

## CHAPTER III

### PERFORMANCE REVIEWS

This Chapter presents five performance reviews and four long paragraphs. The performance reviews include review on 'Preservation of Wildlife and Administration of National Parks and Sanctuaries in Karnataka', review on 'Implementation of the Drugs and Cosmetics Act/Rules', review on 'Karnataka Health Systems Development Project', review on 'Prevention and Control of Fire' and review on 'Welfare of the Handicapped'. Long paragraphs include 'Lapses in implementing programme for control of coconut mite', 'Irregularities in the implementation of programmes in Tourism Department', 'Lapses/Irregularities in construction of houses for slum dwellers' and 'Lingering Hirehalla Project'.

### FOREST, ENVIRONMENT AND ECOLOGY DEPARTMENT

#### 3.1 Preservation of Wildlife and Administration of National Parks and Sanctuaries in Karnataka

##### *Highlights*

The protection, propagation and Development of Wildlife and its environment in Karnataka are entrusted to the State Forest Department. For this purpose, the Wildlife (Protection) Act, 1972 empowers the State Government to declare and administer any wildlife area as either a National Park or a Sanctuary. A separate Wildlife Wing was set up (1992) in the State for effective implementation of wildlife conservation measures enshrined in the Act.

**Due to absence of Management plans or delay in their formulation, works like survey and demarcation, rationalisation and re-organisation of boundaries of Parks and Sanctuaries, relocation and rehabilitation of human settlements could not be prioritised for planned implementation.**  
(Paragraph 3.1.5)

**The problems of biotic and human interference in core zones of National Parks/Sanctuaries continued as relocation of villages and rehabilitation of human settlement had not been made.**  
(Paragraph 3.1.6)

**Lack of planned and prioritised preservation and conservation measures resulted in endangered species remaining unprotected and some wildlife areas with rich bio-diversity not receiving due attention.**  
(Paragraph 3.1.7)

**Various prohibited activities like mining, quarrying, construction of dam, leasing etc., within the wildlife areas continued with adverse effect on wildlife habitat and environment.**  
(Paragraph 3.1.9)

**Anti-poaching camps were not equipped fully with required arms and ammunitions for protecting animals from poaching and illicit trade in their body parts.**

**(Paragraph 3.1.10)**

### **3.1.1 Introduction**

The Wildlife (Protection) Act 1972 (hereinafter referred to as the Act) and Wildlife (Transaction and Taxidermy) Rules, 1973 framed thereunder aim at conservation of wildlife essential to genetic diversity. In pursuance of this objective, the State Government, under this Act, can declare any area of adequate ecological, faunal, floral, geomorphological, natural or zoological significance, as either a Sanctuary or a National Park for the purpose of protecting, propagating or developing wildlife or its environment. The Act also empowers the State Government to fix boundaries of a Sanctuary/ National Park, which cannot be altered except by a Resolution passed by State Legislature.

There are five Parks and 21 Sanctuaries in the State spread over an area of 2,432 sq kms and 3,888 sq kms respectively. A separate Wildlife Wing was set up in the State in 1992. The territorial jurisdiction of various protected areas notified between 1974 and 2000 were, however, not transferred from Forest Department even after 1992 and was finally done between 1995 and 2001. The territorial jurisdiction of Sharavathi Sanctuary notified in June 1978 had still not been transferred to the wing.

### **3.1.2 Organisational set-up**

The Wildlife Wing in the State is headed by Principal Chief Conservator of Forests (Wildlife), Bangalore who works under general superintendence and control of the Forest, Ecology and Environment Department. The Wing comprises 10 Circles each headed by a Conservator of Forests, divided into nine Divisions each headed by a Deputy Conservator of Forests and three Sub Divisions each headed by an Assistant Conservator of Forests.

### **3.1.3 Scope of audit**

A review on preservation of wildlife and administration of Parks and Sanctuaries in the State was undertaken during September 2002 to May 2003 by test-check of records at eight wildlife divisions<sup>1</sup>, three sub divisions<sup>2</sup> and Office of the Principal Chief Conservator of Forests (Wildlife), Bangalore covering the period from 1998 to 2003. Important points noticed are discussed in subsequent paragraphs.

<sup>1</sup> Bannerghatta, Kanakapura, Chickmagalur, Shimoga, Bandipur, Dandeli, Karkala and Chamarajanagar

<sup>2</sup> Madikeri, Ranebennur and Mysore

### 3.1.4 Budget provision, allotment and expenditure

Plan budget, actual release of plan funds and the expenditure incurred on wildlife conservation activities during the period (1998-99 to 2002-03) were as under:

(Rupees in crore)

Year	Budget provision	Release of funds	Percentage of shortfall/excess	Expenditure	Savings
1998-99	24.62	13.43	45.45	11.98	1.45
1999-2000	22.61	18.48	18.27	17.43	1.05
2000-01	23.55	21.27	09.68	17.55	3.72
2001-02	24.35	27.14	11.46*	20.49	6.65
2002-03 (Provisional)	19.55	26.82	37.19*	25.83	0.99

\* Excess over budget provision

While the reasons for excess/shortfall in release of funds over budget provision were not forthcoming, the savings at the end of each year were explained to be due to belated release of funds.

### 3.1.5 Management plans

Due to absence of Management plans or delay in their formulation, works like survey and demarcation, rationalisation of boundaries of Parks and Sanctuaries, relocation and rehabilitation of human settlements could not be prioritised for planned implementation

Guidelines issued by the Wildlife Institute of India in 1976 envisage preparation of Management Plans in two phases, the first being a developmental phase concentrating on basic infrastructure and the second being a scientific management phase focussing on systematic growth of Parks/ Sanctuaries. The Plans were required to be approved by State Government before their implementation. The Department, however, did not prepare Management Plans in respect of two Parks and 16 Sanctuaries until the year 2000, although these wildlife areas were notified between 1974 and 1994. In respect of two other Parks (Anshi and Bannerghatta), the Management Plans were yet to be approved.

In the absence of Management Plans, basic infrastructure works like survey and demarcation, rationalisation and re-organisation of boundaries of Parks and Sanctuaries, as also relocation and rehabilitation of human settlements could not be prioritised for planned implementation.

Besides, neither had eco-sensitive zones within the radius of 10 kms from the boundaries of Parks and Sanctuaries for supporting wildlife in protected areas been identified, nor had any eco-tourism policy for regulating tourism in protected areas been formulated though envisaged in National Wildlife Action Plan 2002-06.

### 3.1.6 Development of National Parks and Sanctuaries

#### *Consolidation of boundaries*

Soon after an area is declared a Sanctuary or a National Park, its boundaries are to be surveyed, demarcated and consolidated for purposes of protection, propagation and development of wildlife. The position in respect of one Park and four Sanctuaries was as under:

Name of the National Park/Sanctuary	Date of Notification by Government	Extent of boundary (sq km)	Status of boundary demarcation	Extent of encroachments in ha	No. of families
Kudremukh National Park	June 2001	157.5	*	225	269
Talakaveri Wildlife Sanctuary	June 1994	105	Nil	10.5	7
Pushpagiri Wildlife Sanctuary	June 1994	92.66	Nil	2.87	2
Mookambika Wildlife Sanctuary	June 1974	250	45 sq km	7.45	9
Kaveri Wildlife Sanctuary	October 1994	294	Nil	444.26	869

\* Physical survey under progress

It would be seen that boundary consolidation works had not been taken up in any of the Parks and Sanctuaries, except marginally in Mookambika Sanctuary, although they were notified between 1974 and 2001. The Divisional officers attributed the non-execution/slow progress to paucity of funds.

### ***Rationalisation and re-organisation of boundaries***

The areas notified by Government as protected areas excluded many areas with rich bio-diversity but included many areas with high population pressure, which adversely affected the conservation activities. Some of the potential areas such as Someshwara Reserve Forest, Naganakalbore Reserve Forest, Baregundi Reserve Forest (Kundapur Division) and Kilandur Reserve Forest (Sagar Division) were not included as protected areas despite having rich bio-diversity.

### ***Rehabilitation of Human Settlements from Parks/Sanctuaries***

Guidelines of Wildlife Institute of India stipulate that the area of a Park/Sanctuary has to be classified into three zones viz., Core, Buffer and Tourism. The Core Zone is centrally located and is surrounded by buffer and tourism zones so as to preserve the habitat in as near natural conditions as possible. As per Section 27 of the Act, entry and residence into the wildlife areas should not adversely affect the protection, propagation or development of wildlife. The human habitations in Parks and Sanctuaries as also in their core zones accordingly are required to be rehabilitated outside the protected areas. Test-check of records of Kudremukh Wildlife Division revealed that 18 enclosures<sup>3</sup> of human settlement existed in the Core Zones. At Ranebennur Black Buck Sanctuary, Core Zone area of 14.89 sq kms was used by cattle of adjoining areas for grazing, thereby adversely affecting the habitat. The Department replied that there was no funding support for undertaking rehabilitation works for these Core Zone areas. Scrutiny also revealed that 138 villages inhabited by as many as 45,000 individuals were existing in an area of 76 sq kms of three Parks and three Sanctuaries thereby influencing adversely the protection of wildlife area.

The Department stated that in respect of these Parks/Sanctuaries, inhabitants could be evacuated from these wildlife areas only on voluntary basis and no rehabilitation was contemplated.

### ***Illegal grazing in protected areas***

Section 35 (7) of the Wildlife Protection Act, 1972 prohibits grazing in Parks/Sanctuaries by any livestock. However, the livestock population in the villages adjoining Parks or Sanctuaries do illicit grazing which depletes the fodder wealth with adverse effect on wildlife herbivores and the ecology. In

<sup>3</sup> Mookambika (4 enclosures) and Someshwara Sanctuaries (14 enclosures)

**The problems of biotic and human interference in core zones of National Parks/Sanctuaries continued as relocation of villages and rehabilitation of human settlement had not been made**

test-checked eight Parks and Sanctuaries mentioned below, no protection measures like cattle proof trench, fencing etc., had been done for checking illegal grazing, which led to depletion of fodder thereby endangering the existing food chain in the areas.

Sl.No.	Name of Park/Sanctuary	No. of villages in and around Sanctuary	Cattle population (in lakh)
1	Anshi National park	12	0.03
2	Kudremukh National Park	30	0.12
3	Mookambika Wildlife Sanctuary	20	0.50
4	Someshwara Wildlife Sanctuary	14	0.20
5	BRT Sanctuary	20	0.40
6	Dandeli Wildlife Sanctuary	25	0.05
7	Kaveri Wildlife Sanctuary	14	0.06
8	Ranebennur Black Buck Sanctuary	NA	0.91

The Department stated that remedial measures like raising fodder plots on the fringes of the Parks with improved variety of grasses were being planned (Kudremukh and Anshi National Parks and Dandeli Wildlife Sanctuary) to reduce the cattle grazing in a phased manner.

The Management Plan (2001-2006) of Kaveri Wildlife Sanctuary also included a programme of weeding out the deleterious weeds, which invade the wildlife areas and suppress fodder growth. No action was, however, taken by the Department stately due to paucity of funds.

### 3.1.7 Wildlife conservation

**Lack of planned and prioritised preservation and conservation measures resulted in endangered species remaining unprotected and some wildlife areas with rich bio-diversity not receiving due attention**

Wildlife conservation measures initiated by the Department (1998-2003) revealed lack of planning and prioritisation, as various important preservation and conservation measures had not been taken up. These are discussed below:

- The Biligiri Rangaswamy Temple Sanctuary known to be a very good tiger reserve and having excellent potential to propagate and develop tiger population, was omitted to be included in the 'Project Tiger' scheme being implemented (1973) in the State. Proposals sent to Central Government in this regard belatedly in 1999 were yet to be approved.
- Mandagadde Bird Sanctuary is an island harbouring several species of rare birds with excellent potential for breeding and propagation of birds. However, its existence is threatened with submergence, due to ongoing construction work at Upper Tunga Project. A project to elevate the island above the level of the impounding water was proposed for which project authorities deposited (1994) Rs.20 lakh with the Department. The Department has not, however, initiated any action to save the island from being submerged, even after nine years of Dam construction work, which is in progress.
- The population of Great Indian Bustard, one of the endangered bird species inhabiting the Ranebennur Black Buck Sanctuary was fast declining from 14 birds in 1979 to five birds in 1995. Urgent measures to rehabilitate this vulnerable species as envisaged under the National Wildlife Action Plan had not been taken up so far.
- Similarly, Mookambika and Someshwara Wildlife Sanctuaries were identified as ideal habitats for 'Lion Tailed Macaques' species, which forewarns ecological degradation in the wildlife habitat. These animals

were identified as endangered species requiring immediate conservation measures. However, no such measures were initiated by the Department.

- To enable free seasonal migration of elephants from one area to another, it is essential to restore and maintain corridors linking the protected area to the adjoining forest areas. Studies conducted by the Asian Elephant Conservation Society of Indian Institute of Science, Bangalore in 1980 revealed that elephant corridors in the State were diminishing. However, no action was taken upto 2001 when Government approved (March 2001) a Management Plan for restoring these elephant corridors. The Management Plan belatedly approved was not however, implemented, as action to acquire private lands and to shift the resettlements outside wildlife areas had not been taken by the Department (May 2003). In reply, it was stated that these areas would be proposed for restoration in the coming years.

### 3.1.8 Wildlife animal census

Census of animals indicates the effectiveness of conservation measures undertaken. Management Plans envisage undertaking of periodical census of animals in wildlife areas. However, this was not done for all the animals in all the wildlife areas except during 1997-98. In the absence of periodical census, the impact of conservation measures implemented by the Department could not be assessed. The wildlife census of 2002-03 revealed that there was a marginal increase of tigers from 395 in 1997-98 to 401 in 2002-03 but a sharp decline in the elephant population from 6,098 in 1997-98 to 5,845 in 2002-03. In Dandeli alone, the number of elephants had declined from 148 in 1996-97 to 45 in 2001-02, spotted deers from 1,700 in 1996-97 to 1,429 in 2001-02 and Sloth Bears from 400 in 1996-97 to 82 in 2001-02. Reasons for this sharp decline were not investigated by the Department.

### 3.1.9 Prohibited activities in Parks and Sanctuaries

Prohibited activities are being carried out in National Parks and Sanctuaries in the State. These include mining, quarrying, poaching and illegal trading, as discussed below:

#### *Mining, quarrying and construction of dam inside protected areas*

Sections 29, 32 and 35 of the Act provide that no person shall destroy, exploit or remove any wildlife from a Sanctuary/Park or use any chemicals or explosives, which may injure or endanger any wildlife in a Sanctuary/Park. Contrary to these statutory provisions, illegal quarrying, unauthorised mining and construction of dams within the wildlife area continued, as detailed below:

- ***Bannerghatta National Park (BNP), Bangalore***

Government notified (January 1991) areas existing within a radius of one kilometer from the boundary of BNP as 'Safe Zone' for protecting wildlife and accordingly, banned issue of quarry lease within it. The Safe Zone areas were, however, actually identified in September 1998, without demarcating their boundaries. Consequently, 73 cases of illegal quarrying were noticed in

Various prohibited activities like mining, quarrying, construction of dam, leasing etc., within the wildlife areas continued with adverse effect on wildlife habitat and environment

29 locations in the safe zones. The Department did not take any action to prevent quarrying except for levying fine after occurrence of illegal events.

- ***Kudremukh National Park (KNP)***

Kudremukh Iron Ore Company Limited (KIOCL) was allotted (November 1975) 3,203.55 ha of reserve forest land on lease basis in KNP area for extraction of iron ore. The Company was required to operate only in broken areas, as per the terms of the working permit granted by Government in July 1999. The Department, however, noticed (March 2002) that the Company was operating outside the assigned area within the Park and had mined an additional area of 56.28 ha illegally (October 1999 to March 2002). This action was violative of statutory provisions<sup>4</sup>. A Forest Offence Case (FOC) was booked in March 2002 and the Department assessed the environmental loss at Rs.19.33 crore, which was not yet recovered.

Government allowed (1974) KIOCL to construct a dam of 65 metres height in a leased area with a submersion of 265 ha of forest land. In 1994, the Company unauthorisedly raised the height of the dam to 100 metres resulting in submersion of an additional 340 ha of reserve forest. The Department did not take any action to protect the valuable forest lands but only booked cases against the Company assessing an environmental loss of Rs.115.86 crore, which was still outstanding for recovery.

Similarly, forest offence cases had been booked by Department against KIOCL for construction of fresh roads and breaking new areas for borrow pits, as these activities were violative of the Act. The environment loss was assessed at Rs.3.96 crore but the recovery was still pending.

Government of Karnataka approved (April 2003) the proposal (1998) of KIOCL for development of KNP by providing funds to the extent of Rs.20 crore spread over a period of 10 years. The division prepared Annual Plan of Operations for the KNP based on the yearly outlay of Rs.two crore per year. This plan could not be implemented in full as the Company provided only Rs.six crore during 1998-99 to 2002-03 as against Rs.10 crore. As a result, developmental works viz., habitat improvement, soil conservation works, boundary consolidation etc., could not be fully executed.

### ***Encroachment in wildlife areas***

As per the provisions of Section 27 and 35 (8) of the Act, no person shall enter or reside in a Sanctuary or a Park except in accordance with the conditions of a permit granted under Section 28 of the Act. Government of India in their letter dated 15 May 1996 made it clear that regularisation of encroachment of wildlife areas was not permissible under the Act and as such the State Government was required to evacuate all such encroachments expeditiously.

Test-check of records revealed that of the total 3,321 ha of encroached wildlife area, Department had evacuated only 90 ha (March 2003) despite setting up of a Monitoring Committee in July 2002 for taking remedial action in the matter. In Kaveri Sanctuary where maximum encroachments were noticed (446.26

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<sup>4</sup> Section 24 of Forest Act, 1963, Section 35 (6) of Wildlife (Protection) Act, 1972 and Section 2 of Forest Conservation Act, 1980

ha), no Survey and Demarcation (S&D) works had been executed exposing the wildlife area to encroachments.

In Kudremukh National Park where S&D works were just initiated, 20 new cases of encroachments were noticed but the extent of wildlife area encroached was yet to be assessed by the Department.

#### ***Non-surrender of leased Protected Area***

Government had leased out (March 1984) 30,000 ha of forest land, which included 4,265 ha of protected areas to MPM<sup>5</sup> for raising captive plantations of pulp wood for a period of 40 years. According to the Lease Agreement, MPM had to surrender 12.5 per cent of the yield to Government in lieu of lease rent. In 1992, MPM was directed to make payment of lease rent by way of surrendering 12.5 per cent of the area held by them instead of surrendering 12.5 per cent of the yield and surrender the entire holding of 4,265 ha by 1998-99. However, MPM surrendered only 819 ha of wildlife area from 1991-92 to 2000-01. The remaining area of 3,446 ha was yet to be transferred to Shimoga Wildlife Division despite the directions issued by Government (September 2002). Reasons for inordinate delay in recovering the remaining areas were not forthcoming.

### **3.1.10 Wildlife protection**

**Anti-poaching camps were not equipped with required arms and ammunitions for protecting animals from poaching and illicit trade in their body parts**

The main threat to wildlife in Parks and Sanctuaries is from poaching and illicit trading in animals and their body parts. A new Chapter (V A) has been added to the Act to impose prohibition on trade or commerce in trophies, animal articles etc., derived from certain animals. Killing or trade of animals listed in schedules I to IV of the Act is punishable with varying penalties.

The Department established anti-poaching camps providing them with arms, ammunition and communication network. Audit scrutiny however, revealed that apart from shortfall in the supply of arms and ammunition<sup>6</sup>, nearly 30 per cent thereof was unserviceable. In seven wildlife divisions, 86 poaching cases were reported between 1998-2003.

### **3.1.11 Administration of Zoos**

No zoo can operate without being recognised by the Central Zoo Authority of India (CZA). In Karnataka 10 mini unrecognised zoos were still in operation (January 2003) despite the directions (July 2002) of Environment and Forests Ministry to close down unrecognised zoos and rehabilitate the animals kept in such zoos. Thus, unauthorised operation of unrecognised zoos continued in violation of the norms specified by CZA of India.

Private zoos are also in operation at Mangalore, Donimalai and Kolar. Zoos at Donimalai and Kaiwara had been ordered for closure since they did not

<sup>5</sup> Mysore Paper Mills Limited

<sup>6</sup> In two Parks and five Sanctuaries, only 16 arms, 550 ammunition and 54 communication equipment were provided against the envisaged number of 41 arms, 3,600 ammunition and 105 communication equipment



conform to the norms laid down by CZA in areas like housing, upkeep and veterinary care of the animals etc. While the proposal for recognition of the zoo at Mangalore was pending with CZA, the other two private zoos were still in operation despite the directions of CZA to close them. In reply, the Department stated (May 2003) that action is being taken to shift the animals to recognised Zoos.

### **3.1.12 Wildlife Management Training**

To achieve the objectives of wildlife management, proper training was to be imparted in wildlife management involving arms training, habitat improvement, understanding the behavioural pattern of animals, migratory pattern, food and breeding habits, census methods etc.

Scrutiny in eight test-checked divisions/sub-divisions<sup>7</sup> revealed that officers and staff had not been trained to a large extent. Out of 26 protected areas with a technical staff of 311, only seven were managed by trained officers having only 13 trained technical staff. In 16 protected areas<sup>8</sup>, none of the frontline staff like foresters, forest guards were trained in use of fire arms, intelligence gathering etc., thereby adversely affecting the effective protection of wildlife areas.

### **3.1.13 Research and Monitoring**

The Department had not established any centre for Research and Monitoring. The establishment of research and monitoring unit with laboratory and library would facilitate collection of basic data, animal and floral census, eco-analysis and documentation of flora and fauna. The data could be used for continuous planning and management. Research facilities through consultancy programmes with Universities, specialist institutions like Wildlife Institute of India and through other contractual arrangements had also not been provided for promoting protection and development of wildlife. It was stated that field research being site specific was carried out in individual parks.

### **3.1.14 Response of Government**

The points brought out in the above paragraphs were referred to Government in August 2003 and their reply is awaited (December 2003).

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<sup>7</sup> Kanakapura, Dandeli, Bandipur, Bannerghatta and Chickmagalur divisions; Madikeri, Mysore and Ranebennur sub-divisions

<sup>8</sup> Kaveri, Dandeli, Bhadra, Mookambika, Someshwara, Nugu, Adichunchanagiri, Melukote, Pushpagiri and Talakaveri Wildlife Sanctuaries; Ranganathittu and Arabithittu Bird Sanctuaries; Anshi, Bandipur, Bannerghatta and Kudremukh National Parks

### **3.1.15 Conclusions**

The objective of conserving wildlife and the environment in accordance with the provisions of Wildlife (Protection) Act, 1972 was not achieved by the Department in full due to absence or delay in formulation of Management Plans and Department's inability to tackle the problems of biotic and human interference in protected areas, as also to stop prohibited activities of mining, quarrying etc., in these areas. Lack of planning and prioritisation of preservation and conservation measures also contributed to non-achievement.

### **3.1.16 Recommendations**

- Government may ensure preparation of long term Management Plans for all the National Parks and Sanctuaries to ensure their development in a systematic and scientific manner.
- The Boundary Consolidation Works pending in all the National Parks and Sanctuaries may be got completed in a time bound manner to protect wildlife areas.
- Time bound measures may be taken to rehabilitate human settlements from the wildlife areas so as to provide protection to the wildlife fauna and flora against any biotic and human interference.
- Effective measures may be taken to equip the anti-poaching camps with the required arms and ammunition and also to ensure their availability in those wildlife areas, which are more vulnerable to poaching.

## HEALTH AND FAMILY WELFARE DEPARTMENT

### 3.2 Review of implementation of the Drugs and Cosmetics Act/Rules

#### Highlights

*Huge deficiencies in inspection, drawal and analysis of sample drugs and laxity in monitoring compliance with the results of analysis indicated that Department of Drugs Control had not discharged enforcement functions effectively. Improper decisions favouring licensees, reporting results of analysis after expiry of validity date of drugs and abnormal delay in a few other cases facilitated marketing of drugs found 'not of standard' quality. Drugs Controller had no information regarding number of seizures of sub-standard/fake drugs. In test-checked Circle Offices, such drugs were seized only in 48 cases (seven per cent) out of 671 'not of standard' drugs. Abnormally low percentage of seizures indicated lack of determination to prevent marketing of drugs found 'not of standard' quality. Drug testing laboratory was found deficient in equipment, manpower and methods of analysis, as a result of which 2,032 samples could not be analysed and were given 'no opinion' report. Performance of intelligence wing was unsatisfactory considering that action in respect of 826 cases (86 per cent) out of 961 complaints was pending for periods ranging from one to seven years.*

**There were shortfall in drawing samples and their analysis, drugs found 'not of standard' were neither seized nor replaced. Improper decision of Drugs Controller in three cases of drugs found 'not of standard' quality resulted in undue favour to licensees.**

**(Paragraph 3.2.5)**

**Out of 961 complaints received from public, pharma associations, hospitals, cases for prosecution were launched in 135 cases only.**

**(Paragraph 3.2.6)**

**Drugs Controller failed to detect selling of drugs at rates higher than those fixed by National Pharmaceutical Pricing Authority.**

**(Paragraph 3.2.7)**

**In disregard of instructions of State Government, Director issued 75 licences for manufacture of Ayurvedic/Unani drugs, though the required quality control wing was not set-up by them. No quality control measures were in place in respect of Homoeopathy and Ayurvedic drugs.**

**(Paragraph 3.2.8)**

#### 3.2.1 Introduction

In the context of large number of Indian and foreign companies undertaking manufacture/sale of drugs and cosmetics, a need arose for regulation of the

activity. Government of India, therefore, enacted Drugs and Cosmetics Act, 1940 (Act) and framed Drugs and Cosmetic Rules, 1945 (Rules). The main objective of Act and Rules was to regulate manufacture, storage and sale, distribution of drugs and cosmetics. Following are some of the main features of the Act:

- Regulatory measures to ensure availability of standard and quality drugs and cosmetics at reasonable prices
- Licensing of manufacture/sale/distribution etc.
- Establishing Drugs Testing Laboratory
- Punitive measures for non-compliance with provisions of Act/Rules

Provisions contained in other Acts viz., The Drugs and Magic Remedies (objectionable advertisement) Act (DMR Act), Drug (Price Control) Order 1995 are also applicable for manufacture, sale etc.

### **3.2.2 Scope of Audit**

Grant of licences, inspections, recall of substandard drugs and cosmetics and prosecutions were the main areas of audit examination. The implementation of Act for the period 1998-2003 was reviewed during January 2003 to July 2003 through test-check of records of State Drugs Controller, Karnataka, Drug Testing Laboratory (DTL) at Bangalore, 10 Circle Offices, and one District Office out of 31, three divisions of Blood Banks and Intelligence Wing.

### **3.2.3 Implementation arrangement**

The Drugs Controller (DC) is functioning under the administrative control of Principal Secretary to State Government, Health and Family Welfare Department. DC is the Head of the Department. In respect of Indian System of Medicine, Director is the Head of the Department. The Director is assisted by two Drugs Inspectors (DI) at the State level. In respect of Drugs Control Department, number of officers in position in the cadre of Assistant Drugs Controller (ADC) to Additional DC, were almost same as sanctioned strength. However, in the cadre of Drugs Inspectors (DI) and technical staff of Drug Testing Laboratory (DTL), sanctioned strength was reduced from 56 to 46 and 76 to 67 during 1998-2003 and the deficiency of men in position was 27 and 14 *per cent* respectively. No efforts had been made to provide sufficient staff for proper implementation of the Act.

### **3.2.4 Standing of the Law/Enforcement**

#### ***Relationship with other laws***

Advertisements claiming to cure/prevent certain ailments/diseases mentioned in schedule to DMR Act are prohibited. Schedule J to Rule 106 of Drugs and Cosmetic Rules which is not applicable to Homoeopathy, Ayurvedic and Unani drugs, also contain names of certain diseases/ailments which no drug may claim to prevent or cure. However, the names of ailments and diseases mentioned in these two schedules are not identical. There is need to ensure

uniformity between the two schedules in order to initiate action against advertisements on Ayurvedic, Homoeopathy and Unani drugs claiming to cure/ prevent any disease/ailment mentioned in Rule 106 but not in DMR Act.

***Infirmities in Act/Rules for prosecution***

***Prosecution of manufacturer outside the jurisdiction of a Drugs Controller of a State***

In case, manufacturing units of sample drugs found 'not of standard' are located outside the jurisdiction of DC of a State, the test reports are forwarded to DC of the concerned State for further action. This involves delay and possibility of not filing cases before expiry date of drug. DC for Karnataka stated (October 2003) that details (constitution of firm, persons responsible for manufacture, methods of analysis etc) would not be available in respect of such units and cases were transferred to DC of concerned State according to guidelines of Drugs Consultative Committee (DCC). However, it is imperative that DC under whose jurisdiction sample drug was tested, file cases against manufacturer and pursue the case. It is observed that the guidelines issued by DCC prescribed that either DC in whose jurisdiction sample was tested or manufacturer is located could file cases. Further, there are various case laws of courts regarding prosecution of manufacturers by courts in whose jurisdiction sample was tested/dealer situated irrespective of place of manufacture. In view of these facts, there is need for suitable provision in the Act empowering DC of a State to file cases against manufacturers irrespective of their location.

***Furnishing a copy of Reports of Analysis and a portion of sample***

According to existing provisions, sample drawn is divided into four parts, of which one part is sent to Government Analyst, one to person from whom sample was drawn, one to person whose name is disclosed under Section 18A (not being a manufacturer or dealer) and the last one is retained for being produced before the court. Similarly the Government Analyst furnishes his report in triplicate of which one is given to the person from whom sample is collected, one to the person named under Section 18A and the last one retained by DI. However, there could be a case where number of accused persons are more and all of them could not be provided with a copy of the report and sample. In that case, it would not be possible to secure conviction of the accused without furnishing copy of the Analyst's report and portion of the sample. There are case laws in this regard which imply that serving copy of the report and portion of the sample is mandatory. Hence there is need for suitable amendment to Sections 23 and 25.

**3.2.5 Implementation of the Act**

***Licensing functions***

• ***Deficiency in licensing procedure***

Rules do not contain provisions to issue licences to selling units of Ayurvedic, Unani and Sidda medicines and cosmetics whereas such provisions exist in

respect of allopathic drugs and cosmetics. The provisions thus, differentiates between selling units of the two systems. Thus, there is need to bring Ayurvedic, Unani and Sidda drugs/cosmetics selling units under licensing procedure.

- ***Non-renewal of licences***

An original or renewed licence was valid upto 31 December of the year following the year in which it was granted or renewed (five years in respect of licences granted/renewed after September 2001). If the application for renewal of licence was not made within six months of its expiry, licence would be deemed to have expired. It was seen in audit that 95 licensees did not apply for renewal of their licences whose validity expired during December 1995 to December 2001. DC passed orders for cancellation of these licences during September 2000 to April 2003 after delay ranging from nine to 58 months as detailed below:

Number of licences	1	7	28	17	21	1	20
Month in which expired	Dec. 1995	Dec. 1996	Dec. 1997	Dec. 1998	Dec.1999	Dec. 2000	Dec. 2001
Period of cancellation	Oct. 2000	Oct. 2000	Oct. 2000	Oct. 2000	Sep. 2000 (1) Oct. 2000 (20)	April 2003	Nov. 2002 to April 2003
Delay in cancellation (in months)	58	46	34	22	9 to 10	28	11 to 16

Premises of these licensees were not inspected either after expiry of validity period or cancellation of licences. No surveillance/survey was in vogue to ensure that such licensees closed their activity after expiry of the licence. DC attributed (October 2003) this non-inspection to shortage of staff.

- ***Licences pending renewal***

One hundred and forty seven<sup>◆</sup> applications were pending for renewal of licences from December 1999 to December 2002. DC attributed (October 2003) pendency to non-inspections on account of inadequate staff and non-compliance by applicants to show cause notices etc. The plea was not tenable as delay in disposing of the applications for renewal of licences enabled the applicants to continue their activity even if some of the conditions for renewal were not fulfilled and it was the responsibility of the DC to ensure fulfilment of conditions.

- ***Non-cancellation of licences in respect of blood banks***

In respect of blood banks also, original licence continued to be valid if applied within six months of expiry of original licence unless cancelled. Twenty seven blood banks applied for renewal of licences for 2000-02. These applications were still (December 2003) pending for various reasons<sup>◆</sup>. Scrutiny of inspection reports of nine blood banks revealed that these blood banks continued to function without certain essential equipment (Dielectric tube sealer, Blood agitator). Position in respect of remaining 18 blood banks

**Applications for renewal of licence submitted by 27 blood banks were pending**

◆ Two from December 1999, five from December 2000, 20 from December 2001, nine from January 2002, five from May 2002, 106 from December 2002

◆ (a) non-receipt of compliance to verification reports, (b) not conducting joint inspections and (c) under review

could not be verified in absence of inspection reports. Failure of DC to conduct inspection and not ensuring compliance to inspection reports facilitated these blood banks to function without continued fulfillment of licence conditions.

### Inspections

- **Manufacturing and selling units**

As prescribed under Act/Rules, DIs were to inspect every manufacturing and selling units twice a year (reduced to once a year from September 2001) so as to ensure that licensees comply with Act/Rules/good manufacturing practices. However, there were huge shortfalls in inspections as indicated below:

Year	Number of			Number of		
	Manufacturing units existing	Inspections prescribed	Inspections conducted	Selling units existing	Inspections prescribed	Inspections conducted
1998-99	732	1,464	290 (80)	12,747	25,494	14,053 (45)
1999-2000	697	1,394	339 (76)	13,659	27,318	15,053 (45)
2000-01	707	1,414	201 (86)	15,009	30,018	14,074 (53)
2001-02	600	600	273 (55)	15,500	15,500	16,001
2002-03	635	635	220 (65)	17,921	17,921	14,579 (19)

Note: Figures in bracket indicate percentage of shortfall

**Huge shortfall in inspections were indicative of ineffective monitoring on working of these units**

Assistant Drugs Controllers (ADCs)/DIs had not maintained any control register indicating period and other details of inspection unit-wise. In the absence of such register, whether every unit was inspected periodically as per norms could not be verified. However, it could be derived from the above data that at least 327 to 506<sup>⊕</sup> manufacturing units during 1998-2003 and 935<sup>\*</sup> and 3,342<sup>ψ</sup> selling units were not inspected even once during 2000-01 and 2002-03 respectively considering one inspection per unit. Even after reducing scale of inspection, deficiency persisted. DC attributed huge deficiency of inspections to shortage of DIs. However, percentage of vacancy of DIs was only 27 per cent and as such there was no justification for overall shortfall of 55 to 86 per cent in inspection.

- **Blood banks**

According to instructions issued (February 2000, January 2003), by DC, every DI was to inspect two blood banks per week. As against 960 inspections in Bangalore Division and 480 inspections to be conducted each in respect of Gulbarga, Hubli and Mysore Divisions on the basis of DIs in position<sup>⊙</sup>, shortfall was 83, 68, 48 and 38 per cent during 1998-2003.

⊕ 732-290 = 442, 697-339 = 358, 707-201=506, 600-273=327, 635-220 =415

\* 15,009-14,074 = 935

ψ 17,921-14,579 = 3,342

⊙

Division	Number of DIs in position					Total
	1998-99	1999-00	2000-01	2001-02	2002-03	
Bangalore	2	3	3	1	1	10
Mysore	1	1	1	1	1	5
Hubli	1	1	1	1	1	5

**Sampling/analysis**

**Vital functions aimed at detecting ‘not of standard’ drugs not performed to a large extent**

- **Shortfall in sample analysis**

Act/Rules envisaged drawal of drug samples for analysis from manufacturing and selling units to ensure that drugs conform to prescribed standard and quality. Details of samples drawn, analysed etc., as against targets in respect of Allopathic medicines were as follows:

Year	Number of chemists in position	Targets	Number of samples drawn	Samples analysed	Rejected	Not of standard
1998-99	8	2,400	1,973 (18)	1,796	4	163
1999-00	21	6,300	2,623 (58)	2,201	29	241
2000-01	21	6,300	2,899 (54)	3,019	17	253
2001-02	19	5,700	2,848 (51)	2,852	40	486
2002-03	27	8,100	3,119 (62)	3,273	85	267
Total		28,800	13,462 (53)	13,141*	175 <sup>@</sup>	1,410

Note: Figures in bracket indicates percentage of shortfall

\* Includes 2,032 samples (15.5 per cent of samples tested) declared as ‘no opinion’

<sup>@</sup> Rejected for want of facilities

While the shortfall in drawing samples against targets was 53 per cent, there was shortfall in analysis of 17 per cent (including samples declared as no opinion). Out of 13,462 samples, only 432<sup>◆</sup> were drawn from manufacturing units as against 732 to 635 units in existence in each year from 1998-2003. Thus, samples were not drawn from large number of manufacturing units ranging from 696 (95 per cent) in 1998-99 to 531 (84 per cent) in 2002-03. Similarly, samples were also not drawn from selling units ranging from 81 to 85 per cent<sup>ψ</sup>. Thus, the most vital statutory function aimed at detecting ‘not of standard<sup>φ</sup>’ drugs was largely not performed.

DC attributed (April 2003) shortfall and delay in analysis to shortage of chemicals and supporting staff, non-receipt of method of analysis for propriety and multi-gradient drugs from manufacturers. As there was no shortage of funds for purchase of chemicals and Department/State Government had not initiated action for recruitment of staff, reply was not tenable. DC had not also exercised authority vested with him under Act/Rules to obtain necessary details on the methods of analysis from manufacturers.

- **Non-drawal of legal samples**

Under National Survey on Quality of Essential Drugs (Central Scheme), DIs were to draw one strip of sample drug referred as informal sample and send them to Deputy Drugs Controller, Central Drugs Standards Organisation

<sup>◆</sup> 36 in 1998-99, 95 in 1999-00, 174 in 2000-01, 23 in 2001-02 and 104 in 2002-03

<sup>ψ</sup> Total samples	1,973	2,623	2,899	2,848	3,119
Less relating to manufacturing units	36	95	174	23	104
	1,937	2,528	2,725	2,825	3,015
Selling units	12,747	13,659	15,009	15,500	17,921
Percentage	85	81	82	82	83

<sup>φ</sup> Drugs ‘not of standard’ means not conforming to standards prescribed in Indian/British/United States Pharmacopoeia



(DDC), Chennai. DDC, Chennai was to arrange analysis of such samples through Central Drug Testing Laboratory, Kolkata. DDC, Chennai forwarded to DC, five<sup>^</sup> test reports declaring samples as 'not of standard' quality and also the concerned DIs of Bellary and Hassan who had sent these samples to the former.

DC instructed DIs of only these two districts to draw legal sample (four strips of sample drugs following the procedure prescribed in Section 23 of the Act) after delay of three months in one case and 21 months in another case. DC did not take any action on the remaining three test reports. ADCs/DIs of other districts were not instructed for drawing sample of these drugs. ADCs/DIs even in Hassan and Bellary districts did not draw the samples but furnished non-availability of drugs. Thus, the belated instructions and failure to take action on remaining reports by DC facilitated marketing of 'not of standard' quality drugs and rendered exercise of drawal and analysis of informal samples by DDC, Chennai futile. DC stated that copies of the reports were sent to DCs of Maharashtra, Delhi, Gujarat and Andhrapradesh in whose jurisdiction such manufacturers were located. However, DC, Karnataka had no details of action taken.

**Drug testing laboratory (DTL)**

DTL had been functioning in Bangalore under the supervision of DC with the objective of testing and analysing sample drugs referred to it from various ADCs/DIs and report results of analysis. However, there were deficiencies in manpower, equipment and other facilities leading to delay in analysis, furnishing no opinion report and rejection of samples etc., as discussed below.

**Delay in analysis and reporting results in respect of drugs found 'not of standard' quality**

DC was to arrange allocation of samples received in DTL, Bangalore among its different branches, to ensure timely analysis and reporting of results. DTL was to deliver reports of analysis of sample drug to concerned officers on the same day on which sample drug was analysed. There were abnormal delays in allocation, analysis of samples and reporting the results as indicated below:

- Delay in allocation of samples ranging from 15 to 60 days (374) and 61 to 90 days (42)
- Delay in analysis of samples ranging from three to six months (3,004), seven to 12 months (1,127), 13 to 24 months (420)
- Delay in reporting results of analysis to Circle Office, Bangalore from DTL ranged from 10 to 15 days (20) and 16 to 30 days (six) though both were located within the same building.

**Abnormal delay in sample analysis and reporting results thereof facilitated marketing of substandard drugs, delayed/ prevented prosecutions**

<sup>^</sup>

Month of report	Name of drug/batch number	Source of drawing sample
March 2001	Analgin	Ambika Medical Stores
February 2002	Erithromycin, 23, 00562-75 -498	1. Rajat medicals, Nelamangala 2. City Drug House, Hassan, 3. Gururaghavendra Medicals, Mysore
March 2002	Ampicillin C/31	Prasad Medical Stores, Channarayapatna

- Reporting the results of analysis to other circle offices were delayed by 10 to 15 days (28) more than 15 days (84).
- On receipt of reports of analysis from DTL and other States, DC issued showcause notices to 21 concerned manufacturers located in Karnataka after delay ranging from 30 to 60 days (13) and 61 to 90 days (six). In respect of manufacturers outside Karnataka, delay in reporting result of analysis ranged from 30 to 450 days (19).
- In respect of nine sample drugs, results of analysis were reported to concerned officers within and outside the State after expiry date of drugs, while in another 44 sample drugs, in the same month in which validity of drugs expired though sample drugs were received in DTL one to four months before expiry date. Evidently, this indicated lack of prioritisation by DTL and facilitated marketing of such drugs and ruled out prosecutions. Thus, the whole exercise of drawing and analysis were rendered futile.

(Note: Figures in bracket indicates number of samples/reports).

### ***Lack of facilities at DTL***

**Underutilisation of available manpower, idle equipment and lack of facilities/ insufficient trained personnel rendered performance of DTL ineffective**

Two thousand and thirty two sample drugs (15.5 per cent of samples tested) after testing for one or two ingredients were declared as 'no opinion' due to lack of facilities for testing remaining ingredients. Another 175 sample drugs were also rejected for reasons like insufficient quantity (eight), receipt of sample after expiry date (seven), samples not being a drug (11), technical grounds/instruments not available (38) and reference standards/methods of analysis not available (103), chemicals not available (eight). The procedure adopted by DTL for conducting sterility test (by direct inoculation method using lamino flow of air) was different from that prescribed by good manufacturing practices due to non-availability of necessary facilities. DTL was not equipped with facilities for analysing blood, sera and vaccine also.

### ***Vacancies***

Details regarding sanctioned strength in technical and non-technical cadres and men in position were as follows:

Cadre	Sanctioned strength		Working strength				
	1998 to 2000	2001-2003	1998-99	1999-2000	2000-01	2001-02	2002-03
Technical staff	76	67	34	49	50	50	58
Non-technical staff	52	49	44	44	40	39	38

As against overall deficiency of 55 per cent\* in sample analysis, the vacancy was 21 per cent (Technical staff) and 20 per cent (Non-technical staff) during 2001-03. With the available staff, 20,100 samples could have been analysed as against 9,144 during 2001-03. This indicated underutilisation of even available manpower.

\* Total samples to be drawn from 2001-03 = 20,100  
 Total samples analysed from 2001-03 = 9,144  
 Percentage of shortfall = 55

♦ Technical staff Non-technical staff  
 $50+50+58 = 158/3 = 53/67 = 79$   $40+39+38 = 117/3 = 39/49 = 80$

**Idle equipment**

While on one hand several samples could not be analysed for want of facilities, on the other, 12 equipment costing Rs.26.42 lakh remained idle for periods ranging from two to 52 months (as of March 2003) for want of repairs. No action has been taken for repairs despite availability of funds under Equipment Maintenance and Material Supplies. Certain tests like partial analysis of Vitamin B1 and B2, Antibiotics, Chemicals/Ingredients could not be conducted for want of Spectrofloro meter, High performance liquid Chromograph and Gas Chromograph.

**Training**

As against 34 to 58 technical officers in position during 1998-2003, 11 officers were trained. No specific programme had been prepared to impart training to staff.

**Ineffective follow-up action on analysis reports in respect of sample drugs found “not of standard”**

**Improper decision of DC on sample analysis report**

**DC favoured manufacturers through decisions disregarding Act/Rules**

According to Section 25(4) of Act/Rules in respect of sample drugs reported as ‘not of standard’ quality by Government Analyst, if a person from whom the sample was drawn, furnished within 28 days of receipt of such report, evidence in contravention of the report, Court may on its own or at the request of either Department or person could refer sample to Central Drug Testing Laboratory for analysis. However, in the following three cases of drugs reported as ‘not of standard’ quality, decision taken by DC was improper and contrary to provisions of Act/Rules:

Sl.No	Particulars	Audit comment
1	A. Medrich Formulations Ltd., Bangalore	Though DC had no authority to arrange re-analysis of sample drugs, he ordered (March 2002) for the same. According to Section 25 of the Act, reanalysis was permissible only on orders of court. DC further ordered drawal of second set of samples though there was no provision in the Act. DC stated (October 2003) that as a technical officer he decided on re-analysis/drawal of second set of samples. The reply was not tenable as his action contravened provisions of Act/Rules besides, facilitating marketing of such sub-standard drugs.
	B. Polyvitamin Tablets	
	C. 12.9.2001 from DTL, Bangalore	
2.	A. Bal Pharma Ltd, Bangalore	On receipt of explanation from the licensee challenging test report (attributing the defect to storage conditions), DC ought to have filed case in the court for a decision on the test report as required under Section 25(4) of the Act. Contrary to this, DC ordered drawal of sample out of the control sample though he had no authority/provision in the Act. Neither the records indicated whether the control sample was drawn and tested as ordered by DC, nor reply (October 2003). No further action was also taken.
	B. Spasmonar tablets	
	C. 2.5.2002 by DTL, Bangalore`	
3.	A. Medrich Sterilab Ltd, Bangalore	DC delayed by 2 months issue of show-cause notice to the licensee on the test report received from Drugs Controlling Authorities, Delhi. DC’s acceptance of explanation of the licensee challenging test report on the ground of indicating incorrect weight in test report was improper as drugs failed beyond permissible limit <sup>o</sup> . However, this was later investigated (June 2003) jointly by Drugs Control Authorities of Delhi and Karnataka State. Manufacturer had filed (September 2003) case in the High Court of Karnataka.
	B. Augumentin syrup	
	C. 24.10.2002 by Government Analyst, Ghaziabad	

A = Name of the firm, B= Name of the Drug, C= Date of reporting

<sup>o</sup> Weight as per lable 28.5 mg/5 ml, Actual weight as per test report 15.2 mg/5ml, variation 13.3 mg, permissible variation 2.85 mg

***Failure to seize/prevent marketing of drugs ‘not of standard’ quality***

**Out of 671 cases of drugs found ‘not of standard’ quality in test-checked Circles/ Divisions, drugs were seized/ replaced in 48 cases only**

Out of 1,595 sample drugs (1,410 detected by DTL, Bangalore and 185 reports received from other States) found ‘not of standard’ quality details regarding number of cases where such drugs were either seized/replaced were not available with DC. DC stated (July 2003) that it was difficult to furnish the same. The reply evidently indicated that DC had not monitored this important activity. However, in test-checked circles/divisions involving 671 sample drugs found ‘not of standard’ quality, there were no seizures at all in six circles, one case in each of three circles and 45 cases of seizure in another five circles. Thus, percentage of seizure in test-checked circles was seven.

***Poor progress on prosecution cases***

Out of 1,595 sample drugs, manufacturers of 276 sample drugs (185 + 91) were located in Karnataka. Of these, action against 84 cases (nine cases of 1998-99, five cases of 1999-2000, 26 cases of 2000-01, 23 cases of 2001-02 and 21 cases of 2002-03) were pending with DC. Reasons for the same had not been furnished. In remaining cases, DC issued warning (113), suspended/cancelled the licences (60), cases filed in court (nine). No action was taken on remaining cases (10).

**Laxity in follow-up actions, delay in reporting, ineffective discharging of enforcement functions**

In respect of 1,319 sample drugs, manufacturers were located outside the State. Analysis reports were sent to DCs of respective states though DC in Karnataka could have filed cases against manufacturers according to various case laws. The DC also did not pursue the matter with Drugs Controlling Authorities of other States and the action taken by the latter was also not available. Thus, there was no system to monitor compliance with analysis reports.

### **3.2.6 Performance of intelligence wing**

An intelligence wing was created during August 1998 with 11 staff (four DDCs, seven DIs). Functions of intelligence wing inter alia consisted of detection of spurious, misbranded, ‘not of standard’ drugs, investigation of complaints and blood bank monitoring.

Scrutiny of records revealed the following:

- As against 961 complaints received from public, hospitals and pharma associations, cases for prosecution were launched in respect of 135 only during 1998-2003 and all these cases are still pending. Investigation of remaining 826 complaints (86 *per cent*) were pending from 1998-99 (96) 1999-2000 (194), 2000-01 (195), 2001-02 (167) and 2002-03 (174). Reasons for pendencies had not been furnished to audit.
- A team headed by an ADC, Circle-I, Bangalore investigated a complaint against Karnataka State Small Industries Marketing Corporation (KSIMC) and a few dealers registered with it regarding sale of disposable hypodermic syringes and needles without licence and also on its quality. The team submitted (October 1998) report to DC who sought (July 2000)

permission of State Government after delay of 21 months to initiate action against KSIMC and latter granted (August 2003) permission after further delay of three years. Action against officers of KSIMC is yet to be initiated. No action had been initiated against dealers also though no such permission was required.

### **3.2.7 Non-compliance with the Drugs Price Control Order/ Guidelines**

#### ***Approval of new formulations without informing National Pharmaceutical Pricing Authority***

**DC failed to report to NPPA grant of licences for new drugs**

Government of India issued Drugs Price Control Order, 1995 and further guidelines (October 1999) which inter alia empowered National Pharmaceutical Pricing Authority (NPPA) to fix maximum retail price for drugs. According to the guidelines, DC was to report cases of granting licence for manufacture of new drugs/formulations or new dosage for existing scheduled formulations. Though DC granted (October 1999 to December 2002) licences for manufacture of 154 new drugs/formulations, the same was not intimated to NPPA.

#### ***Failure to detect marketing of drugs at higher rate***

In one case, ie., Ibuprofen (400 mg)+ Paracetamol (333 mg) tablets, NPPA had fixed (July 2002) price of Rs.5.24 plus excise duty and local tax per strip containing 10 tablets. Against this, six\* firms marketed the drug at the rate ranging from Rs.7.26 to Rs.13.80. DPC cell/intelligence wing failed to detect selling of drug at higher rate. DC stated that his officers had not come across the said formulation (Ibuprofen 400 mg + Paracetamol 333 mg) after August 2002. However, scrutiny revealed that one firm had informed DC during May 2003 that they had been manufacturing the said formulation and furnished price list (as of April 2003) which indicated the price at Rs.12.94 per strip. The contention of DC was therefore contrary to that borne in his own records. Evidently, monitoring of this aspect was quite ineffective.

#### ***Idle staff***

State Government created (August 1998) a drug price control cell (Cell) with seven officers (one DC, two ADCs, four DIs) to investigate 137 cases of overpricing of drugs reported (1997-98) by ADC, Tumkur. However, these cases could not be investigated as manufacturers filed (December 1998) cases in High Court and NPPA notifications fixing prices were set aside (July 2000). Yet Cell was continued. During 1999-2002 Cell had not conducted any searches/seizures to detect cases of overpricing though they were empowered. Thus, Cell virtually remained non-functional resulting in nugatory expenditure of Rs.9.78 lakh.

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\* Allule Remedies, Talent Lab, Recon, Re kuvina Lab, Bal Pharma, Sky Marketing

### 3.2.8 Indian system of medicine and Homoeopathy

#### *Irregular appointment of licensing authority in respect of Homoeopathy system*

According to Act/Rules (49A), graduate qualified in Pharmacy or Pharmaceutical Chemistry or Medicine was to be appointed as licensing authority for Homoeopathic units. However, contrary to the provisions, State Government had appointed (order of October 1984) a graduate in Ayurvedic medicine as licensing authority for Homoeopathy system. Director, while admitting appointment as illegal attributed the same to non-amendment of provisions.

#### *Grant of licences*

Details of licences granted and renewed for manufacturing units under Ayurvedic/Unani and Homoeopathy by Director were as follows:

Year	Ayurvedic and Unani		Homoeopathic	
	Fresh licences	Renewals	Fresh licences	Renewals
1998-99	21	80	1	6
1999-00	36	94	3	4
2000-01	35	93	-	6
2001-02	23	115	1	4
2002-03	17	110	4	3

Scrutiny of records revealed following lapses:

**Ayurvedic/Unani drugs had not been subject to quality control measures**

Ayurvedic/Unani manufacturing units in existence as of June 2000 were to provide quality control section (QCS) within two years or obtain quality control certificate (QCC) from State Government approved laboratory. New licences were not to be granted unless QCS/QCC was provided. However, State Government had not approved any laboratory for this purpose so far and 261 units (Ayurvedic-252, Unani-nine) engaged in manufacturing as of June 2002, had also not provided the said facility. These included 75 licences issued subsequent to June 2000. Grant of these licences to those who had not provided QCS was contrary to Rules and therefore irregular. Renewal of licences in respect of existing Ayurvedic manufacturing units on obtaining undertaking to the effect that licensees would provide quality testing section was also irregular. Director replied (June 2003) that Ayurvedic/Unani units had expressed their inability to establish quality control sections as they were small units. Evidently drugs manufactured by these units had not been subjected to any quality control measures.

#### *Inspections*

Act/Rules prescribed inspection of every manufacturing unit twice a year under Ayurvedic/Unani system. In respect of Homoeopathy system, both manufacturing and selling units were to be inspected twice a year reduced to

once a year from September 2001. However, inspections were less than the scale prescribed as detailed below:

Year	Ayurvedic/ Unani and Homoeopathy (manufacturing) units in existence	Inspections		Homoeopathy selling units	Inspections	
		Prescribed	Conducted		Prescribed	Conducted
1998-99	262	524	144 (73)	170	340	190 (44)
1999-00	258	516	98 (81)	170	340	130 (62)
2000-01	278	556	110 (80)	172	344	35 (90)
2001-02	272	534	105 (80)	165	165	50 (70)
2002-03	272	533	135 (75)	164	164	44 (73)

Note: Figures in bracket indicates percentage of shortfall

Director attributed (May 2003) huge shortfall in inspections to shortage of staff. However, no proposal was sent to State Government to fill up the vacant posts. It was also observed that DI for Ayurvedic/Unani system had inspected Homoeopathic units which adversely affected the quality of inspection.

### ***Non-drawal of samples***

Though Act provided for drawal of sample drugs for analysis from both manufacturing and selling units under Homoeopathy system and only from manufacturing units under Ayurvedic system, samples were not drawn under both systems during 1998-2003 as State Government did not notify Government Analysts till July 2002. Even after notifying (July 2002) DIs and providing facility for analysis, samples were not drawn at all. Evidently, standard and quality of drugs had not been ensured.

### **3.2.9 Monitoring**

Monitoring implementation of various functions was ineffective as evident from the following:

- Abnormal delays at all stages in analysis of sample drugs and reporting results. No measures had been taken to avoid such delays.
- In respect of reports referred to other States, no data regarding number of cases against whom prosecution were launched, seizure of drugs etc., was available and no system was in place to watch receipt of compliance in respect of such reports.
- Failure to prevent marketing of drugs found 'not of standard' quality.
- 86 per cent of complaints received were pending for one to seven years with intelligence wing.

### **3.2.10 Conclusions**

There were huge deficiencies in inspections, drawal of sample analysis and delays in reporting results of analysis. Marketing of drugs 'not of standard' had also not been prevented. Drug Testing Laboratory was deficient in terms of manpower and equipment. Action taken by intelligence wing on complaints was grossly inadequate.

### **3.2.11 Recommendations**

- A suitable provision needs to be incorporated in the Act/Rules empowering DC to obtain necessary data from manufacturers located outside their jurisdiction and file cases before courts having jurisdiction in places from where samples for analysis are drawn.
- DC should ensure proper surveillance before renewal of licences.
- Drugs Testing Laboratory needs to be strengthened in terms of manpower and equipment.

**3.2.12** The matter was referred to Government in August 2003; reply is awaited.



### **3.3 Karnataka Health Systems Development Project**

#### **Highlights**

*The Karnataka Health Systems Development Project (Project) was launched in April 1996 with the assistance of World Bank at an estimated cost of Rs.546 crore to strengthen the secondary level of health care by providing in-patient and out-patient care with diagnostic and treatment facilities that were not available at the primary level. The project was to become operational by the end of 2001-02. Due to slow progress, however, the implementation of the project was extended by two years. The project is expected to be completed by March 2004.*

**Cost of civil construction works such as renovation and expansion of existing hospital buildings increased by Rs.234.42 crore due to changes in scope of work after the works were started/under execution.**

**(Paragraph 3.3.6)**

**Deviations to original plan of procurement, distribution and poor utilisation of equipment and non/short procurement of drugs affected adversely the delivery of health care services to the needy. Vehicles like jeeps and cars were procured in contravention of prescribed norms while ambulances for 24 hospitals were not procured.**

**(Paragraph 3.3.7)**

**Ineffective functioning of referral system in the first referral hospitals and non-availability of an IEC (Information, Education and Communication) strategy failed to educate and inform the public of the facilities and the extent of health care service available in these hospitals.**

**(Paragraph 3.3.9)**

**Lack of adequate training to the staff to handle sophisticated equipment in the first referral hospitals resulted in non-utilisation of available equipment. In other cases, managers and physicians trained abroad on teaching skills were not utilised for the benefit of the project.**

**(Paragraph 3.3.13)**

**Monitoring and evaluation of project performance was not effective.**

**(Paragraph 3.3.15)**

#### **3.3.1 Introduction**

The National Health Policy (1983) emphasises the role and responsibility of the State Governments in providing basic health facilities. The Public Health Care services in Karnataka consist of three tiers viz., primary, secondary and tertiary. Primary Health Centres (PHCs) provide basic health services at grass root level with emphasis on prevention. The secondary level of health services consists of hospitals located at community, area, sub-divisional and district levels. These are also called first referral hospitals, which provide in-patient and out-patient care with the diagnostic and treatment facilities that are not available at the primary level. Tertiary hospitals at the top of the structure

are staffed and equipped to provide more specialised treatment and include teaching hospitals also.

As facilities available at first referral hospitals remained poor, people were compelled to proceed to higher level hospitals for availing treatment that could otherwise be made available at first referral hospitals. Realising the need to strengthen the vital link of referral care, Government of Karnataka launched (April 1996) a programme called ‘Karnataka Health Systems Development Project’ (KHSDP) with the assistance of World Bank at an estimated cost of Rs.546 crore for implementation over a period of six years.

### **3.3.2 Objectives**

The broad objectives of the project are:

- Improving the health care system through improvements in the quality, effectiveness and coverage of health services at 204 secondary or first referral hospitals through expansion/renovation.
- Strengthening management and implementation capacity.
- Improving referral mechanism and linkages with primary and tertiary level.
- Improving access for disadvantaged sections of society.
- Achieving better efficiency in the allocation and use of health resources.

In order to achieve the above objectives, the project envisaged providing adequate financial resources to the health sector, introduction of annual health check-up programmes to Scheduled Caste and Scheduled Tribe population, up-gradation of clinical and support services by outsourcing, collection of user charges for augmenting resources for health care besides imparting training to project staff in clinical skills.

### **3.3.3 Organisational set-up**

A Project Governing Board (PGB) was established for taking major policy decisions, developing broad outlines for project implementation, reviewing and monitoring the over all project progress. A Steering Committee headed by the Secretary to Government, Department of Health and Family Welfare was constituted to undertake planning activities for the project and to carry out the functions of the PGB. A Project Administrator is in overall charge of the project and is assisted on technical side by an Engineering Wing headed by a Chief Engineer and on hospital side by an Additional Director/Joint Director, supported by four Deputy Directors and on Administration/Finance by a Chief Administrative Officer/Chief Finance Officer with supporting staff.

### **3.3.4 Audit coverage**

Records maintained at Project Administrator’s office, Chief Engineer’s office, three Engineering Divisions, five District Health and Family Welfare Offices (DHFWO) were test-checked during December 2002 to May 2003 from

inception of the project to March 2003 besides conducting review at 50 hospitals. The findings of the review are discussed below:

### 3.3.5 Project cost and time schedule

The project was undertaken (April 1996) with the assistance of World Bank at an estimated cost of Rs.546 crore and was proposed to be implemented in six years (March 2002). Due to slow progress in implementation of the project, World Bank agreed to extend assistance for two more years (March 2004). The cost of the project was revised to Rs.595 crore (February 2002) and an expenditure of Rs.582.12 crore was incurred up to the end of March 2003. The original cost, the revised cost of the major components and the expenditure thereof are as stated below:

(Rupees in crore)

Sl No.	Project component	Original cost	Percentage of the original project cost	Revised cost	Percentage of the revised project cost	Expenditure up to March 2003
1	Investment costs Civil works (Renovation and expansion)	120.58	22.09	355.00	59.67	336.53
2	Goods and equipment	160.12	29.34	113.00	18.99	96.55
3	Consultants, studies, training	30.06	5.51	23.30	3.92	15.94
4	Recurring costs	99.32	18.20	103.60	17.41	133.10
5	Physical contingencies and price escalation	135.72	24.87	-	-	-
GRAND TOTAL		545.80		594.90		582.12

### 3.3.6 Programme implementation

The programme implementation consisted of execution of civil works to renovate and expand the first referral hospitals, and upgrading clinical services through procurement of equipment, drugs, ambulances, vehicles, furniture, etc.

#### Civil works

The Staff Appraisal Report (SAR) on the project estimated the cost of civil works involving renovation and expansion of 204 hospitals at Rs.120.58 crore. However, on detailed re-estimation, the cost went up by 84.94 per cent to Rs.223 crore, which was further revised to Rs.355 crore in the revised project cost (February 2002). Out of 204 hospitals taken up for renovation and expansion, 186 hospitals were completed (March 2003) and 166 of them had been handed over, even though the project originally contemplated completion of all civil works by 2000.

The abnormal increases in the cost of civil works were due to inaccurate estimates at appraisal stage and change in scope of works after tendering, leading to additional quantities of work and extra items of work, payments at current schedule of rates plus tender premium quoted by contractors etc. Finalisation of designs and drawings, preparation of plans and estimates including Bill of Quantities of work to be included in the tender agreement were entrusted to empanelled architects at a cost of Rs.7.49 crore (out of which Rs.5.79 crore had been paid to the end of March 2003). However, owing to preparation of designs, drawings, plans and estimates by architects without reference to the actual site conditions, large scale deviations were noticed and the additional quantities and extra items of work were executed

**Cost of civil construction works such as renovation and expansion of existing hospital buildings increased by Rs.234.42 crore due to changes in scope of work after the works were started/ under execution**

involving an extra expenditure of Rs.68.32 crore. In view of this, payment of consultancy charges to empanelled architects proved to be unproductive.

Some of the other irregularities noticed in the execution of civil works were as follows:

- During the renovation and expansion of Taluk Level Hospital (TLH) at Hungund, there was delay in deciding, after the award of work to an agency, as to whether the building should be constructed in the existing premises or at a new site. This resulted in avoidable extra cost of Rs.21 lakh being payment at revised rates as per the terms of agreement.
- The High Level Working Committee of the project had prescribed norms for providing space in each category of hospital. Accordingly, the total plinth area to be constructed for eight new hospitals was 17,859 sqm. However, the actual area constructed was 28,580 sqm involving an extra cost of Rs.7.40 crore. No reasons were assigned for constructing plinth area in excess of the prescribed norms.
- An expenditure of Rs.1.34 crore had been incurred on renovation and expansion of District Hospital, Gadag, which was situated on land belonging to a trust.
- Guidelines of World Bank allow execution of works on ‘Force Account’ (based on local quotation) only when the value of work to be executed did not exceed Rs.18 lakh. In six cases, it was noticed that Force Account was invoked even when the value of works executed exceeded Rs.30 lakh individually (totalling Rs.2.15 crore). Failure to follow prescribed open tender procedure resulted in the project losing the benefit of prevailing competitive rates.
- About Rs.one crore was spent on construction of Office buildings for Superintending Engineer and Chief Engineer at Bangalore, Divisional Office at Mysore and renovation of Project Office, which were not covered in the scope of the project resulting in irregular diversion of funds of Rs.one crore.
- Extra items of work in 31 works were carried out without approval of competent authority, despite instructions of Project Governing Board (October 2000) to that effect. The total expenditure incurred on such irregular works was Rs.16.89 crore.

### **3.3.7 Upgrading clinical effectiveness**

The upgrading of clinical services includes supply of equipment, drugs, ambulances, vehicles, furniture etc., for which a provision of Rs.160.12 crore was made in the original project estimate. This was scaled down to Rs.113 crore in the revised project estimate, for which reasons were not assigned.

Review revealed non-utilisation or underutilisation of equipment, non-procurement or short procurement of drugs, ambulances and excess procurement of vehicles. The shortfall/deficiency noticed in audit in each category are detailed below:

### **Equipment – Procurement and utilisation**

A High Level Working Committee prescribed norms for equipment and furniture to be provided in each type of upgraded hospital based on bed strength. A procurement plan was prepared by the consultants after assessing the requirement of each hospital. However, scrutiny of records revealed that:

**Deviations to original plan of procurement, distribution and poor utilisation of equipment and non/short procurement of drugs adversely affected the delivery of health care services to the needy**

- There were deviations to original procurement plan. While equipment worth Rs.1.06 crore were procured in excess of the assessed requirements, a number of other essential items (X-Ray machine, emergency resuscitation kits, autoclaves, ophthalmoscopes, generators, ventilators) were either not procured or were procured short of assessments made despite adequate allocation of funds. Thus, the benefits of upgraded facilities at first level referral hospitals did not accrue to the public.
- Scrutiny in 50 test-checked hospitals revealed that in four hospitals, major surgeries could not be performed due to short supply/non-supply of essential equipment. Consequently, the cases were referred to other hospitals. In the test-checked hospitals, equipment such as ECG machines, ultra sound scanners, dental units etc., worth Rs.1.65 crore procured between 1997-98 and 2001-02 remained unutilised for two to five years due to non-availability of specialists/doctors/trained staff and incomplete infrastructure. In five test-checked hospitals, the equipment procured between April 1998 and December 2002 were yet to be unpacked (June 2003).
- It was noticed that purchase of equipment was not synchronised with the creation of related infrastructure (1996-99). An amount of Rs.18.26 crore was spent on procurement of equipment even before providing the basic infrastructure. Equipment worth Rs.94.00 lakh were later diverted to other major hospitals not covered under the project during 1997-2003. No reasons were given for such diversions.
- While procuring 29 Ultrasound Scanners at a cost of Rs.1.50 crore through HCL Packers Limited (October 1997), the project authorities did not avail customs duty exemption despite availing the services of procurement consultants. This resulted in an avoidable extra expenditure of Rs.48.00 lakh. The project authorities had also not obtained refund of Rs. five lakh being unutilised balance of Letter of Credit (LoC) opened with bankers. Similarly, unutilised balance of Rs.10.00 lakh out of the LoC opened for procurement of 26 Ultra Sound Scanners through Wipro GE Medicals during 1999-2000 had also remained unclaimed.
- Maintenance of sophisticated equipment in hospitals is covered by Annual Maintenance Contract (AMC), which are renewed periodically. Project Steering Committee had suggested to do away with AMCs and instead involve the technical staff available in the equipment maintenance workshops for maintenance work. Despite these instructions, the project authorities extended the AMC beyond one year, incurring an avoidable extra expenditure of Rs.27.00 lakh (2001-02). Further, a central equipment workshop with office was also constructed at a cost of Rs.65 lakh at Bangalore. However, maintenance of equipment was not referred to central workshop since most of them were covered under Annual Maintenance Contract.

To an audit query, it was contended that the continuance of AMC was inevitable, as the available technical staff was not adequately trained. It was also stated that it would take five to six months of training to be imparted by the Bio-medical Engineers on contract basis. Had the technical staff been trained during the first year of AMC, the expenditure on AMCs could have been avoided.

### ***Procurement and supply of drugs***

Non-availability of essential drugs/medicines was identified as a major constraint in utilising facilities by patients at first referral hospitals. The project cost of Rs.41.81 crore for supply of drugs/medicines was reduced to Rs.26.61 crore in the revised estimate for which reasons were not forthcoming.

During 1996-97, Government Medical Stores procured drugs worth Rs.6.02 crore by irregularly debiting the project funds under 'retroactive financing' activities, as retroactive financing permitted only pre-project activities like initial technical survey of existing hospitals, preparation of preliminary designs etc.

During 1997-99 and 2001-02, drugs worth Rs.17 crore were procured for project hospitals. It was observed that no consistent procedure was followed in the procurement of drugs. These were despatched directly to project hospitals in 1997-98, while in 1998-99, the respective District Health and Family Welfare Officers (DHFWOs) were made consignees for receiving the drugs and distributing them to the hospitals. In 2001-02, the supplies were routed through Government Medical Stores instead of DHFWOs. Procurement of drugs/medicines without indents and frequent changes in the supply procedures resulted in:

- Drugs/medicines on verge of expiry being transferred from six hospitals to 15 PHCs.
- Short receipt of drugs worth Rs.4.01 lakh in 20 DHFWOs.
- Issue/administration of a time barred injection (Tetanus Toxide) in three hospitals<sup>3</sup>.
- Eightyeight thousand and five hundred ampules of Injection Diazepam were procured by project authorities during March 1999 and supplied to 88 hospitals. The Drug Controller declared them as substandard quality during October 1999 by which time about 52,000 ampules of this injection had already been administered in various hospitals. Action taken against the firm for supplying substandard drug was not forthcoming.

**Lack of a consistent procedure in the procurement of drugs resulted in non/short supply of drugs and time barred drugs**

<sup>3</sup> District Hospital-Hassan, Community Health Centre-Kutta and General Hospital-Nanjangud

### **Vehicles**

**Vehicles like jeeps and cars were procured in contravention of prescribed norms while ambulances for 24 hospitals were not procured**

The project envisaged procurement of vehicles (jeeps, cars and ambulances) for which Rs.16.17 crore was allocated. Scrutiny of records revealed that project authorities procured vehicles more than those envisaged under the project. As against 184 jeeps and 10 cars, the project authorities procured 242 jeeps and 13 cars. Thus, an extra expenditure of Rs.1.62 crore was incurred on purchase of vehicles against the prescribed norms. One Maruthi Bolero (value: Rs.6.72 lakh) was allotted to Hon'ble Health Minister (1999) and one car each was allotted to the Chairman, Task Force, Chief Financial Officer and Under Secretary. On the other hand, ambulances to 24 hospitals had not been supplied. Besides, 37 jeeps valued at Rs.1.06 crore and four workshop maintenance vehicles valued at Rs.12.00 lakh were allotted to hospitals/units/officers not covered under the project.

Lack of prioritisation in procurement of vehicles resulted in avoidable extra expenditure of Rs.1.62 crore besides denial of ambulance facilities in 24 hospitals.

### **3.3.8 Shortage of specialists and para medical staff**

**Due to shortage of specialists and para-medical staff at first referral hospitals, there was low bed occupancy in these hospitals**

As against total requirement of 1981 doctors/specialists in project assisted hospitals, only 1,632 were in position, as of January 2003. Shortages affected services in 147 out of 204 hospitals. Available doctors/specialists were also not judiciously posted to all hospitals, which led to the following disparities/mismatches:

- Against the norm of providing five specialists<sup>2</sup>, 25 hospitals of 30 to 50 beds had no specialists while excess number of specialists had been posted in 26 hospitals.
- No surgeons were available in 73 hospitals. In 19 test-checked hospitals, 23 Operation Theatre facilities provided at a cost of Rs.62 lakh remained idle/underutilised.
- Five<sup>3</sup> hospitals were managed by single Doctors.
- While Anesthetists were not available in many of the 50/100-bedded hospitals, four Anesthetists had been posted in four 30 bedded hospitals where no such posts were sanctioned.
- There were shortages in the para-medical staff (Pharmacists 361; X-Ray Technicians 120; Lab Technicians 223; Staff Nurses 717) as of January 2003. Availability of only one staff nurse was noticed at TLH Hukkeri, Ramdurg and Magadi with occasional deputation of additional staff nurse from other places. There were no X-Ray Technicians in 21 hospitals.
- Due to shortage of specialists and para-medical staff at first referral hospitals, the objective of the scheme to improve effectiveness of health

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<sup>2</sup> one Physician, one General Surgeon, one Gynaecologist, one Dental Surgeon and one general duty Doctor

<sup>3</sup> ED Hospital, Mysore, TLH at Nargund, Hungund, Kannangi and WCH at Ranebennur

services was not achieved, as evidenced by the low bed occupancy, as detailed below:

Bed strength	No. of hospitals having low bed occupancy (in terms of percentage)			
	0 < 20	20 < 30	30 < 40	40 < 50
30	38	14	6	9
50	9	11	8	13
100	3	7	1	2

The low occupancy was more pronounced in 30 and 50 bedded hospitals.

### 3.3.9 Ineffective functioning of referral system

**Ineffective functioning of referral system in the first referral hospitals and non-availability of a IEC strategy failed to educate and inform the public on the facilities available in these hospitals**

The project implementation laid greater emphasis on improving the existing referral system through a well defined network, under which the first referral hospitals would provide clinical and technical support to PHCs. The measures to strengthen the referral system included introduction of referral and feed back cards to patients, providing incentives to patients who follow referral procedures, preparation of a ‘zoning system’ i.e., linking identified PHCs/ Community Health Centres with particular Taluk Level Hospitals, etc. The project guidelines also prescribed that an Information, Education and Communication (IEC) strategy should be drawn up to provide information to the targeted group about availability of public health services at various levels especially on referral mechanism and facilities for disadvantaged sections of society (Yellow Card Scheme).

Audit scrutiny however, revealed that the objective of strengthening the referral system could not be achieved due to reasons such as non-availability of specialists, technicians and upgraded facilities, shortage of drugs, longer waiting periods. There was an increase in the number of cases referred out to higher level hospitals especially under surgery and medical categories. The project authorities did not introduce the referral and feedback cards as well as zoning system as contemplated. No action was taken to implement IEC strategy also to provide information to the needy persons. Consequently, over crowding of patients at District Hospitals and Tertiary Hospitals could not be avoided.

### 3.3.10 Yellow Card Scheme

**The implementation of yellow card scheme providing for a free but compulsory annual health check-up of all Scheduled Caste and Scheduled Tribe persons in the State was not encouraging**

In order to provide free medical checkup, treatment and supply of essential medicines for Scheduled Caste and Scheduled Tribe persons in the State, Government initially introduced (October 1995) the ‘Yellow Card Scheme’ in selected five districts<sup>4</sup> and later extended it to all the districts (August 1997). The system provides compulsory health checkup on a biannual basis in respect of Scheduled Caste and Scheduled Tribe families residing in rural areas. This checkup at sub-centre/village level would screen the targeted population so as to identify and treat diseases at the onset. The scheme also envisages an extensive IEC campaign to secure total participation of the beneficiaries.

<sup>4</sup> Bijapur, Hassan, Kolar, Mysore and Raichur



Audit scrutiny however, revealed that coverage ranged between 0.85 to 33.90 per cent of the total Scheduled Caste/Scheduled Tribe population during 1997-2002 as detailed below:

Sl. No.	Name of the Division	SC/ST population (in lakh)	1997-98		1998-99		1999-00		2000-01		2001-02	
			A	B	A	B	A	B	A	B	A	B
1	Bangalore	31.60	1.72	5.44	3.77	11.93	4.08	12.91	3.64	11.52	4.35	13.77
2	Mysore	17.49	1.93	11.03	2.43	13.89	4.36	24.93	2.25	12.86	5.93	33.91
3	Belgaum	16.57	1.75	10.56	2.50	15.09	2.35	14.18	4.66	28.12	3.33	20.10
4	Gulbarga	21.19	0.18	0.85	2.60	12.27	3.20	15.10	3.05	14.39	3.77	17.79
Total		86.85	5.58		11.30		13.99		13.60		17.38	

A – Number of persons examined in lakh; B – Percentage of coverage

The progress achieved in test-checked hospitals was found to be not encouraging. In Chamarajanagar District, the progress was 2.41 to 7.76 per cent during 1998-2002. In Tumkur District it was between 2.41 and 9.89 per cent and in Kolar District having highest SC/ST population in the State, it was 1.04 to 7.73 per cent. The coverage varied between 1.09 to 16.65 percent of the population. In seven Districts, no camps were held during 2002-03. The reasons were not forthcoming.

Poor achievement was attributed to holding camps at village headquarters, belated release of funds and lack of transportation facilities. Monitoring of the progress of implementation was also inadequate.

A survey of the scheme conducted by an external agency (ORG-MARG) highlighted poor attendance owing to ignorance in the community about the camp date and venue (55 per cent of the beneficiaries were not aware of the programme). The report also highlighted absence of doctors, lady medical officers, lab technicians in camps, lack of lab testing materials, absence of trained ANMs<sup>5</sup> (only 49 per cent were trained) etc., which affected the functioning of the camps.

### 3.3.11 Collection and utilisation of user charges

The project envisaged collection of user charges for augmenting public resources for health care specially for funding non-salary recurrent costs like repairs, maintenance of equipment, vehicles, purchase of drugs/x-ray films.

Between 1997-2003, out of an amount of Rs.8.50 crore collected in 170 hospitals, an amount of Rs.4.41 crore only had been utilised in 128 hospitals. The balance funds are kept in bank accounts in the names of the Chief Executive Officer/Zilla Panchayat and the District Surgeon. Efforts made to maximise the collection of user charges and ensure their optimum utilisation were not forthcoming.

<sup>5</sup> Auxiliary Nursing Maids (Junior Health Assistants-Female)

### 3.3.12 Contracting of non-clinical services

**Non-clinical services were contracted out injudiciously, although enough work force was available with the Department**

The project contemplated outsourcing of selected health services on contract basis. Initially contracting of non-clinical services was taken on experimental basis in Devanahalli hospital, which was later extended to 172 hospitals at an average cost ranging from Rs.7,750 to Rs.1.92 lakh per month.

A Committee under the Chairmanship of Secretary to Government of Karnataka, Health and Family Welfare Services decided (August 1999) that non-clinical services may be contracted out where large number of vacancies in Group 'D' cadre existed. However, the project authorities failed to evolve proper criteria for contracting out non-clinical services, and the facility was extended to all hospitals mainly on account of reluctance of the Group 'D' officials to do house keeping jobs. It was observed in audit that in 37 hospitals where vacancy of Group 'D' was even less than 30 *per cent*, the services were contracted out at an expenditure of Rs.1.51 crore. Project Administrator during his inspection (2002) of TLH, Magadi also observed that non-clinical services had been contracted although enough work force (Group 'D' staff) was available with the department and requested for review of position in other hospitals. No action had been taken to review the situation.

### 3.3.13 Training

**Lack of adequate training to the staff to handle sophisticated equipment in the first referral hospitals resulted in non-utilisation of available equipment. In other cases, managers and physicians trained abroad on teaching skills were not utilised for the benefit of project**

The project envisaged comprehensive training programmes based on the recommendations of working groups constituted to ensure upgrading of skills at rural, sub-divisional and district hospitals on hospital management. However, such a comprehensive training was yet to be given to the project staff.

The project also provided for short term training abroad to improve the teaching skills of managers and physicians. It was observed that in four cases, the services of the officers trained abroad at a cost of Rs.17.56 lakh were not utilised in the project, as they were transferred outside the project. Consequently, Rs.17.56 lakh spent on their training abroad proved unfruitful.

Contrary to the norms provided under training, a Deputy Director of the project was deputed in June 1998 for a regular PG Course in International Programme in Public Health Policy and Management at University of Southern California at an expenditure of Rs.20.11 lakh.

### 3.3.14 Consultancy contracts and professional services

**The project authorities unjustifiably continued the consultancy contracts for Finance and Project Management despite having Financial Advisers and Project Management Experts**

For smooth implementation of the project, services of consultants and professionals for various activities were also provided for in the project. Accordingly, consultants for finance and project management were engaged separately during the project period. Audit scrutiny revealed the following:

Finance Management Consultancy services were contracted initially for a period of one year in 1997 at a cost of Rs.15.00 lakh, which was later (January 1998) enhanced to Rs.25.50 lakh per annum and fixed at Rs.24.00 lakh per annum from February 2001. The consultants were required to deliver financial software and provide necessary training to staff. The decision to

continue the consultancy services beyond one year at a cost of Rs.56.33 lakh was despite existence of a full-fledged accounts wing headed by a Chief Finance Officer. The software belatedly delivered by the consultants had not been used in any of the divisions except in Bangalore in 2001-02.

Similarly, the services of STEM (Symbiosis of Technology Environment and Management) contracted for one year for project management activities, were continued for a further period of two years till December 2000 at a cost of Rs.33 lakh. It was so despite existence of a full fledged Engineering wing headed by a Chief Engineer and a Deputy Chief Architect, Joint Director (Equipment), Additional Director (Medical), Bio-Medical Engineers etc.

### **3.3.15 Monitoring and evaluation**

**Monitoring and evaluation of project performance was not effective**

Monitoring the progress of implementation of the project was done at taluk levels, district levels and by a steering committee at central level besides review by PGB. In addition, sub-committees were also formed to monitor progress of referral system and yellow card scheme. Formats were also prescribed to collect data on various aspects of the project. However, due to various discrepancies and disparities in the data received from hospitals, the progress of project implementation could not be effectively monitored.

### **3.3.16 Other topics of interest**

#### ***Diversion of funds***

Funds to the extent of Rs.3.80 crore were unauthorisedly diverted for improvements, repairs and maintenance works to existing buildings (both residential and non-residential) such as staff quarters, office buildings, training centres, seminar hall and furnishing the conference hall and the offices of Health Department, which are not covered in the project activities.

### **3.3.17 Response of Government**

Above points were referred to Government in August 2003 and their remarks are awaited (December 2003).

### **3.3.18 Conclusions**

Lack of planning in the execution of civil works resulted not only in cost and time overrun but also reallocation of funds for civil works at the cost of other components of the project. Deviations to original plan of procurement, distribution and poor utilisation of equipment coupled with non/short procurement of drugs and deficiencies in deployment of doctors affected adversely the delivery of health care services. Ineffective functioning of referral system in the first referral hospitals and non-implementation of IEC strategy also affected adversely the delivery of medical services and achieving the envisaged objective of the project.

### **3.3.19 Recommendations**

- Imbalances and mismatch in the posting of Doctors and para-medical staff and availability of drugs, equipment, ambulances etc., need to be corrected so as to strengthen the existing Referral System. Posting of specialists also needs to be rationalised in each category of hospital.
- Procurement of services of a professional agency may be considered for speedy implementation of IEC strategy to ensure optimum utilisation of the Referral System set up by the project.
- Financial resources of the project need to be strengthened by maximising the collection of user charges and by utilising them inter alia, for maintenance of equipment. Government may ensure optimum utilisation of the central equipment workshops set up in each district besides reviewing the continuance of AMCs.
- Government may investigate the reasons for poor coverage of Scheduled Caste and Scheduled Tribe population under the ‘Yellow Card Scheme’ and ensure effective implementation of the scheme so as to fully realise the intended objectives.
- A consistent procedure in the procurement and supply of drugs to hospitals may be followed for ensuring timely availability of drugs and proper control over inventory.

## HOME DEPARTMENT

### 3.4 Prevention and control of fire

#### Highlights

*Fire Services Department was constituted under the overall control of Home Department by State Government to save life and property from fire. Though, the Department was required to be kept in full readiness to effectively combat fire incidents with adequate men, machinery and other infrastructure, there were acute shortages in these aspects, as compared to norms prescribed by Standing Fire Advisory Committee (SFAC) as well as state norms. Though, non-adoption of SFAC norms was attributed to dearth of resources, Department failed to adhere even to state norms. Also, Department could not effectively enforce fire preventive measures due to lack of co-ordination among Fire Services Department, Local Bodies and Licencing Authorities. As a result, a few important high-rise buildings in Bangalore City were functioning without required fire preventive facilities and stood largely exposed to fire risks.*

**Out of Rs.22.53 crore obtained from General Insurance Corporation, Fire Services Department utilised Rs.5.37 crore only for intended purpose and details of utilisation for balance loan was not furnished. Progress of utilisation of Finance Commission grant was also poor.**

(Paragraph 3.4.4)

**There were shortages of 53 and 61 per cent each in respect of availability of fire stations and equipments as compared to State norms.**

(Paragraph 3.4.5)

**There was 44 per cent shortage of manpower compared to operational requirement of 106 available fire stations.**

(Paragraph 3.4.7)

**Functioning of Departmental workshop was poor. While salary expenditure of staff during 1998-2003 was Rs.80.36 lakh, repair works turned out in the workshop was worth only Rs.9.52 lakh.**

(Paragraph 3.4.9)

**Local bodies/other authorities failed to adhere to safety measures for prevention of fire accidents.**

(Paragraph 3.4.11)

#### 3.4.1 Introduction

The Karnataka State Fire Force Department (Department) constituted under the Karnataka Fire Force Act, 1964 came into effect from 15 May 1971. The overall control of the Department is vested with Home Department of State Government.

The activities of the Department were mainly connected with fire prevention, extinguishing and rescue operation of persons trapped in fire, collapsed buildings etc. Different types of appliances such as water tenders, trailer pumps, mobile tank units, water lorries, ambulances etc., are in use in the service. This is essentially a service oriented organisation dedicated to the saving of life and property from fire.

### 3.4.2 Organisational Set-up

Director of Fire Services was the Head of the Department. He was assisted by Additional Director and Deputy Inspector General of Fire Services in administrative functions. Besides, there were Deputy Director (Administration), three Chief Fire Officers (Technical) (CFOs), nine Regional Fire Officers (RFOs), 27 District Fire Officers (DFOs) and 67 Station Fire Officers (SFOs). Each fire-fighting appliance in fire stations was under direct charge of a Leading Fireman (LFM) and the rest of the crew work under his immediate supervision.

### 3.4.3 Audit coverage

Records for the period 1998-2003 were test-checked during January to May 2003 in the office of the Director of Fire Services, four<sup>⊗</sup> out of nine Regional Offices, two out of three offices of CFOs, six out of 27 DFOs, 35 out of 67 Taluk and Rural fire stations, Departmental Workshop and Training College, at Bangalore. The results of test-check are brought out in the succeeding paragraphs.

### 3.4.4 Financial Management

#### *Non-utilisation of Budgetary allocations in full*

Budgeted funds allocated by State Government to the Department and expenditure thereof for the period 1998-2003 were as detailed below:

(Rupees in crore)

Year	Allocation		Expenditure		Savings		Percentage of Savings (Plan & Non-plan)
	Plan	Non-plan	Plan	Non-plan	Plan	Non-plan	
1998-99	2.00	29.23	0.38	21.69	1.62	7.54	29
1999-2000	2.00	35.99	0.81	25.01	1.19	10.98	32
2000-01	1.71	30.69	0.22	24.45	1.49	6.24	24
2001-02	1.71	31.42	0.81	24.74	0.90	6.68	23
2002-03	1.70	29.65	0.58	24.14	1.12	5.51	21

**There were savings of 21 to 32 per cent in annual budget grants due to non-opening of fire stations**

The expenditure was inclusive of repayment of loan and interest on General Insurance Corporation (GIC) loan raised by State Government during 1981-97. There were persistent savings during 1998-2003 ranging from 21 to 32 per cent. The same was attributed to non-opening of additional fire stations though State Government had approved and released funds for the purpose in the respective annual budgets. The reasons were not on record.

<sup>⊗</sup> Bangalore-I, Bangalore-II, Mysore and Hubli

### ***Improper utilisation of GIC loan***

#### ***Poor utilisation of GIC loan***

**Out of loan raised from GIC of Rs.22.53 crore, only Rs.5.37 crore was spent by the Department.**

State Government had raised loan of Rs.22.53 crore from GIC during 1981-97 for modernisation of fire services out of which only Rs.5.37 crore was released by the State Government to the Department which was utilised for the intended purpose. State Government also did not furnish details for utilisation of balance loan of Rs.17.16 crore. The Department had, however, furnished utilisation certificate for only Rs.77.50 lakh till date.

#### ***Avoidable payment of penal interest-Rs.99.56 lakh***

It is seen that loan amount with interest was repaid by the Department from its budgetary allocations. Penal interest of Rs.99.56 lakh between March 1995 and September 2002 to GIC was also paid due to non-adherence to time schedule in respect of loan repayment resulting in avoidable expenditure. This was attributed to the delay in release of funds from State Government ranging from three to 15 months which had not been explained.

#### ***Finance Commission grant***

**There was poor progress in utilisation of Finance Commission grant**

Government of India allocated Finance Commission's grant of Rs.12 crore<sup>Φ</sup> to State Government for upgradation of fire services to be released in installments during 2000-04 subject to submission of utilisation certificates. As against grant of Rs.9.65 crore required to be released by March 2003, only Rs.4.82 crore (Rs.2.41 crore in March 2001, Rs.2.41 crore in October 2001) was released by Government of India so far. Reasons for delayed release and non-release of further grant by Government of India were not on record. Though the grant was intended for opening of new fire stations, Department utilised the same for construction of permanent building and staff quarters in respect of 10 already existing fire stations. Further, Karnataka Police Housing Corporation, Bangalore (KPHC) to whom Department entrusted construction work and advanced (March 2002) Rs.4.72 crore for the purpose, had spent only Rs.1.47 crore for the purpose till date.

### **3.4.5 Programme management (Infrastructure)**

#### ***Non-opening of required fire stations***

SFAC norms were to be accepted by the States in establishing fire stations etc. However, SFAC norms had not been adopted by Government of Karnataka, stating that it would be impossible to create such large number of fire stations in view of dearth of resources. Therefore, State Government norms of providing minimum of one fire station in every district and taluk headquarters on priority basis and one fire station for every 40 kms radius (ie, one fire station for every 5,028 sq.kms) or for every 50,000 population in rural areas were adopted. The details of fire stations established *vis-à-vis* those required as per State norms were as indicated below:

<sup>Φ</sup> Rs.4.83 crore in 2000-01, Rs.2.41 crore each in 2001-02 and 2002-03 and Rs.2.35 crore in 2003-04)

Particulars of norms adopted etc.	No. of fire stations required	No. of fire stations established till date	Shortfall
<b>Under State Norms</b>			
No. of District - 27	For Urban area = 187	District Hqrs. - 27	118
Hqrs. in the State		Additional fire station in District Hqrs. based	
No. of Taluk - 148	Rural area = $\frac{1,88,108}{5,028} = 37$	on fire risk - 12	
Hqrs. in the State		Taluk Hqrs. - 63	
No. of identified - 12	<b>Total = 224</b>	Rural areas - 4	
fire risk areas in District Hqrs.		<b>Total - 106</b>	
<b>Total - 187</b>			

**There were shortages of 53 and 61 per cent each in respect of availability of fire stations and fire-fighting equipment respectively compared to state norms**

SFAC norms provided for carrying out fire risk analysis in urban areas for providing additional fire stations if need be, so that fire accidents could be attended to within maximum permissible response time of five minutes. The Department carried out the required fire risk analysis only in three out of 27 district headquarters and established 12 additional fire stations in those three districts. However, the Department was yet to carry out fire risk analysis in respect of remaining 24 district headquarters. For instance, in Hubli-Dharwad City with urban area comprising of 190 sq.kms, though 166 fire accidents took place during 1998-2003 in Dharwad and property worth Rs.3.60 crore was destroyed in fire, only one fire station was established at Hubli to cover the entire area. Thus, the concept of maximum response time of five minutes prescribed for reaching the spot in the event of any fire within the city area has been totally ignored in this case. Although, records indicated that all these fire incidents were attended in time by the Department, evidently there was inordinate delay in reaching the places of fire all the way from Hubli to Dharwad.

Similarly, in respect of rural areas, the norm of one fire station for every 5,028 sq.kms area adopted by Department was not in conformity with SFAC norm of 50 sq.kms per fire station and maximum response time of 20 minutes prescribed in SFAC norms for rural areas. Further, out of 106 fire stations established in the State, 12 had been functioning in rented buildings while 59 in temporary sheds. Scrutiny of records of test-checked stations revealed that these stations were deprived of water facilities also in their premises.

### ***Shortages in fire-fighting equipment***

As per the State norm adopted by the Department, State should have three categories of fire stations and each category should possess equipment and shift system as indicated below:

1.	All Taluk and Rural Stations	2 unit fire stations <sup>♦</sup> with 2 shift system with 2 Water Tender (WT), 2 Portable Pumps (PP) and 1 Towing Tender (TT).
2.	All District Headquarters Stations	3 unit fire stations with 2 shift system with 2 WT, 2 PP, 1 TT and 1 Water lorry (WL)
3.	4 fire stations in Bangalore considered as high risk area	4 unit fire stations with 3 shift system with 4 WT, 2 PP, 1 TT and 1 WL

<sup>♦</sup> Unit fire station means a fire station having one pumping unit (one water tender)



The details of equipment required, available and the shortages were as shown below:

Type of equipment	Equipment required for all 224 fire stations required to be setup as per State norms	Equipment required for existing 106 fire stations as per State norms	Number of equipment available as on date	Shortfall compared to requirement in respect of all 224 fire stations	Shortfall compared to requirement in respect of 106 available fire stations
Water Tender	456	220	187	269	33
Portable Pumps	448	212	178	270	34
Towing Tender	224	106	55	169	51
Water Lorry	39	39	40	(-) 1	(-) 1
Total	1,167	577	460	707 (61%)	117 (20 %)

### ***Special Equipment***

As per State norms adopted, at least one number each of the special appliances mentioned below were to be placed at the disposal of each of the nine RFOs of the State to enable fire-fighting in respect of high-rise buildings. The details of shortages of special equipment noticed were as detailed below:

Sl.No.	Type of special appliances	Requirement	No. available as on date	Shortfall
1.	Turn table ladder	9	1	8
2.	Hydraulic platform	9	1	8
3.	Control van	9	1	8
4.	Foam crash tender	9	2	7
Total		36	5	31

"Bran to sky lift" which was stated to be very essential to fight fire in high-rise buildings, costing Rs.five crore was pending approval at Government level for a long time. Further, in urban areas having high-rise buildings like Bangalore, Mysore and Mangalore though 625 number of fire hydrants were provided, they were not in working condition due to non-maintenance by concerned local bodies despite being reminded by the Department.

### ***Functioning of Communication system***

Wireless sets were in use in the Department for communication purposes. Out of 524 sets purchased during 1988 to 2000, 321 sets were required to be replaced with new ones due to frequent repairs and aging of the components. Government was yet to accord approval for new purchase. One hundred and ninety one wireless sets, however, continued to be used without licences being got renewed from December 2001 onwards.

### ***Non-availability of other essential fire-fighting tools***

Essential fire-fighting tools such as (1) Breathing apparatus (2) Aluminium Suit (3) Suction hose and ropes required for fire-fighting operation were lacking in test-checked fire stations. No efforts were made by the concerned fire stations/Department to procure the same.

***Providing of accommodation at premises***

Though as per norm, all fire-fighting personnel were to be provided with rent free accommodation within fire station premises, 1,569 (75 per cent) out of 2,099 personnel were deprived of rent free accommodation till date.

**3.4.6 Fire management**

The details of fire incidents reported, attended, human lives lost, property lost and property saved during last five years in the State as a whole were as indicated below:

Year	Fire incidents reported	Fire incidents attended	Human lives		Property lost	Property saved
			Lost	Saved		
(Rupees in crore)						
1998-99	5,387	5,387	77	110	NA	NA
1999-2000	8,177	8,177	488	661	45.04	124.74
2000-01	14,881	14,881	213	344	77.00	263.76
2001-02	9,552	9,552	280	752	88.00	222.72
2002-03	9,956	9,956	352	774	599.43	279.89

***Lack of water source in the premises of fire stations***

In test-checked Mysore and Hubli regions, 21 out of 29 stations test-checked did not have water source in their premises for carriage at the time of emergency.

**3.4.7 Manpower Management*****Shortages in manpower***

State Government had adopted a different norm other than that prescribed under SFAC for categorising fire stations. Details of staff required as per State norms and shortages noticed thereof were as detailed below:

Sl. No.	Designation	Staff requirement for 106 available fire stations as per State norms	No. of posts sanctioned	Working strength	Vacancy position compared to existing 106 fire stations
1.	Regional Fire Officer (RFO)	9	9	8	1
2.	Station Fire Officer (SFO)	106	114	34	72
3.	Asst. Station Fire Officer (ASFO)	114	108	96	18
4.	Leading Fireman (LFM)	561	487	473	88
5.	Fireman (FM)	2,271	2,142	1,181	1,090
6.	Fireman Driver (FD)	593	551	306	287
7.	Driver Mechanic (DM)	102	77	9	93
Total		3,756	3,488	2,107	1,649 (44 per cent)

**There was 44 per cent shortage of manpower compared to actual manpower required under the State norms**

Thus, it was noticed that number of posts sanctioned by Government was deficient by 268 compared to manpower required for existing fire stations as per norms. Overall deployment of manpower in the State was deficient by 44 per cent compared to actual manpower required for 106 existing fire stations.

As against 20 administrative vehicles available in the Department, there were only seven sanctioned posts of Fireman Drivers (FD) for these vehicles. Hence, Department had diverted 13 FDs of fire stations to drive these administrative vehicles, which was not in order.

Though Government approved fresh recruitment of 657 and 554 firemen in March 1998 and February 2001 respectively, the Department recruited only 22 firemen attributing administrative reasons for non-filling up of the other posts.

Besides, acute shortages of Firemen and FDs throughout the State adversely affected fire-fighting operations as indicated below:

A fire occurred at multi storeyed building on Residency Road in Bangalore on 29 May 1996. Due to shortage of FDs in the workshop, Engineering officer-in-charge of workshop himself drove the Snorkel unit thereby causing delay of 27 minutes in reaching the spot due to his inexperience in driving such vehicles.

A fire incident occurred at Harapanahalli in Bellary District on 22 February 2000. Due to shortage of FDs, the Assistant Sub Officer of the station himself drove the water tender to attend the fire call. The vehicle met with an accident. Further, the vehicle was rendered unavailable for fire-fighting and repairs costing Rs.3.15 lakh had to be incurred on the vehicle.

A fire accident occurred at M/s.Bata Ltd., showroom in Tumkur on 2 September 2001. As against sanctioned strength of eight FDs, only three were working. On receipt of fire call, one FD who was on duty was sent to the spot with only one water tender. Services of additional fire-fighting vehicles could not be made use of due to shortage of FDs. Property worth Rs.1.25 crore was involved in this fire incident of which property worth Rs.56.15 lakh was destroyed in fire.

### **3.4.8 Inadequacy in Training and Awareness propagation facilities**

Department has a fire services college established in 1971. Its objective was to impart training for newly recruited Firemen on fire-fighting, fire prevention, rescue operation etc., and also to conduct special courses and awareness programmes for general public. The college had only two qualified trainers viz., Commandant (Training) and one Instructor (Training) and the other six staff of Training College were unqualified. Lack of adequate number of qualified trainers had hampered imparting of effective training.

### 3.4.9 Unviable running of the Departmental Workshop

Functioning of departmental workshop was poor. While salary expenditure of staff during 1998-2003 was Rs.80.36 lakh, repair works turned out in the workshop was worth only Rs.9.52 lakh

Departmental workshop was set-up in 1967 in Bangalore for repair and maintenance of all vehicles of Department. Against sanctioned strength of 23 staff, the working strength was only 11. In view of shortage of staff and unfeasibility of bringing vehicles/equipment of outstations for repair/maintenance, outstation vehicles were got repaired through private workshops during 1998-2003 incurring expenditure of Rs.2.03 crore. Repairs of vehicles/equipment stationed in Bangalore were also got done through private workshops during 1998-2003 incurring expenditure of Rs.21.00 lakh. It was also noticed that while staff salary expenditure and other expenses of Rs.80.36 lakh was incurred during 1998-2003 relating to the workshop, repair works of vehicles/ equipments carried out at the workshop during the same period was Rs.9.52 lakh only. The investments made on the workshop remained idle proving the functioning of separate workshop unjustifiable.

#### *Non-repair of crucial imported machinery*

Turn Table Ladder and Snorkel unit which were essential for fire-fighting operation in high-rise buildings and imported from outside in 1982 and 1985 respectively were not in working condition since 1993 and 1997 respectively and required major repairs. Government/Department were yet to take decision either to get these machinery repaired for use or for their final disposal.

### 3.4.10 Civil Works

The following civil works of the Department entrusted to contractors for execution through the Public Works Department (PWD) were lingering for six to 12 years:

Sl. No.	Name of work	Estimated cost and date of administrative approval accorded by the Department	Date of entrustment to contractor by the PWD	Present position of the work
1.	Construction of fire station building at Holenarasipura	Rs.17.10 lakh (March 1997)	Not available	The work is still incomplete and lingering for over six years.
2.	Construction of 27 residential quarters at Challakere	Rs.66.76 lakh (December 1994)	December 1994, due for completion by December 1996	-do-
3.	Fire preventive and fire protection works to Multi Storeyed Building complex (Government building at Bangalore)	Rs.46.00 lakh (November 1987)	December 1990, due for completion by September 1991	The work is still incomplete and lingering for over 12 years.

Reasons for non-completion and up to date expenditure incurred in respect of these works were not available on record in the Department.

### 3.4.11 Non-adherence to safety measures for prevention against fire

For prevention of fire and adoption of safety measures in respect of high-rise buildings, warehouses, cinema halls, offices, factories etc., State Government had enacted legislation under Section 13(1) of Fire Services Act, 1964 and also issued notification (September 1971) and Standing Order (March 1989) requiring the owners or occupiers of such fire risk premises to take precautionary measures failing which Department is empowered to refer the matter to Police Department for initiating action under Section 285 of Indian Penal Code (IPC). The following omissions/lacunae on the part of Department in enforcing the above provisions were noticed:

- Though Department was required to conduct periodical inspection of 100 such fire risk places every year and advise owners/occupiers to take preventive measures, no such inspections were conducted by Department. Fire incident occurred (October 2000) at cracker godown at Annasandra Palya, Bangalore which was not periodically inspected, destroying property worth Rs.13.00 lakh.
- Department was to ensure suitable provisions being incorporated by local bodies in their building bye-laws regarding fire prevention and safety measures in respect of high-rise office and other public buildings. Only Bangalore City Corporation (BCC) and Bangalore Development Authority (BDA) had incorporated (October 1984 and January 1995 respectively) necessary provisions in their building bye-laws for obtaining 'no objection certificate' (NOC) from Fire Services Department prior to issue of licences. Other local bodies of the State have not incorporated these provisions in their bye-laws.
- In respect of petrol bunks, godowns for explosives, film studios, amusement activities, high-rise buildings etc., within Bangalore City, under the provisions of respective Acts and Rules, the owners had to obtain NOC from the Department after payment of prescribed fee before licence was issued by licencing authorities. It was, however, noticed that during 1998-2003, out of 2,554 applications received for issue of NOC, Department did not issue NOC for 1,394 cases, main cause being non-receipt of prescribed fee. Test-check revealed that in many of these cases of non-receipt of fee, the licencing authorities had issued licences to the owners bypassing obtaining of NOC from the Department.
- Important high-rise buildings in Bangalore (Multi-Storeyed Building Complex, Public Utility Building, Hotel Oberoi) were functioning on the basis of building licences issued by BCC without final clearance certificate being issued by Fire Services Department. In respect of all these buildings, the Department on inspection, found that the buildings were highly vulnerable to fire and required thorough modifications. However, the suggestions made by Department were not complied with so far by the concerned authorities though a fire incident occurred at Hotel Oberoi (May 1993) destroying property worth Rs.1.25 crore. As such, there was no sanctity left for NOC/advice being issued by the Department.

Except Bangalore City Corporation and BDA, other local bodies in the State did not incorporate provision for obtaining NOC from Department in their bye-laws

In respect of issue of licences to petrol bunks, explosive godowns etc., Deputy Commissioner, Commissioner of Police and BCC bypassed obtaining of required NOC from Department

Use of buildings without clearance certificate from Department

**Fire incidents occurred in 11 Government and 20 private buildings destroying property worth Rs.11.02 crore due to non-adoption of fire preventive measures.**

- During 1998-2003, in 11 Government and 20 private buildings in the State, fire incidents occurred resulting in loss of property worth Rs.11.02 crore due to non-adoption of prescribed fire preventive measures. Department stated that it could not do much to prevent the above fire incidents except providing fire-fighting services when fire incidents took place. The reply was not tenable as the Department failed to report these cases to the Police Department for further action as required under Section 285 of IPC.

#### **3.4.12 Conclusions**

Infrastructure and manpower-wise there were acute shortages. While SFAC norms were not adopted due to financial constraints, Department failed to adhere even to State norms. Major chunk of GIC loan specifically raised to strengthen the Department was diverted by Government for their other programmes/activities. The Department on their part failed to utilise Finance Commission grants at the rate required and also to fill up posts of Firemen though approved by Government (March 1998 and February 2001). Thus, Government/ Department had not taken sufficient action for strengthening the Department. Fire preventive measures were not effectively enforced.

#### **3.4.13 Recommendations**

- Government should take action to strengthen the Department at least to the extent required under State norms.
- Government may consider winding up of the Departmental Workshop.
- Government should consider that all local bodies of the State incorporate necessary provisions in their building bye-laws for obtaining of NOC from the Department prior to issue of building licenses.
- Department should refer all cases of violation of fire preventive measures to Police Department for action under Section 285 of IPC and Government to monitor such cases to finality.

**3.4.14.** The matter was referred to Government in August 2003; reply is awaited.

## WOMEN AND CHILD DEVELOPMENT DEPARTMENT

### 3.5 Review on Welfare of the Handicapped

#### Highlights

*In Karnataka, there were 3.56 lakh disabled persons as per the Report on Survey of Persons with Disabilities (1991). Though the Government of Karnataka implemented the provisions of the People with Disabilities Act, 1995 (Central Act) and dedicated schemes- Central and State keeping in view the Welfare of the Disabled, deficiencies in the implementation of the Act such as inadequate action by the Government for early detection and Prevention of Disability, non initiation of steps for reservation of vacancies in the Poverty Alleviation Schemes were noticed. There was no allocation of funds during 1998-2003 for providing transport facilities to disabled children.*

**Action taken by the Government for early detection and prevention of disability was found to be inadequate. Only 20 per cent of 1.37 lakh disabled children in the age group of 0-14 years had access to education and only a meager sum of Rs.0.63 lakh had been allocated for supply of books and uniforms for them.**

**(Paragraph 3.5.6)**

#### 3.5.1 Introduction

Disability is an impairment that interferes with the functions expected at one's age with the social environment. Keeping in view the welfare of the disabled, Government of India passed three Acts viz; (a) Rehabilitation Council of India Act 1992, (b) Persons with Disabilities Act(PWD Act) 1995 and (c) National Trust for Welfare of Persons with Autism, Cerebral Palsy, Mental Retardation & Multiple Disabilities Act, 1999. Besides the three Acts, certain dedicated schemes and programmes<sup>^</sup> for the welfare of handicapped were also formulated. The Persons with Disabilities Act 1995 and dedicated schemes and programmes are to be adopted and implemented by all the states.

In Karnataka, apart from implementation of the provisions of the Persons with Disabilities Act 1995 (PWD Act 1995), in so far as they are relatable to states,

<sup>^</sup> (i) Scheme of Assistance to Disabled Persons for Purchase/Fitting of Aids and Appliances (ADIP Scheme). (ii) Scheme to promote Voluntary Action for Persons with Disabilities, (iii) Scheme of National Award for People with Disabilities, (iv) Centrally Sponsored Scheme of Employment of Handicapped, (v) National Programme for Rehabilitation of Persons with Disabilities(NPRPD), (vi) District Disability Rehabilitation Centre Programme (DDRC Programme), (vii) Assistance through NHFDC, (viii) United Nations Development Programme

and dedicated schemes formulated by the Centre, certain schemes which are purely state schemes<sup>Ω</sup> were also implemented.

As per the Report on Survey of Persons with Disabilities (1991), the total number of people with different disabilities in the entire State of Karnataka stands at 3,55,819 which constitutes roughly about one *per cent* of the population of the state. The details of number of disabled category-wise are as follows:

Sl. No.	Category	Number of disabled	Percentage
1.	Orthopaedically handicapped (OH)	2,04,915	57.60
2.	Hearing impaired (HI)	51,832	14.60
3.	Visually impaired (VI)	44,284	12.40
4.	Mentally retarded (MR)	36,850	10.40
5.	Leprosy cured (LC)	10,662	3.00
6.	Persons with multiple disabilities (PMD)	7,276	2.00

### 3.5.2 Organisational Set-up

In Karnataka, the programmes and schemes for the welfare of the Handicapped were implemented through the Directorate of the Welfare of Disabled and office of the Commissioner for Persons with Disabilities. The Principal Secretary, Department of Women and Child Development was holding additional charge as the Commissioner for Persons with Disabilities and was looking into the complaints received regarding deprivation of rights of PWDs and non-implementation of laws and rules under Section 60 of the PWD Act. The programmes and schemes at the District and Taluk level were implemented through District Disabled Welfare Officer and Child Development Programme officer (Department) respectively.

The State Government constituted the State Co-ordination Committee (SCC) in September 1997 in accordance with the provisions of section 13(2) of the PWD Act to review and coordinate the activities of the Government and Non Governmental Organisations (NGOs) relating to persons with disabilities and State Executive Committee (SEC) in April 1998 for carrying out the decision of the SCC.

### 3.5.3 Scope of the review

The main thrust of the review is on the effective implementation of the PWD Act, 1995 and efficiency in implementation of various other programmes, projects /schemes for the welfare of the handicapped.

<sup>Ω</sup> (i) Braille Printing Press, Sound Library for the Blind and Incentive Award to Merited Disabled Students, (ii) Hostel for Disabled Employees, (iii) Monthly Financial Assistance to Disabled Persons, Social Service Complex, Voluntary Organisation for the Old, Infirm and Disabled and Insurance Scheme for the Mentally Retarded, (iv) Identity Cards to the Disabled, Community Based Rehabilitation Services and Medical Relief Fund for Corrective Surgery for treatment of disabilities.



### 3.5.4 Audit Coverage

A review of the programmes, schemes and institutions for the 'Welfare of the Handicapped' over a period of five years from 1998-99 to 2002-03 in Karnataka state was conducted by a test-check of records in the offices of the Director of Welfare of Disabled, Commissioner for Persons with Disabilities and District Disabled Welfare Officers under Women and Child Development Department of nine districts\* from January 2003 to May 2003.

### 3.5.5 Funding Pattern

The Government of India provides financial support in respect of the dedicated schemes formulated by it. Funds for Schemes formulated by the State Government in pursuance of the various provisions of Persons with Disability Act 1995 are provided by the respective States. The funds allocated and utilised for the programmes are as under.

(Rupees in crore)

Year	Government of India		Government of Karnataka	
	Allocation	Expenditure	Allocation	Expenditure
1998-99	NA	NA	37.58	37.95
1999-00	6.06	6.08	36.55	42.69
2000-01	9.94	7.91	40.03	41.75
2001-02	11.10	9.05	44.01	45.16
2002-03	7.02	7.44	42.84	50.58
Total	34.12	30.48	201.01	218.13

The scheme-wise details are shown in *Appendix 3.1* and *Appendix 3.2*.

#### ***Strength of legal support – Implementation of PWD Act***

The PWD Act enacted by the Parliament in 1995 is a comprehensive piece of legislation which inter-alia aims at identification, information sharing, generation of public awareness, accessibility of facilities, education, training and employment, prevention of disability, etc. The Act provides for certain steps for the prevention of occurrence of disabilities, free education to disabled children and schemes and programmes for non-formal education and research for designing and developing new assistive devices, setting up of Teachers' Training Institutes, provision of transport facilities and supply of books etc to disabled children, amanuensis to blind students with visual handicap through educational institutions, identification of posts to be reserved for persons with disabilities and reservation thereof, special employment exchanges, reservation in poverty alleviation schemes, preferential allotment of land for the disabled and non-discrimination etc.

\* Bangalore(Rural), Bangalore(Urban), Belagum, Gulbarga, Kolar, Mandya, Mysore, Shimoga & Tumkur

### 3.5.6 Results of Audit

#### *Prevention and Early Detection of Disabilities/Steps taken for prevention of occurrence of disabilities*

With a view to prevent the occurrence of disability, Section 25 of the PWD Act 1995, lays down that government shall undertake surveys, investigations and research concerning the cause of occurrence of disabilities; screen all children once a year for identifying “at risk cases”, take measures for pre-natal and post- natal care, educate the public through preschool, primary health centres, village level workers and anganwadi workers and create awareness through TV, radio, etc. on the causes of disabilities and the preventive measures to be adopted.

The action taken by the State Government for early detection and prevention of disability was found to be inadequate as only one Survey was conducted (2001) by National Institute of Mental Health and Neuro Sciences, Bangalore (NIMHANS) in only one taluk of one district (HD Kote Taluk, Mysore District). Screening of all children for identifying “at risk cases” was conducted in only five districts<sup>⊙</sup> by the Directorate of Welfare of the Disabled and Department of Women and Child Development. Details of training facilities for the staff at Primary Health Centres for prevention and detection of disabilities were not furnished by the department.

#### *Education*

#### *Provision of free education etc/Schemes and Programmes for non-formal education etc.*

As required by Section 26 of the PWD Act 1995, the State Government and the local authorities have to

- ensure that every child with disability has access to free education till the age of 18 years;
- endeavour to promote the integration of students with disabilities in normal schools;
- endeavour to equip the special schools for children with disabilities with vocational training facilities.

**Out of 1.37 lakh disabled children, 0.28 lakh disabled children (20 per cent) only were studying in schools meant for the disabled**

As per the 1991 census, in Karnataka, 1.37 lakh disabled were in the age group of zero to 14 years. The Directorate of Urdu and Other Minority Language Institutions was implementing the Department of State Educational Research and Training Scheme under which 19,836 disabled children were integrated in 3,125 schools under the supervision of 1,106 special trained resource teachers. Ninetyseven special schools were opened in 22 out of 27 districts of the state in which 7,796 school children with disabilities were enrolled and provided with special books free of cost. Thus, only 0.28 lakh children<sup>⊙</sup> were studying in schools meant for the disabled, which was about 20

<sup>⊙</sup> Bangalore(Rural), Chamarajanagar, Koppal, Mysore and Raichur.

<sup>⊙</sup> 7,796 disabled children – 97 special schools

19,836 disabled children – 3,125 special schools under DSERT Scheme

per cent of the total disabled children. Vocational training was provided only in 16 schools with a total strength of 1,066 children. Even though Section 27 of the PWD Act 1995 lays down that the state government shall formulate schemes for conducting part time classes, there was no facility for part time classes for disabled children.

***Research for designing and developing new assistive devices, teaching aids etc.***

Section 28 of the PWD Act 1995 provides that the State Government shall initiate research for the purpose of designing and developing new assistive devices, teaching aids, special teaching materials etc to give equal educational opportunities to disabled children.

During 2001-03 Government had allocated a meager sum of Rs.65.17 lakh as grant-in-aid for the five<sup>♦</sup> NGOs engaged in developing and designing new assistive devices and special teaching aids to promote educational opportunities of disabled children.

***Setting up of Teacher Training Institute***

Section 29 of the PWD Act 1995 provides that the State Government shall set up adequate number of teachers training institutes and assist National Institutes and Voluntary Organisations to develop training programmes for teachers dealing with disabled children to ensure availability of requisite trained man-power to special schools and establish integrated schools for children with disabilities.

**Shortage of trained teachers to deal with disabled children was around 78 per cent**

As per norms, 8,956 trained teachers were required to deal with 1.37 lakh disabled children in the age group of zero to 14 years against which the working strength of trained teachers was only 2,955<sup>♠</sup>. The shortage of trained teachers was around 78 per cent.

***Comprehensive Education Scheme providing for transport facilities, supply of books etc.***

Section 30 of the PWD Act 1995 provides that the State Government shall prepare a comprehensive education scheme for disabled children making provision for transport facilities and supply of books, etc.

**No steps were taken to provide transport facilities to the school going disabled children**

While transport facility was not at all provided for school-going disabled children, the budget allocation for supply of uniform, textbooks etc., was made only from 2000-01 onwards and it was very meager. The total allocation during the period 2000-03 was Rs.0.63 lakh for 0.28 lakh school going disabled children, which works out to less than Rs.three per child.

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<sup>♦</sup> Mobility India, Bangalore, M.V.Shetty, Mangalore, Mahaveer Jain Hospital, Mysore, JSS Vidyapeeta, Mysore and Anga Karune Kendra, Bangalore.

<sup>♠</sup> Teacher Training Centre for Hearing Handicapped/Teacher Training Centre for Visually Handicapped – 140 teachers, UNDP Scheme – 1,424 teachers, DSERT Scheme – 1,106, IED Scheme – 285.

***Provision of amanuensis to students with visual handicap***

Under the provisions of Section 31 of the PWD Act 1995, all educational institutions have to provide or cause to be provided amanuensis<sup>∅</sup> to blind students and students with low vision. Details in this regard were not furnished.

***Employment******Identification/Reservation of posts***

As provided in Section 32 of the PWD Act 1995, the State Government has to identify posts in establishments which can be reserved for persons with disability and review at periodical intervals (not exceeding three years), the list of posts identified and up date it. Further as per Section 33 of the Act, the Government has to reserve vacancies (not less than three *per cent* of the posts) for employment of disabled persons. The Government of Karnataka had identified and reserved 6,639 Group ‘C’ and 294 Group ‘D’ posts for persons with disabilities only in November 2002. Even though there were 9,351 number of employable persons with disabilities registered in the special employment exchanges, 304 posts were vacant. The department stated (November 2003) that non filling up of posts was due to ban on recruitment.

***Provision of Special Employment Exchanges***

**Out of 10,631 disabled persons, only 1,280 disabled persons could get employment**

The Government established Special Employment Exchanges and Cells in six districts<sup>£</sup> to ensure employment for persons with disabilities in accordance with Section 34 of the Act. Out of 10,631 persons with disabilities registered in these employment exchanges and cell during 1998-99 to 2002-03, only 1,280 persons were provided with employment.

***Scheme for promoting Self- Employment of Persons with Disabilities***

As per Section 38 of the Act, the Government and Local Authorities shall by notification formulate schemes for promoting self-employment of persons with disabilities. The State Government had implemented two schemes for promoting self employment viz Aadhara Scheme (financial assistance to beneficiaries) and supply of Telephone Booths. The benefits of the schemes were extended to only 3,106 and 241 beneficiaries respectively in the entire state whereas the number of employable disabled in the State was 47,295. Telephone booths ready for supply to the disabled were lying undistributed in two test-checked districts (Mysore and Kolar) and under Aadhara Scheme, loan amounting to Rs.1.70 crore<sup>⊗</sup> together with interest of Rs.52.68 lakh was pending recovery.

***Affirmative Action***

Though the State Government accorded approval for allotment of five *per cent* of houses/dwelling units under Ashraya/Ambedkar/Navagrama Schemes

<sup>∅</sup> Assistance of a writer to take down dictation

<sup>£</sup> Gulbarga, Mysore, Hubli, Bangalore, Mangalore and Belgaum

<sup>⊗</sup> Total loan sanctioned during 1998-2003 – Rs.1.80 crore to 3,106 beneficiaries

(August 2002) in accordance with Section 43 of the PWD Act, the department was yet to get a final compliance report.

### ***Research and Manpower Development***

No research programme was sponsored by Government of Karnataka for prevention of disabilities, rehabilitation and development of assistive devices as required under Section 48 & 49 of the Act.

## **3.5.7 Implementation of State Schemes and Central Dedicated Schemes**

### ***Scheme of Issue of Identity Cards to the Disabled***

Under the Scheme, identity cards were issued to the disabled to enable them to avail the benefits of facilities meant for them. Only 2.50 lakh identity cards were issued though the population of the disabled in the state was around 3.56 lakh.

### ***Scheme of Payment of Maintenance Allowance for the Disabled***

The Scheme provided for the payment of maintenance allowance of Rs.100/- per month to the disabled whose income was less than Rs.6,000 per annum subject to verification of eligibility. During 1998-2003, the total expenditure incurred under the scheme was Rs.189.13 crore and this comprised 87 per cent of the total expenditure of the State on welfare of the disabled. The Tahsildars sanctioning maintenance allowance were required to verify annually the eligibility of the beneficiaries of the scheme and submit a report to the Director, Welfare of the Disabled. However, no such reports were available in the office of the Director for Welfare of the Disabled.

### ***Issue of Aids and Appliances***

**Out of 3.27 lakh deserving disabled persons, aids and appliances were provided to 5,077 persons only**

The main objective of the Scheme is to assist the needy disabled persons in procuring durable, sophisticated standard aids and appliances. As per 1991 census, the number of disabled with income less than Rs.8,000 p.a was 3.27 lakh. Since inception of the Scheme (20-7-1964), only 5,077 beneficiaries were provided with aids and appliances.

### ***Scheme of Assistance to Disabled Persons for Purchase/Fitting of Aids (ADIP Scheme)***

The objective of the Scheme was to assist the needy disabled persons in procuring aids and appliances that can promote their physical, social and psychological rehabilitation by reducing the effects of disabilities and enhance their economic potential. The Scheme is implemented by the Government through District Rehabilitation Centres (DRC) and through Non Governmental Organisations.

The Scheme provided for ensuring the eligibility of beneficiaries through inspections by the State Commissioner and creation of field agencies for conducting sample check of the beneficiaries. However, it was observed that the State Commissioner had inspected only one NGO out of the five NGOs for

which grant had been allotted and there were no field agencies to conduct sample checking of five to 10 per cent of the beneficiaries.

***Scheme to promote voluntary action for persons with disabilities:***

Financial assistance is provided by the Central Government annually to NGOs working for the welfare of the disabled subject to fulfilment of conditions specified in the Grant-in-Aid Code in respect of certain schemes<sup>Ψ</sup>.

***Extent of Support***

During the years 2000-03, Government of India released a total sum of Rs.20.34 crore as grant-in-aid to NGOs as under.

Years	Number of Districts	Number of NGOs	Amount (Rupees in crore)
2000-01	20	75	6.92
2001-02	21	76	7.18
2002-03	19	73	6.24
Total			20.34

The following irregularities were noticed

As per norms, 90 per cent of the honorarium paid by the NGOs to the personnel in lieu of salary was met out of Government grants and the grant towards honorarium was to be enhanced by 10 per cent every year. Excess payment of grant towards honorarium was noticed in respect of nine NGOs\* amounting to Rs.15.52 lakh.

In the case of 19 NGOs (*Appendix 3.3*) the student -teacher ratio was below the prescribed norms during the years 2000-01 and 2001-02. The department had not insisted upon adherence to the prescribed student -teacher ratio resulting in shortage of teachers. The percentage of shortage of teachers ranged from 18 per cent to 86 per cent in 2000-01 and from 20 per cent to 83 per cent in 2001-02.

Records of 10 NGOs in the test-checked districts revealed diversion of grant for payment of Employees Provident Fund of teachers (one NGO), non-recruitment of staff as per norms (two NGOs), non implementation of the training programme for which assistance was received, non maintenance of property register, excess claim of maintenance charges of hostellers (one NGO) and receipt of both Central and State Grants (one NGO).

<sup>Ψ</sup> Scheme of Assistance to Organisations for the disabled, Scheme of assistance to voluntary organizations for rehabilitation of leprosy cured persons, Scheme of assistance to voluntary organizations for special school for handicapped children and Scheme of assistance to voluntary organizations for persons with cerebral palsy and mental retardation.

\* Dr.Puttaraja Gavayigala Music. School, Gadag-Rs.2.61 Lakh; Renuka Yalamma Vidya Vardaka Sangha, Belgaum-Rs.1.70 Lakh; Manasa Rehabilitation and training centre, Mysore-Rs.2.70 Lakh; N.K.Ganapaiah Handicapped (Deaf and Dumb)Residential school, Hassan-Rs.2.17 Lakh; St AgnesTeachers training InstiMangalore-Rs. 1.04 Lakh; Natioal Association for the Blind-Rs.0.44 Lakh; NTTF Electronic Centre Bangalore-Rs.0.46 Lakh; Shatha Shranga Education Society, Bangalore-Rs.1.29 Lakh and Vadiraja Trust, Kolar-Rs.3.11 Lakh

**National Programme For Rehabilitation of Persons with Disabilities (NPRPD)**

**Funds to the extent of 30 per cent of the releases were only utilised**

The NPRPD Scheme was formulated as a State Sector Scheme to create service delivery system at State/District/Block/Gram Panchayat levels and to provide services to Persons with Disabilities with clear linkages of each level with the other. The Scheme provides for Community Based Rehabilitation Workers (CBRW) at the Gram Panchayat level to screen children at risk, pre-natal, post-natal and expectant mothers to avoid occurrence of disability. The Scheme also provides for Multipurpose Rehabilitation Workers (MRW) at the block level to provide simple rehabilitation services and undertake simple repair of assistive devices.

As per the funds utilised statement, only 30 per cent of the funds released by the Government of India were utilised by the State during 1999-2003. Out of a sum of Rs. 3.54<sup>⊗</sup> crore released by the Government of India, a sum of Rs. 88.28 lakh only was utilised and an amount of Rs.2.66 crore was lying unutilised. The evaluation of the scheme had not been taken up till date due to which the fruitful utilisation of Rs.88.28 lakh for the implementation of the scheme could not be ascertained. Non-furnishing of Utilisation Certificate (for Rs.10.65 Lakh) and irregular payment of TA amounting to Rs.3.64 lakh to MRWs/Village Rehabilitation Workers (VRWs) during training period when the entitlement was for only honorarium were noticed.

**United Nations Development Programme**

The United Nations Development Programme was implemented in 2000-01 to rehabilitate disabled children in the age group of zero to 14 in particular and 14-18 age groups as optional. Out of Rs.1.37 crore released by the Government of India during 2000-01 and 2001-02, only Rs.39.71 lakh was utilised indicative of shortfall in implementation of the programme. The shortfall in implementation of the programme was attributed by the Government to non-training of Child Development Project Officers who were in charge of monitoring the programme.

**3.5.8 Monitoring And Evaluation**

Monitoring of implementation of the Act/Schemes was inadequate as:

- The State Co-ordination Committee and the State Executive Committee which were required to meet atleast once in six months and once in three months respectively under section 17 of the Act were not meeting as required. The failure to conduct meetings as required under the Act resulted in lack of co-ordination between various departments of the Government and Organisations – Governmental and Non-Governmental-dealing with matters relating to disabilities and ineffective follow up of the decisions regarding welfare of the disabled.

<sup>⊗</sup> excluding Rs.25 lakh for setting up of Referral Centre out of which Rs.22.19 lakh was utilized.

- No action was taken by the State Government on the Commissioner's proposal of formulation of a State Policy on Disabilities.
- Periodical review of the activities of the NGOs as required under the PWD Act had not been conducted by the Commissioner for Welfare of the Disabled.
- The list of MRWs and VRWs, training imparted to the MRWs/VRWs, honorarium paid to the MRWs/VRWs, UCs furnished by the districts and such other details required to be maintained as per NPRPD Scheme Guidelines were not maintained.
- The implementation of NPRPD Scheme had not been evaluated by the State and the fruitful utilisation of an amount of Rs.88.28 lakh for the implementation of the scheme could not be ascertained in the state.

### **3.5.9 Conclusions**

- No funds were allocated for transport facilities to disabled children.
- Meager funds were provided for supply of books and uniforms.
- Government had not initiated any step for reservation for the disabled in Poverty Alleviation Schemes.
- No Research Programme was sponsored by the Government for prevention of disabilities and development of assistive devices.

### **3.5.10 Recommendations**

- Government should take steps to reserve a suitable percentage of jobs for the disabled persons in poverty alleviation schemes.
- Government should sponsor research programme for prevention of disabilities and development of assistive devices.

**3.5.11** The matter was referred to Government in July 2003, reply has not been received.



## HORTICULTURE DEPARTMENT

### 3.6 Lapses in implementing programme for control of coconut mite

In Karnataka, coconut plantations were infested by pests and Eryophoid Mites (Mites). State Government released Rs.18.48 crore (inclusive of Rs.12.00 crore from Government of India through Coconut Development Board) to Zilla Panchayats of 13 major coconut growing districts (Rs.12.06 crore) and to Director of Horticulture (Director) (Rs.6.42 crore) for treating affected coconut palms (palms) using chemicals and bio-pesticides. Expenditure of Rs.14.45 crore (through ZP-Rs.12.06 crore, through Director-Rs.2.39 crore) was incurred during 1999-2003 on the programme.

A review on implementation of the programme revealed following lapses:

#### 3.6.1 Delay in implementation

**Remedial measures to control mite was delayed**

Though infestation of palms by Mites were noticed at the end of 1998, remedial measures (supply of pesticides etc.) specifically to control Mites were not taken till February 2000, despite the fact that Mites spread very fast through wind. Constitution of State Level Technical Committee (SLTC)<sup>^</sup> headed by Director to recommend treatment methods and District Task Force Committee under the chairmanship of Deputy Commissioner of each district to implement programme were also delayed by one year.

#### 3.6.2 Non-adherence of prescribed procedure leading to increase in affected area

**All affected palms in contiguous plots/villages were not treated simultaneously and therefore became ineffective**

Method of treatment of affected palms was not in conformity with the procedure suggested by SLTC as treatment of affected palms with chemical pesticides was not followed by bio-pesticides. Further, all affected palms in contiguous areas were also not treated simultaneously as field functionaries (District Horticultural Officer/Sr.Assistant Director of Horticulture at taluk level) distributed chemical pesticides as and when farmers approached them and treatment lasted for five months (March to August 2000). Out of 64.65 lakh affected palms, only 34.07 lakh palms were treated at a cost of Rs.2.44 crore. No treatment was carried out from September 2000 to December 2001. Incomplete and deficient treatment contributed to the spreading of Mites to 4.33 crore palms (January 2002).

**Though SLTC decided to adopt recommendations of National Steering Committee, they were not implemented**

The Department continued (January 2002) treatment of affected palms with chemical pesticides only in staggered manner without considering alternate methods of treatment suggested (November 2001) by National Steering Committee. When 1.23 lakh litres out of total 1.94 lakh litres of chemical pesticides (costing Rs.9.40 crore) were distributed and 120 lakh palms were treated, SLTC decided (May 2002) to stop treatment on the ground that it had

<sup>^</sup> SLTC consisted of Scientists from University of Agricultural Sciences, Central Plantation Crops Research Institute, Kasargod, Joint Director of Horticulture (Plant Protection), Deputy Director of Horticulture (Plant Protection)

created undesired effects (bark splitting, stem bleeding) where farmers did not follow proper methods of injecting chemical pesticide. Director stated (July 2003) that decision was taken to give chemical treatment despite knowing that such treatment would not eradicate Mites but only contain it. However, even this limited objective of containing the spread of Mites was not achieved as population of affected palms increased from 64.65 lakh to 4.33 crore and yield also declined from 175.42 crore (2000-01) to 152.34 crore nuts (2001-02). Though, Director admitted recurrence of Mites, the population of the affected palms as of March 2003 and yield for 2002-03 had not been assessed. This largely resulted in wasteful expenditure of Rs.8.40 crore<sup>Φ</sup>.

### 3.6.3 Extra expenditure due to patronising certain brands of chemical pesticides- Rs.32.92 lakh

Chemical pesticides of four particular brands were preferred though rates were higher

Karnataka Horticulture Federation (KHF) appointed a nodal agency for procurement of chemical pesticides finalised (July 2001) tenders and accepted rates ranging from Rs.299 to Rs.331 per litre of different brands of chemical pesticides. Scrutiny of purchase revealed that Deputy Directors of Horticulture in 13 districts had purchased (January 2002 to April 2002) 1.47 lakh litres of monocrotophos of four particular brands at rates ranging from Rs.305 to Rs.331 per litre out of total quantity of 1.94 lakh litres. When all other 14 brands conformed to tender specification (supply of monocrotophos of 36 per cent), purchase of four particular brands at higher rate was improper. This resulted in extra expenditure of Rs.32.92 lakh\* as compared to lowest rate of Rs.299 per litre.

### 3.6.4 Excess procurement and non-utilisation of equipment-Rs.81.17 lakh

Director purchased (December 2001) equipment (drilling machines, bits, syringes etc) required for injecting chemical pesticides to affected palms and supplied them to Taluk Level Officers who distributed the same to farmers through Gram Panchayats. Equipment worth Rs.75.89 lakh were rendered surplus and never put to use due to stoppage of chemical treatment. Further, material (Drilling bits) worth Rs.5.28 lakh which were obtained back from farmers after completing treatment had also been lying idle with Gram Panchayats since May 2002.

The matter was referred to Government but no reply had been received (June 2003).

<sup>Φ</sup> Rs.2.44 crore + (1.23/1.94 x 9.4)

Rate (In Rupees)	326	331	305	308	Total	299	Total
Quantity (In litres)	89,474	20,044	35,224	2,554	1,47,296	46,256	1,93,552
Amount (Rupees in lakh)	291.69	66.35	107.43	7.87	473.34		

473.34 minus 440.42 (1,47,296 x 299) = Rs.32.92

**INFORMATION, TOURISM AND YOUTH SERVICES  
DEPARTMENT**

**3.7 Irregularities in the implementation of programmes in  
Tourism Department**

Tourism Policy as announced by Government of Karnataka in May 1992 (1992 policy), as modified in July 1997 (1997 policy), provided for grant of concessions/incentives to newly established tourism units. Scrutiny (May 2003) of files/records relating to grant of such concessions/incentives in the office of Commissioner of Tourism and other unit offices for the period 1997-2003 revealed following irregularities:

**3.7.1 Inadmissible/Excess payment/Irregularities in subsidy payments –  
Rs.1.64 crore**

**Inadmissible  
subsidy paid to  
seven hotels  
against norms**

Under paragraph 4(i) of 1992 policy, in category A<sup>4</sup> places, only new hotels of stars one to three were eligible for investment subsidy at 15 per cent of value of their fixed assets. The committee constituted by the Ministry of Tourism, Government of India was to inspect and award star status to the hotels. In respect of seven hotels detailed in *Appendix 3.4* established in category A places, subsidy amounting to Rs.90.75 lakh was paid during October 1995 to August 2001 though they were not star hotels, resulting in inadmissible payment. No reports issued by the Committee constituted by Ministry of Tourism, Government of India were on record in respect of the star status of the above hotels. Further, the Director, Department of Tourism, Government of India confirmed (November 2003) that there were no single star hotels in Karnataka. The Commissioner stated that State Level Committee (SLC) considering the facilities in these hotels admitted them for subsidy without awarding star status. However, scrutiny of proceedings of SLC in respect of these hotels, revealed that on the basis of investment certificate only, these were admitted for subsidy. These hotels were not eligible for subsidy which needs to be recovered.

**Inadmissible  
subsidy paid on  
furniture and  
kitchenware,  
which were not  
fixed assets**

Under tourism policies of 1992 and 1997, subsidy was available for investments on fixed assets only. However, in respect of 47 new hotels/lodges, subsidy amounting to Rs.48.39 lakh was paid during April 1995 to September 1998 on furniture and kitchenware items, which were not fixed assets, resulting in inadmissible payment of Rs.48.39 lakh. Though, Government wrote (January 2000) to Commissioner endorsing objection raised (October 1999) by audit, the latter failed to take recovery action. However, the Commissioner had agreed (August 2003) to examine these cases for recovering the excess subsidy paid.

**Excess  
subsidy paid  
due to wrong  
classification  
of places**

Under 1997 policy, all tourist places in the State were classified into Categories A to E. Investment subsidy was available to new tourism units at rates ranging from 10 to 35 per cent of the value of the fixed assets depending upon their place of location. It was noticed that Department adopted wrong

<sup>4</sup> Places within limits of Corporation of Bangalore, Belgaum, Davanagere, Hubli-Dharwad, Mangalore and Mysore Cities were included in category 'A'.

classification in respect of following four units resulting in excess payment of subsidy of Rs.25.27 lakh as detailed below:

(Rupees in lakh)

Sl. No.	Name of the Unit and Amount invested in fixed assets	Incorrect category adopted/ percentage and amount of subsidy paid	Category adoptable/ percentage and amount admissible	Excess subsidy paid
1.	M/s. Kamadhenu Towers, Bellare, Sulya Taluk. South Canara District – Rs.45.02	C/25 per cent & Rs.11.26	B/15 per cent & Rs.6.75	4.51
2.	M/s. Indian Adventure, Bison River Resorts, Amballi Village, Joida taluk, North Canara district – Rs.48.65	C/25 per cent & Rs.12.16	B/15 per cent & Rs.7.30	4.86
3.	M/s. Suvarna Arcade, Hassan City – Rs.48.30	E/30 per cent & Rs.14.49	B/15 per cent & Rs.7.25	7.24
4.	M/s. Hotel Sagar Deluxe, Bijapur City – Rs.57.72	E/30 per cent & Rs.17.32	B/15 per cent & Rs.8.66	8.66
<b>Total</b>				25.27

Commissioner admitted (August 2003) wrong classification in one case (M/s. Kamadhenu Towers, Bellare) and to initiate action to recover the excess subsidy. The Commissioner justified classification of hotel at Sl.No.2 of table under category 'C' on the ground that Town Planning Authority, Dandeli which approved the project fell under category C. The contention was not tenable as the location of tourism unit was the criteria for categorisation and not where the office of project approving authority is situated. Location of other two hotels (M/s.Hotel Suvarna, Hassan City and M/s.Sagar Deluxe, Bijapur City) cannot be classified as category E as contended by Commissioner as both Hassan and Bijapur Cities cannot be classified in categories A, C, D or E and hence these places fall under category 'B' only. The excess subsidy of Rs.25.27 lakh had to be recovered from these units.

### 3.7.2 Irregular sale of land – Loss of Rs.15.00 lakh as lease amount besides non-creation of infrastructure worth Rs.six crore

**Loss due to setting aside of a valid Lease Deed to extend undue favour to a private firm**

Department handed over (April 1997) four acres of Government land located on the sea coast of Murudeshwar town in North Canara District to Karnataka State Tourism Development Corporation (KSTDC) for construction of a tourist hotel jointly with private sector participation. However, State Government, based on Global Investors meet held in June 2000 approved (July 2000) sale of above land to M/s.Naveen Hotels Ltd., Hubli (Firm) at the prevailing market value. But based on the recommendations of KSTDC (October 2001), Department decided (March 2002) to lease the land on 30 years Build-Operate-And-Transfer (BOT) lease basis to the Firm, instead of outright sale. The Firm also accepted the lease and executed a Lease Agreement with KSTDC on 30 March 2002 with terms and conditions such as – lease rent of Rs.50,000 per year, refundable deposit of Rs.29.78 lakh after 30 years and lessee to invest Rs.six crore on the project in stages. Further, in order to attract private investment in tourism sector, Government issued an Order (GO) dated 4 May 2002, which inter alia, offered to sell Government lands at 50 per cent of market value to private entrepreneurs. The Commissioner, taking advantage of said GO sold the land for a meagre amount of Rs.14 lakh as State Government (Revenue Secretariat) fixed (February 2002) the market price per acre at Rs.seven lakh as against Rs.16 lakh arrived at (December 2001) by the Deputy Commissioner, Karwar and handed over (June 2002) the land to the firm with concurrence of KSTDC, ignoring the Lease Agreement in vogue. Though setting aside of valid Lease

Deed required decision at Government's level, no GO was issued nor the details of Government approval were available on record.

Commissioner stated (August 2003) that the land was sold to the firm at the rate fixed by State Government. The decision of Commissioner in sale of land and setting aside the valid Lease Agreement which was more beneficial to Government that too without approval of Government, was financially imprudent and resulted in loss of Rs.15 lakh as lease revenue besides non-creation of infrastructure costing Rs.six crore which the lessee was required to create and handover the same to the Department after the expiry of the lease period.

### **3.7.3 Blocking of Funds**

**Non-commencement of works by Government agencies even after four years**

Government of India released (February 1999 to March 2002) Rs.3.81 crore to State Government for various tourism projects. Funds were to be utilised within 18 months of release. State Government released Rs.1.39 crore to its agencies like KSTDC, Karnataka Land Army Corporation (KLAC) etc., for construction of Yatri Nivas, Tourist Cottages etc., and the balance of Rs.2.42 crore remained unutilised with State Government. Further, out of Rs.1.39 crore released (February to March 1999) to KLAC/KSTDC, Rs.56.80 lakh pertaining to construction of three hotels (one each at Bellagavi, Gulbarga and Mangalore) also remained unutilised with these agencies, as work had not even been commenced due to change of location and revision of estimates.

State Government released (November 1994 to March 1997) interest free loan of Rs.1.20 crore to KSTDC for construction of Tourism Complex on one acre land at Millers Road, Bangalore allotted on lease basis for 99 years by Bangalore Mahanagara Palike (BMP). KSTDC had not utilised the same as State Government stalled (July 1999) the tender proceedings for entrustment of the construction work and the site was surrendered (March 2001) to BMP on the ground that latter had allotted it to a political party. BMP had also not allotted an alternative site.

### **3.7.4 Non-use of tourist complex**

**Tourist complex built without proper assessment of tourist potential was kept vacant for five years**

Tourist complex constructed at Melukote (1998) at a cost of Rs.42.36 lakh was vacant since its inception. The complex at Melukote was located in an unsuitable place without approach road from temple premises and was getting damaged due to non-maintenance. Evidently, the above complex was constructed without assessing tourist potential of the place. Thus, expenditure of Rs.42.36 lakh incurred on it had not served the intended purpose.

### **3.7.5 Unfruitful Expenditure**

**A private firm did not submit feasibility report even after a lapse of more than four years of stipulated date of submission**

State Government entrusted feasibility study for the development of Jog Falls to a private consultancy firm\* with stipulation to complete the study by March 1999 at an agreed cost of Rs.20.00 lakh of which Rs.six lakh was already paid (February 1999). The firm had not submitted the report even after a lapse of more than four years resulting in unfruitful expenditure of Rs.six lakh.

The matter was referred to Government in July 2003; reply had not been received.

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\* M/s. Infrastructure Leasing & Financial Services Ltd., Bangalore

## HOUSING DEPARTMENT

### 3.8 Lapses/irregularities in construction of houses involving Rs.17.57 crore for slum dwellers in Bangalore City besides non-achievement of objectives

State Government entrusted (June 1991) construction of 30,000 houses for slum dwellers in Bangalore City to Karnataka Housing Board (KHB). KHB was to raise loan of Rs.84.00 crore from Housing and Urban Development Corporation (HUDCO) on the basis of State Government guarantee. The cost of Rs.33,000 initially fixed per house was revised to Rs.45,000 (December 1994) and to Rs.60,000 (September 1998). KHB took up construction of 4,218 houses only and incurred expenditure of Rs.17.57 crore (HUDCO loan-Rs.9.13 crore, State Government subsidy-Rs.2.22 crore, KHB funds-Rs.6.22 crore). Balance of 25,782 houses had not been taken up. Details regarding houses completed, allotted, vacant, unauthorised occupations, incomplete houses etc., were as follows:

Total number of houses taken up	Number of houses				
	Allotted	Completed but vacant	Unauthorised occupation	Incomplete	Abandoned
4,218	1,287	445	333	684	1,469

Out of 1,287 houses allotted, contribution of Rs.47.92 lakh only had been recovered from 1,223 allottees resulting in non-recovery of Rs.3.46 lakh from 64 beneficiaries. Test-check of records revealed the following:

#### 3.8.1 Unfruitful expenditure of Rs.4.15 crore on incomplete houses

Construction of 684 houses in one slum area (Lingarajapuram) was entrusted to an agency at Rs.1.78 crore excluding cost of steel and cement which KHB had agreed to supply. The agency was to complete the work by April 1994. However, KHB delayed supply of steel and cement. As of September 1997, KHB had supplied 585.60 metric tonnes (MTs) of steel and 42,174 bags of cement as against total quantity of 743 MTs of steel and 78,500 bags of cement respectively. The agency stopped the work in February 1999. Expenditure of Rs.4.15 crore was incurred. KHB stated that site consisted of tank bed resulting in huge expenditure on foundation and assessed cost per house at Rs.82,000 and approached (April 2001) State Government for additional subsidy of Rs.1.45 crore. Till date (August 2003) no funds have been provided and work was at a standstill. Failure of KHB and State Government to assess realistic cost per house based on site conditions, arrange adequate funds and timely issue of material resulted in stoppage of work for nearly five years and unfruitful expenditure of Rs.4.15 crore.

#### 3.8.2 Infertuous expenditure of Rs.52.00 lakh on abandoned work

Construction of 920 houses in Laggere Slum area belonging to Karnataka State Slum Clearance Board (KSCB) was stopped (May 1995) after incurring an expenditure of Rs.52.00 lakh on foundation work. Due to non-fulfilment of the condition of providing external infrastructure (roads, drains etc.,) by KHB and KSCB, HUDCO did not sanction the loan. Principal Secretary to Government, Housing Department informed (December 2001) KHB that after

**Incorrect fixation of unit cost and inadequate provision of funds, caused stoppage of work for nearly five years**

**Abandonment of work due to non-fulfilment of conditions for availing HUDCO loan**

a lapse of five years, work done was of no technical value and to treat the work as abandoned. Thus, hasty action of KHB in entrusting the work without fulfilment of conditions for availing HUDCO loan resulted in abandonment of work and infructuous expenditure of Rs.52.00 lakh.

### **3.8.3 Houses occupied by unauthorised persons**

**Houses  
occupied by  
unauthorised  
persons**

Three hundred and thirty three houses in six slum areas (Gavipuram-24, Ambedkar Slum, Ulsoor-150, Murphy Town-36, Ulsoor-27, N Block, Rajajinagar-16, Guruppa Garden, JC Road-80) constructed at a cost of Rs.2.04 crore had been occupied by unauthorised persons. KHB had not initiated any action for their eviction, thereby denying benefit of rehabilitation to identified beneficiaries. Details as to when and circumstances in which unauthorised persons took possession of these houses were not furnished to audit.

### **3.8.4 Failure to allot completed houses**

**Houses not allotted  
even after eight  
years due to non-  
finalisation of list  
of beneficiaries**

In another six slum areas (Thimmaiah Road-12, Sultan Palya-15, Jayanagar, Austin town-66, Urs colony, Jayanagar-216, Tilaknagar-120, Old Cement Lane, Austin Town-16) construction of 445 houses which were completed in November 1995 had not been allotted even after nearly eight years. While list of beneficiaries for 418 houses was still under finalisation, no reasons had been furnished for not allotting the remaining 27 houses. Failure to synchronise completion, selection of beneficiaries and allotment of houses resulted in unfruitful expenditure of Rs.2.30 crore (subsidy Rs.0.22 crore, loan Rs.2.08 crore) besides denial of benefit of housing facility.

The matter was referred to Government in April 2003; reply had not been received.

## WATER RESOURCES DEPARTMENT

### HIREHALLA PROJECT

#### 3.9 Lingerin project

**Inadequate project investigations, inordinate delay in finalisation of designs and acquisition of lands for the project resulted in cost and time over run of the project and resultant delay in extending irrigation facilities. Undue benefit of Rs.6.01 crore was also extended to Karnataka State Construction Corporation Limited**

Hirehalla Medium Irrigation Project envisaged construction of a 3.45 km long earthen dam of 14.20 metres height across Hirehalla and Veerapura Halla, tributaries of the River Tungabhadra, at Kinnal village in Koppal district. The project was to provide irrigation benefits to 8,330 ha of drought prone lands in Koppal and Yelburga taluks, besides helping in arresting the flow of silt into Tungabhadra Reservoir. The project was approved by Government for Rs.6.35 crore in May 1979 and technically sanctioned by the Chief Engineer, Irrigation (Central) Zone, Munirabad in November 1979. Up to 1990-91, however, no substantial progress could be achieved due to non-finalisation of designs for various components of dam works. After clearing execution of earthen dam and spillway portion by Technical Advisory Committee, these works were entrusted (December 1991) to Karnataka State Construction Corporation Limited (KSCC). During execution the design and scope of the project was revised (March 1994) for an estimate of Rs.90 crore. As the project cost increased substantially, financial assistance was sought from Government of India in 1996-97 for funding the project under Accelerated Irrigation Benefit Programme (AIBP) so as to complete the balance works at a cost of Rs.41.88 crore. The project, which was initially scheduled to be completed by March 1999, could not be completed even after revising the target date to March 2002. The outlay on the project up to the end of March 2003 was Rs.159.54 crore<sup>1</sup>. While the dam and allied works were completed in all respects, the main canals and distributaries were partially executed. Construction of field irrigation channels was being executed by Command Area Development Authority of Tungabhadra Project. No irrigation potential had been created so far (August 2003). The revised assessed cost of the project was Rs.175 crore for which revised estimate was yet to be prepared.

**Major changes in project design led to revision of estimate from Rs.6.35 crore to Rs.90 crore, which will be raised further**

The original project estimate, the revised project cost and the expenditure incurred to the end of March 2003 under the major components of the project are detailed below:

(Rupees in crore)

Sl No.	Components of work	Estimated cost as per original estimate	Estimated cost as per revised estimate (1994)	Estimated cost as of 2002-03	Expenditure to the end of March 2003	Estimated cost of balance works
1	Preliminary expenses	0.05	0.36	0.49	0.49	-
2	Land acquisition	0.96	6.10	32.05	31.55	0.50
3	Dam works	1.57	42.05	42.89	42.04	0.85
4	Spillway	0.78	25.00	51.57	48.77	2.80
5	Link channel	0.01	0.12	0.18	0.18	Completed
6	Sluice	0.02	0.30	0.43	0.43	Completed
7	Canals	0.97	7.25	22.30	20.00	2.30
8	Others <sup>2</sup>	1.99	8.82	25.09	16.08	9.01
TOTAL		6.35	90.00	175.00	159.54	15.46

<sup>1</sup> Including a Central loan assistance of Rs.53.32 crore

<sup>2</sup> Rehabilitation works, roads, distributaries, establishment and miscellaneous



Audit scrutiny revealed the following:

**Delay in finalisation of designs for bund slope led to a cost overrun by Rs.16.87 crore**

- The design and scope of the project underwent substantial changes after the work was started (1991) by KSCC. The original designs were found not suitable considering the stability of the earthen embankment and both the up and downstream slopes were re-designed for flatter sections at different bund heights considering the safety factors involving an additional financial implication of Rs.16.87 crore. Initial inadequate survey and investigation coupled with delay in finalisation of designs significantly contributed to the increase in cost of the work.

**Delay of over 15 years in finalising the designs for spillway led to cost overrun by Rs.26.57 crore**

- The designing of spillway taken up in the year 1981 was finalised in 1996 after obtaining the expert opinion of Karnataka Engineering Research Station (KERS) and Central Water Power Research Station (CWPRS). Substantial delay contributed to the revision of estimated cost of Rs.25 crore (at 1994 rates) on spillway to Rs.51.57 crore.

- The land requirement for the project was originally assessed at 3,080 acres at an estimated acquisition cost of Rs.95.65 lakh. But considering the additional land requirement in view of increased bund slopes and acquisition of borrow areas for casing soil, the total land requirement was revised to 4,654 acres and the cost thereof was revised to Rs.6.10 crore which further went up to Rs.32.05 crore at 2002-03 rates. Delay in acquisition of lands also contributed to increase in original cost.

**Benefit-cost Ratio dwindled to less than permissible limits**

- Increase in the cost of the project rendered the project economically unviable, as benefit-cost ratio dwindled from 1.11 to 0.71. The cost per hectare increased from Rs.0.076 lakh at 1975-76 rates to Rs.1.92 lakh at 2002-03 rates, which is likely to increase further in view of substantial work remaining to be done (Rs.15.46 crore).

**Direct entrustment to KSCC lead to undue benefit of Rs.3.05 crore to KSCC**

- Project works entrusted to KSCC without inviting tenders at an overhead charges of 10 per cent over CSR<sup>3</sup> did not prove economical. These works were sublet by KSCC to private agencies for execution at one per cent below CSR. Thus, KSCC was unduly benefited by the differential cost of work executed through private agencies to the extent of Rs.3.05 crore for works done during the period from December 1991 to December 1994.

**Government decided to re-entrust the balance works to KSCC despite the prevailing more competitive offers with consequential avoidable expenditure of Rs.1.15 crore**

- Similarly, while re-entrusting the balance works of spillway and earthen embankment estimated to cost Rs.19.86 crore (December 1996), no action was taken to invite tenders or to consider the offer of the private agencies who had offered to execute these works at one per cent below CSR 1993-94 for embankment works and CSR 1995-96 for spillway works. Government did not avail the benefit of prevailing competitive market rates and instead re-entrusted the balance works to KSCC at the rate of five *per cent* above the CSR. This resulted in an avoidable extra expenditure of Rs.1.15 crore.

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<sup>3</sup> Current Schedule of Rates

**Irregular payment of overhead charges at higher rates to KSCC resulted in undue benefit of Rs.1.23 crore to KSCC**

- The rate of overhead charges payable to KSCC were revised to 12 per cent and 10 per cent of CSR with effect from 1 April 1997 and 1 April 1999, respectively, while the works were in progress. These rates were payable only in respect of those works for which agreements were executed with KSCC after 1 April 1997 and 1 April 1999 respectively. The enhanced overhead charges (Rs.20.21 crore) at 12 per cent and 10 per cent were paid irregularly for balance works entrusted in December 1996 as well, thereby unduly benefiting KSCC by Rs.1.23 crore.
- The Department also irregularly paid KSCC Rs.58 lakh being payment at CSR (from January 2000 to December 2002) although KSCC delayed execution of works by four years and was liable to pay fine as per the contractual conditions.

Thus, inadequate project investigation, delay in finalisation of designs and acquisition of land led to huge cost and time over run. No irrigation facilities could be provided even after a lapse of 24 years and incurring an expenditure of Rs.159.54 crore, as of March 2003.

The matter was brought to notice of Government in July 2003 and their reply is awaited (December 2003).

