CHAPTER III
PERFORMANCE REVIEWS

This Chapter presents seven Performance Reviews and a long paragraph on Loans and Investments made by Government in Cooperative Sector. The performance reviews include review on working of the Agriculture Department of the Government of Tamil Nadu, a review of the regulatory role of the Government of Tamil Nadu in the implementation of the Drugs and Cosmetics Act and a review on Tamil Nadu Afforestation Project, Prevention and Control of Fire, and an EDP review on Computerisation of Land Records. Reviews on National AIDS Control Programme and Welfare of the Handicapped have been made separately for the Reports of the Union Government and the State.

AGRICULTURE DEPARTMENT

3.1 Working of the Agriculture Department

Highlights

The Department of Agriculture, functions with a staff of 18,477, through its four Directorates. In spite of implementation of various programmes, the total cropped area declined and the area sown also showed a declining trend over the period 2000-03. The total production of major crops also showed a declining trend during 2000-03 despite normal rainfall. Only ten per cent of the total seed requirement of the State was met with certified seeds. The production of oilseeds under the Oilseeds Production Programme declined from 14.71 lakh tonnes in 2000-01 to 10.67 lakh tonnes in 2002-03. Pulses production was only 2.97 lakh tonnes in 2002-03 against the target of eight lakh tonnes fixed in the Ninth Plan. Purchase of gypsum through Tamil Nadu Cooperative Oil Seeds Growers' Federation Limited (TANCOF) resulted in an additional expenditure due to margins added to the procurement price. Government of India assistance received for control of Eriophyid mite in coconut remained unutilised for more than two years, as the procedure for treatment of the disease-affected trees had not been decided.

- **The persistent surrender of funds under the Revenue grant during 2000-03 ranging from Rs 18.27 crore to Rs 319.14 crore showed inaccurate budgeting. Provision made for vacant posts resulted in surrender of Rs 2.68 crore in 2000-01 and Rs 15.83 crore in 2001-02.**

(Paragraphs 3.1.9 and 3.1.10)

- **Shortfall in production of oilseeds during 2000-03 ranged from 33 to 40 *per cent* compared to the targets.**

(Paragraph 3.1.18)

- As against the Ninth Plan annual target of eight lakh tonnes for production of pulses, there was huge shortfall ranging from 61 to 70 *per cent* during 1997-2003.

(Paragraph 3.1.23)

- The training centre built at Salem at a cost of Rs 1.04 crore was not put to use ever since the building was completed in February 2002 because the pattern of training was not yet approved by the Government.

(Paragraph 3.1.42)

- Procurement of Gypsum through Tamil Nadu Co-operative Oilseeds Growers' Federation Limited resulted in unnecessary payment of overhead charges of Rs 70.15 lakh.

(Paragraph 3.1.53)

- Government of India assistance of Rs 9.50 crore received in February 2001 for control of Eriophyid mite in coconut trees remained unutilised, since the treatment procedure had not been decided.

(Paragraphs 3.1.66 and 3.1.67)

Introduction

3.1.1 Agriculture plays a predominant role in the economic growth of the country. It not only fulfils the food requirement of ever-increasing population but also provides employment opportunities to sizeable population in rural areas. The Government had set the goal of achieving an annual growth rate of 4.5 *per cent* in Agriculture in Ninth Plan period. However, the actual growth rate achieved was only 2.72 *per cent* per annum. The net area sown showed a declining trend from 54.6 lakh ha. in 1999-2000 to 51.7 lakh ha. in 2001-02 and this was attributed to dynamic changes taking place in demography, urbanisation and migration of rural people to the urban areas. The total cropped area also declined from 65.2 lakh ha. in 1999-2000 to 62.3 lakh ha. in 2001-02.

3.1.2 The aim was to achieve productivity of 3762 kg per hectare in paddy and 800 kg per hectare in pulses by the end of the Ninth Plan. However, the paddy productivity achieved ranged from 3196 kg to 3579 kg during 1998-2002 and pulses productivity ranged from 426 kg to 478 kg, far below the targets.

3.1.3 Supply of inputs, weedicides, farm implements, water management and soil conservation are important to increase the production and productivity. Deficiencies in these aspects are suitably commented in the succeeding paragraphs.

Organisational set up

3.1.4 The Department of Agriculture is organised into four directorates *viz.* (1) Commissionerate of Agriculture (2) Directorate of Horticulture and Plantation Crops (3) Directorate of Agricultural Marketing and Agriculture Business and (4) Directorate of Seed Certification.

3.1.5 The Chief Engineer (Agricultural Engineering) (CE(AED)) is in-charge of soil conservation, maintenance of agricultural machineries, and Command Area Development Programme (CADP).

3.1.6 At the district level, the Joint Director of Agriculture (JDA) is in-charge of all activities *viz*. Agronomy, seed farms, plant protection, quality control, analytical laboratories, training and visits. Each district has subdivisions and each subdivision is headed by an Assistant Director of Agriculture (ADA). At the Block level, the Agricultural Development Officers (ADO) were in charge of the activities connected with training, field demonstrations and procurement/distribution of inputs through Agricultural Extension Centres (AECs). The Secretary (Agriculture) directs and reviews the activities of all the four directorates and CE (AED), at the Government level. An organisational chart of the Directorates is given in the Appendix XVII.

Audit Coverage

3.1.7 The Integrated Audit of the Agriculture Department was conducted during the period February 2003 to April 2003. The records of the following three Directorates of Agriculture besides Agriculture Department in the Secretariat were generally reviewed.

Commissioner of Agriculture, Chennai

Director of Agricultural Marketing and Agriculture Business, Chennai

Director of Seed Certification, Coimbatore

3.1.8 In the selected districts (Kancheepuram, Villupuram, Tiruchirappalli and Tiruvannamalai) the records of JDA/ADA/AECs were reviewed. The important points noticed during the review are discussed in the succeeding paragraphs.

Financial Management and Control

Budgetary process

Decline of Budget provision for Agriculture

3.1.9 Budget provision for agriculture declined from 4.7 *per cent* of total provision for all the grants in 2000-01 to two *per cent* in 2002-03. Budget provision, actual expenditure and the savings during the years 2000-03 are as under.

Persistent savings indicative of inaccurate estimation

(Rupees in crore)

Year	Budget provision		Actual expenditure		Savings along with *per cent*	
	Revenue	Capital	Revenue	Capital	Revenue	Capital
2000-2001	1198.95	12.77	977.06	12.55	(-) 221.89 (19)	(-) 0.22 (2)
2001-2002	1163.55	11.77	838.04	8.16	(-) 325.51 (28)	(-) 3.61 (31)
2002-2003	611.17	4.64	500.50	4.45	(-) 110.67 (18)	(-) 0.19 (4)

The savings under Revenue heads ranged between 18 and 28 *per cent* of the provisions. Further huge surrenders were observed under Revenue Grant in March during 2000-01 (Rs 18.27 crore); 2001-02 (Rs 319.14 crore); and 2002-03 (Rs 105.48 crore) indicative of inaccurate estimation even at the fag end of the year.

Budget provision for vacant posts.

3.1.10 As per Rule 37(a) of Tamil Nadu Budget Manual Volume I, estimates for salary should be framed based on the number of posts filled up and not on the basis of sanctioned strength. However, vacant posts were also included in budget estimates in the Directorates of Agriculture and

Agricultural Marketing during 2000-02. This resulted in huge surrender of Rs 2.68 crore under salaries during 2000-01 and Rs 15.83 crore in 2001-02.

Non-refund of Rs 1.01 crore by TANCOF to Government

3.1.11 On winding up Tamil Nadu Cooperative Oilseeds Growers' Federation Limited (TANCOF), Rs 2.74 crore was sanctioned (March 2002) for making payment to 147 retrenched employees. TANCOF after spending Rs 1.73 crore deposited (March 2003) the balance of Rs 1.01 crore into its Deposit account instead of refunding the same.

Crediting Rs five crore to deposit account in March to avoid lapse of funds

3.1.12 Rupees Five crore sanctioned in March 2003 for the Comprehensive Wasteland Development Programme in 2002-03 were credited to the Deposit Account of Tamil Nadu Watershed Development Agency on 31 March 2003. Release of funds on 31 March 2003 was evidently to avoid lapse of budget provision.

Programme Management

Procurement and distribution of seeds

3.1.13 Seed is the basic input in Agriculture and adequate quantity of quality seed at the time of sowing is vital for increased agricultural production. The Directorate of Seed Certification certifies the quality of seed for various crops. The seed production and distribution programme has a three-tier system wherein the breeder seeds produced and supplied by Tamil Nadu Agricultural University (TNAU) are multiplied as foundation seeds in 39 State Seed Farms, five State Oilseed Farms and one exclusive pulses farm. The foundation seeds are further multiplied as certified seeds in the registered farmers' holdings. The certified seeds are distributed to farmers through the AECs.

Only ten *per cent* of the total certified seed requirement is met by the Department

3.1.14 Seed certification is a regulatory process designed to secure, maintain and make available the prescribed levels of seed quality. Only about ten *per cent* of the seed requirement in the State is met with certified seeds and six *per cent* with labelled seeds as of December 2001, as seen from the Status paper on "Seed Certification" prepared by Directorate of Seed Certification.

3.1.15 The target and achievement for seed procurement and distribution for the period 1999-2003 is given in Appendix XVIII. The department gave deficient rainfall and drought condition as the main reasons for declining trend in the procurement of certified seeds for Paddy, Pulses, Oilseeds and Cotton, from the year 2001-02 onwards.

Supply of Breeder Seeds by TNAU

Shortfall in supply of breeder seeds by TNAU

3.1.16 TNAU supplied breeder seeds to the State Seed Farms and private agencies for multiplication into foundation seeds. But there was shortfall in supply of certain varieties of breeder seeds *viz.,* sesame, sunflower, castor, cotton, blackgram and cowpea during 2000-03 compared to the indents placed; the shortfall ranged between seven and 71 *per cent*. The University attributed (May 2003) the shortfall to shortage of water supply in the farm area. But no effective steps were taken to augment the water resources for the university farms.

Oilseeds Production Programme

3.1.17 An expenditure of Rs 18.69 crore was incurred during 2000-03 on the Oilseeds Production Programme (OPP).

Diversion of funds to staff and contingencies without approval of GOI.

Though the State Governments were not empowered to make any inter-component adjustment without approval of the Technology Mission on oilseeds and pulses, funds allotted for infrastructure development and weedicide component (Rs 30 lakh) were diverted to 'staff and contingencies' during 1999-2000. Government of India (GOI) disapproved (March 2000) the diversions as the State Government had not taken its permission for increasing the number of posts.

3.1.18 The target and achievement under Area, Production and Productivity under the OPP for the period 2000-03 are as follows:

Shortfall in production of oilseeds.

Year	Area (in lakh ha)			Production (in lakh MTs)			Productivity (kg/ha)		
	T	A	S	T	A	S	T	A	S
2000-2001	14.00	11.40	18.60	22.00	14.71	33.10	1574	1507	4.30
2001-2002	14.00	9.55	31.80	22.00	14.35	34.80	1574	1497	4.90
2002-2003	10.86	6.39	41.20	17.87	10.67	40.30	1646	1668	-

T : Target **A : Achievement** **S : Percentage of shortfall**

The shortfall in production was attributed to decline in 'area coverage' and insufficient seasonal rains. But as per the rainfall data in 'Season and Crop report of Tamil Nadu' for the period 1999-2002 there was normal rainfall during these years.

Shortfall in procurement of seeds by TANCOF.

3.1.19 Rupees 2.40 crore was paid to TANCOF during 2001-02 towards supply of inputs like seeds, gypsum, seed treatment chemicals to the department and also for implementation of OPP, in certain districts. TANCOF furnished (March 2002) utilisation certificate for Rs 2.12 crore. There was shortfall in procurement of seeds, as Rs 28 lakh out of Rs 39 lakh meant for seed component remained unspent as detailed below:

(in quintals)

	Target fixed	Seed procured	Shortfall (Percentage)
Breeder Seed	292	119	173 (59)
Foundation Seed	1500	524	976 (65)
Certified Seed (procured)	2000	176	1824 (91)
Certified Seed (distributed)	2000	867	1133 (57)

Distribution of minikits by TANCOF without Government's approval.

3.1.20 TANCOF deviated from the State Level Sanctioning Committee (SLSC) approved programme under Seed component by distributing (1999-2000) groundnut and gingelly minikits for a value of Rs 31.03 lakh. This was contrary to the policy of the Department that sunflower hybrid minikits alone should be distributed, in order to promote area expansion under sunflower. Further, contrary to GOI guidelines, TANCOF distributed VRI 2 groundnut variety, which was notified over ten years back.

AGROFED did not supply the farm implements instead utilised the funds to meet its establishment cost.

3.1.21 Government sanctioned (September 1999) Rs 20 lakh as subsidy to Tamil Nadu Agro Engineering and Service Cooperative Federation Limited (AGROFED) for purchase of improved farm implements (4000 drill ploughs and 828 plough planter equipments) as per the model given by Central Research Institute for Dryland Agriculture, Hyderabad. The subsidy was paid to AGROFED in January 2000. The implements were, however, not supplied as of May 2003. Managing Director (MD), AGROFED informed Government

(February 2003) that the amount was utilised to meet its establishment cost and that he was not in a position to refund the same, since AGROFED was not in an earning position.

Pulses

3.1.22 During the Ninth Plan period (1997-2002), Tamil Nadu's production of pulses accounted for less than four *per cent* of the country's total production. The average productivity for pulses was 364 kg/ha in 2002-03 while the Ninth Plan target was 800 kg/ha. The major pulses grown in the State are redgram, blackgram, greengram, cowpea and horsegram. The area targeted for coverage was ten lakh hectares in the Ninth Plan period but the actual area covered was only 7.73 lakh hectares in 2002-03.

Shortfall in production of pulses during 1997-2003.

3.1.23 Against the Ninth Plan target for production of pulses (8 lakh tonnes per annum), there was huge shortfall ranging from 61 to 70 *per cent* during 1997-2003. The working group report on crop husbandry furnished by Commissioner of Agriculture (COA) to Government mentioned (February 2002) that shortfall was due to adverse cropping conditions of pulses (95 *per cent* rain fed, mixed and intercropped) and non-introduction of new varieties. Also the productivity/yield was low due to production of pulses with less weight (black gram and green gram).

National Pulses Development Project (NPDP)

Non-distribution of inputs during Kharif season due to belated issue of sanction.

3.1.24 As per guidelines, timely allocation of funds and provision of supporting services is to be ensured by the State Government. Further, GOI requested the States (May 2000) to ensure that the sanctions were issued before the start of Kharif season in April. However, the State Government released the funds only in October/November; and AECs in districts distributed the inputs only during February/March. No inputs were distributed before the start of Rabi season in October each year. The delayed distribution evidently would affect the seasonwise cropping programme planned at the commencement of each year.

Belated distribution of Seed Treatment Chemicals.

3.1.25 Seed Treatment Chemicals (Trichoderma viridi) were to be distributed to the farmers during pre-sowing season - June for Kharif season and September for Rabi season - to make the seed disease-resistant. However, test-check of records in AECs in the districts of Villupuram (8), Kancheepuram (2) and Tiruvannamalai (3) revealed that the sanction order for distribution of seed treatment chemicals for pulses was given in December and distribution was made only in March every year, at the end of Rabi season. Thus the objective of the seeds developing resistance to disease could not be achieved.

Distribution of old varieties of pulses contrary to guidelines.

3.1.26 As per guidelines, only the varieties notified/released within the last ten years were to be supplied. In Villupuram and Tiruvannamalai districts, pulses of varieties more than ten years old and varieties not notified were supplied to farmers through minikits during 2000-02. The Action Plan for pulses for 2002-03 prepared by COA contained many old varieties of pulses released over ten years ago. This would affect the production of quality seeds.

3.1.27 According to GOI guidelines, Compact Block Demonstrations (CBD) should be arranged to popularise newer varieties of seeds. But in the CBDs conducted in Villupuram (4 AECs) and Kancheepuram (one AEC) during 2001-02 pulses of varieties more than ten years old were also distributed.

Water Management

Distribution of Sprinklers

3.1.28 Sprinkler system is ideally suited for closely-spaced crops like vegetables and floriculture in the Horticulture sector and oilseeds, pulses etc., in the Agricultural sector. The objective is to improve water use efficiency and enhance area coverage. Sprinklers are being distributed to farmers with subsidy under Micro Irrigation Scheme (MIS) by the Agricultural Engineering Department as follows:

Name of the scheme	Category of Farmers and eligibility	Quantum of subsidy	Remarks
Micro irrigation scheme for Horticulture crops implemented through Agricultural Engineering Department	(i) Small, Marginal, Scheduled Castes (SC), Scheduled Tribes (ST) and women farmers	50 *per cent* of the cost subject to a maximum of Rs 15000 per hectare from 2000-01	Assistance available for a maximum area of 2 ha per beneficiary family
	(ii) for other categories of farmers	33 *per cent* of the cost subject to a maximum of Rs 10000 per hectare from 2000-01	

The expenditure is shared between GOI and State Government in the ratio 90:10. The subsidy on sprinklers supplied to farmers under MIS was scrutinised in Audit and the following points were noticed.

Additional expenditure on subsidy

Non-adherence of categorywise physical targets in distribution of sprinklers.

3.1.29 The targeted financial outlay on subsidy on sprinklers, the subsidy actually paid, the targeted area to be covered by sprinkler irrigation and the achievement are shown in the table below.

Category of farmers	Financial (Rupees in lakh)		Area covered (in ha)	
	Target	Achievement	Target	Achievement
SF, MF, SC, ST and Women[1]				
2000-2001	60.00	70.71 (2000-01) 328.70 (2001-02) 482.19 (2002-03)	400	501 (2000-01) 2301 (2001-02) 3342 (2002-03)
2001-2002	140.75		1000	
2002-2003	243.90		1626	
Others				
2000-2001	70.00		700	
2001-2002	130.00		1513	
2002-2003	238.60		2386	
	883.25	**881.60***	**7625**	**6144***

* Categorywise break-up of achievement is not available

[1] SF: Small Farmers; MF : Marginal Farmers ; SC : Scheduled Castes ; and ST : Scheduled Tribes.

It is noted that subsidy of Rs 8.82 crore meant for irrigating 7625 ha was spent on sprinklers for irrigating 6144 ha only.

3.1.30 Though Government issued sanction orders every year specifically mentioning the number of hectares to be covered for the two categories of farmers, the Chief Engineer (Agricultural Engineering) failed to communicate the category-wise physical target to his field officers. As a result, the field level officers focussed more on special category farmers, which involved 50 *per cent* subsidy; in two test-checked districts (Tiruvannamalai and Villupuram) only the special category was assisted.

3.1.31 Department did not ensure the continued usage of sprinkler sets by the farmers, nor assessed the impact of sprinkler irrigation on the yield.

Agricultural Marketing

3.1.32 Organised marketing of notified agricultural produce within the Regulated Markets (RMs) established under the administrative control of Market Committees (MCs) was envisaged under the Tamil Nadu Agricultural Produce Marketing (Regulation) Act, 1987. A State Agricultural Marketing Board (Board), which was given statutory powers in June 1995, is the apex body to serve as an effective link between Government and MCs. Levy of market fees and licence fee was the main source of revenue for the MCs; 15 *per cent* of the annual receipts of MCs were to be remitted to the Board. A separate Directorate of Agricultural Marketing and Agriculture Business was established (1977) for helping the MCs to improve their services to agriculturists and for intensifying Agmark grading of agricultural produce. The Directorate's functions include establishment, maintenance and operation of the RMs. Two hundred and seventy two RMs were functioning under the control of 20 MCs in the State (March 2003).

Uniform notification of crops not done

Identified commodities were not uniformly notified in all districts by Government, resulting in reduced collection of market fee.

3.1.33 It was observed that only 40 out of 108 items of agricultural produce identified and listed in the Act were notified by Government for transaction within the RMs. However, only six to 20 crops were notified in the areas of the District Market Committees, instead of all the 40. The Commissioner of Agricultural Marketing and Agriculture Business (CAM), while furnishing his remarks to Government in January and October 2002, stated that commodities like pulses, coconut, etc., were declared as notified commodities only in a few districts and market fees collected only in those districts. As a result, such commodities were being transported from the notified districts and sold in other districts, to avoid payment of market fee. Hence, CAM suggested to Government for uniform notification of all identified commodities, so that market fee could be collected in all districts.

3.1.34 Government addressed (April 2003) CAM to send proposals for issuing uniform notification of all commodities and called for some clarification/particulars, which were yet to be furnished by CAM (June 2003).

Non-enforcement of provisions of the Act

3.1.35 As per CAM's report of November 1999, a marketable surplus of 0.64 lakh tonnes per annum was available in respect of fruits, vegetables, spices, etc. produced in the Nilgiris District.

Regulated markets were not set up in Nilgiris District.

3.1.36 Government issued orders in September 1998 for the formation of a new market committee for Nilgiris District along with four RMs at Ooty, Coonoor, Kothagiri and Gudalur and also sanctioned certain posts. Subsequently, Government issued notification in September 2000 for the functioning of marketing committee for the four RMs. Yet, no RM was set up as of May 2003.

Surplus funds of MCs/Board

3.1.37 MCs are expected to utilise most of the market fee/licence fee receipts for developmental activities such as buildings, maintenance and improvement of markets.

3.1.38 A sum of Rs 84.44 crore was available with MCs and Rs 18.29 crore with the Board as of 31 March 2003 representing the unutilised revenue surplus. The same was invested in various financial institutions and in the Deposit Account as per Government policy.

(Rupees in crore)

Surplus Amount of the	Investments	PD account (interest bearing)	Total
Board	0.93	17.36	18.29
MCs	43.48	40.96	84.44
Total	**44.41**	**58.32**	**102.73**

Only 27 to 34 *per cent* of the available funds during 2000-03 were utilised for development activities, and the rest was invested.

Dues to the Board

Rupees 4.69 crore was due to the Board from MCs. Huge amount of interest on Deposit account is due from Government.

3.1.39 As of March 2003, the Board was yet to realise Rs 4.69 crore due from 15 MCs[2] towards remittance of 15 *per cent* share of their annual receipts. The dues date back to 1990.

3.1.40 The Board, which had its surplus with Government in the interest bearing Deposit account, had not claimed interest from Government on the balance in its Deposit account beyond December 1997. Similarly, interest accrued (Rs 2.96 crore) on the balance in the respective Deposit accounts of MCs for the period January 1998 to June 1999 had not yet been sanctioned by Government. The MCs had not preferred their claim for interest beyond June 1999.

Shortfall in reimbursement

Shortfall in reimbursement of establishment cost of Rs 4.97 crore by Board/MCs to Government.

3.1.41 The services of all employees of MCs and the Board were provincialised with effect from November 1981. Consequent to this, the pay and allowances of the employees were initially met from Government funds and subsequently recovered from the concerned MCs/Board. Rupees 4.97 crore (MCs: Rs 4.29 crore and Board: Rs 0.68 crore) still remained to be recovered from them, for the period 2000-03.

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[2] 1990-91 (Pudukottai), 1998-99 (Kancheepuram), 1999-2000 (Cuddalore, Madurai, Tiruchirappalli and Tirunelveli), 2000-01 (Ramanathapuram, Tiruvannamalai, Vellore and Villupuram), 2001-02 (Thanjavur), 2002-03 (Coimbatore, Dharmapuri, Kanyakumari and Salem).

Training

Training Centre built at Salem at a cost of Rs 1.04 crore was yet to be made use of.

3.1.42 Government approved (December 2000) the construction of a building with all technical facilities to function as a training centre at Salem, at a cost of Rs one crore, utilising the Board funds. The Board released Rs 1.04 crore for the work. The building was ready for occupation in February 2002. However, the training centre was yet to be commissioned as proposals on new pattern of training, revision and upgradation of training courses, sent to Government by the Board in May 2001 have not yet been approved (June 2003). As a result, the training centre constructed at a cost of Rs 1.04 crore was not put to use as of June 2003.

Low arrivals reported in Regulated Markets

Low arrival of Marketable surplus in Regulated markets.

3.1.43 Under the Act, no person shall purchase or sell any notified agricultural produce in a notified market area outside the market in that area. However, it was seen from the records of CAM that only ten *per cent* (on an average) of the estimated marketable surplus of the major notified produce, (groundnut, paddy, cotton, sugarcane-jaggery, chillies and gingelly) were transacted through RMs during 1999-2001. It was evident that the balance quantities were sold outside RMs in violation of the Act. As a result the very purpose of establishing Board/MCs was defeated as majority of the farmers were not assured of realising remunerative prices for their produce.

3.1.44 The CAM in his "Report of working group on Agricultural Infrastructure for the formulation of Tenth Five year Plan" also observed (February 2002) that a major portion of the marketable surplus of the State was sold only outside the RMs, mainly due to small, fragmented and dispersed holding, lack of awareness about the RMs, indebtedness, inadequate transport facility, poor storing capacity, etc. Only in 30 out of 272 RMs, the infrastructure facilities like transaction shed, drying yard and farmers resting place and information centre were available.

Creation of product-wise Market Complexes

Product Specific Market Complexes envisaged in Ninth plan had not materialised.

3.1.45 The Ninth Plan identified nine places[3] for setting up market complexes for specific agricultural products. Of these, only five were taken up. No marketing complex was functional as of May 2003, as detailed below.

3.1.46 The paddy marketing complex at Madurai constructed by Public Works Department at a cost of Rs 10.25 crore, was not functional for want of electrification, approach road and water supply.

3.1.47 Coconut market complex at Pollachi (estimated cost: Rs three crore) and jaggery market at Tiruchirappalli (estimated cost: Rs ten crore) proposed during 2000-01 and 2001-02 respectively were pending due to non-identification/non-allotment of sites.

3.1.48 A modern marketing complex for Turmeric was proposed (2001-02) to be set up at Perundurai through Tamil Nadu Corporation for Industrial Infrastructure Development (TACID). Although 50 acres of land was acquired at a cost of Rs one crore, the work has not been taken up, as the traders wanted the complex to be located at Erode. It indicated lack of planning in selection of the location.

[3] Chinnamanur, Erode, Krishnagiri, Mettupalayam, Pattukottai, Redhills, Theni, Udumalpet and Vellore.

Sugarcane Cess Fund

Collection of sugarcane cess from Mills was in arrears to the tune of Rs 16.87 crore for the period 1996-97 onwards till March 2003.

3.1.49 According to section 14(1) of Madras Sugar Factories Control Act, 1949, Sugarcane Cess was to be levied on all sugar mills for the sugarcane brought to the factory for crushing. The cess was collected on cane brought from outside the local area at Rs five per tonne, with effect from 1962, from all working sugar mills. However, for the new mills, the cess was to be collected at a concessional rate of Rs two per tonne of cane crushed during the first three years. The cess so collected from the sugar mills was to be credited to "Sugarcane Cess Fund". As per Government order (December 1996) the collections were to be utilised on Road works (80 *per cent*), Research and Development (10 *per cent*) and Miscellaneous purposes (10 *per cent*). The fund is administered by the Commissioner of Sugar (COS).

3.1.50 There were heavy arrears in collection of cess from sugar mills amounting to Rs 16.87 crore as of 31 March 2003, of which Rs 2.52 crore pertained to the period prior to 1997-98.

3.1.51 A proposal for deferring the collection of cess arrears amounting to Rs 6.48 crore has been under consideration of the State Government since November 2000. In June 2001, the COS requested the Government to defer the cess arrears of Rs 8.04 crore for five years and to waive cess payable from crushing season 2000-01. As no decision had been taken the arrears have not been paid by the sugar mills as of May 2003.

Unspent balance under cess fund

3.1.52 The yearwise details of cess fund are as follows:

(Rupees in crore)

Year	Opening balance	Cess collection	Expenditure	Closing balance
1998-1999	8.53	5.52	5.83	8.22
1999-2000	8.22	6.54	8.09	6.67
2000-2001	6.67	12.48	7.31	11.84
2001-2002	11.84	5.48	2.85	14.47
2002-2003	14.47	7.34	7.04	14.77

Unspent balance of Rs 14.77 crore under Sugarcane Cess Fund.

During 1998-2003 the average unspent balance was high. The unutilised balance was as high as Rs 14.77 crore as on March 2003.

Stores and stock

Avoidable expenditure

Procurement of gypsum through TANCOF involved avoidable expenditure of Rs 70.15 lakh.

3.1.53 During 2000-02, Government entrusted the procurement and distribution of gypsum under Oilseeds Production Programme to TANCOF. TANCOF procured the required quantity of 27552 tonnes of gypsum through tendering process and supplied them to JDAs, after adding margins ranging from 16 to 42 *per cent*. This margin amounted to Rs 70.15 lakh for 2000-02. As the Department was already purchasing 'gypsum' under "Saline and Alkaline land Reclamation" scheme, the entrustment of above purchase to TANCOF resulted in avoidable expenditure of Rs 70.15 lakh towards margin charged by them.

Avoidable payment of interest

3.1.54 A comment on Department availing a loan of Rs 4.50 crore from a Nationalised Bank through Tamil Nadu Agro Industries Corporation

(TAI) for the purchase of 30 bulldozers during 1991, which carried an interest liability of Rs 4.36 crore, when the Department had surrendered substantial amount under the capital grant was made in the Audit Report (Civil), Government of Tamil Nadu for the year ending 31 March 1994. The Public Accounts Committee (PAC) in its 326th report (XI Assembly) observed that the Department's action was not justified particularly in the context of availability of sufficient funds under the capital grant.

Avoidable interest burden of Rs 2.08 crore due to availing of bank loan of Rs 3.23 crore.

3.1.55 Despite PAC's observations, 100 tractors and two combined harvesters were purchased in May 2001 by AGROFED by availing a loan of Rs 3.23 crore from a Nationalised Bank. CE (AE) paid Rs 0.76 crore towards loan and interest to the Bank upto June 2002. But there was a surrender of Rs 18.27 crore in the Agriculture grant compared to the Final Modified Grant (FMG) in 2000-01 and Rs 319.14 crore in 2001-02. Thus there was no need for availing the loan at all, which had an interest burden of Rs 2.08 crore over seven years.

Huge stock of unusable inputs in the depots

No action was taken to dispose of the chemicals lying in AECs for more than ten years.

3.1.56 In the AECs under JDA, Kancheepuram, time-barred seeds, bio-fertilisers, plant protection chemicals for a value of Rs 55.81 lakh were held in stock in the depots as of March 2003. Of this, plant protection chemicals worth Rs 13.18 lakh purchased during the period 1980 to 1990 were stored in AEC, Chitlapakkam in a dilapidated godown. The chemicals which started leaking out of their containers, polluting the environment and endangering the people living nearby, have not yet been disposed of despite complaints from the town panchayat, Chitlapakkam and the matter was referred (November 1995) to COA by the JDA, Kancheepuram. No action for safe disposal of chemicals was taken, due to non-finalisation of the site for their disposal. Further, chemicals worth Rs 5.86 lakh whose life had expired in 1990-98 remained in various AECs in Kancheepuram District.

Shortage of stores and stock

3.1.57 An amount of Rs 1.03 crore was pending adjustment by recovery or write-off in respect of 151 cases of theft/losses/shortages as of March 2003.

Manpower management

Non-filling up of vacant posts

3.1.58 The department has a sanctioned strength of 18,477 (COA: 15,756; CAM: 2174 and Director of Seed Certification (DSC): 547) posts. The vacancy position and the percentage of vacancy in the three Directorates are COA: 3416 (22 *per cent*), CAM: 226 (10 *per cent*) and DSC: 61(11 *per cent*). In the COA, 1601 (22 *per cent*) posts were vacant under the following important cadres.

	Total number of posts sanctioned	**Number of posts vacant**
Agricultural Officer	2201	267
Assistant Agricultural Officer	5048	1334
	7249	**1601**

As the incumbents of these posts were responsible for successful implementation of various schemes of the Department, non-filling up of these posts would hamper the execution of schemes.

Creation of posts by transfer of staff from TANCOF

3.1.59 Government decided (November 2001) to wind up Tamil Nadu Cooperative Oilseeds Growers' Federation Limited (TANCOF) in view of continuous loss sustained by the Federation. In June 2002, Government decided to transfer the Area Agronomic Centre and Training Centre at Neyveli, the Area Offices at Tiruvannamalai, Virudhachalam, Cheyyar, Madurai, Erode and Tirunelveli to the control of COA subject to maintaining a separate identity, and the 151 posts of TANCOF in these units along with incumbents were absorbed in the Department of Agriculture. However, Government allowed them to continue in the same places without being redeployed.

151 staff of TANCOF absorbed in the Agriculture Department continued to implement OPP resulting in duplication of activities.

3.1.60 The transferred staff were not brought under the control of JDA of the concerned districts. They were instructed to implement the OPP in the same jurisdiction of erstwhile area offices of TANCOF covering three or more districts and to report to the Deputy General Manager, Extension Wing at Chennai. Thus, there was no monitoring/supervision of the work done by the 151 staff at district level. As the JDA of each district was also implementing the OPP, duplication of this activity in six districts could not be ruled out.

Non-redeployment of surplus office assistants

3.1.61 Government in September 1995 issued orders prescribing a norm of one Office Assistant (OA) for every 15 ministerial staff in Government departments. The Heads of Departments were requested to furnish to the administrative departments of the secretariat concerned and to the Finance Department the number of posts in excess of the norms, so that they could be redeployed.

134 surplus OAs identified in 11 districts were not redeployed.

3.1.62 Even though orders were issued as early as in 1995, it was seen from the records of COA that there were still 134 OAs working in 11 districts, who were found to be in excess. The position in the remaining 18 districts could not be ascertained by Audit as the details were not available at the COA. COA took no action to intimate Government about the number of surplus OAs.

Other points of interest

Equipment kept idle

IPM Centre at Kancheepuram was yet to function.

3.1.63 GOI sanctioned (May 1995) Rs 20 lakh for the establishment of an Integrated Pest Management (IPM) Centre-cum-Bio-control laboratory at Kancheepuram with the objective of producing bio-control agents besides training the farmers in the use of bio-pesticides and demonstrations. For this purpose, the existing pulses godown was got renovated by PWD in April 2000 at a cost of Rs 2.83 lakh. Laboratory equipment of value Rs 11.41 lakh was purchased by JDA, Kancheepuram in March 2000. JDA submitted (August 2000) proposal to the COA for deployment of one Agricultural Officer/two Assistant Agricultural Officers. These posts were not filled up as of May 2003. Thus, laboratory equipment of value Rs 11.41 lakh were lying unutilised for more than three years, and the IPM Centre did not function. The entire expenditure of Rs 14.24 lakh remained unfruitful (May 2003).

Excess expenditure incurred under NWDPRA

Excess expenditure of Rs 1.40 crore incurred on staff cost.

3.1.64 As per GOI instructions issued (September 1999) under National Watershed Development Programme in Rainfed Areas (NWDPRA), the State can incur ten *per cent* of the total expenditure of the scheme on establishment charges. The total expenditure incurred during 1997-2002 was Rs 74.93 crore. Against the eligible staff cost of Rs 7.49 crore, expenditure was Rs 8.89 crore. The excess expenditure of Rs 1.40 crore was to be met from State funds, but was met from the funds received from GOI. This excess has not yet been refunded to GOI.

Collection of centage charges from farmers towards staff cost

Centage charges were added to seed cost thereby burdening farmers.

3.1.65 Every year, Government was communicating the seed price policy for the procurement and distribution of paddy and millets. According to this policy, the sale price of all types of seeds sold to the farmers was fixed by adding 16 *per cent* centage charges to the procurement price, to cover the establishment cost. However, since it is the duty of the Department to supply seeds to the farmers at a reasonable price, adding centage charge in the sale price is not justified.

Blocking of GOI funds provided for the control of Eriophyid mite

Blocking of GOI funds of Rs 9.50 crore with State Government for two years due to formulation of unviable proposal.

3.1.66 To combat severe outbreak of a nut-infesting Eriophyid mite in 1998 causing heavy damage to tender coconuts in their quality and quantity, State Government proposed (January 2001) to GOI for adopting the technology of spraying four rounds of chemicals for the treatment and requested GOI to sanction Rs 65.70 crore. GOI released Rs 9.50 crore in February 2001 as 50 *per cent* of the cost of chemicals with a maximum amount of Rs eight per affected tree for three sprayings. Government sanctioned (March 2001) Rs 19 crore (Rs 9.50 crore each shared by GOI and the state Government) for implementing the scheme covering 1.81 crore trees and directed that the State share of Rs 9.50 crore would be recovered from the beneficiary farmers. Tenders were called for (July 2001) towards the procurement of plant protection chemicals. Meanwhile, it was decided not to go in for the chemical control measures for mite because of insufficient impact produced and it was decided by Government to minimise the use of chemicals for one year.

3.1.67 Subsequently, in September 2001, decision was taken to go in for the application of micronutrient solution as recommended by TNAU along with raising green manure in the basin. Since the above package involved procurement of green manure seeds in huge quantity for distribution, the availability of which could not be ensured by Government, the proposal to grow green manure was dropped (December 2001). Government issued orders (February 2002) for adopting root feeding with micronutrient solutions at 200 ml per tree, three times a year. Certain clarifications were called for (July 2002) from COA by Government relating to the procedure to be adopted for the control of mite but no reply was given. As of May 2003, no progress was made in application of micronutrient solution. Thus, due to formulation of an unviable proposal, the assistance received from GOI remained unutilised for over two years without any step being taken to control the Eriophyid mite in coconut trees.

Impact assessment

3.1.68 The production and productivity during 1997 to 2003 in respect of major crops like paddy, millets, pulses, oilseeds, cotton and sugarcane are as given below.

Crop performance

Year	Paddy		Millets		Pulses	
	Production (in lakh MT)	Productivity (yield – kg/ha)	Production (in lakh MT)	Productivity (yield – kg/ha)	Production (in lakh MT)	Productivity (yield – kg/ha)
1997-1998	68.94	3050	9.66	883	2.44	413
1998-1999	81.41	3579	9.67	902	3.04	478
1999-2000	75.32	3481	10.19	1311	2.91	420
2000-2001	73.66	3541	9.38	1092	3.13	454
2001-2002	65.83	3196	8.34	1181	2.90	426
2002-2003	48.64	NA	13.62	NA	2.97	364

Year	Oilseeds		Cotton		Sugarcane	
	Production (in lakh MT)	Productivity (yield – kg/ha)	Production (in lakh MT)	Productivity (yield – kg/ha)	Production (in lakh MT)	Productivity (yield – kg/ha)
1997-1998	14.77	1623	3.58	267	30.70	11855
1998-1999	16.45	1829	4.06	316	33.76	11026
1999-2000	14.11	1537	3.40	191	34.29	10851
2000-2001	14.71	1507	3.16	316	33.18	10525
2001-2002	14.35	1497	2.30	238	32.61	10155
2002-2003	10.67	1668	1.55	NA	30.82	NA

NA: Not available

It could be seen that the productivity in respect of most of the crops showed only a declining trend in spite of various programmes being implemented over the years, involving huge subsidies. This was due to poor utilisation of irrigation potential created; non-supply of weedicide, improved farm implements and new varieties of seeds; and delayed distribution of seed treatment chemicals as mentioned in the review.

Recommendations

3.1.69 The department has to ensure timely supply of quality seeds and other inputs, optimum utilisation of irrigation potential, effective management and distribution of available water resources (surface and ground water) to optimise the production in respect of all major crops like paddy, millets, pulses, oil seeds, cotton and sugarcane.

3.1.70 The above points were referred to Government in August 2003; reply had not been received (January 2004).

CO-OPERATION, FOOD AND CONSUMER PROTECTION DEPARTMENT

3.2 Loans and Investments made by Government in Co-operative Sector

3.2.1 Co-operative sector plays a vital role in the economic upliftment of people particularly the weaker sections of society. State Government invests funds in Co-operative sector every year through release of share capital, loans, subsidies and other assistance to promote various socio-economic activities. It also gives guarantee for the loans obtained by Co-operative societies from other financial institutions. At present there are fourteen functional Registrars besides the Registrar of Co-operative Societies (RCS) under whom various categories of Co-operative societies are functioning. The Circle Deputy Registrars (CDR) were delegated with powers to control societies in their circles. Pending elections to the Board of Management for Co-operative societies, RCS appointed 7967 special officers for administering the societies between May 2001 and March 2002.

3.2.2 The records relating to loans, investments and other financial assistance made by State Government in the Co-operative sector for the period 1997-2003 were generally test-checked in the Co-operative Department of the Secretariat, office of Registrar of Co-operative societies and offices of eight other functional Registrars[*]. Important points noticed during test-check are discussed in the succeeding paragraphs.

Financial assistance received

3.2.3 The quantum of financial assistance extended by State Government/ Government of India and other financial institutions like National Bank of Agriculture and Rural Development (NABARD) and National Cooperative Development Corporation (NCDC) to Cooperative institutions during 1998-2003 was as follows.

(Rupees in crore)

1998-99	1999-2000	2000-2001	2001-2002	2002-2003
184.96	172.50	48.63	113.56	104.07

3.2.4 Investments made and returns received by way of dividend during the last five years are given below:

[*] RCS (Housing), Commissioner for Industries and Commerce, Director of Handlooms and Textiles, Commissioner for Milk Production and Dairy Development, Commissioner of Sugar, Director of Social Welfare, Director of Fisheries and Director of Agriculture.

Year	Number of societies	Investment during the year	Investment upto the end of the year	Dividend received during the year as obtained from department	Percentage of return
		(Rupees in crore)			
1998-99	9,403	15.51	302.07	1.92	0.64
1999-2000	9,485	4.77	310.56	1.10	0.35
2000-2001	9,568	0.30	274.18	1.43	0.53
2001-2002	9,388	0.83	293.59	0.14	0.05
2002-2003	9,388	0.17	288.47	0.19	0.07

Dividend on the huge investments made by Government was very poor.

3.2.5 While the investments in 9388 societies stood at Rs 288.47 crore as of March 2003, dividend received on investment during the five year period was meagre ranging between 0.05 and 0.64 *per cent*. Thus, while Government was raising borrowing from open market at rates of interest ranging between 6.75 and 12.50 *per cent* during the above period, its investments in cooperative sector fetched insignificant returns.

Share capital

Share capital utilisation

3.2.6 Under the programme of assistance for strengthening the share capital structure of the Co-operative institutions, State Government extends financial assistance either in cash or by conversion of existing loans.

Government contribution to share capital remained unutilised.

3.2.7 Government approved the proposal for setting up a Grape Processing Unit with NCDC assistance at a cost of Rs 1.25 crore. The project cost was to be met with Government contribution, Members' contribution and Loan from Tamil Nadu Industrial Cooperative Bank Limited (TAICO Bank) of Rs 12.50 lakh each and the remaining amount of Rs 87.50 lakh from NCDC. Government, while sanctioning its share of Rs 12.50 lakh as share capital in May 1999, specifically directed that the amount be drawn in stages for creation of asset and synchronising with the progress of work and release of funds from the financial institutions. However, Industries Commissioner and Director of Industries and Commerce (IC & DIC) disbursed the entire amount to the society in July 1999. The society was able to raise Rs 3.94 lakh only as members' contribution against the envisaged amount of Rs 12.50 lakh as of January 2002. As efforts to get NCDC loans sanctioned directly to the society did not materialise, action was being taken to obtain finance from other financial institutions (May 2002). Thus, as major portion of the project cost could not be raised, the project did not take off. The share capital given by Government, which was invested in a short term deposit with TAICO Bank, was thus lying unutilised (June 2003).

3.2.8 The IC & DIC stated (June 2003) that TAICO Bank and Madurai District Central Co-operative Bank, Madurai had agreed to sanction the loan requirement of Rs one crore under consortium arrangements.

Retirement of share capital

Share capital not retired even after the due date.

3.2.9 State Government provides share capital assistance to Tamil Nadu Cooperative Housing Federation, with the condition of retirement after a specific period of moratorium and payment of dividend. Government while providing a share capital of Rs two crore to the Federation in September 1982, specified that the retirement of the share capital had to commence from October 1993 at the rate of Rs 20 lakh every year.

3.2.10 Though the Federation paid the instalments amounting to Rs 1.40 crore from October 1993 to October 1999, it had not paid the next three instalments due. The Assistant General Manager of the Federation reported (January 2003) that the remaining share capital was not retired as the retention of the remaining shareholding of Government is essential for its credit standing in the absence of Government guarantee from 2002-2003.

Recovery of loans

Overdue loans

Overdue loans constituted 57 to 63 *per cent* of the total demands raised.

3.2.11 The financial stability of any cooperative credit institution has a direct relation with prompt recovery of loans, as persistently high overdues would have crippling effect on the ability of the cooperatives to recycle the funds and expand their business. Also, in order to get refinance from NABARD to the full extent, all the District Central Cooperative Banks have to make concrete efforts to intensify their collection drive and bring down the level of overdues. Particulars collected from RCS during test-check, however, revealed that the percentage of overdue amount of principal to demands raised during the last four years ending March 2002 ranged between 57 and 63 (Appendix XIX). Government stated (November 2003) that the non-recovery of loans was due to drought conditions prevailing in the State and that cooperatives were taking effective, persuasive methods for recovery.

3.2.12 Out of the overdue principal amount of Rs 17.39 crore, Rs 11.62 crore was overdue from Tamil Nadu Cooperative Marketing Federation Limited (TANFED) and Rs 3.85 crore was overdue in respect of nine circles as of December 2002. Government stated (November 2003) that out of Rs 3.85 crore, Rs 8.83 lakh have been collected as of March 2003 and that instructions have been issued to Circle Deputy Registrars for collection of overdues.

3.2.13 Of Rs 29.46 crore overdue towards interest, Rs 20.93 crore was due to Tamil Nadu Cooperative State Agriculture and Rural Development Bank (TANSCARD) and Rs 7.01 crore related to 13 circles. Government stated (November 2003) that a proposal for waiver of loans was turned down by Government in February 2003, but TANSCARD's request to reconsider the waiver proposal in view of its severe financial constraints was under consideration. Government added that of Rs 7.01 crore pending recovery from 13 circles, Rs 7.93 lakh were collected upto March 2003 and instruction have been issued for effective action for recovery.

Overdue loan to be paid by Fisheries Federation under Integrated Marine Fisheries Development Project

3.2.14 Integrated Marine Fisheries Development (IMFD) project (phase I and phase II) was implemented in the State from 1992 through the Tamil Nadu State Apex Fisheries Cooperative Federation Limited (TNSAFCFL).

3.2.15 As shown in the table below Rs 3.65 crore and Rs 3.76 crore were overdue towards principal and interest, while share capital amounting to Rs 1.68 crore was not retired by the Federation.

(Rupees in crore)

Rupees 7.41 crore towards loan and interest were due from TNSAFCFL. Share capital of Rs 1.68 crore not retired.

	Loans given	Demands raised (1996-2003)		Amount overdue as on 31.03.2003		Share capital released (March 1995 to December 1998)	Share capital pending retirement
		Principal	Interest	Principal	Interest		
Phase I	7.87 (March 1994 to November 1998)	4.81	6.73	2.36	2.12	3.43	1.68
Phase II	4.47 (1998 to 2003)	NA	NA	1.29	1.64	-	-
			Total	**3.65**	**3.76**	**3.43**	**1.68**

NA : Not Available

Non-recovery of loans

TANFED failed to repay loan to the tune of Rs 11.62 crore along with overdue interest of Rs 5.61 crore.

3.2.16 Ministry of Agriculture, Government of India (GOI) was extending Short Term Loan annually to TANFED through the State Government during 1984-94. Of the short term loans of Rs 21.67 crore obtained during 1992-94, Rs 11.62 crore were pending repayment as of February 2002, along with Rs 5.61 crore towards interest. Although GOI discontinued the scheme in 1993, TANFED has not cleared the dues. The RCS had not monitored the timely repayment of such short term loans. Government stated (November 2003) that TANFED has sent a proposal for adjustment of the amount against the dues from Cooperative Spinning Mills and the proposal was under the consideration of the Government.

Tamil Nadu Cooperative Housing Federation failed to repay the interest-free loans to the tune of Rs 114.44 crore under Rural Housing Scheme.

3.2.17 Tamil Nadu Co-operative Housing Federation was implementing Tamil Nadu Rural Housing Scheme which was financed through loan from Housing and Urban Development Corporation (HUDCO). To enable the Federation to meet its repayment obligation to HUDCO, considering the poor collection of loan recoveries from beneficiaries, State Government provided interest-free loan to the Federation. However, no time schedule for repayment was specified. Government also directed the Federation to remit the collections under the scheme first towards repayment of earlier loans which are still due and thereafter to remit the balance amount towards repayment of above interest-free loans. Though State Government directed the RCS (Housing) to take effective steps for recovery of these interest-free loans, no registers had been maintained and no periodical demands raised by RCS (Housing) to watch the repayment of interest-free loans.

3.2.18 After waiver of Rs 44.70 crore (July 1998) by Government, interest-free loans pending recovery from the Federation had accumulated to Rs 114.44 crore as of March 2002.

3.2.19 NCDC sanctioned loans to Co-operative Sugar Mills for various schemes like modernisation, co-generation and bio-compost schemes through the State Government.

Non-payment of interest to the tune of Rs 6.61 crore to Government by ten Sugar Mills on NCDC loans.

3.2.20 A perusal of records concerned revealed that the overdue principal amount of Rs 1.87 crore and interest amounting to Rs 6.61 crore had not been paid by ten sugar mills as of December 2002. The Commissioner of Sugar stated (March 2003) that the sugar mills are not in a position to repay the interest as they are facing severe financial crisis.

Co-operative Sugar Mills failed to repay Rs 69.29 crore.

3.2.21 NCDC had sanctioned (1992 and 1993) loan assistance of Rs 77.72 crore for modernisation/expansion of six Cooperative Sugar mills**. Government in Industries Department accepted (February 2001) the proposal of NCDC for a package of one time settlement and paid Rs 69.29 crore in four instalments in full settlement of dues to NCDC. Government treated this amount as loans to the above six Cooperative Sugar mills. As the mills were already in default of earlier loans and were running at loss, the possibility of recovering the loans from the mills was remote.

Ways and Means advances of Rs 434.18 crore was pending repayment to Government.

3.2.22 Government provided ways and means advances to the sugar mills every year to clear the cane price dues to cane growers. Rupees 434.18 crore was pending repayment to Government as of December 2002 (Appendix XX).

3.2.23 As most of the cooperative sugar mills are facing acute financial crunch continuously due to negative growth, the recovery of above ways and means advances appears remote.

3.2.24 Under the Integrated Dairy Development project financed by NCDC and the State Government, Government released the loan amount of Rs 1.40 crore, along with subsidy to Tamil Nadu Cooperative Milk Producers' Federation during April 1992 to February 1997.

3.2.25 The project was incomplete even as of March 2003, as certain essential works could not be completed and required machinery could not be procured for want of additional funds. The expenditure incurred on the project was Rs 4.68 crore upto December 2000. Proposals for additional funds of Rs 98.69 lakh were made by the union in July 1999, but no decision has been taken by Commissioner for Milk Production and Dairy Development (CMPDD) as of March 2003. Though the dairy started functioning from December 1998, the average daily procurement of milk was only 11,937 litres per day (LPD) 13,372 LPD and 15015 LPD during 1999-2002 respectively, which was far below the break-even level of 29,912 LPD.

Out of Rs 5.44 crore due, only Rs 23.22 lakh was repaid by KDCMPU, reportedly due to their poor financial position.

3.2.26 Out of Rs 3.26 crore obtained as loan from NCDC for the project, CMPDD repaid the entire due amount of Rs 1.72 crore with interest of Rs 2.29 crore upto March 2002. This amount was passed on as term loan with same rate of interest charged by NCDC to Kamarajar District Cooperative Milk Producers Union (KDCMPU). Out of Rs 5.44 crore overdue towards principal and interest as of March 2002, KDCMPU had paid only Rs 23.22 lakh (4 *per cent)* towards the interest upto 1994-95 and no payment was made thereafter, reportedly due to its poor financial position. The Union had been continuously incurring cash loss and the net loss was Rs 5.91crore as of 31 March 2002. In view of such huge loss, the repayment of loan with interest did not appear feasible.

Guarantees given by Government

3.2.27 Guarantees were given by Government for due discharge of liabilities like repayment of loans raised by Cooperative Institutions.

3.2.28 Details of maximum amount guaranteed and outstanding guarantees with interest as of March 2003 are given below:

** Amaravathy, Kallakurichi, Madurantagam Cooperative Sugar Mills, NPKR Ramasamy, Salem and Tiruttani .

(Rupees in crore)

As of	Maximum amount guaranteed	Sums guaranteed outstanding	
		Principal	Interest
March 2003	2191.87	1520.41	9.65

Huge arrears of guarantee commission.

3.2.29 Out of the Guarantee Commission of Rs 28.76 crore due to be realised, Rs 24.41 crore was due from Tamil Nadu Co-operative Housing Federation Limited and Rs 4.35 crore from the Co-operative sugar mills. It was also noticed that during 1999-2001, Government had paid Rs 9.75 crore from the Guarantee Fund on behalf of seven defaulting cooperative spinning mills[@] consequent on invocation of guarantee.

Audit of cooperative institutions

3.2.30 In accordance with the provisions of the Tamil Nadu Cooperative Societies Act, the accounts of co-operative societies which received financial assistance from Government are required to be audited annually. The Director of Cooperative Audit is responsible for the audit.

In four circles, accounts of 2105 societies had not been audited for over three years and above.

3.2.31 As per the information made available by four Circle[#] Deputy Registrars, 4892 accounts of societies remained unaudited as on 31 March 2003. Audit of 602 societies was pending for more than five years, 686 societies for more than four years and 817 societies for more than three years.

3.2.32 The percentage of societies for which audit was not conducted as of March 2003 in the above four circles are given in Appendix XXI. Non-conduct of audit was attributed by Director of Co-operative Audit to non-production of books and records to Audit, books of the societies being under the custody of enquiry officers and to incomplete accounts.

3.2.33 In the absence of audited accounts it is not possible to assess the financial results of the cooperative societies. There was negligence in compiling the annual accounts promptly within the stipulated time frame of three months from the close of the accounting year. The delays in audit and certification of accounts by the Director of Cooperative Audit need to be addressed and a solution found to ensure certification by the due date.

3.2.34 Government stated (November 2003) that effective steps were being taken for early completion of Audit of the Cooperatives.

Recommendations

3.2.35 All the prescribed registers like share capital register, Investment register, register of guarantees, loan register etc., should be maintained with all relevant and required details to serve as a Management Information System. Prompt preparation of a consolidated Demand, Collection and Balance statement and regular issue of demands for repayment of loans due together with interest is essential and must be ensured. Otherwise, the exact position of overdue loan repayments cannot be assessed.

[@] Erode, Kancheepuram, Kanyakumari, Nagappattinam, Srivilliputhur, and Villupuram District Cooperative Spinning Mills and Cauvery Spinning and Weaving Mill, Pudukottai.

[#] Coimbatore, Kancheepuram, Tiruvallur and Vellore.

3.2.36 Loans may be given to cooperative institutions only on examination of the intended purpose of the loan and repaying capacity. Monitoring the utilisation of the loan is a necessary activity and the officers concerned must be held responsible for the same.

3.2.37 The officers of the Registrar of Cooperative Societies, including the functional Registrars, must be held accountable to maintain accurate records of loans sanctioned, repayments due and realised, interest due and realised from each cooperative society. Computers may be used for this purpose.

3.2.38 The above points were referred to Government in July 2003; a complete reply for all the points had not been received (January 2004).

ENVIRONMENT AND FORESTS DEPARTMENT

3.3 Tamil Nadu Afforestation Project

Highlights

The Tamil Nadu Afforestation Project funded by Japan Bank for International Co-operation aimed at massive tree planting in degraded Reserve Forests to bring about balanced ecological up-gradation and preserving the forest. There was shortfall in planting; and soil and moisture conservation activities; and there was poor rate of survival of the plantations. The sustainability of the Village Forest Development Fund created for maintenance, protection and improvement of the forest area and extending assistance to forest dependents was doubtful due to its poor management. Inadequate staff in the Extension and Interpretation Centres had contributed to the failure to motivate villagers to develop a tree growing culture. The Department lost the benefit of technical advancement in effectively managing forest resources due to the delay in installation of Remote Sensing and Geographic Information System equipment. Such deficiencies in the execution affected the achievement of the primary objective of the Project.

- **Neither provision of funds nor execution of works were based on site-specific Micro Plan.**

(Paragraph 3.3.10)

- **Execution of activities meant for degraded forests in non-forest areas and non-utilisation of root trainers for raising seedlings resulted in extra expenditure of Rs 20.70 crore.**

(Paragraphs 3.3.12 and 3.3.15)

- **There was a huge shortfall in planting seedlings due to non-availability of space fit for planting owing to dense forest cover and existence of rocky areas.**

(Paragraph 3.3.17)

- **Extra activities not contemplated in the Project were carried out in order to utilise the excess allotment resulting in unnecessary/extra expenditure of Rs 12.19 crore.**

(Paragraph 3.3.18)

- **Survival rate of plants was poor due to non-execution of water harvesting and soil conservation structures to the prescribed level and non -replacement of casualties during maintenance.**

(Paragraph 3.3.23)

- **There was huge pendency in recovery of loans from Village Forest Council members; the Department had not formulated any marketing strategy for the products manufactured by the members.**

(Paragraphs 3.3.27 and 3.3.28)

- There was poor participation of Village Forest Council members in Joint Forest Management activities.

(Paragraphs 3.3.30 to 3.3.35)

- Delay in the procurement of Remote Sensing and Geographic Information System equipment by the Department led to delay in reaping the benefit of advanced Technology.

(Paragraph 3.3.39)

Introduction

3.3.1 Tamil Nadu Afforestation Project (Project) aims at massive tree planting programme in the State to bring about balanced ecological upgradation and to meet the requirements of the local people for forest products. The Project, which was implemented from 1997-98 for a period of five years covering 1000 villages, was extended for two more years covering 258 additional villages. The main objectives of the Project are (i) improving the productivity of forest (ii) preserving areas which are rich in biodiversity (iii) motivating people to adopt tree-growing culture (iv) optimising use of land resources and (v) enhancing the capability of the Department. To achieve these objectives, the Project envisaged taking up afforestation and soil and moisture conservation activities in a holistic manner for each watershed through people's participation on the concept of Joint Forest Management (JFM) and improving the socio-economic status of local communities by creation of alternative sources of employment. The Project comprises of 'Plantation Activities' and 'Human Capability Development'.

3.3.2 Under 'Plantation Activities', the Project envisaged (i) planting operations in degraded reserve forests dividing it into upper, middle and lower zones, (ii) Buffer Zone activities to improve the living condition of forest dependents, (iii) constructing water harvesting structures in Water Augmentation Zone, and (iv) carrying out afforestation activities in community lands. Under 'Human Capability Development', the Project envisaged (i) establishment of 'Remote Sensing and Geographic Information System' (ii) purchase of computers, vehicles etc. (iii) establishment of extension and interpretation centres and (iv) administrative expenditure.

3.3.3 The physical targets fixed and funds allocated for various components of the Project and the achievements thereagainst during 1997-2003 are given in Appendix XXII.

Organisational set up

3.3.4 The Principal Chief Conservator of Forests (PCCF) is the overall in-charge of the Project. He was assisted by the Chief Conservator of Forests (CCF) and 15 Conservators of Forests (COF), 64 District/Divisional Forest Officers (DFO) and four Forest Extension Officers (FEO). The overall administrative control rests with the Secretary to Government, Environment and Forests Department.

Audit Coverage

3.3.5 The records of the Forests Department at Secretariat, Offices of the PCCF and six COFs and 25 divisions for the period from 1997-2003 were test-checked during February 2003 to May 2003. The significant points noticed in audit are discussed in the succeeding paragraphs.

Financial Performance

3.3.6 The Project costing Rs 499.20 crore has been funded by Japan Bank for International Co-operation (Bank) to the extent of 13324 million Yen (Rs 424.33 crore). Government of Tamil Nadu initially financed the expenditure and claimed reimbursement through Government of India (GOI) at the stipulated rates for each activity. The assistance was received as grant (30 *per cent*) and loan (70 *per cent*) from GOI. Government had incurred an expenditure of Rs 538.60 crore upto March 2003. This included Rs 70.87 crore spent on items like redeployed staff and duties and taxes, etc. which were not covered for reimbursement under the Project. Of the balance amount, the Government filed reimbursement claim for Rs 418.67 crore at the stipulated rates and received Rs 375.09 crore from the Bank.

The following observations are made:

Wrong classification of expenditure

3.3.7 Though Rs 62.84 crore spent on Buffer zone activities and incentive for local tree cultivation had not created any asset to Government, the expenditure was classified as 'Capital'.

Short claim on reimbursement of expenditure

3.3.8 The loan agreement with the Bank did not provide for reimbursement of taxes and duties. Though the Bank clarified (January 2002) that excise duty on materials purchased by the Department was eligible for reimbursement, the PCCF failed to make supplemental claim in respect of excise duty which was not claimed prior to receipt of the clarification. Similarly, Income Tax and Sales Tax deducted at source from the bills of the contractors, though eligible for reimbursement, was not claimed by PCCF. The total short claim disclosed during test-check was Rs 86.17 lakh (Excise Duty: Rs 42.55 lakh; Income Tax: Rs 40.08 lakh and Sales Tax: Rs 3.54 lakh). In reply, Government assured that the amount would be claimed.

Fraudulent payments

Rupees 87.98 lakh were paid for works not executed.

3.3.9 The special squads of the Department, which conducted physical verification of the plantations and soil and water conservation assets, pointed out that payments were made for works not actually executed. Test-check conducted in 21 divisions disclosed that physical verification by special squads brought out fraudulent payments for Rs 87.98 lakh. The Department had initiated disciplinary action and commenced recovery of overpayment after fixing responsibility. Rupees 5.86 lakh recovered by December 2002 was, however, credited to revenue of the Department, thereby overstating the expenditure on the Project. Government assured that the recoveries would be deducted from subsequent reimbursement claims.

Planning

Funds were not obtained based on Micro Plans.

3.3.10 The Project Report provided for cost ceiling for plantation activities like planting operations, civil works[1] and maintenance and envisaged preparation of site-specific Micro Plans for implementation of these activities. As such, PCCF should have prepared estimates based on Micro Plans and

[1] Gully plugging, Check dams, Contour trenches and Vegetative barriers.

obtained funds based on these estimates. PCCF, however, obtained Government orders fixing the unit cost of various components based on the cost specified in the Project and the COFs prepared model estimates for each operation within the unit cost sanctioned by Government. The divisions, prepared the Micro Plans, but executed the works only as per the model estimates. Test-check revealed that the execution of works commenced even before the approval of Micro Plan and the civil works were not executed as per the Micro Plan. PCCF stated that as the process of budgeting starts much earlier than the preparation of Micro Plan, it was not possible to obtain funds based on Micro Plan. In such circumstances, PCCF should have allocated funds based on Micro Plan for each division.

Activities meant for degraded Reserve Forests were executed in non-forest areas.

3.3.11 The Project envisaged planting operations and civil works in lower, middle, upper and Water Augmentation zones of degraded Reserve Forests (RF) having crown density of less than 40 *per cent* and carrying out Buffer zone activities in the villages adjacent to RF areas. The Project also proposed to increase the tree cover by planting trees in community lands and sand dune areas. The unit cost for activities in RF was higher than that in community lands and sand dune areas.

3.3.12 The PCCF, instead of re-organising the divisions to cover the degraded areas, planned to execute the works through the existing divisions. Consequently, due to non-availability of degraded RF, the divisions selected community and private lands, sand dune areas and areas with more than 40 *per cent* crown density for executing activities relating to degraded RF. Besides, the divisions also executed Buffer zone activities in wild life sanctuaries where there was no scope for JFM activity. Test-check revealed that 7142 hectares which were not degraded RF, were covered with activities meant for degraded RF and Buffer zone activities were executed in 39 villages adjacent to wildlife sanctuaries resulting in avoidable expenditure of Rs 8.70 crore.

3.3.13 Government stated that only lands, which were under various stages of reservation process, sandy areas and RF with less than 40 *per cent* crown density (*viz.*, Gandamanur East RF) were selected. This contention was not tenable as (i) the Project Report mentioned existence of about 6.42 lakh ha of degraded forests of which only 3.82 lakh ha were proposed to be covered under the Project and the community land could have been covered under 'Greening of community lands' incurring lesser expenditure, (ii) the Micro Plan, specifically mentioned that the areas in Ramanathapuram Districts were sand dune and (iii) DFO, Madurai in his detailed report (July 2000) had stated that the available area in Gandamanur East RF was in high plateau, inaccessible with density of more than 80 *per cent* in some places or the ground was rocky.

3.3.14 Test-check disclosed that PCCF sanctioned Rs 53.30 lakh for carrying out Buffer zone activities in ten villages, which were already covered under another scheme 'Interface Forest Programme' (IFP).

Root trainers were not used for raising seedlings.

3.3.15 The Special Assistance for Project Implementation (SAPI) Mission for Overseas Economic Co-operation Fund studied the implementation of the Project. The recommendation by the SAPI Mission included the use of root trainers instead of polythene bags in nurseries for raising seedlings as it would be economical and the root system would be developed. The PCCF assured GOI (December 1998) to try it on experimental basis to study its efficacy and economy. Though MSCS Division, Salem raised seedlings in root trainers from 1997-98 onwards and achieved excellent results with a cost advantage of Rs 1.44 per seedling, PCCF failed to instruct COFs to raise the seedlings in root trainers. Had the seedlings been raised in root trainers from 1999-2000 onwards Rs 12.00 crore would have been saved in raising 8.33 crore seedlings (approximately).

Project Implementation

3.3.16 Deficiencies noticed in the implementation of the Project are discussed below:

Planting operations

Shortfall in planting seedlings.

3.3.17 Against the target of carrying out plantation activities in 4.13 lakh ha, the Department covered 4.10 lakh ha during 1997-2003. Though the Department achieved the target in terms of area, there was huge shortfall in terms of number of seedlings to be planted. Test-check revealed that 33 divisions planted only 204.39 lakh seedlings as against the prescribed number of 328.61 lakh. The shortfall was mainly due to non-availability of space fit for planting owing to dense forest cover and existence of rocky areas. This indicates wrong selection of areas for afforestation, defeating the objective of increasing tree cover. Government stated that audit had worked out the shortfall based on a few instances where less number of seedlings were planted than norms and contended that there was no major shortfall during 1997-2001 as verified from the data collected from the divisions. The contention of Government was not correct as the data furnished by PCCF to Government differed from that of basic records maintained by the divisions and the working by Audit was not based on selective approach but on basic records of the divisions. Further, the model estimates prepared by the COFs during 1997-2000 provided for planting fewer number of seedlings than the norms and the norms were adhered to only after PCCF issued instructions (March 2000).

Rupees 12.19 crore were spent on activities not contemplated in the Project.

3.3.18 The Project Report specified various activities to be undertaken under planting operations, fixed cost limits for planting operations and civil works for various zones. The COFs had not followed these limits while preparing the Model Estimates and provided more funds than that contemplated in the Project Report for planting operations. The excess provision of funds was utilised to execute various items of work* at a cost of Rs 12.19 crore which were not contemplated in the project.

Civil works

Shortfall in execution of civil works.

3.3.19 The Project Report allocated Rs 146.16 crore for civil works in RF areas during 1997-2002. The COFs, however, increased the allocation for planting operations by reducing the funds meant for civil works. To compensate this, the COFs diverted funds meant for "Maintenance", "Greening of community lands" and "Tribal Life Support" for execution of civil works. In spite of this, the Department spent Rs 111.41 crore only on civil works. Of this, Rs 20.36 crore only were spent on construction of gully plugging, forming contour trenches and vegetative barriers against Rs 81.53 crore provided in the Project. In a study conducted by a consultant on soil and water conservation and water harvesting structures under the Project, it was observed that these cost effective structures were essential in upper and middle

* forming additional catch water pits: Rs 5.06 crore; larger size bags and pits: Rs 4.22 crore; provision of individual fencing, planting palmyrah seeds, tending and forming semi-circular bunds/catch water pits for natural seedlings and sowing of seeds: Rs 1.40 crore; employment of protection watchers: Rs 1.10 crore; and providing rain water drain: Rs 41.01 lakh.

zones. Government stated that there was no shortfall in construction of civil works as semi-circular bunds and catch water pits were executed for Rs 32.69 crore during this period. This contention was not correct as the Project Report classified these works under planting operations only.

3.3.20 Test-check revealed that the diversion of funds to civil works resulted in lesser number of casualties replaced under ‘Maintenance’, planting of fewer number of seedlings than contemplated under ‘Greening of community lands’ and planting of miscellaneous seedlings instead of bamboo/fruit bearing trees under ‘Tribal Life Support’. This affected the achievement of objectives of these components. Government contended that execution of civil works were necessary for achievement of objective of these three components. This contention was not tenable as Project Report did not envisage execution of civil works under these components and not all divisions executed civil works under these components.

3.3.21 It was seen that the hydrological data necessary for planning watershed management was not available (except in a few isolated cases). The estimates for construction of check dams were prepared on the basis of assumptions. In the absence of basic design parameters, correct selection of site and techno-economic consideration of the structures and effect on the down stream irrigation system could not be ascertained. During field inspection, the PCCF observed (September 2000) that water harvesting was not very effective.

Maintenance

Casualties not replaced.

3.3.22 The Project provided 20 *per cent* of the unit cost of planting operations in degraded forests for maintenance during the first year and ten *per cent* for subsequent two years. Maintenance work included replacement of the casualties and execution of micro soil conservation works. The model estimates prepared by the COFs provide for replacement of casualties upto ten *per cent* during the first year (permission of COF necessary for replacement in excess of ten *per cent*) and only soil works during second and third year. The savings were to be utilised for executing civil works. Consequently, casualties were not replaced at regular intervals and the Department took up consolidation of plantation raised during 1997-99 at a cost of Rs 3.53 crore during 2002-03. Test-check revealed that out of the total casualty of 28.76 lakh plants, only 4.38 lakh plants were replaced in 72 villages. Thus, poor maintenance resulted in non-increase of density of forest to the extent envisaged in the Project.

Survival of plantation

Poor survival rate.

3.3.23 Test-check in 17 divisions revealed that in 359 plantations covering 28,474 ha on which expenditure of Rs 9.20 crore was incurred, the survival rate was below 60 *per cent*, which resulted in a loss of Rs 5.22 crore. Government stated (December 2003) that the survival percentage for all the divisions ranged between 63 and 73 and attributed the casualties to drought, competition from other vegetation and domination by certain species. These contentions are not tenable as (i) the survival percentage reported by PCCF to Government was not worked out from the basic records maintained by the divisions, (ii) the Project contemplated execution of sufficient civil works and maintenance for three years including replacement and (iii) the divisions should have ensured enough space between the seedlings and existing trees and proper selection of species. As such, the poor survival was mainly due to non-execution of civil works to the prescribed level and non-replacement of casualties. The better survival percentage in earlier schemes indicated that the execution of works, which were not contemplated in the Project, had no impact on the plantations.

Buffer zone activities

3.3.24 To wean the villagers and forest dependents away from the forest and to provide other avenues for improving their living conditions, the Project provided funds for Buffer zone activities of which 70 *per cent* was earmarked for income generation activities and 30 *per cent* for community development. Under income generation activities, each village was to be provided Rs six lakh for releasing loan to the members of VFCs. The amount recovered from the beneficiaries was to be credited to the Village Forest Development Fund (VFDF). After closure of the Project, this fund would form a revolving fund, to be utilised for maintenance, protection and improvement of the forest area and extending assistance to forest dependents. During 1997-2002, the Department spent Rs 44.28 crore under this component. Audit scrutiny revealed the following:

Funds meant for income generation activities were used for community development works.

3.3.25 Test-check disclosed that 15 divisions diverted Rs 1.21 crore provided for income generation activities, to community development works. Consequently, the revenue to the VFDF had been reduced and the mobilisation of funds to that extent would be reduced after closure of the Project.

3.3.26 Twelve divisions treated a part of the loan as subsidy (Rs 99.22 lakh) based on the instructions of PCCF (July 1999) and 17 divisions supplied agricultural implements free of cost (Rs 46.67 lakh). Treating loan as subsidy and free supplies, which were not contemplated in the Project, would deprive funds to VFDF for future intended purposes.

Poor recovery of loan paid to members of Village Forest Council.

3.3.27 Out of Rs 25.59 crore disbursed to 68992 beneficiaries during the period 1997-2002, Rs 14.05 crore remained to be recovered as of March 2003. The pendency was more than 50 *per cent* of the loan released in each year from 1997-98. The non-recovery of the outstanding loan would reduce the sustainability of VFDF after closure of the Project.

3.3.28 The Department had not formulated any marketing strategy for the products manufactured by the VFC members.

3.3.29 Government stated that the diversion of funds meant for income generation activities was made on request from VFCs and this would not affect the VFDF as the revolving fund would generate financial flow. Government also stated that subsidies and free supplies were made to weaker sections, recovery of loan was affected due to poverty and drought conditions, the major activity of dairying did not require any marketing arrangement and efforts were made by the Department to offer marketing tie up for other products. The contentions of Government were not tenable as (a) diversion of funds earmarked for providing loan to the members of VFCs for other activities would reduce the financial flow of VFDF (b) specific components to benefit weaker sections were contemplated in the Project, (c) PCCF had not issued specific guidelines regarding the operation of VFDF, resulting in poor recovery and (d) in the absence of proper marketing strategy, the members of VFDF were forced to sell the products locally.

Joint Forest Management

Ineffective Joint Forest Management.

3.3.30 The Project envisaged involvement of VFCs in planning and execution of works, protection, harvesting and benefit sharing with focus on degraded forest. Test- check of VFC records disclosed the following:

3.3.31 Loan Register, Recovery Register and Receipt Books were not maintained properly by the Rangers, who are responsible for them. The DFO, SF Division, Tiruchirappalli released Rs 1.81 lakh to the President of Veeramalaipalayam, VFC instead of to the Ranger for disbursement of loan to the beneficiaries and the President had not rendered the accounts (March 2003). Besides, Presidents of two VFCs misappropriated Rs 1.28 lakh from the recoveries.

3.3.32 The VFC meetings, which were to be held at least once in three months, were not held for years together. The Executive Committees (EC), which were to meet at least once in a month, did not meet periodically in many villages. This shows poor participation of the VFC members on JFM activities.

3.3.33 The annual membership fee of Rs two (Re one from SC/ST), a revenue to the VFDF, was not recovered in 109 test-checked villages.

3.3.34 It was noticed that VFCs formed under IFFP from 1996 to 1998 were not functioning after closure of the project. In view of this, sustainability of the VFCs formed under this Project and also afforestation work to be carried out by them after closure of the Project are doubtful.

3.3.35 Government stated that (i) the VFC Presidents maintained financial records in stray cases as the villages were located in remote areas (ii) VFC meetings could not be conducted as prescribed due to local conditions and the villagers were new to organised institutional set up (iii) steps were being taken to collect the annual membership fee and (iv) the VFCs under this project were registered bodies and would be sustainable. Thus, it was agreed by Government that the functioning of VFCs required improvement. Further, mere registration of VFCs would not ensure its sustainability.

Incentive for local tree cultivation

No arrangement was made for marketing the seedlings raised by private landowners.

3.3.36 To encourage tree planting in private lands, the Project proposed giving incentives to private landowners for raising seedlings for sale. The Department paid incentives of Rs 3.44 crore for raising 2.47 crore seedlings but had not ensured whether the seedlings raised were actually marketed and planted. PCCF admitted (February 2001) that marketing of the seedlings was not tied up, as a result of which their disposal was difficult. He also admitted that this component did not measure up to the desired expectation in a number of villages. As massive afforestation works were taken up by Forest Department under the Project, seedlings raised by the villagers under this component could have been procured by the Department and used for planting, which would not only motivate the villagers, but also involve them actively in JFM activities.

Generation of Local Employment

Planting operations and civil works were carried out by engaging contractors instead of local people.

3.3.37 Though only local people are to be engaged in Project works, test-check revealed that three divisions (Tiruchirappalli, SF, Tiruchirappalli and Vellore) had carried out the entire work of planting operations and civil works by engaging contractors on tender system. In most of the other divisions, civil works were carried out through petty contractors. PCCF stated (September 2003) that only local people were employed by the contractors. The fact, however, remains that the local people would be affected by employment of middlemen.

Extension and Interpretation Centres

3.3.38 To take up massive afforestation and to motivate the people to grow more trees, the Department established 15 Extension and Interpretation Centres. Buildings were constructed at a cost of Rs 1.68 crore during 2000-2002, and 15 publicity vans procured for Rs 50.82 lakh during 1997-2000. Besides, Rs 56.57 lakh were spent on purchase of audiovisual equipment during 1998-2002. But due to the ban on recruitment, two posts of Rangers and 21 Foresters, sought for by COF in January 2002, had not been sanctioned and the posts of ten operators and seven drivers sanctioned by Government in February 1998 were also not filled up (March 2003). Government accepted the non-appointment of technical staff due to general ban on recruitment but contended that the centres established in 2000-01 were effectively functioning utilising the services of existing staff, locally available technical persons and drivers on daily wages. The fact, however, remained that the centres were established belatedly and were not provided with the required staff to effectively utilise the infrastructure created.

Remote Sensing and Geographical Information System

3.3.39 To enhance the capability of the Tamil Nadu Forest Department, the Project contemplated establishment of Geographic Information System (GIS). Remote Sensing and GIS equipment, scheduled to be procured during 1997-98, were purchased (Rs 1.03 crore) and installed in PCCF office only in July 2001 due to delay in appointment of selection committee for selection of hardware and software. However, the staff required for GIS Cell was employed from 1998-99. The delay in selection and procurement of equipment for GIS Cell delayed the benefit of advanced technology. Department stated that the delay in purchase of equipment was due to non-finalisation of agency for consultancy work and in the meantime the staff were given training and preparation for using the equipment were undertaken.

Other points of interest

3.3.40 The Department incurred additional expenditure on the following works by not following the prescribed procedure.

3.3.41 Tamil Nadu Building Practice provides for finishing the joints of Random Rubbles while executing masonry works to arrest any leakages. Test-check showed that three divisions made separate payment for ‘pointing’ the surface to arrest the leakages in addition to finishing the joints resulting in avoidable expenditure of Rs 14.28 lakh.

3.3.42 The work of construction of rough stone dry packing/gully plugging, was carried out by collecting rough stone from the reserve forest.

The works were executed by engaging petty contractors and the payments were made also for the stones. This resulted in an overpayment of Rs 58.01 lakh in three divisions. Government assured to examine the matter and recover the cost from the officials.

3.3.43 According to the orders of Finance Department cement should be procured from open market by floating tenders from 1998-99. It was noticed that the DFOs had purchased cement from Tamil Nadu Cement Corporation Limited (TANCEM) at prices ranging from Rs 2700 to Rs 3160 per metric tonne (MT) without inviting tenders. A comparative analysis of the price of cement purchased by Tamil Nadu Water Supply and Drainage Board during the same period disclosed that the purchase price of cement from various manufacturers including TANCEM for supply to various districts ranged from Rs 2358 to Rs 3020 per MT. Failure of the DFOs to purchase cement by floating tenders after consolidating the requirements, resulted in extra expenditure of Rs 26.52 lakh on purchase of 5858.61 MT of cement by 21 divisions during the year 1998-99. In reply, the Government contended that purchase through tender would be a time consuming process and would affect the progress of work. This contention was not tenable as the tender process could be initiated well in advance.

3.3.44 Based on the instructions of PCCF (November 2000), poultry manure was applied while planting the seedlings and during maintenance period from 2000-01 onwards. In 11 test-checked divisions, 3283 tonnes of poultry manure was applied at a cost of Rs 66.53 lakh by following petty contract system and directly by the divisions. Purchases were made without following tender system. Government contended that there were no large suppliers for adopting centralised tender system and manure was purchased locally. This contention was not acceptable since the divisions utilised nearly 220 tonnes per annum which could not be procured locally as poultry farms were concentrated only in certain districts; further, the micro plans did not indicate existence of any poultry farms in the Project villages.

Evaluation

3.3.45 The independent agency for mid-term evaluation of the Project suggested (September 2000) by Bank was not appointed as of April 2003. PCCF stated that the internal evaluation in 80 randomly selected JFM areas pertaining to the years 1997-2001 showed that there was an increase in tree cover by 60 *per cent* and tree species by 15 *per cent*, soil erosion was prevented, overall survival of saplings planted was 85 *per cent*, water table levels increased in the villages, area under cultivation had increased, household below poverty line had reduced by 35 *per cent* and dependency on forest was eliminated. Test-check by Audit, however, indicated that there were shortfall in plantation and execution of civil works, survival of planted saplings was poor and villagers continued to be poor and could not repay loans. Government claimed that the Report of Forest Survey of India (FSI), 2001 disclosed increase of tree cover by 4.42 lakh hectares between 1997 and 2001 and increase in dense forest (over 40 *per cent* crown density) was 3802 square kilometre and attributed the increases to the successful implementation of the Project. However, in fact only gap plantation and not new areas were covered under the Project and FSI report specifically mentioned that the increase in forest cover was mainly due to adoption of digital technique which identified forest cover not included in earlier reports and inclusion of coconut, coffee and tea estates in the latest report. The report also stated that comparison of the results of the latest survey with earlier reports would not be valid.

HEALTH AND FAMILY WELFARE DEPARTMENT

3.4 Implementation of the Drugs and Cosmetics Act, 1940

Highlights

The Drugs and Cosmetics Act, 1940 (Act) is a Central Act and is applicable to the whole of India. This Act alongwith the other associated Acts and the rules made thereunder regulate the manufacture, sale, import, export and clinical research of drugs and cosmetics in India. While the parameters of control are devised by the Central Government, these are required to be actually implemented by the State Government. Dereliction occurs in the implementation of regulatory parameters especially in the areas of licensing, approval, monitoring, prosecution, inspection and recall of substandard/ spurious drugs.

A review of the implementation of the Act revealed that the important legislation has failed due to deficiencies in administrative arrangements, inadequacies in subordinate legislations, lack of deterrent punishments for offenders, lack of control in the grant and renewal of licences of manufacturing/selling units, huge shortfall in collection of samples, delay in testing the samples collected, non-withdrawal of drugs not of standard quality in time from the market and shortfall in inspection of manufacturing/selling units. In sum, lack of administrative will to discharge the statutory obligations resulted in non-enforcement of the Act in letter and spirit.

- There was lack of deterrent punishment for offences under the Act and there was no coordination among various departments for effectively enforcing the Act.

(Paragraphs 3.4.11 and 3.4.20)

- Only 84 posts of Drug Inspectors were sanctioned against the eligible 368 posts; Government failed to augment manpower availing World Bank assistance.

(Paragraph 3.4.22)

- Absence of a proper system for the grant and renewal of licences to the manufacturing/sales units led to irregularities.

(Paragraphs 3.4.25 to 3.4.35)

- Huge shortfalls in lifting samples from manufacturing/sales premises for test indicated the department's failure to ensure availability of standard quality drugs to the public.

(Paragraphs 3.4.36 to 3.4.42)

- Due to shortfalls in inspection of manufacturing/sales units by Drug Inspectors, cent *per cent* potency and purity of the drugs manufactured and sold could not be ensured.

(Paragraphs 3.4.43 to 3.4.46)

- Out of 7679 samples tested in Government Drug Testing Laboratory during 2000-2003, test reports were delayed for over one year in respect of 1884 samples; 1911 samples were pending to be tested in the laboratory as of June 2003.

(Paragraph 3.4.50)

- Due to delayed test reports, substandard drugs were sold and consumed.

(Paragraphs 3.4.58 to 3.4.63)

- The mobile squad at Madurai did not function during November 1999 to March 2002 since there was no vehicle and no notified Drug Inspector.

(Paragraphs 3.4.65 to 3.4.67)

- Non-notification/delays in notification of Drug Inspectors resulted in an infructous expenditure of Rs 52.95 lakh.

(Paragraphs 3.4.14 and 3.4.72)

Introduction

3.4.1 Government of India (GOI) promulgated the Drugs and Cosmetics Act, 1940 (the Act) and framed Drugs and Cosmetics Rules, 1945 (the Rules) to ensure manufacture, sale and distribution of drugs and cosmetics of prescribed standard and quality. The Act also applies to patent or proprietary medicines relating to Ayurveda and other systems of medicine and to cosmetics. At present, the following Acts and Rules made thereunder apart from the Drugs and Cosmetics Act, 1940 govern the dispensation, manufacture, sale, import, export and clinical research of drugs and cosmetics in India : The Pharmacy Act, 1948; The Drugs and Magic Remedies (Objectionable Advertisement) Act, 1954; The Narcotic Drugs and Psychotropic Substances Act, 1985; The Medicinal and Toilet Preparations (Excise Duties) Act, 1956; The Drugs (Prices Control) Order, 1995 (Under the Essential Commodities Act). But the main Act continues to be the 'The Drugs and Cosmetics Act, 1940'.

3.4.2 Main features of the Drugs and Cosmetics Act, 1940 were (i) Regulatory measures to ensure standards of Drugs and Cosmetics, Diagnostics and Devices; (ii) Monitoring of quality of drugs and medicines imported, manufactured, distributed and sold to public; (iii) Punitive measures for dereliction of provisions of the Act; and (iv) Regulation of clinical research and publication of Indian Pharmacopoeia.

Scope of Statutory Functions

3.4.3 This is a Central Act and is applicable to the whole of India. The main functions of Central Government are (a) laying down standards of drugs, cosmetics, diagnostics and devices, (b) laying down regulatory measures, amendments to Acts and Rules, (c) to regulate market authorisation of new drugs, clinical research in India, and standards of imported drugs, (d) to approve licences to manufacture certain categories of drugs as Central

Licence Approving Authority i.e. for Blood Banks, Large Volume Parenterals and Vaccines and Sera, (e) work relating to the Drugs Technical Advisory Board and Drugs Consultative Committee, (f) testing of drugs by Central Drugs Laboratories and (g) publication of Indian Pharmacopoeia, etc.

3.4.4 The main functions of the State Government are (a) licensing of drug manufacturing and sales establishments, (b) licensing of drug testing laboratories, (c) approval of drug formulations for manufacture, (d) monitoring of quality of Drugs and Cosmetics, manufactured by respective state units and those marketed in the State, (e) investigation and prosecution in respect of contravention of legal provisions, (f) administrative actions to regulate the standards of imported drugs, (g) pre- and post-licensing inspection and (h) recall of sub-standard drugs.

Scope of Audit

3.4.5 From the above it is clear that while parameters of control are devised by the Central Government, these are required to be actually implemented by the State Government, excepting areas of standard setting for imported drugs, regulations of clinical research and market authorisation of new drugs. It is in the implementation of the regulatory parameters that dereliction occurs, particularly in the areas of licensing, approval, monitoring, prosecution, inspection and recall of sub standard/spurious drugs.

3.4.6 Audit examination of the implementation of the Drugs and Cosmetics Act, 1940, adopts these areas of possible dereliction as critical indicators for the level of implementation.

3.4.7 A review of the implementation of the Act and Rules was conducted[1] during October 2002 to December 2002. Records relating to the period 1997-2003 were reviewed in general and the important points noticed are discussed in the succeeding paragraphs.

Implementation Arrangement

3.4.8 Director of Drug Control (DDC) is the controlling and licensing authority for drug manufacturing units in the State. The State is divided into 13 zones, each headed by an Assistant Director of Drugs Control (ADDC), who is the authority for grant and renewal of sale-licences in his zone. DDC is assisted by one Joint Director and three Deputy Directors and one ADDC (Administration) in Headquarters. There is a Legal *cum* Intelligence Wing headed by one of the Deputy Directors, with one Legal Adviser.

3.4.9 One Mobile Squad headed by an ADDC is functioning from Madurai. There is one Drug Testing Laboratory (DTL) headed by a Government Analyst (GA) at Chennai for testing the samples of drugs and cosmetics. The Biological Control Wing (BCW) of the King Institute,

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[1] Test-check of records of (i) Health and Family Welfare Department (Secretariat) (ii) Office of Director of Drug Control; four selected zones (Zone III and IV of Chennai Region, Coimbatore and Madurai) Mobile squad, Madurai, Drug Testing Laboratory and Biological Control Wing at Chennai.

Chennai was entrusted with testing and reporting on samples of Schedule “C” and “C(1)” drugs.

Standing of the law

Adequacy of subordinate legislations

3.4.10 DDC’s powers have not been defined in the Act. DDC was the administrative head entrusted with the responsibility of enforcing the Act and rules as well as the Drugs (Prices control) Order. He was to ensure availability of standard and safe drugs and cosmetics at fair prices. The DDC drew his authority from the Central Act/ Rules. No rules have been framed nor any code compiled laying down the mode of enforcing the Act. Deficiencies in the implementation of the Act as discussed in succeeding paragraphs lead to the conclusion that most of the provisions of the Act remained largely unenforced.

Relationship with other laws

Lack of deterrent punishments and absence of co-ordination among various departments.

3.4.11 A list of some of the important allied Acts to the Drugs and Cosmetics Act with their objectives is given in Appendix XXIII. Despite all the enactments, dispensation of drugs under all systems of medicine by unqualified persons has not been made a cognisable offence with deterrent punishments. The Drugs and Magic Remedies Act prohibits only the advertisements which lure the lay public claiming cure of various diseases, but does not curb quackery.

3.4.12 The DDC informed Audit (October 2002) that there was no coordination with other departments, no police help was provided and there was no interaction with Airport, Seaport, Customs, Central Excise and Vigilance authorities in Tamil Nadu.

Analysis of major caveats

3.4.13 The post of Drug Inspector (DI) is very important for enforcing the Act and he is vested with statutory powers for inspection, sampling and initiating prosecution.

3.4.14 GOI amended Rule 49 of the Act in October 1993, prescribing a degree in Pharmacy or Pharmaceutical Science or Medicine with specialisation in Clinical Pharmacology or Microbiology as qualification for appointment as DIs. State Government appointed eight Junior Analysts (JAs) with B.Sc. qualification as DIs (December 1998), relaxing the educational qualification prescribed. Though seven officers joined between December 1998 and April 1999, the Government could not notify them under the Act due to various legal cases filed against the appointments. The Tamil Nadu Administrative Tribunal held (August 2003) that the appointment of the JAs as DIs was not valid and set aside the relaxation of qualification as it was against public interest. Because of non-notification, these DIs could not discharge their statutory functions. Rupees 36.17 lakh incurred on salaries of these seven DIs thus became infructuous.

3.4.15 All India Association of Private Medical Practitioners, Chennai (a Registered Society) filed a petition in the High Court of Madras to issue a writ of Mandamus to Government of Tamil Nadu (GTN) to issue necessary certificates (complying with the circular issued by GOI in June 1998) enabling its members to continue practice in modern medicine. The members were practising in modern medicine for more than 15 years though they have not secured any degree or diploma prescribed by any University for qualifying as a registered medical practitioner. The High Court held (November 2002) that it was not open to GOI to supplement the provisions of the Act and Rules by executive orders which has the effect of nullifying or modifying the statutory provisions and dismissed the petition. Thus, it was evident that unqualified persons were dispensing drugs in the State till November 2002.

Statistics of prosecution vis-à-vis cases filed

3.4.16 Details of cases filed for violation of the Act during 1997-2002 were as follows. This includes 12 cases filed under Drugs and Magic Remedies Act (DMR Act).

Year	Prosecutions		Acquittal		Penalty imposed		Under trial	
	D	C	D	C	D	C	D	C
1997-1998	136	2	6	-	105	2	25	-
1998-1999	112	4	2	-	92	4	18	-
1999-2000	108	-	1	-	69	-	38	-
2000-2001	104	2	1	-	74	2	29	-
2001-2002	65	1	1	-	39	1	25	-
Total	**525**	**9**	**11**	**-**	**379**	**9**	**135**	**-**

D: Drugs **C: Cosmetics**

Yearwise analysis and nature of offence committed are detailed in Appendix XXIV. 220 cases related to dispensing medicine without a pharmacist or without maintaining a prescription register. Out of 388 cases in which penalty was imposed, only three offenders were imprisoned upto one year and in 359 cases the punishment imposed was fine together with imprisonment till the rising of court. In one case, the DDC sanctioned prosecution (September 2001) under Sections 3(3) and 3(d) read with Sections 12 and 13 of the DMR Act for objectionable indication on the label ; but the case was not filed in court by the DI, Vellore Range II in time and it became barred by time limitation.

Infirmities in the Act/Rules for prosecution

3.4.17 Under the Drugs (Prices control) Order, it has to be ensured that the drugs are sold at the prescribed prices, and availability of the drugs monitored. According to paragraph 21 of the Drugs (Prices control) order, any gazetted officer (of State/Central Government) authorised by a general or special order of GTN, may, for implementation of the provisions of the order, enter, search and seize drugs. However audit observed that GTN issued orders only in December 2002 (after seven years) authorising certain officers under paragraph 21.

3.4.18 The Act and Rules provide for tests by Government analyst, with the objective of standardisation of drugs. Medicines of allopathy system, after testing by Government Analyst (GA) are required to be certified as 'standard' or 'not of standard' (form 13) under the Act. However, in Tamil Nadu for medicines of Indian system the GA gives only 'no opinion' report after analysis of Ayurveda, Siddha, Unani and Homeopathy medicines; but the samples are classified by the analyst as 'standard drugs' based on the 'no opinion' report. Thus, practically there is no standardisation of drugs of these systems of medicine.

Inadequacy of powers of Drug control authorities as enforcing agencies

3.4.19 The DDC has administrative powers but no magisterial powers. Except for cancellation of licenses and suspending the manufacture of drugs in case of any offence, no punitive powers vest with him. Absence of any provision in the Act/Rules prescribing scientifically evolved time schedules for testing samples has resulted in most of the test results not being available in time to withdraw substandard drugs from the market.

3.4.20 The Mashelkar Committee set up by GOI in 2002 recommended through an interim report on allopathic drugs, that all offences under the Legislation be made cognisable and non-bailable irrespective of the gravity of the offence and setting up a National Drug Control Organisation. GOI plans to bring legislation in this regard.

Enforcement

Deficiencies in implementation arrangements

3.4.21 Under section 22 of the Act, the Drug Inspectors (DIs) are empowered to (i) inspect any premises wherein any drug or cosmetic is being manufactured or sold or stocked or offered for sale or distributed, (ii) draw samples of the drugs/cosmetics, (iii) enter and search places where an offence under the Act, has been, or is being committed, (iv) examine any record/ document etc., found in the premises of search and (v) require any person to produce any record/document relating to manufacture/sale/distribution of drugs/cosmetics.

Huge shortage of Drug Inspectors due to non-observance of prescribed staffing pattern.

3.4.22 The Task Force appointed by GOI (June 1982) for examining the adequacy of drug control set up in the States and measures to strengthen it, had recommended (October 1982) a norm of one DI for every 25 manufacturing units and one DI for 100 sale premises. The above recommendation was also accepted by GOI. With reference to the above norms, Tamil Nadu would require 368 DIs to cover 1128 manufacturing units and 32,345 sales premises in the State as on 31 March 2002. However, the sanctioned strength of DIs was only 84 (of which 74 were only operational) leaving a shortfall of 284 posts (77 *per cent).* This led to gross inadequacy in discharge of the statutory functions like inspection, sampling, searching premises, etc.

Government failed to augment manpower availing World Bank assistance.

3.4.23 GOI proposed (September 1996) a project for strengthening of enforcement staff and augmentation of analytical testing facilities with cent *per cent* assistance from World Bank for the cost of staff recruited, for five years. GOI required (September 1996) commitment from the State Government for bearing the recurring cost from the sixth year. GOI's proposal included (November 1998) provision of 145 additional posts for the State (89 DIs, nine Supervisory and 47 other staff). The expenditure on these additional staff was to be met out of the earnings generated through upward revision of licensing fees, after the project period was over. However GTN finally decided (February 2002) not to implement the project, due to the prevailing financial position.

3.4.24 GTN decided not to implement the scheme, despite the fact that number of DIs available in the State was grossly inadequate. As a result various statutory functions entrusted to them regarding testing of drugs and inspection of the concerned premises could not be performed adequately.

Survey and Licencing procedures

3.4.25 Any person engaged in manufacture, sale or stocking of drugs is required to obtain a licence on payment of prescribed fees. The licence issued by Drug Control Department was valid upto 31 December of the succeeding year. From August 2001, GOI revised the validity period of the licence to five years from the date of issue in respect of Allopathy, Homeopathy and cosmetics.

Improper system for watching granting/ renewal of licences.

3.4.26 DDC grants and renews licences in respect of manufacturing units in the State and the ADDC in respect of selling units in his zone. However, Audit observed that DDC did not maintain any record containing information of licencees under his control. There was no systematic watch over their periodical renewal and the DDC could not say whether all the functioning units had valid licences. Besides, DDC had no complete record of events (such as change in constitution, premises or in name style and renewal of licences) pertaining to each unit.

3.4.27 The ADDCs of the sample zones also had not maintained any detailed record of licences issued. Though a register containing the details of applications received and renewals issued was maintained, there was no system to watch whether all the sales premises under their control had renewed their licences. Total number of manufacturers/sales outlets reported to the Legislature through the policy note differed widely from the annual reports sent to Government of India as detailed below:

(Figures in Numbers)

Year	Manufacturers in the State		Licences issued to manufacturers		Sales outlets		Licences issued to sales outlets	
	As per policy note	As per annual reports	Fresh	Renewal	As per the policy note	As per the annual reports	Fresh	Renewal
1997-1998	2908	2035	167	571	26673	29363	2493	9723
1998-1999	3037	1482	223	535	28746	31851	2781	8213
1999-2000	1657	1277	229	658	31207	31275	3102	11630
2000-2001	1881	2300	180	559	33157	31665	3023	11462
2001-2002	2057	1128	173	588	33354	32345	3140	11745

Huge fluctuations in the reported number of manufacturers in successive years showed that neither the DDC nor the Government had accurate data. The renewal of licenses of manufacturers/sales outlets, which should be nearly 50 *per cent* during 1997-2000 (considering the validity of two years for licenses), actually was in the range of 17 to 40 *per cent* in respect of manufacturers and 29 to 37 *per cent* in respect of sales outlets. Thus it is evident that there was no proper system to verify whether all the units renewed their licences. Government stated (November 2003) that six computer systems with requisite software for updating the manufacturing licences were since installed and the particulars were being updated. The variations between the policy note and annual reports were attributed to different cut-off dates adopted for compiling the reports. However, the wide fluctuations in successive years were not explained by Government.

3.4.28 Also the ADDCs did not have a complete list of manufacturers as licenced by DDC and operating in their jurisdiction. Therefore, ADDC could not ascertain whether any unit is functioning without a licence. Government stated (November 2003) that necessary instructions were issued to all the ADDCs to maintain master records of sale licences issued as well as for manufacturers operating under each ADDC, as licenced by DDC.

Irregularities in issue of the licences.

3.4.29 According to proviso to Rule 63 of Drugs and Cosmetics Rules, if the application for renewal of licence in force was made before its expiry/within six months of its expiry, after payment of additional fee, the licence shall continue to be in force until orders are passed on the application. The licence shall be deemed to have expired if application for its renewal was not made within six months after its expiry.

3.4.30 A test-check of 345 renewals in three zones[2] revealed that the licencing authorities entertained applications beyond the prescribed period of six months and renewed the licence in 15 cases after periods ranging between 202 and 309 days.

3.4.31 As per the conditions of licence, the licensee shall inform the Licencing Authority in writing, in the event of any change in the constitution of the firm and in such cases, the licence in force would be deemed to be valid for a maximum period of three months from the date on which the change took place, unless in the mean time, a fresh licence was taken from the licensing authority.

3.4.32 During test-check of records in four selected zones[3], irregularities were noticed in 13 cases in that the change was intimated to the ADDC much after three months and yet the licence was issued by him. Concerned DIs did not inspect the premises before issue of such licences.

3.4.33 Perusal of renewal documents and connected records in Coimbatore Zonal Office revealed that the renewal papers were not forwarded to the concerned DIs for verification and all the sales premises were not inspected. Inspection of premises was done without collecting/obtaining the papers submitted by the licensees for renewal; the authenticity of the information given by the licensees was therefore not verified.

3.4.34 Test-check of records of 198 cases of renewals revealed that (i) in none of the cases documents filed by licensees along with renewal application were forwarded to DIs for verification, (ii) only 108 cases were inspected by the DIs of which 29 cases were inspected before the renewal was due (iii) 90 cases were renewed without inspection; of these, in 31 cases, the DIs had simply given a certificate on the renewal documents indicating that there was no change in premises/ constitution/registered pharmacist.

3.4.35 Hence, the licensing authority had failed to satisfy itself about the conditions stated in Rule 64 of Drugs and Cosmetic Rules regarding the adequacy of infrastructure and qualified person-in-charge, before the renewal was effected. Government stated (November 2003) that if any manufacturing activity continued after the expiry date, necessary legal action would be initiated and that minor contraventions which are either due to ignorance or are unintended should not be recommended for prosecution. Also to avoid delay, the licences were renewed without inspection, in view of the shortage of DIs and in view of the declaration that there was no change in constitution. Thus the licences were renewed without satisfying the provisions of Rule 64 in such cases.

Adequacy of sampling and inspection

Shortfall in collection and testing of samples due to inadequate staff.

3.4.36 No scientific method of sampling with reference to number of manufacturing/ selling units/quantity of medicines produced has been evolved by the DDC.

3.4.37 DIs were required to draw seven samples (including cosmetics) per month upto April 2000, which was reduced to four samples per month from May 2000 without assigning any reasons. While the DIs drew samples from wholesale/retail units and hospitals, senior DIs were required to draw samples only from the manufacturing units. At the instance of Audit, the

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[2] Coimbatore, Madurai and Zone IV at Chennai .

[3] Coimbatore, Madurai and Zone III and IV of Chennai.

number of samples per month was increased again to seven for DIs and five for Senior DIs from January 2003.

3.4.38 The number of manufacturing units (Allopathy and Cosmetics) was 1,128 during 2001-02 as per the annual report of DDC. As the Senior DIs were only permitted to draw samples from the manufacturing units, the number of samples that could be drawn by the ten Senior DIs available was only 480 per year. At the rate of one sample per manufacturing unit, less than 50 *per cent* of existing manufacturing units would be covered in a year through sampling, indicating inadequate manpower.

3.4.39 The number of sales outlets in the State was 31,665 in 2000-01 and 32,345 in 2001-02. The total number of samples that could be drawn annually by the existing 74 DIs would only be 3552 and at this rate it would require about nine years to take one sample from all the existing 32,345 sales outlets. Thus, the number of DIs was grossly inadequate. The reduction in the quantum of samples to be drawn from seven per month to four from May 2000 was ill conceived, further worsening the sampling scenario.

3.4.40 The actual number of samples (including cosmetics) drawn by the DIs was less than even this inadequate target, with shortfall ranging between 27 and 36 *per cent* during the period 1997-2002 as given in Appendix XXV (a). Further, no samples were drawn for a continuous period of more than a year and upto 68 months during April 1997 to November 2002 in 11 ranges, as given in Appendix XXV (b).

3.4.41 Department attributed the shortfall in drawal of samples mainly to delay in notifying the DIs, vacant posts, and non-notification of DIs due to legal problems. The reply was not acceptable as targets were fixed considering the available manpower only and the shortfall was due to the fact that the Department failed to notify a DI immediately after transferring him to a particular range. Government stated (November 2003) that scientific method of sampling has since been evolved by DDC, but gave no details.

3.4.42 By not drawing samples for test, the Department had failed to discharge its statutory obligations and the social objective of ensuring availability of standard quality drugs to public was not achieved.

Shortfall in conducting inspections.

3.4.43 As per Rules 52 and 51 of the Drugs and Cosmetics Rules, it shall be the duty of an Inspector authorised to inspect, not less than twice a year (once a year since September 2001), all premises licenced for manufacture/sale of drugs within the area allotted to him. While the inspection of manufacturing premises was entrusted to the Senior DI, the inspection of sales outlets was assigned to DIs.

3.4.44 The number of inspections carried out in the manufacturing/sales premises during 1997-2002 as per the annual reports sent to GOI/State Government along with the number of manufacturing/sales premises existing in the State and break-up details of inspections carried out by Senior DIs/DIs are given in Appendix XXVI (a). This revealed the following.

3.4.45 Manufacturing/sales premises were not inspected twice a year as required under the rules. Though the number of inspections to be conducted was reduced to one per year from September 2001, the department had not maintained any records to ensure that all the available units were covered by inspection every year.

3.4.46 A target of 60 inspections per month was prescribed by DDC for each Senior DI/DI. Even this target was not adhered to (Appendix XXVI (b)).

Working of Drug Testing Laboratories

3.4.47 Section 23 (clause (i) of subsection 4) of the Act stipulates that the samples drawn, for test or analysis, should be sent to the Government Analyst immediately on drawal. However, no time limit was fixed for testing the samples received.

Delays in sending samples for testing.

3.4.48 Out of 7229 samples and 935 samples sent to DTL and BCW during April 2000 to March 2003, delays were noticed in sending samples for analysis as follows:

Period of delay	Number of samples	
	sent to DTL	sent to BCW
15 days to 30 days	257	118
31 days to 60 days	98	10
61 days to 120 days	24	4
More than 120 days	21	-
	400	**132**

The reasons for the delays, though called for (December 2002) are yet to be made available to Audit (March 2003).

Testing arrangements for schedule C drugs kept unutilised

3.4.49 A Deputy Government analyst of DTL, a science graduate, was directed (January 1993) to undergo training in testing of schedule C drugs[4] in BCW and after completing two years of training was promoted to the only post of GA (DTL). Though notification was issued (November 1996) to report on all drugs including schedule C drugs, the GA was not allowed by DDC to report on schedule C drugs due to non-completion of statutorily required training of three years. Thus instruments acquired at a cost of Rs 3.19 lakh for DTL were not put to use; the Pharmacology Lab room, Kymograph recording room, Pyrogen testing room, undue toxicity testing room, etc., set apart for biological wing in the DTL were unutilised.

Testing of samples

Delays in testing samples.

3.4.50 During 2000-03, DTL received 9001 samples, of which 7082 samples were statutory samples drawn by the DIs. There were delays in testing the samples and in reporting, as given below.

Period of delay	Number of samples		
	2000-2001	2001-2002	2002-2003
Upto 3 months	401	404	685+682*
More than 3 and upto 6 months	175	242	253+483*
More than 6 and upto 12 months	311	973	440+661*
More than 12 and upto 18 months	543	626	36+85*
More than 18 and upto 24 months	608	28	Nil
More than 24 months	43	Nil	Nil
	2081	**2273**	**1414+1911**
Total number of samples			**7679**

* Pending as on 18 June 2003

[4] Schedule 'C' drugs: Biological and Special products such as Sera, solution of serum proteins intended for injection, toxins, antigens etc.

3.4.51 Results of testing are tabulated below:

Sl. No.	Drawn during	Tested samples		NSQ samples of drugs and cosmetics (out of column (4)) manufactured	
		Number	Found to be not of standard quality	in the State	outside State
1	2000-2001	2081	167	80	87
2	2001-2002	2273	174	91	83
3	2002-2003	1414	95	48	47

3.4.52 In respect of 18 samples Not of Standard Quality (NSQ) the test reports were issued just one to two months before the date of expiry of drugs, allowing little time for withdrawal of drugs.

3.4.53 As of June 2003, 1911 samples[5] were lying untested with DTL. GA, DTL attributed the delay mainly to dearth of staff and diversion of Analysts as DIs.

3.4.54 BCW received 1660 samples during the period 1997-2003 for testing. Time taken for testing and reporting on the samples was as below:

Time taken for testing and reporting	Number of samples
Upto 3 months	425
More than 3 months but upto 6 months	561
More than 6 months but upto 12 months	467
More than 12 months but upto 18 months	71
More than 18 months	6
Total	**1530**

3.4.55 The delay was more than three months for about 71 *per cent* of the samples received. The BCW stated (May 2003) that the delay in reporting was mainly due to time taken for sterility, biological and chemical tests.

3.4.56 A proposal suggesting time limit for various tests was called for (January 2002) by Government but the DDC is yet to respond. Government needs to take urgent steps to curtail such delays.

3.4.57 Delay in testing of drug samples by DTL and BCW would eventually result in not ascertaining the quality of drugs before its expiry date. Therefore, NSQ drugs would be distributed and consumed by the public. Such inordinate delays in testing samples defeat the objective of preventing sub-standard and spurious drugs being sold in the market. Government stated (November 2003) that the delay in testing samples in DTL was mainly due to manpower shortage. Further the delay in testing in both DTL and BCW was due to time taken for providing solvents, chemicals, reference/working standards, animals of particular age group and of particular species etc.

Follow-up action on samples of drugs not of standard quality

Delayed reporting about the quality of drugs.

3.4.58 When a sample is found to be NSQ, action has to be initiated to withdraw the entire batch of the drugs. The authorities concerned are to be informed, if the drugs were manufactured outside the State.

3.4.59 The number of samples found to be NSQ during the period 1997-2003 was as given below:

5 85 samples for more than 12 months, 661 samples for more than six months, 483 samples for more than three months and 682 samples for less than three months.

Year	Samples tested			Number of samples NSQ			Percentage to sample tested (statutory)
	Statutory[6]	Non-statutory[7]	Total	Statutory	Non-statutory	Total	
1997-1998	4793	21	4814	284	3	287	6
1998-1999	3706	97	3803	274	38	312	7
1999-2000	2044	954	2998	129	145	274	6
2000-2001	3081	746	3827	269	246	515	9
2001-2002	3212	778	3990	178	165	343	6
2002-2003*	3711	330	4041	269	82	351	7

* Figures compiled by Audit, as the Annual report is yet to be compiled by the Department

3.4.60 Though 96 samples tested were found to be NSQ, test reports were issued just one or two months before the date of expiry of the drugs, allowing little time to withdraw such NSQ drugs from the market.

3.4.61 In respect of 79 samples tested which were NSQ during 2000-03, the samples were drawn after a lapse of more than a year from the date of manufacture. In such cases it is likely that the drugs from the lot would have been consumed. The late testing of samples in the above cases was futile.

3.4.62 A detailed review of 93 cases of NSQ samples (46 samples of Tamil Nadu and 47 samples of other States) revealed that (i) of the 46 samples of the drugs manufactured in the State, warning was issued in 16 cases, show cause memo issued in three cases, licence was suspended in 24 cases and licence cancelled in three cases; (ii) in 38 out of 47 drugs manufactured outside the State, reference to the Drug control authorities of the concerned States was issued after the date of expiry of drugs; and (iii) similarly in respect of 81 samples out of the 93, no stock of drugs was available in the market to withdraw after testing. Of these 81 samples, time taken for testing 69 samples ranged from three months to 26 months. This indicated that the entire quantity of those NSQ drugs was consumed by the public, defeating the very purpose of testing.

3.4.63 DDC stated that delay in testing samples was mainly due to paucity of staff. Government accepted (November 2003) that the procedure adopted took a long time. The fact remains that due to such delays, the consumption of NSQ drugs could not be prevented. The department did not have any mechanism to verify whether the NSQ drugs were withdrawn from the market/hospitals in time.

Establishment of Intelligence-cum-legal cells

3.4.64 Functions of Intelligence Unit were (i) organising raids to unearth illegal activities involving manufacture/sale of drugs; (ii) organising joint inspection of licenced premises; (iii) investigation of any complaint; (iv) processing of cases for prosecution and (v) drawal of non-target sample. Details of number of complaints received and number of cases investigated during 1997-2001 are given in Appendix XXVII.

Unfruitful utilisation of Mobile squad at Madurai.

3.4.65 With a view to investigate complaints referred by the Directorate and conduct surprise raids, a mobile squad at Madurai was created in September 1993. The mobile squad had 17 districts under its jurisdiction.

3.4.66 The mobile squad was utilising a vehicle from March 1994 to November 1999. Consequent to premature condemnation of the vehicle, the mobile squad had no vehicle since December 1999 for its activities till date

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6 Samples drawn by the DIs under section 23 of the Act.

7 Samples from other sources like Director of Public Health, Tamil Nadu Medical Services Corporation; referred by NGOs, Courts, etc., under section 26 of the Act.

(December 2002). A meagre number of 16 complaints were only received by the mobile squad during the three years *April* 1997 - March 2000 and all of them had been investigated and disposed of. No complaints were reported to have been received by it during April 2000 to December 2002.

3.4.67 In the absence of notified DIs, no samples were drawn by the squad during April 1997 to September 1998 and November 1998 to January 2002. Of the meagre 55 samples collected by the mobile squad (upto December 2002), 31 were found to be of standard quality and five were of NSQ; result of 19 samples was awaited. No samples were drawn from January 2003 due to posting of unnotified DIs. A mobile squad without vehicle and adequate manpower revealed absence of concerted efforts to enforce the Act. Government stated (November 2003) that steps were being taken to provide a vehicle and post a notified DI.

3.4.68 The only post of Legal Adviser was vacant since December 1999. The DDC stated (August 2003) that the Department was facing difficulties in prosecution of cases, appeals and other legal matters without a legal adviser. Proposal for filling the post was pending with Government as of August 2003.

Training

3.4.69 Out of the existing 74 DIs (including ten Senior DIs), only 16 had been given training during the period 1997 to 2003. No regular training programme was organised for upgradation of skills of the DIs.

Financial arrangement

3.4.70 Government accounts reflected the following receipts and expenditure in respect of the department during 1997-2003:

(Rupees in lakh)

Year	Receipts	Expenditure under			Total	Percentage of Non-plan to total expenditure
		Non-Plan	Plan	Centrally sponsored		
1997-1998	17.54	269.80	85.88	-	355.68	76
1998-1999	21.09	359.90	40.22	-	400.12	90
1999-2000	27.52	384.30	55.10	-	439.40	87
2000-2001	39.91	384.59	42.88	-	427.47	90
2001-2002	515.93	380.18	41.92	29.99	452.09	84
2002-2003	584.36	411.10*	--	(-) 9.49**	401.61	100

* During 2002-2003 all expenditure was classified under non-plan by GTN.

** Expenditure during 2002-03: Rs 4.69 lakh less abatement due to unutilised amount of Rs 14.18 lakh remitted back during the year.

3.4.71 Consequent to revision of licensing fees from August 2001 and revision of the validity period of licence from two years to five years in respect of a majority of the drugs (except for Siddha, Ayurveda and Unani drugs), the receipts during 2001-2002 recorded a manifold increase.

Delayed notifications of Drug Inspectors.

3.4.72 DIs could perform their statutory duties only after they were notified. Delays in notifying the DIs at the time of their initial appointment or during their transfer from one range to another were noticed in nine cases in the sample zones covered by audit. As a result Rs 16.78 lakh incurred on pay and allowances of such DIs during the period before they were notified was unfruitful. Government accepted (November 2003) that the DIs could not carry out mandatory duties for want of notification in respect of 27 out of 74 DIs.

Central assistance lying unutilised for over 18 months.

3.4.73 GOI released Rs 30 lakh in October 2000 to GTN for 'augmentation of drug testing facilities' for purchase of five earmarked equipments. GTN released the amount only in November 2001. As the amount was insufficient DDC proposed (January 2002) purchase of only three items. Even out of this, only two equipments were purchased at a cost of Rs 15.81 lakh due to lack of funds. Thus, even after two years since the release of Rs 30 lakh as Central assistance, only Rs 15.81 lakh was utilised. The drug testing facilities were yet to be augmented to the extent anticipated.

Monitoring

3.4.74 The lacunae discussed in preceding paragraphs regarding inadequate control over renewal of licenses, irregularities in issuing licenses, poor sampling and inspections clearly indicate gross systemic failure.

3.4.75 As provided in the Act, a licensee has to maintain in his premises an inspection book in the prescribed form (Form 35) to enable the DI to make his notings of defects noticed, a copy of which has to be sent to ADDC/ DDC for further follow-up. From January 1997 to February 2003, printed books were not available with the department and hence not distributed to the licensees, indicating laxity in monitoring and follow-up of inspection of licensees' premises.

3.4.76 Records did not indicate any action initiated by DDC for coordinating with other departments as well as other State authorities for effectively checking spurious/ fake drugs.

3.4.77 Records produced to Audit did not indicate any action by DDC for compiling cases of important judgements and issuing appropriate instructions to DIs for preventing recurrence of offences.

3.4.78 The above points were referred to Government in May 2003; Government accepted (November 2003) generally all the audit observations on shortfall in issue of licences, sampling and inspection and delay in testing samples and in decisions for withdrawal of drugs of sub-standard quality.

Recommendations

3.4.79 The following measures are recommended for the proper compliance of various sections of Drugs and Cosmetics Act and Rules.

3.4.80 (a) Surprise spot checking in manufacturing/sales units; (b) Random sampling at pharmacies; (c) Random samples of reputed brands in order to detect duplication; (d) Measures to ascertain that the units are manufacturing only those medicines for which they are licensed and they are not indulging in any unethical practices; (e) The practice of regular picking up of random samples of the products by the manufacturers themselves for testing; (f) Awareness among public for making complaints regarding spurious drugs to the Police and (g) Formation of a separate wing for the purpose of identifying unscrupulous operators and punishing them severely.

3.5 National AIDS Control Programme

Highlights

The programme for prevention and control of Acquired Immuno Deficiency Syndrome is a cent per cent Centrally sponsored scheme implemented in the State since 1992-93. The first phase of the National AIDS Control Project was implemented during September 1992 to March 1999 and the second phase is being implemented since November 1999. The main focus was on priority targeted intervention for groups at high risk, preventive intervention for the general community and low cost AIDS care.

Incidence of the HIV infection was very high in the State and the number of AIDS cases is increasing. Despite incurring huge expenditure on the main components of blood safety measures and standardisation of blood banks, no proper evaluation was done to streamline the system. The sentinel surveillance conducted in the State revealed that the high risk groups of Sexually Transmitted Diseases (STD) clinic attendees and Intravenous Drug Users (IVDU) continued to be vulnerable with higher percentage of HIV prevalence; funds available for targeted interventions among high risk groups were only partly utilised and so several HIV cases remained undetected. The coverage of population under Family Health Awareness Campaigns was low. Poor attendance in Voluntary Testing and Counselling Centres revealed that the message had not reached the public. The above deficiencies must be viewed from the angle that people carrying AIDS could spread the infection to others resulting in more number of AIDS cases.

- **Out of 31336 AIDS cases reported in the country upto December 2001, 16677 cases (53 *per cent*) were from Tamil Nadu, indicating that the spread of infection was substantial in the State.**

(Paragraph 3.5.11)

- **The expenditure on targeted interventions among high risk groups ranged between 54.9 and 72.2 *per cent* of the approved outlay during 1998-2001. Also the number of targeted interventions was less than planned. Key indicators relating to the Non-Government organisations were not compiled in order to evaluate their performance.**

(Paragraphs 3.5.16 and 3.5.17)

- **Only 3.5 to 3.9 *per cent* of the targeted population attended the Family Health Awareness Campaigns conducted for early detection and treatment of STD/Reproductive Tract Infection.**

(Paragraph 3.5.35)

- **86 to 87 *per cent* of the Voluntary Counselling and Testing Centres had attendance below 50 patients per day during 2000-2003. Equipment had not been supplied to 25 centres, resulting in their poor functioning. Although a large number of health care workers were trained in counselling on HIV/AIDS, no counselling was done in Sexually Transmitted Infection clinics.**

(Paragraphs 3.5.42 to 3.5.45)

- Sentinel Surveillance revealed that the prevalence of HIV positive cases among the high risk group of STD clinic attendees has increased from 7.7 *per cent* in 1996 to 13.70 in 2002. HIV positive cases among Intravenous Drug Users group was 24.6 to 33.8 *per cent* needing more targeted interventions.

(Paragraph 3.5.53)

- Training of nurses and field workers in Primary Health Centres and Doctors, Nurses and Field Health workers in Medical college hospitals was not adequate. 72 *per cent* of existing Doctors were untrained in Chennai Corporation area, whereas none of the para medical staff was trained till date (March 2003).

(Paragraph 3.5.54)

- Utilisation certificates for Rs 5.22 crore had not been received by the State Society as of March 2003.

(Paragraph 3.5.69)

Introduction

3.5.1 Acquired Immuno Deficiency Syndrome (AIDS) is a fatal disease caused by a virus called Human Immuno Deficiency Virus (HIV), which is transmitted through sexual contact, sharing blood contaminated needles and syringes, multiple blood transfusion of infected persons and transmission from infected mother to child before, during or shortly after birth. There is no effective drug for treatment of this disease or vaccine for protection against HIV infection. The most advanced stage of HIV infection when the patients contract variety of opportunistic infections like TB due to destruction of the immune system of the infected persons is known as AIDS. The 2001 estimate for the HIV/AIDS infected adult population in the country stood at 3.97 million. As per the present scenario published by National Aids Control Organisation (NACO), the cumulative number of AIDS cases in India, upto September 2002 was 40708 (Males: 30643 and Females: 10065). In Tamil Nadu 25779 AIDS cases have been reported as of December 2002.

3.5.2 For containing AIDS in the country, Government of India (GOI) approved National AIDS Control Project (NACP) with assistance from the World Bank. The first phase of the project was implemented during September 1992 to September 1997 as a cent *per cent* Centrally Sponsored Scheme and was later extended upto 31 March 1999.

3.5.3 National AIDS Control Programme – Phase II (NACP-II) was launched by GOI in November 1999. The objectives of the programme are grouped into five sub-components (a) priority targeted intervention for groups at high risk; (b) preventive intervention for the general community; (c) low cost AIDS care; (d) institutional strengthening and (e) intersectoral collaboration.

Organisational set up

3.5.4 The Programme is implemented through the National AIDS Control Organisation (formed during 1992) at the National level and Tamil Nadu State AIDS Control Society (TNSACS) (formed during 1995) at the State Level. Secretary, Health and Family Welfare (H&FW) Department is the President of the Governing Body and the Executive Council of the State Society while Project Director of the Society is the Member Secretary.

3.5.5 The various programmes for prevention and control of HIV/AIDS are implemented by TNSACS directly and through the Directorate of Medical and Rural Health Services (DMRHS), Directorate of Medical Education (DME), Directorate of Public Health and Preventive Medicine (DPHPM) and District Collectors. TNSACS released funds to the officers/institutions directly or through the respective Directorates. Consumables for blood banks and drugs for STD clinics are purchased by TNSACS through Tamil Nadu Medical Services Corporation (TNMSC). Funds to Non-Governmental Organisations (NGO) were released directly by TNSACS.

3.5.6 In Chennai there was a separate society registered (August 1998) as Chennai Corporation AIDS Prevention and Control Society (CAPACS). The Commissioner, Corporation of Chennai is the President of the Society and the Deputy Commissioner (Health) is the Project Director who implements the programme.

Audit coverage

3.5.7 A review of the project appeared in the Report of the Comptroller and Auditor General of India – Government of Tamil Nadu (Civil) – 1995-96 (Para 6.8); Public Accounts Committee (PAC) of the State discussed the Report in December 2000; its recommendations are awaited.

3.5.8 During the current review, records relating to the implementation of NACP for the period 1998-2003 were generally reviewed during December 2002 to April 2003 in H&FW Department in the Secretariat, TNSACS, CAPACS and Directorates[1]. The records of District officers *viz.*, Joint Director of Health Services and Deputy Director of Health Services in five sample districts (Kancheepuram, Namakkal, Madurai, Tiruchirappalli and Salem) and in Chennai Corporation were also reviewed.

Prevalence of HIV/AIDS

3.5.9 There is no mandatory testing of a person for HIV/AIDS. To assess the magnitude of HIV infection in the community, there is a system of Sentinel Surveillance in selected sites, usually the hospitals, whereby the blood samples of high risk and low risk groups of population attending the sites are collected and analysed. AIDS cases are reported by Government Hospitals where patients with HIV and opportunistic infections come for treatment.

3.5.10 Tamil Nadu was classified into Group I along with other States like Maharashtra, Karnataka, Andhra Pradesh, Manipur and Nagaland where HIV infection had crossed one *per cent* or more in antenatal women.

3.5.11 The following statistical details compiled by NACO in respect of AIDS cases in the country and in Tamil Nadu as on December 1999-2001 reveal that the spread of infection was substantial in the State.

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[1] Directorates of Medical Education, Medical and Rural Health Services, Public Health and Preventive Medicine and Drugs control.

Number of AIDS cases is on increasing trend in the State.

As on	All India	Tamil Nadu	Percentage
31.12.1999	9966	4354	44
31.12.2000	17997	8979	50
31.12.2001	31336	16677	53

Government stated (November 2003) that special action to deal with HIV infection, by establishing community care centres and drop-in centres in high prevalence districts was being taken.

Performance under various components/activities

Priority targeted intervention for groups at high risk

3.5.12 The project aims to reduce the spread of HIV in groups at high risk[2] by identifying target populations and providing peer counselling, condom promotion, treatment of Sexually Transmitted Infection (STI) and client programmes. This component is implemented through NGOs. Rupees 7.19 crore were sanctioned during 1998-2002 to 183 NGOs for 254 programmes. The details regarding physical and financial achievement on the targeted interventions made during 1998-2003 are furnished in Appendix XXVIII.

The following remarks are offered in this connection.

Release of funds to NGOs was not based on the number of AIDS cases prevalent in the district.

3.5.13 A comparison of district-wise release of funds to NGOs under this component *vis-à-vis* the number of cases revealed that in Salem District with second largest number of AIDS cases reported (1098), only Rs 16.25 lakh were released to five NGOs during the period 1998-2002. However in four other districts[3] more funds were sanctioned despite less number of reported AIDS cases.

3.5.14 Government stated (November 2003) that reported AIDS cases are not a correct indicator for launching targeted interventions. Targeted interventions are launched in places where there is a high concentration of high risk groups. It is the contention of Audit that high prevalence district ought to be high risk district requiring targeted intervention.

Ineligible NGO was sanctioned with two projects.

3.5.15 As per guidelines of NACO, only those NGOs which had been registered for a minimum period of three years have to be considered for projects. However, one NGO (Health First, Chennai), registered in May 1999 was sanctioned two projects by TNSACS under this component in July 1999 (cost Rs 7.50 lakh) and in January 2001 (cost Rs 7.50 lakh). The second project was sanctioned despite NACO directing (May 2000) that the approval be withdrawn. Government stated (November 2003) that TNSACS sanctioned the projects to the NGO only after the approval of the Executive Committee (EC). It is however reiterated by Audit that the sanction was contrary to NACO instructions.

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2 Commercial Sex Workers (CSW), Truck Drivers (TD), Intravenous Drug Users (IVDU), Industrial Workers, Migrant workers, Slum Population and Men having Sex with Men (MSM).

3 Coimbatore, Kanyakumari, Thanjavur and Tirunelveli.

Utilisation of funds for targeted interventions ranged only between 54.9 and 72.2 *per cent* during 1998-2001. Planned number of targeted interventions were not conducted for certain high risk groups.

3.5.16 The utilisation of funds for "Targeted Interventions through NGOs" as compared to the approved outlay for the component, ranged only between 54.9 and 72.2 *per cent* during the period 1998-2001. This was in spite of the fact that the total funds available with TNSACS were more than the approved outlay. The planned number of targeted inventions were not conducted for commercial sex workers during 1999-2003, truck drivers during 1999-2000 and 2001-2003, MSM during 1998-2003. For IVDUs, against 30 targeted interventions proposed during 1998-2003, only one was conducted. The poor performance under this important component would defeat the very purpose of the programme. The results of the targeted interventions already conducted disclosed increase in the prevalence of HIV infection among such high risk groups. Government in reply (November 2003) stated that NACO has fixed cost per intervention as between Rs 6.04 lakh and Rs 12.08 lakh whereas cost per NGO as fixed by TNSACS was very low and ranged between Rs 1.50 lakh and Rs five lakh. It is observed that the discrepancy under this vital component needed to be addressed for taking suitable remedial action for improving the performance.

Non-evaluation of the performance of NGOs due to non-compilation of key indicators by TNSACS.

3.5.17 Certain key indicators under demonstration, condom distribution, out-reach activities, health education, Information, Education and Communication (IEC) activities were incorporated by TNSACS in the agreements with NGOs. However, TNSACS had not made any efforts to compile these key indicators, so as to evaluate the performance of these NGOs till December 2002. TNSACS began the compilation of these key indicators only from January 2003.

No studies were conducted for assessing the effectiveness of NGOs role.

3.5.18 There was no study on the effectiveness of role of the NGOs till 2001-2002. Behavioural Surveillance Survey-Rural Round II conducted in February-June 2002 by an agency stated that NGO's role regarding creating awareness on HIV/AIDS was poor with only four *per cent* of the respondents mentioning that their source of information on HIV/AIDS was NGOs.

No target fixed for targeted intervention by CAPACS.

3.5.19 No targets were fixed by CAPACS for conducting the targeted intervention programme among high-risk groups, although the Metropolitan Urban area was prone to easy spread of infection.

Condom promotion

3.5.20 85 *per cent* of HIV infection is transmitted through sexual route. Condoms play a vital role in preventing the spread of HIV and other sexually transmitted diseases. The specific goals of condom promotion are to improve accessibility and availability of condoms at affordable cost to the community.

3.5.21 Condoms are distributed by GOI for the programme under two categories. Under free distribution, condoms are supplied by GOI at 100 *per cent* subsidy for distribution to the needy, through dispensaries, hospitals, PHCs and Health Sub Centres, Government clinics, NGOs etc. Under social marketing, condoms are provided by GOI at highly subsidised price through the designated social marketing organisations.

3.5.22 Details of condoms distributed in the State during 1998-2003 under the two modes are as given below:

(Number in lakh)

Mode	TNSACS					CAPACS	
	1998-1999	1999-2000	2000-2001	2001-2002	2002-2003	2001-2002	2002-2003
Free distribution	35.71	24.73	10.08	15.54	8.28	0.46	4.82
Social Marketing	-	-	10.08	23.80	1.61	Nil	1.09
	35.71	**24.73**	**20.16**	**39.34**	**9.89**	**0.46**	**5.91**

Decrease in condom distribution.

3.5.23 There was a sharp decrease in condom distribution by TNSACS during 2002-03. Although TNSACS was to purchase the entire requirement of condoms directly from the manufacturers from April 2002, no procurement was made as of July 2003 due to delay in following the purchase procedures prescribed by NACO.

3.5.24 No condoms were distributed through CAPACS upto March 2001. Even subsequently the distribution of condoms was very poor. Finance Manager, CAPACS stated (April 2003) that a tender for 15 lakh condoms had been floated in March 2003.

STD clinics

3.5.25 As Sexually Transmitted Diseases (STD) increase the chances of HIV infection, STD control occupies a major role in the programme strategy. The risk of becoming HIV infected after a single sexual exposure is increased 10-30 fold in the presence of genital ulcer.

Various kinds of STD diseases are increasing.

3.5.26 Details of various STD cases treated in STD clinics during 1999-2001 indicated that STD cases are on the increase from 42063 to 66694 during 1999-2001. The number of cases with genital ulcer has increased[4] substantially, which is likely to eventually lead to more number of HIV cases. Government stated (November 2003) that action was being taken by TNSACS to strengthen and monitor the STD clinics.

Non-release of funds of Rs 11.12 lakh intended for STD clinics by TNSACS.

3.5.27 TNSACS released (December 1999) Rs 12 lakh to DMRHS for civil works for setting up five new STD clinics in the newly created district headquarters hospitals. The civil works were completed during November 2000 to September 2001. NACO had also approved Rs 11.12 lakh towards appointment of counsellors, furniture and equipment, etc. TNSACS had not released the amount to DMRHS. However, Government stated (November 2003) that the STD clinics have been set up and functioning.

Preventive Intervention for General Community

IEC and awareness campaigns

3.5.28 This component includes activities of conducting campaigns through media and various platforms and organising family health awareness campaigns on a regular basis to generate awareness and provide service delivery for control of Sexually Transmitted Infection (STI) and Reproductive Tract Infection (RTI). Expenditure totalling Rs 15.66 crore was incurred on this component during 1998-2003.

3.5.29 Important observations under this component are given in the succeeding paragraphs.

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[4] 1999: 3776; 2001: 8042.

Of Rs one crore released in May 2001 without the approval of NACO, for conducting awareness programme in 24 districts, Rs 36.81 lakh only was utilised upto November 2002.

3.5.30 TNSACS had submitted to NACO, a proposal for conducting awareness programmes in 24 districts (low and moderate risk districts) at a cost of Rs one crore during 2001-2002. Even though the action plan approved by NACO for 2001-2002 did not include this programme, TNSACS released (May 2001) Rs one crore to the District Collectors of 24 districts.

3.5.31 TNSACS gave instructions (August and September 2001) to the district Collectors to utilise the amount for various purposes *viz*., conduct of blood donation day, setting up Voluntary Counselling and Testing Centres (VCTCs) and conduct of World AIDS day. Only Rs 36.81 lakh[5] were utilised and the balance amount of Rs 63.19 lakh was lying unutilised with various District Collectors as of November 2002. TNSACS clarified (November 2002) that the balance funds could be utilised towards activities like repainting of worn-out wall paintings in PHCs, Government Hospitals, Block Development Offices, Municipalities etc. The diversion of the funds was made without the approval of NACO, and was therefore irregular.

3.5.32 Government in reply (November 2003) stated that funds were released from IEC head and since the diversion was within the component, NACO's prior approval did not arise. However, it is pointed out by Audit that NACO while approving action plan clearly stated that no change in the allocation among different components shall be made except with the approval of NACO. As NACO allotted funds activity wise under each component based on priorities, it is the contention of Audit that approval of NACO would be required for taking up a different activity.

Family Health Awareness Campaign

3.5.33 Family Health Awareness campaign (FHAC) is an effort to address some of the key issues related to reproductive health in the community, especially in rural areas. It is a strategy through which target population is sensitised towards the problems and efforts are made for early detection and treatment of STD/RTI by full involvement of the community.

3.5.34 The campaign was conducted in three rounds during 1999-2002. The number of persons who attended all the three rounds of the campaign and received treatment are given in Appendix XXIX.

Following observations are made in this regard.

Population coverage by the campaigns was poor.

3.5.35 The number of persons who attended the three rounds of campaign was only 3.5 to 3.9 *per cent* of the target population. As a result, 96 *per cent* of the population remained unscreened for STD/RTI.

Attendance of females ranged between 4.5 to 6.6 *per cent* while that of males was poor at 1.3 to 1.7 *per cent*.

3.5.36 While 4.5 to 6.6 *per cent* of the targeted female population attended the camps, the attendance of the male population was even poorer at 1.3 to 1.7 *per cent.* Thus despite instructions to make all efforts to involve male health workers/supervisors as well as male workers in other departments and NGOs in these campaigns to motivate men to attend the camps in large numbers, the attendance of males was poor.

3.5.37 Intersectoral coordination at various levels should be strengthened so as to mobilise more people to attend these camps.

5 Utilised for Blood Safety on Blood Donation Day: Rs 5.95 lakh; Training: Rs 19.86 lakh; World AIDS Day: Rs 11.00 lakh

3.5.38 Government stated (November 2003) that the attendance during 2003 campaign has increased to 10.94 lakh. It is observed by Audit that the increase from 9.23 lakh in 2002 to 10.94 lakh was very marginal compared to the total estimated targeted population.

AIDS Prevention Education Programme in Schools

3.5.39 Its main objective was to create awareness about HIV/AIDS among school students of age group 15-18 by imparting basic knowledge, basic information about blood donation and STD/RTI and to nurture positive and healthy sexual behaviour. The programme, commenced during 1999, was implemented by Directorate of Teacher Education, Research and Training (DTERT).

Even after five years, 80 *per cent* of schools were not covered.

DTERT studies revealed that the awareness of students was low in eight districts.

3.5.40 DTERT selected ten schools in each district consisting of boys and girls in rural/urban areas on random sampling basis. During 1997-2002, about five lakh students in 1662 schools of 29 districts have been covered. An expenditure of Rs 48.14 lakh was incurred on the programme. It is observed that (i) out of 8309 High Schools and Higher Secondary Schools in the State as of March 2002, only 1662 schools (20 *per cent*) were covered during five years. There was no action plan for covering all the schools within a given time frame. Government stated (November 2003) that TNSACS has planned to cover all the Government and Aided Schools next year; and (ii) though the programme has a significant impact on students, an analysis done by DTERT indicated that the awareness of students was low in eight districts, which needed special attention for chalking out programme strategies in future. It was suggested that blood donation camps and poster competitions be conducted in schools.

Voluntary testing and counselling

3.5.41 The activities under this component involve increasing availability of and demand for voluntary testing, especially joint testing of couples, training of grass root level health care workers in HIV/AIDS counselling and providing counselling services through all blood banks and STI clinics. To achieve this purpose, it was envisaged that one Voluntary Counselling and Testing Centre (VCTC) would be established in each district.

Equipment not supplied to 25 VCTCs.

3.5.42 Though NACO's guidelines specifically envisaged provision of one time grant in the form of equipment like Elisa Reader, Micro Pipettes, Centrifugal Machine, Incubator, etc., no such equipment were supplied to 25 VCTCs established in District Headquarters Hospitals, during 1998-2002. In the absence of such equipment, VCTCs could not function effectively.

3.5.43 The number of cases tested positive for HIV at VCTCs was found to have increased substantially during the period 1998-2003 , from 1701 out of 26208 (7 *per cent*) to 13948 out of 56757 (25 *per cent*) cases.

The attendance in VCTCs very poor.

3.5.44 Further, it was observed from the information furnished by TNSACS that the attendance during 2000-2003 in 86 to 87 *per cent* of existing VCTCs was poor (below 50 patients per day) needing immediate steps for increasing the coverage of the population. Poor attendance was attributed (November 2003) by Government to lack of infrastructure facilities such as separate place in the hospital, equipment and staff. Government also stated that effective steps were being taken to improve the functioning of the VCTCs.

Despite availability of huge number of trained health care workers, no counselling was done in STI clinics.

3.5.45 2,56,679 health care workers had been trained in HIV/AIDS counselling. Yet no counselling was done in the STI clinics as of March 2003.

3.5.46 In Chennai Corporation area, no counselling was provided in the 13 STI clinics.

Blood safety

Functioning of blood banks

3.5.47 A well-organised Blood Transfusion Service (BTS) with integrated strategy for Blood Safety is required for elimination of transfusion-transmitted infections.

3.5.48 One hundred and ninety three licenced blood banks[6] were functioning in the State as of 31 March 2003, under Government/private sectors and voluntary organisations, of which 73 were functioning under Government. This included 62 Government blood banks functioning without renewal of licence. Though Director of Drug Control (DDC) stated (June 2003) that the applications were already submitted to Government, specific reasons for the non-renewal of licences have not been made available (June 2003) by him.

3.5.49 Details of blood units collected and the results of testing blood samples in the blood banks in the State during the period 1998-2003 are given in Appendix XXX. The number of HIV positive cases have been continuously increasing during the period 1998-2002.

Low cost AIDS care

3.5.50 Under this component, funds were provided to home-based and community-based care, including increasing the availability of cost-effective interventions for common opportunistic infections, and for establishing small community-based hospitals and drop-in care centres.

Refund of Rs 14.41 lakh given for Pilot care centre at Namakkal without utilisation.

3.5.51 TNSACS released Rs 31 lakh (Civil work: Rs 13 lakh and furniture and medicines: Rs 18 lakh) to DMRHS in November 1999 to establish a pilot care centre at the District Headquarters Hospital at Namakkal. Civil works were completed during 1999-2000 at a cost of Rs 12.96 lakh. DMRHS released Rs 18 lakh in March 2000 to the JDHS, Namakkal. However, JDHS spent only Rs 3.59 lakh and refunded the balance amount of Rs 14.41 lakh to TNSACS instead of utilising it for medicines for the pilot care centre. Government stated (November 2003) that most of the needed furniture had been purchased by JDHS. However, it is observed that the funds were meant for purchase of medicines also. Moreover, the poor utilisation of funds in high -risk district Namakkal indicated laxity in implementation of the project.

STI/HIV/AIDS Sentinel Surveillance

3.5.52 Sentinel surveillance involves collection and testing of samples in selected sites representing various groups. These sites were in medical college hospitals and district headquarters hospitals and surveillance is conducted every year from August to October, generally. The target was to

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6 Government sector: 73 (including 11 in Chennai Corporation area); Private sector including quasi Government: 120 (including 25 in Chennai Corporation area).

cover 400 Antenatal mothers, 250 STD patients, 250 MSM, 250 TB patients, 250 IVD users in each site every year.

Prevalence of HIV among STD clinic attendees continued to be high.

Higher prevalence of HIV infection among antenatal mothers in Namakkal and Tirunelveli.

HIV positive cases among IVDU group were 24.6 to 33.8 *per cent* needing more targeted intervention.

3.5.53 During 1998-2002, sentinel survey was conducted in 84 sites. It was observed that in eight out of 84 sites, fewer samples were taken for testing as compared to the target fixed in respect of IVD users and STD group. Government attributed (November 2003) the shortfall under IVDU to difficulty in identifying a dependable agency to conduct the survey. The data of HIV positive cases among the various sentinel groups revealed the following (i) STD clinic attendees are very vulnerable as the percentage of HIV positive cases in this group had increased from 7.7 in 1996 to 24.40 in 2000 and 13.7 in 2002. The high increase was due to the newly selected (1999) site at Tiruchirappalli during 2000 which showed the highest prevalence of 48 *per cent*; (ii) Though Antenatal cases (ANC) were considered to be the low risk groups in the community, the sentinel survey revealed an increase in percentage of HIV positive cases from 0.50 in 1996 to 1.4 in 2001 and 1.0 in 2002. This clearly indicated that the infection is spreading. In Namakkal and Tirunelveli, the percentage of HIV positive cases during 1999 was as high as 6.30 and 1.25; these areas need special emphasis and extra efforts; (iii) For arresting this infection, programme of prevention of mother to child transmission of HIV was being implemented in various medical college hospitals and District Headquarters hospitals in the State since January 2000 (phase I) and October 2001 (phase II). As per information compiled by TNSACS from various Government Hospitals, against 144315 antenatal cases the number of women counselled was 100418. Of this, only 67411 (67 *per cent*) women accepted HIV test, and 407 were positive. The counselling activity needs to be intensified; and (iv) Similarly, the sentinel survey conducted among IVDU group in Chennai revealed that the HIV positive cases ranged between 24.6 and 33.8 *per cent*. These groups are vulnerable, due to their risk behaviour, sexually active age and their potential to spread the infection to general population. This high risk group needed to be targeted for intervention.

Training

Percentage of training of nurses in PHCs and Field Health Workers in Medical College Hospitals was very poor.

3.5.54 NACO envisaged imparting training to all medical and para medical staff upto grass root level, besides training of NGOs on various aspects through various agencies. Only an insignificant proportion of nurses in PHCs (2 *per cent*) and Field Health Workers in Medical College hospitals (four *per cent*) were trained upto December 2002. The training of Doctors, Nurses and Field Health Workers needs to be accelerated as seen from the table below:

Category		Sanctioned Strength	Trained upto 12/2002	Percentage yet to be trained
Doctors in Medical College Hospitals (MCHs)		2240	626	72
Nurses (MCHs)		1600	878	45
(PHCs)		11000	202	98
Lab Technician	(PHCs)	650	478	26
Field Health Workers	(MCHs)	2500	89	96
	(DHs)	2000	1430	28
	(PHCs)	3000	1143	62

3.5.55 Government stated (November 2003) that every year various categories of staff are being trained within the budget allocation.

In Chennai, 72 *per cent* of Doctors and entire para medical staff not given training.

3.5.56 In the Chennai Corporation area, 72 *per cent* of 1700 Doctors and the entire para medical staff (1015) were yet to be given training as of March 2003.

Procurement of equipment and other stores

3.5.57 Under NACP II, NACO was responsible for procurement of HIV test kits, equipment and certain drugs. AIDS Control Societies were responsible for civil works, installation of the equipments, procurement of drugs and NGO services for various activities.

3.5.58 TNSACS did not have any information regarding the equipment supplied to blood banks, as the same were supplied by NACO directly to the concerned institutions. Thus, although TNSACS was responsible for monitoring the implementation of the programme in the State, it had no system to ascertain the details of equipment available with various agencies/units and their working condition. Government replied (November 2003) that hospital authorities in districts have been requested to furnish the information at the year end.

Financial Arrangements

Funds received and expenditure incurred by TNSACS

3.5.59 NACO released funds under the programme to TNSACS through State Government till 1997-98 and directly to TNSACS after 1997-98. The budget approved every year by NACO, funds released and expenditure incurred by TNSACS during the period 1998-2003 were given in Appendix XXXI (a). Componentwise expenditure incurred under the programme during the above period is also given in Appendix XXXI (b).

Poor utilisation of programme funds by TNSACS

3.5.60 Although NACO released less funds than the approved outlay, TNSACS had sufficient funds with them taking into account the huge unutilised balances of earlier years. However the expenditure was only in the range of 77 to 89 *per cent* of the approved outlay during 1998-2003 except in 2001-2002, leading to unutilised funds amounting to Rs 3.74 crore as of March 2003.

3.5.61 Government in reply (November 2003) stated that the funds released are for a specific campaign and so funds that could not be utilised in a particular year had to be spent during the subsequent years; also NACO released funds at the fag end of the year.

3.5.62 Audit’s contention is that the funds are released for expenditure to be incurred during the particular year for which action plan is approved. Further, as commented above, in spite of the availability of funds at the beginning of each year the utilisation was poor.

Funds received and expenditure incurred by CAPACS

3.5.63 Details of allocation and funds released by NACO to CAPACS during 1998-2003 along with the expenditure incurred are given in Appendix XXXII (a).

3.5.64 Component-wise allocation and expenditure incurred by CAPACS during the above period is also given in Appendix XXXII (b).

Poor utilisation of programme funds by CAPACS.

3.5.65 Funds released by NACO were much less than the outlay approved by it and was in the range of 15 to 80 *per cent* of the allocation during 1999-2003. However the expenditure incurred by CAPACS was poor as compared to the available funds and ranged between 19 and 65 *per cent*. Such poor utilisation of funds hampered the pace of the programme.

No expenditure under certain components by CAPACS during 1999-2002; expenditure under two major components was poor even after 2001.

3.5.66 CAPACS incurred no expenditure during 1999-2002 under the components Blood Safety, Low cost AIDS care, Intersectoral collaboration. The PD, CAPACS stated (April 2003 and August 2003) that the requisite officers and staff were appointed only in June 2001 after the activities within Chennai city limit was transferred from TNSACS to CAPACS during February 2001. However, the expenditure under major components like ‘priority targeted intervention’ and ‘preventive intervention for the general community’ was very poor even after June 2001. As a result, Rs 1.44 crore was lying unutilised with CAPACS as of March 2003.

Parking of funds

Programme funds credited to Personal Deposit Account of TNSACS till March 2001 in violation of NACO guidelines.

3.5.67 Consequent to the release of funds directly to TNSACS, NACO issued instructions (August 1998) that a current account should be opened in the name of the state society in any nationalised Bank. However TNSACS opened a current account only in March 2001. Rupees 8.04 lakh being the balance amount in Personal Deposit account was transferred to the current account only in March 2002. TNSACS also kept funds in two savings bank accounts till transfer to Current Account. An amount of Rs 22.01 lakh accrued as interest in the savings bank account during 1998-2002 was retained by TNSACS till date without transfer to NACO contrary to NACO instructions. Government stated (November 2003) that due to administrative reasons current account could not be opened immediately. It further stated that GOI instruction for remitting the interest earned on SB Account was not received. Audit noticed that NACO had instructed (August 2001) the Director of TNSBTC who is also the PD of TNSACS to refund the interest amount already earned on NACO funds released to TNSBTC and kept in Savings Bank Account.

Non - receipt of Utilisation Certificates

Advances to agencies treated as final expenditure.

3.5.68 TNSACS treated all funds released by it to implementing agencies as final expenditure. Audit observed that the unutilised funds amounting to Rs 2.56 crore refunded to TNSACS during 1999-2003 were taken as receipts. The expenditure reported by TNSACS in the earlier years was thus inflated to the extent of such receipts shown in subsequent years. Government replied (November 2003) that from 2003-2004 releases to implementing agencies would be treated as advances.

Utilisation certificates for Rs 5.22 crore not received by TNSACS.

3.5.69 Test-check revealed that utilisation certificates (UCs) have not been received by TNSACS for Rs 5.22 crore as of March 2003 (Appendix XXXIII). While Government stated (November 2003) that UCs from NGOs, DPH, DMRHS and other Medical College Hospitals were received, particulars of receipt of UCs were not furnished to Audit. Government added that reminders are being sent periodically for UCs from the remaining institutions.

3.5.70 Though the closing date of the project for 14 NGOs expired in February and March 2003, the UCs for the grants of Rs 42.37 lakh released to them are yet to be received by CAPACS (May 2003).

3.5.71 Due to non-receipt of UCs, it could not be ensured whether the purposes for which the funds were released to various executing agencies were actually achieved.

Advances given by CAPACS

3.5.72 Out of advances given by CAPACS, Rs 76.57 lakh was pending as of March 2002.

Advances to the tune of Rs 16 lakh were pending from 1999-2000.

3.5.73 Two advances totalling Rs 16 lakh paid to Communicable Diseases Hospital, Tondiarpet towards civil works (Rs ten lakh) and Corporation of Chennai towards India Population Project V (Rs six lakh) during 1999-2000 were pending adjustment. No reasons were given by CAPACS for the non-adjustment of these advances.

Advances given by CAPACS without requirement.

3.5.74 Corporation of Chennai refunded (May 2002 and March 2003) the entire amount of Rs 48.50 lakh received from CAPACS during December 2001, towards AIDS School Education Programme, conducting workshop for employees working in companies and factories, improvements to Central Blood Bank, renovation works in CAPACS building and printing of modules and IEC materials. This showed that the feasibility of its utilisation was not studied before the release of advance. As a result, the intended components were not at all implemented.

Irregular utilisation of NACO funds

In contravention of NACO's directions, Rs 14 lakh was spent by TNSACS towards purchase of refrigerators and A/C machines.

3.5.75 DMRHS addressed (February 1998) the Government in Health and Family Welfare Department to arrange for supply of refrigerators to 32 Blood Banks to enable them to get the licence. Government sought (April 1998) concurrence for this proposal from NACO. TNSACS without waiting for the approval from NACO released Rs 14 lakh to DMRHS towards purchase of 20 refrigerators required for as many blood banks. Subsequently NACO refused sanction. Meanwhile the refrigerators and air conditioners had been purchased by DMRHS at a cost of Rs 14 lakh.

Monitoring and Evaluation

Monitoring

Non-appointment of M & E officer.

3.5.76 As per the guidelines issued by GOI, each AIDS Control Society should have a Monitoring and Evaluation (M & E) officer. Monitoring and evaluation should be conducted by outside agencies at baseline, interim and final years. However, no M & E officer had been appointed in the State. Government stated (November 2003) that the post would be filled up if and when necessity arises.

3.5.77 Government constituted (May 1998) a Technical Sub-committee (TSC) to assist TNSACS on technical matters and settle inter-departmental issues. The Health Secretary to Government is the Chairman of the TSC and the PD, TNSACS is its convener. Though TSC was to meet once in three months or as often as required to discuss the technical aspects of the implementation of the programme, procurement of materials etc., only two meetings were held during July 1998 and June 2000.

3.5.78 Government also reconstituted (July 1996) the District Level AIDS Advisory Committees, with the District Collector as Chairman, JDHS as the member-secretary with various other District Officers and representatives of various organisations. The Committee was required to meet at least once in three months. However, perusal of records revealed that these District

Committees had been activated only after the issue (February 2001) of a Government order. In test-checked districts, the District Committee at Kancheepuram held only six meetings during 2000-2003. The particulars regarding number of meetings held were not furnished by District Collector, Salem.

Evaluation

3.5.79 A complete evaluation of the implementation of NACP Phase I in the State was not conducted either by any agency of State Government or by TNSACS, although such an evaluation was required at three points of time - baseline, interim and final year.

Absence of evaluation of the major component of "Blood Safety".

3.5.80 As a huge expenditure of Rs 6.42 crore was incurred during 1998-2002 (upto March 2002) under the main component of "Blood safety measures and standardisation of blood banks", a proper evaluation of this important component is necessary with a view to streamline the system and overcome the deficiencies.

Findings of Second round Behavioural Surveillance Survey - Rural.

3.5.81 The second round of Behavioural Surveillance Survey (BSS) Rural was planned by TNSACS across the State in 40 villages in 20 Community Development Blocks to obtain information on trends of high-risk behaviour and to assess the impact of the targeted intervention programmes. The survey conducted by a company (February-June 2002) pointed out certain major deficiencies and recommended certain measures as detailed below.

	Deficiency pointed out	Recommendation made
(i)	Awareness about at least two acceptable prevention methods of STD among total number of various target group respondents (6131) ranged only between 43 *per cent* in case of female workers and 84 *per cent* in case of clients of CSW.	Publicity should be increased and more information on various STDs should be made available. The preventive use of condoms for STDs and the symptoms of STDs can be disseminated to the masses through specific STD awareness camps in villages
(ii)	RTI/Urethritis disease symptoms among female workers are high across all the selected zones, as 20 *per cent* among the 2000 female workers covered reported disease symptoms.	Separate medical camps, prevention programmes should be conducted exclusively for females with the participation of numerous Self Help Groups operating in the villages.
(iii)	Though knowledge of condoms as prevention method ranged between 79 and 96 *per cent* among various groups, only 17 to 52 *per cent* reported having used the condoms.	Efforts have to be made in educating the public by emphasising on the risk aspect of sexual behaviour and psychological experts could be consulted in designing publicity materials, posters, pamphlets etc.
(iv)	Very few of the respondents (four *per cent*) had mentioned NGOs as source of information on HIV/AIDS	The operation of the NGOs has to be further streamlined and adequate monitoring needs to be done.
(v)	The awareness level among 200 practitioners of Indigenous system of Medicine surveyed regarding critical issues are much lower – Post exposure prophylaxis (PEP) (12 *per cent*), VCTCs (24 *per cent*), NACO guidelines (39 *per cent*) and opportunistic infection (65 *per cent*).	Specific training camps had to be organised exclusively for them.
(vi)	Out of 600 respondents, 22 *per cent* among allopathic doctors and five *per cent* among indigenous practitioners were not willing to treat HIV/AIDS cases. 35 *per cent* of the doctors who had fear/doubts about contracting HIV/AIDS had actually been trained in handling such cases.	TNSACS should play a decisive role in selecting appropriate doctors, re-examining the training modules and designing the training methodologies.

3.5.82 Government replied (November 2003) that necessary action was being taken on all aspects of the recommendations.

3.5.83 Government reply was received in November 2003, but the points relating to CAPACS have not been covered.

Recommendations

3.5.84 Special camps and prevention programmes should be conducted for early detection and treatment of STD/RTI cases with the full involvement of the community in areas that have high risk groups.

3.5.85 Targeted intervention programmes through NGOs have to be conducted for the high risk groups of commercial sex workers, intravenous drug users, truck drivers, etc.

3.5.86 A study on the effectiveness of the role of NGOs under various components of the programme should be conducted in districts with high prevalence of HIV positive cases. The performance of the NGOs has to be closely monitored to ensure that the grants are utilised fruitfully.

3.5.87 The deficiencies in Blood safety measures and standardisation of blood banks should be removed.

HOME DEPARTMENT

3.6 Prevention and control of fire

Highlights

Fire prevention and related safety measures are an integral part of town planning and construction **activity.** ***Whenever there is a calamity, fire services are organised as first responder to save life and property.***

A review of the activities of the Fire and Rescue Services Department revealed that the number of fire stations was inadequate compared to prescribed norms. Maximum response time to attend to fire calls was not prescribed. Purchase of fire fighting equipments was not completed even though entire loan amount of Rs three crore was drawn and interest of Rs 34.97 lakh also paid. Further, the department had inadequate manpower at the level of firemen to combat fire. Data on high rise buildings was not available and no action plan to prevent occurrence of major fire accidents was formulated.

- The Department had inadequate manpower particularly at the level of firemen, who combat fire.

(Paragraph 3.6.10)

- Only 777 executive staff out of 5504 in position (14 *per cent*) were provided with rent-free accommodation in 19 out of 28 divisions as of March 2003.

(Paragraph 3.6.11)

- All the fire fighting equipments planned had not been procured as of March 2003, even though the entire loan of Rs three crore was drawn in March 2002 and interest of Rs 34.97 lakh paid upto March 2003.

(Paragraph 3.6.49)

- Rupees 3.92 crore was yet to be realised by Director of Fire and Rescue Services from Tamil Nadu Electricity Board for four fire stations set up inside the premises of four thermal stations.

(Paragraph 3.6.51)

Introduction

3.6.1 The main objectives of the Fire and Rescue Services Department (formerly known as the Fire Services Department) are “rescuing life and property from damage/destruction by fire; assisting Police Department during elections, riots, fairs and festivals and VIP bandobust; and helping the Public Health Department during epidemics.” The Department is governed by the provisions of Tamil Nadu Fire Service Act, 1985. It also advises on fire protection measures for high-rise buildings, factories and places of public resort etc. Under Section 13 of the Act, the Government may, by notification, require the owners or occupiers of any premises, which in its opinion are a fire hazard, to take precautions as may be prescribed in such notification. However, no such notification has been issued so far. The yearly average of fire calls attended during 1998-2002 was 16815. During 2003, 14434 fire calls were attended upto October 2003.

3.6.2 The Government constituted a Fire and Rescue Services Commission (FRSC) in November 2002, to examine the conditions of service, duties and responsibilities, modernisation etc. of Tamil Nadu Fire and Rescue Services. Its term was extended for a period of six months from 25 May 2003.

Organisational set up

3.6.3 The Fire and Rescue Services (FRS) Department functions under the control of the Secretary to Government, Home Department in the Secretariat. Director of Fire and Rescue Services (DFRS) is the Head of the Department. He is assisted by four Regional Deputy Directors (DDs) at Chennai, Coimbatore, Madurai and Tiruchirappalli. An Organisational Chart is given in Appendix XXXIV.

Audit Coverage

3.6.4 A review of records relating to the period 1998-2003 was conducted by Audit during October 2002 to April 2003 in Home Department of the Secretariat, offices of the DFRS, DD (North) at Chennai, DD (West) at Coimbatore, six Divisional Offices[1] (DOs) and all the 72 Stations thereunder, State Training Centre and the State Workshop. Records of four other offices[2] connected with FRS activities were also scrutinised and/or information obtained. The important findings of the review are given in the succeeding paragraphs.

Major Fire Accidents

3.6.5 Three major fire accidents occurred in March1997, June 1997 and August 2001. Audit scrutiny revealed that no follow up action was taken at DFRS/ Government level to minimise the recurrence of serious fires although the Divisional Officers' reports on the three serious fire accidents contained some recommendations, as shown in the table below:

1 Chennai (North), Chennai (South), Coimbatore-Nilgiris, Kancheepuram, Tiruvallur and Villupuram.

2 Chennai Metropolitan Development Authority, Tamil Nadu Police Housing Corporation, Directorate of Town and Country Planning and Tamil Nadu Uniformed Services Recruitment Board

Particulars	Place of Accident		
	Government sandalwood Depot, Tirupattur	**Thanjavur Big Temple**	**Erwadi, Ramanathapuram district**
Date of Fire	16.03.1997	07.06.1997	06.08.2001
Nature of Loss	Rs 68.2 crore worth sandalwood and other properties	44 persons died and 79 injured	25 mentally ill people kept chained died
Property saved	Rs 2.07 crore	-	-
Action taken	Accident spot inspected (March 2001) by DOs along with officials of Forest Department. Report containing suggestions (Provision of pillar hydrants, sprinklers connected to automatic sensors and proper training to employees to use fire extinguishers) for preventive steps sent (March 2001) to Principal Chief Conservator of Forets.	A five member committee constituted (June 1997) by Government suggested precautionary measures. Based on their report DFRS proposed (May 2001) a bill on Regulation of temporary structures and pandals in Tamil Nadu	A commission of enquiry constituted in August 2001 suggested certain remedial measures.
Follow up action taken at DFRS level	None	The bill on regulation of temporary structures and pandals has not been passed.	None

3.6.6 Details regarding fire calls attended, human lives lost, property lost and property saved between January 1998 and December 2002 in the State as reported to Audit by DFRS are given below:

Item	1998	1999	2000	2001	2002	Total
Fire calls attended	14,758	16,367	16,987	17,697	18,264	84,073
Human lives lost	45	72	47	112	79	355
Property lost (Rs in crore)	87.62	19.45	13.99	15.80	14.11	150.97
Property saved (Rs in crore)	217.40	131.93	157.24	138.00	114.41	758.98

Serious fire calls – no effective follow up

3.6.7 Of the 84,073 fire calls in the State during 1998 to 2002, 875 calls[3] were serious[4]. The number of serious fires in the six sample Divisions was as follows:

Sl. No.	Division	1998	1999	2000	2001	2002
1	Chennai North	11	13	14	9	13
2	Chennai South	5	15	9	7	9
3	Coimbatore-Nilgiris	9	6	17	10	11
4	Kancheepuram	5	6	4	4	5
5	Tiruvallur	11	5	5	6	4
6	Villupuram	9	7	6	16	4
	Total	**50**	**52**	**55**	**52**	**46**

[3] 1998 – 180, 1999 – 174, 2000 – 184, 2001 – 161 and 2002 - 176.
[4] involving loss of property worth over Rs 50,000 or human life.

3.6.8 However, although the DO's reports on the fires contained suggestions for some preventive measures, no follow up action was taken to minimise the recurrence of serious fires.

3.6.9 Review disclosed that the department did not have adequate manpower to combat fire, required number of quarters to accommodate the firemen within or near the fire stations, proper communication facilities or a system to monitor fire preventive/safety measures through periodical inspection, as brought out in the succeeding paragraphs.

The department had inadequate manpower at the lowest but important cadre (fireman) to combat fire.

3.6.10 Recruitment of Firemen is done by Tamil Nadu Uniformed Services Recruitment Board. Based on Government's instructions (November 1999), the Board initiated the recruitment process for 1057 Firemen (vacancies as on 1 November 1999). Eventually only 808 firemen joined as of December 2002. Against the sanctioned strength of 3869 Firemen, 513 (13 *per cent*) were vacant as of March 2003. Thus the Department had inadequate number of firemen, i.e. those who actually combat fire.

Only 14 *per cent* of the executive staff in position have been provided with rent-free accommodation in the station premises.

3.6.11 Standing Fire Advisory Committee (SFAC) recommended provision of rent-free accommodation at the station premises for all executive members, so as to attend to fire calls quickly. As on 31 March 2003 in 19 out of 28 divisions, accommodation had been provided for only 777 persons (14 *per cent*) against 5504 executive staff in position.

3.6.12 In the six sample Divisions, 21 out of 72 fire stations did not have quarters. Quarters attached to three fire stations in Coimbatore division were occupied by staff of other divisions/stations.

Wireless Communication Facility (WCF)

3.6.13 Timely service is essential in fire-fighting and rescue operations. Wireless communication is essential to keep in touch with the officers and staff when out of the station. However, out of 280 fire stations in Tamil Nadu 240 stations did not have even a single WCF.

Communication network not provided in rural areas

3.6.14 With a view to reducing the average response time in rural areas DFRS proposed (February 2001) purchase of static and mobile Very High Frequency (VHF) sets and walkie-talkies for 233 stations, at an estimated cost of Rs 2.06 crore. Government sanctioned (December 2001) Rs 50 lakh, in the first phase, and instructed DFRS to give top-priority to cyclone and flood prone areas in allotment of the sets.

3.6.15 However, the Committee set up for purchase and installation of these sets concluded (October 2002) that the entire project needs re-examination due to the very fast spread of cell phone network. Therefore, the modernisation of communication network was restricted (November 2002) to Chennai city and other important urban centres. Rs 1.55 crore out of General Insurance Corporation (GIC) loan of Rs three crore obtained for purchase of VHF sets was diverted in January 2003 for procuring 15 water lorries. Consequently, the modernisation of communication network to reduce the average response time in rural areas remained unattended.

Response Time

3.6.16 Response Time is the time taken for a fire tender to reach the fire accident spot after receipt of the call. However, 160 out of 280 fire stations did not have free call facility to receive report of the incidence of fire.

The minimum and maximum response time as per data furnished to Audit for different categories of fire stations worked out as under.

Category of fire stations	2000		2001	
	Maximum	Minimum	Maximum	Minimum
	Minutes	Minutes	Minutes	Minutes
Chennai city	14	1	9	2
Major cities	11	7	14	4
Town	22	3	24	0
Rural	32	4	285	1

3.6.17 SFAC had suggested the maximum response time of 3, 5 and 20 minutes respectively for "A" (High risk zone), "B" (Medium and low risk zone) and "C" (Rural groups). This classification was not followed in Tamil Nadu. It could be seen that the maximum response time was much more than that recommended by SFAC. The lack of free dial facility to receive the report in most of the fire stations and lack of communication network in rural areas contributed to the delay in response.

3.6.18 In the Citizen's Charter of the Department for 2001-2002, one goal is stated as 'to reach the scene of accident or fire as early as possible and to try to keep the response time within ten minutes and to take all steps needed to achieve this aim'. This has not been achieved so far.

Fire Stations

3.6.19 As per Government of India's SFAC norm of one station per ten sq. kms. in urban areas and one station per 50 sq. kms. in rural areas, the State should have 617 urban and 2478 rural fire stations. The above norms were not accepted due to huge recurring cost involved. In Tamil Nadu Fire stations are classified as Major city (6 Stations), Chennai City (23), Town (59) and Rural (192). There are at present only 88 urban stations and 192 rural stations. Though there are 385 blocks in the State there are only 192 rural fire stations as on 31 March 2003. Only three new stations were sanctioned and set up in five years 1998-2003 (two at Chennai and one at Coimbatore).

Funds allotted by GOI for opening new stations were utilised for construction of new buildings for existing fire stations

3.6.20 Based on Eleventh Finance Commission recommendations, Rs eight crore were allotted by Government of India (GOI) to Tamil Nadu for setting up new fire stations. However, DFRS suggested (August 2000) to Government not to open new stations because of huge recurring cost involved and the existing 280 Stations were adequate.. Hence the State Government ordered (August 2001) that Rs six crore be used for the construction of buildings for 34 out of the 129 fire stations presently in rented buildings and the balance Rs two crore for purchase of body protection equipment. This diversion was made without the approval of GOI. Rupees 4.60 crore have been spent for construction of 33 buildings as on 31 March 2003. Body protection equipments were yet to be procured.

Vehicles/Equipments

3.6.21 The sanctioned number of fire fighting vehicles/ambulances and their running condition as on 31 March 2003 were as under:

(No. of vehicles)

Type	Sanctioned	In running condition	Not in running condition			
			Repairs	CD	RD	Total
Water Tender (WT)	331	305	8	2	16	26
Water Lorry (WL)	36	33			3	3
Foam Tender	11	11				
Crash Tender	2	2				
ERT	5	5				
Hose Laying Tender	1	1				
High rise ladders						
(i) Snorkel	1	1				
(ii) Skylift	2	1	1			1
(iii) TTL	1	1				
Ambulance	80	69	4	4	3	11
Total	**470**	**429**	**13**	**6**	**22**	**41**

ERT – Emergency Rescue Tender; TTL – Turn Table Ladder;
CD – Condemnation due; RD – Replacement due for condemned vehicles

High rise ladders were held in stock only at Chennai (2) and Coimbatore (1). But no such ladders were available in Tiruchirappalli and Madurai although these cities do have high rise buildings.

3.6.22 Water Tenders/Lorries (WT/WL): 29 vehicles out of 367 were not functional as on 31 March 2003. Eight were under repair, 19 vehicles were condemned but not yet replaced and two vehicles were beyond repair but yet to be condemned.

3.6.23 Chennai City: In Chennai North and South Divisions, seven out of 45 WT/WL condemned between 1996 and 2003 were yet to be replaced, and to that extent Chennai city was under-equipped to handle fire accidents.

3.6.24 SFAC recommended that each station should have additional vehicles to the extent of 20 *per cent* of the sanctioned strength of vehicles subject to at least one additional vehicle. However, 59 stations in the six[5] divisions had only one usable WT/WL.

3.6.25 Failure of the single water tender can paralyse a station. During Erwadi Mental Asylum fire accident, (August 2001) Erwadi Station's vehicle was under repair, and the water tender from Ramanathapuram Station had to be deployed, which took 32 minutes to reach the accident spot.

3.6.26 In the other 20 divisions, there were 238 units (WT/WL) in working condition; 17 were not functional for periods ranging from one year to five years.

Prevention of Fire

3.6.27 The Department so far had not compiled the data on the number of high rise buildings, warehouses, railway stations, explosive manufacturing units, factories, workshops, major oil installations etc. so as to formulate an action plan to prevent major fire accidents. Sandalwood depots, customs clearing/forwarding points, postal parcel warehouses etc, having high value assets need fire safety measures. Details of such places were not available either in the Directorate or in the sample divisions, although such data was necessary to ensure that all of them had fire protection measures in place.

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[5] Erode, Namakkal, Perambalur, Ramanathapuram, Tiruvallur and Tiruvarur.

General Post Office

3.6.28 After the major fire accident on 23 October 2000 in the General Post Office Chennai, Postmaster General (PMG) requested DFRS for round the clock vigil and fire protection to GPO to prevent recurrence. DFRS directed the DO to re-inspect the Post Office complex and suggest suitable protection measures. The DO gave a review report in November 2000 to PMG, but did not monitor if the fire safety systems were put in place.

3.6.29 PMG also requested DFRS for advice on fire protection for Meenambakkam Airport Sorting Office, Automatic Mail Processing Office, Chennai, and Chennai Sorting Office. DFRS requested (November 2000) DD (North Region) to provide standby arrangements and send a report. Whether any fire protection measures were actually taken was not monitored by the DFRS.

Inspection of Government buildings

3.6.30 Government buildings have records of economic, administrative, legal, social importance and service records of lakh of Government employees. Most of such records have no back up copy, if lost in fire or other mishaps.

3.6.31 FRS personnel inspected 3424 and 4461 Government offices in 1998 and 1999 respectively. Such information for 2000 and 2001 called for by Audit (October 2002) was not furnished (April 2003).

The deficiencies noticed in the six sample Divisions were:

3.6.32 The Divisions did not have accurate/complete data on the location and number of Government buildings in their jurisdiction.

3.6.33 In the register of 'Inspection of Government buildings' maintained in the divisions it was merely indicated "Inspected" by the inspecting officer without any reference to advice rendered. The inspections were therefore only perfunctory.

Inspections

3.6.34 According to order number 250 of Tamil Nadu Fire Services (TNFS) Manual, when applications are received for issue or renewal of licenses, the Fire Officers should inspect the premises and suggest requisite measures to ensure public safety.

3.6.35 The Rules prescribe maintenance of register of licence. However, in none of the sample Divisional Offices was the register maintained in the prescribed format. Details of the nature of fire risk, preventive measures/fire fighting measures provided, post-licence inspections, defects noticed, follow up action taken, renewal of licence etc. were not noted.

No target fixed for inspection by Deputy Directors.

3.6.36 Even though DDs were required to conduct inspection and issue remarks to subordinate officers for follow up action, no target was fixed for such inspections.

Annual inspection of factories not conducted regularly.

3.6.37 Divisional Officer was to obtain a list of factories within his jurisdiction and send the list to the Station Officer in the municipal town for inspection at least once a year. Any defect was to be reported to the licensing authority (Chief Inspector of Factories). Further, DO was to inspect at least once a year factories located in towns without fire stations.

3.6.38 In the six sample divisions the list of factories in each town was not obtained and annual inspections were not conducted regularly. Sample divisions could only furnish the data of total number of licenses issued/renewed, but not the break up in terms of number of factories or number of places storing explosives/petroleum products, films etc.

Chennai South division had not inspected the cinema studios for fire safety.

3.6.39 According to TNFS Manual order number 254, Government have directed that before the district authority grants licence under Rule 33(i) or a 'No objection certificate' under rule 33 of the Cinematograph Film Rules 1948, the authority should consult the Divisional Officer regarding the advisability of locating a film vault at the proposed site. The list in Appendix I of TNFS Rules includes cinema studios, storage places of combustible materials like cinematographic film, ordinary cinema roll films and X-ray films. For decades, Chennai had been a major film production centre with many studios involving use, storage, transportation etc. of the listed items. Chennai South Division has four cinema studios under its jurisdiction as on date, but none of the studios was inspected. DFRS reported to Audit (May 2003), that the matter would be referred to Fire and Rescue Services Commission for scrutiny and taking decision.

3.6.40 Tamil Nadu has 2200 cinema halls, including 103 in Chennai. In August 2000, Government constituted a 7-member multi-departmental local committee for each district to inspect the cinema halls and report to the Licensing Authority (District Collector/Police Commissioner) for taking fire prevention measures. The Committee was required to inspect all the cinema halls at least once a year.

Shortfall in inspections of cinema halls

3.6.41 It was observed that the shortfall in inspections was very alarming and ranged from 14 to 100 *per cent* during 2000-02 in five Divisions. The reasons for shortfall in inspection are not available on record. DOs were not informed of the action taken by the licensing authorities on the inspection notes of the local committee.

3.6.42 The Annual Report of DFRS for 2001 in respect of Cinema Halls submitted to Government listed the following deficiencies with regard to fire safety measures.

3.6.43 (i) The cinema halls' entrances were too small to allow fire service vehicles' entry; (ii) Fire extinguishers were not adequate and re-filled; (iii) Fire buckets were few, not painted, and the word 'Fire" was not written in big size; (iv) Water tank was not filled; (v) Absence of 'No smoking' board inside; (vi) Non-installation/non-maintenance of strap pump; (vii) Emergency exit were not distinctly marked "FIRE EXIT"; (viii) Absence of sand buckets; (ix) Cinemas' doors and ceiling were not painted with fire-retardant paint; (x) Emergency pathways were not maintained properly; in some cinemas, chairs were put up on the pathways; (xi) Separate water tank for fire-fighting was not kept and maintained; (xii) Some cinemas did not have sufficient space on the four sides of the building for movement of fire service vehicles.

3.6.44 Evidently, the licencing authorities had not ensured adequate fire protection measures in the cinema halls in their jurisdiction.

No objection certificates – deficiencies in system

3.6.45 In respect of places and trades mentioned in Appendix XXI of the TNFS Manual and in places where the fire station exists, corporation/municipalities should insist on 'No Objection Certificate' (NOC) from the Fire Officer, before a licence is issued for such trades in such places. They should also consult Fire Officers for renewal of such licences in certain cases as mentioned therein. However, the department did not have the details of units requiring NOC; there was no system to ensure that all such units obtained the NOC.

Fire Service Officers had not launched any prosecution against the offenders.

3.6.46 Even though TNFS Rules provide for lodging a complaint before a court against the offender under section 15, 16, 17 and 19 of the Act, after obtaining sanction for prosecution from DFRS, the fire service officers did not launch any prosecution against the offenders so far. Even the formats in which sanction for prosecution and report to court have to be made were not specified in the rules. No action was taken although this was pointed out by DFRS to Government in February 2001.

Adequacy of fire prevention and safety measures

No annual action plan indicating the target for the year given to any of the existing FPWs.

3.6.47 Only twelve out of the 28 Divisions have Fire Prevention Wings (FPWs) whose main function is to propagate fire prevention methods to rural and urban population so that fire risks are minimised. Audit observed that in two out of four sample divisions which had FPW, there was no annual action plan indicating the target for the year.

Financial Profile

3.6.48 Details of budget grant and expenditure incurred by the Department during 1998-2003 are given below:

(Rupees in crore)

Year	Non-Plan			Plan		
	Final Modified Grant	Actual expendi-ture	Savings (-)/ Excess (+)	Final Modified Grant	Actual expendi-ture	Savings (-)/ Excess (+)
1998-1999	48.44	48.19	(-) 0.25	-	-	-
1999-2000	54.73	53.73	(-) 1.00	1.96	1.76	(-) 0.20
2000-2001	54.03	49.93	(-) 4.10	-	-	-
2001-2002	48.78	47.89	(-) 0.89	1.10	0.72	(-) 0.38
2002-2003	50.17	50.53	(+) 0.36	2.97	3.87	(+) 0.90

According to DFRS, the persistent savings upto 2001-02 were mainly due to inclusion of budget provision for salary of 1057 firemen expected to be recruited. Provision for vacant posts was not to be made in the budget, as per para 37 of Tamil Nadu Budget Manual. The steep increase in plan expenditure in 2002-03 was due to expenditure on construction of buildings for fire stations with the grant received from Eleventh Finance Commission.

Procurement of fire fighting equipment was not completed even though the entire loan was drawn from GIC in March 2002 and interest paid upto March 2003.

3.6.49 Government approved (July 2002 and January 2003) the purchase of modern fire fighting equipments with the help of GIC loan of Rs three crore. Entire loan was drawn and credited to Government account on 27 March 2002. DFRS utilised only Rs 65.56 lakh (22 *per cent*) as of March 2003. The balance amount of Rs 2.34 crore meant for purchase of 18 Water Lorries and one Small Foam Tender remained unutilised as of March 2003. Since the entire loan was drawn in advance of requirement, interest of Rs 34.97 lakh paid upto March 2003 was avoidable. DFRS stated (November 2003) that these water lorries can also be used during flood and cyclone to drain out water in the inundated areas in Chennai city in addition to their use for extinguishing fire.

3.6.50 Government opened fire stations inside the premises of thermal power stations of Tamil Nadu Electricity Board (TNEB) at Ennore, Mettur, Tuticorin and North Chennai on the understanding that TNEB would bear part of recurring cost and the full non-recurring cost.

Huge amount of Rs 3.92 crore was yet to be realised by DFRS from TNEB.

3.6.51 Against Rs 6.43 crore due from TNEB for the period 1996-2002, DFRS received Rs 2.51 crore leaving a balance of Rs 3.92 crore, as of September 2003. TNEB had referred (February 2001) the matter to the Chief

Secretary to Government to decide the level of reimbursement, but there was no response.

Conclusion

3.6.52 The Tamil Nadu Fire and Rescue Services Department is ill-equipped in terms of manpower, especially Firemen. The number of stations was inadequate compared to prescribed norms. No maximum response time has been prescribed to attend to fire calls. The Directorate had no complete/accurate data regarding the number of high-rise buildings and other places requiring fire safety measures; consequently the department did not inspect and assess the fire protection measures in all of them. The system of issue of fire licence or ‘No Objection Certificate’ did not ensure that all the units were operating with a licence. There was no review of serious fire-call reports at the level of the Directorate and no consequent guidance/instructions to the field officers.

3.6.53 The above points were brought to the notice of Government in June 2003. Government generally accepted the facts and stated (October 2003) that these aspects have been referred to FRSC constituted in November 2002. Some of the important items referred are (i) norms for opening of fire stations; (ii) improving response time; (iii) modernising Fire and Rescue equipments/ appliances, vehicles etc.; (iv) strengthening of communication network; (v) recruitment policy and (vi) removal of defects in the Fire Services Act/Rules and making the personnel more efficient in implementing them.

Recommendations

3.6.54 The department has to provide adequate manpower and latest communication network facilities to achieve the goal of keeping the response time within ten minutes as stated in its Citizen’s Charter for 2001-2002.

3.6.55 Government should issue notification under Section 13 of TNFS Act, 1985 so that DFRS can direct the removal of objects or goods likely to cause a risk of fire to a place of safety and in case of failure by the owner/occupier seize, detain or remove such object or goods from owner or occupier after giving a reasonable opportunity.

3.6.56 In case of negligence, carelessness, wilful commissions and omission of the holders of the licence under rule 2 (g) and sections 15, 16, 17and 19 of the TNFS Act, Department should take action to serve, detain or remove such objectionable objects or goods under Section 13 (2) of the Act after getting approval of DFRS and after giving the owner or occupier a reasonable opportunity under Rule 9 (1) of the TNFS Rules 1990 without prejudice to any prosecution that may be launched under Sections 15, 16, 17 and 19 of the Act.

3.6.57 A suitable system has to be evolved (i) with regard to issue of NOC to ensure that all units were operating with licence and (ii) to monitor all aspects of fire preventive/safety measures as enjoined in the Fire Services Act and Rules to reduce the number of fire accidents which is on the increase since 1998.

REVENUE DEPARTMENT

3.7 Computerisation of Land Records

Highlights

For the purpose of effective land reforms, the Government of India, Ministry of Rural Development initiated a Scheme for the "Computerisation of Land Records (CLR)" in January 1990. The software was developed by National Informatics Centre. On account of faulty planning, poor implementation and monitoring, the CLR scheme which commenced in 1990 is yet to reach a functional level after incurring an expenditure of over Rs 13 crore. The data organisation was deficient and not conducive for achievement of the ultimate objectives of the scheme. The data captured had a high percentage of error rendering it unreliable. The purchase procedures followed and entrustment of purchase to a third party resulted in avoidable expenditure of over Rs 28 lakh. Unless a better integrity level of data is established by providing suitable controls, the CLR scheme cannot become operational.

- **Although a period of three years was fixed initially for the completion of the scheme, it was extended repeatedly without adhering to the target. The scheme is still in the initial stage even after 13 years.**

(Paragraph 3.7.7)

- **The data computed by the external agencies were with lot of errors. To ensure correctness of the data a fresh check-list was prepared and the process of correcting the errors were commenced in 1998 and still going on and only 65 out of 206 taluks the process of correction is complete.**

(Paragraph 3.7.8)

- **The system was not provided with adequate controls to ensure completeness and correctness of data rendering the data unreliable. Land Taxes were incorrectly projected. Categories and types of land were not correct. Government lands were declared as private lands and vice versa. Names of property owners were left blank.**

(Paragraphs 3.7.19 to 3.7.33)

- **71 *per cent* of the records required correction, as the relationship (like son of, daughter of, wife of, etc.) was captured incorrectly. The relationship also remained blank in 3.34 lakh records.**

(Paragraph 3.7.36)

Introduction

3.7.1 Considering the importance of a computerised land records system and in view of the problems inherent in the manual system of maintenance and updating of land records, the Government of India (GOI), Ministry of Rural Development, Department of Land Resources, initiated

(January 1990) a Scheme for the "Computerisation of Land Records" (CLR). The scheme was fully sponsored by Government of India and in respect of Tamil Nadu it was to commence with a pilot project in Salem District and then to be extended to the rest of the State. The computerisation was intended to store and retrieve land related data with very little processing involved. It was implemented in two phases with the first phase covering 50 Taluks and the second phase, the remaining 156 Taluks. The software for the capture and updation of data and retrieval was developed by National Informatics Centre (NIC). Though the Scheme encompassed digitisation of land details, ownership details, crop patterns, village field measurement books, etc., only two functions *viz*. land details ('A' Register) and ownership details (Chitta) were taken up for computerisation in Tamil Nadu.

3.7.2 The CLR, which commenced in 1990, is still under implementation and Rs 13 crore have been spent upto June 2003. Despite the huge expenditure incurred and the fact that it is under implementation for over 13 years, the scheme is yet to reach a stage where the intended benefits of computerisation could be made available to the general public or even to the department. The reasons for the delayed implementation and the deficiencies observed therein have been brought out in the succeeding paragraphs.

Organisational set up

3.7.3 Department of Survey and Settlement of Government of Tamil Nadu was responsible for implementation of the scheme. It functions under a Commissioner heading the department, assisted by one Officer on Special Duty (Computerisation) at the State level. Each district unit is headed by one Assistant Director for supervision of the functions at the Taluk level.

3.7.4 The Taluk offices, where the data capture/maintenance is carried out, are under the control of the Department of Revenue. The Tahsildar, heading the Taluk office, is in charge of the updation and maintenance of data at the Taluk level.

3.7.5 Both departments *viz*. Revenue and Survey and Settlement, share the implementation and maintenance of the scheme and are equally responsible for its effective functioning. However, most of the source documents required for the updation of data have to be furnished by the Department of Registration.

Scope of Audit

3.7.6 The nodal office for the implementation of the scheme being the Commissionerate of Survey and Settlement, the planning and implementation related documents held in that office were scrutinised. The purchase documents at the Electronics Corporation of Tamil Nadu (ELCOT) were also examined as procurement worth Rs 7.06 crore was made through that agency. The application software was to be examined for its correctness, suitability and availability of controls. The data in ten selected Taluk offices (out of 65 offices where CLR was declared operational) was downloaded and examined in audit using SQL Queries and specially developed application programs.

Lack of definite time frame

The three year period awarded for completion of the scheme was repeatedly extended and the scheme is in its initial stages even after 13 years of its inception.

3.7.7 Initially, the GOI had set a three-year time limit for completion of the project and reserved the authority for extension of the same. However, when the set time limit was exceeded, the implementation was allowed to take an open ended course with a revised deadline set for implementation with each release of fund by the GOI. Apart from the usual instruction that the amount was to be spent within the financial year, GOI did not set any specific target date for completion of the project. Government of Tamil Nadu (GTN) also did not frame any time bound action plan. This was one of the major factors, which contributed to the indefinite delay in the implementation of the scheme.

Delay in Capture of data and lack of continuous updation

Delay in capture of past data and purification thereof contributed greatly to delay in the implementation of the scheme

3.7.8 The capture of past data from the manual 'A' Register and the Chitta was entrusted to external agencies on a piece rate basis at 15 paise per record. Such payments were made without attention to the correctness of the data captured as the personnel involved in such data capture were not familiar with the departmental records. To ensure correctness of the data, a checklist was sent to the Village Administrative Officers for check and return. The corrections were to be incorporated and a fresh checklist prepared. The process was to be repeated till all the errors were corrected. This procedure commenced in 1998 is still going on and only in 65 out of the 206 Taluks, the process of correction is stated to be complete (March 2003). Since the project essentially was about capturing the land records, correct data entry was key to the successful completion of the project.

3.7.9 The source documents from which the existing data can be upgraded have to come from the Registration Department or from the party acquiring the property. In either of these cases, the Revenue Department, the owner of the data has no control or system to ensure that the receipt of source documents is complete and timely. Audit scrutiny revealed that no procedure has been laid down to ensure that all source documents are received and the data is updated promptly. The accuracy and completeness of electronic data in the Taluk offices will thus always be suspect.

3.7.10 Further, the Revenue Department alone is authorised to certify the Record of Rights in respect of landed property to a court or any other agency on any given date. In the manual system, the records being permanent, the history of ownership of any piece of land was not lost in the process of updation. However, in the computerised scenario, no facility has been created for storage/retrieval of earlier ownerships through the application software. The denial of an essential facility available in the manual system after computerisation reflects a serious lacuna in the application.

Deficiencies in the database design

No provision in computer system to ensure that the extent of available land was not increased or decreased during its subdivision.

3.7.11 In the manual 'A' Register, the total area of land under respective Survey Numbers was indicated at the end of the entries relating to each Survey Number. This helped in ensuring the correctness of the individual areas in spite of repeated splitting or merger. Examination of the data structure in audit revealed that no provision has been made for the capture and storage of such total. As a result, there was no control to ensure that the areas of all the subdivisions were captured correctly in the computerised system. The system, on the other hand, permitted subdivision of land with total disregard to the area of the original land, resulting in errors. A test-check in audit of 15 survey-numbers in the stored data with the concerned manual 'A' Register disclosed errors in five cases. As a result of the deficiency, it is possible to have a piece of land added to or removed from the records without the transaction being detected by the computer system.

Deficiencies noticed in the Pilot District not corrected during implementation

Deficiencies noticed in pilot study not supplied while actual implementation.

3.7.12 It was decided to take up Salem as a pilot district for implementing the project and then extend it to other districts. After the implementation of the scheme in Salem District, the departmental officials had cited several deficiencies for correction while extending the scheme to other districts. However, it was observed that (i) in Salem district the address field provided to hold the address of each landowner was left blank, the address column was left blank for the entire State as well; (ii) it was mandatory that there should be only one patta for an individual for all his land holdings in the village. But, the manual records contained more than one patta for the same individual in the same village. This error was captured as such to the computer database. The error was pointed out and required to be corrected before further digitisation. This recommendation was not implemented. In a sample study in ten Taluks, it was seen that in 1.03 lakh instances the same person held more than one patta within the same village; and (iii) it was pointed out after the Salem experiment, that contrary to the expected norms, the software and the data organisation facilitated the issue of only separate pattas for different types of ownerships like individual holdings and joint holdings. This deficiency has not been addressed while extending the scheme to other districts.

Data design not conducive for attaining set objectives

3.7.13 Computerisation of Land Records has been contemplated with the larger objective of facilitating easy land reforms. Land reforms can be made on

3.7.14 Consolidation of land types, such as dry lands, wet lands and government owned lands under each village, Taluk etc. and

3.7.15 Consolidation of land holdings like, extent of land of different types held by each individual in different places in the State for purposes of land ceilings etc.

Database design not conducive of achieving of the ultimate objectives of the scheme

3.7.16 Though the present database caters to the requirements of paragraph 3.7.14 above, it has absolutely no provision for fulfilling any of the requirements under 3.7.15. For example, while a piece of land could be perfectly identified through the computer system, an individual owner cannot be identified with precision. Thus, the lands owned by an individual cannot be grouped. This will result in non-achievement of objectives such as issue of only one patta per person or compilation of the extent of land held by any individual for purposes of land ceilings. Thus, no additional benefit has accrued as a result of computerisation.

Deficiency in design of application software - Incomplete capture of data

3.7.17 Any updation of the land records data will not be complete unless data in both the Chitta and 'A' Register files have been updated. Hence, the program should have been designed to ensure that, either both these files are updated or no change is effected at all. Against such requirement, it was noticed that the software was designed to capture data in respect of the 'A' Register first, and capture data for the Chitta file through another data entry screen and save the data separately. This could result in disparities between different data files.

3.7.18 Examination of data obtained from ten Taluks disclosed that in respect of 10,678 cases of private lands in the 'A' Register, ownership details were not available in the Chitta file. Similarly for 60,535 landowners in the Chitta file, land details were not available in 'A' Register.

Discrepancies in the CLR database due to lack of validation control

3.7.19 It is apparent that the key to the success of the CLR Scheme lies in the reliability of data captured. An examination of the sample CLR data (14.88 lakh records in "A" Register and 13.06 lakh records in Chitta file relating to ten Taluks) disclosed several inconsistencies in the data captured rendering the data undependable. Most of the errors were due to lack of appropriate validation controls at the data entry stage.

Data were unreliable due to inconsistencies in data capture. These include wrong taxes, duplicate records, no names for land owners, incorrect land category, junk data etc.

3.7.20 In respect of 48,615 cases, the total land tax to be collected was not the product of the extent of land and the rate of tax, indicating that one of these figures was incorrect.

3.7.21 In 2,229 instances, there were duplicate records in the 'A' Register file whereby issue of Pattas and generation of Managerial Information System (MIS) information from the data file would be faulty.

3.7.22 In 3,475 cases, the Chitta file did not provide the names of the owners.

3.7.23 In 3,629 cases, the names of the owners or relatives contained junk characters, rendering the issue of Pattas or other documents impossible.

3.7.24 Land category was to be indicated by the code '1', '2' or '3' standing for 'Government' or 'Private' or 'Inam' respectively. However in 1,92,133 cases, category was indicated by some other meaningless character or figure.

3.7.25 In respect of 11,085 cases of 'Ryotwari' lands attracting land tax, concerned patta number was not indicated whereby the owner cannot be identified.

3.7.26 Land types such as wet land, dry land, poramboke, etc. are codified under numerals "1 to 7". However, against 1,85,586 cases, the land type was indicated by other meaningless figure or character whereby the land type in respect of these lands was not available in the database.

3.7.27 In respect of 1,976 cases of Ryotwari land, land tax levied was not captured in the data.

3.7.28 In respect of 1,200 records, the extent of land was given as 0; but in 338 of these records some amount of tax was indicated.

3.7.29 In respect of 1,790 cases, lands belonging to private individuals have been declared as 'Poramboke' and in respect of 9,222 some tax was indicated against government owned lands.

3.7.30 In respect of 49 cases, the extent of land was given in the negative.

3.7.31 Provision is available in the computerised 'A' Register to indicate if land under a survey number has been further subdivided. This provision however furnished false information. In 11,717 cases, it contained meaningless characters. In 7.67 lakh instances, subdivided lands were shown as undivided. In 185 cases, land under an undivided survey number has been shown as sub-divided.

3.7.32 There were around 1.7 lakh duplicate entries in the Chitta file. Duplication in this file also had several consequences like incorrect generation of Pattas and provision of faulty information for MIS.

3.7.33 Though the patta number should be unique, the same patta numbers were given to more than one landowner in more than 4400 instances. This will result in the computer system assigning wrong ownership to certain pieces of land.

Mix-up of relationship due to error in program logic

3.7.34 In respect of land records, the name of a male owner is always associated with the name of his father and the name of a female owner is linked to the name of her father or her husband and referred to as "Son of" or "Daughter of" or "Wife of" respectively. Contrarily, the designers of the CLR software planned to have seven different types of relationships namely Father, Mother, Husband, Wife, Son, Daughter and Guardian in their system, of which four were without authority and against established norms.

Wrong and incomplete capture of relationship made it impossible to identify a land owner with the name of his father, husband etc.

3.7.35 Even though, the name of the owner and the name of the relative were captured correctly, relationships like father/son, father/daughter, husband/wife were inter-changingly captured. For example where 'X' is the father of 'Y', the same relationship has been captured as 'father' in some instances and as 'son' in some other instances. Correcting the software to allow the capture of permitted relationships *viz*. "Son of", "Daughter of" and "Wife of" alone would eliminate such error.

3.7.36 A test-check of 13 lakh records in Chitta file disclosed that (i) 3.34 lakh records did not furnish the relationship details at all. Apart from a few stray cases of institution owned properties, this is a serious omission on the part of data capture; (ii) in respect of 7248 cases, the relationship between the individuals was furnished without the name of the relative; (iii) in 4.44 lakh cases, the relationship was given as 'Father' which in fact should have been either 'Son of' or 'Daughter of'. All these records would require manual correction; (iv) in respect of 44,000 records, the relationship was given as 'Mother', which should again be corrected manually as 'Son of' or 'Daughter of'; (v) in respect of 95,000 cases, the relationship was given as 'Husband'. In all these cases, the relationship should be corrected as 'Wife of'; and (vi) in order to ensure data integrity, about 9.14 lakh (4.88 + 0.95 + 3.34) records representing 71% of the total records in the Chitta files will have to be corrected. Such large scale error has been overlooked by the user departments and also by NIC. It will not be proper to issue Record of Rights (Pattas) to individuals with such faulty data.

Deficiencies noticed in the utilisation of GOI funds

3.7.37 Though the GOI had sanctioned funds against specific proposals from the GTN, it was observed that huge savings were made by short purchasing. Such savings were diverted for other purposes not provided in the scheme.

Incorrect procedure followed in the utilisation of GOI funds

3.7.38 Government of Tamil Nadu permitted Government Departments to use the assistance of ELCOT for procurement of Computer Hardware and Software for a service charge of up to five *per cent* for which advance payment can be made. Based on this ruling, Rs 7.06 crore released by the GOI under the CLR Scheme was released to ELCOT during the period February to November 2002. ELCOT had spent only Rs 4.61 crore on the purchase of hardware and software for the 206 taluk offices. The entire saving of Rs 2.45 crore was allowed to remain with ELCOT for the purchase of any future requirement of the department.

Surplus scheme funds of Rs 2.45 crore allowed to remain with ELCOT for purchases not contemplated under the scheme.

3.7.39 From this saving, purchases like furniture, vehicles, stationery etc. were made for the Commissionerate, the Secretariat and other offices. Expenditure on telephone bills, salaries etc. were also incurred from the savings. Thus Rs 1.69 crore was diverted from the saving, leaving a balance of Rs 76 lakh (June 2003) with ELCOT.

3.7.40 The stipulations of purchasing only specified items and within a specified timeframe were both circumvented. Funds relating to the CLR Scheme were diverted for several other purposes misusing the facility of ELCOT.

Furnishing incorrect information to GOI

UC furnished to the GOI after depositing the scheme funds with ELCOT.

3.7.41 The placement of entire scheme funds outside government accounts with ELCOT gave room for the department to project to the granting Government that the amount of grant was fully spent. A specific instance is given below.

3.7.42 An amount of Rs 1.33 crore released (March 2000) by the GOI for purchase of computers for the CLR Scheme was placed with ECLOT. Equipment for Rs 1.17 crore was procured leaving a balance of Rs 15.69 lakh. At this stage, a communication was sent to GOI stating that the entire amount of Rs 1.33 crore was fully utilised. Furnishing of a utilisation certificate (UC) to the GOI, after placing the amount with an intermediate agency, amounts to furnishing incorrect information to the GOI.

Interest realised on unspent balance not passed on to department by ELCOT

3.7.43 The funds released by the GOI for the CLR Scheme were placed with ELCOT for purchase of hardware and software. However, consistent short purchasing generated a huge balance of fund remaining with the agency. The funds were invested in short-term deposits by ELCOT and the interest realised thereon appropriated by them. The interest realised by them could not be quantified as no separate accounts have been maintained in respect of each scheme. Placing of GOI funds with an intermediate agency for indefinite periods and allowing them to utilise the interest realised thereon are against the canons of financial propriety.

Deployment of computer touch screen Kiosks

3.7.44 The Department generated a saving from the CLR funds by scaling down purchases after obtaining requisite funds. Utilising the saving, Computer Touch Screen Kiosks were introduced in 30 Taluks at a cost of Rs 61 lakh, claiming this to be a ‘Logical extension of the Scheme’. The

Kiosks were expected to provide the public, direct access to data relating to Land Records, Birth and Death, Old Age Pensions, Guide Line value for land, etc.

In this connection, it is observed as follows:

3.7.45 Though, Kiosks were introduced in April 2002, only data relating to land holdings was available in the computer system for viewing and no other data had yet been captured.

Expenditure of Rs 61 lakh used on the introduction of touch screen kiosks remained unfruitful. Kiosks were used for purposes other than CLR.

3.7.46 It was originally planned to provide a printer along with each touch screen computer for the public to get copies of documents, without intervention of the departmental staff. However, based on later decisions, the kiosks were to be used only for viewing and the public could get documents only through regular channels.

3.7.47 Inclusion of details of Birth and Death, Old Age Pensions, Insolvency details, etc. in the computer systems is not in line with policies or guidelines issued by the GOI.

3.7.48 It has been established that the data in the CLR scheme lacked integrity on several counts. Such data will not permit successful use of Kiosks.

Lack of documentation

Non furnishing of documentation by NIC for its software resulted in several long term impediments to the department.

3.7.49 NIC has been involved in the CLR scheme right from its inception in 1990 as the technical partner and developer of software. The district units of NIC were made in charge of assisting/supervising the implementation of the CLR in various Taluks and even on date, they were technically in control of the implementation of CLR. They have however not developed technical documentation like data organisation, data flow, structural design, modular structure etc. Lack of documentation will make the dependence of the Land Records department on NIC inevitable and system support or updation will not be possible in-house or through any other agency.

Deficiencies in procurement

3.7.50 Procurement of hardware, software, etc. for the CLR Scheme was entrusted to ELCOT for a service charge of four to five *per cent* of the purchase value. A scrutiny of the purchase files disclosed losses and overpayments to the tune of Rs 28.32 lakh as brought out in the following paragraphs.

Incorrect selection of supplier - faulty comparative statement – loss Rs 23.95 lakh

A faulty comparison of costs quoted resulted in the supply order being awarded to HCL whereby the department suffered a loss of Rs 23.95 lakh.

3.7.51 During the comparison process of tenders, for procurement for the first phase of the CLR Scheme, the quote offered by HCL was for computers without operating systems, and the quotes offered by others were with operating systems. The rates were compared alike and the order for supply was awarded to HCL for a total cost of Rs 95.95 lakh. The bids were levelled with the cost of the operating system reduced from all other quotes and compared in Audit. It was noticed that HCL was not the lowest bidder. Due to faulty comparison, HCL had bagged the order, despite its rate being higher than that of the lowest bidder by Rs 16.84 lakh. Lapse on the part of ELCOT had resulted in avoidable expenditure to the department.

3.7.52 Similarly, fifty numbers of HP make DAT Drives were purchased for Rs 19.66 lakh from HCL with the computers. The quote of another supplier at Rs 12.55 lakh for the same item was rejected on the ground that the device had to be procured only from the supplier of computers. It is construed in Audit that, since the drive is of HP manufacture fitted on to a HCL machine, it need not necessarily be procured from the supplier of computers.

Unauthorised profit made by ELCOT in purchase of software – Rs 4.37 lakh

Unauthorised sale of software by ELCOT making a profit in the process, resulted in a loss of Rs 4.37 lakh

3.7.53 The Government of Tamil Nadu, considering the technical expertise of ELCOT, nominated them to play a supporting role in all purchases of hardware and software for it. As the Government routed all purchases of computer hardware and software through ELCOT, the latter was able to get attractive prices in consideration of the huge and continuous purchases. Accordingly, Microsoft had supplied their products to ELCOT at comparatively lower prices. ELCOT posed itself as a dealer started buying the software from Microsoft and selling it to the Government with a ten *per cent* profit margin, claiming that in spite of the profit, their cost was the lowest. Over and above their selling price, they also charged four *per cent* service charges on the selling price.

3.7.54 The manoeuvre enabled ELCOT to make a profit of Rs 4.37 lakh on the sale of 156 copies of NT Server and 312 copies of Windows Workstation to the Department, as furnished below.

Profit on Server software	Rs	2,77,680
Service charges on the profit	Rs	11,107
Profit on the Workstation software	Rs	1,42,272
Service charges on the profit	Rs	5,691
Total	**Rs**	**4,36,750**

Excess number of staff trained under CLR Scheme

3.7.55 The funds sanctioned by the GOI for CLR did not include any allocation for training. But the department, taking advantage of the huge surplus fund available, trained 40 persons per Taluk Office at an overall cost of Rs 38.96 lakh.

3.7.56 In addition to the above expenditure, GTN proposed (October 2001) to GOI and obtained a sanction for Rs 68.36 lakh for training its staff in Taluk offices under the CLR Scheme. While the expenditure required for the training was already arranged for from the savings in the CLR Scheme in September 2001 itself, demanding and accepting a sanction from the GOI and placing the fund with ELCOT is a gross violation of financial discipline. The fund remains idle with ELCOT as on date.

Conclusion

3.7.57 Thus, on account of faulty planning, poor implementation and monitoring, the CLR scheme which commenced in 1990 is yet to reach a functional level after incurring an expenditure of over Rs 13 crore. Even in respect of a small segment of the scheme taken up for implementation, the data captured had a high percentage of error (over 35 *per cent* records in the ‘A’ register) rendering the data unreliable and not fit for immediate benefit to the public. Hence, the manual system is still in use for all practical purposes.

The software developed by NIC was devoid of system controls and the application programs were yet to stabilise. The data organisation was deficient and not conducive to the achievement of the ultimate objectives of the scheme. The purchase procedures followed and entrustment of purchase to a third party resulted in avoidable expenditure of over Rs 28 lakh.

3.7.58 In view of the foregoing, it is concluded in audit that unless a better integrity level of data is established and the general and application controls are toned up to ensure correctness and completeness of data capture and updation, the CLR scheme cannot be said to have become operational.

3.7.59 The above points were referred to Government in June 2003; Government's reply (December 2003) has been taken into account in the above discussion.

Recommendations

3.7.60 Ensuring integrity of data is vital for the successful computerisation of any function. It is more so in respect of the CLR scheme in view of the criticality of the data involved. It is hence recommended that the data already captured may be purified 100 *per cent* in addition to ensuring completeness.

3.7.61 It is also essential that proper arrangement be made with the Registration Department for continuous and timely furnishing of land transfer details.

3.7.62 Now that the department has sufficient number of trained computer personnel, purchases relating to the scheme may be done direct without the involvement of intermediate agencies.

3.7.63 Time bound targets may be fixed for implementation of the scheme and its progress ensured through adequate monitoring.

SOCIAL WELFARE AND NUTRITIOUS MEAL PROGRAMME DEPARTMENT

3.8 Welfare of the Handicapped

Highlights

Welfare of the Handicapped is a complex social issue involving coordination of curative, promotional and rehabilitational activities directed at different forms of handicap and a multitude of measures. Further, the definition of handicapped for the purpose of coverage is so widely dispersed over such a large area of disabilities that no single focus emerges automatically from the disparate efforts undertaken by different agencies entrusted with the delivery of programme objectives.

In Tamil Nadu, a separate Directorate for Rehabilitation of the Disabled was formed in the State in 1993 to provide comprehensive rehabilitation services which include early detection of disability, special education, vocational training, job placement, assistance for self-employment, free supply of aids and appliances, with the objective of making the handicapped self - reliant and economically independent.

A review of implementation of these measures revealed that due to inadequate provision of funds in the budget, there were huge shortfalls in providing these services - in conducting camps to identify the disabled, as well as in supply of aids and appliances; State Resource Centre under the NPRPD scheme had not been set up; ramps to create barrier - free environment to the disabled were not provided in pubic buildings and level of assistance with aids and appliances was inadequate.

- Block level camps to identify persons with disabilities were not conducted during 2002-03 due to non-release of funds by Government; there was short supply or non-supply of aids and appliances during 1998-2003.

(Paragraphs 3.8.5 to 3.8.7)

- Modern Training-cum-Production Workshop meant for production of assistive devices did not function to its capacity during 2001-03 due to inadequate allotment of funds; expenditure of Rs 40.65 lakh on staff and contingencies was unproductive.

(Paragraphs 3.8.8 and 3.8.9)

- The Artificial Limb sub-centre at Madurai was not utilised to its optimum level; the value of calipers fabricated was Rs 0.22 lakh only compared to Rs 35.36 lakh incurred on staff salary during 1998-2003.

(Paragraph 3.8.19)

- Maintenance allowance to severely disabled persons was not paid monthly, but was disbursed for 3-12 months together, due to belated issue

of sanctions by Government; Rs 21.24 lakh remained undisbursed and was also kept outside Government account as of April 2003.

(Paragraphs 3.8.28 to 3.8.30)

- Out of Rs 3.79 crore released by GOI during 1999-2002 for implementation of National Programme for Rehabilitation of Persons with Disabilities, Rs 2.57 crore remained unutilised as of 31 March 2003, mainly because the State Resource Centre had not yet been set up.

(Paragraph 3.8.42)

Introduction

3.8.1 According to the National Sample Survey, the disabled constituted 1.9 *per cent* of the total population of the country in 1991. Persons with locomotor disabilities constituted 49.2 *per cent* and 80 *per cent* of the disabled lived in rural areas while services, institutional and infrastructure facilities were confined to urban areas. The survey conducted by the State Commissioner for the Disabled (SCD) in March 2001 revealed that Orthopaedically handicapped were the majority (53.7 *per cent)* followed by persons with other types of disabilities[1].

3.8.2 National policy for comprehensive rehabilitation of the disabled sought to enforce Persons with Disabilities (Equal Opportunities, Protection of Rights and Full Participation) Act 1995 (PWD Act) and the National Trust for Welfare of Persons with Autism, Cerebral Palsy, Mental Retardation and Multiple Disabilities Act 1999. These Acts contain specific directives to Government (Central and State) for providing facilities such as education, employment, affirmative action and preferential allotment in certain areas, non-discrimination and providing social security to the disabled.

Organisational set up and Audit Coverage

3.8.3 Schemes for the disabled were implemented by Social Welfare and Nutritious Meal Programme Department of Government through the SCD at State level and District Disabled Rehabilitation Officers (DDROs) at district level. Details of Government of India (GOI) schemes implemented in the State either directly or through Non-Governmental Organisations (NGOs) are given in Appendix XXXV.

3.8.4 Implementation of these schemes during 1998-2003 was reviewed through test-check of records of Secretariat, SCD, six[2] DDROs, 34 Special schools and ten Non-Governmental organisations (NGOs).

Services for the disabled

Aids and appliances to orthopaedically disabled

3.8.5 Petitions were received by DDROs/Chief Minister's Cell/District Collectors on grievance days from the disabled. The DDROs assessed the requirement based on the petitions and placed indents with SCD

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1 Deaf 15.7 *per cent*; Blind 7.71 *per cent*; Low Vision 4.65 *per cent;* Mentally retarded 9.7 *per cent*; Mentally ill: 2.25 *per cent*; Leprosy cured 2.70 *per cent* and others 3.58 *per cent*

2 Chennai, Cuddalore, Chengalpattu, Madurai, Tirunelveli and Tiruvannamalai.

for supply of aids and appliances. Shortfall ranging from 25 to 100 *per cent* was noticed in supply of aids and appliances.

Year	Tri-cycle			Wheel chair			Folding sticks and Goggles			Braille watches		
	A	B	C	A	B	C	A	B	C	A	B	C
1998-1999	2919	1500	49	252	150	40	2583	1500	42	1955	1000	50
1999-2000	3518	2000	43	398	150	62	2260	1500	34	2052	900	56
2000-2001	5728	2000	65	675	150	78	2391	1500	37	NA	NIL	-
2001-2002	2380	500	79	300	100	67	1867	1400	25	1000	1000	Nil
2002-2003	3721	NIL	100	535	NIL	100	2115	NIL	100	1327	NIL	100

A – Indented B – Supplied C – Percentage of shortfall

3.8.6 The SCD attributed (May 2003) the shortfall mainly to inadequate allotment of funds by the Government.

Comprehensive assessment camps not conducted in 2002-2003.

3.8.7 Besides, block-level comprehensive assessment camps were to be conducted in each district annually to identify persons with disabilities and to render suitable rehabilitation services. While camps were held in 1998-2002, no such camps were conducted (except Kancheepuram District) during 2002-03 due to non-allotment of funds. Purchase of aids and appliances was also restricted to the amounts provided in the budget, resulting in short supply during 1998-2001 and non supply for assessments made in block level camps held during 2001-02, as detailed in Appendix XXXVI. The shortfall ranged from five to 100 *per cent*. Further, there was a delay ranging from ten to 39 months in providing rehabilitation services to disabled persons in four test-checked districts. The delay was due to time taken in supplying the aids/appliances. In view of short supply/non-supply of aids and appliances and belated provision of required services, the main objective of conducting comprehensive camps was not fully achieved.

Shortfall in supply of aids and appliances vitiated the objective of comprehensive camps.

Despite expenditure of Rs 40.65 lakh on establishment, performance of MTPW during 2001-2003 was poor/nil.

3.8.8 In order to produce tri-cycles and wheel chairs required for free distribution, a Modern Training-cum-Production Workshop (MTPW) is functioning at Guindy, Chennai. The workshop had capacity to manufacture 3000 tricycles and 150 wheel chairs in a year. But the target fixed for tricycles was less than 3000. The production of tricycles was only 500 in 2000-2001 and nil in 2001-2002. The statistics are as follows:

Year	Tri-cycles				Wheel chairs			
	Physical		Financial (Rs in lakh)		Physical		Financial (Rs in lakh)	
	A	B	A	B	A	B	A	B
1998-1999	1500	1500	28.00	27.92	150	150	2.40	2.40
1999-2000	2000	2000	40.00	39.57	150	150	2.40	2.40
2000-2001	2000	2000	28.00	28.00	150	150	2.40	2.40
2001-2002	2000	500	28.00	26.50	150	100	2.40	1.60
2002-2003	2000	Nil	13.54	11.74	150	Nil	-	-

A – Target B - Achievement

3.8.9 Inadequate allotment of funds was adduced (May 2003) by the SCD as the reason for lowering the target/poor/nil performance during 2001-03. During 2002-03, the entire expenditure of Rs 11.74 lakh was only to settle the pending bills of the previous year and no tricycles were produced. In view of the poor production, expenditure of Rs 40.65 lakh incurred on staff salary and other contingencies of the MTPW during 2001-03 remained under-utilised.

Aids and appliances to hearing impaired

Type of hearing aids supplied did not match the disability.

3.8.10 Hearing aids were issued based on the assessment of extent of hearing loss. In five districts[3], though the type of hearing aids to be given was prescribed in the medical certificate, no mention was made in the issue register as to which type was provided. As a result, it could not be ascertained by Audit whether the right type of hearing aid was provided. In DDRO, Madurai correct type of hearing aids was not supplied in 18 out of 23 cases during 2000-02.

3.8.11 For perfect fixation of hearing aids in the ears, ear moulds are necessary. In three districts (Chennai, Cuddalore and Madurai), ear moulds were not made even though raw materials were supplied by the SCD and one Multipurpose Rehabilitation Aide (MPRA) was trained in making the moulds. DDRO Madurai reported (March 2003) that ear moulds were not made because the ear mould hanging motor did not function and no technical person was available. DDRO Chennai did not respond to Audit.

28 posts of Audiologists not filled up for six years. As a result, equipment costing Rs 20.95 lakh were kept idle.

3.8.12 Mention was made in paragraph 3.4.5.3 of the Report of the Comptroller and Auditor General of India for the year 1998-99 that machinery and equipment procured during December 1997 – March 1998 for a value of Rs 32.95 lakh (in 28 districts) for establishing Audiology and Speech Therapy Units were not functional as the posts of Audiologists (created in May 1997) had not been filled up. These posts had not been filled up even as of May 2003 due to ban on recruitment. The Chengalpattu unit also did not function for the same reason; the unit was being looked after by a technician from April 1997 who was not qualified for the task.

3.8.13 Out of 28 desk model and 28 portable Audio meters, DDRO, Chennai transferred (June 2002) two (one desk model and one portable model) for use in Little Flower Convent, Chennai. The remaining 27 desk models (cost: Rs 16.37 lakh) were idle. The portable models were put to minimum use, only in the comprehensive health camps.

3.8.14 Similarly five Impedance Audio Meters procured (February 1998) at a cost of Rs 5.73 lakh were kept idle in five District Disabled Rehabilitation Centres (DDRCs) for want of Audiologists. One such meter was transferred (June 2002) by DDRO Chennai to Little Flower Convent, Chennai and the remaining four (cost: Rs 4.58 lakh) were kept idle (May 2003).

3.8.15 Thus, equipments purchased at a total cost of Rs 20.95 lakh were kept idle.

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[3] Chennai, Cuddalore, Madurai, Tirunelveli and Tiruvannamalai

Aids and appliances to visually handicapped

1000 visually handicapped deprived the benefit of Braille watches.

3.8.16 Under the scheme of "Supply of Braille watches to visually handicapped persons", Braille watches were to be supplied to 1000 persons every year. Due to belated supply by the manufacturer watches indented for the year 1999-2000 were distributed only in 2000-01 and no proposal was made for 2000-01. Thereby 1000 visually handicapped persons were deprived of Braille watches. Further, no Braille watches were supplied during 2002-03 as funds were not provided in the budget.

Special schools for the handicapped

Admission in Government school for visually handicapped was dwindling as there were better facilities available in schools run by NGOs.

3.8.17 There are 242 special schools for the disabled of which 25 are Government schools (visually handicapped – 11; speech and hearing impaired – 12; physically handicapped – 1 and mentally challenged – 1), 58 are Government aided schools, 157 are unaided schools and two are municipal schools. A review of the functioning of these schools in the selected districts revealed the following:

Name of school	Remarks
1. Government school for the Blind, Madurai	During 1998-2003, number of new admissions was low and declined from ten to four; like wise students' strength steadily decreased from 37 to 19 against the sanctioned strength of 60 students. The poor rate of admission was attributed (March 2003) by the Headmaster of the school to the fact that NGOs were also running schools for the visually handicapped in Madurai district and there were 22 integrated schools wherein the visually handicapped could study along with normal students. Also students were unwilling to seek admission in the school which had only upto VI Standard. No vocational training was being imparted. Since modern equipment and other vocational training facilities were available in schools run by NGOs in Madurai, the admission in this school was dwindling rapidly, leading to doubt about the very necessity of continuing this school.
2. Government school for severely orthopaedically handicapped children, Madurai	The number of students ranged from 61 to 78 during 1998-2003 as against the sanctioned strength of 100. The number of new students admitted every year also ranged from 15 to 19 only during 1998-2003. The Head Master attributed (March 2003) the poor student strength to the fact that similar private schools run by NGOs were functioning nearby.
3. Government school for the deaf, Cuddalore	25 out of 87 students in various classes were without hearing aids, which were essential for them.
4. Rangammal Memorial Higher Secondary school for the deaf, Tiruvannamalai	A school run by NGO; 118 students out of 212 were without hearing aids, as of April 2003.

Scholarships to physically handicapped students

809 students provided with free study materials were also given scholarship in violation of PAC recommendation

3.8.18 Against budget provision of Rs 5.73 crore, expenditure of Rs 5.55 crore was incurred during 1998-2003 towards scholarships for handicapped children for purchase of text books and note books. Mention was made in Paragraph 3.2**0.6.3**(c)(iii) of Report of the Comptroller and Auditor General of India – Civil-Government of Tamil Nadu for the year ended 31 March 1992 regarding irregular disbursement of scholarships to students who were provided with free boarding and lodging in the hostels attached to the institutions for the disabled. The Public Accounts Committee (PAC) also observed in its 53rd Report[4] (XI Assembly) that provision of free books, hostel facilities as well as payment of scholarship to the same student was irregular. But in six schools of four test-checked districts[5], 809 students in classes I to XII staying in hostel were also given scholarships totalling Rs 4.03 lakh during 1998-2003 even though they were provided with free supply of books and note books.

Functioning of Artificial Limb Sub-Centre

Though expenditure of Rs 35.36 lakh was incurred on the establishment of ALC only 39 calipers were fabricated at the expenditure of Rs 0.22 lakh during 1998-2003.

3.8.19 The State Government established an Artificial Limb Sub-centre (ALC) at Madurai in June 1984 to provide surgical corrections, physiotherapy, calipers etc to the children of Government school for the severely orthopaedically handicapped and sanctioned 11 posts. DDRC Madurai was established in May 1997 and was providing artificial limbs in the district. Hence the ALC at Madurai did not function to its capacity. As the aids/appliances were also provided by the DDRC, Madurai the SCD proposed to Government (August 1999 and June 2003) to close the unit; Government's decision was still awaited. Out of Rs 3.35 lakh allotted for equipment and materials during 1998-2003, only Rs 0.22 lakh was spent for fabricating 39 calipers. Expenditure on salary of ALC staff during 1998-2003 was Rs 35.36 lakh. The only Prosthetic Craftsman was transferred in August 1998.

Non–establishment of rehabilitation homes for mentally retarded girls of over 14 years of age

Homes for rehabilitation of mentally retarded girls of above 14 years not set up.

3.8.20 Government approved (July-November 2000) starting of three rehabilitation homes for mentally retarded girls of over 14 years of age, in three districts, to impart vocational training. Government also sanctioned (July 2000) Rs 2.50 lakh for each home towards rent, boarding charges, medical expenses, dress, training materials and wages of workers; but no budget allotment was made for three years (2000-03). Therefore the homes were not setup. For six NGOs who were running such homes (in six districts[6]) with 180 beneficiaries, eligible Government assistance of Rs 30 lakh was not released during 2001-03 due to financial crunch.

Self-employment Programme

SCD's report that subsidy under self-employment programme for disabled was disbursed fully was incorrect.

3.8.21 In order to improve the economic condition of the disabled and make them self-sufficient, the Department was arranging loan from Nationalised Banks towards self-employment ventures with a subsidy of Rs 1000 (increased to Rs 2000 from 2000-01) or one-third of the loan amount, whichever was less. For setting up a bunk stall, the maximum subsidy was fixed as Rs 5000. SCD informed Audit that the target for disbursement of subsidy was achieved in full.

3.8.22 Although SCD allotted Rs 25000 to DDRO Tirunelveli for the year 2001-02 towards subsidy under this programme, the DDRO was not aware of the allotment. DDRO Tiruvannamalai drew (March 2003) Rs 60,000 allotted for 2002-03, and kept it in a bank account. DDRO Chennai obtained 11 cheques from Pay and Accounts Officer for Rs 21,666 in favour of various banks towards subsidy, but did not disburse the same to the banks as of May 2003. Thus, the claim of having disbursed subsidy in full for the years 1998-2003 totalling Rs 81 lakh was not factually correct.

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4 Presented to the Legislature in April 1999
5 Chennai, Kancheepuram, Tirunelveli and Tiruvannamalai
6 Madurai, Salem, Sivagangai, Thanjavur, Thoothukudi and Vellore Districts

No machinery was there to verify actual utilisation of subsidy by beneficiaries and creation of assets.

3.8.23 In the six sample districts, subsidy of Rs 12.52 lakh was given to banks in respect of 813 disabled persons during 1998-2003 under self employment scheme. Similarly, under Bunk Stall Scheme, subsidy of Rs one lakh was given to 22 cases in five districts[7] during 2000-03. However, no information was available in the departmental records to show whether the loan assistance together with subsidy was finally released by the banks and whether the beneficiaries were running self-employment ventures. Thus, it was not ensured that the subsidy released was actually utilised by the beneficiaries for the intended purpose. DDROs, Chengalpattu and Tiruvannamalai reported (April - May 2003) that physical verification of assets created would be done in future. Though DDRO Tirunelveli reported (April 2003) that during field visit these were inspected by him, no recorded evidence was produced to audit to confirm this.

Assistance to disabled through "National Handicapped Finance and Development Corporation"

Nearly one third of applicants for self employment only were provided loans.

3.8.24 Government of India set up (January 1997) National Handicapped Finance Development Corporation (NHFDC) for extending loans to handicapped to promote employment. DDRC sent 145 applications (loan: Rs 55.34 lakh) to NHFDC which sanctioned a loan of Rs 36.65 lakh in respect of 109 applications. Of this Rs 21.39 lakh was disbursed to 59 applicants during September 2002 to July 2003. 36 applications were pending with NHFDC due to various defects.

3.8.25 In test-checked districts (details *vide* Appendix XXXVII) out of 328 applications received by DDRC during 2001-03, 300 applications were not forwarded to NHFDC for reasons such as applicants did not possess property, disinterest on the part of applicants to obtain loan, non-viability of the trades proposed etc. Thus the NHFDC scheme formulated for ensuring employment of the disabled in compliance with section 38 of the PWD Act did not fully achieve the objective.

Maintenance allowance to severely disabled persons

3.8.26 Persons who could not be rehabilitated otherwise by giving education, training and assistance for self-employment, placement etc were each paid maintenance allowance at Rs 150 per month. From 1 January 2003, this allowance is payable to the disabled persons through money order every month.

3.8.27 Physical and financial targets and achievements during 1998-2003 reported by SCD and expenditure as per Government accounts are given below.

(Rupees in lakh)

Year	Physical		Financial		Expenditure as per Government accounts
	Target	Achievement	Allotment	Expenditure as reported by SCD	
1998-1999	4900	4900	88.20	88.20	85.90
1999-2000	6400	6400	115.20	115.20	114.10
2000-2001	7400	7400	115.20	133.20	129.07
2001-2002	8400	8400	115.80	151.20	0.45
2002-2003	8400	8400	115.80	151.20	302.70

7 Chennai, Cuddalore, Madurai, Tirunelveli and Tiruvannamalai.

Orders for payment of maintenance allowance of Rs 151.20 lakh to 8400 severely handicapped persons during 2001-2002 were issued by Government in March 2002 and June 2002, but the amount was released to DDROs in September 2002 only. As such there was no disbursement of maintenance allowance at all during 2001-2002.

Disbursement of maintenance allowance was not timely; huge amounts were unutilised.

3.8.28 The maintenance allowance for the years 2001-2003 together with the money order commission (from January 2003) in the sample districts were drawn by the DDROs and credited to the Savings Bank (SB) Accounts maintained by them with Nationalised Banks. Payments were made to the beneficiaries through cheques. Rupees 21.24 lakh remained undisbursed (in the SB Accounts) outside Government account (details *vide* Appendix XXXVIII) as of 30 April 2003.

Maintenance allowance not disbursed.

3.8.29 DDRO, Tiruvannamalai did not disburse maintenance allowance of Rs 5.76 lakh meant for 320 severely handicapped persons for the year 2002-03, although he drew the same from Government account in February- March 2003.

3.8.30 The maintenance allowance was not disbursed to the beneficiaries every month as intended. Instead, it was disbursed for 3-12 months together due to belated issue of sanctions/allotment orders by Government/SCD.

Free travel concession to disabled persons

Claims of transport corporations for free travel concession to disabled persons were settled on different criteria.

3.8.31 Under the scheme of free travel concession to disabled persons, 6100 to 11378 disabled were benefited during 1998-03 and the expenditure ranged from Rs 29.20 lakh to Rs 79.96 lakh.

3.8.32 Government prescribed (August 1992) a formula for computing the claim for reimbursement to the transport corporations and ordered that 80 *per cent* of the claim was to be borne by Government and 20 *per cent* by the transport corporations. The travel entitlement underwent changes as regards number of trips and distance. In December 1996 Government stated that a revised formula would be separately brought out. The SCD also proposed (December 2001) a revised formula for uniform adoption by all transport corporations. Government had not yet decided on the matter as of April 2003, and the DDROs were reimbursing the transport corporations adopting different criteria.

Non-utilisation of funds mobilised through raffle

Funds mobilised for welfare of disabled through raffle was not utilised for over one year.

3.8.33 For mobilising funds to implement special schemes, the Director of Tamil Nadu Raffles conducted a special draw in March 2002 and remitted the net receipts of Rs 51 lakh to Government account. The State Government ordered (August 2002) transfer of the amount to Welfare Fund for the Disabled. The amount was drawn only in March 2003 by SCD and credited (May 2003) to the Welfare Fund. Thus, funds mobilised as early as in March 2002 to implement the special schemes remained idle (May 2003).

National Trust for Welfare of Persons with Autism, Cerebral Palsy, Mental Retardation and Multiple Disabilities Act, 1999

Enforcing the provision of the Act was tardy; LLCs were yet to fully discharge their function.

3.8.34 To implement the National Trust for Welfare of Persons with Autism, Cerebral Palsy, Mental Retardation and Multiple Disabilities Act (National Trust Act), SCD has been nominated as the State Level Coordinator and the District Collectors as the District Coordinators. As per Section 13 of National Trust Act, a Local Level Committee (LLC) was to be formed to create awareness about the National Trust and the four disabilities served by it and also to receive applications for appointment of Legal Guardians to persons with autism, cerebral palsy, mental retardation and multiple disabilities requiring protection. According to Section 13(4) of the National Trust Act, LLC should meet once in every three months or at such interval as might be necessary to carry out its activities.

3.8.35 LLCs were formed in all districts except Tirunelveli, between September 2001 and August 2002. In the four sample districts, though sixteen meetings should have been conducted in compliance with the provisions of the Act, only seven meetings were held.

3.8.36 Sixteen applications were received by DDRO, Chengalpattu and guardianship was under process as of May 2003. Out of 260 applications received by DDROs in five sample districts, guardianship was conferred only in seven cases in Chennai and Vellore Districts, as of May 2003. Thus, the LLCs formed were yet to fully discharge the functions entrusted to them under the Act.

National Programme for Rehabilitation of Persons with Disabilities

3.8.37 The National Programme for Rehabilitation of Persons with Disabilities (NPRPD) was launched by the Ministry of Social Justice and Empowerment, GOI to provide comprehensive rehabilitation services to the people with disabilities in rural areas. The services would cover all aspects of rehabilitation *viz.,* prevention, early intervention, economic rehabilitation and integration in the society. To implement the scheme, GOI provided Rs 3.79 crore[8] through demand drafts (DD) to the SCD which were credited to Government account. Though DD for Rs 1.56 crore was received from GOI in March 2002, it was kept in Savings bank account and was remitted to Government account only in August 2002. The interest earned was not credited to Government account.

Non-adherence to Government of India guidelines in selection of districts

Selection of districts was not according to Government of India guidelines.

3.8.38 According to GOI, two districts were to be covered under the scheme during 2000-2001 and three during 2001-2002 with first priority to be given to districts with existing DRCs/DDRCs, and then to districts where little or no services existed. In Tamil Nadu DDRCs under GOI scheme are functioning in five districts[9] and DRC in Kancheepuram District. The selection of Kancheepuram District was in keeping with the guidelines. But the other three districts (Ramanathapuram, Theni and Tiruvannamalai) were selected contrary to the guidelines.

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8 1999-2000: Rs 25 lakh; 2000-2001: Rs 198.35 lakh; 2001-02: Rs 156.05 lakh.

9 Madurai, Salem, Thoothukudi, Vellore and Virudhunagar.

844 CBRWs and 22 MRWs positioned in excess resulting in Rs 37.28 lakh paid to them from GOI funds.

3.8.39 The scheme provided for two Community-based Rehabilitation Workers (CBRWs) at Gram Panchayat (GP) level and two Multipurpose Rehabilitation Workers (MRWs) at Block level. GOI stipulated (February 2001) that the districts where some rehabilitation services had already been provided will be sanctioned only one CBRW and MRW per GP and Block respectively. In case of districts having GPs more than 400 and Blocks more than 10, additional GPs and Blocks should be covered by the State Government through their own resources.

3.8.40 But, it was seen that 844 CBRWs and 22 MRWs had been positioned in excess of the ceiling prescribed (in four districts[10]) by GOI and their monthly honorarium amounting to Rs 37.28 lakh for the period from 15 July 2002 to 15 March 2003 (8 months) had been paid from GOI funds instead of from State resources. Government stated (December 2003) that based on GOI guidelines issued in November 2001 the four NPRPD districts in Tamil Nadu can have 3200 CBRWs as against 2177 positioned and 60 MRWs was well within the limits. The reply is not tenable as according to para 3.2 of the same guidelines GOI resources are available only on the estimation of 400 GPs and ten blocks in each district. Any excess was to be met out of States' resources or from savings from other districts. Audit has taken these guidelines into account and quantified the excess positioning only after considering the savings from other districts.

Urban areas were also covered instead of rural areas

3.8.41 Though as per GOI guidelines (October 2001), CBRWs and MRWs were to be positioned at GP and Block levels, it was noticed in two test-checked districts[11] that 68 CBRWs and two MRWs were positioned in Municipal Wards and Town Panchayat areas.

Rupees 2.57 crore being GOI funds released under NPRPD scheme remained unutilised as of March 2003.

3.8.42 Out of Rs 3.79 crore released by GOI during 1999-2002 for implementation of NPRPD, Rs 39.63 lakh was for setting up a State Resource Centre. However, the Resource Centre was yet to be set up as of July 2003. The proposal submitted in July 2000 was still under consideration. Out of the balance of Rs 3.39 crore, Government sanctioned Rs 1.89 crore during June 2002 (Rs 1.78 crore) and March 2003 (Rs 10.78 lakh) for conducting camps and training to MRWs and CBRWs and implementation of NPRPD in the four districts, against which the actual expenditure was only Rs 1.22 crore as of 31 March 2003. Thus, GOI funds of Rs 2.57 crore were lying unutilised with the State Government.

3.8.43 The DDRCs were to send utilisation certificates (UCs) for the amounts released to them along with physical and financial progress made under the scheme on quarterly basis to the SCD, who should send bi-annual reports to the Central Government. However, no such reports were sent as of 31 March 2003.

3.8.44 Under the scheme, a target of 50 camps per district was fixed for the year 2002-03 for assessing and providing rehabilitation services to persons with disabilities. In Kancheepuram and Tiruvannamalai districts, 32330 persons[12] with disabilities were identified during 2002-03 for providing rehabilitation services such as tri-cycle, wheel chair, hearing aid, bus pass etc.

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[10] Kancheepuram, Ramanathapuram, Theni and Tiruvannamalai.

[11] Kancheepuram and Tiruvannamalai.

[12] Kancheepuram: 7073; Tiruvannamalai: 25257.

Of this only 641 persons in Kancheepuram District were provided with rehabilitation services, as of April 2003.

Implementation of the Persons with Disabilities (Equal Opportunities, Protection of Rights and Full Participation) Act, 1995

Provisions of the PWD Act are yet to be enforced in full, comprehensive rules were yet to be framed and access audit was not conducted at all.

3.8.45 Section 60 (i) of the PWD Act stipulates that every State Government may by notification appoint a Commissioner with special knowledge or practical experience in respect of matters relating to rehabilitation to assist the persons with disabilities for the implementation of the Act. However, no separate Commissioner was appointed, but the existing Director for Rehabilitation of the Disabled was appointed (April 1999) to work also as State Commissioner for the Disabled.

3.8.46 Section 73 of the Act provides that State Governments may, by notification, make rules for enforcing the provisions of the Act. The State Government framed and notified (August 2002), 'The Tamil Nadu Persons with Disabilities (Equal Opportunities, Protection of Rights and Full Participation) Rules, 2002' based on the draft model rules circulated by the Ministry of Welfare. However these rules did not cover the important aspects of the Act as detailed in Appendix XXXIX. After the fire accident at Erwadi in which several mentally ill persons had perished in August 2001, Government notified (October 2002) rules[13] (after the emergency arose) for registration of homes for the mentally ill persons only. However, no such rules for homes for other disabled persons had yet been framed. Similarly, under Section 63 of the Act, SCD is empowered to take legal action under the Code of Civil Procedure while trying a suit in respect of the matters specified in the Act. A proposal for creation of the legal cell to enforce the rights of SCD was turned down by Government due to financial crunch.

3.8.47 The Act (Sections 44 to 47) provides that appropriate Governments/Local authorities shall take up special measures to enable persons with disability to have easy access to buses, toilets and waiting rooms by using wheelchairs etc. conveniently.

3.8.48 Steps were to be taken for providing auditory signals; engraving on the surface of zebra crossings; ramps in public buildings, hospitals and primary health centres; suitable adjustment of an employee to some other available post, if the employee acquiring disability is found not suitable for the post he was holding etc. But, no action was initiated to provide these facilities, except ramps in public buildings.

3.8.49 To construct ramps in all District Collectorates and Secretariat, the State Government sanctioned Rs 65 lakh in October 2001. Government stated (December 2003) that ramps were constructed in 15 district Collectorates. In three districts construction was in progress; for eight districts it was in proposal stage and the remaining three district Collectorates do not require ramps. Thus two years have elapsed after the sanction of Government for creation of barrier-free environment in 15 districts; in 11 districts it still remained to be created.

3.8.50 As per section 33 of the Act every Government shall reserve in every establishment not less than three *per cent* of vacancies for persons with disability of which one *per cent* each shall be reserved for persons suffering

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[13] The Tamil Nadu Registration of Psychiatric Rehabilitation Centres of Mentally Ill Persons Rules.

from (i) blindness or low vision (ii) hearing impairment and (iii) locomotor disability or cerebral palsy. Section 36 provides for carrying forward the reservation in the succeeding recruitment year and for interchange among the three categories of disabled if suitable persons were not available. Orders for reservation of vacancies were issued by the State Government (for Group 'C' and 'D' posts) even earlier in August 1981 and February 1988. Though the SCD stated that totally 3486 posts had been filled up during 2000-2002 he did not give any specific reply for carry forward of vacancies provided for in the Act.

3.8.51 An Access Audit Committee was formed (September 2002) to undertake every month access audit of at least two public buildings to find out the buildings' accessibility to the disabled and, if not, to suggest curative measures. As of date (March 2003), no access audit had been conducted though 14 audits should have been conducted. Further, the training given by GOI to three officers[14] to conduct access audit remained unproductive.

Monitoring and evaluation

Monitoring

State plan for monitoring yet to be drawn up.

3.8.52 In August 1998, the Director for Rehabilitation of the Disabled issued instructions that DDROs should inspect five *per cent* of all schemes. This was not done by the DDROs Chengalpattu and Madurai. Though DDRO Tirunelveli reported (April 2003) that during field visit DDRO/Orthotic Technician/ MPRA verified the beneficiaries, no recorded evidence was produced to Audit. Further, in order to draw up an action plan of the schemes for the State, SCD required (April 2002) the DDROs to submit district plans highlighting the requirements of disabled indicating the strategy and sources of funding. This State plan was yet to be drawn up by the SCD as of May 2003.

Impact Assessment

3.8.53 Apart from the points discussed above, State Government did not take effective steps for enforcing provisions of Section 25, 27 to 30, 40, 48, 49 and 51 of the PWD Act as detailed in Appendix XL.

3.8.54 Based on National Sample Survey and 1991 Census, population of disabled in Tamil Nadu was estimated at 10,61,320. A survey in February 2000 conducted by the department estimated it as 3,71,697 (0.60 *per cent* of total population) and a resurvey in March 2001 at 4,00,817 (0.65 *per cent* of total population). The disabled population in four districts where NPRPD was launched, (Kancheepuram, Theni, Tiruvannamalai and Ramanathapuram) was estimated as 79,561 after a survey in August 2002 against 52,685 estimated in the resurvey of March 2001 indicating a huge variation of 51 *per cent.*

3.8.55 The wide variations and inconsistent estimations indicate that the department did not adopt reliable scientific methods of survey for estimating the population of the disabled. The available data indicated that population of orthopaedically handicapped persons was the highest in the State constituting 54 *per cent* of the total disabled. During the ten years 1991-2002 only 70,577 orthopaedically handicapped constituting 33 *per cent* (total

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[14] Joint Director, Technical Officer, and District Disabled Rehabilitation Officer, DRC Chengalpattu

215280) were assisted by the State Government with aids and appliances. This trend is indicative of inadequate level of assistance.

3.8.56 The above points were referred to Government in June 2003; Government generally accepted the facts (December 2003), except as discussed.

Recommendations

3.8.57 The department has to (i) adopt scientific methods of survey for estimating the population of the disabled in the State; (ii) ensure timely supply of aids and appliances and monthly payment of maintenance allowance to severely disabled; (iii) set up homes for rehabilitation of mentally retarded girls of above 14 years; and (iv) ensure implementation of the various sections of the PWD Act, which have been neglected so far.