue of uniforms to Home Guard volunteers during 2010-15 although, ₹ 3.84 crore out of the total allotment of ₹ seven crore for purchase of uniforms was surrendered by the Department during 2010-15.

(Paragraph 2.7.7.4)

- Training of Home Guard volunteers also did not receive adequate attention as there were shortfalls ranging between 37 *per cent* and 100 *per cent* in achievements against targets fixed for training by Central Training Institute during 2010-15. Capacities of Divisional Training Centres (DTCs) were not utilised optimally despite incurring an expenditure of ₹ 19.56 crore on account of salary and allowances of idle staff in 10 test-checked DTCs.

(Paragraph 2.7.7.5)

2.7.1 Introduction

The Government established a force of volunteers as Home Guards in the State in 1963, under the Uttar Pradesh Home Guards Act, 1963, as an auxiliary to the police. The objective was to assist the police force in maintaining law and order and internal security and help the community in event of air raids, fires, floods, epidemics and other emergencies. Any person desiring to be enrolled as a volunteer of Home Guards has to make an application in the prescribed form to District Commandant. The selection of volunteers is made on the basis of their educational qualifications, physical fitness, extra curriculum activities and interview. The volunteers are enrolled initially for a period of three years subject to extension on physical fitness. The Government sanctioned (August 2008) enrolment of 1.17 lakh volunteers to serve in 1,151 companies and 60 women platoons. About 55,000 to 62,500 enrolled volunteers were deployed regularly during 2010-15. From the database of 1.17 lakh volunteers, deployment of volunteers is made on rotation/roster basis of selection with the help of an application software. They are paid wages/duty allowance at the rates prescribed.

2.7.2 Organisational set-up

The Principal Secretary, Home Guards, assisted by Commandant General (CG), Lucknow, as the head of the department was responsible for overall control and monitoring of Home Guards at the Government and at the department levels. The Department has 18 divisions, 58 District Commandants, a Central Training Institute (CTI) at Lucknow and 12 Divisional Training Centres[1] (DTC) in the districts. The organisation chart is given in ***Appendix 2.7.1***.

2.7.3 Audit Objectives

The audit objectives were to ascertain whether:

- Management of funds and human resources was efficient and effective;
- Rules and manuals for regulating enrolment, deployment and operational activities of volunteers had been framed and adhered to; and
- Internal controls & monitoring mechanism were adequate.

2.7.4 Audit Criteria

The sources of audit criteria were derived from:

- UP Home Guards Act, 1963, Government of India Guidelines (Compendium) and Rules/orders issued by State Government; and

[1] Agra, Allahabad, Azamgarh, Bareilly, Faizabad, Gorakhpur, Jhansi, Kanpur Nagar, Lucknow, Meerut, Moradabad and Varanasi.

- Financial rules and regulations.

2.7.5 Audit Scope and Methodology

Records (2010-15) of Principal Secretary, Department of Home Guards, Lucknow; Commandant General, Lucknow and District Commandants of eleven selected[2] districts (Agra, Aligarh, Allahabad, Bareilly, Faizabad, Jhansi, Kanpur Nagar, Lucknow, Meerut, Moradabad and Varanasi) were examined between April 2015 and June 2015. Audit objectives, criteria, scope, methodology etc., were discussed in an entry conference (April 2015) with the Principal Secretary, Department of Home Guards, Lucknow, under the chairmanship of Agricultural Production Commissioner. The findings of the report were discussed (October, 2015) in an exit conference with the Principal Secretary Department of Home Guards, Lucknow. The replies of the State Government were received (October, 2015) and have been suitably incorporated in the report.

Audit findings

2.7.6 Financial Management

2.7.6.1 Overall financial position

The year-wise position of budget provision, releases, expenditure and savings is given in Table 1.

Table: 1: Year-wise position of budget provision, releases, expenditure and savings

(₹ in Crore)

Sl. No.	Year	Budget Provision	Budget Releases	Expenditure	Savings (Col 3 – Col 5)	Remarks
1	2	3	4	5	6	7
1.	2010-11	356.15	354.55	347.03	9.12	Surrender orders of ₹ 2.56 crore (2010-11) ₹ 0.37 crore (2011-12) were not made available.
2.	2011-12	373.08	373.08	371.30	1.78	
3.	2012-13	461.65	461.65	393.21	68.44	
4.	2013-14	484.70	484.70	478.26	6.44	
5.	2014-15	537.43	537.43	529.45	7.98	
	Total	**2,213.01**	**2,211.41**	**2,119.25**	**93.76**	

(Source: Records of Commandant General, Lucknow)

₹ 84.77 crore was surrendered on 31 March during 2010-15

As against the budget provisions of ₹ 2,213.01 crore during 2010-15, ₹ 2,211.41 crore was released and ₹ 2,119.25 crore was spent during the same period, with surrender of ₹ 92.25 crore and lapse of ₹ 1.51 crore. As per Rule 141 of the Budget Manual, all savings should be surrendered to the Finance Department by 25 March. We, however, observed that out of ₹ 92.25 crore,

[2] Fifteen *per cent* districts (Nine) have been selected from each region (dividing State in four regions) using Stratified Random Sampling without Replacement Method. The records of offices in Meerut & Aligarh districts were examined on request of the Commandment General.

₹ 84.77 crore was surrendered on 31 March of each financial year during 2010-15. This indicated weak budgetary and expenditure controls.

The State Government accepted the observation and stated that warning were issued to officer in respect of lapsed funds.

2.7.6.2 Delay in submission of claims to Government of India

As per provision contained in para 7.1 of the Compendium of Instructions 2007, the Government of UP (GoUP) was entitled to 25 *per cent* financial assistance from GoI for raising, training and equipping the Civil Defence and also the expenditure incurred for maintaining law and order during *Lok Sabha* and *Vidhan Sabha* elections (in the ratio of 50:50 between GoI and the GoUP) for which the claims were to be submitted to GoI for reimbursement at the end of each of the first three quarters of the financial year based on figures of expenditure of the department. The claim of the fourth quarter was to be submitted with audit certificate for the whole year.

Scrutiny of records revealed that the State Government submitted (August 2014) claims amounting to ₹ 37.25 crore[3] to GoI for 2008-11 after twenty months of receipt of the audit certificate (December 2012). However, the reimbursement of ₹ 37.25 crore was yet to be received from GoI as of October 2015.

Reimbursement of ₹ 27.84 crore is yet to be received from GoI

The State Government replied that the claims of ₹ 37.25 crore for 2008-11 could not be reimbursed by GoI for want of audit certificate in respect of expenditure incurred during 2007-08. It further stated that ₹ 9.41 crore pertaining to 2008-09 has since been received. The reply is not acceptable as the Statement of Expenditure (SoE) for 2007-08 for issue of audit certificate was not submitted by the department to Audit despite repeated reminders[4] and the same was finally submitted in August 2014 after a delay of more than five years. The audit certificate for 2007-08, therefore, could be issued in March 2015 only. The balance amount of ₹ 27.84 crore is yet to be reimbursed by GoI as of October 2015.

2.7.6.3 Non-collection of Service Tax

The Department failed to collect ₹ 9.38 crore on account of Service Tax from concerned organisations/ institutions

Clarifications[5] issued by the Service Tax Department in September 2011 provide that though the burden of Service Tax rests on the service recipient, the law requires the service provider to collect the tax from the service recipient on the services provided and deposit the same in the Government Account. Further, Para 7.2 and 7.3 envisaged that irrespective of whether the service provider receives the Service Tax from his client (service recipient) or not, he is legally bound to pay the due Service Tax in respect of the services rendered by him. However, the tax liability will be to the full extent on the total amount to be received by the service provider.

[3] 2008-09: ₹ 9.54 crore, 2009-10: ₹ 12.60 crore and 2010-11: ₹ 15.11 crore.
[4] 21.01.2009, 01.05.2009, 22.11.2013, 05.05.2014 and 11.07.2014.
[5] Para 7.1 of 6th edition of frequently asked questions on service tax issued by the Service Tax Department.

The scrutiny of records of District Commandants of 11 test-checked districts revealed that ₹ 85.30 crore was realised, excluding Service Tax, during 2010-15 from 124 to 165 organisations/institutions in which Home Guard Volunteers were engaged on commercial duty (***Appendix 2.7.2***) as the Department did not levy Service Tax in respect of duty allowances of volunteers in Home Guards, engaged on commercial duty. However, it was also seen in audit that the Central Ware House, Kanpur and Food Corporation of India, Agra were paying Service Tax regularly on the duty allowances of Home Guard Volunteers during the same period. Thus, the Department failed to collect ₹ 9.38 crore[6] on account of Service Tax from concerned organisations/institutions.

In reply, the CG stated that Government did not issue any instruction regarding realization of Service Tax. However, the State Government replied that the matter was under consideration with the Deputy Commissioner, Service Tax. The reply was not acceptable as it was the responsibility of the service provider to realise and deposit the Service Tax.

Recommendation: Necessary orders/clarifications for realisation of Service Tax from organisations/institutions engaging Home Guard volunteers for commercial duty should be issued.

2.7.7 Human Resources

2.7.7.1 Irregular Deployment of Volunteers

We, during audit, noticed that:

An expenditure of ₹ 3.37 crore was incurred towards payment of duty allowances to irregularly deployed volunteers

(i) The Government issued orders in September 2005, directing CG not to deploy Home Guard volunteers in security of the Honourable Ministers and VIPs. However, scrutiny revealed that 243 volunteers (totalling 1.76 lakh man-days) were deployed in security duty of Honourable Ministers at their residences and offices located at various places in the State during March 2012 to March 2015. An expenditure of ₹ 3.37 crore was incurred towards payment of duty allowances to these volunteers during the period of their deployment for security duty (***Appendix 2.7.3***).

The State Government replied that the said 243 volunteers were deployed in camp office in respect of security and other purposes such as driving, messenger, computer operator, telephone duty etc., which were fully justified. The reply was not acceptable as the volunteers were deployed in violation of the Government order and duties mentioned in the reply were also not covered under statutory functions of Home Guard volunteers as envisaged under the Act.

(ii) The Government ordered[7] to deploy volunteers in Home Guards in place of private security guards in Government, Semi-Government Organisations

[6] Service Tax= Amount paid - (Amount paid/112.36) x 100.
[7] July 2001, Feb 2005 and June 2009.

and Public Sector Undertakings (PSUs). Duty Allowances/wages for services, so provided, were to be recovered from the organisations/institutions concerned.

The Government had to bear an expenditure of ₹ 1.71 crore by way of duty allowance paid on irregular deployment of volunteers

Scrutiny revealed that 105 volunteers were deployed in offices/*Kendras* of political parties during 2007-13, which were not covered under organisations specified in the said order. Moreover, the Government had to bear an expenditure of ₹ 1.71 crore by way of payment of duty allowance to them (***Appendix 2.7.4***).

The State Government replied that Home Guard volunteers are deployed, for maintenance of peace and order, with important officials of ruling party working in Hon'ble Chief Minister's offices.

The reply was not acceptable as volunteers were deployed in violation of the Government orders.

Recommendation: Home Guard volunteers should be deployed only for the purposes as envisaged in the Act. CG must ensure that no deployment of Home Guards volunteers is made in violation of Government orders.

2.7.7.2 Delay in realisation of duty allowances from commercial entities

Duty allowances of ₹ 1.66 crore in respect of volunteers deployed in PSUs/Corporations were not realised for periods ranging from one to nine months

As per Government orders (August 2009), duty allowance of volunteers performing commercial duty in PSUs/Corporations etc., should be realised within 15 days of completion of duty every month and in cases of delays in payment, they should be withdrawn by serving a notice of 15 days to the concerned PSUs/corporations.

Scrutiny of records of CG, Lucknow revealed that duty allowances of ₹ 1.66 crore in respect of volunteers deployed (2010-15) in PSUs/ Corporations in 19 districts[8] were not realised for periods ranging from one to nine months. Thus, volunteers were not paid duty allowances in time while they continued to be deployed in concerned PSUs/Corporations.

The State Government accepted the audit observation but stated that withdrawal of duty in case of non-payment would adversely affect the security of the PSUs/Corporations.

2.7.7.3 Insurance coverage to volunteers in Home Guards

Under the agreement with insurance companies, the Government was to pay insurance premium and insurance company was to pay insurance claims[9] in respect of volunteers/non-salaried officers. The details of insurance premium paid and insurance claims submitted are given in Table 2.

[8] Aligarh, Basti, Deoria, Etah, Etawah, Fatehgarh, Firozabad, Gorakhpur, Kanpur, Kanpur Dehat, Kushi Nagar, Lalitpur, Rae Bareli, Rampur, Saharanpur, Sant Ravidas Nagar, Siddharth Nagar, Unnao, Varanasi.

[9] ₹ Three lakh (2011-13) to ₹ five lakh (2013-15) in cases of death/permanent loss of two organs or both the eyes; and ₹ 1.50 lakh (2011-13) to ₹ 2.50 lakh (2013-15) in case of a permanent loss of one organs or one eyes.

Table 2: Year-wise position of cases of Insurance claims

Sl. No.	Name of Insurance company, Year and premium paid (₹ in lakhs)	Claims submitted	Claims accepted	Amount paid by the Company	No. of claims pending		No. of claims rejected	
		(in numbers)		(₹ in lakhs)	No.	(₹ in lakhs)	No.	(₹ in lakhs)
1.	The Oriental Insurance Company Limited, 2011-12, ₹ 60.06 lakh	37	35	105.00	00	00	02	6.00
2.	The Oriental Insurance Company Limited, 2012-13, ₹ 96.30 lakh	55	29	87.00	22	66.00	04	12.00
3.	The New India Insurance Company Limited, 2013-14, ₹ 87.57 lakh	41	25	125.00	01	5.00	15	75.00
4.	The National Insurance Company Limited, 2014-15, ₹ 77.50 lakh	52	08	40.00	44	220.00	00	00
	Total	**185**	**97**	**357.00**	**67**	**291.00**	**21**	**93.00**

(Source: CG, Lucknow)

Volunteers were deprived of insurance coverage of ₹ 0.93 crore and timely receipt of insurance claims of ₹ 2.91 crore

Table above reveals that 36 *per cent* cases of insurance claims were pending and 11 *per cent* cases were rejected by insurance companies due to late submission. Thus, one sided denial of claims on account of late submission by the department deprived 21 volunteers of insurance claims of ₹ 0.93 crore and non-pursuance of rest 67 cases deprived volunteers from timely receipt of insurance claims of ₹ 2.91 crore.

The State Government replied that the matter was regularly monitored by the Director, *Sansthagat Vitta Ewam Sarvhit Bima Nideshalaya*, Uttar Pradesh and a complaint had been lodged with Insurance Regulatory and Development Authority, Hyderabad against the concerned Company for rejection of cases on the ground of delayed submission. The facts remained that the volunteers were deprived of insurance claims of ₹ 0.93 crore and timely receipt of insurance claims of ₹ 2.91 crore.

2.7.7.4 Failure to provide uniforms

As per Para 3.1 and 3.2 of the Compendium, Home Guards is a uniformed force and life span of a full set of uniform is one to four years.

Items of uniform, except anklet web, socks woollen/linen and Cap beret were not procured and provided to Volunteers

Scrutiny revealed that only 16 *per cent*, two *per cent* and eight *per cent* of the required Anklet web, socks woollen/linen and Cap beret respectively were procured and provided to the volunteers during 2010-15 while other items of uniform were not procured (***Appendix 2.7.5***). Apart from it, 18,833 woollen jackets/*khaki* jacket were also procured and provided during 2013-14. Moreover, ₹ 3.84 crore out of allotment (2010-15) of ₹ seven crore on purchase of uniforms was surrendered at the end of respective financial year. Further, scrutiny in 11 test-checked districts revealed that volunteers arranged uniforms at their own cost while 271 volunteers (out of 298) participated in training (September 2011 to October 2011) in civil dress at DTC, Faizabad. The State Government accepted the audit observation.

2.7.7.5 Training of volunteers

As per Chapter V of Compendium, the volunteers in Home Guards are to be imparted basic training in drill with/without arm, weapons training etc. In addition advance, leadership and refresher trainings are also to be imparted to them. The Commandant General approves the training programmes including the number of trainees. The CTI was responsible for organising leader ship training programme to Company Commander, Assistant Company Commander and Platoon Commander. DTC provides basic, refresher and weapon training to Home Guard Volunteers throughout the year. The shortcomings noticed during audit are discussed as below:

(a) Central Training Institute

₹ 68.61 lakh (out of ₹ 1.16 crore) meant for training was not utilised and eventually surrendered due to shortfall in training by CTI

The targets and achievements (2010-15) in respect of trainings imparted by CTI, Lucknow is given in Table 3.

Table 3: Targets and achievements of trainings

Sl. No.	Year	Targets (in man-days)	Achievements (in man-days)	Shortfall (in man-days)	Percentage
1.	2010-11	35,250	9,288	25,962	74
2.	2011-12	34,310	6,342	27,968	82
3.	2012-13	39,850	11,975	27,875	70
4.	2013-14	33,600	nil	33,600	100
5.	2014-15	12,600	8,001	4,599	37
	Total	**1,55,610**	**35,606**	**1,20,004**	**77**

(Source: Central Training Institute, Lucknow)

Table above indicates shortfalls (ranging between 37 and 100 *per cent*) in achievements against targets fixed for 2010-15. As a result, ₹ 68.61 lakh (out of ₹ 1.16 crore) was not utilised (2010-15) and eventually surrendered as depicted from table 4.

Table 4: Position of allotment and expenditure at CTI Lucknow

(₹ in Lakh)

Sl. No.	Year	Allotment	Expenditure	Surrender
1.	2010-11	17.58	14.15	3.43
2.	2011-12	12.05	10.19	1.86
3.	2012-13	24.84	16.00	8.84
4.	2013-14	50.40	0.00	50.40
5.	2014-15	10.71	6.63	4.08
	Total	**115.58**	**46.97**	**68.61**

Moreover, no training was organized during 2013-14, as a result ₹ 78.61 lakh, spent during 2013-14 on establishment of staff of CTI, was rendered unfruitful.

The State Government accepted the audit observation and stated that the advice of the Finance Controller was taken on the audit observation and on his recommendation training had been started by the CG from July 2014.

(b) Divisional Training Centres

Training programmes were organized only for two to seven months each year by DTCs

Scrutiny revealed that ten test-checked DTCs[10] organised training programmes for two to seven months each year during 2010-15 and its training staff remained idle for remaining months. An amount of ₹ 19.56 crore on account of pay and allowances had to be paid to them for idle periods (***Appendix 2.7.6***). The trainings calendars were also not maintained. These DTCs were also functional in dilapidated rented buildings and lacked basic facilities (like toilets, electricity etc.).

The State Government stated in its reply that the training was imparted throughout the year during 2011-13. The reply was not acceptable as training facilities were not utilised optimally as in test-checked DTCs it was noticed that training programmes being organised only for two to seven months every year during 2010-15.

2.7.8 Non-framing of Rules/Manuals

Neither the rules nor the departmental manual were prepared and notified even after 52 years of the enactment of the UP Home Guards Act, 1963

As per section 15(1&2) of the Home Guards Act, 1963, the State Government may make rules for carrying out the purposes of this Act and for giving effect to its provision generally to regulate matters relating to organisation, qualification, manner of enrolment, manner in which they may be called out for service or required to undergo training. The Department was to make a departmental manual prescribing rules and procedures for enrolment of volunteers, conditions of service, rights, duties, functions, powers, training, etc.

[10] Agra, Allahabad, Bareilly, Faizabad, Jhansi, Kanpur Nagar, Lucknow, Meerut, Moradabad and Varanasi.

We noticed that neither the rules, as envisaged in the Act, were framed nor was the departmental manual prepared and notified even after 52 years of the enactment of the UP Home Guards Act, 1963. The department is being run on the basis of instructions/orders issued from time to time.

The State Government accepted the observation and stated that the Departmental Manual has been prepared and would be notified very soon.

2.7.9 Internal control and Monitoring

Internal control in an organisation governs its activities to achieve its objectives. As per order[11] (January 2001), internal audit (10 *per cent* districts annually) was to be conducted by Department's internal audit wing. Further, a robust monitoring mechanism at various levels of governance provides assurance of the reliability of reporting in the Department. The shortcomings noticed in the internal control and monitoring system of the department are discussed below:

- In absence of a separate internal audit wing, the Director, Internal Audit, Finance Department conducts internal audit of CG. Audit observed that large number of observation raised by internal audit were pending for settlement.

CG, Lucknow did not evolve a system of furnishing periodical returns of activities

- CG, Lucknow did not evolve a system of furnishing periodical returns of activities, resulting in non-reporting thereof by the field units.

- Regular update of actual deployment of volunteers in Home Guards on commercial duty was not available with CG. As a result CG did not have authentic data regarding the actual number of volunteers deployed in different organisations/entities and the amount recoverable/due from them.

- Regular reporting of training programmes organised by CTI and DTC in compliance to training schedule was not made to CG. As a result, timely remedial action to reduce the shortfall in imparting training by CTI and preparing calendar for imparting training throughout the year by DTCs, could not be taken by CG.

The State Government replied that after being pointed out by audit, more than 50 *per cent* of the internal audit observations had been settled and action for disposal of rest outstanding observations were in progress. The reply of the State Government confirms that internal controls in the department were weak and the mechanism for taking corrective action needed to be strengthened. The State Government did not furnish any reply regarding non-evolving a system of furnishing periodical returns of activities; regular updation of actual deployment of volunteers for commercial duties and the amount recoverable/due from them; and regular reporting of training programmes organized by CTI and DTC.

[11] Issued by the Finance Department.

Recommendation: Manuals prepared should be notified promptly and internal controls and monitoring mechanism should be strengthened.

2.7.10 Conclusions and recommendations

- Funds allotted were not utilised and surrendered at the fag end of each financial year.

- Claims worth ₹ 27.84 crore, pertaining to the years 2008-11, for deployment of Home Guard volunteers during *Lok Sabh*a and *Vidhan Sabha* elections were not reimbursed by the GoI as of October 2015 due to delayed submission of claims by the State Government.

Recommendation: Timely submission of reimbursement claim to GoI should be ensured.

- The Department failed to collect ₹ 9.38 crore on account of Service Tax, during 2010-15, from organisations/institutions in which Home Guard Volunteers were engaged on commercial duty.

Recommendation: Necessary orders for realisation of Service Tax from organisations/institutions engaging Home Guard volunteers for commercial duty should be issued.

- The Government had to bear an expenditure of ₹ 5.08 crore by way of payment of duty allowance on Deployment of Volunteers in security of VIPs and at the offices/*Kendras* of political parties in violation of Government orders.

Recommendation: Provisions of the Act regarding deployment of Home Guard volunteers should strictly be adhered.

- Due to non-pursuance of insurance claims with insurance companies, volunteers were deprived of insurance claims of ₹ 0.93 crore and timely receipt of insurance claims of ₹ 2.91 crore.

- Commandant General, Home Guards failed to procure most of the items of the uniforms, resulting in non-issue of uniforms to Home Guard volunteers during 2010-15. However, ₹ 3.84 crore out of the allotment of ₹ seven crore for purchase of uniforms was surrendered by the department during 2010-15.

Recommendation: Procurement procedures should be streamlined to ensure that all the volunteers are provided uniforms timely.

- The Rules and Manuals for regulating matters relating to the services of the volunteers in Home Guards were not framed even after 52 years of enactment of the Act.

- Internal controls and monitoring mechanism was weak.

Recommendation: Manuals prepared should be notified promptly and internal controls and monitoring mechanism should be strengthened.

2.8 'Procurement of paddy and delivery of Customed Milled Rice for Central Pool by Regional Food Controller, Gorakhpur'

Executive Summary

With a view to provide profitable price to farmers for their produce, State Government procures paddy on Minimum Support Price (MSP) as declared by Government of India (GoI) in each year for Central Pool. The office of Regional Food Controller (RFC) was established to monitor and control the marketing activities of rice in Gorakhpur region. Review of procurement of paddy in Gorakhpur region revealed the following:

Targets and achievements for procurement of paddy

- RFC failed to achieve targets for procurement of paddy during 2012-15 with shortfall ranging from 12 to 70 *per cent* and there was less contribution of 96981 MT paddy to Central Pool.

(Paragraph 2.8.6)

Milling and delivery of Customed Milled Rice

- Due to lack of monitoring and supervision by RFC, Customed Milled Rice (CMR) of Food Department amounting to ₹ 7.23 crore remained unrecovered from the private millers. Holding charges of ₹ 6.30 crore were also not levied from private millers.

(Paragraph 2.8.7.1)

- CMR of State Government Agencies amounting to ₹ 16.11 crore was not delivered by the millers. However, no effective action was taken against the defaulting millers.

(Paragraph 2.8.7.2)

- There were cases of loss of ₹ 1.59 crore to the Government due to delivery of rice of low quality/specification and loss in transit; non-recovery of CMR amounting to ₹ 2.84 crore from the defaulting millers due to irregular re-attachment; and retention of ₹ 1.14 crore of GoI in State Government accounts due to excess claim of *mandi* labour charges.

(Paragraph 2.8.7.3 to 2.8.7.6)

- Vehicles used for transportation of paddy between December 2010 and January 2015 weighing 3525.60 quintals of paddy costing ₹ 43.51 lakh was doubtful as the vehicles stated to have been used in transportation were found to be registered as motorcycle(s), auto rickshaw(s) and jeeps etc.

(Paragraph 2.8.7.7)

- RFC supplied gunny bags amounting to ₹ 85.17 crore to the procurement agencies during 2010-14. However, cost of supplied bags valuing ₹ 39.32 crore remained unrecovered till October, 2015.

(Paragraph 2.8.7.8)

2.8.1 Introduction

With a view to provide profitable price to farmers for their produce, State Government procures paddy on Minimum Support Price (MSP) declared by Government of India (GoI) in each year and after hulling by private rice millers, resultant Customed Milled Rice (CMR) is delivered to Food Corporation of India (FCI) in Central Pool for further issue under the Targeted Public Distribution System (TPDS).

To monitor and control marketing activities of Paddy/CMR in Gorakhpur region (consists of four districts; Gorakhpur, Mahrajganj, Deoria and Kushinagar), office of Regional Food Controller (RFC) was established in 1943 under Commissioner, Food and Civil Supplies Department (F&CS), Uttar Pradesh. At district level, District Food and Marketing Officers under the control of RFC are responsible for procurement of paddy, getting it milled through private millers and delivering the rice to FCI network.

2.8.2 Organisational Structure

At the Government level Principal Secretary Food and Civil Supplies Department is responsible for policy decisions and planning while Commissioner, Food and Civil Supplies is responsible for supply and marketing as well as overall execution and monitoring of the Government policies and orders at the State level. At regional level RFC, Gorakhpur is responsible for execution and monitoring of policies/orders of the Government with the assistance of Regional Marketing Officer (RMO), Regional Accounts Officer (RAO), District Food and Marketing Officers (DFMOs) and Senior Marketing Inspectors/Marketing Inspectors of the concerned districts and purchase centres.

2.8.3 Audit objectives

Audit objectives set for this review were to ascertain whether:

- Targets fixed for procurement of paddy from farmers at the minimum support price were achieved (Financial and Operation Control);

- Milling of paddy through private millers and delivery of CMR to FCI was done timely, in an efficient and effective manner (Operational and Inventory Control); and

- Internal Control and Monitoring.

2.8.4 Audit Criteria

Audit criteria were drawn from the following policies, rules and instructions issued by the Government:

- Minimum Support Price of Paddy and provisional rates of incidentals notified by Government of India;
- Paddy purchase policies notified by Government of Uttar Pradesh; and
- Returns/Stock accounts of paddy procured, milled and CMR delivered etc.

2.8.5 Scope of Audit and Methodology

Records pertaining to procurement of paddy and delivery of CMR covering the period 2010-15 were examined in the offices of RFC, RAO Gorakhpur and four DFMOs (May to June 2015) and requisite information obtained from Food Cell, UP, Lucknow; Regional Transport offices and Agriculture Marketing Wing Gorakhpur region. Entry conference was held on April 16, 2015 wherein audit objectives, criteria, scope and methodology were discussed with Principal Secretary, Department of Food and Civil Supplies, GoUP. Facts and figures of audit findings were confirmed by the Principal Secretary, Department of Food and Civil Supplies in the Exit conference held on October 20, 2015.

Audit Findings

2.8.6 Targets and achievements for procurement of paddy

For each *Kharif* season, GoUP decides region-wise targets for procurement of paddy from farmers for supply of rice to the Central Pool. The position of targets and achievements in respect of Gorakhpur region for last five years is given in the Table 1.

Table 1 : Target and achievement

(Quantity in Metric Tonne)

Year	Target	Achievement	Shortfall in achievement		Percentage in shortfall	Number of Purchase center
			quantity	Value (in ₹ crore)		
2010-11	81,500	84,573	Nil	Nil	0	56
2011-12	1,10,000	1,35,268	Nil	Nil	0	66
2012-13	1,36,500	85,084	51,416	64.27	38	64
2013-14	57,200	17,189	40,011	52.41	70	39
2014-15	46,900	41,346	5,554	7.55	12	32
Total	-	-	96,981	124.23	-	-

(Source: RFC, Gorakhpur)

Targets fixed for procurement of paddy were not achieved

Though RFC exceeded its achievements against target for procurement of paddy during 2010-12, there were significant shortfalls in achievement of targets during subsequent years 2012-15 ranging from 12 to 70 *per cent*. Abnormally high shortfall of 70 *per cent* in 2013-14 despite availability of sufficient funds and reduction in targets compared to previous years indicated ineffective planning and monitoring by the department.

Non-achievement of targets during 2012-15 resulted in less procurement of paddy in Gorakhpur region and non-contribution of 96981 MT paddy valuing ₹ 124.23 crore[1] to the buffer stock.

In reply, (September, 2015) Food and Civil Supply Department, GoUP stated that targets were not achieved due to Market Price being higher or equal to MSP.

The reply of F&CS Department was in contradiction of the clarification (August 2015) provided by Agriculture Marketing and Agriculture Foreign Trade Directorate, UP, Lucknow[2] which indicated that the maximum prevailing market rates during the above period in Gorakhpur region were lower than the minimum support price except during 2011-12 ***(Appendix 2.8.1)***. During discussion in the exit conference, the State Government accepted the facts and assured action.

Recommendation: Procurement of paddy should be closely monitored to ensure achievement of targets.

2.8.7 Milling and delivery of Customed Milled Rice

2.8.7.1 Non-delivery of Customed Milled Rice: ₹ 7.23 crore, and non-recovery of Holding Charges: ₹ 6.30 crore

Due quantity of 8,171 MT CMR and holding charges ₹ 6.30 crore were not recovered from millers

RFC is required to allocate paddy to millers taking into consideration their installed capacity for milling, distance from purchase centres, amount of bank guarantees obtained from the millers and lot/quantity of Customed Milled Rice (CMR) outstanding with them. The amount of bank guarantee varies between ₹ three lakh to ₹ five lakh (2011-12) depending on the milling capacity of the mills. Further, Purchase Policies (2011-14) also provide that CMR should be recovered from the millers within 20 days and next lot of paddy should be delivered only after the recovery of CMR of previous lot of paddy. This has to be closely monitored by DFMOs and RFC. Further, holding charges are required to be levied on the millers at the rate of ₹ one per quintal per day for delay.

We noticed that delivery of CMR within the stipulated period was not ensured and next lot of paddy was delivered to the millers without ensuring delivery of CMR of previous lot. There were delays ranging from 256 days to 1,156 days against the prescribed period of 20 days for delivery of CMR. This led to accumulation of large quantities of undelivered CMR with private millers and

[1] 2012-13:51416 MT*10*1250 (MSP) = ₹ 64.27 crore, 2013-14: 40011 MT*10*1310 (MSP) = ₹ 52.41 crore, 2014-15 :5554MT*10*1360 (MSP) = ₹ 7.55 crore, Total ₹ 124.23 crore (₹ 64.27crore+ ₹ 52.41crore+ ₹ 7.55crore).

[2] Kri Vi Kri Vi Vya Ni/426/Vi Pra/Vi Sha/15-16 dated 07.08.2015.

the same was yet to be recovered as of October, 2015. The details are given in Table 2.

Table 2: Outstanding CMR and Holding charges

Year	Outstanding quantity of CMR as on October, 2015 (in MT)	Value of outstanding CMR (in ₹ lakh)	Amount recovered (in ₹ lakh)	Amount to be recovered (in ₹ lakh)	Range of delay in days	Holding Charges (in ₹ lakh)
2011-12	6,321.46	1,206.67	794.75	411.92	422 -1156	519.44
2012-13	1,707.61	374.04	89.58	284.46	256-791	104.77
2013-14	142.73	32.32	5.31	27.01	426	6.08
Total	**8,171.80**	**1,613.03**	**889.64**	**723.39**		**630.29**

(Source: RFC, Gorakhpur)

Large amounts of CMR (October 2015) remaining outstanding against 118 private mills indicated complete failure of RFC and DFMOs to enforce procurement policy guidelines. RFC/DFMOs neither imposed holding charges on the defaulting millers nor immediately stopped allotment of further lots of paddy to avoid accumulation of outstanding CMR with the private millers.

Thus, due to lackadaisical approach of RFC in enforcing procurement policy provisions for timely milling and delivery, CMR amounting to ₹ 7.23 crore remained unrecovered and holding charges of ₹ 6.30 crore were also not levied and recovered from the millers. Details are given in ***Appendix 2.8.2.***

In reply (September, 2015), the State Government stated that actions against the defaulting millers such as filing FIR, cancellation of registration, black-listing, issuing of recovery certificate etc., have been recommended for ensuring full recovery of outstanding CMR. State Government further added that departmental action was also being taken against defaulting officials. During Exit conference (October, 2015), Government confirmed the facts and figures and assured appropriate action.

2.8.7.2 Non-delivery of CMR from the State Government Agencies

Outstanding quantities of CMR of SGAs were not recovered from millers

RFC coordinates purchase of paddy in the region and obtains weekly returns on CMR from State Government Agencies (SGAs) nominated by the State Government for procurement of paddy and delivery of CMR to Central Pool. The SGAs assigned the work of procurement and delivery of CMR include Provincial Cooperative Federation (PCF), UP *Upbhokta Sahkari Sangh* (UPUSS), *Karmchari Kalyan Nigam* (KKN) and UP Agro Millers for SGAs are attached by RFC.

Test-check of records revealed that 11020.60 MT of CMR, amounting to ₹ 16.11 crore, was outstanding against millers pertaining to SGAs for the period 2011-15 till October, 2015. Details are given in the ***Appendix 2.8.3***.

Thus, both RFC and SGAs failed to monitor and enforce action against the defaulting millers resulting in non-delivery of CMR costing ₹ 16.11 crore for period ranging from 61 days to 1,156 days during 2011-15 against the prescribed norms of delivery within 20 days.

The State Government replied that action was being taken to recover the amount.

Recommendation: Provision of Purchase policy should strictly be enforced against defaulter millers.

2.8.7.3 Irregular re-attachment of rice millers

Irregular attachment of rice millers

As per Paddy Purchase Policy, if a miller defaults in delivery of rice during *Kharif* season then such millers will be debarred for next five years. Test-check of records revealed that eight rice mills, despite having outstanding CMR amounting to ₹ 1.26 crore in 2011-12, were re-attached in 2012-13 and no action was taken to debar them. We also noticed that the same mills again defaulted and did not deliver CMR amounting to ₹ 1.58 crore in 2012-13 (***Appendix 2.8.4)***. Thus, the irregular re-attachment of defaulting rice millers by RFC resulted in blocking of ₹ 2.84 crore of the public money as of October 2015.

2.8.7.4 Delivery of rice under relaxed specification

Government suffered loss due to delivery of rice under relaxed specification

Purchase policy notified by GoUP clearly stipulate that if Government incurs any loss on account of non-delivery of CMR of specified quality, then the recovery will be made from the defaulting millers as arrears of land revenue and such miller will be debarred for a minimum period of five years.

We noticed that RFC purchased paddy at Minimum Support Price (MSP) of Fair Average Quality (FAQ)[3] specification but FCI acknowledged the resultant rice as Under Relaxed Specification (URS)[4] which resulted in under payment as there was difference in rates of FAQ and URS as given in Table 3.

Table 3: Procured paddy under FAQ but acknowledged as CMR URS

Year	Paddy procured under FAQ (in quintal)	Rice due (67% of paddy) under FAQ (in quintal)	Rice acknowledged URS (in quintal)	Rate of rice per quintal (in ₹)		Difference per quintal (in ₹)	Total difference (in ₹ lakh)
				FAQ	URS		
2012-13	8,50,844.60	5,70,065.88	5,47,812.40	2,155.62	2,135.06	20.56	112.63
2013-14	40648.50	27234.50	24927.90	2,263.69	2,201.62	62.07	15.47
Total	**8,91,493.1**	**5,97,300.38**	**5,72,740.30**				**128.10**

(Source: RFC, Gorakhpur)

The above table shows that 5,72,740.30 quintals of FAQ rice was acknowledged by FCI as URS. Thus, reckoning of quality as URS by FCI

3 Fair Average Quality is standard quality specification at which the procurement is made or grain is accepted by FCI.
4 Under relaxed specification is the quality specification for accepting sub-standard quality of rice with associated deductions/value cuts.

resulted in payment at lower rates and loss of ₹ 1.28 crore to GoUP. This indicated that RFC did not effectively monitor the quality of CMR delivered by the millers resulting in loss to Government. No prompt action was taken as per purchase policy to recover the loss from the defaulting millers.

The State Government replied that defaulting millers and centres have been identified and directions have been issued to recover the amount immediately.

2.8.7.5 Non-recovery of transit loss

Government suffered loss due to non-recovery of transit loss.

Purchase policy provides for recovery of loss on account of short delivery of CMR, from defaulting millers, as arrears of land revenue.

Test-check of records revealed that in *kharif* season during 2010-15, 164.93 MT of CMR, amounting to at ₹ 33.60 lakh, was lost in transit but only ₹ 2.65 lakh was recovered from the millers and balance ₹ 30.95 lakh was still pending for recovery as of October, 2015. Details are given in ***Appendix 2.8.5***. No action was taken by RFC to recover the outstanding amounts from the millers as arrears of land revenues.

The State Government replied (September, 2015) that recovery of outstanding amount is being effected from the millers as and when their bills claiming milling charges are submitted.

The reply is not acceptable as amounts are outstanding against the mills for long periods and the same should have been recovered by enforcing the purchase policy provisions.

2.8.7.6 Excess claim of *Mandi* labour charges (₹ 1.14 crore)

***Mandi* labour charges were claimed in excess of actual expenditure incurred**

Every year, GoI decides the provisional rates and economic cost of CMR based on MSP and provisional amounts of incidental charges incurred in procurement and delivery of CMR, for recovery by the State Government from FCI. GoI instruction require the State Governments to submit their final claims based on actual incidentals incurred duly supported by audited accounts and relevant documentary proof.

Test-check of records revealed that RFC claimed incidental charges on account of *mandi* labour charge (MLC) based on provisional rates but did not submit final claims based on actual expenditure incurred. MLC of ₹ 354.67 lakh for the period 2010-15 was claimed by RFC on the basis of provisional rates, however, the actual expenditure incurred was ₹ 240.78 lakh only which resulted in excess receipt of ₹ 113.89 lakh on procurement of paddy as detailed in ***Appendix 2.8.6.*** The excess amount is yet to be refunded to GoI.

The State Government stated (September, 2015) that excess claimed amount is lying under Major Head 4408 in State accounts and there are no orders for depositing the balance amount in GoI accounts.

The reply is not acceptable as GoI instruction fixing provisional rates and economic cost of CMR, requires the State Government to submit their claim for final incidentals at the earliest after the end of *kharif* season.

Recommendation: Final claims based on actual incidentals should be submitted to GoI immediately after the end of season as required.

2.8.7.7 Doubtful transportation

Registration numbers of vehicles used for transportation of paddy were those of motor cycle, auto-riksaw, jeep, etc.

Food grains were to be transported by executing an agreement between the transporter(s) and RFC. The transporters had to specify the trucks'/vehicles' registration numbers while executing the contract. Audit examination of records in four test-checked districts disclosed that the contract did not mention the vehicle type and registration numbers. The verification of the list of sampled vehicles, stated to have been used in transportation of paddy with the records of the concerned District Transport offices, revealed that the registration numbers mentioned were those of Motorcycle(s), Auto rickshaws, Jeeps etc., as given in ***Appendix 2.8.7.***

Thus, transportation of paddy between December, 2010 and January, 2015, weighing 3,525.60 quintals costing ₹ 43.51 lakh was doubtful. State Government must examine the above irregularities in other districts also and ensure strict compliance of rules apart from taking action in cases in doubtful transportation.

In reply, GoUP assured to take action as per rules.

Recommendation: Claims for transportation of paddy should be passed after proper scrutiny and all cases of doubtful transportation should be immediately investigated for effective recovery**.**

2.8.7.8 Non-recovery of cost of gunny bags: ₹ 39.32 crore

Cost of gunny bags supplied to procuring agencies were lying unrecovered

As per Purchase Policy (2010-14), gunny bags were to be provided by the RFC without taking advance payment in the starting month of the purchase cycle and for subsequent demands, bags were to be supplied only after receipt of advance payment from the respective agencies.

Test-check of records revealed that RFC supplied 2,54,02,900 gunny bags, amounting to ₹ 85.17 crore, to the procuring Agencies during 2010-14 for procurement of food grains including paddy/CMR, without obtaining the due advance payment for bags. Against gunny bags supplied, only ₹ 45.85 crore was recovered and ₹ 39.32 crore was lying in balance with the agencies (October, 2015). The details are given in ***Appendix 2.8.8***.

In reply, the Government assured that immediate recovery will be effected from the procuring agencies.

2.8.8 Internal Control and Monitoring

2.8.8.1 Internal Audit

Test-check of the records of the RAO, Gorakhpur revealed that out of the sanctioned strength of six Senior Auditor/Auditor only one Senior Auditor was posted for last fifteen years which affected the internal audit of records of the region. Due to which detailed internal audit was not performed since period covered in audit.

2.8.8.2 Delay in payment of MSP to farmers

Payments to farmers in lieu of their sale proceeds were delayed

The Government decided the mode of payment through Real Time Gross Settlement (RTGS) since 2012-13 to ensure direct and immediate payment of MSP to the farmers in lieu of sale of their produce.

We during audit of Gorakhpur region noticed that payments amounting to ₹ 1.50 crore to 156 farmers were delayed ranging from 10 days to 86 days during *Kharif* seasons (2012-15) despite sufficient availability of funds in the account of purchase centres. The details are given in ***Appendix 2.8.9***.

In reply, the Government stated (September, 2015) that instruction have been issued to all concerned to be more vigilant in future.

Recommendation: Payments should be released to the farmers immediately without delay.

2.8.8.3 Verification of storage of paddy

Records for verification of storage were not maintained

Regional and District level officers were responsible to conduct weekly verification of millers' premises and purchase centres, to ensure safe storage of paddy and CMR. Test-check of the records revealed (May, 2015) that Regional and District level offices did not maintain any verification reports. In the absence of such reports it was not ascertainable in audit as to whether delivered paddy and resultant rice were stored safely or otherwise.

In reply, the State Government accepted the facts.

2.8.9 Conclusions and recommendations

- Targets fixed for procurement of paddy were not achieved and there were large shortfall in 2012-14.

Recommendation: Procurement of paddy should be closely monitored to ensure achievement of targets.

- Due quantity of CMR was not recovered against the paddy procured by department and SGAs. Provisions provided in Paddy Purchase Policy regarding attachment of millers, delivery of due quantity and specified quality of CMR were not adhered and final claims of incidental charges notified by GoI were not submitted to GoI.

Recommendation: Provision of Purchase policy should strictly be enforced against defaulter millers. Final claims based on actual incidentals should be submitted to GoI immediately after the end of season as required.

- Verification of vehicles used in transportation of paddy was not carried out by RFC/DFMOs.

Recommendation: Claims for transportation of paddy should be passed after proper scrutiny and all cases of doubtful transportation should be immediately investigated for effective recovery**.**

- Timely payments of MSP to the farmers were not ensured.

Recommendation: Payments should be released to the farmers immediately without delay.

MEDICAL EDUCATION DEPARTMENT

2.9 Follow-up audit of 'Sanjay Gandhi Post Graduate Institute of Medical Sciences, Lucknow'

Executive Summary

The Sanjay Gandhi Post Graduate Institute of Medical Sciences (SGPGI) was established at Lucknow as a centre of excellence for providing medical care, educational and research facilities. The follow-up Audit of SGPGI was taken up to examine the level of compliance by the State Government and SGPGI on the recommendations of the previous Performance Audit featured in Comptroller and Auditor General's Report for the period ending 31 March 2005. Follow-up Audit of the Institute for the period 2010-15 revealed that the Government of UP (GoUP) neither prescribed any action plan nor issued any direction to SGPGI to ensure the compliance of the recommendations made by the C&AG of India. Thus, the deficiencies in the operation and management of the Institute continue to persist even after ten years. Detailed findings of the follow-up audit are as follows:

- Annual Accounts of the Institute were prepared and submitted to the Government after delay of one to eight years.

(Paragraph 2.9.8.1)

- Critical shortages of medical and para-medical staff adversely impacted the quality of medical treatment and patient care.

(Paragraph 2.9.8.3)

- Institute did not maintain a centralised waitlist for patients and also did not introduce any feed-back mechanism to identify critical gaps in its capability and available infrastructure so as to take corrective actions to improve the hospital services.

(Paragraph 2.9.8.4)

- Research projects continued to remain an area of concern due to low participation of faculty members in research projects, low level of funding and failure to get patents and achieve commercialisation.

(Paragraph 2.9.8.5)

- No periodical physical verification of stock/stores was being conducted though required under rules.

(Paragraph 2.9.8.6)

- E-procurement system was yet to be implemented.

(Paragraph 2.9.8.7)

2.9.1 Introduction

Audit of the Institute was conducted earlier during June to September 2005 wherein we had made following recommendations which featured in the report of Comptroller and Auditor General of India for the period ending 31 March 2005:

- The Government should ensure timely finalisation of the Annual Accounts by the Institute and audit of the same by the external auditor;

- The rules and regulations should be framed early;

- Positioning of medical, paramedical and teaching staff needs to be done for improving the quality of patient care and academic activities;

- The Institute should introduce system of maintaining waitlists for surgery and for obtaining feedback from the patients on the services offered to them for evaluation of its performance;

- The Institute should accord necessary importance to intramural research by allocating adequate funds. The system of monitoring of research projects needs to be revamped so that research work is put to best use;

- Physical verification of all stock items should be conducted regularly; and

- The procurement procedure of the Institute should be improved upon with special focus on transition from manual system to computer-based operations.

All the seven recommendations were accepted by the Government of Uttar Pradesh (GoUP) in December 2005. Report was also discussed in Public Account Committee (PAC) during 11 November 2009 to 20 November 2010. In order to examine the compliance of status of implementation of the above recommendations, we selected the SGPGI for follow-up audit and status of implementation of recommendations has been discussed in the succeeding paragraphs.

2.9.2 Organisational Structure

Overall responsibility for the administration of the affairs and working of SGPGI rests with the Institute Body headed by the Chief Secretary with Principal Secretary, Medical Education; the Director General of Medical Education & Training; the Principal Secretary, Finance Department; the Director of the Institute; and 22 other members of repute in the field of science and Central and State Legislatures. The Governing Body is responsible for general superintendence, direction and control of the affairs of the Institute. An Academic Board, a Finance Committee and a Selection Committee were responsible for control and maintenance of standard of education and research facilities; administration of property, funds; and appointment of professors, head of the departments etc.

The Director, SGPGI is the Chief Executive Officer, assisted by a Dean, a Finance Officer, a Chief Medical Superintendent, an Additional Director and an Executive Registrar.

2.9.3 Significance of follow-up audit

Follow-up audit examines the corrective actions taken by the audited entity, given the findings and recommendations of the previous performance audit. The follow up reports provide valuable information to the Government and Committees of State legislature on the action taken by the audited entity to rectify deficiencies, improve systems and procedures and also throws light on the current status of the affairs of the entity, for information and issuing further policy directions, if any.

2.9.4 Audit Objective

The objectives of follow-up audit of SGPGI were to ascertain the extent of implementation of recommendations of the previous performance audit mentioned in paragraph number 2.9.1 and examining the adequacy of action taken.

2.9.5 Audit criteria

The audit criteria were drawn from the following sources:

- SGPGI Act, 1983; SGPGI Regulation, 2011 and SGPGI Rules, 1991; and

- Government Orders, manuals/circulars, Financial Hand Book, Budget and Annual Accounts for 2010-15.

2.9.6 Audit scope and methodology of follow-up audit

Scrutiny of records for the period from 2010 to 2015 was carried out in SGPGI during April 2015 to September 2015 and necessary information was also sought from the offices of the Principal Secretary, Medical Education, GoUP, Lucknow and the Director General, Medical Education and Training, Lucknow (DGMET).

An Entry conference was held on 16 April, 2015 with the Special Secretary, Medical Education, GoUP under the Chairmanship of Agricultural Production Commissioner, GoUP. In the conference, audit objectives, audit criteria and methodology were discussed. An Exit Conference was also held with the Government (Principal Secretary, Medical Education) on 13 October, 2015 to discuss audit findings and recommendations. Replies received (September and October 2015) from Government have been incorporated at appropriate places in the report.

Audit Findings

2.9.7 Financial Status

Year-wise position of funds received and expenditure incurred their against during 2010-15 is given in Table 1:

Table 1: Financial Position

(₹ in crore)

<table>
<tr><th rowspan="2">Sl. No.</th><th colspan="2" rowspan="2">Particulars</th><th colspan="6">For the year</th></tr>
<tr><th>2010-11</th><th>2011-12</th><th>2012-13</th><th>2013-14</th><th>2014-15</th><th>Total 2010-15</th></tr>
<tr><td>1.</td><td colspan="2">Opening Balance</td><td>106.73</td><td>123.56</td><td>129.97</td><td>125.41</td><td>118.57</td><td>106.73</td></tr>
<tr><td rowspan="2">2.</td><td rowspan="2">Grant-in-Aid</td><td>Plan</td><td>155.36</td><td>130.65</td><td>131.00</td><td>103.50</td><td>114.20</td><td></td></tr>
<tr><td>Non-plan</td><td>179.76</td><td>206.45</td><td>231.96</td><td>247.63</td><td>256.83</td><td></td></tr>
<tr><td>3.</td><td colspan="2">Receipt from own resource</td><td>31.61</td><td>35.65</td><td>35.44</td><td>40.21</td><td>40.82</td><td></td></tr>
<tr><td>4.</td><td colspan="2">Total receipts during the year</td><td>366.73</td><td>372.75</td><td>398.40</td><td>391.34</td><td>411.85</td><td>1,941.08</td></tr>
<tr><td colspan="3">Funds available during the year</td><td>473.47</td><td>496.31</td><td>528.37</td><td>516.75</td><td>530.42</td><td>2,047.81</td></tr>
<tr><td rowspan="6">5.</td><td colspan="8">Expenditure</td></tr>
<tr><td colspan="2">Pay & Allowances</td><td>135.58</td><td>134.21</td><td>158.03</td><td>166.93</td><td>214.10</td><td></td></tr>
<tr><td colspan="2">Construction Work</td><td>110.32</td><td>78.95</td><td>90.51</td><td>52.28</td><td>62.20</td><td></td></tr>
<tr><td colspan="2">Equipment</td><td>35.89</td><td>54.84</td><td>38.11</td><td>49.70</td><td>33.54</td><td></td></tr>
<tr><td colspan="2">Other Capital Items</td><td>1.65</td><td>26.10</td><td>10.14</td><td>16.67</td><td>2.00</td><td></td></tr>
<tr><td colspan="2">Contingency (Hospital Services)</td><td>66.47</td><td>72.24</td><td>106.17</td><td>112.60</td><td>115.67</td><td></td></tr>
<tr><td colspan="3">Total expenditure (per cent)</td><td>349.91 (74)</td><td>366.34 (74)</td><td>402.96 (76)</td><td>398.18 (77)</td><td>427.51 (81)</td><td>1,944.90</td></tr>
<tr><td>6.</td><td colspan="2">Closing Balance</td><td>123.56</td><td>129.97</td><td>125.41</td><td>118.57</td><td>102.91</td><td>102.91</td></tr>
</table>

(Source: Budget document of SGPGI as the accounts have not been finalised)

Note: This does not include transactions pertaining to Hospital Revolving Fund (HRF), Investigation Revolving Fund etc.

Annual receipt of SGPGI increased from ₹ 366.73 crore in 2010-11 to ₹ 411.85 crore in 2014-15 with corresponding increase in the expenditure of the Institute from ₹ 349.91 crore in 2010-11 to ₹ 427.51 crore in 2014-15. The Institute maintained an unspent balance of more than ₹ 100 crore at the end of each financial year.

2.9.8 Status of Implementation of recommendations

Government of Uttar Pradesh had accepted all the recommendations contained in the previous performance audit report of 2005 in respect of SGPGI. Therefore, it was incumbent on the part of the State Government as well as SGPGI Management to prepare a clear Action Plan for ensuring compliance of the recommendations by addressing deficiencies in financial and human resource management and strengthening hospital infrastructure to provide improved medical services. We noticed that the State Government neither issued any directions to SGPGI nor prepared any action plan or strategy to implement the recommendation in a timely manner. SGPGI also did not make any concerted efforts in this regard. As a result, the working of SGPGI continued as it was prior to March 2005, leading to accumulation of arrears of accounts, continuance of non-transparent procurement system, inadequate infrastructure, shortage of medical and para medical staff, non-utilization of outcomes of research projects, inadequate care and attention to the patients as discussed in succeeding paragraphs:

2.9.8.1 Finalisation of Annual Accounts

As delays up to more than 20 years in the finalisation of Annual Accounts were seen in the previous Performance Audit, it was recommended (December 2005) that the Government should ensure timely finalisation of accounts by the Institute and audit of the same by the external auditor. We observed that:

Submission of Annual Accounts to the Government was delayed upto eight years

- SGPGI was still not finalizing its accounts in time and there were delays ranging from one to eight years in submission of accounts to the State Government. As per section 26(2) of the SGPGI Act 1983, a copy of the Annual Accounts was to be submitted to the State Government which would cause the same to be audited. However, the accounts for 2006-14 were submitted to the Government in July 2015 only and audit of the same (by auditor nominated by the Government) was yet to be completed. During 2010-15, SGPGI incurred an expenditure of ₹ 1,944.90 crore against receipt of ₹ 1,941.08 crore from various sources including Government grants and internal accruals. Such serious delays in finalization of accounts are fraught with the risk of fraud and misappropriations of Institute's funds and highlights lack of transparency and weakness of financial management and control in the Institute.

Accounting formats were not specified by the Government

- As per provisions of Section 26 (1) of the SGPGI Act, 1983, SGPGI was required to prepare an Annual Account including balance sheet in such a form as may be specified by the State Government by general or specific order in this regard.We however noticed that GoUP did not issue any direction in this regard and approval on the formats of accounts submitted by SGPGI in July 1992 and again in October 2015 was awaited (October 2015).

The Government stated (October 2015) that approval of the accounting formats was under consideration. It further stated that annual accounts of the Institute were prepared timely but delay in submission was due to review of Annual Accounts for the years 2007-08 and 2008-09, in compliance of PAC directions. PAC had directed that accounts should be resubmitted to the committee after reviewing the deficiencies pointed out by Chartered Accountants in the balance sheet of the Institute. We observed that PAC had given directions in 2011, however SGPGI took four years in reviewing the accounts. This indicated lackadaisical approach of the Institute towards preparation of accounts and also in attending to the observations of the Committee.

2.9.8.2 Framing of Regulations

SGPGI Act requires[1] the Institute to make Regulations with the approval of GoUP. Regulations prescribe the procedure for conduct of business, duties and powers of various functionaries, conditions of service of employees, powers to levy fee and other charges etc.

During previous Performance Audit, it was observed that Regulations were not framed even after 20 years of establishment of the Institute and accordingly it was recommended (December 2005) that the rules and regulations should be framed early.

In this regard, during follow-up audit we observed that the Government has notified Sanjay Gandhi Post-Graduate Institute of Medical Sciences First Regulations, 2011 in July 2011.

Further, in accordance with the aforesaid Regulations, the Governing Body[2] (GB) and the Finance committee[3] (FC) of SGPGI was to meet at least once in a quarter.

We, however, observed that the frequency of the GB and FC meetings was less than the prescribed number (only one or two in a year) **(*Appendix 2.9.1*)**.

The Government stated (October 2015) that suggestions had been noted and corrective steps would be taken.

2.9.8.3 Medical and para-medical staff

We had observed in 2005 that SGPGI did not fix the required norms for deployment of doctors based on workload, to ensure satisfactory patient care. Besides, there was a shortage of doctors to the extent of 43 *per cent* with overall shortage of staff in all cadres being 32 *per cent*[4] as of March 2005. We had also observed that despite serious shortage, doctors were working in non-medical departments also. Hence, we had recommended (December 2005) for positioning of adequate number of medical, para-medical and teaching staff for improving the quality of patient care and academic activities in the Institute.

[1] Section 41(2) of the SGPGI Act, 1983.
[2] Para 15 (C) 1 of the Regulations,2011.
[3] Para 17 (B) 1 of the Regulations,2011.
[4] Available 1,663 against sanctioned post of 2,455.

In the follow-up audit, we observed that situation has not improved and the shortage of doctors and para-medical staff continued to be very high as discussed below:

Medical staff

Though the sanctioned strength of doctors increased slightly from 277 in 2005 to 324 doctors in March 2015, the shortage of doctors in SGPGI continued to be remained at a very high level as it increased from 43 *per cent* (120) in 2005 to 44 *per cent* (143) in 2015.

The deficiency of medical staff was not addressed

We observed that the number of out-patient in OPD increased significantly from 1.81 lakh in 2005-06 to 4.26 lakh in 2014-15. Similarly, the number of in-patient also increased substantially from 0.29 lakh in 2005-06 to 0.42 lakh in 2014-15. Thus, the doctor patient ratio considerably declined over last 10 years period indicating that Government and SGPGI did not take adequate action to address the problem of deficiency of medical staff in the Institute. Functioning of the Institute and the quality of medical treatment was bound to suffer due to such serious shortages of doctors and teaching faculties.

Government replied that the Institute deployed doctors based on the availability of beds and supporting clinical infrastructure. Taking into account these facilities and the recommendations of the HoDs, posts are advertised so that optimal utilization of the existing facilities could be provided to the patients. The reply of the Government was acceptable as men-in-position (181) of doctors is much less in comparison to the sanctioned strength (324) and sanctioned strength was being approved as per requirement of the institution.

Para-medical staff

Nursing staff were not deployed as per NCI norms

The paramedical staff was responsible for implementation and management of the prescribed treatment plan and to manage the patient in emergent medical situations. Nursing Council of India (NCI) recommended (year 1995) patient and nurse ratio for critical and intensive care as 1:1, for rest of indoor cases 3:1 and leave reserve, 30 *per cent* of the total nursing staff. A comparison of these norms with actual deployment of nursing staff in the Institute during previous performance audit 2005 revealed shortages in cadre of nurses ranging from 27 to 49 *per cent*.

During follow-up audit, it was noticed that the sanctioned strength of nursing staff was increased from 605 in 2005 to 1,106 in 2015, however, the shortage still persisted and remained at 25 to 49 *per cent* during 2010-15 due to vacancy in nursing cadre and inadequate sanctioned strength compared to NCI norms against the number of beds available as detailed in Table 2.

Table 2: Position of nursing staff during 2010-15

Year	Beds available during the year		Total requirement for nursing staff (as per NCI)	Sanctioned strength during the year	Shortage in sanctioned strength against requirement *(per cent)*	Person in position (PIP)	Shortage in PIP against required number (*per cent*)
	General	ICU					
2010-11	747	66	1,228	745	483 (39)	633	595 (48)
2011-12	737	72	1,239	745	494 (40)	633	606 (49)
2012-13	722	80	1,251	1,106	145 (12)	633	618 (49)
2013-14	721	88	1,280	1,106	174 (14)	957	323 (25)
2014-15	864	88	1,466	1,106	360 (25)	1019	447 (30)

(Source-SGPGI)

Thus, there was a deficiency of 447 nurses (30 *per cent*) compare to NCI norms. Huge shortages in nursing staff was liable to adversely impact the quality of patient care.

Principal Secretary, Medical Education stated (September 2015) that a proposal has been sent to fill the gap through outsourcing of services.

2.9.8.4 Waitlist of patients and absence of system of feedback

During the previous Performance Audit in 2005, we had observed that SGPGI had only 684 bed strength as against the target of setting up of 1800 beds by 2003. We had also noted that SGPGI did not prescribe a system for maintaining and monitoring waitlists for surgeries/investigations so that it could take steps to detect the gaps in capacity and infrastructure for taking corrective action for improvements. Hence, it was recommended (December 2005) that the Institute should introduce a system of maintaining waitlists for surgery and obtaining feedback from the patients on the services offered to them for evaluation of its performance.

During Follow-up audit we found that the Institute could still not achieve the target of setting up 1,800 beds even after 12 years of the original schedule date of completion. The Institute could set up only 952 beds as of March 2015. Further, SGPGI also still did not introduce a system of maintaining a proper waitlist for surgeries and investigations and was dependent on personal list/diary of doctors regarding prioritization of treatment of patients. The Institute also did not have any mechanism for obtaining feedback from patients.

No mechanism developed for obtaining feedback from patients

Thus, despite manifold increase in the number of indoor and OPD patients as discussed in paragraph 2.9.8.3 above, upgradation of hospital infrastructure in terms of bed strength did not receive adequate priority which continued to have adverse impact on quality of medical services.

The Government accepted (October 2015) that no centralised waitlist is being maintained by the Institute and stated that the Director has constituted a committee for evaluation, redressal and monitoring of patients complaints in March 2015.

2.9.8.5 Research projects

One of the main objects behind setting up of the Institute was to develop research facilities of a high order in the field of medical science. In SGPGI, the faculty members undertake intramural[5] research projects related to health and medical fields. During previous Performance Audit, it was observed that research did not receive requisite emphasis as funds to the extent of ₹ 0.34 crore (0.17 *per cent*) only, of the total non-plan grant (₹ 196.93 crore) of the Institute were allocated for intramural projects. The findings of the research were not evaluated through peer review or open presentation and none were found patented or commercialized. Observing the inadequacies in research projects, it was recommended (December 2005) that the Institute should accord necessary importance to intramural research by allocating adequate funds. The system of monitoring of research projects also needed to be revamped so that research work could be put to best use.

In follow-up audit, we found that allocation for intramural research continued to be meager and outcome of such projects in terms of patents and commercialisation was not encouraging.

The allocation and utilisation of funds for intramural research during 2010-15 were as given in Table 3.

Table 3: Details of allocation of funds for intramural research and unutilised balances during 2010-15

(₹ in crore)

Sl. No.	Year	Total Non-Plan grant of SGPGI Grant	Allocation of funds for intramural rojects (*per cent* of non-plan)	Project Cost approved against allocation of funds (*per cent*)	Balances (*per cent*)
1.	2010-11	179.76	0.35 (0.19)	0.35 (100)	0.00 (0)
2.	2011-12	206.45	0.60 (0.29)	0.68[6] (113)	0.00 (0)
3.	2012-13	231.96	0.90 (0.39)	0.77 (86)	0.13 (14)
4.	2013-14	247.64	0.99 (0.40)	0.99 (100)	0.00 (0)
5.	2014-15	256.83	1.00 (0.39)	0.49 (49)	0.51 (51)
	Total	**1,122.64**	**3.84 (0.34)**	**3.28(85)**	**0.64(15)**

(Source: SGPGI)

[5] Research funded by the Institute.
[6] ₹ 7.74 lakh out of previous years balances.

It would be seen from the above table that only ₹ 3.84 crore (0.34 *per cent*) out of the total Non Plan grant of ₹ 1,122.64 crore of the Institute were allocated for intramural projects, and a large part of the allocations remained unutilised in 2012-13 and 2014-15 due to non-receipt of research proposals from different departments. Though research proposals for intramural projects were invited every year from all faculty members, only five to 20 *per cent* of the available faculties out of 166 to 181 (2010-15) undertook the intramural research projects as detailed in ***Appendix 2.9.2***.

There was low participation of faculties in Intramural research. Besides, research outcomes were not patented or commercialised

The effectiveness of the research projects is assessed by recognition of research outcomes. However, 19 (*21 per cent*) research papers, against 92 completed, were published and none of the research findings were patented or utilised for delivery of services, surgeries or prevention/cure of diseases. We further observed that no peer review of research projects was being carried out.

Further, five projects were closed between 2010-11 to 2012-13 as principal investigator of three projects did not start the projects, patients were not available for one project while one was closed in 2011-12 due to toxic drugs.

The Government stated (September 2015) that efforts have been made to publish research results in indexed journals. Reply was not acceptable as it did not address the issue of low participation of faculty members in undertaking research projects, failure to obtain patents and successfully commercialise the outcomes of research activities.

2.9.8.6 Physical verification of stock

In the Performance audit conducted in 2005, it was observed that annual physical verification of store items was not being carried out by the Institute in violation of rules. We had, therefore, recommended the Institute to carry out regular physical verification of stores as per periodicity laid down in rules.

Physical verification was not being conducted

During follow-up audit, we had requested the Institute to produce stock registers and records of physical verification made during 2010-15. The Institute failed to produce the relevant records and therefore it was not possible to ascertain as to whether periodical physical verification of stocks and stores was being carried out by the Institute as required under the rules or otherwise.

The Government stated (October 2015) that up-to-date dead stock register/stock register is being maintained currently. Absence of physical verification (2010-14) was accepted by the Government and it assured to conduct physical verification regularly by the newly constituted committee.

2.9.8.7 Procurements of medical equipment and medicines

During previous Performance Audit, it was observed in 2005 that purchases were made without approval of Pre-Purchase Committee (PPC) and evaluation of Technical Committee. There were cases of delays in procurement, lack of adequate publicity and resorting to limited tenders without any justified reasons. As prescribed purchase procedures were not followed, it was recommended (December 2005) to adopt computer-based tendering system instead of manual system of procurement.

E-Procurement system was not implemented

In follow-up audit, we noticed that SGPGI has still not introduced e-tendering system for procurement of equipment and other medical stores even after 10 years. It was also observed that the Institute placed 1,477 purchase orders valuing ₹ 154.68 crore during 2010-15. Scrutiny of 77 purchase orders valuing ₹ 13.14 crore revealed that all the procurements were made following manual systems. Further, 34 items (costing ₹ 3.38 crore) were purchased without approval by PPC and eight equipment (costing: ₹ 1.12 crore) were procured without evaluation by the technical committee.

The Government stated (September 2015) that the Institute will start the e-procurement as soon as the modules are modified.

2.9.9 Conclusion and recommendation

GoUP neither prescribed any action plan nor issued any direction to SGPGI to ensure the compliance of the recommendations made by the C&AG of India. SGPGI also did not take initiative to implement the recommendations for improving its functioning. As a result deficiencies in operation and management of the Institute as pointed out in 2005 continued to persist in the following areas:

- Annual Accounts of the Institute were prepared and submitted after one to eight years of delay to the Government.

- There were critical shortages of medical and para-medical staff adversely impacting the quality of medical treatment and patient care.

- Institute did not maintain a centralised waitlist for patients and did not introduce any feedback mechanism to identify critical gaps in its capability and infrastructure so as to take corrective actions to improve the hospital services.

- Research projects continued to remain an area of concern due to low participation of faculty members in research projects, low level of funding and failure to get patents and achieve commercialisation.

- No periodical physical verification of stock/stores was being conducted though required under rules.

- E-procurement system was yet to be implemented.

Recommendation: We would like to reiterate our earlier recommendations once again for taking immediate corrective actions in time bound manner.