

## Chapter 6

### Funding for healthcare in Chhattisgarh

#### Highlights

- During the review period 2016-22, the GoCG allocated budget provisions of ₹ 34,100.85 crore (including GoI share of ₹ 13,165.17 crore) for healthcare to Department of Public Health and Family Welfare (the Department). Out of this, the Department incurred expenditure of ₹ 27,989.97 crore (82 *per cent*) on healthcare.
- The expenditure by Health Department was less than the National Health Policy (NHP) target of 2.5 *per cent* of GSDP and ranged between 1.15 and 1.64 *per cent* of State GSDP during the review period of 2016-22. Further, though the expenditure by Health Department increased from 5.72 *per cent* of total expenditure of GoCG in 2016-17 to 7.66 *per cent* in 2021-22, it was less than the target of eight *per cent*.
- The overall capital expenditure during the period 2016-22 was only 7.64 *per cent* amounting to ₹ 2,138.91 crore against the revenue expenditure of ₹ 25,851.06 crore.
- The target of two third (66.67 *per cent*) expenditure on primary healthcare as envisaged in NHP, 2017 was not achieved in any of the year during 2016-22 and it ranged between 30 and 34 *per cent*.
- The GoCG has not formulated any State Health Policy till date (November 2022).
- GoI and GoCG released ₹ 3,576.02 crore and ₹ 3,236.88 crore respectively during 2016-22 under National Health Mission (NHM). Out of total fund of ₹ 7,263.47 crore available with the NHM including interest and opening balance, it utilised ₹ 6,486.08 crore with un-utilised fund of ₹ 777.39 crore, as on 31 March 2022. Thus, the total utilisation of fund under NHM ranged between 66 *per cent* (2021-22) and 73 *per cent* (2016-17).
- CGMSCL, being centralised nodal agency for construction and procurement, received funds from the Health Department. Against the total fund of ₹ 3,628.01 crore, available during 2016-22, they spent only ₹ 2,754.60 crore and the balance ₹ 873.41 crore remained unspent with CGMSCL, as on 31 March 2022. Further, CGMSCL did not maintain any records and is not having any system for assessment of requirement of fund for each year. The demand for fund was made from the GoCG on *ad hoc* basis, without assessment of the requirement based on indent received.
- The amount of liquidated damages of ₹ 37.72 crore recovered by CGMSCL from defaulting suppliers/contractor was treated as its own income on which it paid income tax of ₹ 11.54 crore.

- To fight against the COVID-19 pandemic, GoCG allocated ₹ 1,391.74 crore from the State Budget during 2020-22. However, there was excess expenditure of ₹ 135.85 crore over the allotment from the State Budget during this period.
- The GoCG also allocated ₹ 242.37 crore under SDRF during 2019-22 and out of this, ₹ 239.06 crore was spent for management of quarantine camps, purchase of PPE kit, drugs, and equipment testing kits, laboratories as of March 2022 and balance of ₹ 3.31 crore is kept with implementing agencies.
- The fund allocated by GoI through NHM under Emergency Response and Health Preparedness Package (ECRP) for strengthening of healthcare infrastructure was not utilised as per the guidelines and out of total allocation of ₹ 788.69 crore, only ₹ 328.21 (41.61 per cent) was utilised, till March 2022

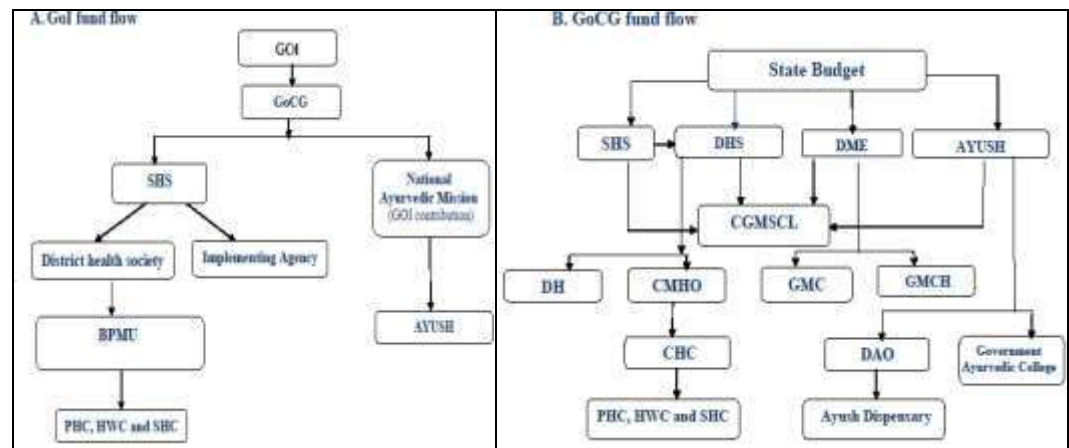
## 6.1 Introduction

The National Health Policy, 2017 (NHP) proposes a potentially achievable target of raising public health expenditure to 2.5 per cent of the GDP in a time bound manner. It envisages that the resource allocation to States will be linked with State development indicators, absorptive capacity and financial indicators. The States would be incentivised for incremental State resources for public health expenditure. A key requirement for any health system is to ensure that the available public funds are directed to organisations to fulfil their objectives.

## 6.2 Expenditure on public healthcare

In Chhattisgarh, the State Health Budget comprises two elements i.e., GoCG funding and the funds received from Government of India (GoI) besides other sources of funding such as District Mineral Fund, State Disaster Response Fund, Corporate and external aid/assistance. The Health Budget allocations are made for healthcare infrastructure, salary and wages to human resources, procurement of drugs, medicines, equipment and consumables etc. The details of fund flow in healthcare sector are given in the following **Chart - 6.1**:

**Chart - 6.1: Fund flow in Healthcare sector in Chhattisgarh**



### 6.2.1 Allocation on healthcare sector

The details of total budget provision and total expenditure of the Department of Public Health and Family Welfare (Department) during 2016-22 are as given in **Table - 6.1**:

**Table - 6.1: Year wise, total budget and expenditure of the Department**

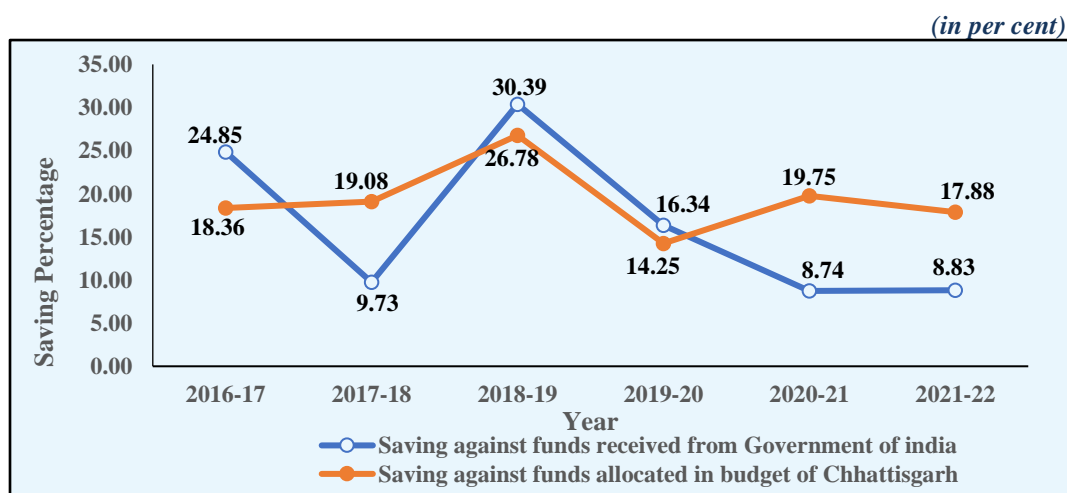
(₹ in crore)

Year	Budget provision			Total expenditure			Saving (per cent)	
	GoI share	GoCG	Total <sup>1</sup>	GoI	GoCG	Total	GoI	GoCG
2016-17	1,703.27	2,471.51	4,174.78	1,280.01	2,017.67	3,297.68	423.26 (24.85)	453.84 (18.36)
2017-18	1,834.42	2,911.74	4,746.16	1,655.97	2,356.28	4,012.25	178.45 (9.73)	555.46 (19.08)
2018-19	2,187.49	3,056.99	5,244.48	1,522.74	2,238.48	3,761.22	664.75 (30.39)	818.51 (26.78)
2019-20	2,180.22	3,326.68	5,506.90	1,823.93	2,852.79	4,676.72	356.29 (16.34)	473.89 (14.25)
2020-21	2,230.31	4,553.06	6,783.37	2,035.49	3,654.01	5,689.50	194.82 (8.74)	899.05 (19.75)
2021-22	3,029.46	4,615.70	7,645.16	2,762.09	3,790.51	6,552.60	267.37 (8.83)	825.19 (17.88)
<b>Total</b>	<b>13,165.17</b>	<b>20,935.68</b>	<b>34,100.85</b>	<b>11,080.23</b>	<b>16,909.74</b>	<b>27,989.97</b>	<b>2,084.94 (15.84)</b>	<b>4,025.94 (19.23)</b>

[Source: Data extracted from VLC, PAG (A&E)]

It could be seen from the above **Table - 6.1** that the Department did not fully utilise the available fund during the period 2016-22 and there were saving ranging from 8.74 to 30.39 per cent in GoI funds and 14.25 to 26.78 per cent in GoCG budget, as depicted in the following **Chart - 6.2**.

**Chart - 6.2: Saving against total budget provision**



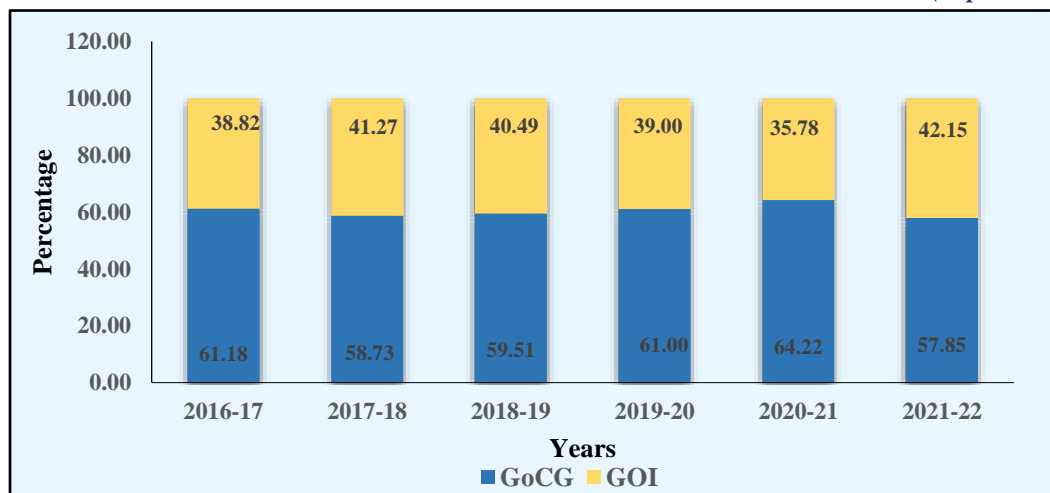
[Source: Data extracted from VLC, PAG (A&E)]

<sup>1</sup> Grant no. 19, 41, 64, 68, 79 and major head 2210, 2211, 2701 and 4210 included for health budget.

The percentage of GoI and GoCG funds in the total expenditure is shown in the **Chart - 6.3**. The percentage share of expenditure from GoCG fund decreased from 2016-17 (61 per cent) to 2021-22 (58 per cent) while that from GoI fund increased from 39 per cent (2016-17) to 42 per cent (2021-22).

**Chart - 6.3: Percentage of expenditure against GoI and GoCG share**

(in per cent)



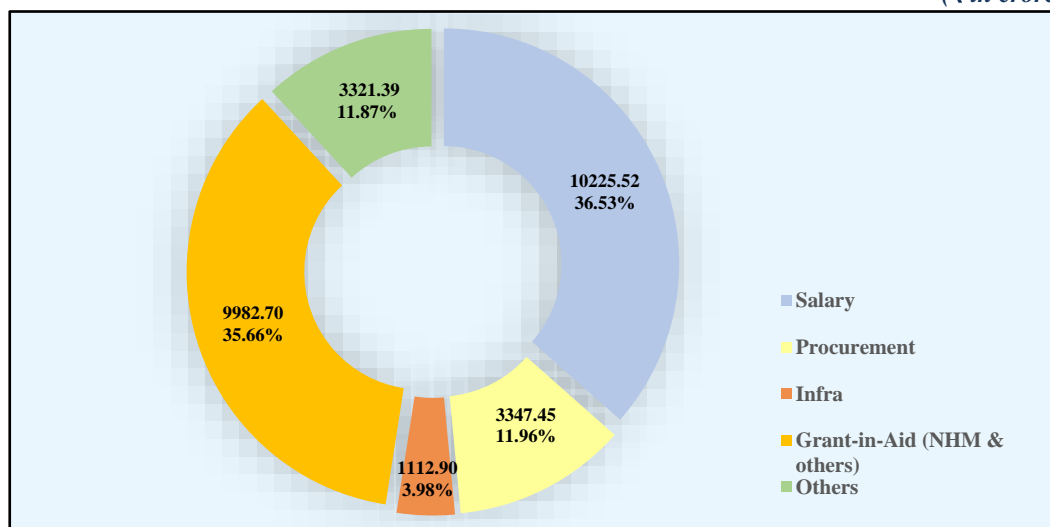
[Source: Data extracted from VLC, PAG (A&E)]

### 6.2.2 Component wise expenditure on healthcare by the Department

The main components of expenditure of the Department are salaries, procurement, infrastructure works, NHM and other grants etc. Expenditure incurred in these components during 2016-22 is depicted in **Chart - 6.4**.

**Chart - 6.4: Component wise expenditure by the Department during 2016-22**

(₹ in crore)



It is evident from the above chart that the Department incurred major expenditure on salary and Grants head during the period 2016-22. However, only four per cent

of total expenditure was incurred on health infrastructure in the same period.

### 6.2.3 Total expenditure on healthcare by the Department in comparison with NHP targets

The NHP 2017 proposes to raise public health expenditure to 2.5 per cent of Gross Domestic Product (GDP) in a time bound manner. It also provides that the State should aim to spend more than eight per cent of their budget on health sector by the year 2020. The details of Gross State Domestic Product (GSDP), total expenditure of the State and health expenditure by the Department during 2016-22 are as given in *Table - 6.2*:

**Table - 6.2: Year wise GSDP, total expenditure and health expenditure**

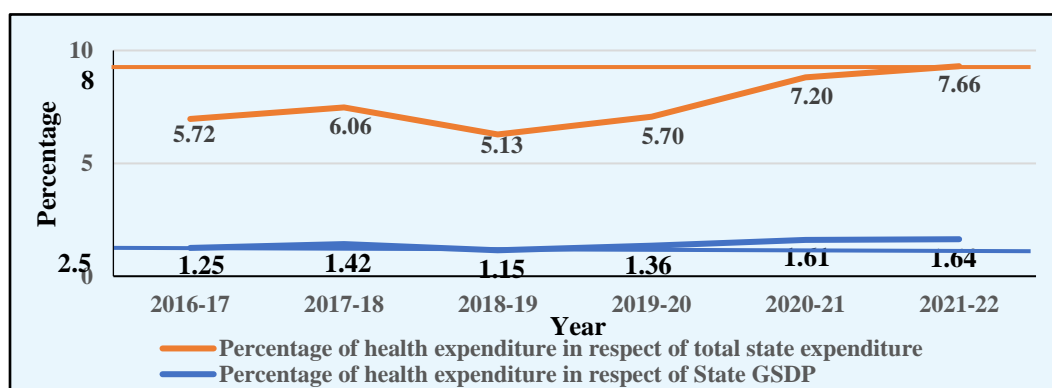
(₹ in crore)

Year	GSDP of the State	Total expenditure of State Government	Total expenditure of Health Department	Per capita expenditure <sup>2</sup> ₹	Percentage of health expenditure in respect of GSDP	Percentage of public health expenditure in respect to total expenditure of the State
1	2	3	4	5	6 (4/2*100)	7 (4/3*100)
2016-17	2,62,802	57,635.11	3,297.68	1,298.30	1.25	5.72
2017-18	2,82,266	66,230.71	4,012.25	1,579.63	1.42	6.06
2018-19	3,27,693	73,314.63	3,761.22	1,480.79	1.15	5.13
2019-20	3,44,571	82,043.70	4,676.72	1,841.23	1.36	5.70
2020-21	3,52,161	79,057.03	5,689.50	2,239.96	1.61	7.20
2021-22	4,00,061	85,514.23	6,552.60	2,579.76	1.64	7.66
<b>Total</b>	<b>19,69,554</b>	<b>4,43,795.41</b>	<b>27,989.97</b>		<b>1.42</b>	<b>6.31</b>

[Source: Data extracted from VLC, PAG (A&E) and Economic Health Survey 2021-22]

The percentage of expenditure on healthcare by the Department with respect to total expenditure of the State and GSDP during 2016-22 is depicted in *Chart - 6.5*:

**Chart - 6.5: Percentage of expenditure on health by Department in comparison to the total expenditure of State/GSDP**



[Source: Data extracted from VLC, PAG (A&E) and Economic Health Survey 2021-22]

It is evident from the above table that during the review period of 2016-22, the health expenditure by Department ranged between 1.15 and 1.64 per cent of State

<sup>2</sup> 2.54 crore population as per census 2011

GSDP which was less than the target of 2.5 *per cent*. Further, though the expenditure on healthcare in comparison with total State expenditure improved from 5.72 *per cent* in 2016-17 to 7.66 *per cent* in 2021-22, however, it remained less than the target of eight *per cent*.

The DHS stated (December 2022) that the budget proposals had been prepared on the basis of expenditure as per the directions of the Finance Department, however, in future it would be prepared on the basis of NHP, 2017.

#### **6.2.4 Revenue and capital expenditure**

Total capital budget provision, total expenditure on revenue and capital on healthcare sector during the year 2016-22 is depicted in the following **Table - 6.3** and **Chart - 6.6**:

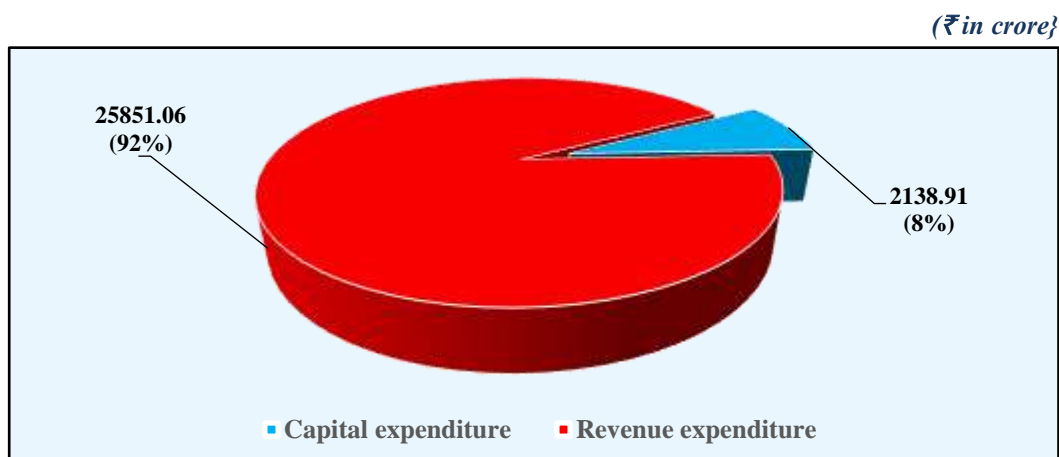
**Table - 6.3: Year wise capital provision, capital expenditure vis-à-vis revenue expenditure on healthcare sector**

(₹ in crore)

Year	Total expenditure on health	Capital			Revenue		
		Provisions	Expenditure	Per cent (w.r.t total exp.)	Provisions	Expenditure	Per cent (w.r.t total exp.)
2016-17	3,297.68	466.71	325	9.86	3,708.08	2,972.68	90.14
2017-18	4,012.25	618.28	401.19	10.00	4,127.88	3,611.06	90.00
2018-19	3,761.22	585.87	214.49	5.70	4,658.61	3,546.73	94.30
2019-20	4,676.72	739.35	361.82	7.74	4,767.55	4,314.90	92.26
2020-21	5,689.50	873.88	511.71	8.99	5,909.48	5,177.79	91.01
2021-22	6,552.60	769.11	324.7	4.96	6,876.06	6,227.90	95.04
<b>Total</b>	<b>27,989.97</b>	<b>4,053.20</b>	<b>2,138.91</b>	<b>7.64</b>	<b>30,047.66</b>	<b>25,851.06</b>	<b>92.36</b>

[Source: Data extracted from VLC, PAG (A&E) and finance accounts of GoCG 2016-22]

**Chart - 6.6: Capital expenditure vis-à-vis Revenue expenditure on healthcare sector (2016-22)**



As evident in **Table - 6.3** and **Chart - 6.6** that the capital expenditure on healthcare was very low, which ranged between 4.96 and 10 *per cent* of total expenditure

during the year 2016-22. The overall capital expenditure was only 7.64 per cent. Further, in Directorate of AYUSH, allotment of fund of ₹ 8.66 crore for equipment during 2016-21 had been misclassified in the revenue head instead of capital head. It was also observed that the GoCG allotted only ₹ 2,652.89 crore (65.45 per cent) against the budget provision of ₹ 4,053.20 crore for capital expenditure during the period 2016-22. However, the Department was able to utilise only ₹ 2,138.91 crore (80.63 per cent of total allotment). Due to less allotment of fund by the Department, the CGMSCL could not take up the 28 construction work of healthcare facilities<sup>3</sup> out of 4,360 works assigned to CGMSCL for execution during 2016-22.

### **6.3 Planning and allocation of resources**

#### **6.3.1 Non preparation of State Health Policy**

There is a need of Comprehensive Health Policy of the State so that the broader goals, objectives, and targets of NHP can be planned and achieved in a time bound manner by formulating the State specific strategies in alignment with the objectives of NHP. Audit observed that GoCG had not formulated a Comprehensive Health Policy for the State since its formation. The State Health Resource Center (SHRC) had drafted a health policy in 2006, however, it was not approved by the GoCG and the reasons for the same were not found on records.

During exit conference the Secretary assured (November 2022) to formulate the State Health Policy.

#### **6.3.2 Allocation of resources**

As per NHP 2017, two third (66.67 per cent) of total health budget should be allocated for primary healthcare. It also stipulated that the allocation of resources in budget was to be made based on differential financial ability, developmental needs and high priority districts to ensure horizontal equity through targeting specific population subgroups, geographical areas, availability of healthcare services and gender related issues.

Audit observed that expenditure on primary healthcare by the Department was less than the target prescribed by the NHP during 2016-22, as given in **Table - 6.4**:

<sup>3</sup> 28 (8 new healthcare facilities and 20 other works) works were pending due to non-availability of fund

**Table - 6.4: Statement showing target vis-à-vis actual expenditure on primary healthcare during 2016-22**

(₹ in crore)

Year	Healthcare expenditure by Department	Targeted expenditure on primary healthcare as per NHP 2017 (2/3 <sup>rd</sup> of total expenditure)	Actual expenditure on primary healthcare		Shortfall	
			Amount	Percentage	Amount	Percentage
1	2	3	4	5 (4x100/2)	6 (3-4)	7 (6x100/3)
2016-17	3,297.68	2,198.45	973.95	29.53	1,224.50	55.70
2017-18	4,012.25	2,674.83	1,214.09	30.26	1,460.74	54.61
2018-19	3,761.22	2,507.48	1,290.32	34.31	1,217.16	48.54
2019-20	4,676.72	3,117.81	1,493.55	31.94	1,624.26	52.10
2020-21	5,689.50	3,793.00	1,825.51	32.09	1,967.49	51.87
2021-22	6,552.60	4,368.40	1,944.99	29.68	2,423.41	55.48
<b>Total</b>	<b>27,989.97</b>	<b>18,659.97</b>	<b>8,742.41</b>		<b>9,917.56</b>	

[Source: Data extracted from VLC, PAG (A&E)]

The Department stated (December 2022) that the budget proposals had been prepared on the basis of the directions of the Finance Department, however, in future it would be prepared on the basis of NHP, 2017.

### 6.3.3 Funding under Corporate Social Responsibility

The GoCG obtains the funds from the various Companies including public sector undertakings, registered trust, registered society or Section 8 Companies<sup>4</sup> authorised for Corporate Social Responsibility (CSR) expenditure for supporting health care infrastructure and services. The NHP, 2017 emphasizes the use of CSR funds for filling health infrastructure gaps in public health facilities across the country.

- During the period 2020-21, the DHS received funds of ₹ 20 crore under CSR from National Mineral Development Corporation Limited and South Eastern Coalfield Limited (SECL) which were utilised for COVID-19 management.
- Further, SECL allocated funds of ₹ 79.83 crore for five districts of Chhattisgarh i.e. Bastar, Bijapur, Mahasamund, Kanker and Narayanpur under theme “Healthcare SECL stands for Health”. SECL released (March 2019) first instalment of ₹ 47.89 crore (60 per cent of the total fund) to NHM, out of which only ₹ 37.66 crore could be utilised by the NHM up to March 2022 and the balance amount of ₹ 11.17 crore was kept in the bank account. Due to non-utilisation of fund, second installment was not released by the SECL, as of November 2022.
- National Thermal Power Corporation (NTPC) sanctioned ₹ 100 crore for upgradation of infrastructure and installation of other basic amenities at Government Medical College (GMC), Raigarh under CSR. As per the MoU (November 2019), first installment of ₹ 25 crore was released in 2019-20.

<sup>4</sup> A company is referred to as Section 8 Company when registered as a Non-Profit Organisation (NPO) i.e., when it has the motive of promoting arts, commerce, education, charity, protecting of environment, sports, science, research, social welfare, religion and intends to use its profits (if any) or other income for promoting these objectives.



Audit observed that GMC Raigarh utilised ₹ 14.71 crore as of March 2022 and the remaining ₹ 10.29 crore was kept in the bank account. Further installments were not received as of November 2022 due to non-utilisation of the first instalment.

During exit conference Secretary stated (November 2022) that efforts will be made to expedite the release of second instalment by SECL and NTPC.

It is evident from the reply that the Department has failed to utilise all the CSR funds and demanded the second installment from SECL only after pointed out by the Audit.

#### 6.4 Budget allocation and expenditure by Health Directorates

The Directorate wise breakup of budget allocation out of the total budget of the state and expenditure incurred from it during 2016-22 is given in *Table - 6.5*.

**Table - 6.5: Statement showing allotment and expenditure of DHS, DME and AYUSH**

(₹ in crore)

Year	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	Grand Total
<b>A. Director Health Services (DHS)</b>							
Provision	2916.20	3381.91	3788.12	3667.84	4875.35	5672.18	24301.6
Allotment	2666.27	2882.16	3017.64	3208.47	3945.20	5672.18	21391.92
Expenditure	2409.08	2977.15	2907.19	3476.46	4415.83	5352.40	21538.11
Saving/excess (-)	257.19	-94.99	110.45	-267.99	-470.63	319.78	-146.19
Saving/excess (-) %	9.65	-3.30	3.66	-8.35	-11.93	5.64	-0.68
<b>B. Director Medical Education (DME)</b>							
Provision	745.87	855.18	946.19	1337.39	1361.74	1449.37	6695.74
Allotment	745.87	855.18	946.19	1337.39	1361.74	1449.37	6695.74
Expenditure	525.28	666.54	556.00	838.03	903.26	818.11	4307.22
Saving/excess (-)	220.59	188.64	390.19	499.36	458.48	631.26	2388.52
Saving/excess (-) %	29.57	22.06	41.24	37.34	33.67	43.55	35.67
<b>C. Director AYUSH</b>							
Provision	248.43	291.28	290.63	294.52	312.06	318.45	1755.37
Allotment	248.43	291.28	290.63	294.52	312.06	318.45	1755.37
Expenditure	181.30	225.31	208.59	238.84	233.62	247.21	1334.87
Saving/excess (-)	67.13	65.97	82.04	55.68	78.44	71.24	420.50
Saving/excess (-) %	27.02	22.65	28.23	18.91	25.14	22.37	23.96
<b>Grand Total (A+B+C)</b>							
Provision	3910.5	4528.37	5024.94	5299.75	6549.15	7440	32752.71
Allotment	3660.57	4028.62	4254.46	4840.38	5619.00	7440.00	29843.03
Expenditure	3115.66	3869.00	3671.78	4553.33	5552.71	6417.72	27180.20
Saving/excess (-)	544.91	159.62	582.68	287.05	66.29	1022.28	2662.83
Saving/excess (-) %	14.89	3.96	13.70	5.93	1.18	13.74	8.92

(Source: Compiled by audit from budget data provided by DHS, DME and AYUSH)

As it could be seen from *Table - 6.5* that during the review period of 2016-22, the GoCG made provision of ₹ 32,752.71 crore for Health in the budget, out of which ₹ 29,843.03 crore was allocated to the three Directorates. However, from this allotment only ₹ 27,180.20 crore could be utilised. So, the Department was left with saving of ₹ 2,662.83 crore, which was 8.92 *per cent* of total allotment of budget. The total saving ranged between ₹ 66.29 crore (1.18 *per cent* of total allotment in 2020-21) and ₹ 1,022.28 crore (13.74 *per cent* of total allotment in 2021-22) during the review period of 2016-22. Thus, despite having sufficient budget provisions, the Department failed to utilise ₹ 2,662.83 crore during 2016-22.

It was further observed that out of all the three Directorates, the DME failed to utilise its major portion of allocated fund and there was saving of ₹ 2,388.52 crore out of total allotment of ₹ 6,695.74 crore, which is 35.67 *per cent* of total allotment during the review period of 2016-22. This indicates, improper planning and poor implementation of plan on the part of the DME, which failed to spend its budget on capacity building of healthcare staff by constructing GMCs, increasing the medical seats in the colleges, engaging the trained teaching staff, providing necessary infrastructure in GMCs and attached hospitals.

Similarly, Directorate of AYUSH also failed to utilise its available fund and there was saving of ₹ 420.50 crore out of total allotment of ₹ 1,755.37 crore which was 23.96 *per cent* of the total allotment. This indicates that AYUSH also failed to carry out its activities in full force during 2016-22.

During exit conference the Secretary stated (November 2022) that major savings were attributed due to lack of administrative approval from Finance Department for recruitment of vacant posts in DME and AYUSH departments.

It is evident from the reply that DME and AYUSH failed to utilise the fund as per the budget allocation.

## **6.5 Funding under National Health Mission**

The National Health Mission (NHM) is a flagship health sector reform initiative started by GoI in 2005. The NHM has initiated multiple health system reforms to strengthen primary and secondary care. NHM is both flexible and dynamic and is intended to guide States towards ensuring the achievement of universal access to health care through strengthening of health systems, institutions, and capabilities.

The Resource Envelope (RE) under NHM for a financial year consists of unspent balances of the previous years, proposed budget allocation and Central State share in the ratio of 60:40 during 2016-22. GoI share is released to the GoCG and GoCG transfers the same along with its share to the Mission Director, NHM, Chhattisgarh.

The receipt and expenditure under NHM and funds outlays for NHM during 2016-22 are given in *Table - 6.6*:

Table - 6.6: Receipt and expenditure under NHM during 2016-22

(₹ in crore)

Year	Receipt						Expenditure during the year and percent	Closing balance
	Fund available (Opening)	GoI	GoCG	Interest received during current year	Adjustment/ other receipts	Total		
2016-17	324.82	397.92	322.54	13.05	-0.21	1058.12	769.63 (73)	288.49
2017-18	288.49	542.71	455.72	17.78	0.35	1305.05	894.72 (69)	410.33
2018-19	410.33	530.40	394.13	12.33	-0.28	1346.91	896.93 (67)	449.98
2019-20	449.98	629.77	585.68	69.26	-2.49	1732.20	1,149.39 (66)	582.81
2020-21	582.81	738.76	593.53	22.46	0.16	1937.72	1,287.80 (66)	649.92
2021-22*	649.92	736.46	885.28	9.04	-15.70	2265.00	1,487.61 (66)	777.39
<b>Total</b>		<b>3,576.02</b>	<b>3,236.88</b>	<b>143.92</b>	<b>-18.17</b>	<b>9645.00</b>	<b>6,486.08</b>	

(Source: Information provided by NHM)

\*Unaudited figure

As evident from the **Table - 6.6** that expenditure of ₹ 6,486.08 crore incurred under NHM was 23.17 per cent of the total expenditure (₹ 27,989.97 crore) of the GoCG under the Department during 2016-22. NHM utilised only ₹ 6,486.08 crore out of total available fund of ₹ 7,263.47 crore<sup>5</sup> during this period with balance of ₹ 777.39 crore as on 31 March 2022. The total utilisation of fund ranged between 66 per cent (2021-22) and 73 per cent (2016-17). This indicates lack of monitoring over implementation of various Schemes on the part of Mission Director NHM, which is the nodal agency in the State for implementation of the same.

During the exit conference, the Secretary stated (November 2022) that the major savings were attributed to 7,000 vacant posts in NHM which could not be filled and due to COVID-19 situation, funds could not be utilised.

The implementation of various schemes funded under NHM has been discussed in the **Chapter 7: Implementation of Centrally Sponsored Schemes**.

## 6.6 Funding under National AYUSH Mission

### 6.6.1 Non-utilisation of funds under National AYUSH Mission

The National AYUSH Mission (NAM) is the centrally sponsored flagship mission, through which AYUSH services are provided as a part of public health services. As per guidelines of NAM, the GoCG submits the State Annual Action Plan (SAAP) on yearly basis (1<sup>st</sup> week of May) to NAM for approval. The SAAP includes components of Admin Cost, Flexi pool and Core Activities<sup>6</sup> under NAM. The State AYUSH Mission Society is responsible for implementation of scheme in the State. The grant-in-aid released to the Society shall be utilised within 12 months from the date of issue of its sanction by GoI.

<sup>5</sup> Total fund available [₹ 324.82 crore (OB of 2016-17) + ₹ 3,576.02 crore (GoI share) + ₹ 3,236.88 crore (GoCG share) + ₹ 125.75 crore (other interest receipt with adjustment) = ₹ 7,263.47 crore]

<sup>6</sup> Core activities include AYUSH Services, AYUSH Educational Institutions, Quality control of ASU&H drugs, Medicinal plant and Health and Wellness centers.

During the period 2016-22, the Society had received ₹ 116.21 crore for implementation of the activities mentioned in SAAP. Out of the available funds, only ₹ 51.85 crore (45 per cent) had been utilised and remaining funds of ₹ 64.36 crore were not utilised, as detailed in **Table - 6.7**:

**Table - 6.7: Details of funds allotted, expenditure incurred and utilised by Society.**

(₹ in crore)

Year	Fund received (GoI + State Share)	Expenditure	Fund not utilised as per the Society	Amount of UCs submitted	Percentage of UCs not submitted	Interest amount received in Society Account
A	B	C	D	E	F= (C-E)/C*100	G
2016-17	19.27	17.24	2.03	9.45	45	0.20
2017-18	20.29	17.49	2.80	10.23	42	0.10
2018-19	17.78	9.95	7.83	2.88	71	0.43
2019-20	0.00	0.00	0.00	0.00	0	0.46
2020-21	44.85	7.17	37.68	4.24	41	0.22
2021-22	14.02	0.00	14.02	0.00	0	1.62
<b>Total</b>	<b>116.21</b>	<b>51.85</b>	<b>64.36</b>	<b>26.80</b>	<b>--</b>	<b>3.03</b>

(Source: Data received from Directorate, AYUSH and compiled by Audit)

Audit observed that non utilisation of funds ranged from 41 to 71 per cent during the period 2016-22 while utilisation was nil in 2021-22, which indicates that the physical progress of the activities of NAM was not adequate. Further, SAAP for 2019-20 was neither finalised nor forwarded to GoI by the Society. As a result, no funds were allotted in that particular year. Audit further observed that during 2016-22, Society earned interest amounting to ₹ 3.03 crore which was retained in the bank accounts of the Society instead of returning it to the GoCG.

GoCG replied (December 2022) that the interest earned on the amount lying in the accounts of the society amounting to ₹ 2.84 crore has been returned (April 2022). Further, the funds were not utilised as the work allotted could not be completed by the executing agencies in due time.

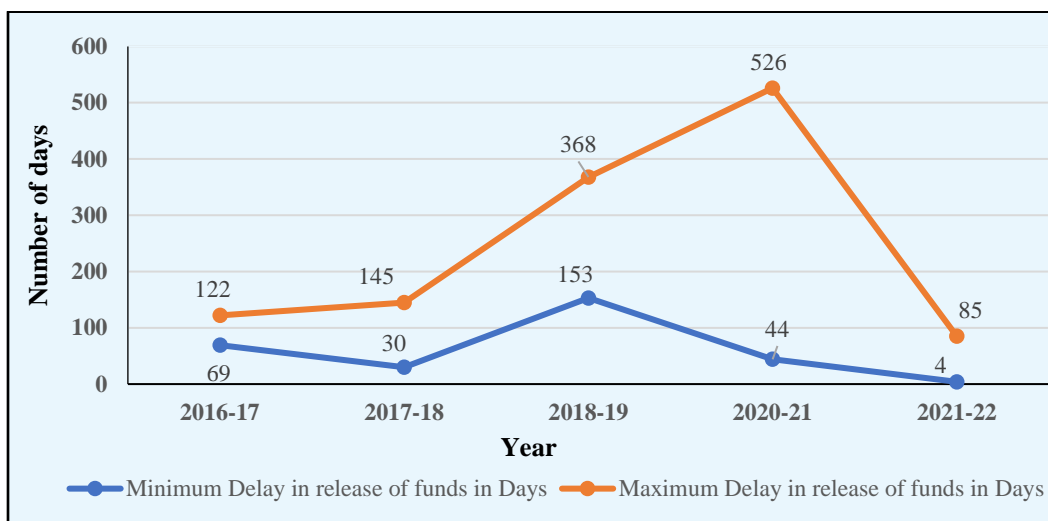
Reply is not acceptable as due to lack of monitoring by the department and co-ordination with executive agencies funds of ₹ 64.36 crore remained unutilised.

### **6.6.2 Delay in release of NAM fund from GoCG to the Society**

GoI releases NAM funds to the State which is transferred to the Society through treasury after including matching State share of 40 per cent for implementation of scheme. The Society further transfers funds to District Ayurveda Officers (DAOs) for implementation of the scheme.

It was observed that during 2016-22, GoCG released funds after inclusion of its own matching share with delay ranging between four and 526 days (**Appendix - 6.1**) as depicted in **Chart - 6.7**:

Chart - 6.7: Chart showing year wise maximum and minimum delay in fund release



The GoCG stated (December 2022) that GoI approves the fund as per the SAAP in the month of November-December of the financial year. The process of withdrawal of funds received from GoI along with the matching share of GoCG is done by treasury. Due to the above reasons, funds were received with delay by the society.

The reply is not acceptable as the funds received by the society should be utilised in the same Financial Year (FY) but funds were received with delay of more than a year in 2018-19 and 2020-21.

## 6.7 Financial Management in CGMSCL

CGMSCL being the centralized nodal agency receives funds from the Department viz., DHS, DME and AYUSH for procurement of drugs, consumables and equipment as well as for creation of healthcare facilities in the State. It is responsibility of the CGMSCL to surrender the un-utilised fund to the user department at the year end. Audit observed following deficiencies relating to fund management in CGMSCL.

### 6.7.1 *Blocking up of funds with CGMSCL due to non-surrender of un-utilised fund to the GoCG*

As per GoCG order (April 2014), 40 per cent of budget relating to procurement of drugs, medicines and equipment as well as infrastructure development works was to be allocated to CGMSCL in the month of April each year. The remaining 60 per cent is to be released by the GoCG in October only after submission of utilisation certificate regarding expenditure of the initial amount.

The details of fund received by CGMSCL from DHS, DME, AYUSH and other sources, expenditure and balance at year end is given in *Table - 6.8*:

**Table - 6.8: Details of fund received, expenditure and closing balances from DHS, DME, AYUSH and other sources**

(₹ in crore)

Year	Source of fund	Opening balance	Receipt	Expenditure	Closing Balance	Utilisation percentage
2016-17	DHS	86.20	157.97	137.08	107.08	56.14
	DME	78.55	72.43	34.84	116.14	23.08
	AYUSH	25.83	33.79	7.06	52.56	11.84
	Others	7.45	1.17	1.02	7.60	11.83
	<b>Total</b>	<b>198.03</b>	<b>265.36</b>	<b>180.01</b>	<b>283.39</b>	<b>38.85</b>
2017-18	DHS	107.08	203.12	229.50	80.71	73.98
	DME	116.14	91.33	83.10	124.37	40.05
	AYUSH	52.56	50.49	26.35	76.70	25.57
	Others	7.60	0.55	1.60	6.55	19.63
	<b>Total</b>	<b>283.39</b>	<b>345.50</b>	<b>340.55</b>	<b>288.33</b>	<b>54.15</b>
2018-19	DHS	80.71	207.38	224.47	63.61	77.92
	DME	124.37	104.92	84.02	145.27	36.64
	AYUSH	76.70	24.05	32.63	68.12	32.39
	Others	6.55	0.37	0.16	6.76	2.31
	<b>Total</b>	<b>288.33</b>	<b>336.72</b>	<b>341.29</b>	<b>283.77</b>	<b>54.60</b>
2019-20	DHS	63.61	286.41	240.48	109.54	68.70
	DME	145.27	69.81	102.85	112.23	47.82
	AYUSH	68.12	24.00	34.72	57.40	37.69
	Others	6.76	2.50	3.22	6.04	34.77
	<b>Total</b>	<b>283.77</b>	<b>382.72</b>	<b>381.27</b>	<b>285.22</b>	<b>57.21</b>
2020-21	DHS	109.54	902.40	718.94	293.00	71.05
	DME	112.23	132.53	64.59	180.17	26.39
	AYUSH	57.40	18.65	22.66	53.39	29.80
	Others	6.04	1.60	3.28	4.36	42.93
	<b>Total</b>	<b>285.22</b>	<b>1055.18</b>	<b>809.47</b>	<b>530.93</b>	<b>60.39</b>
2021-22	DHS	293.00	877.39	602.87	567.52	51.51
	DME	180.17	122.75	75.73	227.19	25.00
	AYUSH	53.39	38.51	22.96	68.94	24.98
	Others	4.36	5.86	0.46	9.76	4.50
	<b>Total</b>	<b>530.93</b>	<b>1,044.51</b>	<b>702.02</b>	<b>873.41</b>	<b>44.56</b>
Grand total (2016-22)	DHS	86.20	2,634.67	2,153.35	567.52	79.14
	DME	78.55	593.77	445.13	227.19	66.21
	AYUSH	25.83	189.49	146.38	68.94	67.98
	Others	7.45	12.05	9.74	9.76	49.95
	<b>Total</b>	<b>198.03</b>	<b>3,429.98</b>	<b>2,754.60</b>	<b>873.41</b>	<b>75.93</b>

(Source: Compiled from CGMSCL's record)

During the period 2016-22, CGMSCL received funds of ₹ 3,429.98 crore from the Health Directorates which constitutes 12.62 *per cent*<sup>7</sup> of total expenditure of these Directorates. However, in this period utilisation of funds by CGMSCL ranged between 38.85 *per cent* (2016-17) and 60.39 *per cent* (2020-21). As against, the total fund of ₹ 3,628.01 crore<sup>8</sup> available with CGMSCL during 2016-22, it spent only ₹ 2,754.60 crore (76 *per cent*) and the balance ₹ 873.41 crore remained unspent with CGMSCL, as on 31 March 2022.

During the same period, year wise fund utilisation by DHS ranged between 51.51 *per cent* (2021-22) and 77.92 *per cent* (2018-19). Similarly, for DME, it ranged between 23.08 *per cent* (2016-17) and 47.82 *per cent* (2019-20). For AYUSH, it ranged between 11.84 *per cent* (2016-17) and 37.69 *per cent* (2019-20). Thus, there were major savings of ₹ 382.32 crore and ₹ 138.01 crore under infrastructure and drugs heads in DHS and ₹ 192.69 crore under equipment head in DME.

Audit also observed that CGMSCL did not develop any system for recording utilisation against the funds received from each directorate for each year. The demand for fund was made from the Directorate on ad-hoc basis without ensuring utilisation of first instalment and submission of UCs. Moreover, CGMSCL did not maintain records relating to release/sanction order received from the Department, date of receipt of funds into its account, head of fund, purpose of fund etc., properly, which indicates poor fund management. Audit further observed that the Directorates also failed to adhere the GoCG order (April 2014) which stipulated that second instalment of 60 *per cent* of fund was to be released by the Directorates in October, only after receipt of utilisation certificate of first instalment of 40 *per cent*.

Due to poor fund management, huge unspent balances ranging between ₹ 283.39 crore (2016-17) and ₹ 873.41 crore (2021-22) were lying in the bank account of CGMSCL, which was 6.79 *per cent* to 11.42 *per cent* of the total health budget of the State during the corresponding year.

### **6.7.2 Non submission of utilisation certificate on timely basis**

Audit further observed that CGMSCL did not submit UCs to the GoCG regularly as required under GoCG order dated 15 April 2014. The UCs were prepared by CGMSCL on ad-hoc basis, as and when required or demanded by the Department. Moreover, the same were not being maintained by CGMSCL properly, which indicates the poor record keeping by it. For instance, CGMSCL has forwarded the utilisation certificate to AYUSH for the period from 2014-15 to 2020-21, only in November 2020. An illustrative example of the same is shown in picture – 1:



<sup>7</sup>  $(\text{₹ } 3429.98/27180.20)*100=12.62 \text{ per cent}$

<sup>8</sup>  $\text{₹ } 198.03 \text{ (opening balance)} + \text{₹ } 3,429.98 \text{ (total receipt)} = \text{₹ } 3,628.01$

Utilization Certificate Ayush Drug Fund (Unani) (from 01-04-13 to 31-10-2020) (State Budget)										
S.Y.	Fund Received from	Head	Opening Balance amount	Fund received during the year		Interest Amount	Total Amount	Total Expenditure	Closing Balance	Remark
				Head wise	Total Received					
1	2014-15	Directorate Ayush	-	104000	104000	4870	1044870	0	1044870	
2	2015-16	Directorate Ayush	-	1044870	114000	114000	82016	2266886	0	2266886
3	2016-17	Directorate Ayush	-	2266886	274000	274000	87950	5094836	0	5094836
4	2017-18	Directorate Ayush	Shastri (60%)	3056902	1710000	1710000	24422	4791324	5864601	-1073277
			Propriety (40%)	2037934	1140000	1140000	16281	3194215	0	3194215
5	2018-19	Directorate Ayush	Shastri (60%)	-1073277	684000	684000	-	-389277	461345	-850622
			Propriety (40%)	3194215	456000	456000	-	3650215	0	3650215
6	2019-20	Directorate Ayush	Shastri (60%)	-850622	2850000	2850000	-	1999378	0	1999378
			Propriety (40%)	3650215	0	0	-	3650215	179386	3470829
7	2020-21	Directorate Ayush	Shastri (60%)	1999378	312000	312000	-	2311378	0	2311378
			Propriety (40%)	3470829	208000	208000	-	3678829	450355	3227974

Note - Calculation for Fund Balance -

Shastri (figure in lakh)		Patent (Propriety) (figure in lakh)	
After expenditure 2020-21 balance payment amount is Rs.	0.00	After expenditure 2020-21 balance payment amount is Rs.	10.73
Total payment balance amount is Rs.	0.00	Total payment balance amount is Rs.	10.73
Closing fund balance after expenditure	23.11	Closing fund balance after expenditure	21.28
Total payment balance amount is Rs.	0.00	Total payment balance amount is Rs.	10.73
Fund balance	23.11	Fund balance	21.55

Picture 1: Utilisation Certificate of AYUSH fund furnished by CGMSCL to AYUSH

### 6.7.3 Non-crediting of liquidated damages to the GoCG fund

The CGMSCL works as central nodal agency of the Department for procurement of drugs, equipment and construction activities. The CGMSCL recovers administrative charges at the rate of five *per cent* for all the procurement made in respect of drugs, equipment and construction activity.

CGMSCL has recovered ₹ 37.72 crore as Liquidated Damages (LD) during the period 2016-22 from the suppliers/ contractors due to default in supply of indented items to State healthcare facilities as per the contract, as detailed in **Table - 6.9**:



Table - 6.9: Details of LD collected from the supplier/ contractors

Sr. No.	Year	LD collected (₹ in crore)	Total profit earned (in crore)	Amount of total tax paid by the Company	Amount of tax burden due to recognising LD as income
1	2016-17	2.81	3.95	1.98	0.93
2	2017-18	6.14	8.57	4.74	2.03
3	2018-19	5.81	4.51	3.33	1.60
4	2019-20	6.92	7.32	3.19	2.31
5	2020-21	5.71	4.08	1.65	1.66
6	2021-22 <sup>#</sup>	10.33	Accounts not yet finalised		3.01
	<b>Total</b>	<b>37.72</b>			<b>11.54</b>

(Source: Compiled from CGMSCL's record)

(# Provisional figures)

Audit observed (February 2021) that CGMSCL has accounted for the LD as its own income instead of refunding/crediting the same to the indenting Department. Since LDs were received against the contract made on behalf of indenting Department for which CGMSCL has claimed administrative expenses, any income arising out of non-servicing of contract should go to the aggrieved party i.e., Department. Hence treating the LD as CGMSCL's income is not in order and resulted in loss of revenue of ₹ 37.72 crore to the GoCG.

Moreover, CGMSCL had paid income tax of ₹ 11.54 crore (as detailed in *Table – 6.9*) due to treating LD as its own income, which could have been avoided.

During exit conference, the Secretary accepted (November 2022) the audit observation and assured to take corrective action in this regard.

## 6.8 Financial support under COVID-19

### 6.8.1 State Budget

The GoCG provided funds to the Department under SDRF and under the scheme head 6441- "Prevention of infection and treatment of COVID -19" during the year 2020-21 and 2021-22 for wages to contractual staff, procurement of drugs and equipment, testing kits, consumables and other supporting activities. The year wise allocation and expenditure under the scheme head of COVID-19 is given in the following *Table - 6.10*:

Table - 6.10: GoCG budget allocation and expenditure under COVID-19

(₹ in crore)

Year	Budget Provision	Budget Allotted	Expenditure	Savings/excess
2020-21	485.65	485.65	435.41	50.23
2021-22	907.88	906.10	1092.18	-186.08
<b>Total</b>	<b>1393.53</b>	<b>1391.74</b>	<b>1527.59</b>	<b>-135.85</b>

[Source: Data extracted from VLC, PAG (A&E)]

It could be seen from above table that during the period 2020-22, an expenditure of ₹ 135.85 crore was incurred in excess of the allotment received due to meagre allocation of funds under the head procurement of drugs and wages to contractual staff engaged for management of COVID -19 activities during the period 2020-22.

### **6.8.2 State Disaster Relief Fund (SDRF)**

The GoCG provided funds of ₹ 15 crore, ₹ 177.37 crore and ₹ 50 crore under SDRF during the years 2019-20, 2020-21 and 2021-22 respectively to the Department for emergency response to COVID-19. Out of allocated funds of ₹ 242.37 crore, the Directorate Health Services spent ₹ 239.06 crore as of March 2022 on measures for quarantine, sample collection, screening, procurement of essential equipment/ labs and relief measures for response to COVID -19.

### **6.8.3 Emergency Response and Health System Preparedness Package**

To build resilient health system for COVID-19, the Ministry of Health and Family Welfare, GoI (MoHFW) introduced (7 April 2020) the COVID-19 Emergency Response and Health System Preparedness Package (ECRP). Its main components included emergency COVID-19 response, strengthening National and State healthcare systems to support prevention and preparedness, procurement of essential medical equipment, consumables, and drugs, strengthening of surveillance activities including setting up of laboratories and bio-security preparedness. The State Health Society (NHM), was made as implementing agency for the ECRP.

The allocation under the package was to be used by the States as per the requirement of various Districts. In this connection, MoHFW issued (23 April 2020 and 6 August 2020) guidance notes on ECRP. The details of fund received, and expenditure incurred for the period from January 2020 to March 2022 under ECRP I and ECRP II is given in *Table - 6.11*:

**Table - 6.11: Details of fund received vis-à-vis expenditure incurred under ECRP-I and ECRP-II**

(₹ in crore)

Particulars	Fund received and released at NHM			Fund utilised at NHM level	Fund released by NHM to implementing agency	Total Expenditure (including NHM utilisation)	Balance Amount
	GoI	GoCG Share	Total				
1	2	3	4 (2+3)	5	6	7	8 (4-7)
ECRP I <sup>9</sup> 25/03/2020	25.98	17.32	43.30	1.36	41.94	43.30	0
ECRP I <sup>10</sup> 06/04/2020, 05/08/2020, 25/11/2020, 30/12/2020 26/03/2021 and 10/01/2022	118.61	-	118.61	1.66	116.95	109.21	9.40
ECRP II <sup>11</sup> 25/10/2021 and 23/03/2022	376.07	250.71	626.78	0	583.31	175.70	451.08
<b>Total</b>	<b>520.66</b>	<b>268.03</b>	<b>788.69</b>	<b>3.02</b>	<b>742.20</b>	<b>328.21</b>	<b>460.48</b>

(Source: Compiled from records furnished by NHM, Chhattisgarh)

Audit scrutinised the records related to implementation of ECRP and observed the following points:

### 6.8.3.1 Failure to utilise available fund under ECRP II

Para 2.5 of the supplementary guidelines and Para 5 (a) of ECRP II guidelines stipulate that GoCG must ensure that the ECRP should contain only such deliverables/ activities, which can be fully implemented by 31 March 2022, i.e., the fund should be utilised before the end of March 2022.

It could be seen from the above table that the amount of ₹ 9.40 crore (7.93 per cent) remained un-utilised as of July 2022 under ECRP I for envisaged activities.

Audit further observed that the activities approved under ECRP II was also not completed by the end of 31 March 2022 which was one of the conditions for approval of the fund under ECRP-II. It was also observed that NHM failed to transfer entire amount ₹ 626.78 crore received under ECRP II and transferred ₹ 583.31 crore to implementing units and balance amount of ₹ 43.47 crore was kept with NHM as of March 2022. Moreover, out of total release of ₹ 583.31 crore, implementing units could utilise only ₹ 175.70 crore with unspent amount of ₹ 407.61 crore (70 per cent of available fund) lying with them. This indicates inadequate monitoring of implementing agencies by NHM because various essential activities related to COVID-19 i.e., Liquid Medical Oxygen Plant, procurement activities, capacity building activities were not carried out despite release of funds. The component wise expenditure under ECRP I and ECRP II is given in the *Appendix - 6.2*. Out of the total Fund received, the key expenditure for COVID-19 is given in *Table - 6.12*:

<sup>9</sup> For FY 2019-20

<sup>10</sup> ₹ 109.21 crore (FY 20-21) + ₹ 9.40 crore (2021-22 Provisional)

<sup>11</sup> ₹ 626.78 crore (FY 2021-22).

Table - 6.12: Progress of COVID-19 Components under ECRP-II

Activity / Heads	Plan as per ROP 2021-22	Expenditure Upto 31 March 2022	Percentage of Expenditure
	(₹ in crore)	(₹ in crore)	(per cent)
COVID Essential Diagnostics and Drugs	107.37	62.49	58.2
RAT and RT-PCR including Lab	158.74	63.38	39.92
Essential drugs for COVID19 Management, including maintaining buffer stock	28.00	30.80	110
Support for Liquid Medical Oxygen (LMO) plant (with MGPS) including site preparedness and installation cost	17.00	0	0
LMO storage tanks.	15.20	0	0
<b>TOTAL</b>	<b>326.31</b>	<b>156.67</b>	<b>48.01</b>

(Source: Information furnished by NHM)

### 6.8.3.2 Failure to report monthly expenditure and physical progress of the work under ECRP

Para 5 of the supplementary guidelines<sup>12</sup> and Para 6 of the Guidelines for ECRP II provide that the States must ensure the monthly expenditure and the physical progress report of COVID-19 package should be reported to the GoI (MoHFW) by the 5<sup>th</sup> and 7<sup>th</sup> of every month respectively in the prescribed formats.

Audit observed that NHM failed to send monthly physical progress report as per the guidelines during period 2019-22. It shows that NHM did not have any mechanism to monitor the progress of works undertaken under the ECRP.

### 6.8.4 Utilisation of fund in test checked districts under COVID -19

Funds received and utilised under COVID-19 in test checked districts during 2019-21 is given in the following *Table - 6.13*:

Table - 6.13: Fund utilisation in test checked districts under COVID-19

District	2019-21		
	Receipt	Expenditure	Saving/ (-) Excess
Raipur	76.12	15.15	60.97
Korea	362.75	779.52	-416.77
Balod	149.6	149.21	0.39
Kondagaon	70.00	76.55	-6.55
Sukma	551.75	551.30	0.45
Surajpur	221.24	220.68	0.56
Bilaspur	0	0	0
<b>Total</b>	<b>1431.46</b>	<b>1792.41</b>	<b>-360.95</b>

(Source: Information furnished by CMHO)

As could be seen from the above table that funds amounting to ₹ 14.31 crore were released to the above selected seven districts during 2019-21 and against this an expenditure of ₹ 17.92 crore was incurred, resulting in excess expenditure of

<sup>12</sup> Guidelines issued on 6 August 2020

₹ 3.61 crore. In Korea district, the excess expenditure was ₹ 4.17 crore, which was highest in the above test checked district.

## Conclusion

The Government of Chhattisgarh (GoCG) failed to prepare State Health Policy to achieve the broader goals, objectives and targets of NHP.

During the review period of 2016-22, out of the allocated budget of ₹ 34,100.85 crore (including GoI share of ₹ 13,165.17 crore) for healthcare, the Public Health and Family Welfare Department (Department) incurred expenditure of ₹ 27,989.97 crore (82 *per cent*). During this period, the percentage of GoCG share in total expenditure decreased from 61 to 58 *per cent* whereas share of GoI has increased from 39 to 42 *per cent*.

The percentage of health expenditure *vis-à-vis* Gross State Domestic Product (GSDP) ranged between 1.15 and 1.64 *per cent* which was less than the target of 2.5 *per cent* under NHP. The target of two third (66.67 *per cent*) expenditure on primary healthcare, as envisaged in NHP, 2017 was not achieved by GoCG in any of the years during 2016-22 and ranged between 30 and 34 *per cent* of the total Government healthcare expenditure.

The capital expenditure (₹ 2,138.91 crore) on health during the period 2016-22 was only 7.64 *per cent* of total expenditure against the revenue expenditure of ₹ 25,851.06 crore which constituted 92.36 *per cent* of the total expenditure.

The funds for National AYUSH Mission were received from the GoCG with delay ranging from four to 526 days during 2016-22.

The GoI and the GoCG had allocated ₹ 2,422.80 crore for COVID-19 management through State Budget, State Disaster Relief Fund (SDRF) and Emergency Covid Response Package (ECRP) during 2019-22. There was excess expenditure of ₹ 135.85 crore over the allotment from the State Budget under the scheme head of COVID-19 and there was saving of ₹ 3.31 crore under SDRF. Funds received under ECRP was not utilised as per the guidelines and out of total allocation of ₹ 788.69 crore, only ₹ 328.21 crore (41.61 *per cent*) was utilised during March 2020 to March 2022.

## Recommendations

**The GoCG should:**

27. *prepare a comprehensive State Health Policy at the earliest;*
28. *increase its total expenditure on health to match the targets of NHP;*
29. *increase capital expenditure under health sector to improve infrastructure in healthcare institutions; and*
30. *ensure utilisation of the fund allocated for the emergency purpose in due time by adhering to the Guidelines.*