CHAPTER-2

PERFORMANCE AUDIT

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HEALTH, MEDICAL EDUCATION AND FAMILY WELFARE DEPARTMENT

2.1 Performance Audit on National Rural Health Mission with special focus on Reproductive and Child Health

Executive summary

The National Rural Health Mission (NRHM) was launched by Government of India (GoI) in April 2005 with aims to provide accessible, affordable, accountable, effective and reliable health care facilities in rural areas to strengthen public health systems. The key strategy of the mission was to bridge the gaps in health care facilities, facilitate decentralised planning in health sector, providing an umbrella to existing programmes of Health & Family Welfare including Reproductive & Child Health and various disease control programmes. Some of the major audit findings are discussed below:

- The State had failed critically in creating sufficient infrastructure in terms of Public Health facilities as required under the NRHM norms. The gaps between requirement and available health facilities such as CHCs, PHCs and HSCs in the State increased from 45, 76 and 55 *per cent* respectively in 2011 to 51, 79 and 60 *per cent* respectively in 2016 as NRHM and State intervention was centered on upgradation of existing facilities leaving behind construction of additional facilities by identifying those areas where medical facilities did not exist.

(Paragraph 2.1.8.1)

- Poor utilisation of GoI funds resulted in short release of central share ranging between ₹ 71.38 crore and ₹ 273.40 crore (16 and 49 *per cent*) during 2011-16. In case of state share there were short release of ₹ 70.28 crore (38 *per cent*) and ₹ 187.53 crore (99 *per cent*) during 2012-13 and 2014-15 respectively indicating poor financial management.

(Paragraphs 2.1.10.1 and 2.1.10.2)

- There was mis-match of ₹ 1076.70 crore between unspent balances shown in the Audited Accounts and that of Utilisation Certificates submitted to GoI during 2011-15. Jharkhand Rural Health Mission Society (JRHMS) did not prepare bank reconciliation statements since 2011-12 resulting in significant differences (up to ₹ 72 crore) between the closing balances of the JRHMS cash book and the bank balances. The outstanding advances worth ₹ 48.18 crore against different parties/ officials/staff were unadjusted which resulted in loss of interest of ₹ 7.06 crore.

(Paragraphs 2.1.10.3, 2.1.10.4 and 2.1.10.5)

- Out of 4.08 lakh institutional deliveries, incentives were paid to 3.21 lakh beneficiaries. Thus, 87,098 beneficiaries with total dues of ₹ 12.19 crore were not paid Janani Suraksha Yojana (JSY) incentives during 2011-16

(Paragraph 2.1.10.8)

- Against the Indian Public Health Standards (IPHS) norms, in test checked District Hospitals (DH), the shortages of bed ranged between 50 and

76 *per cent* whereas in test check CHCs shortages of beds ranged between 47 and 90 *per cent*.

(Paragraphs 2.1.11.1 (i) & (ii))

- Against the nine existing HSCs buildings, 18 HSCs buildings were taken up for construction at the same places under different schemes (State fund, Integrated Action Plan (IAP) and NRHM) in West Singhbhum district for want of adequate coordination between sanctioning departments rendering expenditure of ₹ 165.10 lakh wasteful. The CHC building Bharno and HSC building Bindapathar not put to use resulted in idle expenditure of ₹ 2.89 crore.

(Paragraphs 2.1.11.3 and 2.1.11.4)

- Against the IPHS norms, essential equipment ranging between 57 and 86 *per cent* at DHs, 79 *per cent* at SDH, 44 and 92 *per cent* at CHCs level were not available. Machines and equipment worth ₹ 2.59 crore were lying idle in the test checked DHs and CHCs. Mobile Medical Units (MMU) were being camped at places where CHCs/PHCs/HSCs were already operating in violation of government instructions and depriving basic health facilities to the needy rural people of the remote areas.

(Paragraphs 2.1.12.1, 2.1.12.2 and 2.1.12.3)

- There were shortages of Specialist doctors (92 and 78 *per cent*), Medical officers (61 and 36 *per cent*), Staff Nurses/Auxiliary Nursing Midwifery (ANM) (27 and 26 *per cent*) and Paramedics (52 and 40 *per cent*) with respect to IPHS norms and Sanctioned Strength (SS) respectively.

(Paragraphs 2.1.13.1and 2.1.13.2)

- Against the requirement, 65 to 78 *per cent* diagnostic tests were not performed in DHs while 42 to 85 *per cent* diagnostic tests were not done in CHCs. Essential laboratory services were not available in any test checked PHCs. Essential medicines were not available to the extent of 75 to 88 *per cent* in DHs, 32 to 82 *per cent* in CHCs, 61 to 91 *per cent* in PHCs and 22 to 83 *per cent* in HSCs.

(Paragraphs 2.1.15 and 2.1.16.1)

- Procurement of Typhoid, Human Immunodeficiency Virus (HIV) Screening, Urine and Hepatitis 'B' test kits valued at ₹ 2.60 crore were made from Kendria Bhandar (KB) Ranchi by Civil Surgeons (CS) Dumka and Giridih at two to thirteen times the maximum retail price (MRP) resulting in excess payment of ₹ 1.33 crore. DHs Dumka and West Singhbhum purchased medicines/consumable at higher than approved rate contracts and paid excess amount of ₹ 42.86 lakh. In Dumka, 9,028 bottles of substandard paracetamol were supplied to the *Sahiyas*.

(Paragraphs 2.1.16.2, 2.1.16.3 and 2.1.16.4)

- State Quality Assurance Unit (SQAU) was not made functional till July 2016 and District Quality Assurance Units (DQAU) were not constituted in test checked districts. No patient satisfaction survey was conducted in DHs Dumka, Giridih and Jamtara during 2013-16. Only 56 *per cent* death audit conducted.

(Paragraphs 2.1.17.2., 2.1.17.3, 2.1.17.5 and 2.1.17.6)

2.1.1 Introduction

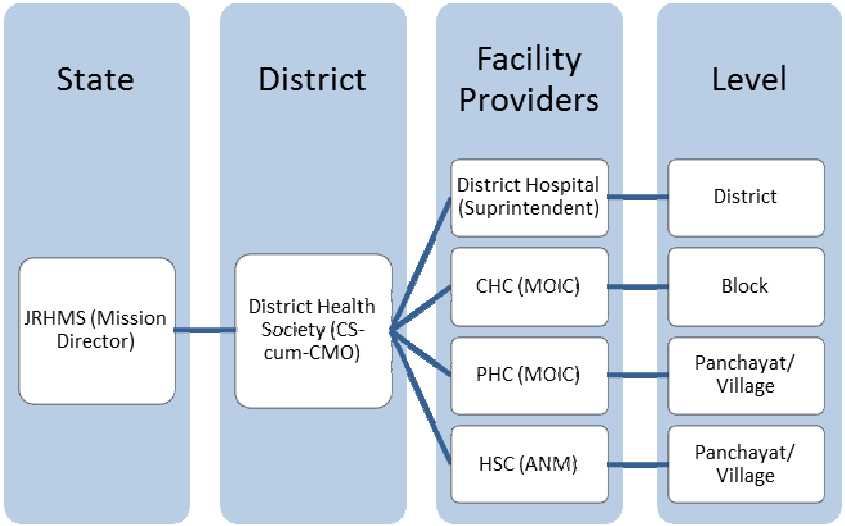
The National Rural Health Mission (NRHM) was launched by Government of India (GoI) in April 2005 with aims to provide accessible, affordable, accountable, effective and reliable health care facilities in rural areas. To strengthen public health systems as a basis for universal access and social protection against the rising costs of health care is a core value of the National Health Mission, which has as its primary targets, to reduce

- Infant Mortality Rate (IMR) to less than 25 per 1000 live births
- Maternal Mortality Rate (MMR) to 100 per lakh live births
- Total Fertility Rate (TFR) to 2.1 by 2017 and stabilising it.

The key strategy of the mission is to bridge the gaps in health care facilities, facilitate decentralised planning in health sector, providing an umbrella to existing programmes of Health & Family Welfare including Reproductive & Child Health and various disease control programmes.

2.1.2 Organisational Set up

Health care facilities in rural areas of the state are provided through a network of District Hospitals, Community Health Centres (CHCs), Primary Health Centres (PHCs) and Health Sub-centres (HSCs) to which funds/ equipment/ medicinal assistance are provided under NRHM and State Budget. NRHM functions under the overall guidance of State Health Mission (SHM), headed by the Chief Minister. NRHM is a mission mode programme carried out by Jharkhand Rural Health Mission Society (JRHMS) and District Health Societies under it, as constituted in 2007. The details of various agencies involved are represented in the chart below:



2.1.3 Audit Objectives

The specific objectives of the Performance Audit (PA) were to:

- assess the impact of NRHM on improving Reproductive and Child Health by test check of the;

➢ extent of availability of physical infrastructure;

- extent of availability of health care professionals;
- quality of health care provided; and

- assess the mechanism of data collection, management reporting and monitoring which serve as indicators of performance.

2.1.4 Audit Criteria

The criteria for audit findings were drawn from following sources:

- NRHM framework for implementation (2005-12 & 2012-17);
- NRHM Operational Guidelines for financial management;
- Indian Public Health Standards (IPHS) guidelines[1] 2012;
- Operational Guidelines for Quality Assurance in Public Health Facilities 2013;
- Assessor's Guidebooks for Quality Assurance in District Hospitals 2013 and CHC (First Referral Unit) 2014;

2.1.5 Scope and Methodology of Performance Audit

The PA of NRHM with special focus on Reproductive and Child Health for the period 2011-16 was conducted from April to August 2016 from amongst 19 districts (with predominantly rural population) out of 24 in the state. These were sorted into three categories based on their ranking on a Health Index. Two districts each from category I (Jamtara and West Singhbhum) and category II (Dumka and Giridih) and one district from category III (Gumla) were selected and within the districts, the District Hospital and District Health Societies, 13 CHCs, 23 PHCs and 69 Health Sub-centres **(Appendix-2.1.1)** were selected by SRSWOR[2] method. Records of the Mission Director (JRHMS) along with the selected sampled units were test checked. Responses to a questionnaire from a sample of beneficiaries and Accredited Social Health Activist (ASHA's/ *Sahiya's*) were collected. Joint physical inspections were done and findings of these inspections were incorporated in the Report.

An entry conference was held with the Mission Director, JRHMS on 9 March 2016 in which audit objectives, audit criteria and methodology were discussed and agreed to. The audit findings and recommendations were discussed with the Additional Chief Secretary, Department of Health, Medical Education and Family Welfare, Government of Jharkhand in the exit conference held on 21 November 2016. The audit findings and recommendations made in the PA report were accepted during exit conference. The replies given by the Additional Chief Secretary of the department have been suitably incorporated in the report.

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1 IPHS norms adopted by the State Government in its resolution dated 20th June 2013

2 Simple Random Sampling Without Replacement

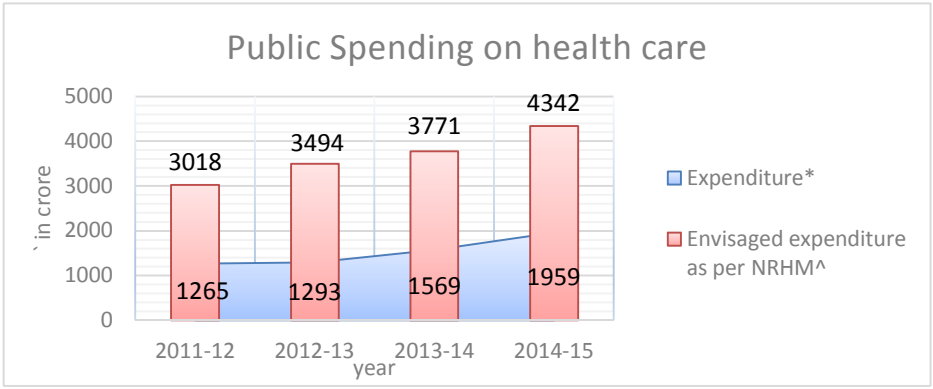
2.1.6 Disclaimer/ Scope Limitation

Certain records (**Appendix-2.1.2**) were not produced to audit despite repeated requests at various levels such as JRHMS and DRHS[3], due to which their audit could not be done. Records on construction of Health facilities were not provided at any level on the pretext that Engineering Division had closed. Similarly, records for its 15 bank accounts were not provided by JRHMS.

2.1.7 Public spending on healthcare (NRHM and State Budget: 2011-16)

The state failed to achieve the target of 2-3 per cent of GSDP despite increasing its funding for Public Health facilities by the State

At the national level NRHM envisaged increasing public spending on health, with a focus on primary healthcare, from 0.9 *per cent* of Gross Domestic Product (GDP) in 2004-05 to 2-3 *per cent* of the GDP by 2012, while the states were required to increase their spending on health sector by at least 10 *per cent* year on year (YOY) basis. Although the state increased its funding for Public Health facilities, the overall spending on Public Health facilities remained between 0.74 and 0.90 *per cent* of GSDP during 2011-15, far short of the target. The year wise details of Pubic spending including NRHM funds, Gross State Domestic Product (GSDP) during 2011-16 are as below:



Expenditure: Total of State Budget and NRHM funds
^Envisaged expenditure as per NRHM: 2 per cent of GSDP

Details of year wise spending on health sector by the state are given in **Table-2.1.1** below:

Table-2.1.1: Details of year wise spending on health sector

₹ in crore

Year	Total spending including NRHM	GSDP[4]	*Percentage* spending to GSDP	State spending through budget	Increase in YOY spending (*per cent*)
2011-12	1265	150918	0.84	980	------
2012-13	1293	174724	0.74	946	-34 (-3.59)
2013-14	1569	188567	0.83	1133	187 (16.50)
2014-15	1959	217107	0.90	1609	476 (29.58)
2015-16	Annual Accounts not prepared.	241955	NA	2159	550 (25.47)

(Source: Data provided by JHRMS and State Appropriation Account)

[3] District Rural Health Mission Societies Dumka, Gumla, Giridih, Jamtara and West Singhbhum

[4] Gross State Domestic Product (GSDP) - base year 2011-12

Audit Findings

2.1.8 Planning, data collection, management and reporting

2.1.8.1 Planning

NRHM aimed at decentralised planning and implementation design that would ensure need based health action plan, which would form the basis for intervention in the health sector. Deficiencies noticed in planning for NRHM activities are discussed below:

Baseline and Annual facility surveys were not conducted during 2011-16

- **Baseline Surveys:** According to NRHM guidelines, baseline surveys to identify health care needs of rural people were to be completed by 2008 with their validation by Village Health Committees (VHC). However, household surveys for assessing health care requirements and identifying underserved/ unserved areas were not conducted in the state.

- **Facility Survey:** The state Reproductive and Child Health Society collected (2006-08) information of facilities directly from the concerned PHCs without involving Anganwadi Workers (AWW) and Non-Government Organisations (NGO) and the information so collected was not validated by the VHCs as per the requirement under guidelines.

- **Annual facility surveys:** Annual facility surveys were to be conducted at facilities at all levels in order to track improvements and existing gaps. On this basis, annual plan was to be formulated. However, no annual facility survey was ever conducted during 2011-16 at any level of facility.

- **Gaps in Primary health care facilities against the requirement:** NRHM frame work envisages service delivery by Primary health care facilities (CHCs, PHCs and HSCs) based on population norms as per Indian Public Health Standards (IPHS). The population wise criteria for level of institution are given in **Table-2.1.2** below:

Table-2.1.2: Details of facility wise population norms as per IPHS

Population	Institution	Area
80000	CHC	Tribal/ Hilly areas
120000		Plain areas
20000	PHC	Tribal/ Hilly areas
50000		Plain areas
3000	HSC	Tribal/ Hilly areas
5000		Plain areas

Audit observed significant gaps in health care facilities (CHCs, PHCs, HSCs) as compared to the requirements based on state population census 2011 and projected population 2016. Details of gaps are given in **Table 2.1.3** below:

Table 2.1.3: Gaps in Primary health care facilities against the requirement

Name of facilities	Population as per census 2011	Requirement of health facilities as per population 2011	Available health facility	Gap 2011 *(per cent)*	Projected population of 2016 (as per census 2011)	Requirement of health facilities as per projected population 2016	Available health facility	Gap 2016 *(per cent)*
1	2	3	4	5 (3-4)	6	7	8	9 (7-8)
CHC	32966238	344	188	156 (45)	36876857	385	188	197 (51)
PHC		1376	330	1046 (76)		1540	330	1210 (79)
HSC		8813	3958	4855 (55)		9858	3958	5900 (60)

(Source: Data furnished by JRHMS and census 2011)

Gaps of health care facilities such as CHC, PHC and HSC were increased from 45 to 51 *per cent*, 76 to 79 *per cent* and 55 to 60 *per cent* respectively

It is evident from above table that gaps between requirement and available health facilities such as CHCs, PHCs and HSCs in the state increased from 45, 76 and 55 *per cent* respectively as per 2011 census to 51, 79 and 60 *per cent* respectively as per projected population[5] of 2016. This is because the NRHM and state intervention was limited to upgradation of the existing facilities only during 2011-16 and there were no plans on record to construct additional health facilities by identifying the deficit area where no medical facility existed. This only widened the gaps during 2011-16 instead of bridging it. Thus, the plan failed to make suitable provisions for mitigating the identified gaps in health facilities.

Village Health Action Plans are not being prepared

- **Preparation of State Annual Action Plan (PIP)**: NRHM's bottom up planning and budgeting approach mandates preparation of Village Health Action Plan (VHAPs) at village level by Village Health and Sanitation Committees (VHNCs) which was to be consolidated at every level to form a State Programme Implementation Plan (SPIP). Test check of records at HSC, CHC and District revealed that VHAPs were not being prepared. District Health Action Plan (DHAP) at district levels were being prepared by conducting meetings with all Medical Officers in-charge (MOIC) of CHCs and Block Programme Management Unit (BPMU) officials which were then consolidated as SPIP. Thus, the SPIP was not prepared as per the prescribed norms.

Delay in preparation SPIP ranged between 36 and 219 and approval of RoP ranged between 35 and 196 days

- **Delays in Preparation and Approval of SPIP:** Audit observed that State PIP was approved by the JRHMS with delays[6] ranging between 36 and 219 days during 2011-16. Consequently, State PIP in form of Record of Proceedings (ROP) was approved by National Programme Co-ordination Committee (NPCC) with delays ranging between 35 and 196 days (**Appendix-2.1.3**).

In reply, the Department stated (November 2016) that annual survey would be conducted. Further, the department also stated that online mechanism to plan from local levels has been initiated and would be fully functional shortly. Fact remains that the above deficiencies have led to deficient planning resulting in widening of gaps between requirement and availability of health facilities.

2.1.9 Health Management Information System (HMIS)

There is significant variation between data available in test checked facilities and data entered in the HMIS

The HMIS is an instrument created under NRHM in which health related data is fed from all facilities levels and is utilised to monitor functioning of the health facilities and develop policy initiatives on the basis of reports generated. Audit compared the data available in the test-checked facilities with the data entered in the HMIS portal and found significant variations at all facility levels (**Appendix-2.1.4**). Further, numerous data fields for PHC and HSC were found vacant. Thus, the reliability of HMIS reports generated was questionable.

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5 Based on district wise percentage decadal growth 2001-11

6 The State PIP/Annual Action Plan was to be approved in JRHMS and submitted to GoI by 15th and 22nd of January of preceding year respectively which was to be approved by the National Programme Co-ordination Committee (NPCC) by 15th of March

In reply, the Department accepted the fact and stated (November 2016) that the reliability of data in HMIS will be improved.

2.1.10 Financial Management

The resources allocated to a particular state under NRHM ("Resource Envelop") for a financial year consists of (a) Unspent balance, (b) Approved GoI releases and (c) State Share Contribution due for the year. Cost sharing under NRHM between central and state governments during 2011-12 was 85:15 and 75:25 during 2012-16. The resource envelope was supplemented by funds released by State Government from its budget. The funds were released to DHs/ CHCs/ PHCs/ HSCs through DRHS. Total allocation, expenditure and unutilised balances under NRHM during 2011-16 are tabulated and represented in the **Table-2.1.4 and chart** below:

Table-2.1.4: Total allocation, expenditure and unutilised balances

(₹ in crore)

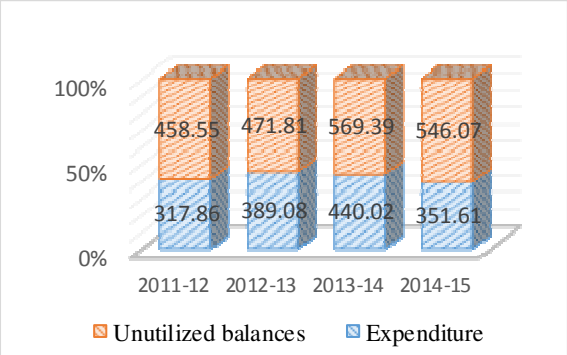
Year	Approved Outlay by GoI	Opening Balance	Releases including other receipts[7]	Total budget available	Expenditure	Unutilised balances (*per cent*)
1	**2**	**3**	**4**	**5 (3+4)**	**6**	**7 (5-6)**
2011-12	539.86	257.47	518.94	776.41	317.86	458.55 (59)
2012-13	741.11	458.55	402.34	860.89	389.08	471.81 (55)
2013-14	719.84	482.12[8]	527.29	1009.41	440.02	569.39 (56)
2014-15	756.33	569.39	328.29	897.68	351.61	546.07 (61)
2015-16	657.84	546.07	600.19	1146.26	Annual Accounts not prepared.	

(Source: data provided by JRHMS, CA annual accounts and UCs)

Audit analysed the financial outlay, expenditure and savings from NRHM funds and arrived at following findings:

2.1.10.1 Funds not utilised

The un-utilised balances ranged between 55 and 61 *per cent* during 2011-15



As per the annual accounts and Utilisation Certificates (UC) furnished by the JRHMS, unutilised balances ranged between 55 and 61 *per cent* during 2011-15 indicating poor programme management. Significant under-spending in successive years resulted in inadequacies in availability of services to the targeted beneficiaries as pointed out in observations below. The expenditure of the society was never more than 50 *per cent* of the available funds, as can be seen

[7] Interest amount

[8] Differences between closing balance (2012-13) and opening balance (2013-14) were due to ₹ 10.31 crore of National Programme for Prevention and Control of Cancer, Diabetes, Cardiovascular Disease & Stroke (NPCDCS), National Programme for Health Care of Elderly (NPHCE) and National Tuberculosis Control Programme (NTCP) taken as opening balance in CA annual account of the year 2013-14

in the adjoining chart. The reasons behind inability to spend the fund were delayed preparation and approval of State PIP by JRHMS (**paragraph 2.1.8**) and severe shortage of specialist doctors, medical officers, staff nurses, para-medics **(paragraph 2.1.13.1)**.

In reply, the Department accepted the fact and stated (November 2016) that unutilised balances would be reconciled and utilised shortly.

2.1.10.2 Short Releases due to persistent under-spending

Short release of GoI funds ranged between ₹ 71.38 crore and ₹ 273.40 crore due to persistent under-spending

Due to persistent inability to utilise GoI funds Audit noticed shortfall in release of central share which ranged between ₹ 71.38 crore and ₹ 273.40 crore (16 and 49 *per cent*) during 2011-16 (overall short release 32 *per cent*). In case of state share there were short release of ₹ 70.28 crore (38 *per cent*) and ₹ 187.53 crore (99 *per cent*) during 2012-13 and 2014-15 respectively and excess in the other three years due to excess/ short budgetary provisions by the state. Performance based incentives (implemented from 2013-14) were to be released by GoI subject to fulfilment of conditionalities by state governments from the year 2013-14. No records relating to any such assessment was available with the JRHMS. Audit, however, observed that GoI had not released the incentives amounting to ₹ 160.06 crore during 2013-16 (**Appendix-2.1.5**).

In reply, the Department stated (November 2016) that efforts would be made to fulfil conditions of grant to ensure full release in future.

2.1.10.3 Mis-match in unspent balances

As per the scheme guidelines, UCs were to be submitted to GoI by JRHMS certifying the amount actually spent against the grant disbursed and unspent balances. UCs submitted to GoI were based on Annual Accounts prepared by CA for 2011-15. Audit of annual accounts revealed mis-match in unutilised balances in the two sets of records as detailed in **Table-2.1.5** below:

Table-2.1.5: Suppression of unspent balances in UCs submitted to GoI

(₹ in crore)

Year	Unspent balances as per Annual Accounts (CA reports)	Unspent balances as per UCs submitted to GoI	Mis-match of unspent balances
2011-12	458.55	234.47	224.08
2012-13	471.81	176.07	295.74
2013-14	569.39	30.58	538.81
2014-15	546.07	528.00	18.07
2015-16	Annual Accounts not prepared as yet		
Total	**2045.82**	**969.12**	**1076.70**

(Source: JRHMS, CA reports and UCs)

Mis-match of unspent balance between annual accounts and UCs resultantly interest amount ₹ 1.03 crore was found spent on activities not approved under RoP

Thus, against actual unspent balances of ₹ 2045.82 crore in the Audited Accounts, only ₹ 969.12 crore were depicted in the UCs during 2011-15. This indicated a mis-match of ₹ 1076.70 crore which included interest earnings of ₹ 51.19 crore (91 *per cent* of the interests earned) by the State/district societies (**Appendix-2.1.6**) during 2011-15. Of this, ₹ 1.03 crore was found spent on activities (**Appendix-2.1.7**) not approved under RoP in four districts.

In reply, the Department accepted the fact and stated (November 2016) that initially state releases were not sent in UCs, which led to discrepancy between the figures. The figures for 2014-15 would be reconciled.

2.1.10.4 Bank Reconciliation

Bank reconciliation statement not prepared since 2011-12 resulting in significant difference

As per scheme guidelines, Bank Reconciliation Statement (BRS) should be prepared on monthly basis by reconciling the cashbook and Bank passbook by 10th day of the following month. Separate BRS should be prepared for each bank account. Out of the 39 bank accounts maintained by JRHMS, statements of 23 bank accounts (**Appendix-2.1.8(a)**) were provided to audit while remaining 16 bank accounts were not provided despite several requests **(Appendix-2.1.8(b)).** From the statements provided and the CA reports, Audit noticed that BRS were not prepared by the JRHMS since 2011-12. Audit further noticed significant differences of up to ₹ 72 crore between the closing balances of the JRHMS cash book and the bank balances (**Appendix-2.1.8(c)**). A difference of ₹ 72 crore for the year when most of the payments were made by RTGS/NEFT besides not disclosing the transactions through the 16 bank accounts leaves JRHMS fraught with the risk of mis-appropriation/ fraud. This difference needs reconciliation and investigation.

The risk is further strengthened by the fact that in DH, Dumka, ₹ 3.60 lakh were disbursed to an agency for supply of medicines and salary of paramedics by issue of three cheques during January and July 2014. However, scrutiny of bank statement revealed that against these issued cheques ₹ 4.03 lakh were debited from the bank account. Thus, there was an excess debit of ₹ 0.43 lakh which remained as excess disbursement to the agency and paramedics as of August 2016. The excess disbursement could have been detected had the DH ensured regular reconciliation of bank account and cash book. The excess debit needs investigation.

In reply, the Department stated (November 2016) that tender for preparing Bank Reconciliation Statement (BRS) is under process. It was also stated that disbursements would be verified and responsibilities would be fixed.

2.1.10.5 Outstanding Advances

As per scheme guidelines, detailed advance register and advance tracking register should be maintained to record various advances given to implementing units, staff and external parties/suppliers. Audit observed that these were not being maintained in JRHMS. Scrutiny of CA reports (2011-12 to 2014-15[9]) revealed outstanding advances worth ₹ 48.18 crore pending against different parties/ officials/staff. Purposes for which advances were given were not included in the schedules to the annual accounts. Audit noticed that:

- Advances to 35 Parties/Officials amounting to ₹ 5.32 crore were outstanding for more than four years and in 14 cases advances amounting to ₹ 33.04 crore were outstanding for four years without any adjustment as of March 2015.

[9] Updated position could not be ascertained as Annual account for the year 2015-16 was not prepared as yet

- Advances in 79 cases amounting to ₹ 43.73 crore which is 91 *per cent* of total advance as of March 2015 were outstanding without any adjustment for more than one year. The unadjusted advances would have also resulted in a loss of at least ₹ 7.06 crore calculated on the basis of four *per cent* simple interest rated provided by the banks (**Appendix-2.1.9**).

- Of the 55 staff against whom ₹ 31 lakh **(Appendix-2.1.10)** was outstanding, 26 staff with outstanding advances of ₹ 21.56 lakh were not currently working with the JRHMS making their settlement a remote possibility. Further, the possibility of mis-utilisation/ mis-appropriation of the advances outstanding for such a long period could not be ruled out.

In reply, the Department accepted the fact and stated (November 2016) that outstanding advances will be recovered.

2.1.10.6 Irregular release/ expenditure of facility funds

As per Operational Guidelines for Financial Management, 2012, Untied Funds (UF), Hospital Management Society (HMS) funds would be provided to those health facilities such as DHs/RHs/CHCs/PHCs/HSCs where institutional deliveries are conducted. The Annual Maintenance Grant (AMG) would be provided to the facilities functioning in government building.

UF, AMG and HMS funds were irregularly released where DHs and RHs already existed

The CHCs in block headquarters (sadar block) where DHs or RHs are located do not have provision for UF, AMG and HMS funds as per Record of Proceeding (ROP). In the three test checked districts[10], audit observed that UF/AMG/HMS funds of ₹ 21 lakh (**Appendix-2.1.11**) were irregularly disbursed to the Medical Officer in charge (MOIC) of sadar CHCs Jamtara, Dumka and West Singhbhum which had administrative control over PHCs in sadar area. Of this ₹ 25.08 lakh[11] were spent by the Medical Officer-in-Charge (MOIC) during 2011-16.

CS-cum-CMO Jamtara stated that the CHC had been operating in a building owned by the Block level administration and provided various services such as immunisation centre and family planning camp and therefore required administrative expenses. The reply confirms use of hospital based grants for other purposes. CS cum CMOs of CHCs Dumka and West Singhbhum did not reply to the audit observation.

2.1.10.7 Idle funds

Funds prior to 2011-12, was not merged in new pools thereby ₹ 5.32 crore was found parked in bank account as of March 2016

Prior to 2011-12, pool-wise allocation under NRHM was not made by JRHMS due to which, in Dumka DRHS, the closing balance of ₹ 5.32 crore on account of RCH, NRHM and RI including interest could not be merged with the new pool-wise (RCH Flexi-pool, NRHM Flexi-pool and Routine immunisation) allotment of funds from the year 2011-12 onwards. This amount was still found parked as of March 2016 in the separate bank account opened for the erstwhile purpose.

In reply, the Department stated (November 2016) that responsibilities would be fixed.

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[10] Dumka, Jamtara and West Singhbhum

[11] Including balances of previous year

2.1.10.8 Incentives to JSY beneficiaries not paid

JSY incentive ₹ 12.19 crore was not paid to 87,098 beneficiaries

Janani Suraksha Yojana (JSY) is a safe motherhood intervention under NRHM. It integrates cash assistance with delivery and post-delivery care to create demand for institutional delivery. For every delivery conducted in the institution (DH, CHC, PHC and HSC) cash incentive of ₹ 1400 is to be paid to each beneficiary. In five test checked districts, audit observed that out of 4.08 lakh institutional deliveries, incentives were paid to 3.21 lakh beneficiaries during 2011-16. Thus, 87,098 beneficiaries were not paid JSY incentives of ₹ 12.19 crore during 2011-16 (**Appendix-2.1.12**).

In reply, the Department accepted the fact and stated (November 2016) that presently payments were being made through Public Financial Management System (PFMS) and delays were due to bank account mismatches. Efforts were being made to reduce the dues. Fact remains that 51,447 beneficiaries were still to be paid incentives.

2.1.11 Availability of Physical Infrastructure

NRHM is aimed to bridge the gaps in existing capacity of rural health infrastructure by establishing functional health centres through revitalisation of existing physical infrastructure and fresh construction or renovation as required. Audit observed deficiencies in delivery of this mandate by the department as discussed below.

2.1.11.1 Shortages in Bed Capacity

There were significant shortage of bed capacity in DHs, CHCs, SDH and PHCs of test-checked districts

The IPHS norms prescribe bed capacity requirement of District Hospitals (DH) on the basis of population served[12]. The norms also specify at-least 50, 30 and six beds for SDH, CHC and PHC, respectively. Audit compared prescribed norms for number of beds with actual availability by visiting the sample units and observed the following:

(i) District Hospitals

As per IPHS norms, requirements of bed in DHs ranged from 200 to 500 in the five sampled districts[13]on the basis of Census 2011. Against this, only100-120 beds were available in DHs of selected districts and shortage in bed capacities ranged from 100 (50 *per cent*) to 380 (76 *per cent*). Details are given in **Table-2.1.6** below:

[12] Requirement of bed = population x 1/50 x 80/100 x 1/365
[13] Dumka, Giridih, Gumla, Jamtara and West Singhbhum

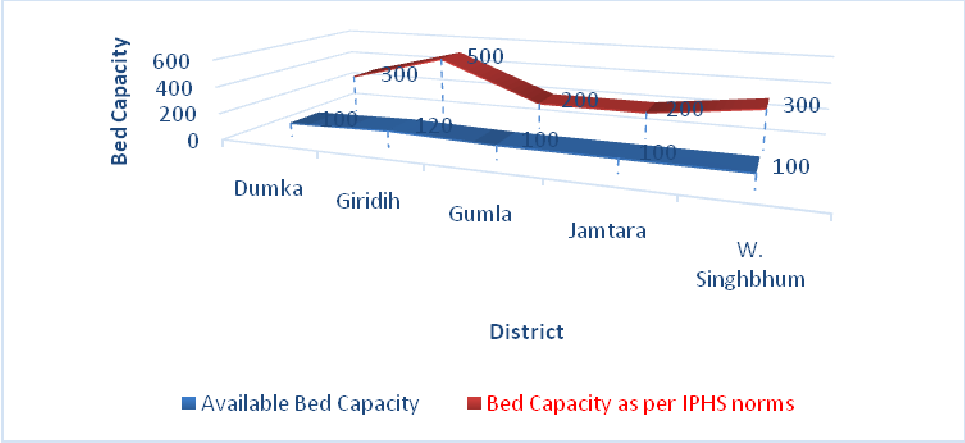

Table-2.1.6: Details of requirements of bed capacity in selected districts

Sl. No.	District	Population (Census 2011)	Prescribed Bed Capacity	Available Bed Capacity	Shortfall (in number of bed/ *per cent*)
1.	Dumka	1321096	300	100	200 (67)
2.	Giridih	2445203	500	120	380 (76)
3.	Gumla	1025656	200	100	200 (67)
4.	Jamtara	790207	200	100	100 (50)
5.	West Singhbhum	1501619	300	100	200 (67)

(Source: DRHS)

From the **Table-2.1.6** it could be seen that the deficit bed capacity is highest in Giridih at 76 *per cent* and lowest in Jamtara at 50 *per cent.*

(ii) Community Health Centre

Against the prescribed requirement of 30 beds, the shortages in bed capacity in 10 out of 12 sampled CHCs ranged from 14 (47 *per cent*) to 27 (90 *per cent*) (**Appendix-2.1.13**). The worst situations were in Tonto and Bagodar CHCs that were functioning with only three beds each.

(iii) Sub-divisional Hospital

In one sampled SDH, shortage in bed capacity was eight (16 *per cent*) against the requirement of 50 beds (**Appendix-2.1.13**).

(iv) Primary Health Centre

A test-check of bed capacity of test-checked 23 PHCs revealed that:

- Three PHCs[14] (13 *per* cent) had no beds and were operating in HSC/ old OPD building against the requirement of six beds;
- Thirteen PHCs[15] had bed capacities ranging from one to three against the requirement of six beds.

In reply, the Department stated (November 2016) that efforts were being made to improve availability of physical infrastructure. However, road map to ensure this was not furnished to Audit.

[14] Anandpur, Dhandra and Maluti

[15] Amba, Atka, Barmasia, Barapalasi, Bhandro, Bindapathar, Chiknia, Duria, Juria, Kurgi, Nimiaghat, Suriya and Tuladih

2.1.11.2 Operational conditions

State government in its annual plan 2012-13 planned construction or upgradation of existing CHCs/ PHCs/ HSCs only to increase bed capacity and associated facilities through NRHM and State Plan funds. The detailed status of construction/ upgradation (as on October 2015) is detailed in the **Table-2.1.7** below:

Table-2.1.7: Detailed requirement of CHCs, PHCs and HSCs in the State

Sl. No.	Name of facility	Existing facility	Planned Construction/ Upgradation in existing facility	Construction/ Upgradation completed	Under Construction/ Not taken up	Operating with inadequate facilities/ old buildings
	1	**2**	**3**	**4**	**(3-4)**	**(2-4)**
1	CHC	188	162	73	89	115
2	PHC	330	196	65	131	265
3	HSC	3958	1402	728	674	3230

(Source: State NHM)

115, 265 and 3230 CHCs, PHCs and HSCs were operating in building with inadequate bed capacity thereby rendering limited health services

From the **Table-2.1.7** it is evident that 115, 265 and 3230 CHCs, PHCs and HSCs respectively were operating in buildings with inadequate bed capacity/ facilities, thereby rendering limited health services to the population served.

Furthermore, in physical verification of operating condition of sampled health facilities, Audit noted that:

Primary Health Centres

- Three test-checked PHCs[16]did not exist and their funds/ manpower were being utilised by two linked CHCs (Palkot and Tonto);
- Five PHCs[17] were operating in other government buildings like Anganwadi Centre, Panchayat Bhawan etc.
- Newly constructed building of PHC Anandpur, in West Singhbhum district was occupied by Central Reserve Police Force (CRPF) since 2011-12, while the PHC was operating from its old OPD building.

Health Sub-Centres

Out of 69 selected HSCs in five test checked districts[18], Audit noticed that:

- Twelve HSCs[19] were operating in rented buildings;
- There was absence of beds in two Type B[20] HSCs[21] in Tonto, West Singhbhum;
- Eleven HSCs[22] were operating from other government buildings i.e. Anganwari Centres, Panchayat Bhawans etc.

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16 Biligbira, Tonto gram and Tonto headquarter
17 Ataka, Chekania, Dhandra, Maluti and Sariya
18 Dumka, Giridih, Gumla, Jamtara and West Singhbhum
19 Balgoh, Banguru, Birajpur, Deogaon, Kharkhari, Khatangbera, Jakilata, Luyia, Pithartoli, Padampur, Tensera and Tirilposi
20 Type B HSCs were supposed to provide facility for normal deliveries
21 Tonto and Samij
22 Ataka, Bagodih, Dhangaon, Geriya, Lilakari, Mandramo, Mundro, Nagar Keswai, Maluti, Mohanpur and Serengsiya

PHC &HSC, Maluti operating in one building at Shikaripara, Dumka district

HSC, Dhangaon operating at Anganwari Centre in Chakradharpur sub division, West Singhbhum

Thus, due to absence/shortages in bed capacity, essential services, particularly in-patient services, were being denied to the targeted population.

In reply, the Department stated (November 2016) that efforts were being made to improve availability of physical infrastructure.

2.1.11.3 Construction of additional HSCs beyond norms

Additional HSC buildings were constructed in same places where HSCs existed

As per IPHS norms, one HSC is required for a population of 3000-5000. Audit observed construction of 18 buildings under different schemes (State fund, IAP and NRHM) for nine HSCs in West Singhbhum district and found the following:

- Four HSCs[23] building were constructed (December 2011) for ₹ 84.95 lakh under IAP funds. These HSCs buildings were again constructed in December 2015 from other funds (three under NRHM and one under State funds) at ₹ 97.07 lakh;

- Two buildings for one HSC at Makranda in Manoharpur block were constructed in November 2011 under IAP for ₹ 42.78 lakh (at ₹ 21.39 lakh each);

- One building for HSC at Kusmita in Kumardungi block was under construction since April 2011 under IAP with an expenditure (July 2016) of ₹ 9.63 lakh, whereas another HSC building was constructed (April 2015) at the same place under NRHM at a cost of ₹ 22.75 lakh;

- Two HSCs[24] building were constructed (April 2015) under NRHM at a cost of ₹ 46.27 lakh. However, two additional HSC buildings were under construction since August 2014 under state fund and expenditure as on March 2015 was ₹ 22.67 lakh;

- One building for HSC at Putasia in Manjhari block was constructed (December 2011) under IAP at a cost of ₹ 18.25 lakh but again construction of another building was taken up in August 2014 under state fund on which ₹ 14.34 lakh was incurred as of March 2015.

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[23] Chitmitti, Kalenda, Pilka and Purnapani

[24] Nakti and Purnia

The population of above mentioned villages ranged from 1378 to 2548. Thus, the construction of additional HSC buildings in the same place where an HSC already existed was in violation of IPHS norms. Further, lack of coordination among departments and inadequate monitoring by the government resulted in wasteful expenditure ₹ 165.10 lakh (**Appendix-2.1.14 (a) & (b)**) and denied the construction of an HSC in locations that actually required it.

In reply, the Department stated (November 2016) that the duplicate construction would be verified and responsibilities would be fixed.

2.1.11.4 Idle Health Centre buildings

- CHC Bharno in Gumla district constructed at an estimated cost of ₹ 2.75 crore and handed over in August 2014 was not being utilised due to poor road connectivity, lack of machines and equipment and shortage of manpower.

The CHC, Bharno and HSC, Bindapather constructed at cost of ₹ 2.89 crore were not being utilised

Building constructed for CHC Bharno in Gumla lying unutilised

HSC and PHC Bindapathar run jointly in the smaller red building, while the larger double storey building in the picture is lying unused

- Likewise HSC Bindapathar in Jamtara district constructed at a cost of ₹ 14.49 lakh and handed over during January 2015 was still not put to use (October 2016).

In reply, the Department accepted the fact and assured (November 2016) to make such buildings functional by procurement of machines and equipment and sanctioning manpower.

2.1.11.5 Availability of staff quarters

As per IPHS norms 2012 all essential medical and para-medical staff should be provided with residential accommodation so as to ensure 24x7 service delivery. Audit observed that against requirement of 1053 quarters as per revised IPHS norms 2012, 300 quarters were available in the 66 test checked health facilities as detailed in **Table-2.1.8** below:

Table-2.1.8: Requirements and availability of staff quarters

The 300 staff quarters were available in test-checked health facilities against required 1053

Health facility	Number of health facilities	Staff quarters required as per IPHS norms	Staff quarters available	Shortage of staff quarters (In *per cent*)
1	**2**	**3**	**4**	**5 (3-4)**
DHs	5	500	194	306 (61)
CHCs/ SDH	13	247	72	175 (71)
PHCs	21	252	18	234 (93)
HSCs (type B)	27	54	16	38 (70)
	66	**1053**	**300**	**753 (72)**

Inadequacy of staff quarters might be one of the reasons for shortages in availability of medical staff at various levels. Further, 24 hour availability of staff cannot be ensured in the absence of suitable accommodation arrangements close to the health facilities.

In reply, the Department stated (November 2016) that efforts were being taken to improve availability of physical infrastructure.

2.1.12 Equipment Procurement and Availability

2.1.12.1 Absence of equipment in health facilities

Essential equipment ranging between 57 and 86 *per cent* in DHs, 79 *per cent* in SDH and 44 and 92 *per cent* in CHCs were not available in test-checked health facilities against required as per IPHS norms

IPHS norms 2012, recommend equipment for various grades of health centres on the basis of services recommended at each level. The details of availability of equipment for test-checked services in the sampled facilities for which norms recommend 336 equipment for DH, 264 equipment for CHC and 132 equipment for SDH are as follows:

- In the five DHs, 191 (57 *per cent*) to 289 (86 *per cent*) essential equipment were not available against requirement of 336 for the test-checked **(Appendix-2.1.15)** services[25] while in one SDH, 104 (79 *per cent*) essential equipment were not available against requirement of 132 for the test-checked **(Appendix-2.1.16)** services.

- In 12 CHCs of five test checked districts, 116 (44 *per cent*) to 244 (92 *per cent*) essential equipment were not available against requirement of 264 essential equipment for 17 services[26] **(Appendix-2.1.17)**.

In reply, the Department stated (November 2016) that issue of shortages would be taken care of shortly and that the department is moving from local procurement to central procurement and distribution. Fact remains that a time bound action plan to address the shortages was not yet prepared.

2.1.12.2 Purchase and Utilisation of machine and equipment

The details of examination of purchase and utilisation of machine and equipment in the sample units revealed the following observations:

- JRHMS and CS-cum-CMOs approve rate-contracts across state and district respectively at which the respective sub-ordinate offices are required to procure the listed medicines/ consumables from the approved vendors. Audit noticed that CS, Jamtara procured various Equipment/ Rashtriya Bal Swasthya Karyakram (RBSK) Cards (**Appendix-2.1.18**) at prices higher than approved rate-contract resulting in an excess payment of ₹ 2.94 lakh.

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[25] Imaging equipment, X-ray room accessories, cardiopulmonary equipment, Labour Ward, New Natal and special New born Care Unit (SNCU), Immunisation equipment, Ear Nose Throat (ENT) equipment, Eye equipment, Dental equipment, Operation Theatre equipment and Laboratory equipment

[26] Standard Surgical Set-I, Standard Surgical Set-II, Standard Surgical Set-III, Standard Surgical Set-IV, Standard Surgical Set-V, Standard Surgical Set-VI, Intra Uterine Contraceptive Device (IUD) Insertion Kit, Normal Delivery, Equipment for Anesthesia, Equipment for Neo-Natal Resuscitation, Blood Transfusion Kit, Operation Theatre equipment, Labour room equipment, Radiology equipment, Immunisation equipment, cold chain equipment and miscellaneous

- CS Jamtara, procured furniture items amounting to ₹ 19.81 lakh on five different invoices during 2011-12 on nomination basis without floating any tender and on single quotation basis thereby violating the norms of sanction order. However, this included ₹ 2.33 lakh for purchase of four radiant warmers for which supply order was initially issued but later cancelled and diverted to purchase of furniture. Besides, eight Diesel Generating (DG) sets were also procured for which excess payment of ₹ 0.49 lakh was made.

- DRHS Jamtara entered into an agreement (November 2012) with an NGO (*Basuki Trayambkeshwar Seva* Mission, Dumka) for identifying the cases fit for cataract surgery, motivate and provide transportation to the base hospital, pre-operative examination, undertaking cataract surgery and post-operative care and follow up services including refraction and provision of glasses. The Additional Chief Medical Officer (ACMO), issued order (October 2013 and December 2015) to NGO to carry out the agreed activities of cataract surgery. Audit observed that the agreement and payment of ₹ 16.99 lakh to the NGO for the services rendered was in contravention of guidelines/ government orders because as per the scheme, payments were to be made only if the NGO arranged private surgery in a private hospital while in this case the NGO utilised services and infrastructure of Government Doctors/ Hospital for the surgeries.

No reply to audit observations was furnished by the government.

- **Idle machine and equipment**

Machines and equipment worth ₹ 3.11 crore were lying idle in the test-checked DHs and CHCs

Audit observed that 26 machines/ equipment such as Auto Analyser, Path Fast, Three Channel ECG Machines, Multi Parameters Patient Monitors and Cardiac Monitors with Defibrillator etc., were lying idle in the test checked DHs and CHCs since their purchase in March 2011. The value of these machines and equipment was ₹ 3.11 crore (**Appendix-2.1.19**). These were idle/ not functional due to absence of trained man power, reagents/kit etc in health facilities.

- Purchase of four[27] machines (valued at ₹ 67.53 lakh) during 2011-12 by CS, West Singhbhum was doubtful as the payment vouchers were not passed by the CS and stock register was not produced to audit. The CS-cum-CMO stated (August 2016) that the concerned person has been asked to provide the record.

Auto analyser and Path Fast lying idle in District Hospital, Jamtara

USG machines lying idle in District Hospital, Jamtara

[27] Multi para patient monitor, Portable Ultrasound machine, Fully automatic immunoassay and Diathermy

In reply, the Department stated (November 2016) that efforts would be taken to improve utilisation of idle equipment. However, no reply for doubtful purchase was furnished by government.

2.1.12.3 Mobile Medical Units (MMU)

Mobile Medical Unit is a mechanism to provide health services in remote areas through well-equipped mobile vans. Agreements were executed with different NGOs by JRHMS, Namkum and DRHS of concerned districts during 2011-13 to run MMUs. Audit noticed the following irregularities in provision of health services through MMUs in test checked districts:

- **No deployment of Lady Medical Officer**

As per the agreements, a Lady Medical Officer (LMO) was to be deployed for obstetric and gynaecological consultation, Antenatal checkups (ANC), etc. In five test checked districts[28] Audit observed that eight NGOs[29] did not deploy LMO between April 2011 and October 2013. Moreover, when agreements were renewed with NGOs (between March 2013 and October 2013) the clause to deploy LMO was deleted.

- **Irregular preparation of route chart**

MMUs were being camped at places where CHCs/ PHCs/ HSCs were already operating in violation of government instructions

As per Government instruction (June 2012) and agreements, the MMU were to camp in hard to reach areas where health facilities such as CHC, PHC & HSC are absent. The route chart for movement of MMU was to be prepared in coordination with CSs, MOICs, Programme Managers and NGOs. In four test checked districts[30] Audit noticed that MMUs were being camped at places where CHCs/ PHCs/ HSCs were already operating in violation of government instructions for which no reasons were on record ***(*Appendix-2.1.20).**

- **Shortfall in machine and equipment**

As per agreements, the JRHMS provided 33 equipment in the MMU vans to the NGOs. In four districts[31], Audit noticed that out of 33 machines and equipment, three to 26 machines and equipment were either not kept in the MMU or lying idle/damaged between January 2010 and October 2015. Reasons for this were not on record.

- **Shortage of MMU**

In five test checked districts[32] the CS projected requirement of 31 MMUs in the five districts based on hard to reach areas in the block. Against this only 20 MMUs were available with a shortage of 11 MMUs (**Appendix-2.1.21**).

In reply, the Department accepted the fact and stated (November 2016) that functioning of MMUs would be streamlined as per the recommendation of UNICEF. However, timeline for ensuring this was not stated.

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28 Dumka, Giridih, Gumla,Jamtara and West Singhbhum

29 Vikash Bharti, Bishunpur; ICERT, Ranchi; Lievenc Health Centre, Chainpur; Rinchi Trust Hospital, Ranchi; Jharkhand Step-Up Trust, Badajamda; Citizen Foundation, Ranchi; Human Rural Foundation, Ranchi and Vikas Kendra, Bagodar

30 Dumka, Gumla, Jamtara and West Singhbhum

31 Dumka, Giridih, Gumla and West Singhbhum

32 Dumka, Giridih, Gumla, Jamtara and West Singhbhum

Out of order X-ray machine installed in MMU run by NGO Vikash Bharti in West Singhbhum district

2.1.12.4 Absence of ambulance service

Fund of ₹ 39.20 crore not utilised for procurement of 369 ambulances (BLS and ALS)

As per IPHS norms 2012, DH shall have well equipped Basic Life Support (BLS) and desirably one Advance Life Support (ALS) ambulance.

Audit observed that target for procurement of 503 ambulances (₹ 50.30 crore) was made during 2015-16 against which 369 ambulances (BLS-329 and ALS-40) for ₹ 39.30 crore were approved in RoP of the year 2015-16. Further, funds ranging from ₹ 22.40 crore to ₹ 39.30 crore sanctioned every year (2012-16) under NRHM for procurement of ambulances were left unutilised by the JRHMS as not a single ambulance had been purchased or made operational till date (**Appendix-2.1.22**).

In reply, the Department stated (November 2016) that process of procurement of ambulances was under process.

2.1.12.5 Bio Medical Waste Management System not functional

IPHS norms 2012, prescribe infrastructure, equipment and procedure for disposal of Bio-Medical waste generated by a health facility. Following irregularities were noticed in test checked districts:

Bio Medical Waste Management System was not found functional in test-checked health facilities

- At DH Dumka, ₹ 18.40 lakh was sanctioned (January 2012) for institutionalisation and strengthening of Bio Medical Waste Management System (BMWMS). Of this, ₹ 4.95 lakh was spent on construction of infrastructure (Deep Burial pit, sharp pit and trench with tin roof and bamboo baricate) and procurement of equipment (trolley), consumables items (puncher proof container, sealing tapes, apron, cap, spectacles, boot, gloves, black bins, red bins, yellow bins etc.) and remaining ₹ 13.45 lakh was lying idle as BMWMS was not functional due to failure to create other required infrastructure. As a result, waste was being disposed-off in the open as can be seen in the photographs below:

Unused deep Open waste disposal in District Hospital, Dumka

In DH Gumla and Chaibasa, incinerators (valued at₹ 29.98 lakh) constructed for disposal of bio-medical waste were found idle and condemned since January 2013 and October 2013 respectively.

Idle incinerator at DH, Gumla

Condemned incinerator at DH, West Singhbhum, Chaibasa

On this being pointed out (between June 2016 and September 2016) Deputy Superintendent, Gumla replied (June 2016) that the incinerator could not be made functional due to lack of required power load for which the Principal Secretary, Health, Medical Education and Family Welfare, GoJ was requested (July 2015) to take action but his response was awaited (November 2016). No reply was furnished by the Government.

2.1.13 Availability of Health Care Professionals

There were shortages of Specialist doctors (92 *per cent*), Medical officers (61 *per cent*), Staff Nurses/ ANMs (27 *per cent*) and Paramedics (52 *per cent*) as compared with IPHS norms

IPHS norms 2012, prescribe 24 hours service provision for CHC, PHC and HSC. It further prescribes manpower requirement for DHs on the basis of bed strength which in turn is prescribed on the basis of population served. The health facilities in the state are supported by regular staff (paid from State budget) and Contractual Staff recruited under NRHM funds.

2.1.13.1 Human resource shortages

The SS and person-in-position (PIP) of Specialist[33] doctors, Medical Officers, Staff Nurses, ANMs and Para medics[34] of the State at DHs, SDHs, CHCs, PHCs and HSCs levels is given in **Table-2.1.9** below:

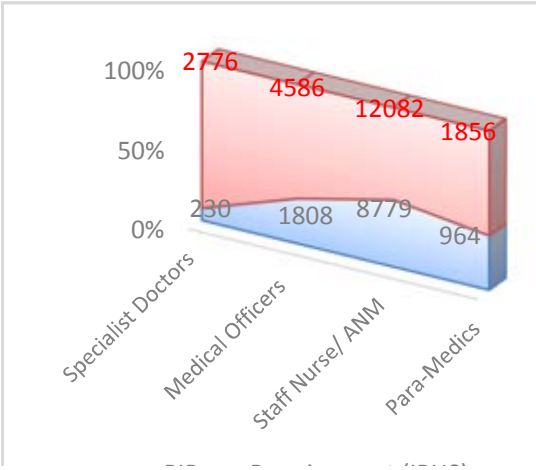
Table-2.1.9: Sanctioned strength and men-in-position as on 31 March 2016

Name of post	Required as per IPHS norms	Regular		Contractual		Shortfall in PIP	
		SS	PIP	SS	PIP	As per IPHS (in *per cent*)	As per SS (in *per cent*)
1	**2**	**3**	**4**	**5**	**6**	**7 [2-(4+6)]**	**8 [(3+5)-(4+6)]**
Specialist doctors	2776	876	172	157	58	2546 (92)	803 (78)
Medical Officers	4586	2733	1793	86	15	2778 (61)	1011 (36)
Staff Nurse/ ANM	12082	5351	3619	6528	5160	3303 (27)	3100 (26)
Para Medics	1856	1124	469	415	415	972 (52)	655 (40)

(Source: State NHM)

[33] Medicine, Surgery, Obstetric & Gynecologist, Pediatrics, Anaesthesia, Ophthalmology, Orthopedics, Radiology, Pathology, ENT, Dental, Psychiatry and Ayush doctors

[34] Laboratory Technician, Pharmacist, Operation Theatre technician



From **Table-2.1.9** it could be seen that shortages of Specialist doctors were 92 *per cent* when compared with IPHS norms and 78 *per cent* as compared to the sanctioned strength. Similarly, there were shortages in cadres of Medical officers (61 and 36 *per cent*), Staff Nurses/ ANMs (27 and 26 *per cent*) and Paramedics (52 and 40 *per cent*) with respect to IPHS norms and SS respectively.

In five[35] test checked districts, out of 92 PHCs, 30 PHCs (33 *per cent*) were operated by Staff Nurse/ ANMs without any Medical Officer. Further no Paramedics were available in any of the test checked PHCs. Out of 48 CHCs in the sample districts, 28 CHCs (58 *per cent*) were operating without specialist doctors. In three[36] out of five DHs, neither Gynaecologist nor Paediatrician were posted.

In reply, the Department accepted the fact and stated (November 2016) that the recruitment process to fill up vacancies is under process. However, no timeline was furnished.

2.1.13.2 Shortage of Speciality treatment

In test checked DHs services for 56 to 81 *per cent* specialty treatment were not available whereas in 19 to 44 per cent specialities, the services were partial. Hence treatment for 55 to 152 types of illness was not provided to the community

IPHS norms (2012) recommend treatment of 200 types of illness under 32 medical/ surgical specialties through performance of 500 procedures at district hospitals (DH). The results of test-check of speciality treatment in the five district hospitals[37] as of July 2016 are given in **Table-2.1.10** below:

Table-2.1.10: Details of departments, procedures and treatment of illness

Sl. No.	Name of selected district	Speciality treatment recommended (IPHS norms)	Number of illness requiring treatment in DH (IPHS norms)	Speciality treatment (partial) available in DH (in number/ *per cent*)	Types of illness treated in DH (in number)	Shortfall of recommended speciality (in number / *per cent*)	Shortfall of treatment of illness in DH (in number/ *per cent*)
1	Dumka	32	200	6 (19)	48	26 (81)	152 (76)
2	Giridih	32	200	8 (25)	169	24(75)	31(16)
3	Gumla	32	200	9 (28)	145	23 (71)	55 (28)
4	Jamtara	32	200	14 (44)	58	18 (56)	140 (70)
5	West Singhbhum	32	200	11 (34)	31	21 (66)	131 (67)

(Source: DRHS)

From **Table-2.1.10** it could be seen that services for 56 to 81 *per cent* specialties were not available in the test-checked DHs whereas in 19 to 44 *per cent* specialities, the services were partial. Hence, treatment/ care for 55

[35] Dumka, Giridih, Gumla, Jamtara and West Singhbhum
[36] District Hospital Dumka, District Hospital Gumla and District Hospital Jamtara
[37] Dumka, Giridih, Gumla, Jamtara and West Singhbhum

(28 *per cent*) to 152 (76 *per cent*) types of illness was not provided to the community.

2.1.14 Training

Training of all cadres of workers at periodic intervals is an essential component of the IPHS for all health facilities. With regards training, following deficiencies were noticed during audit:

2.1.14.1 Inadequate SBA training to ANMs

SBA training were not provided to ANMs posted in 618 out of 2207 type B HSCs

As per revised IPHS norms 2012, the ANM posted at type B HSC (HSC with delivery facilities) should mandatorily be Skilled Birth Attendance (SBA) trained. Audit observed that out of 2207 type B HSCs (where deliveries are conducted), in 618 HSCs, SBA trained ANMs were not posted in violation of norms. JRHMS replied (October 2016) that instructions have been given to all CS-cum-CMO to post SBA trained ANMs at type B HSCs.

2.1.14.2 Inadequate training to ASHA (*Sahiya*)

Each ASHA (*Sahiya*) shall be trained in public health services such as information on immunisation/ vaccination, recording weight & height, ANC, etc. under eight modules. Audit observed that state fixed target for providing 6.40 lakh numbers of training to 40964 *Sahiyas* during 2011-16 against which 2.12 lakh numbers of training were provided to *Sahiyas* leaving a shortfall of 4.28 lakh numbers (67 *per cent*) in providing training. The details of the modules and ASHAs (*Sahiyas*) trained, though called for in audit, were not furnished. The shortfall in training with respect to the targets ranged from 45 to 71 *per cent* during 2011-16 (**Appendix-2.1.23**). Insufficient trainings to ASHAs could have resulted in inadequate awareness generation among the rural communities.

No reply was furnished by the department to audit observation in this regard.

2.1.15 Short availability of diagnostic services

65 to 78 *per cent* diagnostic tests were not performed in test checked DHs. X-ray and ECG services were not available in seven and nine test checked CHCs respectively. No essential laboratory services were available in any test checked PHCs

The IPHS norms 2012 recommend 102 and 33 tests for a DH and CHC laboratories respectively so that they could perform all tests required to diagnose epidemic or important diseases. Further, norms recommend X-ray, Eco Cardio Gram (ECG) facilities to be available in a CHC and that essential[38] laboratory services should be available in a PHC.

- In five test checked districts[39], Audit observed that 66 (65 *per cent*) to 80 (78 *per cent*) diagnostic tests were not performed in DHs against IPHS recommended requirement of 102 diagnostic tests. In CHCs, 14 (42 *per cent*) to 28 (85 *per cent*) diagnostic tests, were not done against recommended 33 tests (**Appendix-2.1.24**).

[38] Routine urine, stool and blood tests, diagnosis of RTI/STDs with wet mounting, grams, stain, sputum testing for mycobacterium, blood smear examination malarial, blood for grouping and Rh typing, RDK for Pf malaria, rapid tests for pregnancy, RPR test for syphilis/YAWS surveillance, rapid test kit for fecal contamination of water, estimation of chlorine level of water using orthotoludine, blood suger etc.

[39] Dumka, Giridih, Gumla,Jamtara and West Singhbhum

- Audit further noticed that essential test facilities viz. X-ray and ECG were not available in seven and nine test checked CHCs respectively. These test facilities were also not available in SDH, Chakradharpur.

- It was also noticed that no essential laboratory services were available in any of the 21[40] test checked PHCs.

Thus, there were significant shortages in availability of diagnostic services at all levels of medical facilities.

Government did not furnish any reply to the audit observation.

2.1.16 Service Delivery Infrastructure

IPHS norms 2012 recommend that drugs and consumables shall be available in health facilities for delivery of minimum assured services.

2.1.16.1 Absence of medicines in health facilities

As per the norms, DH/ CHC/ PHC/ HSC require 493, 176, 119 and 18 types of essential medicines respectively for delivery of minimum assured services. Audit noticed that

Essential medicines ranged from 75 to 88 *per cent* in DHs, 32 to 82 *per cent* in CHCs, 61 to 91 *per cent* in PHCs and 22 *to 83 per cent* in HSCs were not available

- In five DHs, only 61 to 124 types of essential medicines were available while 369 (75*per cent*) to 432 (88 *per cent*) recommended essential medicines were not available as of March 2016. In 13 CHCs/SDH[41], 31 to 119 types of essential medicines were available while 57 (32 *per cent*) to 145 (82 *per cent*) recommended essential medicines were not available as of March 2016. In 21[42] out of 23 selected PHCs, 15 to 67 types of essential medicines were available while 106 (61 *per cent*) to 158 (91 *per cent*) recommended medicines were not available as of March 2016 (**Appendix-2.1.25**).

- It was also noticed that no medicines were available in Kurgi and Bilingbera PHCs during 2015-16.

- In 57 out of 69 selected HSCs, three to 14 types of essential medicines were available and four (22 *per cent*) to 15 (83 *per cent*) essential medicines were not available as of March 2016 (**Appendix-2.1.26**). Further, it was noticed that no essential medicines were available at 19 HSCs[43] during 2015-16.

Absence of essential medicines at health care facilities may impair the delivery of required medical services.

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[40] Amba, Ananadpur, Ataka, Bilingbera, Barapalasi, Baramisia, Bhandro, Bindapathar, Chikania, Dhandara, Duriya, Fatehpur, Geriya, Hathia, Jeraikela, Jura, Kurgi, Maluti, Nimiaghat, Sariya, and Tuladih

[41] Bagodar, Bharno, Birni, Chakradharpur SDH, Dumri, Jama, Kundhit, Manoharpur, Nala, Palkot, Shikaripara, Sisai and Tonto

[42] Amba, Anandpur, Atka, Barmasia, Barapalasi, Bhandro, Bilingbera, Bindapathar, Chiknia, Dhandara, Duriya, Fatehpur, Geriya, HathiyaJaraikela, Jura, Kurgi, Maluti, Nimiyaghat, Suriya and Tuladih.

[43] Atakora, Babupur, Bangru, Bhandro, Bhabhanbandhi`, Charapura, Duria, Domba, Fathepur, Harinarayanpur, Jura, Marasili, Margaown, Narayanpur, Pohara, Pithartoli, Rosantunda, Solga, Satki

In reply, the Department stated (November 2016) that issue of shortages would be taken care of shortly and the department has been moving from local procurement to central procurement and distribution. However, the timeline for ensuring this was not stated.

2.1.16.2 Fraudulent payment on procurement of Diagnostic Kits

As per rule 151 (i) of GFR 2005, limited tender enquiry method may be adopted when estimated value of the goods to be procured is between ₹ one lakh and ₹ 25 lakh. The number of suppliers firms in limited tender enquiry should be more than three. Further, as per Office Memorandum[44] of Ministry of Personnel, Public Grievances and Pension, procurement of all items of office consumption beyond ₹ one lakh to ₹ 25 lakh, where limited tender are to be invited as per rule 151 of the GFR 2005, Kendriya Bhandar (KB) and National Consumer Co-operative Federation (NCCF), among others, shall also be invited to participate in such limited tender. Purchase preference will be granted to KB/NCCF if the price quoted by the Co-operatives is within 10 *per cent* of the L1 price and if these Co-operatives are willing to match the L1 price. No price preference over and above the L1 price shall be given to these Co-operatives. Further, as per rule 137 of GFR 2005, the specifications in terms of quality, type etc. as also quantity of goods to be procured should be clearly spelt out and care should be taken to avoid purchasing quantities in excess of requirement.

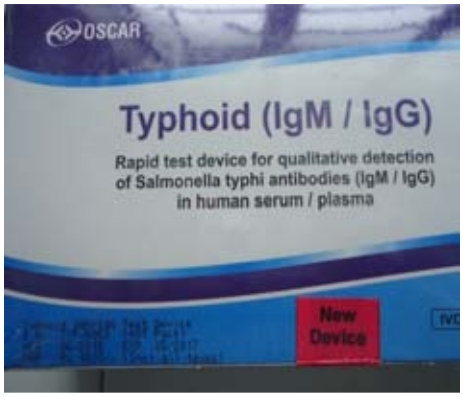
Fraudulent payment ₹ 1.33 crore (two to thirteen times of the MRP) was made to Kendriya Bhandar, Ranchi on procurement of diagnostic kits valued at ₹ 2.60 crore in Dumka and Giridih districts

- Audit noticed that, CS Dumka and CS Giridih violating the above rules placed purchase orders to KB, Ranchi on nomination basis for procurement of Typhoid detection kit (5000 Nos.), HIV Screening test kit (147020 Nos.), Urine Test kit (53000 Nos.) and Hepatitis 'B' test kit (55340 Nos.) valued at ₹ 2.60 crore without inviting tenders or assessing actual requirement, during March 2014 to June 2016 from the Janani Shishu Suraksha Karyakaram (JSSK) fund. Audit further noticed that KB, Ranchi supplied the said items at two to 13 times the maximum retail price (MRP). Details of excess over MRP amount charged by the KB is given in **Appendix-2.1.27**. Total excess payment to KB worked out to ₹ 1.33 crore (51 *per cent* of the supply value).

This resulted in excess payment of at least ₹ 1.33 crore (51 *per cent*) calculated on the basis of MRP which appears to be fraudulent. Purchase prices may have been even lower in case limited open tender was invited.

- In the test checked CHCs (Jama and Shikaripada), audit noticed purchases made without assessment of requirements as HIV screening test kit (4430 out of 16500) and Hepatitis 'B' test kit (7646 out of 8500) valuing ₹ 7.76 lakh (35 *per cent* of total value of supply) expired as these were not utilised.

[44] No. 14/12/94-Welfare Vol.-II dated 05 July 2007 of Department of Personnel and Training, extended upto March 2015



Printed MRP on the Box – ₹4800 for 40 kits (Indicated in above Photograph)
Price at which supplied - ₹ 64134 for 40 kits

Deliberate scratching of MRP from supplied box

Expired HIV screening test kits in store at CHC, Jama

Expired Hepatitis 'B' test kits in store at CHC, Jama

In reply, the Department stated (November 2016) that the matter would be examined and suitable action would be taken.

- During audit of CS-cum-CMO, Giridih, it was noticed that 30 radiant warmers valued at ₹ 26.85 lakh were purchased in September 2013 (at ₹ 89,500 each) from KB on nomination basis. On physical verification of the warmers (in CHC, Dumri) the MOIC stated that four out of five equipment were not functioning, since their supply. The CS Giridih replied that matter would be examined and intimated to audit.

- On similar lines, CS Jamtara procured 16 IUCD (Intra Uterine Contraceptive Device) kits and 70 Manual Vacuum Aspiration (MVA) kits during 2013-14 without assessing requirement and without inviting tender and placed order on a nomination basis to KB, Ranchi. It was also noticed that the MVA kits were of different quality as per report submitted by District Reproductive and Child Health Programme (RCH) Officer. Thus, conformation to quality requirement was not ensured. Further, the Kits were procured at higher prices over the offers available from another supplier resulting in avoidable expenditure of ₹ 1.18 lakh as shown in **Table-2.1.11**:

Table-2.1.11: Details of excess amount paid to Kendriya Bhandar

Amount in ₹

Sl. No.	Name of kit	Rate offered by M/s Masuk Enterprises, Jamtara	Rate at which Kits procured from Kendriya Bhandar, Ranchi	Excess cost per unit	Total quantity procured	Excess payment made
1	IUCD Kit	1420	2550	1130	16	18080
2	MVA Kit	700	2125	1425	70	99750
					Total	**117830**

2.1.16.3 Loss on purchase of medicines/ equipment/ consumables

JRHMS and CS-cum-CMOs approve rate-contracts across state and district respectively and the respective sub-ordinate offices are required to procure the listed medicines/ consumables from the approved vendors at the price specified in this approved rate contract.

Medicines/ consumable were purchased higher than approved rate contracts and paid excess amount ₹ 42.86 lakh to suppliers in DH Dumka and West Singhbhum districts

Audit noticed that DHs[45] and DRHS[46] purchased medicines/ consumables at rates higher than approved rate-contracts from other than approved agencies on nomination basis or by calling quotations during 2011-16 and resultantly paid ₹ 42.86 lakh (**Appendix-2.1.28**) in excess to the suppliers. This resulted in excess payment of ₹ 42.86 lakh.

In the exit conference, Government stated (November 2016) that the department has been moving from local procurement to central procurement and distribution. However, they did not respond to the fact of any action would have been taken or was contemplated against the officials responsible for incurring loss to Government.

2.1.16.4 Purchase and distribution of substandard medicines

As per government order, medicine suppliers shall compulsorily submit copy of test report of each batch of drug supplied to the state agencies with the sales invoice. Further, samples of drugs of each batch may be taken for testing/ analysis by the Drug inspector from company's godown-cum-store/ district drug store/ medical college hospital store.

- Audit noticed that test report of each batch of supplied medicines (procured for ₹ 10.20 crore[47] during 2011-16) was not enclosed with the supply invoice by suppliers in three test checked districts[48]. Further, the batch wise sample of medicines tested/ analysed by the Drug Inspectors was also not found. The medicines were consequently procured by ignoring the government orders and under these circumstances, supply of sub-standard medicines could not be ruled out.

In Dumka district, 9028 bottles of substandard paracetamol were supplied to the *Sahiyas*

- DRHS, Dumka was supplied 14052 bottles of Paracetamol Syrup (60 ml each bottle) valued at ₹ 1.54 lakh by M/s Bengal Chemical and Pharmaceuticals Ltd., Ranchi in June 2015 which was distributed to 2813 Sahiyas (five bottles each). Audit noticed that out of 14,052 bottles, 9028 bottles valued at ₹ 0.99 lakh were found substandard in the test report/ certificate of State Drug Testing Laboratory, Ranchi (November 2015). Medicines from this batch were supplied to the *Sahiyas* between June-July 2015 i.e. four to five months before obtaining test certificate. It was also noticed that CS-cum-CMO, Dumka instructed (December 2015) all the MOIC of CHCs to take back the medicines but these were not found returned as of June 2016. Thus, the possibility of use of these substandard medicine which would endanger health of several children could not be ruled out.

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45 District Hospital, Dumka & West Singhbhum
46 West Singhbhum
47 State fund – ₹ 3.89 crore + NRHM fund - ₹ 6.31 crore
48 Dumka, Gumla and West Singhbhum

2.1.16.5 Expired medicines

In joint physical verification of stock audit noticed that 157018 medicines in stock expired during stocking in four[49] facilities (**Appendix-2.1.29**). Expiry of significant quantity of medicine indicated procurement without assessment of proper need.

In the exit conference, Government stated (November 2016) that the department has been moving from local procurement to central procurement and distribution. However, reasons for excess procurement over requirement were not stated.

2.1.16.6 Out of stock medicines

During test check of stock registers of DHs[50], CHCs[51] and one SDH[52] of five test checked districts[53] audit noticed that 963 types of medicines were out-of-stock for periods ranging between one to 12 months during 2011-16 (**Appendix-2.1.30**). Failure to stock/procure essential medicines for stores again indicated absence of procurement on the basis of a systematic need based assessment.

In reply, the Department stated (November 2016) that issue of shortages would be taken care of shortly and the department is moving from local procurement to central procurement and distribution. However, any timeline for redressal of the problems was not stated.

2.1.17 Quality Assurance and Monitoring

2.1.17.1 Quality Assurance Standards

SQAU was not made functional till July 2016 and DQAU not constituted in test checked districts

Quality Assurance (QA) standards under NRHM are prescribed in Operational Guidelines for Quality Assurance in Public Health Facilities 2013. As per the guidelines for strengthening the QA activities, organisation arrangements is to be ensured through State Quality Assurance Committee (SQAC), State Quality Assurance Unit (SQAU), District Quality Assurance Committee (DQAC), District Quality Assurance Unit (DQAU) and District Quality Team (DQT) at respective levels with defined roles and responsibilities. Audit scrutiny revealed the following shortcomings of the Quality Assurance System operational in the State:

2.1.17.2 State Quality Assurance Committee and Unit

Broad responsibility of SQAC is to oversee the QA activities across the state in accordance with the national and state guidelines and also to ensure regular and accurate reporting of various key indicators.

- Audit noticed that SQAC, though constituted after restructuring of existing committees in October 2014, did not discuss Key Performance Indicators (KPIs) pertaining to reproductive, maternal, new-born, Child health and

[49] DH Gumla; DH West Singhbhum; CHC Shikaripara, Dumka; and CHC Tonto, West Singhbhum
[50] District Hospital of Dumka, Giridih, Gumla, Jamtara and West Singhbhum
[51] Community Health Centre of Manoharpur, Shikaripara and Tonto
[52] Sub divisional Hospital, Chakradharpur
[53] Dumka, Giridih, Gumla, Jamtara and West Singhbhum

adolescent (RMNCH+A) with concerned CS-cum-CMO. Further, follow-up action with responsibility and timelines for the improvement of KPIs were not ensured by SQAC during 2014-16, as required under guidelines.

- SQAU is the working arm under SQAC and responsible for undertaking various activities as per its Term of References (ToR). However, the SQAU was not made functional till July 2016.

In reply, the Department stated (November 2016) that quality assurance and monitoring mechanism would be strengthened.

2.1.17.3 District Quality Assurance Committee and Unit

DQAC is responsible for dissemination of QA policy and guidelines, ensuring standards for quality of care, review, report and process compensation claims, etc. and to meet at least once in a quarter.

- DQAUs are the working arms of DQAC and responsible for undertaking activities as per ToRs of the committee which included field visits to ensure quality assessment of the services. However, DQAUs were not constituted in the five test-checked districts[54].

- Audit observed that only two review meetings of DQAC were organised in Dumka and Gumla in the year 2014-15 and 2015-16 respectively. No review meetings were organised in the other test checked districts. Monthly KPIs data/ report were not available in Gumla and Jamtara whereas three monthly KPIs reports were sent to SQAC by West Singhbhum district during 2013-16.

In reply, the Department stated (November 2016) that quality assurance and monitoring mechanism would be strengthened.

2.1.17.4 District Quality Team at District Hospital

As per guidelines, DQT functioning exclusively at district hospital is responsible for staff orientation, ensuring adherence to quality standards, etc. DQT needs to meet once every month. In five test-checked DHs under the sampled districts[55] it was observed that out of 87 required meetings only 18 meetings were conducted as of March 2016 (**Appendix-2.1.31**).

In reply, the Department stated (November 2016) that quality assurance and monitoring mechanism would be strengthened.

2.1.17.5 Patient Satisfaction Survey at District Hospital

No patient satisfaction survey was conducted in DHs Dumka, Giridih and Jamtara during 2013-16. Only 56 *per cent* death audit conducted

Under the guidelines, a quarterly feedback (for 30 OPD and 30 IPD patients separately) is to be taken on a structured format by the hospital manager. In the test checked districts[56] audit observed that in DHs Gumla and West Singhbhum, 20 and 150 patient satisfaction surveys were conducted against required 720 every year during 2014-15 and 2015-16 respectively. In DH West Singhbhum, test check of 35 OPD patient survey sheets conducted during 2014-16, revealed that 14 patients (40 per cent) were not satisfied with the facilities provided by the hospital but no action taken reports were

[54] Dumka, Giridih, Gumla, Jamtara and West Singhbhum
[55] Dumka, Giridih, Gumla, Jamtara and West Singhbhu.
[56] Dumka, Gumla, Jamtara and West Singhbhum

available in the hospitals. No patient satisfaction survey was conducted in DHs of Dumka, Giridih and Jamtara districts during 2013-16.

In reply, the Department stated (November 2016) that online satisfaction survey has been started recently. However, the methodology of monitoring of feedback was not stated.

2.1.17.6 Death Audit

Under the guidelines, all health facilities should establish procedure for the audit of all deaths happening at the facility. Further, audit of deaths is to be undertaken by the DQAC and reports are to be forwarded to the state with a copy to the Ministry of Health & Family Welfare, GoI. In the test checked DHs[57], audit observed that 255 death cases were recorded during 2013-16 against which 112 death cases were audited and 143 (56 *per cent*) were not audited, in violation of the above provisions.

No reply to the audit observation was furnished by the Government.

2.1.17.7 Standards Operating & Work instructions

Department wise SOPs were not documented and consequently the work was not being done as per SOP in test - checked districts. No Internal Quality Assurance Team constituted at lower facility level

As per Guidelines, Standard Operating Procedures (SOPs) should be documented for standardising the clinical and management process at facility level. Appropriate training to the staff on SOPs and guidelines may be provided. In none of the DHs of five test checked districts[58] department wise SOPs were documented and consequently the work was not being done as per the SOPs. Deputy Superintendent, DH Jamtara stated that SOPs were to be issued by the State Quality Department and would be introduced shortly.

No reply to the audit observation was furnished by the Government.

2.1.17.8 Internal Quality Assurance Team at lower level facilities

As per Guidelines, in-charge of health facility would form an internal quality assessment team which would meet periodically to discuss the status of quality assurance in their facility. In the test checked districts[59]audit observed that no quality assurance team at facility levels such as CHCs, PHCs and HSs was constituted.

No reply to the audit observation was furnished by the Government.

2.1.17.9 Assessment of services

As services were not assessed, the gaps in the quality of services provided by the facilities remained unidentified

As per Assessor's guidebook for Quality Assurance in District Hospital 2013, scores of the department/facility are to be calculated[60] every quarter based on assessment of all the measurable elements and checkpoints and upon testing compliance. This is to identify the gaps in service delivery and for taking effective actions for removing these gaps. The SQAU and DQAU are to assess the score quarterly and six-monthly respectively. However, no such scoring was done or assessed at any level in any of the facilities test-checked by audit.

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57 Dumka, Giridih, Gumla, Jamtara and West Singhbhum

58 Dumka, Giridih, Gumla, Jamtara and West Singhbhum

59 Dumka, Gumla, Jamtara and West Singhbhum.

60 (a) two marks for full compliance, (b) one mark for partial compliance and zero for non compliance

In DHs of test checked districts[61]audit assessed all the measurable elements and checkpoints of the area of concerns (services) by using the checklist and observed that the overall score of hospitals ranged from 43 to 52 *per cent* as detailed in **Table-2.1.12** below:

Table-2.1.12: Details of area wise score of test-checked DHs

Sl. No.	Area of concern	Area wise score (in per cent)				
		Dumka	Giridih	Gumla	Jamtara	West Singhbhum
1	Availability of functional Services	78	48	74	61	50
2	Accessibility of Services to the Users	66	68	52	70	52
3	Availability of Support Services	41	48	37	50	44
4	Adequate Clinical Processes	61	57	71	57	64
5	Infection Control Practices	41	35	47	59	44
6	Quality Management Control	9	47	6	13	6
	Hospital score (in *per cent*)	**49**	**51**	**48**	**52**	**43**

Similarly in 13 CHCs (including one SDH) audit assessed that overall scores ranged from 37 to 63 *per cent* and in 20 PHCs overall scores ranged from 11 to 57 *per cent* in five test- checked districts.

Thus the quality assurance mechanism envisaged under NRHM was still at its nascent stage, despite ₹ 7.83 crore being spent on the quality assurance activities in the last two years. Resultantly, the gaps in the quality of services provided by the facilities remained unidentified and were not rectified.

The department did not reply to the audit observation.

2.1.18 Maintenance of records

As per IPHS norms 2012, proper maintenance of records of services provided at the HSC and the morbidity/ mortality data is necessary for assessing the health situation in the HSC area. In addition, all births and deaths under the jurisdiction of HSC should be documented and sex ratio at birth should be monitored and reported. Minimum 12 registers[62] are required to be maintained at HSC. Audit noticed that only three to eight types of registers were being maintained in 69 selected HSCs of five test checked districts[63]. Thus,

[61] Dumka, Giridih, Gumla, Jamtara and West Singhbhum

[62] i. Eligible Couple Register, ii. Maternal and Child Health Register (a. antenatal, intra-natal, postnatal, b. Under-five register – immunisation, growth monitoring, c. above five child immunisation, d. number of HIV/STI screening and referral), iii. Birth and Death Register, iv. Drug Register, v. Equipment, Furniture and other accessories Register, vi. Communicable diseases/ Epidemic Register/ Register for Syndromic Surveillance, vii. Passive surveillance register for malaria cases, viii. Register for records pertaining to Jannani Suraksha Yojana, ix. Register for maintenance of accounts including untied funds, x. Register for water quality and sanitation, xi. Minor Ailments Register, and xii. Records/ registers as per various National Health Programme guidelines (NLEP, RNTCP, NVBDCP etc.)

[63] Dumka, Giridih, Gumla, Jamtara and West Singhbhum

maintenance of mandatory records were not ensured. No reply to the audit observation was furnished by the government.

2.1.19 Implications of Audit Findings

2.1.19.1 Availability of Health Care

The deficiencies identified in the observations above have resulted in critical shortcomings in provision of health care facilities to mother and child in the state. The analysis of the state level figures of the same are detailed below:

The department failed to create health care facilities in the state based on population norms

(i) Shortage of Health Care Facilities: As per the 2011 census, the state had one HSC for 8,329 population (against prescribed norms of 3,000-5,000), one PHC for 99,898 population (against prescribed norms of 20,000-30,000) and one CHC for 1,75,352 (against prescribed norms of 80,000-1,20,000) population. Similarly, as per projected population[64] 2016, the state had one HSC for 9,317 population, one PHC for 1,11,748 population and one CHC for 1,96,153 population.

The gaps in actual availability of health care facilities against the requirements as per 2011 census were 55 *per cent* in HSCs, 76 *per cent* in PHCs and 45 *per cent* in CHCs which increased to 60 *per cent* (HSCs), 79 *per cent* (PHCs) and 51 *per cent* (CHCs) as per projected population for 2016. Further, the department did not make any plan to construct additional centres as noticed from State government five year plans/ PIPs.

In reply, the Department accepted the audit observation and stated (November 2016) that it had been trying to rectify the shortcomings. However, no roadmap was shown to have been developed to bridge the gaps between requirement and availability.

The department failed to provide all ANC and associated services to the pregnant women

(ii) Inadequate Antenatal Care: As per IPHS norms 2012, complete antenatal care (ANC) requires early registration, three subsequent ANCs and provision of complete package of services with review of third visit by a doctor. It was noticed that shortfall in providing second and fourth ANCs to pregnant women (PW) was 26.82 lakh (72 *per cent*) and 11 lakh (29 *per cent*) respectively in the state out of 37.51 lakh pregnant women (PW) registered for ANC check-ups (**Appendix-2.1.32).**

No reply to audit observation was furnished by the department.

(iii) Inadequate ANC associated services: The ANCs associated services mandates provision for general examination such as height, weight, blood pressure, anaemia, abdominal examination, breast examination and providing iron and folic acid (IFA) tablets, Tetanus Toxoid (TT) injection etc. to PW. Audit observed that out of 37.51 lakh registered PW for ANC in the state during 2011-16, shortages in providing first TT and second TT injection to PW were 6.19 lakh (16 *per cent*) and 8.02 lakh (21 *per cent*) respectively. Similarly, shortages in providing IFA tablets to PW was 16.39 lakh (44 *per cent*). Incidentally, during 2011-16, audit noticed 31430 (5 *per cent*) cases of reported low weight births and 9477 cases of still births (2 *per cent*) against 5.84 lakh reported cases of live births in the four test checked

[64] based on district wise percentage decadal growth 2001-11

districts[65]. The failure to provide adequate ANC services may increase the risk of low weight/still births of children in the state.

No reply to audit observation was furnished by the department.

(iv) Shortfall in reported deliveries (institutional and home) against registered pregnant women: Audit observed that 37,51,047 PWs were registered in the state during 2011-16 of which, 31,50,713 (84 *per cent*) institutional (DHs, CHCs, PHCs and HSCs) and home deliveries were found reported, while remaining 6,00,344 (16 *per cent*) registered PWs were not tracked during 2011-16 as the system for tracking registered PWs was not developed by the state. As such it might be presumed that the PWs had either migrated or their deliveries were conducted in private hospital. Detailed are given in **Table-2.1.13** below:

Table-2.1.13: Details of shortfall in reported deliveries (institutional and home) against registered PW in the State during 2011-16

Sl. No.	Year	Total number of registered PW	Number of Institutional delivery conducted in health care facilities (number/ *per cent*)	Number of home delivery against registered PW (in number/ *per cent*)	Total deliveries were reported against registered PW (in number/ *per cent*)	Difference (in number/ *per cent*)
1	**2**	**3**	**4**	**5**	**6 (4+5)**	**7 (3-6)**
1.	2011-12	734914	372229 (51)	211462 (29)	583691 (80)	151223 (20)
2.	2012-13	724839	435668 (60)	176135 (24)	611803 (84)	113036 (16)
3.	2013-14	801120	504646 (63)	141092 (18)	645738 (81)	155382 (19)
4.	2014-15	782667	500177 (64)	136567 (17)	636744 (81)	145923 (19)
5.	2015-16	707507	555785 (79)	116952 (16)	672737 (95)	34770 (5)
	Total	**3751047**	**2368505 (63)**	**782208 (21)**	**3150713 (84)**	**600334 (16)**

(Source: JRHMS)

No reply to audit observation was furnished by the department.

79 *per cent* home deliveries were not attended by SBA

(v) Home deliveries without Skilled Birth Attendant: Audit observed that against 7.8 lakh home deliveries in the state during 2011-16, 6.2 lakh (79 *per cent*) deliveries were not attended by SBA such as Doctors/ Nurses/ ANMs which was a violation of the prescribed norms.

No reply to audit observation was furnished by the department.

(vi) Shortfalls in Family Planning Implementation: The Family Planning Programme aimed to reduce the TFR by encouraging adoption of appropriate family planning methods. The target of Jharkhand was to reach the Total Fertility Rate (TFR) of 2.4 by 2015-16. Against this, the achievement was 2.7 as of March 2016.

- **Limiting Methods:** Limiting methods of family planning consist of vasectomy for male and tubectomy for female. Total target of 9.75 lakh was fixed by the state for sterilisation against which achievement was 6.15 lakh during 2011-16. Thus, overall shortfall was 3.60 lakh (37 *per cent*).

[65] Dumka, Giridih, Jamtara and West Singhbhum

Achievement against target for sterilisation declined from 73 to 42 *per cent* during 2012-16 **(Appendix-2.1.33)**.

- **Spacing Methods:** The targets fixed by the state for insertion of IUCD, distribution of Oral pills and condom was 10.82 lakh, 706 lakh and 44.70 crore against which over all shortfalls were 52, 96 and 95 *per cent* respectively during 2011-16 **(Appendix-2.1.34).**

Thus, the mandate of NRHM to reach TFR of 2.4 by 2015-16 was not achieved. No reply to audit observation was furnished by the department.

In test-checked districts, 0.3 to 80 *per cent* patients were leaving the health facilities without medical advice (LAMA) due to deficient service delivery or inadequate awareness among the patients

(vii) Patients "Left against Medical Advice (LAMA)": Provision of inadequate service delivery was also confirmed in test check of IPD registers of two DHs, one SDH and two CHCs of test checked districts. It was noticed that 6,064 patients (out of 45,017) admitted in labour ward for delivery left the health care facilities against medical advice during 2011-12 to 2015-16. The patients leaving health care facilities against medical advice ranged between 0.3 *per cent* and 80 *per cent*. Patients leaving the health facilities against medical advice indicated possible deficient service delivery or inadequate medical awareness of the patient or both **(Appendix-2.1.35)**.

No reply to audit observation was furnished by the department.

2.1.19.2 Beneficiary and ASHA (Accredited Social Health Activist) / *Sahiya* Survey Findings

Audit surveyed, 10 JSY beneficiaries and three ASHAs at each sampled HSC (690 eligible beneficiaries and 207 ASHA/ *Sahiyas*) by using structured questionnaire. The survey results detailed below confirmed the inadequacies pointed out in the audit findings and the statistics mentioned above in provision of health care services:

Beneficiary Survey

In five test checked districts[66] out of 690 beneficiaries surveyed, audit noticed:

- **Registration of Pregnancy:** Of the 690 beneficiaries surveyed, 377 (55 *per cent*) beneficiaries were registered in time, 155 (22 *per cent*) beneficiaries were registered between four to six months of their pregnancies, 45 (five *per cent*) beneficiaries were registered between six to nine months of their pregnancies and 113 (16 *per cent*) beneficiaries did not know about registration of their pregnancies.

- **Knowledge about Due date:** 336 beneficiaries knew about due date of their delivery, whereas 354 (51 *per cent*) beneficiaries did not know about their due date of delivery.

- **Ante-Natal Care (ANC):** PWs are required to visit the facilities at least four times for ANCs. In the beneficiary survey audit found that 25 (four *per cent*) beneficiaries visited health centre or hospital just once, 99 (14 *per cent*) beneficiaries visited the health centre or hospital twice and 136 (20 *per cent*) beneficiaries visited the health centre or hospital three times and 430 beneficiaries visited health centre or hospital four times or more.

[66] Dumka, Giridih, Gumla, Jamtara and West Singhbhum

- Under the scheme guidelines, ASHAs (*Sahiyas*) are required to visit beneficiary homes at least thrice during the pregnancy period. *Sahiya* visits to beneficiary homes, in the sample, during the pregnancy period was once for 20 PWs (three *per cent)*, twice for 76 PWs (11 *per cent*), thrice for 88 PWs (13 *per cent*) and four and above times for 506 PW (76 *per cent)*. Thus, the required visits were not ensured.

- NRHM is being implemented with the objective of reducing maternal and neo-natal mortality by promoting institutional delivery among the poor PW. 589 (85 *per cent)* beneficiaries delivered at health facilities (CHC-207 beneficiaries, PHC-196 beneficiaries, HSC-186 beneficiaries), 37 beneficiaries delivered at private hospitals, 63 beneficiaries delivered at home and one beneficiary delivered in transit. Thus, institutional delivery in all the surveyed cases was not ensured.

No reply to the findings of the beneficiary survey was furnished by the department.

- Under the guidelines, *Sahiyas* are to motivate PWs for institutional deliveries. In 454 cases (beneficiaries) *Sahiyas* responded quickly, in 139 (20 *per cent*) cases *Sahiyas* did not respond quickly on any issue during pregnancy when they were called by the beneficiaries while 97 beneficiaries did not give any specific response.

- **Ambulance availability:** As per JSSK guidelines, referral transport facility should be made available at no cost for PWs. It was noticed that 412 beneficiaries (PWs) called the ambulances whereas 278 (40 *per cent*) beneficiaries did not call the ambulance. Further, ambulances arrived in time in 596 cases and did not arrive in time in 94 cases (14 *per cent*). Four beneficiaries had to pay ₹ 150 to ₹ 400 for the ambulance service. Thus, referral transport facility was not provided in all cases.

- **Stay in Health facility:** As per JSSK guidelines, beneficiaries are to stay in the hospital facility for at-least 48 hours after delivery. Audit survey revealed that 99 (14 *per cent*) beneficiaries stayed in the health institution after delivery upto 12 hours, 300 (43 *per cent*) beneficiaries stayed in the health institution after delivery for 12-24 hours, 128 (19 *per cent*) beneficiaries stayed in the health institution after delivery for 24-48 hours and 163 (24 *per cent*) beneficiaries stayed beyond 48 hours after delivery. Thus, provisions of the guidelines were not adhered to in any of the cases.

- 612 beneficiaries were provided food in health institutions free of cost whereas 21 beneficiaries had to pay for the food provided to them and no food was provided to 57 (8 *per cent*) beneficiaries in health institution.

- **JSY Cash Incentive:** Under JSY, every women is entitled for cash incentive of ₹ 1,400 immediately after her institutional delivery. Audit survey revealed that 408 beneficiaries were paid incentives, while 282 (41 *per cent*) beneficiaries were not paid incentives under JSY. Of the 408 beneficiaries, 198 received incentives in time whereas 210 (30 *per cent*) beneficiaries were paid the incentives with delays between one and 365 days. Thus, the cash incentive was not provided timely to all PW.

- **Post-Natal Care (PNC):** Under the guidelines, new mothers are required to visit health facilities at least four times within 42 days of delivery for PNCs. Audit survey revealed that 66 (10 *per cent*) beneficiaries visited the medical facilities only once for PNC, 134 (19 *per cent*) beneficiaries visited the medical facilities twice, 195 (28 *per cent*) beneficiaries visited the medical facilities three times and 295 (43 *per cent*)beneficiaries visited the medical facilities four time for post-natal care. Thus, proper dissemination of information about PNC does not seem to have been ensured.

- Under the guidelines, health workers are to visit beneficiary's home at least twice within seven days from the date of delivery. In 413 cases health worker visited beneficiaries home within two-seven days, in 174 (25 *per cent*) cases health worker did not visit the beneficiaries home within seven days to check the mother and baby and in 103 cases beneficiaries did not know about the visit requirement of health workers.

- 564 beneficiaries received Vitamin A dose, 71 (10 *per cent*) beneficiaries did not receive Vitamin A dose and 55 beneficiaries were not aware of this service.

Thus, the PNC measures were not properly enforced.

ASHA (*Sahiya*) Survey

The result of survey of 207 ASHAs (*Sahiya*) revealed the following:

- **Training:** Under JSY, *Sahiyas* are to be trained for emergency situations. Forty five sampled *Sahiyas* were trained for emergency situation and 162 (78 *per cent*) surveyed *Sahiyas* were not trained for emergencies and did not have necessary equipment to conduct a normal delivery. This constrained them from effectively delivering the mandated health care service.

Usage of kits

Out of 207 ASHAs (*Sahiyas*) surveyed by audit, 31 *Sahiyas* who possessed disposable delivery kits and 16 *Sahiyas* who had pregnancy test kits in their possession did not know how to use them. Likewise, 56 *Sahiyas* had blood pressure monitor, seven *Sahiyas* had paracetamol tablets and iron pills and six *Sahiyas* had deworming pills but they all did not know about its use. This reduced the effectiveness of the *Sahiyas* in delivering the mandated health services.

- **Receipt of Incentives:** Under JSY, *Sahiyas* should be paid incentives for each activity such as ANC, institutional delivery, PNC etc. Audit survey revealed that 83 *Sahiyas* were paid incentives always on time, 64 *Sahiyas* got incentives usually in time, four *Sahiyas* got incentives sometimes, 29 (14 *per cent*) *Sahiyas* got incentives rarely and 27 (13 *per cent*) *Sahiyas* never got incentives in time. This may demotivate the *Sahiyas* in performing their duties diligently.

2.1.20 State of Ultimate Goals

NRHM aims to reduce IMR to less than 25 per 1000 live births, MMR to 100 per lakh live births and TFR to 2.1 by 2017. India is also a signatory to UN targets of Millennium Development Goals (MDGs) as indicated below. As per

the last two Sample Registration Survey (SRS) the figures for the vital indicators are as shown in **Table-2.1.14 below**:

The desired NHM Goal through the implementation of NRHM has not been achieved

Indicators	Targets in Millennium Development Goal by 31st March 2016	NHM GOAL (2012-17)	Achievements as per last sample registration survey		
			Jharkhand (2001)	Jharkhand (2007)	Jharkhand (2012/13)
IMR	26	Less than 25	62	48	37
MMR	100	Less than 100	400	261	208
TFR	2.1	Less than 2.1	3.4*	3.2*	2.7

***(Source: Survey Registration Sample)* * Year 2006**

Although the state parameters have improved during the eleven years since the implementation of NRHM scheme, the vital health indicators were still not close to the goals the programme had set. The audit findings in this report highlight and flag the key area of concerns which need to be addressed if the goals of NRHM are to be achieved.

2.1.21 Conclusion

- The State had failed critically in creating sufficient infrastructure in terms of Public Health facilities as required under the NRHM norms. The gaps between requirement and available health facilities such as CHCs, PHCs and HSCs in the State increased from 45, 76 and 55 *per cent* respectively in 2011 to 51, 79 and 60 *per cent* respectively in 2016 as NRHM and State intervention was centered on upgradation of existing facilities while construction of additional facilities by identifying the deficit areas was neglected.

- There were shortages of Specialist Doctors (92 and 78 *per cent*), Medical Officers (61 and 36 *per cent*), Staff Nurses/ANM (27 and 26 *per cent*) and Paramedics (52 and 40 *per cent*) with respect to IPHS norms and Sanctioned Strength respectively. SQAU was not made functional while DQAUs were not constituted in the test checked districts.

- Medical services suffered from significant shortages of essential equipment which ranged between 57 and 86 *per cent* at DHs, 79 *per cent* at SDH and 44 and 92 *per cent* at CHCs while deficit of essential medicines were to the extent of 75 to 88 *per cent* in DHs, 32 to 82 *per cent* in CHCs and 61 to 91 *per cent* in PHCs and 22 to 83 *per cent* in HSCs. Bed capacity was short between 50 and 76 *per cent* in test checked DHs, and between 47 and 90 *per cent* in CHCs. Essential laboratory services were not available in any test checked PHCs.
- There was significant under-spending which ranged between 55 and 61 *per cent* during 2011-15 which resulted in creation of capacity that were far below the requirement leading to inadequate provision of services.

- In the absence of adequate improvement in health care facilities, the Infant and Mother Mortality Rates (IMR: 37/1000, MMR: 208/100000) were far short of the NRHM goals (IMR: less than 25/1000, MMR: less than 100/100000) and MDG (IMR: 26/1000 and MMR: 100/100000).

2.1.22 Recommendations

- The assessment of gaps in facilities such as infrastructure, equipment, medicines, diagnostic services etc. should be made and measures to bridge these gaps should be undertaken as early as possible.
- State Government should ensure utilisation of its budget properly and draw up its realistic annual plans to be implemented effectively so as to achieve the target as provided for in NRHM.
- The service deliveries of the health care facilities should be upgraded and skilled manpower be recruited to reduce vacancies.
- The functioning of JRHMS should be reviewed and streamlined so that it implements the objectives of NRHM properly.

INDUSTRIES AND MINES & GEOLOGY DEPARTMENT

2.2 Performance Audit on Investment Promotion Activities/ Initiatives in Jharkhand

Executive summary

With a vision to make Jharkhand the favoured destination of investors, Jharkhand Industrial Policy (JIP) 2012 was announced in June 2012. Thrust of the policy is to simplify administrative procedures, bring about legal reforms etc. to attract investors and to promote participation of the private sector in the industrialisation in the state. Some of the major audit findings are discussed below:

- Ease of Doing Business in Jharkhand suffered from constraints in the fields of setting up of business, allotment of land, uninterrupted supply of power, water and raw materials etc. As a result, investment decreased to ₹ 4,493 crore during the JIP period 2012 (2011-16) as compared to ₹ 28,424 crore in the previous policy period (2000-11). The investments were skewed and limited to eight out of 24 districts although other districts possessed equal investment potential. Further, 48 *per cent* of Memorandum of Understandings (MoUs) were cancelled due to failure to acquire land and lack of facilitation by the Government for setting up the industries etc. resulting in deprivation of investment worth ₹ 62,879 crore in the State. At the same time, there was opportunity loss of ₹ 1.60 lakh crore to the State due to the failure to facilitate the establishment of five Steel Plants cum Captive Power Plants in 10 years of receipt of their proposals.

(Paragraphs 2.2.6, 2.2.7, 2.2.8 and 2.2.11)

- The Single Window System (SWS) of the state was only partially functional and so could not address the concerns of potential investors as the investors could not get clearances of required departments/ agencies at 'one stop' service point. As a result, SWS failed to address the impediments in the projects which could not be set up for a period ranging from four to 13 years of signing of MoUs.

(Paragraph 2.2.9)

- Special Economic Zone for Automobiles and Auto components in the State, though sanctioned, could not be established due to delayed action by the government. This prevented promotion of Automobile sector in the State and failed to attract investment.

(Paragraph 2.2.12)

- Committee under chairmanship of the Chief Minister to review the implementation of JIP 2012 so as to promote investments by attracting investors was not constituted. As such, neither progress of implementation of the JIP 2012 could be monitored at apex level nor mid-term review of the policy could be carried out by the Government.

(Paragraph 2.2.16)

2.2.1 Introduction

Jharkhand, widely acclaimed as a region with great industrial future, has enormous potential for industrialisation. With its large deposits of minerals, it provides an attractive destination for all kinds of industries. The state holds 40 *per cent* of nation's mineral reserves.

With a vision to leverage this locational advantage and make it the favoured destination of investors, Jharkhand Industrial Policy (JIP) 2012 was announced in June 2012 to simplify administrative procedures, bring about legal reforms to attract investors and to promote participation of the private sector in the industrialisation of the state. JIP 2012 also aimed to improve upon the JIP 2001.

2.2.2 Organisational set up

The Industries Department is headed by the Principal Secretary who is responsible for overall implementation of the Industrial Policy of the State to promote investment activities[1]. Director (Industries) is responsible to implement the policy at the state level. Managing Directors of four[2] Industrial Area Development Authorities (IADAs) and General Managers of 12 District Industries Centres[3] (DICs) are responsible for implementation of all activities of the department at the field/ district levels.

2.2.3 Audit objectives

The objectives of the performance audit were to assess whether:

- the investment has increased after implementation of the Industrial Policy 2012 in comparison to the prior period;
- the Industrial Policy 2012 has been implemented in a proper, efficient and effective manner to promote investment activities; and
- land and other basic infrastructure to promote investment have been provided as per rules.

2.2.4 Audit criteria

The criteria for audit findings were drawn from the following sources:

- Jharkhand Industrial Policy 2012; and
- Circulars/orders and other guidelines/directives/policies issued by the Government (Central/State) to promote investment initiatives.

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1 A new industrial policy-Jharkhand Industrial and Investment Promotion Policy 2016 has been issued with effect from April 2016

2 Adityapur Industrial Area Development Authority (AIADA), Bokaro Industrial Area Development Authority (BIADA), Ranchi Industrial Area Development Authority (RIADA) and Santhal Paragana Industrial Area Development Authority (SPIADA)

3 Covering all 24 districts of the State

2.2.5 Audit scope and methodology

Audit assessed the investment promotional activities/ initiatives in two stages; i.e. first against the reported achievements till 2011 and second, against targets of JIP 2012, which were effective from April 2011 to March 2016. For this, records of the Directorate of Industries (DI), all four[4] IADAs and six[5] out of 12 DICs for the period from 2011-12 to 2015-16 were test checked in audit between April and July 2016.

An entry conference was held on 06 April 2016 with Director of Industries in which the audit objectives, criteria, scope and methodology were discussed. Exit conference was held on 04 November 2016 with the Secretary, Industries, Mines and Geology Department, Government of Jharkhand in which audit findings were discussed. Replies of the Department have been suitably incorporated in the report.

Audit findings

2.2.6 Ease of Doing Business

In December, 2014, "Make in India" workshop was held at Vigyan Bhawan, New Delhi, in which Prime Minister of India, Cabinet Ministers, Chief Secretaries of all States/ Union Territories (UTs) and Secretaries of the Government participated. All the participating governments agreed to a 98-point action plan for business reforms across States and UTs. The objective of the action plan was to make recommendations that were targeted at increasing transparency and improving efficiency and effectiveness of regulatory functions and services of the government that support doing business in India. Simplifying the regulatory burden on business at the State level was accepted as an important component of the ambitious Ease of Doing Business (EoDB) initiative in India. An assessment of implementation of business reforms was compiled (September 2015) by the World Bank in the form of a report[6]. Data was collected through a structured questionnaire from each State and UT government and 285 questions developed from the 98-point action-plan, were categorised under eight distinct areas[7]. On the basis of responses, Jharkhand was placed third in India for EoDB, as per the report. However, the rank declined to seventh in the Assessment Report (October 2016) of World Bank carried out on the same parameters.

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4 Adityapur Industrial Area Development Authority (AIADA), Bokaro Industrial Area Development Authority (BIADA), Ranchi Industrial Area Development Authority (RIADA) and Santhal Pargana Industrial Area Development Authority (SPIADA) at Deoghar

5 Daltonganj, Dhanbad, Deoghar, Giridih, Hazaribag, and Lohardaga (selected through Simple Random Sampling)

6 Assessment of State Implementation of Business Reforms (September 2015)

7 Setting up a business, Allotment of land and obtaining construction permit, Complying with environment procedures, Complying with labour rules, obtaining infrastructure related utilities, Registering & Complying with tax procedures, carrying out inspections and enforcing contracts

2.2.6.1 Report analysis

Ease of Doing Business in Jharkhand suffered from constraints like setting up business, allotment of land etc, which are important areas to facilitate and attract investments in the State

While analysing the report, audit observed that the position of Jharkhand was in the top five (ranked first) in only two out of the eight distinct areas, namely- (i) complying with labour regulations and (ii) carrying out inspections (**Appendix-2.2.1**) while in the remaining six areas viz. setting up a business, enforcing contracts, obtaining infrastructure related utilities, allotment of land, complying with environment issues, Jharkhand did not feature in the top five States with scores ranging[8] between 15 and 50 *per cent*.

The report also stressed the need for private sector participation and to ascertain if the beneficiaries i.e. the private sector actually felt the reforms.

To ascertain the ground reality, audit endeavored to gather the responses of the stakeholders, who are representatives of the industrial-sector viz. Federation of Jharkhand Chamber of Commerce and Industries (FJCCI) and Jharkhand Small Industries Association (JSIA) through a beneficiary survey and by meetings with FJCCI and JSIA. Analysis of responses from these industry groups revealed that:

- Due to hindrances stemming from Chhota-Nagpur Tenancy Act/ Santhal Pargana Tenancy Act (CNT/SPT Acts), policy problems and lack of efforts by the government, land is not easily available in the State to set up industries.

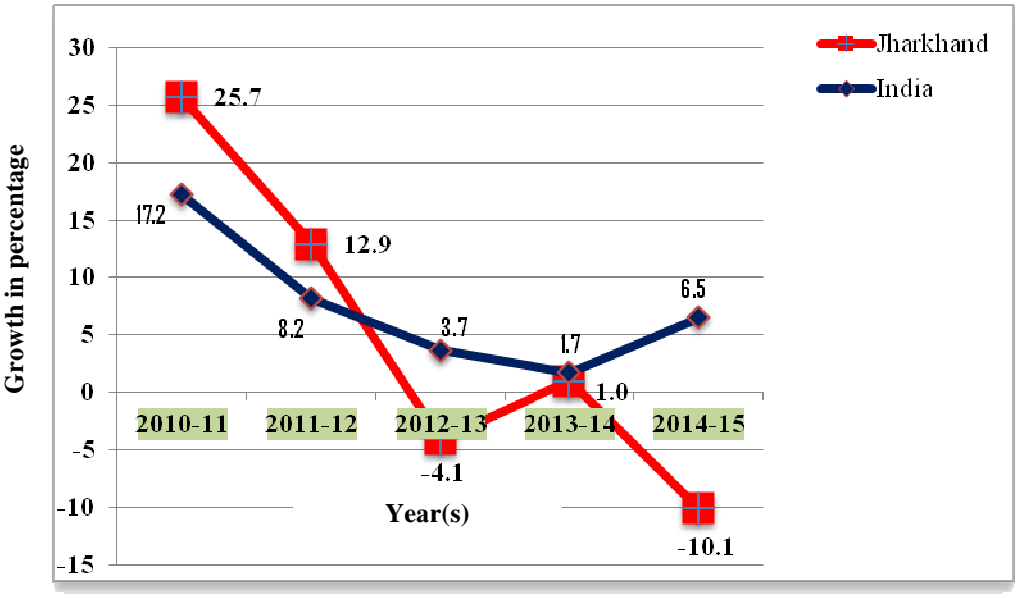
- One-stop-service (Single Window System) for all types of clearance is not available in the State. There was a lack of willingness on the part of the Government to ensure a transparent and technology driven system.

- New industrial areas for Micro, Small, Medium Enterprises (MSMEs), infrastructure for MSMEs, availability of minerals, good power supply, clear cut policy, fast approval of applications, safety of industrialists, corruption free environment etc., were the expectations of FJCCI from the Government, which have not been met.

- Jharkhand Small Industries Association indicated that the primary bottlenecks in growth of MSME industries were failure of the Government to implement the provisions of JIP 2012, such as Procurement Policy, poor condition of power supply, difficulties in getting mines and minerals due to stringent environmental clearances, absence of land for MSMEs etc.

- Associated Chambers of Commerce and Industry of India (ASSOCHAM) also stated (October 2015) in its report "Impact of delay in investment implementation in Jharkhand-An analysis" that the state had failed to encourage investors for investment in the State. The investment performance was poor and there was continuous downfall in investment growth which was 25.70 *per cent* in 2010-11 but decelerated to *minus* 10.10 *per cent* in 2014-15 as shown in the graph:

[8] (i) *S*etting up a business-15 *per cent*, (ii) Enforcing contracts-23 *per cent*, (iii) Obtaining infrastructure related utilities-26 *per cent*, (iv) Allotment of land-42 *per cent*, (v) Complying with environment issues-50 *per cent*



(Source: ASSOCHAM Economic Research Bureau)

Thus, the apparently impressive rank accorded to Jharkhand in the assessment made in the World Bank report needs to be read with the responses of stakeholders, as was stressed in the report itself.

On this being pointed out (October 2016), the Department did not reply specifically to all the issues raised by stakeholders. However, in the exit conference, the Secretary while accepting the audit observation stated that forest clearances and CNT/SPT acts were the main hindrances in setting up of an industry.

The fact remains that the business environment in Jharkhand has not been encouraging as the reforms are yet to be implemented in the state.

Audit also test checked the records of the Industries Department along with those in IADAs and DICs. Based on the audit findings presented here, the position of Jharkhand in EoDB may not appear as encouraging as reflected from the third rank obtained in the World Bank's assessment report.

2.2.7 Committed issues of JIP 2012 not implemented

As per terms of JIP 2012, during 2011-16, the State government planned to promote employment generating industrial (manufacturing and service sector) units by providing facilitation under the industrial policy, creation of a single window system for clearances from government departments, providing more industrial area through government, encourage private and Public Private Partnership-Special Purpose Vehicle (PPP-SPV) mode for setting up Micro, Small and Medium Enterprises (MSME).

Audit observed from the records of the DI that important commitments were not achieved as detailed in **Table-2.2.1**

Table-2.2.1: Details of commitments of JIP 2012 and its status

Clause No. of JIP12	Commitments	Status	Remarks
3.2	Operationalisation of Single Window System	Partially implemented	Discussed in **Paragraph 2.2.9**
4	Creation of Land Bank in each district	Not created	Discussed in **Paragraph 2.2.11**
16	Setting up of Special Economic Zone	Not setup	Discussed in **Paragraph 2.2.12**
22	Establishment of Food Processing Park	Under process	Land for mega food park earmarked in February 2016.
30	Revival of sick/closed units	Not revived	Survival of 24 large and 117 small industries not achieved

(Source: JIP 2012 and related records of the Department)

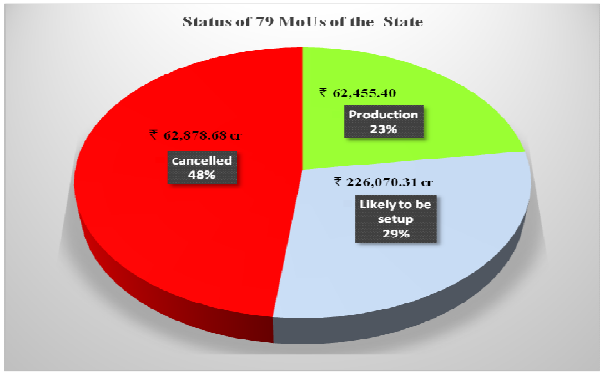
As could be seen from the above table, important commitments of JIP 2012 were not achieved and the State was unsuccessful in attracting investors as discussed in succeeding paragraphs.

2.2.8 Failure in Investment Initiatives

For investment to take place for setting up of industry, at the first stage a Memorandum of Understanding (MoU) is signed between the Government of Jharkhand and the prospective investors, which serves as an indicator of intention to invest. The MoU states in brief, the proposed industries in which investment is intended and possible facilitation to be extended by the State Government. Subsequently, a second stage MoU is signed incorporating complete details of projects, resources required, possible sources of funds, raw materials, consumables, utilities, manpower requirement, infrastructure details and implementation time frame.

Scrutiny of records of DI revealed that 79 MoUs involving proposed investment of ₹ 3.51 lakh crore were signed after creation (November 2000) of Jharkhand state by Government of Jharkhand with prospective investors. These were mostly in the Steel and Cement sectors. Of the 79 MoUs, 38 with proposed investment of ₹ 0.63 lakh crore were cancelled while in 23 MoUs with proposed investment of ₹ 2.26 lakh crore, the proposed industries have not been set up as of July 2016. In respect of the remaining 18 MoUs (23 *per cent*) with proposed investments of ₹ 0.62 lakh crore, audit noticed that investment worth ₹ 0.33 lakh crore have been made by the investors as of July 2016. Status of these MoUs are depicted in **Chart-2.2.1.**

Chart-2.2.1: Status of MoUs signed after creation of the state



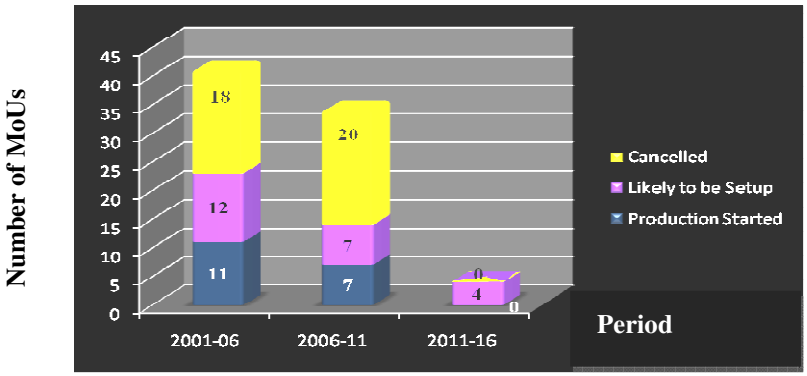
(Source: Information furnished by Director Industries)

It was further analysed that of the 18 MoUs resulting in investment of ₹ 33,169.49 crore, one MoU signed was with Tata Steel for an expansion project of ₹ 20,000 crore. This MoU for expansion of an existing project could not be attributed to the investment promotion policy of the state, since Tata Steel had run operations in the state (Jamshedpur) since 1912 and expanded their steel plant on several occasions, independent of the special policies of the state.

As a result, the monetary impact of JIP 2001 and JIP 2012 was fresh investment in green field projects worth ₹ 0.13 lakh crore out of MoU's signed by interested industrialists for ₹ 3.51 lakh crore. Thus, only 3.8 *per cent* of the initial commitment could fructify.

Audit further noticed that during 2011-16 which coincides with the JIP 2012, only four MoUs with proposed investment of ₹ 22,011 crore were signed. Of this, actual investments in the state are still to be realised as all these projects were reported as 'likely to be setup'. This indicated a decreasing trend of investment proposals in Jharkhand from investors as detailed in the **Chart-2.2.2.**

Chart-2.2.2: Status of MoUs and Investments during 2001-2016



(Source: Industries Department, GoJ)

To ascertain the reasons for cancellation of 38 MoUs for an investment of ₹ 62,878.68 crore and reasons for failure to commence the projects pertaining to 23 MoUs (₹ 2,26,070.31 crore) that are categorised 'likely to be setup',

audit selected 10 and six MoU[9]s respectively through a stratified random sampling method for test check. Findings are as below:

2.2.8.1 Cancelled MoUs

38 MoUs were cancelled as no mechanism was put in place by the government to address the hurdles to establish plants or to make available the required land to the investors after signing of MoUs

Ten test checked MoUs consisting of proposed investment of ₹ 14,926.50 crore signed between November 2003 and August 2008 were cancelled by the Government between January 2009 and October 2012 due to failure to acquire land by the investor, failure to submit progress report, absence of local office of the company, lack of feasible efforts by the company, no participation of the company representatives in review meetings, no site selection for the plant, no response to show-causes issued to the companies, unsatisfactory progress or insufficient interest of the companies towards establishment of plants or only intention to acquire mineral resources.

Audit observed that no mechanism was put in place by the government to address the hurdles in the establishment of plants or to make available the required land to the investors after signing of MoUs.

The Department did not specifically reply on this issue. However in the exit conference, the Secretary stated that most of the MoUs were done with the intention of acquiring the mining lease (ML) for their projects but after the Coal scam, all prevailing MLs were cancelled and brought under auction which is market driven. For reasons of not competing in the auction, 38 MoUs were cancelled.

The fact, however, remains that the government could not ensure the allocation/ allotment of raw materials and 38 MoUs were cancelled.

Case study

An MoU consisting of investment of ₹ 68.50 crore and employment of 200 people was signed (June 2004) between GoJ and M/s Raj Refractories (P) Limited for setting up a Sponge Iron Plant and Captive Power Plant in which 50 acre land, 300 cubic metre per hour water and raw materials like iron-ore, non-cooking coal, dolomite were required. For setting up of plant, land was identified but primary requirements like supply of water and uninterrupted supply of raw materials were not ensured by the Government. Thus, in the absence of such basic raw material support, the project could not kick off which finally led to cancellation of the MoU (July 2010). Further, the firm pursued (April 2012) for reconsidering the matter but the Government did not respond on the issue (as of June 2016). As such, lack of responsiveness of the Department deprived the State of investment worth ₹ 68.50 crore and employment of at least 200 people.

- For a congenial business environment and to attract investments in the state the law and order problems should be given top priority and efforts should be made to create a fearless business environment.

Audit noticed that 21 out of 24 districts are *Naxal* affected where *Naxal* incidents and killings are reported. While analysing a report of Special Branch, Jharkhand Police, audit observed that there were nine Left Wing Extremist (LWE) groups active in Jharkhand that committed crimes like

[9] Cancelled: 10 and to be set up: 06

murder, extortion, burning of vehicle, burning of Government property, killing of police informer, kidnapping and killing of police personal and civilians. During 2011-16, 865 Naxal incidences were reported in which 584 people were killed (as of August 2016) which is one indicator of the law and order situation in the state. A study undertaken by Bindrai Institute for Research Study & Action (BIRSA)-an NGO also reported that during 2012-14, 2057 *Naxal* incidents occurred in which 273 people were killed. Uncertainty with regard to law and order situation in the state may also be one of the reasons that discourage investors.

2.2.8.2 Opportunity loss to the State in tapping investment of ₹ 1.60 lakh crore

Due to delay in transfer/notification for acquisition of land, water, power, forest clearances and poor law and order situation, five Steel plants could not be established which resulted in loss of opportunity in taping investment of ₹ 1.60 lakh crore

Five MoUs were signed with reputed corporate houses to establish integrated Steel Plants cum Captive Power Plants with proposed investment of ₹ 1.60 lakh crore as detailed below in **Table-2.2.2**:

Table-2.2.2: Details of five MoUs signed with reputed corporate houses

Name of Company	Plant	Place	Proposed Investment (₹ in crore)	Date of MoU
M/s Tata Steel Ltd. (Greenfield)	12 MTPA Steel plant with captive power plant	Manoharpur & Saraikela	41000	8/9/2005
M/s Arcellor Mittal India Ltd.	12 MTPA Steel plant with captive power plant	Chas, Bokaro	40000	8/10/2005
M/s JSW Steel Ltd.	10 MTPA Steel plant with captive power plant	Sonahatu Ranchi	35000	9/11/2005
JSPL	6 MTPA Steel plant with captive power plant	Asanbani/ Potka/ Gharshila	32302	5/7/2005
Rungta Mines Ltd.	4.5 MTPA Steel plant with captive power plant	Gaisuti, Chaibasa	11320	11/9/2006
	Total		**159622**	

Audit observed that due to delay in transfer/notification for acquisition of land, provision of water, power, forest land clearances and poor law and order situation, none of the steel plants could be established (November 2016) even after lapse of more than 10 years of signing of MoUs. This was despite the fact that these corporate houses have established businesses in the State and regularly been intimating to the Industries Department of slow progress in land acquisition, water allocation etc. However, scrutiny revealed that the Government failed to take purposeful action which resulted in opportunity loss of ₹ 1.60 lakh crore to the State in fructifying these investments. These are discussed below:

(i) Establishment of Steel Plant by Tata Steel Limited (Greenfield)

An MoU was signed (September 2005) between Government of Jharkhand and Tata Steel to establish 12 Million Ton Per Annum (MTPA) steel plant in two phases, power plant and township in Jharkhand with a proposed investment of ₹ 41,000 crore. As per Primary Project Report, 9,800 hectare

land, 130 million gallon water per day, 1,822 MT iron ore and 1,920 MT coal per year was required by Tata Steel to setup the plants and township.

As per para 6(i) (f) of MoU, the Government agreed to provide the required land to Tata Steel free from all encumbrances on priority basis at the location of its choice at acquisition cost including administrative charges. Six MTPA plants were to be established in 36 to 54 months from date of obtaining all clearances.

Scrutiny however, revealed that mandatory clearances were not granted even after lapse of 11 years from signing of the MoU as detailed in **Table-2.2.3**:

Table-2.2.3: Details of applications for clearances and status thereof

Particular	Date of application by Tata steel	Target as per MoU	Present position (August 2016)
Govt land	21.10.2005	On application	Transfer awaited
Private land	21.10.2005	Notification within 30 days in case of acquisition and within 190 days in case of leases.	Notification awaited
Water allocation	29.10.2005	Within six months	Allocation awaited
Power allocation	14.11.2005	Within six months	Allocation awaited
Iron block	31.10.2005	Within six months	Drilling started but stopped temporarily due to law and order problem
Coal block	31.10.2005	Within six months	Allocation awaited
Forest land	21.10.2005	----	Awaited

It was noticed that land records in the areas where plant was proposed to be established were not updated while Tata Steel had been regularly requesting GoJ for the pending clearances. GoJ, without ensuring these, requested (September 2015) Tata Steel for second stage MoU on the basis of decisions taken in the meeting held in February 2015 which was awaited.

Thus, the plant could not be set up which resulted in loss of opportunity by the State in tapping investment of ₹ 41,000 crore.

(ii) Establishment of Steel Plant by Mittal Steel Company

An MoU was signed (October 2005) between GoJ and Mittal Steel Company to establish 12 MTPA steel plant at Peterwar-Kasmar, Bokaro in two phases in Jharkhand. The first phase of the Steel Plant consisting of six MTPA capacity was to be set up within 48 months from date of submission of DPR whereas second phase consisting of six MTPA was to be set up within 54 months from the completion of first phase. The proposed investment of the project was ₹ 40,000 crore. As per MoU, 10,000 hectare land, 10,000 cubic meter water per hour, 600 MT iron ore reserve sufficient for first thirty years of operation and 1.20 billion tones of mineable coal reserve were required to establish the plant.

Scrutiny revealed that:

- The Forest Department did not permit the company to undertake drilling works as of October 2015 although the company applied for it in February 2011 for which no reasons were on record;

- As land survey was not taken up, acquisition of required land could not be done;

- Application for forest clearance in respect of grant of Mining Lease (ML) of Karampada iron ore block was submitted by the company in April 2009 but the same was forwarded to Ministry of Environment and Forest (MoEF) by GoJ only in May 2013 i.e. after lapse of four years. Further, queries of Forest Advisory Committee, though complied by GoJ in August 2014, was pending with MoEF. Procurement of 230 out 500 acres of land was not finalised till November 2016 for which no reasons were on record.

Thus, the plant could not be set up.

(iii) Establishment of Steel Plant by Jindal Steel and Power Limited (JSPL)

An MoU was signed (July 2005) between GoJ and JSPL to establish five MTPA Steel plant (at Asanbani) along with 1000 MW Captive Power Plant (at Godda) in Jharkhand. It was envisaged that the steel plant was to be built in a time frame of five years from the date of land possession and availability of raw material linkage for the project. The total capital investment proposed for the project was ₹ 11,500 crore which was further revised to ₹ 32,302 crore. It was noticed that 2,987 acres of land was required to set up the plant. The company submitted applications for land acquisition (September-October 2005), allocation of 140 MCM water for the Steel plant (August 2005) and 25 MCM water for Power Plant (May 2008) but neither the land was allocated nor water was provided as of November 2016. However, reasons for inaction were not on record.

Thus, the plant could not be setup and the State failed to tap investment opportunity of ₹ 32302 crore.

(iv) Establishment of Steel Plant and Captive Power Plant by Rungata Mines Limited

An MoU was signed (September 2006) between Government of Jharkhand and Rungata Mines Limited to establish 4.5 MTPA integrated steel plant with 600 MW Captive Power Plant at Chandil block in Jharkhand. As per Primary Project Report, 3,000 acres land was required. The proposed investment was for ₹ 11,320 crore.

As per para 4(i) of MoU, GoJ was to render all possible assistance in procuring suitable land required for setting up of manufacturing plant and township besides permission for optimal drawal of water from nearby river for operation of the project. The company was also to be allocated 272 MT non-coking coal and 145 MT coking coal for captive coal mining for the project either directly or through joint venture with a Jharkhand PSU.

Scrutiny revealed that Rungata Mines Limited identified land and applied (March 2007) for it along with processing fees of ₹ 13.04 lakh to Jharkhand Industrial Infrastructure Development Corporation for acquisition of 1588.03 acres land. The Company purchased 215 acres land for existing and proposed plant. Audit further noticed that:

- Processing for acquisition of 53 acres of land was completed in February 2013 and ₹ 4.22 crore was deposited in the Government account but the application was still pending as of November 2016 for which no reasons were on record;

- Application for acquisition of 78.12 acres additional government land by payment of ₹ 97 lakh was submitted (October 2009) but, application was also pending as of November 2016 for which no reasons were recorded;

- Applications for iron ore and coking coal have been made several times since signing of MoU (September 2006) for grant of captive mineral concession for sustained operation of the project. However, these were pending for consideration by the GoJ as of November 2016 for which no reasons were on record.

Thus, despite executing MoU, GoJ failed to facilitate assistance in land acquisition, water connection, coal blocks etc. As a result, the plant could not be setup as of November 2016 which resulted in loss of opportunity in tapping investment of ₹ 11,320 crore.

(v) Establishment of Steel Plant and Power Plant by JSW Steel

An MoU was signed (November 2005) between Government of Jharkhand and JSW Steel Limited to set up 10 MTPA Integrated Steel plan with 800 MW green field power plant in the State with proposed investment of ₹ 35,000 crore. Land requirement for this project was 7000 acres. Land was identified in Nimdih Circle in Saraikela-Kharsawan district by the company. As per MoU, GoJ was to facilitate the acquisition of these lands to the company on payment of appropriate costs besides facilitating grant of all statutory clearances, supply of water, power and other resources required for the project preferably within six months from the date of MoU.

However, after detailed survey the site was not found feasible and a new site of 3800 acres at Sonahatu in Ranchi district was identified (May 2008).

Audit observed that:

- JSW reported (March 2015) that all key inputs like land, water, and minerals were in place except a few regulatory approvals. The company further requested GoJ to take up case with MoEF to grant Environment and Forest clearance. However, these were not granted (November 2016).

- In February 2015, GoJ extended the validity of MoU up to March 2016 but sanction of Jharkhand State Electricity Board was awaited for construction of five MVA power station. Likewise, permission for widening and strengthening of approach road to the Plant was still awaited. Reasons for inactions were not put on record.

As such, due to failure to facilitate assistance in land acquisition and other basic requirements, the plant could not be setup which resulted in loss of opportunity to tap the proposed investment of ₹ 35,000 crore.

In the exit conference, the Secretary admitted the facts and stated (November 2016) that allotment and allocation of basic requirements viz. Mines, land, water etc. to the above companies were under process.

Fact remains that due to failure to address the basic requirements in about ten years, the state had lost an opportunity to tap investment proposals worth ₹ 1.60 lakh crore which would have changed the economic conditions of the state.

2.2.8.3 Declining Trend of investment

During 2011-16, investment worth ₹ 4,492.73 crore was made against the investment of ₹ 28,424.06 crore made during the previous policy period

As per statements in the JIP 2012, 26 mega, 106 large and medium and 18,109 micro and small industries with an approximate investment of ₹ 28,424.06 crore and employment for 63,000 people had been set up in the State up to March 2011 consequent to its previous policy i.e. JIP 2001. Whereas during JIP 2012 policy period i.e. 2011-16, eight mega, 19 large and 12,996 MSME units with investment of only ₹ 4,492.73 crore[10] and employment for 61,618 people, were set up. As such, it appears that no special efforts were made by the Government during the five year period under JIP 2012, as can be seen from the low quantum of fresh investment received during the period.

The Department admitted the fact and replied (November 2016) that investment sentiments have been weak and efforts were being made to secure more and more investments. Focus has been on business for which factors of production are favourable in Jharkhand.

2.2.8.4 Declining contribution of industry sector to the growth of GSDP

The contribution of manufacturing sector has shown a declining trend during the period 2011-12 to 2015-16

It was claimed in JIP 2012 that there had been almost three times growth in GSDP which increased from ₹ 39,191.09 crore in 2000-01 to ₹ 1,20,010.20 crore in 2010-11. Analysis of Economic Survey of Jharkhand 2015-16 revealed the following trend of growth in GSDP and contribution of Industry Sector and within that Manufacturing sector to GSDP:

Table-2.2.4: Year-wise GSDP with contribution of manufacturing and industry sector

Year	GSDP (in crore) at current price (2011-12)	Growth rate (*per cent*)	Contribution of Industry sector to GSDP (*per cent*)	Contribution of manufacturing sector to GSDP (*per cent*)
2011-12	1,50,918	18.6	39.96	17.85
2012-13	1,74,724	15.8	38.52	17.73
2013-14	1,88,567	7.9	37.50	16.80
2014-15	2,17,107	15.1	36.11	15.43
2015-16	2,41,955	11.4	34.78	14.17

(Source: Economic Survey of Jharkhand, 2015-16 and Website of Ministry of Statistics and Programme Implementation, Government of India.)

From **Table-2.2.4** it may be seen that:

- The contribution of manufacturing sector has shown a declining trend during the period 2011-12 to 2015-16.
- The contribution of industry sector to GSDP has declined from 40 *per cent* in 2011-12 to 35 *per cent* in 2015-16.
- Further, CAGR of Industry sector was only 3.38 *per cent* whereas CAGR of GSDP was 12.87 *per cent* during the period 2004-05 to 2015-16. Thus,

[10] Eight mega industries with investment of ₹ 2,988.58 crore, 19 large industries with investment of ₹ 865.66 crore and 12,996 MSME units with investment of ₹ 638.49 crore

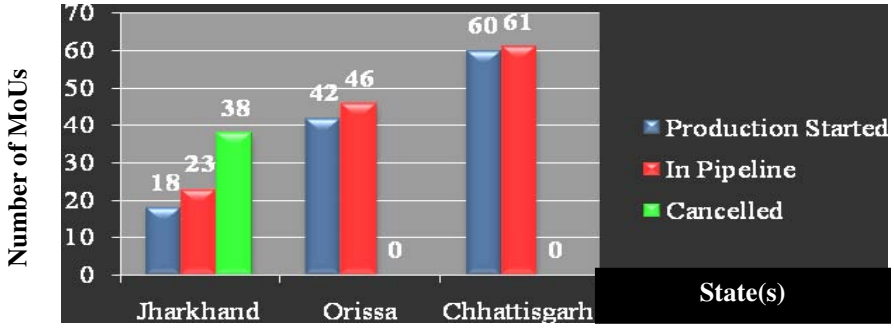
despite overall growth in GSDP of the state, CAGR of industry sector was not satisfactory and it failed to become the engine of growth for the state that is endowed with mineral resources.

The Department admitted the fact and replied (November 2016) that the decline in manufacturing sector is a part of national phenomenon. Reply is not convincing as there was good responses from investors as evident from the fact that 38 MoUs were signed between 2006 and 2016 but they failed to materialise and most of the MoUs were either cancelled or are pending due to constraints like CNT Act, SPT Act, forest clearances etc. which the state was unable to mitigate.

2.2.8.5 Neighboring states better in attracting investments than Jharkhand

While comparing with neighboring states that are of similar nature as Jharkhand with rich mineral reserves and equivalent socio-economic development, audit observed that they have been more successful in attracting investments. For example, 121 MoUs were executed in Chhattisgarh during 2001 to 2016, out of which in 60 cases, production had already started while in remaining 61 cases projects were under implementation. Likewise in Odisha, 88 MoUs were signed, out of which in 42 cases production have started and in remaining 46 cases, the projects were under implementation. The comparison is shown in **Chart-2.2.3** below.

Chart-2.2.3: Comparison among neighbouring States



Significantly no MoUs were cancelled in these states unlike the high rate of cancellation in Jharkhand which is 48 *per cent*. As such, performance of the Jharkhand state in attracting investment was disappointing as compared to the above neighbouring states which have similar socio-economic conditions and mines and minerals.

On being pointed out (June 2016), the department did not reply on this issue.

2.2.9 Partial Operationalisation of Single Window System (SWS)

As a tool for development of Industrial Facilitation Mechanism, SWS was the main thrust in JIP 2012 even though it was conceived in Industrial Policy 2001 for providing an integrated administrative clearance mechanism across various concerned departments. In JIP 2012, SWS was sought to be made more effective by integrating 14 departments with Industries Department for quick clearances of proposals offered by investors so that setting up their desired industry becomes time bound.

SWS was only partially functional and not fully effective which adversely affected the pace of investment in Jharkhand as the investors were deprived of the facility of clearances from various departments as a 'one stop' service point

Audit observed from the records of the DI that portal of SWS was launched only in September 2015 after a delay of 42 months from notification of JIP 2012 (April 2012) and fell short of the objective of integrating all required 14 departments to provide a single window clearance system as only five[11] departments/ agencies were included up to November 2016, while the remaining nine[12] departments were not integrated. Moreover, it was also being operated as a 'one-way-system' as there was no mechanism at the designated single window to locate the progress of applications that required onward clearances at various levels. This indicated that clearances of administrative nature necessary for setting up of an industrial unit were not being done at one place.

Further, the Jharkhand Single Window Clearance Act 2015 came into effect only in March 2016. It provided for constitution of a Governing Body[13], a High Power Committee[14] and Single Window Clearance Committee[15] for creating a friendly environment and ease of doing business in the State but none of the committees were actually constituted as of November 2016.

Audit also observed that:

- Launch of the SWS portal and its utility for the citizen were not widely advertised to generate awareness among the general mass, so that an interested investor may access the facility of SWS. Lack of awareness resulted in low pace of receiving applications at the portal.

- There was no mechanism to monitor the stage at which applications were pending in various departments. Further, if there were delays on the part of the investors to comply with queries/objection raised by any authority in course of awarding clearances, the application was not rejected rather status is shown as pending even beyond the prescribed timeline.

- Forest clearance was one of the major hurdles in attracting investment. It was noticed that an application in the prescribed format is to be submitted by the investor to the concerned Divisional Forest Officer (DFO) under whose jurisdiction the land is proposed to be acquired/obtained. The proposal duly vetted along with the comments of DFO is then forwarded to the Nodal Officer for submission to the Forest Department, GoJ which after due diligence, may send it to MoEF, GoI.

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[11] Labour, Pollution Control Board, Forest and Environment, Jharkhand Bijli Vitaran Nigam Limited and Industry (Land allotment)

[12] Commercial tax, Revenue, Registration & Land Reforms, Urban Development, agriculture, Energy, Excise, Health, Mines and Food Supply & Consumers Affairs

[13] Chairman: CM, Vice-Chairman: Minister of Industries, Members: Finance Minister, Minister of Revenue, Registration & Land Reform, Chief Secretary and Principal Secretary of Industry

[14] Chairman: Chief Secretary, Members: Development Commissioner, Principal Secretary/secretary of Industry and Planning-cum-Finance Department and Director of Industry

[15] Chairman: Principal Secretary of Industry, Members: Principal Secretary/secretary of Planning-cum-Finance, Revenue and Land Reforms, Urban Development and Housing, Labour Employment and Training, Forest, Environment and Climate Changes, Energy, Water Resources, Mines and Geology, Chairman of Pollution Control Board and Director of Industries as Coordinator

Audit observed that there was no mechanism to track the applications of forest clearances in the SWS portal even at the State level as these were not integrated into the SWS.

- Although being a focal point in JIP 2001 and JIP 2012, the SWS even after the delayed launch in September 2015 was only partially functional and not fully effective. This adversely affected the pace of investment in Jharkhand as the investors were deprived of the facility of clearances from various departments as a 'one stop' service point as planned. As a result, SWS could not facilitate in addressing the project impediments in respect of 23 projects which could not be set up in four to 13 years of signing of MoUs.

On being pointed out (June 2016), the Department replied (November 2016) that the Government had notified the Centre for Industrial Development and Promotional activities, a Single Window System in August 2003 which is full-fledged operational. The SWS portal is the latest version with high end features in which 38 out of 66 mandatory services, as required under law, have been made online. It has also integrated ten out of 14 covering departments while integration of other services/departments is under process.

The reply is not convincing as the department could not provide any evidence of having facilitated any service through SWS since 2003. Further, absence of integration of four departments and 28 services, as admitted, defeats the basic purpose of SWS to provide a 'one stop' service point as planned.

2.2.10 Skewed coverage of sectors and area

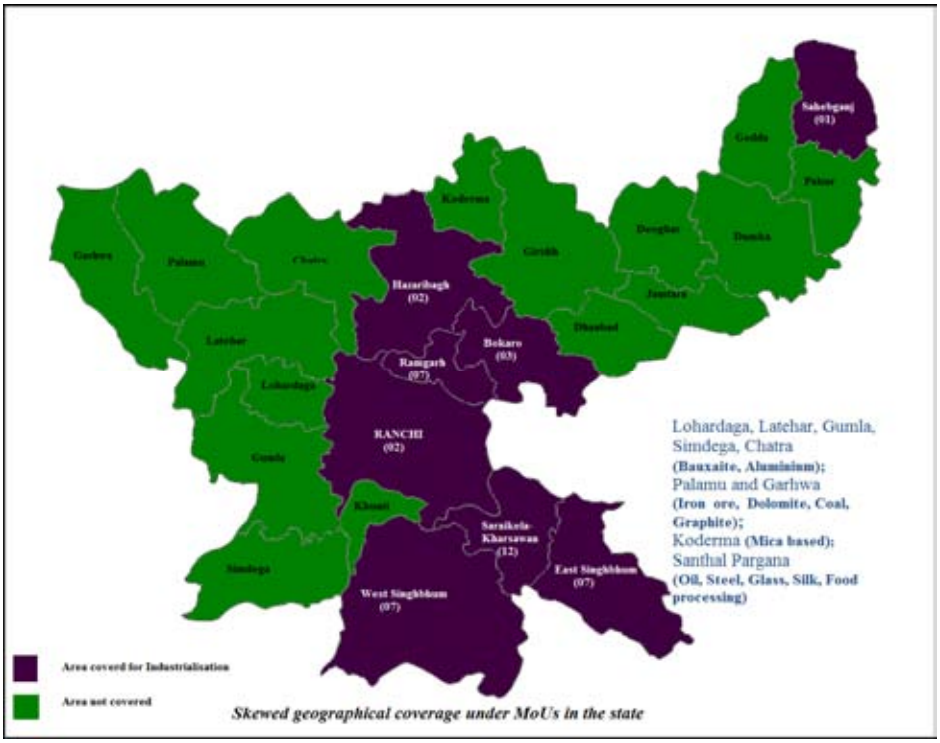
As provisioned in JIP 2012, special focus was to be given to sectors like Automobile, Wood and Agro processing, Electronics, Information and Communication Technology, Power generating units, Technical Institutes and Private Universities to attract investors.

Audit observed from the records of the DI that the Government did not take any initiatives to promote these sectors.

Further, with the aim to ensure balanced regional development and to prevent socio-economic deprivation due to backwardness of any region, JIP 2012 also envisaged setting of industries across the state. However, 41 MoU[16]s that were signed and not cancelled were limited to only eight[17] out of 24 districts as can be seen in the following map depicting the district-wise distribution of industries proposed to be set up and for which MoUs' were entered into by the state.

[16] 18- started and 23- Not started

[17] Bokaro, East Singhbhum (Jamshedpur), Hazaribagh, Ramgarh, Ranchi, Sahebganj Saraikela and West Singhbhum (Chaibasa)



Skewed geographical coverage under MoUs in the state

The distribution indicates a skewed industrial development with the bulk of proposed or actual investments coming only in the coal and iron ore belts (40 out of 41).

Audit further noticed that in other regions no investment was proposed though these were also areas of potential in terms of mines, minerals and other natural resources viz., Bauxite and Aluminium is available in Lohardaga, Latehar, Gumla, Simdega and Chatra districts; Iron ore, Dolomite, Coal and Graphite in Palamu and Garhwa districts; Mica in Koderma district whereas in Santhal Pargana there is potential for Oil, Steel, Silk and Food processing like industries. As such, industrialisation was not encouraged in new areas as envisaged in JIP 2012.

The Department replied (November 2016) that MoU is not the proper indication of the number of industries started in each district.

Fact remains that the MoUs for the setting of the industries were not uniformly distributed in all the district of the state.

2.2.11 Land Bank

Not a single piece of land was acquired after creation of Jharkhand State and no land bank was created in any of the districts

JIP 2012 stipulated that effort would be made for creation of land banks in each district by acquiring a minimum of 200-500 acres of land and demarcating them as industrial estates with provision of basic industrial infrastructure to attract investors. Further, a comprehensive exercise was also to be undertaken to identify and utilise government owned or common land that was mostly waste or fallow, in different parts of the State.

Scrutiny of records of DI, four IADAs and six DICs revealed that not a single piece of land was acquired after creation of Jharkhand State. As such no land bank was created in any of the districts. However, four IADAs were created by the government for acquiring lands for distribution purposes having

jurisdiction over more than one district. Details of land available in the four IADAs are given in **Table-2.2.5.**

Table-2.2.5: Showing details of land in IADAs

Name of the Authority	Land Given (in acre)	In Possession (in acre)	Not in Possession (in acre)	Remarks
AIADA	3166.86	3160.88	5.98	34.62 acre vacant
BIADA	1798.47	1470.60	327.87	327.87 acre not handed over by BSL. Of 1470.60 acre handed over, 73.58 acre were undeveloped or under litigation.
RIADA	1505.13	1290.57	214.56	101.50 acre under Cobra Battalion and 113.06 acre were under litigation
SPIADA	1043.15	1043.15	Nil	49.50 acre were not plotted for use

(Source: Information obtained from the Department)

Further, ₹ 54.54 crore[18] was allotted (between February and August 2015) to all four IADAs for purchase/acquisition of land of 420.32 acre, out of which ₹ 11.52 crore was transferred[19] and balance amount of ₹ 43.02 crore remained unutilised and kept in the Personal Ledger accounts of IADAs as of June 2016. This indicates lack of efforts made by the IADAs.

- In BIADA, 1,798.47 acres land was made available between 1972-73 and 1985-86 to BIADA which was to be transferred from Bokaro Steel Limited (BSL). Of this only 1,470.60 acres land was transferred and taken into possession for four industrial areas (Bokaro, Giridih, Kandra and Sindri). As such, 327.87 acres allotted land was still under the possession of BSL. Further scrutiny revealed that of the 1,470.60 acres land taken into possession/ acquired, only 991.91 acres land was allotted to different industries while 279.88 acres remained vacant across all four industrial areas in which 68.97 acres were undeveloped or under litigation.

- Audit observed that under RIADA, 113.06 acre of land in Irba Industrial Area (Ranchi district) and 101.50 acre in Barhi Industrial Area (Hazaribag district) were not in possession of RIADA (as of July 2016) though these lands were acquired during November 1983 and September 1996 respectively (before creation of Jharkhand). Amounts of ₹ 0.21 crore and ₹ 2.51 crore respectively, were also paid as land compensation to the DCs of Ranchi and Hazaribag districts. Despite protracted correspondence with concerned Deputy Commissioners (DCs) and higher authorities, RIADA could not take possession of the lands. Further, it was also observed that 4.47 acres of acquired lands at Irba were sold by land-brokers and 101.50 acres land at Barhi was occupied by the Home Department for Cobra Battalion. Thus, after incurring expenditure of ₹ 2.72 crore, the land at both these places remained out of possession of RIADA.

It is pertinent to mention here that Barhi is situated at the junction of NH-2 (GT Road) and NH-33 whereas Irba is beside NH-33. Thus, despite being

[18] AIADA: ₹ 18.00 crore for 162.25 acre, BIADA: ₹ 2.76 crore for 36.37 acre, RIADA: ₹ 29.26 crore for 210 acre and SPIADA: ₹ 4.52 crore for 11.70 acre

[19] ₹ 7 crore by AIADA towards forest clearance and ₹ 4.52 crore by SPIADA for land acquisition

strategically located with good road connectivity, these places could not be developed for industries due to lack of possession of land with RIADA.

The Department while accepting the audit observation stated (November 2016) that Land Acquisition, Rehabilitation and Resettlement Act 2013 came after a long time repealing Land Acquisition Act 1894, but land acquisition became too difficult and cumbersome under the new Act. However, as compared to other states, there are some issues in purchasing land from *Raiyats*. To improve the availability of land, GoJ recently passed a resolution to transfer all government land which is suitable for industries to the Jharkhand Industrial Development Authority by the respective DCs.

Fact, however, remains that land bank could not be created which affected the flow of resources for investment in the state.

2.2.12 Special Economic Zone (SEZ) not established

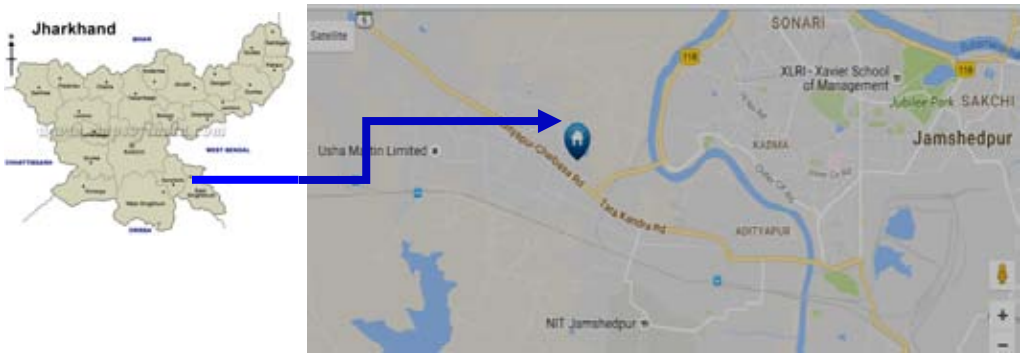
SEZ[20] is a growth engine for attracting Industrial investment and boosting exports. The concept of SEZ is expected to bring large dividends to the State in terms of economic and industrial development and the generation of new employment opportunities. This concept was to be promoted in IT/ automobile / chemical-pharmaceutical and other sectors as per JIP 2012.

SEZ not established as 54.18 acres forest land could not be de-notified

Audit observed from the records of AIADA Jamshedpur that sector specific SEZ was approved (April 2005) by Ministry of Commerce and Industry (Department of Commerce), GoI for Automobiles and Auto components which was to be developed within three years from the date of sanction extended upto June 2015. A chunk of 90 acres land was earmarked at Adityapur under the command area of AIADA. The developmental work was to be taken up by incorporating a Special Purpose Company (Adityapur SEZ Limited) in PPP[21] mode.

[20] "SEZs are specifically delineated enclaves treated as foreign territory for the purpose of industrial, service and trade operations, with relaxation in customs duties and a more liberal regime in respect of other levies, foreign investments and other transactions. Domestic restrictions and infrastructure inadequacies would be removed in the SEZ to create an internationally benchmarked environment for business transaction and operations"

[21] AIADA (with stake of 55 *per cent)* and JUSCO-Gammon consortium (the private partner)



However, the project could not take-off as 54.18 acres forest land within the project area of 90 acres which was transferred (January 1982) by the Forest Department to AIADA for industrial development could not be de-notified as the State Government failed to provide equivalent land for compensatory afforestation as required under the Forest (Conservation) Act, 1980. This was despite pursuance (between January 2007 and October 2013) made by the Department and the Chief Secretary after AIADA deposited (June 2009) ₹ 7.01 crore in the Compensatory Afforestation Fund Management and Planning Authority (CAMPA) fund along with a detailed proposal as per provisions under the Act. But the Ministry of Commerce and Industry, GoI refused to grant further extension of the SEZ project (September 2015) on the ground that no development had taken place since notification (2006). This deprived the State from establishing a SEZ.

The Department while accepting the audit observation replied (November 2016) that GoI cancelled the project as environmental clearance for forest land could not be secured.

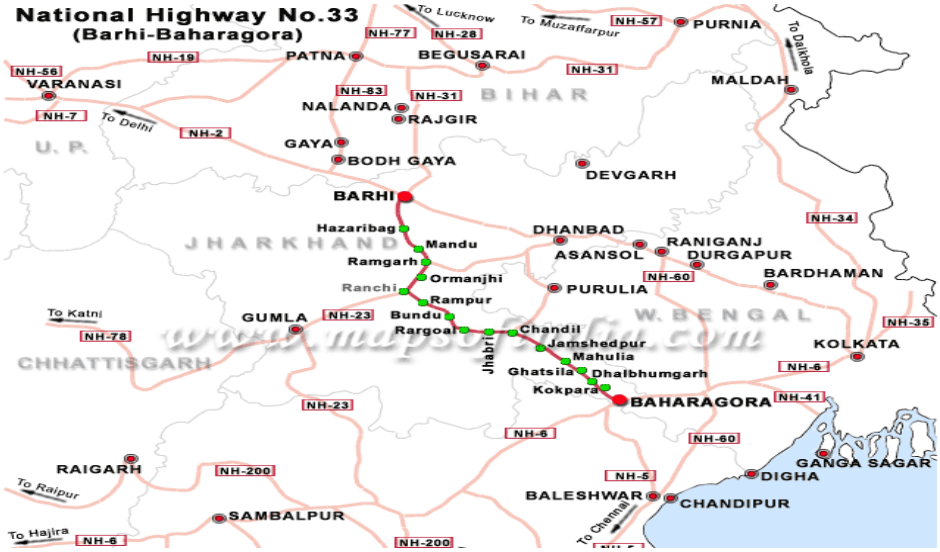
Fact remains that had the department initiated the process of de-notification of the forest land in the initial stages, the SEZ could have been established in the state.

2.2.13 Failure to create infrastructure

JIP 2012 clearly prescribed that sincere efforts should be made to provide investors quality infrastructure like all-weather roads, uninterrupted power supply, adequate water, connectivity through railways etc. The Policy further prescribed that the State Government had taken steps to set up an Air Cargo Complex at Ranchi to provide a boost to export oriented industries.

A review of the infrastructure available in the state to promote investment revealed the following:

- **Road Network:** Four laning of Barhi-Hazaribag-Ranchi-Bahragora road which is lifeline of the Jharkhand state situated on NH-33 connecting it with Bihar, Uttar-Pradesh, Orissa was still incomplete (November 2016) even after four years of commencement.



In reply, the Department replied that the work is under process.

- **Rail Network:** Rail connectivity between Koderma-Ranchi, Koderma-Giridih and Tori-Lohardaga had not been started as of June 2016, despite giving special focus in JIP 2012.

During exit conference, the secretary stated that Koderma-Hazaribag section of Koderma–Ranchi line is completed and Tori-Lohardaga line is expected to be completed soon.

- **Air Cargo:** An Air Cargo Complex at Birsa Munda Airport Ranchi for export promotion was reported as complete (September 2016). However, as security clearances from the Board of Controller of Aeronautic Standard (BCAS), is yet to be received, air cargo flight is yet to commence (November 2016).

- **Failure to develop industrial area**

(i) Trade Centre: In SPIADA, ₹ 4.52 crore was transferred (October 2014) to the DC, Deoghar towards acquisition of land for establishment of a Trade Centre-cum-Convention Centre in Deoghar but no land was acquired even after lapse of almost two years, which defeated the purpose of providing infrastructure for trade.

In reply, the Department stated (November 2016) that the project has been closed due to delinking of Central Assistance to States for Developing Export Infrastructure and other Allied Activities (ASIDE) scheme by the GoI.

(ii) For creating basic infrastructure like road, pucca drain, boundary wall etc. at industrial areas in Dumka, Jamtara and Jasidih, ₹ 5.71 crore was provided (2013-15). But the entire amount was lying in the PL account of SPIADA for failure to plan and create basic infrastructure. This resulted in these industrial areas failing to attract investors.

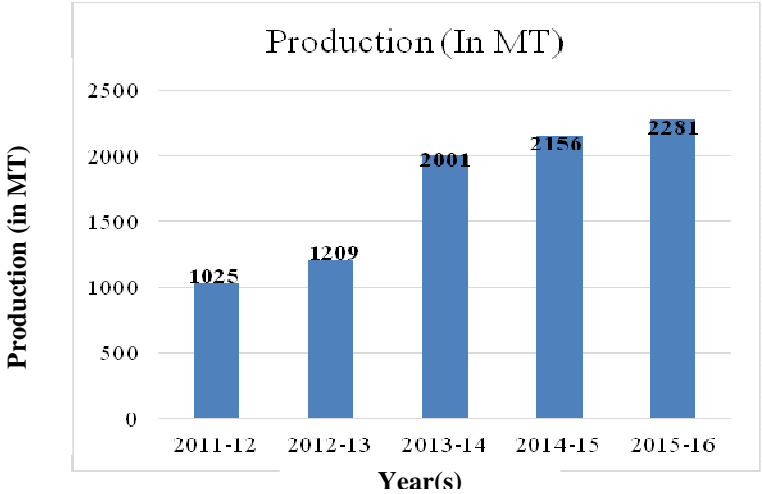
- **Water treatment plant**

Though committed in its policy, neither feasibility of desalination plants and supply of recycled and treated waste water to industries was explored nor the Government implemented and facilitated mega water supply schemes for industries at specified location through IADAs/Special Purpose Vehicles.

In reply to the audit observation, the Department did not comment on this issue.

2.2.14 Sericulture production (Tasar) not tapped for investment

As per JIP 2012, Jharkhand stood first (2012) in the country in production of Tasar Silk. Analysis of statement furnished by Silk Directorate revealed an increasing trend of production of raw silk during 2011-16, as can be seen in the **Chart** below:



Though the efforts of the State in this regard are noteworthy, its full potential has not been tapped as efforts for forward integration by attracting investors to establish silk and cotton based industry were not found on record.

2.2.15 Procurement policy not implemented

The Department has no mechanism to monitor to ensure 20 *per cent* purchase from MSME

JIP 2012, envisages the formation and implementation of a Procurement Policy, which was notified (October 2014) as Jharkhand Procurement Policy 2014 with the aim to promote and develop Micro and Small Enterprises in the state which would encourage competitiveness among local MSM and other industrial units. It was also aimed at facilitating purchases from MSMEs in the State by the Government Departments, Institutions including aided agencies and Urban Local Bodies.

As per the objective, above mentioned entities are to ensure procurement of a minimum of 20 *per cent* of their total annual purchase of products and services from MSMEs of Jharkhand in a period of three years to encourage the MSMEs.

Audit observed that there was nothing on record of the DI to show that the intended objective of the Policy was achieved as the Industries Department has no mechanism to monitor achievement of the 20 *per cent* target for purchase from MSME.

The Department while accepting the audit observation replied (November 2016) that the department is revising the mandatory list of items reserved for MSME as per the local requirement and making other amendments to improve this policy further.

Fact remains that 20 *per cent* target for purchase from MSME could not be ensured to assist the growth of MSME sectors.

2.2.16 Lack of Monitoring

In terms of Regulations of IADAs, a Project Clearance Committee (PCC) of IADAs is to meet once in a month for project clearances, allotment of land to the applicants and other related issues.

Audit observed from the records of test-checked IADAs that none of the IADAs maintained records of applications received from the entrepreneurs/ applicants for allotment of land/sheds and clearances of their projects in their respective jurisdiction. However, only those applications *prima facie* chosen for consideration in PCC meeting were recorded in the files as applications have been received. Further in contravention of the provisions in three of the four IADAs, only 31 PCC meetings (13 *per cent*) were held during 2011-16, though 240 meetings were required. Whereas in SPIADA, number of PCC meeting was nil during the period as detailed in **Table-2.2.6**:

Table-2.2.6: Details of PCC meetings

Year	Details of Meetings	AIADA	BIADA	RIADA	SPIADA
2011-12	No. of Meetings to be held	12	12	12	12
	No. of Meetings held	01	Nil	02	Nil
	Shortfall	11	12	10	12
2012-13	No of Meetings to be held	12	12	12	12
	No. of Meetings held	01	02	04	Nil
	Shortfall	11	10	08	12
2013-14	No of Meetings to be held	12	12	12	12
	No. of Meetings held	Nil	01	Nil	Nil
	Shortfall	12	11	12	12
2014-15	No of Meetings to be held	12	12	12	12
	No. of Meetings held	02	02	03	Nil
	Shortfall	10	10	09	12
2015-16	No of Meetings to be held	12	12	12	12
	No. of Meetings held	05	03	05	Nil
	Shortfall	07	09	07	12

(Source: IADAs)

The Department replied (November 2016) that PCC meetings are scheduled once a month**.** However, availability of sufficient number of applications in the concerned IADAs is also taken into account which decide the schedule of meetings. In some IADAs, the Honourble High Court prohibited (2011) the conduct of meetings till the passing of uniform regulation. Reply is not convincing as number of application received was not maintained in IADAs. Further, the Department delayed framing regulation for four years.

Implementation of the policy could not be reviewed as the committee under chairmanship of Chief Minister was not constituted

- As per JIP 2012, a committee under chairmanship of Chief Minister was to be constituted. The committee was to meet twice in a year to review the implementation of the policy. The implementation of the policy was also to be monitored at least once in every quarter by the Chief Secretary and the Government was to carry out a mid-term review of the policy.

Audit observed from the records of DI that the committee under the chairmanship of Chief Minister was not constituted (June 2016). Hence, in the absence of the committee, review of the policy could also not be carried out by Government. As such, neither shortcomings in policy were brought out nor measures to address these could be discussed.

The Department while accepting the audit observation replied (November 2016) that the committee under the chairmanship of Chief Minister had not been constituted but from time to time the Chief Minister and other higher authorities reviewed the JIP 2012 policy.

Fact remains that in the absence of the committee, institutionalisation of review/monitoring process of industrial policy at the apex level was not done.

2.2.17 Surrender and saving of funds

During 2011-16, the Industries Department made provision of funds under Publicity and Publication, Establishment of SWS and Project Feasibility and Consultancy to facilitate industrial investment promotional activities as detailed in **Appendix-2.2.2**.

Audit noticed that during 2011-16, the department allotted ₹ 40.23[22] crore for investment promotion activities of Publication and Publicity, SWS and Project Feasibility and Consultancy. It also received ₹ 3.24 crore as 'other receipts' in SWS. Of this, only ₹ 27.27 crore could be spent while ₹ 16.20 crore (37 *per cent*) remained unspent. Out of unspent balance, ₹ 9.90 crore was lying idle in bank accounts of SWS. Thus, the fund was not entirely utilised to realise the intended objective.

In reply the Department stated (November 2016) that the actual expense may differ from assessments as provided in the budget. A separate bank account is being operated for various expenditure under SWS. Fact remains that utilisation of the available fund for the intended purpose was not ensured.

2.2.18 Conclusion

Efforts of the Government to create a conducive environment to increase flow of investment in the State was not sufficient as:

- Ease of Doing Business in Jharkhand suffered from constraints such as setting up business, allotment of land, power, water etc. As a result, investment decreased to ₹ 4,493 crore during the JIP period 2012 as compared to ₹ 28,424 crore in the previous policy period. While 48 *per cent* MoUs were cancelled due to failure to acquire land and lack of facilitation by the Government for setting up the industries etc., resulting in deprivation of investment worth ₹ 62,879 crore in the State, there was opportunity loss of ₹ 1.60 lakh crore to the State due to failure to facilitate the proposed establishment of five Steel Plant cum Captive Power Plants.

- The partially functional SWS could not address the concerns of potential investors and was not effective as the investors could not get clearances of required departments/ agencies at 'one stop' service point. As a result, SWS could not facilitate speedy project implementation and remove impediments in respect of 23 projects which could not be set up even after four to 13 years from signing of MoUs.

- Government failed in its role to provide basic infrastructure facilities to attract investors like land bank, uninterrupted supply of power, water and raw materials etc. Further, Special Economic Zone for Automobiles and Auto

[22] Included Opening Balance of ₹ 1.20 crore

components in the State, though sanctioned, could not be established due to delayed action on environment by the State. This prevented promotion of Automobile sector in the State and failed to attract investment.

- Committee under chairmanship of the Chief Minister to review implementation of JIP 2012 to facilitate investment and to attract investors was not constituted. As such, neither progress of implementation of the JIP 2012 could be monitored at apex level nor mid-term review of the policy be carried out by the Government.

2.1.19 Recommendation

The Government should address the impediments in setting up business and should allot land, power, water and other infrastructure in a time bound manner to investors so that investments could be facilitated in the State.

Single Window System for clearance of all services by integrating all the concerned departments should be finalised and put to operation at the earliest to provide 'one stop' service point to the investors seeking to invest in the state.

The Committee under the Chairmanship of the Chief Minister should be established in the State at the earliest to review and monitor the implementation of JIP 2012 with a view to promote investment activities in the state.