

## CHAPTER II: SOCIAL SECTOR

### 2.1 Introduction

This Chapter of the Audit Report for the year ended 31 March 2018 deals with the audit findings relating to various departments of the State Government under Social Sector.

The names of the major State Government departments and the net budget provision and expenditure of the State Government under Social Sector during the year 2017-18 are given in the table below:

**Table 2.1.1: Budget provision and expenditure of major departments**

(₹ in crore)

Sl. No.	Name of Department	Budget Provisions (Original and Supplementary)	Expenditure
1.	Education, Sports & Youth Affairs & Arts and Culture	2044.97	1735.19
2.	Health & Family Welfare	744.04	702.48
3.	Public Health Engineering	567.13	496.61
4.	Urban Development	288.62	53.12
5.	District Council Affairs and Social Welfare	503.04	390.06
6.	Labour	52.52	35.51
7.	Housing	70.99	15.93
8.	Revenue	30.42	28.91
<b>Total</b>		<b>4301.73</b>	<b>3457.81</b>

*Source: Budget Estimates, Appropriation Acts and Appropriation Accounts.*

The audits were conducted during 2017-18 involving expenditure of ₹ 3,183.45 crore (including expenditure pertaining to previous years) of the State Government under Social Sector. The major observations under Social Sector detected in audit during the year 2017-18 are given in subsequent paragraphs.

## COMPLIANCE AUDIT PARAGRAPHS

### HEALTH AND FAMILY WELFARE DEPARTMENT

#### 2.2 Avoidable expenditure

**Due to non-execution of Annual Maintenance Contract for maintenance of MRI machine, the Department incurred an avoidable expenditure of ₹ 1.50 crore towards its repair besides depriving the patients the benefit of its services for almost three years.**

MDoNER, accorded administrative approval (August 2012) for procuring a ‘Magnetic Resonance Imaging (MRI) machine’ for Civil Hospital, Shillong’ at ₹ 4.98 crore, to be funded in the ratio of 90:10 between GoI and Government of Meghalaya (GoM). The Hospital Management Society<sup>1</sup> (HMS), Civil Hospital, Shillong was to procure and install the MRI machine at Civil Hospital, Shillong.

After following the tendering procedures, HMS accepted (19 December 2012) the lowest bid of ₹ 5.17 crore offered by M/s Philips Electronics India Ltd. (M/s Philips) and entered into an agreement (22 March 2013) with the firm for supply, installation and commissioning of the MRI machine. The agreement stipulated that M/s Philips would provide warranty for the machine for a period of two years from the date of commissioning of the machine and a comprehensive Annual Maintenance Contract (AMC) for another five years after the warranty period, on payment of additional amount by the State Government.

Scrutiny of records (April 2018) of HMS revealed that the MRI machine was commissioned on 1 October 2013. However, HMS did not sign the AMC contract with the supplier, pending approval from the State Government.

Meanwhile, three months prior to the expiry of the warranty period, M/s Philips offered (July 2015) HMS an AMC for ₹ 38.60 lakh, which included delivery of liquid helium for the MRI machine. The MRI machine stopped functioning on 14 October 2015 shortly after the end of the two years’ warranty period. On 8 December 2015, M/s Philips brought to the notice of HMS that the MRI machine was lowering in ‘helium level’ with the risk of the magnet getting quenched and reminded that the warranty period was over. M/s Philips also informed HMS that the cost of reviving a quenched magnet would be very high, and the machine would not be repaired in the absence of an AMC, post warranty period.

Despite the caution of M/s Philips, HMS did not enter into an AMC and on 20 February 2016, the magnet of the MRI machine was found quenched and required replacement. In August 2017, GoM sanctioned ₹ 1.89 crore for repair of the MRI

<sup>1</sup> Hospital Management Society, Civil Hospital, Shillong is a society registered under Meghalaya Societies Registration Act, 12 of 1983 on 21 February 2006.

machine and it was repaired (28 June 2018) at a cost of ₹ 1.89 crore which included a warranty for a period of one year<sup>2</sup> only.

By not entering into an AMC and allowing the MRI machine to become non-functional, the Department also incurred an avoidable expenditure of ₹ 1.50 crore (₹ 1.89 crore - ₹ 38.60 lakh) besides depriving the patients the benefit of its services for almost three years (October 2015-June 2018).

On this being pointed out, the Additional Chief Secretary, Health and Family Welfare Department, Meghalaya, stated (November 2018) that AMC could not be entered in to initially, as the Company demanded 100 *per cent* payment in advance which required processing for sanction. The reply is not acceptable, as the Department had two years of warranty period (October 2013 to September 2015) to plan for the AMC and process the case. Further, the Government had sufficient time (four months) before the expiry of warranty period of the MRI machine when AMC was offered.

Thus, the Department's failure to enter into an AMC contract for an expensive item like an MRI machine, which enhances the accuracy of diagnostic services significantly, led to avoidable expenditure of ₹ 1.50 crore, besides denial of required services to the patients for almost three years.

### **2.3 Failure to operationalise the Blood Storage Units and Blood Component Separation Laboratory**

**Failure to operationalise the Blood Storage Units and Blood Component Separation Laboratory resulted in non-achievement of the objective of strengthening blood bank services.**

Availability of blood storage/transfusion units at referral hospitals is essential for providing emergency obstetric care services. As of April 2011, out of 10 District Hospitals (DH)/ Civil Hospitals (CH) and 29 Community Health Centres (CHCs) in the State, only seven blood storage units (BSUs)<sup>3</sup> and one Blood Component Separation Laboratory<sup>4</sup> (BCSL) were functional in Meghalaya. In order to provide obstetric care closer to the community by strengthening the blood bank services, State Government decided to establish BSUs at 11 health facilities<sup>5</sup> and BCSL at Tura Civil Hospital under NRHM.

The pre-requisites for making the BSUs functional are as follows:

- A. approval of the licensing authority (Licensing and Controlling Authority, Government of Meghalaya);
- B. construction/provision of a building with a minimum area of 10 sq.mtrs;
- C. posting of technical staff<sup>6</sup>; and

<sup>2</sup> From 28 June 2018 to 27 June 2019.

<sup>3</sup> Pasteur Institute Shillong, Tura Civil Hospital (CH), Jowai CH, Nongpoh CH, Mairang DH, Ampati Community Health Centre (CHC) and Williamnagar CH.

<sup>4</sup> At Pasteur Institute, Shillong.

<sup>5</sup> Two District Hospitals and nine CHCs.

<sup>6</sup> Medical Officer and Technician.

D. procurement of equipment (such as blood bank refrigerator, binocular microscope, table top centrifuge, etc.).

Audit scrutiny revealed that the Meghalaya State Health Society (MSHS) constructed (June 2012-July 2014) additional rooms and procured (November 2016-March 2017) the necessary equipment (detailed at **Appendix-2.3.1**) for establishing BSUs/ BCSL in the selected health facilities (DH/CH and CHCs). The status of these is given below:

**Table 2.3.1: Status of proposed BSUs/BCSL**

Sl. No.	Name of Health facility	Infrastructure planned and created/ equipment procured for BSU/ BCSL	Expenditure (₹ in lakh)	Status of BSUs/ BCSL as on September 2018
1	Mairang DH	Equipment procured.	10.01	License obtained and made operational.
2	Ampati CHC		10.01	
<b>Total expenditure on functional BSUs</b>			<b>20.02</b>	
1	Baghmara DH	Equipment procured.	10.01	Non-functional, as not applied for license yet.
2	Khliehriat CHC		10.01	
3	Pynursla CHC		10.01	
4	Tura CH (BCSL)		7.07	
5	Dalu CHC	Additional Room constructed and equipment procured.	14.01	Non-functional, as not applied for license yet.
6	Phulbari CHC		14.01	
7	Sohra CHC		14.01	
8	Laskein CHC	Additional room constructed.	5.00	Non-functional for want of specialised manpower, required equipment and license.
9	Riangdo CHC		5.00	
10	Resubelpara CHC		4.00	
<b>Total expenditure on non-functional BSUs/ BCSL</b>			<b>93.13</b>	

It was further observed that the equipment procured for eight DH/ CHCs and one BCSL was commissioned (November 2016 and March 2017) at these health facilities and all the equipment commissioned had a warranty of two years from the date of their commissioning. However, licences to operationalise these has not even been applied for and the warranty period of all these expired (the latest being March 2019) without these being utilised even once.

Thus, additional infrastructure created and equipment procured for nine BSUs in DH/CHCs and one BCSL at Tura at a total cost of ₹ 0.93 crore were lying idle for want of procurement of equipment, posting of specialised manpower and license to run the BSUs/ BCSL. Besides, the objective of providing obstetric care closer to the community by strengthening blood bank services in the State was defeated.

On this being pointed out (November 2018), the Health and Family Welfare Department admitted (March 2019) that licenses were yet to be obtained.

## PUBLIC HEALTH ENGINEERING AND POWER DEPARTMENTS

### 2.4 Infructuous expenditure due to non-completion of five Water Supply Schemes

**Lack of urgency in completing civil works of water supply schemes (WSSs) by PHED and its inability to coordinate with MePDCL to ensure timely availability of power, resulted in denial of piped water to targeted population for six to eight years, despite incurring an expenditure of ₹ 2.22 crore.**

Water supply schemes (WSSs) are implemented by the Public Health Engineering Department (PHED) for supply of potable water to the consumers in adequate<sup>7</sup> quantity. As per the current practice, the concerned Division of PHED approaches the Meghalaya Power Distribution Corporation Limited (MePDCL) for providing power for water supply, followed by a joint inspection for preparation of cost estimates. Thereafter, advance payment is made by the PHE Division concerned to MePDCL for execution of the work.

Under the Rural Water Supply Division (RWSD), Jowai, there were seven on-going pumping WSSs, sanctioned between March 2008 and March 2017, which required electricity for supplying water to the intended population. Scrutiny of records (March 2018) of the RWSD, Jowai revealed that out of these seven on-going WSSs<sup>8</sup>, five WSSs, sanctioned between March 2008 and March 2011 at a cost of ₹ 3.15 crore were not completed even after incurring an expenditure of ₹ 2.22 crore and after six to eight years of their stipulated date of completion. The status of these five WSSs as of August 2018 is shown in the table below.

**Table 2.4.1: Details of five Water Supply Schemes under RWSD, Jowai as on March 2018**  
(₹ in crore)

Name of the WSS	Date of commencement	Scheduled date of completion	Estimated cost	Expenditure incurred	Physical progress (%)
Cham Cham	March 2008	March 2010	0.93	0.86	95
Sakhain Moolimen	March 2008	March 2010	0.50	0.43	90
Musniang Jondang	March 2011	March 2012	0.48	0.40	75
Umrasiang	March 2009	March 2011	0.58	0.24	85
Umlatdoh	March 2010	March 2012	0.66	0.27	80
<b>Total</b>			<b>3.15</b>	<b>2.22</b>	

As per the quarterly progress reports (QPRs) of the RWSD, Jowai, the non-completion of these projects was attributed to non-supply of power by the MePDCL. The default of MePDCL in providing the supply of power to these five WSSs was pointed out (August 2018) to MePDCL and their reply was received on September 2018.

<sup>7</sup> As per the DPRs each of the WSSs was designed to supply water at the rate of 40 litre of per capita per day.

<sup>8</sup> The stipulated date of completion of two WSSs viz Pynthorlangtein-Muphlang and Moosakhia were March 2019 and March 2020 respectively.

Cross verification of the reply of MePDCL with the records of the Division revealed that the quarterly reports of PHE Division attributing non-completion of the WSSs to MePDCL were not entirely correct and that the Division was also responsible for not completing the schemes on time. Audit scrutiny revealed the following reasons for the delay in completing these five WSSs:

**a) Cham Cham Water Supply Scheme**

MePDCL had completed installation of transformer and power line for the Cham Cham WSS during November 2014. It had however, not charged (August 2018) the power line. On this being pointed out by Audit, MePDCL started supplying power (November 2018) for the project (after four years of completing the electrical works). MePDCL did not furnish any reasons for the delay. Scrutiny also revealed that while the Executive Engineer, RWSD, Jowai had completed (March 2010) most of the civil works, the works of laying the distribution system was yet to be completed (January 2019).

**b) Sakhain Moolimen Water Supply Scheme**

The installation of 25 KVA transformer for the Sakhain Moolimen WSS was completed by MePDCL in 2011. PHE Division however, increased the scope<sup>9</sup> of electrical works and made payment of ₹ 5.31 lakh to MePDCL in April 2014 for this increased scope of work. This was, however, not yet taken up by MePDCL. In reply to an audit observation, MePDCL stated (18 August 2018) that because of re-organisation of the sub-divisions, the work got oversights and that the work would be taken up soon. Audit, however, noticed that while most of the civil works were completed<sup>10</sup> by March 2012, the work of laying the distribution system was yet to be completed (January 2019).

**c) Musniang Jondang Water Supply Scheme**

MePDCL was yet to start the electrification work for the Musniang Jondang WSS even though RWSD, Jowai had made a payment of ₹ 5.32 lakh to MePDCL for the work in December 2015. In reply to an audit observation, MePDCL stated (18 August 2018) that the electrification works for Musniang Jondang WSS would be undertaken once the materials had been received. No reason was furnished for the delay in receiving the material. Audit, however noticed that while the civil works were completed by February 2018, the work of installing the pump set was yet to be completed (January 2019).

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<sup>9</sup> PHE requested for 3 Phase 4W LT Line Extension.

<sup>10</sup> Construction of (i) Raw intake structure, (ii) Raw water pump house, (iii) Pump Operator & Chowdiker's Quarters, (iv) Sump Well, (v) RCC slow sand filter, (vi) RCC clear water reservoir, (vii) Zonal reservoir and Laying of (i) Raw water pumping main & (ii) Clear water gravity main.

#### d) Umrasiang and Umlatdoh Water Supply Schemes

For the Umrasiang and Umlatdoh WSSs, MePDCL did not submit any estimates for the electrical works inspite of issue of reminders (May 2013, January 2015, February 2015 and June 2016) by Sub-Divisional Officer and Executive Engineer, RWSD, Jowai, PHE Division. Audit noticed that while the civil works such as construction of intake structure, RCC slow sand filter, clear water reservoir were completed by February 2013, the works such as construction of raw water pump house, zonal reservoir, laying of clear water gravity mains, distribution systems and zonal reservoirs for both the WSSs were yet to be completed (January 2019) by the Executive Engineer, RWSD, Jowai, PHE Division.

In summary, audit observed that there was a lackadaisical approach by MePDCL in providing power for the WSSs and the PHE Department in completing even the civil works of the five WSSs within their stipulated date of completion. There was also lack of coordination between the PHE Department and MePDCL to ensure timely completion of project. Though PHE Department had made payments to MePDCL for the electrical works for three of the WSSs<sup>11</sup>, MePDCL failed to complete the electrical works in a time bound manner. MePDCL had not commenced the work for Sakhain Moolimen and Musniang Jondeng WSSs and had started supplying (November 2018) power for Cham Cham WSS after a delay of four years only after the issue was pointed out by Audit. In spite of this inordinate delay, PHE had not reported the delay at Government level for resolving the issues. Thus, an expenditure of ₹ 2.22 crore incurred on these five WSS projects remained unfruitful (March 2018) as the schemes remained incomplete. The rural population of the areas concerned State were deprived of organised water supply and were dependent on their traditional water sources like well and spring tap chamber.

On this being pointed out (October 2018), the Government stated (January 2019) that the work on the five WSS was in progress and will be made functional by March 2019. Further audit enquiry of the status in this regard revealed that the five WSS were not made functional as of May 2019. In respect of power supply to the WSS, the Additional Chief Engineer (Electrical), MePDCL stated (July 2019) that the power supply to Cham Cham, Sakhain Moolimen and Musniang Jondang WSS had been completed and fresh estimates for Umrasiang and Umlatdoh WSS will be prepared if required. Intimation regarding whether the works relating to laying of distribution system of Cham Cham WSS & Sakhlain Moolimen WSS and works of installing the pump set of Musniang Jondang WSS was, however yet to be received (July 2019) Moreover, the replies gave no reasons for delay by MePDCL in providing power to the WSSs.

<sup>11</sup> Cham Cham WSS, Sakhain Moolimen WSS and Musniang Jondeng WSS.