Chapter 2

PERFORMANCE AUDIT

2.1 *Rashtriya Krishi Vikas Yojna*

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2.5 Operation of Plant & Machinery in Electrical and Mechanical divisions

Chapter 2

PERFORMANCE AUDIT

This chapter contains the results of performance audits of *Rashtriya Krishi Vikas Yojna;* Implementation of *Indira Awaas Yojna;* and Functioning of Moti Lal Nehru Medical College, Allahabad and Associated Teaching Hospitals and Long paragraphs on Financial Management in Institute of Engineering & Rural Technology, Allahabad; and Operation of Plant and Machinery in Electrical & Mechanical divisions.

Agriculture Department

2.1 Performance Audit of '*Rashtriya Krishi Vikas Yojna*'

Executive summary

Introduction

Rashtriya Krishi Vikas Yojna was launched (May 2007) with the objective to provide incentives to the State for increasing public investment in agriculture, maximise returns to the farmers, bring about quantifiable changes in the production and productivity of various agriculture and allied sectors and to ensure annual growth rate of at least four *per cent* during Eleventh Five Year Plan.

Planning

District Agriculture Plans were prepared (March 2009) by Agriculture Financial Corporation, Lucknow and UP Industrial Consultants Limited, Kanpur with delays of sixteen months and submitted to Department of Agriculture and Cooperation, Government of India in March 2010. Thus, during 2007-10, funds were utilised without any District Agriculture Plans.

Though District Planning Committees were constituted (December 2007), the work of preparation of District Agriculture Plans/State Agriculture Plan was outsourced to Agriculture Finance Corporation, Lucknow and UP Industrial Consultants Limited, Kanpur. These agencies did not follow the envisaged bottom-up approach for planning

It is recommended that while preparing the District Agriculture Plans/State Agriculture Plan, bottom up approach should be adopted to ensure preparation of plans relevant to local area duly adhering to the timeline.

Financial Management

Against ₹ 2,564.14 crore provided (2007-13) by Government of India, Government of Uttar Pradesh utilised only ₹ 2,493.28 crore for projects under Stream I and Stream II. There were delays ranging between one to eleven months in release of funds by Government of Uttar Pradesh to the nodal department. There were instances of diversion of ₹ 28.45 crore.

It is recommended that funds may be released to the executing agencies within the stipulated time and diversion of funds should be avoided.

Implementation of projects

Expenditure of ₹ 104.09 crore was incurred on the project 'Energisation of Tube Wells', which was neither included in District Agriculture Plans/State Agriculture Plan nor was eligible for assistance under *Rashtriya Krishi Vikas Yojna*. Similarly, ₹ 21.60 crore was incurred on purchase of tractors which was not admissible under the scheme.

State Level Sanctioning Committee (SLSC) approved (April 2010) the project of ₹ 46.41 crore for payment of incentives for certified seeds to farmers and handling charges to UP Beej Vikas Nigam, though the project was not included in District Agriculture Plans/State Agriculture Plan.

Rupees 21.89 crore was spent on implementation of Bringing Green Revolution in Eastern India in National Food Security Mission districts, though the scheme was to be implemented in Non-NFSM districts.

Expenditure of ₹ 5.78 crore was incurred during 2009-10 for clearing the liability created under Macro-mode of Agriculture scheme, despite the fact that subsidy on distribution of seeds was not included in District Agriculture Plans/State Agriculture Plan. Further, contrary to the opinion (August 2010) of State Level Implementation Monitoring Committee, two projects of ₹ 6.08 crore and ₹ 0.68 crore were approved (October 2010) by State Level sanctioning Committee for payment of liability of 2009-10, pertaining to Pradeshik Cooperative Federation and National Seed Corporation.

It is recommended that projects should be thoroughly vetted before sanctioning the projects under the scheme.

Monitoring and Evaluation

Against the envisaged 21 meetings of SLSC during March 2008 to March 2013, only 14 meetings were held, of which holding of 10 meetings was delayed by 10 to 134 days. Further, State Level Implementation Monitoring Committee, constituted in April 2010, held only eight meetings upto March 2013 against the required 32 monthly meetings.

It is recommended that monitoring and evaluation of the projects should be strengthened for effective implementation.

Impact

The momentum of growth of Agriculture sector, 4.2 *per cent* during 2008-09, lost its way in 2009-10 to minus one *per cent,* after launching of RKVY. It picked up during 2010-12 (4.2 *per cent*) but again declined to 2.60 *per cent* in 2012-13.

2.1.1 Introduction

With the objective to ensure annual growth rate of at least four *per cent* in Agriculture sector, Government of India (GoI) launched (May 2007) *Rashtriya Krishi Vikas Yojna (RKVY)*, a centrally assisted (100 *per cent*) State Plan scheme during the eleventh plan period. The main objectives of RKVY were:

- To incentivise States so as to increase public investment in agriculture and allied sectors;
- To provide flexibility and autonomy to states in the process of planning and executing agriculture and allied sector schemes;
- To ensure preparation of Agriculture Plans for districts and States, based on agro-climatic conditions, availability of technology and natural resources;
- To achieve the goal of reducing the yield gaps in important crops through focused interventions;
- To maximise returns to the farmers in agriculture and allied sectors;
- To ensure that local needs/crops/priorities are better reflected in agricultural plans of States; and
- To bring about quantifiable changes in production and productivity of agriculture and allied sectors by addressing them in a holistic manner.

2.1.2 Organisational Structure

The Department of Agriculture and Cooperation (DAC), Ministry of Agriculture, Government of India was responsible for budgetary controls, release of funds and overall administration of the scheme.

At the State level, Principal Secretary, Agriculture Department was the nodal head for according administrative and financial approvals. At the departmental level, Director, Agriculture acted as State Level Nodal Agency[1] (SLNA) for RKVY and was assisted by an Additional Director, Agriculture for coordinating with other departments and implementing agencies for implementation and monitoring of the scheme.

A State Level Sanctioning Committee (SLSC) was constituted (November 2007) under the Chairmanship of Chief Secretary, Government of Uttar Pradesh (GoUP) for sanctioning and monitoring the projects. A State Level Implementation and Monitoring Committee (SLIMC) was also constituted (April 2010) under the Chairmanship of Agriculture Production Commissioner (APC), GoUP, for examination, monitoring and evaluation of the projects.

[1] Though 'State Agriculture Management and Extension Training Institute' (SAMETI), Rehmankhera, Lucknow had been nominated (November 2007) as State Level Nodal Agency for implementation of RKVY.

At district level, 'Agriculture Technical Management Agency' (ATMA), was made (November 2007) responsible for implementation of the scheme. In addition, Deputy Director, Agriculture was nominated (May 2010) as district level nodal officer for monitoring the scheme activities of agriculture and other line[2] departments. The organisational chart is given in ***Appendix-2.1.1.***

2.1.3 Scope of Audit and Methodology

Funds under RKVY were made available to States in two distinct streams, viz, Stream-I for specific projects and Stream-II for strengthening the existing State sector schemes. With a view to ascertain adequacy in implementation of the scheme, Audit selected 21 out of 263 projects of Stream-I, 2 projects out of 101 projects of Stream-II and five projects of sub-schemes pertaining to Agriculture and allied departments for 2007-13 by adopting the criteria for selection of Sectors, projects and districts as detailed in ***Appendix-2.1.2*** and the performance audit was conducted[3] in 29 districts[4] between May and September 2013. Physical verification of projects and beneficiaries was also conducted for arriving at audit conclusions.

An Entry Conference was held on 21 March 2013 with the Agriculture Production Commissioner. During entry conference the audit objectives, audit criteria, scope and methodology of audit were discussed and agreed upon. Exit Conference was held with the Government on 5 May 2014 wherein the facts and figures were admitted and the recommendations accepted. Replies of the State Government were received and suitably incorporated in the report.

2.1.4 Audit Objectives

The Performance Audit of RKVY was taken up to assess whether:

- Planning process for the implementation of the scheme was effective and according to the RKVY guidelines;
- Financial management ensured adequate and timely availability of funds and their effective and economic utilisation;
- Projects were implemented according to the regulatory structure in place; the intended objectives of the projects were achieved; and Nodal Agency/Agriculture Department effectively coordinated with various departments and implementing agencies;
- Internal control mechanism were put in place to ensure efficient and effective monitoring and control over implementation; and

[2] Animal Husbandry, Dairy development, Minor irrigation, Sericulture, Sugarcane Department and UP DASP etc.

[3] In the offices of the Principal Secretary, Planning; Director, State Agriculture Management and Extension Training Institute, Rehmankhera; Director, Agriculture Department; Commissioner, Cane Development Department; Director, Animal Husbandry Department; Chief Engineer, Minor Irrigation Department; Director, Sericulture Department; Managing Director, Pradeshik Cooperative Dairy Federation; Project Coordinator, UP Diversified Agriculture Support Project and their offices in 29 test-checked districts.

[4] Allahabad, Azamgarh, Baghpat, Bahraich, Balrampur, Basti, Deoria, Faizabad, Gautam Budha Nagar, Ghaziabad, Jalaun, Jaunpur, Kasganj, Kushinagar, Lakhimpur Khiri, Lucknow, Maharajganj, Mahoba, Mainpuri, Mau, Meerut, Mirzapur, Pilibhit, Pratapgarh, Raebareilly, Saharanpur, Sitapur, Unnao and Varanasi.

- The objectives of maximising returns to the farmers in agriculture and allied sectors were achieved and the State could achieve four *per cent* growth in the agricultural sector during the XIth Plan period.

2.1.5 Audit Criteria

The audit criteria have been derived from the following sources:

- Guidelines of RKVY issued (May 2007) by Department of Agricultural and Cooperation, Ministry of Agriculture;
- Information collected from the website of RKVY (rkvy.nic.in);
- Reports of Planning Commission and other reports[5] of GoUP;
- District Agriculture Plans (DAPs)/Comprehensive State Agricultural Plan (SAP) for 2007-12;
- Guidelines and Action Plans/Detailed Project Reports (DPRs) of projects;
- Instructions/guidelines issued at State/District level; and
- General Financial Rules, Uttar Pradesh Budget Manual, Store Purchase Rules and relevant Government Orders of GoUP.

2.1.6 Acknowledgement

Audit acknowledges the cooperation and assistance extended by the State Government and their officials at various stages of Performance audit.

2.1.7 Planning

2.1.7.1 Delayed/defective preparation of District Agriculture Plans (DAPs)/State Agriculture Plan (SAP)

As per Paragraphs 3.1, 3.2 and 3.5 of GoI guidelines, the States were required to prepare DAPs duly adopting bottom-up approach whereby a citizen survey was to be conducted to ascertain local needs and the draft plan proposal of a village was to be initiated by Gram Sabha and approved by Gram Panchayat before preparation of DAPs and shelf of projects at district level. A comprehensive SAP was to be prepared by integrating DAPs within three months of issuance of guidelines. The Agriculture Department (Nodal Agency) was to finalize SAP and submit the same to the State Planning Department (SPD) for integrating it with the overall State Plans, to enable SPD to submit the same to the Planning Commission of India as a part of its State Plan exercise. We observed:

- Though District Planning Committees were constituted (December 2007) to determine policies, programmes and priorities for development of each district alongwith preparation of development plans, the work of preparation of DAPs and compilation of SAP for 2007-12

[5] Five year plan and Annual Plans for the period 2007-12.

was outsourced (2008-09) to Agriculture Finance Corporation (AFC), a deemed Government of India company and Uttar Pradesh Industrial Consultants Limited, Kanpur (UPICO) which delayed the submission of report (March 2010) by 28 months. The bottom-up approach for planning was not followed as the draft proposals were not prepared by Gram Panchayats and compiled by next level of Panchayats (block/district). Further, participatory groups[6] were not consulted.

- Citizen surveys were conducted only in five villages[7] of each block in each district without any criteria for selecting these villages[8]. Further, agro-climatic conditions and available natural resources were not surveyed[9]. Only constraints faced by the farmers were taken into consideration and, therefore, DAPs did not depict the correct picture of other facets related to agriculture and allied sectors[10]. It also did not include financial requirement[11], sources of funding[12] and vision document[13] for development of agriculture and allied sectors.

- Shelves of projects were also not prepared by any district. The nodal and allied departments prepared projects, including some non-permissible[14] projects which were also sanctioned by SLSC.

Thus, during 2007-10, the scheme was implemented without any specific plan, despite spending ₹ 7.10 crore to prepare these DAPs.

The Government accepted (March 2014) the delayed preparation of DAPs/SAP and stated that DAPs were prepared as per the guidelines issued by Planning Commission of India, according to terms of reference of Agriculture department and with the assistance of village, block and district level agriculture planning units.

The reply was not acceptable as DAPs was prepared with a delay of 28 months without following the bottom up approach. Coverage of citizen survey was not adequate, agro-climatic conditions and available natural resources were not surveyed and assistance of village, block and district agriculture planning units was taken only for gathering information.

2.1.7.2 Preparation of Detailed Project Reports without proper analysis

Paragraph 7.1.1 of RKVY guidelines required the nodal agency to satisfy itself that the project fulfils the objectives of RKVY before recommending the DPR

[6] Self Help Groups, Cooperatives, NGOs, National Rain-fed Area Authority etc.
[7] Selection of only five villages for citizen survey was against the guidelines issued by Planning Commission.
[8] As per terms of reference, 10 *per cent* model villages in each district, representing the geographical, social and economic status of the districts, were to be covered in the survey.
[9] Block-wise data for major crops and other produces were not included and yield gaps were not identified in DAPs. Income analysis of farmers was also not carried out.
[10] Some of the activities covered in the guidelines, like encouraging non-farm activities, schemes for beneficiaries of land reforms etc. were not included in DAPs.
[11] Only new projects/programmes and their financial requirements were included in the DAPs.
[12] By integrating existing schemes and including resources available from District, State and Central schemes.
[13] As required under the guidelines (August 2006) of Planning Commission of India.
[14] Some non-permissible projects like 'Energisation of private tube wells' and purchase of tractors under the project 'Pulses and oilseed villages in rain-fed areas' were sanctioned.

to SLSC. SLSC, in its 15th meeting (May 2013), decided to constitute a committee for appraisal and vetting of project proposals received from agriculture and allied departments.

We observed that there was no proper system for vetting of proposals prior to the constitution (May 2013) of the Project Appraisal Committee. As a result, DPRs of projects like 'Subsidy for wheat seed (certified) liabilities for 2009-10 distributed by Pradeshik Cooperative Federation (PCF) and National Seed Corporation', and 'Special Dairy Development Project[15]', submitted to SLSC, lacked proper analysis resulting in non-achievement of objectives of the scheme as discussed in Paragraphs 2.1.9.4 and 2.1.9.5.

Further, with the objective to provide Integrated Services and Products[16] of agriculture and allied sectors under one roof, SLSC approved (March 2008) the project 'Setting up of Agrimarts at Lucknow and Hapur'. However, the location selected for construction of Agrimart at Lucknow was in a 'No entry' zone[17] as per evaluation study of Giri Institute of Developmental Studies, Lucknow. Resultantly, the Agrimart was not made functional even after lapse of five years and spending ₹ 2.83 crore. This indicated improper preparation and vetting of DPRs. During joint physical verification (July 2013) of the Agrimart, it was also found that basic facilities[18] for the farmers were not available. Agrimart at Hapur was incomplete (September 2013) even after spending ₹ 2.63 crore.

No specific reply regarding improper preparation and vetting of DPRs was given (March 2014) by the Government. Regarding operationalisation of Lucknow Agrimart it stated that tendering process was in progress and accepted that due to non-electrification Hapur Agrimart was incomplete. No comments were offered about no-entry zone of Lucknow Agrimart.

2.1.7.3 Non-convergence of plans and activities

Paragraph 2.4 of RKVY guidelines required convergence of the scheme with other schemes like Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS), *Swarnjayanti Gram Swarojgar Yojna* (SGSY) and Backward Regions Grant Funds (BRGF). Accordingly, convergence of plans and activities of District Rural Development Programmes, Animal Husbandry, Dairy, Fisheries and other departmental programmes were proposed in DAPs.

We observed that the convergence of the activities of 12 test-checked projects of RKVY with other schemes/programmes of the Central and State

[15] Under the scheme, units of *milch* animals/ Heifer units were to be established; shades for animals were to be constructed; *milch* machines, chaff cutter, seed for fodder cultivation and urea molasses blocks were to be distributed; and trainings, exposure visits and seminars were to be organised. The project included various items like, Provision of 52 shades for 105 units comprising 25 milching animals; Proposal for construction of 210 shades for units of 10 milching animals without any proposal for establishment of these units and Provision of 30750 lick blocks for animals and heifers without any justification for the quantity and also without any survey, identification of beneficiaries, distribution criteria and distinct objective.

[16] Agriculture investments, pesticides, implements, weather information, grading, storage, banking, credit facility etc.

[17] Entry of heavy vehicles, like tractors, trolleys, dallas etc. was not allowed in the zone during day hours upto 9 PM.

[18] Agriculture investments, pesticides, implements, weather information, grading, storage, banking, credit facility etc.

Governments (***Appendix-2.1.3***) were not proposed in DPRs of the projects of RKVY.

The Government replied (March 2014) that convergence of RKVY projects with other schemes was not possible and there was no such directive of SLSC.

The reply was not acceptable as proposals for convergence with existing schemes were not sent to SLSC by the Agriculture and allied departments, as envisaged under RKVY.

2.1.8 Financial Management

2.1.8.1 Receipt and utilisation of funds

During 2007-13, grants-in-aid of ₹ 2,564.14 crore were provided by GoI to the State Government. Against the receipt, GoUP accorded financial sanction of ₹ 2,809.51 crore (including revalidated amount of ₹ 811.31 crore) and ₹ 2,493.28 crore was utilised[19] for the projects under Stream I and II, as discussed in the succeeding paragraphs:

Stream I

During 2007-13, SLSC approved 263 projects at ₹ 4,132.61 crore. The details are given in Table 1:

Table 1: Details showing receipt and utilisation of funds under Stream-I

(₹ in crore)

Sl. No.	Year	No. of project proposals	Total cost of the projects	Demand for the year	Opening Balance	Receipt from DAC	Total funds available	Expenditure	Closing Balance
1	2007-08	9	82.00	70.30	0.00	70.30	70.30	0.00	70.30
2	2008-09	27	354.07	267.28	70.30	267.28	337.58	259.19	78.39
3	2009-10	69	1,091.17	293.23	78.39	293.23	371.62	272.62	99.00
4	2010-11	58	688.63	498.01	99.00	557.44	656.44	691.71	-35.27
5	2011-12	56	1,287.80	696.66	-35.27	696.66	661.39	573.71	87.68
6	2012-13	44	628.95	363.00	87.68	225.26	312.94	463.82	-150.88
Total		**263**	**4,132.62**	**2,188.48**		**2,110.17**		**2,261.05**	

(**Source:** Director, Agriculture Department)

We observed:

- During 2008-13, GoUP spent ₹ 2,261.05 crore on Stream-I projects, including excess expenditure of ₹ 150.88 crore diverted from allocated funds of Stream-II projects;
- During 2007-08, no expenditure was incurred against the available fund of ₹ 70.30 crore, due to delayed holding (March 2008) of meeting of SLSC for approval of the projects; and

[19] During 2007-13, against the budget provision of ₹ 3572.04 crore for RKVY, the actual expenditure was ₹ 2493.28 crore. Thus, the budget estimates were 43.27 *per cent* more than the actual requirement which indicated that the estimates were not realistic.

- During 2008-10 and 2011-12, due to less release of financial sanctions by the State Government and non-utilisation of funds released by the implementing agencies, ₹ 265.07 crore was under-utilised against the total available funds of ₹ 1,370.58 crore.

Stream II

Year-wise position of receipt and utilisation of funds under Stream-II is given in Table 2.

Table 2: Details showing receipt and utilisation of funds under Stream-II

(₹ in crore)

Sl. No.	Year	No. of project proposals	Total cost of the projects	Demand for the year	Opening Balance	Receipt from DAC	Total fund available	Funds released to implementing agencies	Expenditure	Closing Balance
1	2007-08	5	27.00	33.60	0.00	33.60	33.60	0	0	33.60
2	2008-09	26	64.61	49.29	33.60	49.29	82.89	37.09	37.09	45.80
3	2009-10	29	243.89	97.74	45.80	97.74	143.54	61.27	61.27	82.27
4	2010-11	19	52.44	137.91	82.27	137.91	220.18	58.57	58.57	161.62
5	2011-12	11	62.53	66.17	161.62	66.17	227.79	39.84	39.84	187.94
6	2012-13	11	39.52	69.26	187.94	69.26	257.20	35.46	35.46	221.74
Total		**101**	**490.00**	**453.97**		**453.97**		**232.23**	**232.23**	

(**Source:** Director, Agriculture Department)

We observed that during 2007-13, SLSC approved 101 projects for ₹ 490 crore. Thereagainst, DAC released ₹ 453.97 crore to the Agriculture Department (AD) through GoUP. Against this, AD provided only ₹ 232.23 crore to the implementing agencies[20]. Thus, funds released by DAC during 2007-13 were not utilised completely. As per guidelines, funds were to be released by DAC after projects were sanctioned by SLSC. However, DAC released (November 2007) an amount of ₹ 27 crore under Stream-II, before SLSC's sanction (March 2008) of five projects[21].

Further, during 2009-12, against the central release of ₹ 1,849.15 crore under both the Streams, only 10 *per cent*, i.e. ₹ 184.91 crore, was to be carried forward to 2010-13 (under both the streams) for revalidation, but ₹ 583.23 crore[22] was revalidated by DAC. This resulted in excess revalidation of ₹ 398.32 crore.

The Government replied (March 2014) that there was no restriction on utilization of 100 per cent of RKVY funds for Stream-I projects, and funds for Stream-II projects were utilised as per provisions contained in RKVY guidelines. It, however accepted that carry forward of only 10 per cent of unutilised funds was permissible and added that there was a provision of releasing first installment of Stream-II projects in the beginning of Kharif

[20] Nodal department did not maintain records in respect of State contribution to Stream-II projects.

[21] Strengthening of Soil Testing Laboratories: ₹ six crore, Strengthening and establishment of seed treatment plants: ₹ five crore, Establishment of Agrimart at Lucknow and Hapur: ₹ 4.33 crore, Land reclamation project in Katari area: ₹ one crore; and Certification of Organic Agriculture Management System: ₹ 10.67crore.

[22] 2010-11: ₹ 181.27 crore + 2011-12: ₹126.34 crore + 2012-13: ₹ 275.62 crore = ₹ 583.23 crore.

season. The reply was not acceptable as funds, earmarked and released by DAC for Stream-II projects, were utilised for Stream-I projects without approval of SLSC.

2.1.8.2 Delays in release of funds

As per orders of DAC, funds released under RKVY were to be utilised during the respective financial year.

We observed that DAC released (2007-13) ₹ 2,564.14 crore to GoUP which was retained by the latter for periods ranging between one and 11 months and ₹ 811.31 crore was not utilised during respective financial years (2007-13).[23] Further, against the total available funds of ₹ 3,375.45 crore (including unspent balance of ₹ 811.31 crore), GoUP released (2007-13) ₹ 2,809.51 crore[24] to AD for release to the implementing agencies. The delays of 15 days to five months in release of funds to implementing agencies resulted in non-implementation of various components of the projects as discussed in paragraph 2.1.9.7.

The Government accepted (March 2014) the facts.

2.1.8.3 Management of funds by implementing agencies

As per paragraph 12 of UP Budget Manual, expenditure was required to be made within the budgetary allocation and subject to availability of funds. Further, as per release order of GoI, GoUP was required to utilise funds for implementation of the projects in the year for which it was sanctioned. Audit of 28 test-checked projects (out of 274 implemented) revealed:

- During 2008-09, ₹ 29.58 crore pertaining to different projects of line departments was withdrawn (31 March 2009) from treasury by the Agriculture department to avoid the lapse of fund and was parked in the Personal Ledger Account (PLA) of UP State Agro, Lucknow, which was later on released (June-August 2009) to different departments.

  The Government accepted (March 2014) the fact.

- During 2011-13, ₹ 3.31 crore was withdrawn from the treasury by the Dy. Director, Agriculture, Varanasi and was utilised in succeeding years.

  The Government stated (March 2014) that enquiry is being conducted and in future it will be avoided.

- During 2008-13, subsidy of ₹ 0.95 crore pertaining to 'Saghan Mini Dairy Pariyojna' (SMDP) remained undisbursed (September 2013) in the rural banks of the test-checked districts. Further, unutilized fund of ₹ 1.85 crore pertaining to the period 2008-12 of closed SMDP was not refunded (March 2013) by project units (District Milk Union) in 24 test-

[23] Carried forward as unspent balance to the succeeding financial year.
[24] The excess release was made from revalidated amount of ₹ 811.31 crore.

checked districts. Further, an amount of ₹ 1.08 crore on account of interest on balances pertaining to SMDP remained in saving banks accounts of the Pradeshik Cooperative Dairy Federation (PCDF).

The Government accepted (March 2014) the facts and stated that subsidy relating to SMDP could not be utilised due to complex formalities and delays made by banks and regarding interest portion Government stated that it will be utilised for achievement of additional targets.

- Rupees 36.94 lakh was spent by the district project implementing units (DPIUs) under the project, 'Promoting intensification and diversification of agricultural production and increasing farmers access to expanding market opportunities,' but vouchers were not submitted (March 2013). An FIR was lodged (February 2013) against DPIU by the district project coordinator (DPC), Balrampur.

  No reply was given by the Government (March 2014).

- In four projects[25] out of 21 test-checked projects of Stream-I in the test-checked districts, works were carried out prior to budgetary allocation/without availability of funds, payments were not made despite availability of funds and funds were surrendered despite liabilities of ₹ 53.50 crore.

- Equipment[26] valuing ₹ 24.47 lakh was purchased (March 2010) by the Director, Sericulture Department, Lucknow and was dispatched to Assistant Director, Sericulture, Varanasi for establishment of Silk Exchange in Varanasi. However, documents relating to dispatch of equipment by Director, Sericulture department, Lucknow and its receipt such as stock entries by Assistant Director, Sericulture, Varanasi was not available.

  The Government replied (March 2014) that the equipment were sent to Silk Exchange, Varanasi. The reply was not acceptable as neither the records for receipt of equipment was available neither in the office of Assistant Director, Sericulture, Varanasi nor in the office of Director, Sericulture, Lucknow. Further, the equipment was not found entered in the stock register of Silk Exchange, Varanasi.

2.1.8.4 Diversion of funds

(a) Against the RKVY guidelines, SLSC approved (March 2008) a project for energisation of 10,000 tube-wells (including energisation of 5,000 tube-wells in Bundelkhand region) for 2007-08 at ₹ 50 crore which was released

[25] Minor Irrigation Works, Sugarcane seed production programme, Enhancing production application and productivity of wheat by proper placement of seed and fertilizer through line sowing in eastern UP and Customised farmers training and extension activities and online agricultural monitoring through ground truthing video phone calling and application ICT.

[26] Genset, Drier, Serigraf and silk cohesion tester, Seri plan and Degaming machine, Steel almirah, Table, Chair, Steel rack, Calculator, Photocopy machine and Computer system.

(August 2008) to Uttar Pradesh Power Corporation Limited (UPPCL). UPPCL utilised ₹ 26 crore[27] for payment of differential amount of subsidy on 20,000 tube-wells sanctioned under *Samanya Yojna* (a scheme of GoUP for which ₹ 110 crore was already lying with UPPCL). This resulted in diversion of ₹ 26 crore to activities other than those approved by SLSC.

The Government stated (March 2014) that Minor Irrigation department released funds for energisation of tube wells but UPPCL utilised the funds for paying the differential cost of subsidy of a State scheme. The reply confirms the audit findings.

(b) As per paragraph 2.6 of RKVY guidelines, funds available under Stream-II were to be utilised for strengthening the existing State sector schemes and filling the resource gaps. In contravention of RKVY guidelines, SLSC approved (February 2009) project on 'Strengthening and renovation of communication infrastructure at Headquarters[28] under Stream-II, at ₹ 2.45 crore.

The Government stated (March 2014) that the expenditure was incurred after financial approval. The fact remains that the project was ineligible for funding under RKVY.

2.1.8.5 Inadmissible expenditure

As per paragraph 3.6 of RKVY guidelines, a State was permitted to use upto one *per cent* of its total RKVY funds for administrative expenditure, which included payments to consultants, recurring expenses of various kinds, staff costs etc but there was no provision of charging the same on funds allocated for projects under Stream-I and II.

(a) We observed that against the total allocation of RKVY of ₹ 2,642.45 crore during 2007-13, ₹ 25.35 crore[29] (one *per cent* share) was allocated towards administrative fund. Of the allocated fund, administrative expenditure of ₹ 7.07 crore was booked.

Although there was no provision of charging recurring expenses on funds allocated for projects under Stream-I and II, implementing agencies spent (March 2013) funds totaling ₹ 22.10 crore (i) UP DASP spent ₹ 16.39 crore on making payments to NGOs, (ii) PCDF spent ₹ 0.27 crore (10 *per cent*) on Technical Supervision Fee (TSF) on purchase of equipment for modernization and strengthening of processing capacity of NOIDA dairy plant, (iii) Pradeshik Dairy Cooperative Federation spent ₹ 3.76 crore as overheads (iv) AD spent ₹ 0.89 crore on hiring of manpower for Soil Testing Laboratories and ₹ 0.79 crore on electricity charges from funds allocated for projects under Stream-I instead of meeting it from one *per cent* allocated for administrative expenditure.

[27] Remaining fund of ₹ 24 crore was utilised for energisation of 3520 tube-wells under RKVY in Bundelkhand region.
[28] The work included strengthening of boundary wall and CC road (₹ 36.16 lakh), construction of overhead tank (₹ 80.00 lakh), repairs of outer wall (₹ 69.56 lakh) and supply of electricity (₹ 60.00 lakh).
[29] No funds were allocated under administrative expenses against funds of ₹ 103.90 crore received during 2007-08.

(b) Without approval of SLSC, ₹ 1.13 crore was spent on maintenance of building of Agriculture Directorate from the administrative fund.

The Government stated (March 2014) that administrative expenditure were charged according to the provisions of DPR and approval of SLSC. The reply was not acceptable as administrative expenditure was made from funds for projects, which was inadmissible under RKVY guidelines.

2.1.8.6 Outstanding utilisation certificates

We observed that against the release of ₹ 2,564.14 crore by DAC during 2007-13, the nodal department submitted utilisation certificates (UCs) of ₹ 2,493.29 crore (97.24 *per cent*) to DAC. Audit also observed that the nodal department sent UCs amounting to ₹ 2,269.62 crore to DAC after delays of five to 28 months. UCs of ₹ 70.85 crore were outstanding at the end of 2012-13 ***(Appendix-2.1.4)***. Further, UCs of the entire amount (₹ 1,849.15 crore), received during 2009-12, were sent by the State Government to DAC without obtaining UCs of ₹ 33.78 crore from the implementing agencies.

However, scrutiny of records of the test-checked districts further revealed that:

- During 2011-12, ₹ 38.28 crore was transferred to the districts for implementation of the project under 'Sugarcane seed production programme'. UC of the entire amount was sent by the Cane Development Department though ₹ 1.18 crore was lying unutilized in 20 districts (out of 29 test-checked districts).

- During 2009-13, advances of ₹ 11.64 crore to UPCL, ₹ 2.96 crore to UP *Samaj Kalyan Nirman Nigam (*UPSKNN*)* and ₹ 0.10 crore to Non-conventional Energy Development Agency (NEDA) were released for 'Strengthening of Government farms and seed production'. UC of the entire amount was, however, sent on the basis of advance released by AD without expenditure details/vouchers of the advances from UPCL, UPSKNN and NEDA.

- During 2008-13, UC of ₹ 253.70 crore was sent by Project Coordinator, UP Diversified Agriculture Support Project (UPDASP) to the nodal department against the expenditure of only ₹ 231.96 crore (Paragraph: 2.1.9.2).

- During 2010-11, ₹ 22.68 crore was released (August 2010) for making payment of incentive to farmers producing certified seeds in *Rabi* 2009-10 and *Kharif* 2010 seasons. UC of entire amount was issued (May 2011) by UP Beej Vikas Nigam against the utilization of only ₹ 14.45 crore.

The Government, while accepting (March 2014) the facts, were silent on the remedial action required to be taken on the audit observation.

2.1.9 Implementation of Projects

2.1.9.1 Selection of beneficiaries

Project Guidelines laid down the procedure for selection of beneficiaries and in some cases included male-female ratio and prescribed the percentage for Scheduled Castes (SCs)/Scheduled Tribes (STs) beneficiaries also. Audit of test-checked districts revealed:

- Under 'Five days training and extension facilities to livestock owners' selection of trainees was not approved by the committee constituted for the purpose in 23[30] out of 29 test-checked districts. Further, the selection criteria of male and female trainees in the ratio of 50:50 was not ensured in 13 training programmes conducted during 2010-11 in four districts[31] and 10 programmes conducted in four districts[32] (out of 29 test-checked districts) during 2011-12.

- During 2009-12, mandatory approval of the committee of *Swarnjayanti Gram Swarojgar Yojna* was not taken before finalizing the beneficiaries in 14 districts[33] under 'Establishment of goat farming units'.

- Under 'Sugarcane seed development programme' norms for identifying and selecting 21 *per cent* of the beneficiaries of SCs/STs by the Sugarcane Development Council (SDC) were not adhered to in 20 districts.[34]

- Under 'Soil Health Improvement Programme' (*Dhaincha* seed production), against required selection as per norms of selecting the beneficiaries in the open meetings of *Gram Sabha*, they were selected arbitrarily on first come first serve basis.

- Under BGREI–Creation of Irrigation potential- the beneficiaries were not selected, as required, by a Joint Committee of Agriculture and MI Departments in any of the test-checked districts.

The Government accepted (March 2014) the facts.

2.1.9.2 Implementation of projects not eligible for funding under RKVY

Paragraph 7.1.1 of RKVY guidelines required the nodal agency to satisfy itself that the project fulfilled the objectives of the scheme before recommending the DPRs and produce an eligible list of projects for assistance. However, it was noticed that four projects costing ₹ 365.88 crore were taken up for execution during 2008-12, though these were not eligible for funding under RKVY.

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[30] Azamgarh, Baghpat, Bahraich, Balrampur, Basti, Deoria, Faizabad, Gautam Budha Nagar, Ghaziabad, Kasganj, Kushinagar, Lakhimpur Kheri, Lucknow, Maharajganj, Mainpuri, Mau, Meerut, Mirzapur, Pilibhit, Pratapgarh, Raebareli, Sitapur and Varanasi.

[31] Balrampur, Basti, Maharajganj and Pilibhit.

[32] Basti, Balrampur, Lucknow and Pilibhit.

[33] Allahabad, Basti, Deoria, Faizabad, Jalaun, Lakhimpur Kheri, Lucknow, Maharajganj, Mahoba Meerut, Pilibhit, Raebareli, Saharanpur and Sitapur.

[34] Azamgarh,Bagpat, Bahraich Balrampur, Basti, Deoria, Faizabad, Ghaziabad, Jaunpur, Kasganj, Kushinagar, Lakhimpur Khiri, Maharajganj, Mau, Meerut, Pilibhit, Raebareli, Saharanpur, Sitapur and Varanasi.

The following discrepancies were noticed in implementation of these projects:

(i) Audit observed that in the project of 'Production of certified seed at the level of seed growers'[35], against the available fund of ₹ 22.68 crore, ₹ 14.45 crore was utilised for making payments (incentives and handling charges on certified seeds produced during *Rabi* 2008-09 & *Kharif* 2009) under the project and the balance amount of ₹ 8.23 crore was utilised without approval of SLSC for making payment of incentives to farmers on seeds produced during Rabi 2010-11.

The Government replied (March 2014) that the project was approved by SLSC and the balance amount of ₹ 8.23 crore was utilised in anticipation of approval by SLSC. The reply was not acceptable as incurring expenditure in anticipation of approval was contrary to financial discipline and propriety.

(ii) Under the project 'Energisation of private tube-wells', an amount of ₹ 104.09 crore was released to UPPCL for energisation of 17,955 private tube-wells[36] not eligible for assistance under RKVY. Joint physical verification of beneficiaries revealed:

- In Azamgarh, Shri Tilak Dhari, S/o Summa, Village-Sofipur, Tahbarpur, listed as beneficiary, told that he never applied for energisation of tube-well; besides the village was not electrified as yet[37].
- In Kushinagar, four out of five beneficiaries stated that their tube-wells were not electrified. Further, names of these five beneficiaries were not included in the list sent by MI Department to UPPCL.
- In Pratapgarh, Shri Lal Sant Singh, S/o Shri Shesh Narayan Singh, Pashchim Gaon, Sandva Chandrika, in beneficiarie's list, was not available. Instead, Shri Bhim Sen Singh, S/o Shri Shesh Naryan Singh was residing in the village. Although, he had energised the tube-well but not under RKVY.

The Government stated (March 2014) that GoI's decision in this regard was taken later. The fact remains that the energisation of tube-wells was not part of agriculture and allied sector and thus not eligible under RKVY. Moreover, the implementation was doubtful due to the reasons stated above.

(iii) Under the project 'Pulses and oilseed villages in rain-fed areas', Director, Agriculture purchased (March 2011) 540 tractors through UP State Agro at ₹ 21.60 crore (including VAT and taxes) and provided the same to registered *Samitis* of 540 clusters (each cluster comprising 10 villages) of 5,400 villages. In addition, 540 Rotavators and 540 ridge furrow planters were also provided to these *Samitis* for extending custom hiring services to its

[35] SLSC also approved (April 2010) projects of ₹ 23.73 crore for payment of incentives and handling charges on certified seeds produced during *Rabi* 2009-10 and *Kharif* 2010.
[36] ₹ 50 crore was released for energisation of 10000 tube-wells at the rate of ₹ 50,000 per tube-well and ₹ 54 crore was released for energisation of 7,955 tube-wells at the rate of ₹ 68,000 per tube-well.
[37] Due to non-cooperation of department, physical verification of only two beneficiaries was done.

member farmers. Purchase of tractors, however, was not covered under RKVY. This resulted in irregular expenditure of ₹ 21.60 crore.

Physical verification of tractors and other agricultural implements supplied to the *Samitis,* under the project in test-checked districts, further revealed that against the requirement of 1.50 metre long Rotavator to comply with the tractors, the length of Rotavators supplied to *Samitis* was 1.25 metres. The short length of the Rotavators required more rotations to cultivate the same unit of land which led to consumption of more diesel than required. The training for operation of ridge furrow planters was to be provided to the Chairman of *Samitis* at district level and to the members at village level. The required training was not provided, resulting in non-utilisation of the same in six test-checked districts.

The Government stated (March 2014) that the tractors were purchased in accordance with the guidelines issued by GoI. The reply was not correct as under RKVY guideline, purchase of tractors was not allowed.

(iv) With the objective to increase productivity, product diversity and market access of the farmers, livestock owners and fishermen of the State, the project of 'Promoting intensification and diversification of agricultural production and increasing farmers' access to expanding market opportunities', was started (October 2008). Project Appraisal Document (PAD) of the project[38], prepared by World Bank Mission (approved in February 2006), *inter alia*, required[39] various amendments in Agriculture Produce Marketing Act, 1964 (APMC) before funding. GoUP did not amend the Act and decided (October 2008) to implement the project under RKVY in its original shape, time-frame and administrative pattern and amount of ₹ 231.96 crore was spent on this project.

We, however, observed that major components[40] not admissible under APMC were taken up under RKVY, were subsequently cancelled (February 2011) by SLSC. Further, as per guidelines of UP Diversified Agriculture Support Project (DASP), four DASP villages were to be selected in each block for implementation of all the activities[41] under DASP and Programme Coordinating Unit (PCU) of the districts were required to coordinate and facilitate implementation of the project by implementing agencies. Audit of test-checked districts revealed that:

- Activities relating to Animal Husbandry, Fisheries and Dairy Development valuing ₹ 4.01 crore[42] were taken up in non-DASP villages; and

[38] Earlier, phase-1 of the project was implemented in the State with the assistance of World Bank.
[39] World Bank was not inclined to provide the funds to the project unless these amendments were incorporated in the Act.
[40] Like modernisation of market infrastructure and management system, promoting agri-business and facilitating market access.
[41] Demonstrations, trainings, fish culture ponds, hatcheries, formation of Self Help Groups etc.
[42] Azamgarh ₹ 36.45 lakh, Balrampur ₹ 48.24 lakh, Deoria ₹ 65.28 lakh, Faizabad ₹ 61.88 lakh, Gautam Buddha Nagar ₹ 25.13 lakh, Mahoba ₹ 47.80 lakh and Mau ₹ 116.07 lakh (total ₹ 4.10 crore).

- In contravention of the project guidelines, some of the activities relating to Agriculture, Horticulture, Food Processing and Animal Husbandry departments, valuing ₹ 7.22 crore[43], were taken up by PCU of the district instead of District Project Implementing Unit (DPIU).

The Government stated (March 2014) that the project was prepared after consultation with stakeholders and GoUP decided to implement the project without amending APMC Act. Further, the activities carried out in non-DASP villages were approved by SLSC and PCUs were involved in implementation of the project in the interest of the scheme. The reply was not acceptable as the project was sanctioned in violation of APMC and RKVY guidelines, leading to cancellation of major components of the project which resulted into non-achievement of the objectives of the project.

2.1.9.3 Implementation of overlapping projects

(a) With a view to increase production and productivity of rice by two quintals per hectare, Bringing Green Revolution in Eastern India (BGREI) scheme was introduced during 2010-11. As per GoI guidelines, proposed intervention under the scheme were to be implemented in non-National Food Security Mission (NFSM) districts of the State. Audit observed:

- Rice component[44] of BGREI was implemented (2010-13) in overlap of ongoing NFSM scheme of GoI and expenditure of ₹ 2.11 crore was incurred (2010-11) against interventions of ₹ 3.51 crore proposed for 15 districts,[45] covered under NFSM.

- During 2010-11, SLSC approved (October 2010) the project after completion of *Kharif* season and funds were released (August 2010) prior to its approval. Required budget allotments and releases were made to districts in the middle (August 2010) of *Kharif* season. Due to delay in sanction of project only ₹ 6.05 crore, against release of ₹ 8.31 crore was utilised as of March 2011. This also resulted in non-achievement of physical targets of the component.[46]

- During 2011-12, against the project cost of ₹ 20.56 crore, 100 *per cent* physical targets (27,000 hectare) were achieved by spending only ₹ 15.59 crore by reducing norms for demonstration activities as against

[43] Azamgarh ₹ 233.65 lakh, Balrampur ₹ 90.66 lakh, Deoria ₹ 16.69 lakh, Faizabad ₹ 171.06 lakh, Gautam Buddha Nagar ₹ 4.16 lakh, Mau ₹ 65.49 lakh and Rae Bareli ₹ 140.69 lakh (total ₹ 722.40 lakh).

[44] Under the component, paddy demonstrations, distribution of seed, micro-nutrients, gypsum and agriculture implements (Rotavator and Conoweeder) and capacity building were proposed during 2010-11 whereas only paddy demonstrations were proposed for 2011-13. For conducting demonstrations during 2011-13, seeds, Bavistin/Theerum for seed treatment, micro-nutrients (Zinc and Boron), weedicide Pretlachlor, plant protection chemicals, cost of land preparation and transplantation/seeding of paddy, honorarium for staff, progressive farmers etc. were provided by Agriculture Department.

[45] Azamgarh, Bahraich, Ballia Balrampur, Basti, Deoria, Ghazipur, Gonda, Gorakhpur, Mau, Mirzapur, Shrawasti, Siddharthanagar, Sonbhadra and Sultanpur.

[46] Against the physical targets of paddy demonstration in 4,319 acre, , 6,090 quintals of seed distribution, distribution of 2,164 agriculture implements (Rotavator 574 and Conoweeder 1,590), 1,650 farmers' capacity building, distribution of gypsum in 5,050 hectare and distribution of micronutrients in 61,000 hectare, paddy demonstration in only 2,164 acre, only 1,622.55 quintals of seed distribution, distribution of only 604 agriculture implements (Rotavator-509 and conoweeder-95), only 1,974 farmers' capacity building, distribution of gypsum in only 4,622.43 hectare and distribution of micronutrient in only 38,894.50 hectare were achieved.

the proposed overall inputs of ₹ 7,613 per hectare, only ₹ 5,772.61 per hectare were delivered for conducting demonstrations.

- During 2012-13, SLSC approved (July 2012) projects in the middle of the period of transplantation of paddy (15 June to 22 July) for ₹ 52.56 crore and only ₹ 25.07 crore was utilised as of March 2013. As a result, against the proposed inputs of ₹ 7,403 per hectare, inputs of only ₹ 3,730 per hectare were delivered and against the coverage of 71,000 hectare under demonstrations, only 67,202.30 hectares were covered.

Thus, despite spending ₹ 46.71 crore the objective of the scheme was not fully achieved.

In reply, the Government stated (March 2014) that the project was approved by SLSC and the required targets could not be achieved because of non-availability of seeds, implements, micro-nutrients, gypsum etc. The fact remains that the project was implemented in overlap of NFSM scheme and the intended objectives were not achieved, as envisaged.

(b) To create additional irrigation potential, dedicated pump-sets were to be distributed to the targeted beneficiaries under the project of 'Creation of Irrigation Potential component' of BGREI scheme. The borings for the targeted beneficiaries were to be done by MI department, and on the basis of list of beneficiaries provided by MI, the pump-sets were to be established by the AD. A subsidy of ₹ 7,000 (SC/ST: ₹ 10,000) per boring and ₹ 10,000 per pump-set were admissible to the targeted beneficiaries.

Audit observed that:

- During 2011-13, ₹ 19.78 crore was spent for providing subsidy to the beneficiaries for 20,145 borings and 6,590 pump-sets in 16 NFSM districts, overlapping with the existing schemes of NFSM in contravention of the GoI guidelines as detailed in ***Appendix- 2.1.5.***

- During 2010-11, 17,142 shallow borings alongwith dedicated pump-sets[47] were to be distributed to create additional irrigation potential of 68,572 hectares by spending ₹ 29.14 crore. However, against 17,142 shallow borings, only 9,674 pumps-sets were provided to the targeted beneficiaries. Thus, non-provision of pump sets for 7,468 shallow borings resulted in non-achievement of the objective of creating additional irrigation potential to that extent. Further, in eight test-checked districts,[48] subsidy was released on pump-sets to the beneficiaries without obtaining the list of beneficiaries of borings from MI department.

In reply, the Government stated (March 2014) that the project was approved by SLSC and the subsidy on balance pump-sets for 2010-11 was utilised in subsequent years. It was also stated that the targets for borings and pump-sets

[47] Pump-sets were to be provided to the same beneficiaries, who were the beneficiaries of borings under the scheme.
[48] Azamgarh, Balrampur, Deoria, Jaunpur, Maharajganj, Mau, Mirzapur and Pratapgarh.

were fixed by MI and AD separately. The reply confirms that the project was approved in contravention of scheme guidelines and due to lack of coordination between MI and AD, dedicated pump-sets were not provided to the same beneficiaries, as required, thereby defeating the objectives of the scheme.

2.1.9.4 Excess/Unfruitful expenditure

(i) *Special Dairy Development Project*

To increase and incentivise milk production, SLSC sanctioned (July 2011) 'Special Dairy Development Project' under 'National Mission for Protein Supplement' at ₹ 18.35 crore. The project, *inter alia*, included distribution of fodder to cattlemen. The fodder was to be supplied to the beneficiaries during April to June (lean period) for milching animals.

We observed that ₹ 2.27 crore and ₹ 2.02 crore were released to Cattle Feed Plant (CFP), Varanasi and Cattle Feed Factory (CFF), Meerut on 5 and 16 June 2012 respectively even though June was the last month of the lean period for supply of fodder to district milk federations without specifying any time schedule for start and completion of supply. At the time of release of funds, the rate of fodder in CFP, Varanasi and CFF, Meerut was ₹ 10,200 per MT and ₹ 10,800 per MT respectively.

We further observed that:

- The units supplied (CFP, Varanasi: 935 MT and CFF, Meerut: 1,327 MT) 2,262 MTs of fodder valuing ₹ 3.05 crore after the lean period resulting in non-achievement of objectives of the scheme.

- At the time of release of funds, the rate of fodder in CFP, Varanasi and CFF, Meerut was ₹ 10,200 per MT and ₹ 10,800 per MT respectively. CFP, Varanasi and CFF, Meerut, however, supplied 935 MT and 1,327 MTs (total 2,262 MTs) of fodder belatedly (during July 2012 to March 2013 - after expiry of lean period) and billed at the higher rate of ₹ 13,500 per MT. This resulted in excess expenditure of ₹ 66.68 lakh and supply of lesser quantity (643 quintals) of fodder to cattlemen.

In reply, the Government stated (March 2014) that the prices of cattle feed increased due to increase in rates of raw material. The reply was not acceptable as the cattle feed was to be supplied during lean period but funds were released to CFP/CFF only in June 2012 and supplies of fodder were made upto March 2013 (after the end of lean period) defeating the very objective of the scheme.

(ii) *Strengthening of silk koya production, marketing and spinning units and establishment of silk bank and marketing information centre*

The project was started (2008-09) with the objective to reduce the gap between demand and production of silk, produce high quality thread/silk and propagate activities relating to silk production and marketing in the State. The

project, *inter alia*, provided ₹ 9.00 crore for barbed wire fencing of 3,000 acre of Government Silk Farms at the rate of ₹ 0.30 lakh per acre as approved by SLSC in DPR.

During test-check of 18 districts, it was revealed that in 13 districts[49], the work of barbed wire fencing of 433.39 acres of Government Silk Farms was carried out (2008-12) by Processing and Construction Cooperative Federation Limited (PACCFED) and UP *Samaj Kalyan Nirman Nigam* (UPSKNN) at a cost of ₹ 4.00 crore and ₹ 0.85 crore (total ₹ 4.85 crore) respectively against the permissible limit of ₹ 1.30 crore, resulting in excess expenditure of ₹ 3.55 crore.

The Government accepted (March 2014) the norm and stated that funds were released to the nominated executing agencies after approval of the project on the basis of actual estimates. The reply was not acceptable as the work was to be executed on the basis of cost approved by SLSC in the DPR.

(iii) *Soil Health Improvement Programme*

(a) Green manure component

Green manure component of the programme was executed during 2009-12 with the objective to improve soil health. Under the programme, free of cost *Dhaincha*/*Sanai* seeds were to be provided to beneficiaries. The seeds were to be sown in the areas covered under Wheat-Rice crop cycle and after 45 days of its sowing, the crop was to be flipped and paddy crop was to be sown in the flipped area. The programme was to be implemented during the months of May and June and in the areas deficient in bio-carbon. It was, therefore, necessary to supply and distribute the seeds to the farmers by 15 May.

- Audit observed that the supply order for one lakh quintals of seed for 2010-11 was issued to Beej Vikas Nigam (BVN) during the month of implementation of programme (May 2010) and during 2009-10 and 2011-12, orders for supply of seed of 0.69 lakh quintals and 1.13 lakh quintals respectively were issued in the month of March. Against the total quantity of 2.79 lakh quintals of seed during 2009-12, 1.20 lakh quintals of seed were supplied by BVN after sowing time. This resulted in unjustified expenditure of ₹ 61.43 crore and non-achievement of the objective of scheme. Audit of test-checked districts revealed:

  - Requirement of *Dhaincha* seeds was decided without obtaining demand from districts,[50] ascertaining acreage of paddy coverage and assessment of agro-climatic conditions[51]. This resulted in allotment of 11,514.85 quintals of seeds valuing ₹ 4.42 crore to Banda,

[49] Bahraich, Balrampur, Basti, Jaunpur, Kushinagar, Lakhimpur, Lucknow, Maharajganj, Meerut, Mirzapur, Pilibhit, Saharanpur and Sitapur.

[50] Despite the fact that Sonbhadra falls under rain-fed area, 225 Quintals of seed were supplied to the district during 2010-11. Due to no irrigation facility, *dhaincha* crop was destroyed and not converted into green manure.

[51] Bahraich, Bareilly, Bijnore, Lakhimpur Kheri, Moradabad, Muzzafarnagar, Pilibhit, Rampur, Saharanpur, Shajahanpur and Shrawasti districts fall under Tarai & Bhabar region and the soil of this region is rich in bio-carbon.

Chitrakoot, Hamirpur, Jalaun, Jhansi, Lalitpur, Mahoba and Sonbhadra in excess of requirements during 2011-12.

- In 12 districts[52], *Dhaincha* seeds were supplied by BVN in June 2010 and distribution was made to farmers in June-August 2010. Due to delayed supply of seeds in Bahraich (2011-12), 200 quintals of seeds valuing ₹ 7.76 lakh were not distributed to farmers and these became non-usable. Sub-standard seeds were also supplied to Unnao (100 quintals) and Lakhimpur Kheri (155 quintals) during 2011-12. Due to delayed/substandard supply of seeds, the farmers could not utilize the same.

The Government stated (March 2014) that efforts were made for timely supply of seeds, but were delayed during Agriculture year 2009-10 (financial year: 2010-11) only on account of delayed approval of SLSC. The reply was not acceptable as BVN made the supplies of seeds after sowing time during entire period of 2009-12, resulting in non-achievement of the objectives of the project.

➢ As per norms, 40 Kgs of *Dhaincha* seeds and 100 kg of *Sanai* seeds per hectare of cultivated land[53] were sufficient for green manure. Contrary to the normative requirement (40 kg per hectare) of distribution of 58,125 quintals, 88,068 quintals and 99,904 quintals of *Dhaincha* seeds for coverage of 1,45,311 hectares, 2,20,169 hectares and 2,49,761 hectares of land, AD distributed, 66,588 quintals, 99,076 quintals and 1,12,030 quintals of seeds during 2009-10, 2010-11 and 2011-12 respectively to the targeted beneficiaries, resulting in excess distribution of 3,49,044 quintals of seeds valuing ₹ 12.42 crore.

In reply, the Government stated (March 2014) that since most of UP's soil is mildly alkaline, the distribution of Dhaincha/Sanai seed was of appropriate quantity. The reply was not acceptable as the norms of 40 quintals of Dhaincha seed per hectare of cultivated land was fixed by AD, GoUP.

(b) *Dhaincha* seed production component

With the objective to encourage production of *Dhaincha* seeds and to provide quality green manure to farmers at economical rates, *Dhaincha* seeds production programme was introduced during 2012-13. Under the programme, free of cost *Dhaincha* seeds were to be distributed to the targeted beneficiaries and one-third of the seeds produced by the beneficiaries, were to be purchased at the rate of ₹ 3,000 per quintal by AD. Further, for execution of production programme, seeds were to be supplied by BVN. As per project guidelines, beneficiary was to sign a Memorandum of Understanding (MoU) with AD for making available, one-third of the produced seed.

[52] Balrampur, Basti, Deoria, GB .Nagar, Jalaun, Kasganj, Maharajganj, Mahoba, Mau, Pratapgarh, Raebareli and Unnao

[53] 60 Kgs of *Dhaincha* seed per hectare for alkaline areas.

Audit observed that a target for purchase of 1,00,000 quintals of *Dhaincha* seed, produced by farmers through production programme, was fixed for 2012-13 against the estimated production of 3,00,000 quintals. This required distribution of 15,000 quintals of *Dhaincha* seeds among farmers and coverage of 60,000 hectare of land. BVN, however, supplied only 8,845.60 quintals[54] of seeds to AD, of which 7,676.75 quintals of seeds were distributed among farmers and consequently only 31,086.16 hectare was covered under the programme. Further, only 1,849.80 quintals of seeds were purchased from the farmers resulting in lower achievement of the objectives of the scheme. Thus, due to non-purchase of one-third seeds produced by the farmers, objective of the project was hardly achieved even after spending ₹ 3.72 crore on distribution of *Dhaincha* seeds. Further, an irregular expenditure of ₹ 12.20 lakh was also incurred on procurement of 271quintals of *Sanai* seed, not provided in the project.

Audit further observed that:

- 840 quintals of spoiled and sub-standard seeds, costing ₹ 35.28 lakh, were supplied in four districts[55], which were subsequently returned to BVN indicating that there was no quality control of the seeds being procured.

- 1,746.30 quintals of seeds were supplied to 10 districts[56] but no seeds were purchased against the target of 17,028 quintals for these districts, resulting in non-achievement of the objectives.

- In seven districts[57], programme was not executed due to non-supply/sub-standard supply/supply of spoiled seeds by BVN resulting in non-distribution of 1,010 quintals of seeds valuing ₹ 42.42 lakh.

In reply, the Government stated (March 2014) that due to higher rates in the market, required seeds were not purchased from the farmers and Dhaincha and Sanai seeds are complementary/substitutive crops. The reply was not acceptable as per terms of MoU, one-third quantity of produced Dhaincha seed was to be purchased from the beneficiary farmer, which was not done.

2.1.9.5 Unjustified expenditure

(a) *Seed subsidy (balance of previous year)*

Under centrally sponsored Macro-mode of Agriculture (MMA) scheme, subsidy of ₹ 500 per quintal (or 50 *per cent* of the cost of seeds) was provided to the farmers for promoting varietal replacement and popularising improved varieties of wheat and rice seeds. To clear the liabilities of MMA scheme, created due to excess distribution of wheat seeds, the project 'Seed subsidy' was approved (October 2010) by SLSC. Action Plan of MMA scheme for

[54] At the rate of ₹ 4200 per quintal
[55] Bhimnagar, Gonda, Rampur and Saharanpur.
[56] Bahraich, Balrampur, Basti, Deoria, Faizabad, Kasganj, Kushinagar, Raebareli, Sitapur and Unnao.
[57] Baghpat, GB Nagar, Ghaziabad, Pilibhit, Mainpuri, Meerut and Saharanpur

2009-10 directed the implementing agencies not to create liability by distributing more seeds than funds allotted for seeds.

We observed that under MMA, GoI revised (November 2009) the rate of subsidy from ₹ 500 to ₹ 700 per quintal for 2009-10 but did not release additional funds to achieve the physical target (3.30 lakh quintals). Contrary to the specific directives, implementing agencies distributed wheat seeds as per physical target and created liability of ₹ 5.78 crore[58]. Though, subsidy on distribution of seeds was not included in the DAPs/SAP[59] and creation of liability was contrary to MMA guidelines, SLSC approved (December 2009) the project of ₹ 6.60 crore for clearing the liability of MMA scheme. Subsequently, two projects[60] of ₹ 6.08 crore and ₹ 0.68 crore were again approved (October 2010) by SLSC for payment of liability of 2009-10, created under MMA scheme pertaining to Pradeshik Cooperative Federation (PCF) and National Seed Corporation (NSC), disregarding the opinion {proposed payments were not justified (August 2010)} of SLIMC. This resulted in utilisation of RKVY funds of ₹ 12.54 crore in contravention of its guidelines.

Further, targets for distribution of subsidy on wheat, rice and cereal seeds were fixed under MMA on the condition that funds required for distribution of additional quantity of seed by GoUP would not be borne by GoI. In contravention of MMA guidelines, AD created liabilities of ₹ 20.90 crore and ₹ 23.64 crore by distributing excess quantity of paddy[61] and wheat[62] seeds respectively during 2010-11 and 2011-12. The liability was cleared by utilising RKVY funds. This resulted in unjustified expenditure of ₹ 33.55 crore (₹ 14.36 crore and ₹ 19.19 crore) on distribution of additional quantities of wheat and rice seeds during 2010-11 and 2011-12 respectively.

In reply, the Government accepted (March 2014) utilization of RKVY funds for MMA scheme. No replies were furnished to other findings.

(b) *Strengthening of Government farms and seed production*

To achieve the optimum production of quality seed in Government farms the project of 'Strengthening of Government farms and seed production' was implemented during 2009-13.

Scrutiny of the records of AD revealed that during 2009-13, for strengthening the agriculture and irrigation facilities, agricultural implements (₹ 1.62 crore), sprinklers and pump-sets (₹ 1.04 crore) worth ₹ 2.66 crore were purchased from UP State Agro and M/s Swati Store well, Pvt. Ltd. without assessing requirement.

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[58] After adjusting ₹ 0.82 crore against savings from other components of MMA scheme.

[59] No assistance under RKVY was to be made available unless projects posed to the SLSC were consistent with the DAPs/SAP (Paragraph 4.19 of RKVY guidelines).

[60] The DPR of the project lacked any kind of analytical detail and distinct objectives to be achieved. It simply stated 'Subsidy on wheat seed (certified) liabilities of 2009-10 distributed by PCF'.

[61] Against the target for distribution of 10,000 quintals and 15,443 quintals of paddy seeds during 2010-11 and 2011-12, the actual distribution was 53,283 quintals and 76,785 quintals respectively.

[62] GoUP revised the target for distribution of wheat seed from 4,00,000 quintals to 7,74,730 quintals and from 4,53,096 quintals to 8,68,635 quintals for 2010-11 and 2011-12 respectively.

Audit further observed:

- The implements supplied by UP State Agro were not utilised in 10 districts[63] as tractors were either not available in the farms or capacity of the tractors were not according to requirement.

- 17 Sprinklers and pump sets, provided (2010-11) to four districts[64] without requirement, were transferred[65] to other districts.

The Government stated (March 2014) that GoI was requested for making available tractors at farms from RKVY funds as per requirement. It was further, stated that sprinklers and pump sets were being utilised in pulses and oil crops. The reply was not convincing as the tractors were not made available and sprinklers and pump-sets were transferred to other districts as it was not required in those districts.

2.1.9.6 Expenditure on project not included in SAP

Minor Irrigation Works (Deep Borings, Medium Deep Tube-wells, Dr. B R Ambedkar tube-wells and Dr. Ambedkar Community Tube-wells)

Considering the worsening situation of ground water, SAP recommended[66] (January 2009) to increase the share of surface water for irrigation, such as canals and reduce dependence on ground water to restrict its depletion. As per Para 6.3 of GoI guidelines, SLSC was required to approve projects consistent with the State Agricultural Plans.

In 10 test-checked districts,[67] in contravention of recommendations of SAP, subsidy of ₹ 9.12 crore was utilised in Minor Irrigation Works (224 Deep borings, 564 medium deep tube-wells and 48 Dr. B.R. Ambedkar tube-wells) during 2010-12 in blocks categorised as over- exploited and critical in surveys conducted[68] (2009) by Ground Water Board, as detailed in ***Appendix-2.1.6***.

In reply, the Government stated (March 2014) that categorisation of dark zone blocks was published only in May 2012. The reply was not acceptable as SAP had recommended in January 2009 to reduce dependence on ground water to restrict its depletion and Ground Water Board had categorised the over-exploited and critical blocks in March 2009.

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[63] Bareilly, Basti, Ghazipur, Lakhimpur Kheri, Lucknow, Mahamaya Nagar, Mathura, Moradabad, Muzaffarnagar and Raebareli.
[64] Barabanki, Etawah, Lucknow and Mathura.
[65] Basti, Lakhimpur Khiri, Mainpuri and Unnao.
[66] "There is a need to increase the efficiency of water use in canal irrigated area and the share of surface water irrigation such as canals is to be increased and reduce dependence on ground water as this will benefit small and marginal farmers and also restrict the depletion of ground water. There is also a need to adopt rainwater harvesting schemes to arrest the declining groundwater levels in several holdings."
[67] Allahabad, Baghpat, Ghaziabad, Jaunpur, Mainpuri, Mirzapur, Meerut, Pratapgarh, Saharanpur and Varanasi.
[68] On the basis of report submitted by Department of Groundwater, the Government of UP banned (May 2012) implementation of free boring scheme, medium and deep tube wells and private deep tube-well schemes.

2.1.9.7 Implementation of projects after expiry of cropping season

Accelerated Fodder Development Programme (AFDP) was implemented (2011-12) by DAC with the objective[69] to accelerate production and to ensure the availability of fodder throughout the year.

DAC released (August and December 2011) ₹ 30 crore for implementation during *Zayed*[70] 2011-12. As per provisions, fodder production kits were to be made available to the targeted beneficiaries by 31 January 2012 and sowing of seeds was to be ensured by beneficiaries during February and March 2012.

We observed that:

- Action Plan[71] of the project was released belatedly (December 2011) by AD and partial financial sanctions of ₹ 15 crore were issued in March 2012. Accordingly, supply orders were placed in January 2012 on BVN for procurement of 32,380 quintals[72] of seeds. The delivery of seeds was made during March to June 2012, after sowing season was over.
- Due to non-maintenance of records of sowing of seeds in the test-checked districts, actual utilisation of seeds by the farmers was not ascertained.
- AD did not provide other recommended inputs[73] in fodder production kits and post-harvest management component was also not executed during *Zayed* 2012. Further, ₹ 15.92 crore[74] was spent on distribution of seeds against the normative cost of ₹ 7.20 crore (₹ 1000 per hectare) for coverage of 72,000 hectares of land.

Thus, delayed supply of seeds and non-distribution of other inputs and post-harvest implements during *Zayed* 2012, resulted in avoidable expenditure of ₹ 8.72 crore, besides non-fulfilment of the objectives.

No comments were offered by the Government (March 2014).

2.1.9.8 Failure of projects to generate adequate employment

(a) *Establishment of goat farming units at district level*

With a view to generate employment, eradicate unemployment and restrict migration of the youth of the rural backward areas to cities, the scheme of 'Goat farming units was introduced (2009-10) by GoUP. Under the scheme,

[69] As per DAC guidelines three components were to be implemented for achievement of the objectives, i.e. production of quality seeds and organizing demonstration of appropriate forage equipment through State Agriculture Universities; distribution of free of cost fodder production kits to beneficiaries (Fodder kit comprising critical inputs at a cost of ₹ 3200 per hectare included ₹ 1000 for seed) and adoption of appropriate technology for post-harvest management. Under the project, low cost technology tools were to be distributed free of cost and silage making units were to be established subject to maximum ceiling of ₹ 4.00 lakh per cluster of 500 hectares.

[70] February to May.

[71] Contrary to DAC guidelines, production of quality seeds and demonstrations of equipments were not proposed and operational cost component of ₹ 43.20 lakh was included.

[72] Against the requirement of 34000 quintals of seed for the coverage of 72000 hectare of land.

[73] Bio-fertilizers, DAP, Urea, Micro-nutrients and other inputs of ₹ 2200 per hectare as per DAC norm.

[74] Payment of ₹ 11.52 crore and ₹ 4.40 crore were made during 2011-12 and 2012-13 respectively.

10 units in each district (a unit comprising of 20 *does* and one buck costing ₹ 0.68 lakh with a subsidy of ₹ 0.17 lakh) was to be established by selected beneficiaries.

Audit of 29 test-checked districts revealed non-achievement of objectives of providing employment to beneficiaries, as discussed below:

- The project was implemented for three years upto 2011-12. Against the target for establishment of 2,050 goat farming units, 1,408 units (69 *per cent*) were established.
- Against the prescribed norm for purchase of 20 *does* for establishment of each goat farming unit, only two, five and ten *does* were purchased by beneficiaries of nine, three and six goat farming units respectively in Jalaun, Mainpuri and Rae bareli during 2011-12.

  The Government accepted (March 2014) the facts and stated that explanation has been called from the officials of Jalaun, Mainpuri and Rae bareli.
- Records of Chief Veterinary Officer (CVO), Pratapgarh revealed that subsidy of ₹ 3.40 lakh was provided to 20 Self Help Groups (each comprising 10 members, i.e. 200 persons) during 2010-12, instead of providing the subsidy to 20 selected beneficiaries for establishment of 20 goat farming units which defeated the objective of generating employment to the rural populace.
- In Deoria, no goat farming unit was established during 2010-12, against the target of 20 units for two years and ₹ 3.40 lakh, drawn by CVO, remained parked (September 2010-June 2013) in the bank account. In Bahraich and Mahoba only seven and nine goat farming units respectively were established during 2010-11, against the target of 10 units for each district. Similarly, in Baghpat and Kashiram Nagar only three and nine units were established respectively during 2011-12, against the target of 10 units for each district.

Thus, the objective of generating adequate employment was only partially achieved, as the target for establishing 10 goat farming units every year in every district was not fulfilled during 2010-12. The CVOs of the five test-checked districts stated in their reply that due to non-availability of beneficiaries the targets were not achieved.

The Government accepted (March 2014) the facts and stated that all the targeted units were established in Bahraich and Kashiram Nagar. The reply was not acceptable as CVOs of the concerned districts stated that targets were not achieved.

Saghan Mini Dairy Pariyojna

The project was undertaken (January 2009) to generate direct and indirect employment by establishing mini dairies in rural areas. Under the scheme,

beneficiaries were to be identified and subsidy[75] at the rate of 33 *per cent* and 25 *per cent* of the project cost were to be provided to the beneficiaries of SC/ST and other categories respectively. The banks were to provide loan to beneficiaries in single or two installments[76] and the subsidy was to be adjusted in the bank account of the beneficiaries. We observed:

- Against the target for establishment of 24,658 units of mini dairy during 2008-13, first and second installments of bank loans were released to 19,360 units and 14,502 units respectively. Thus, 14,502 (59 *per cent*) units were complete.

- Audit of test-checked districts revealed that against the target for establishment of 9,184 mini dairy units, only 4,966 units (54 *per cent*) were established.

Thus, the objective of providing employment to the rural population by setting up mini dairies in rural areas was only partially achieved.

The Government accepted (March 2014) the facts and stated that due to delay in sanction of loan by banks, financial crunch faced by the rural banks and closure of some district milk unions, the targets could not be achieved.

2.1.9.9 Improper/inadequate extension of benefits of the scheme

Sugarcane seed production programme

With the objective to arrest decline in sugarcane production and decrease the production cost, sugarcane seed production programme was introduced (2011-12) under RKVY. Under the programme, subsidy for field demonstrations, agricultural implements, micro-nutrients and seed transportation were to be provided at the rate of ₹ 15,000, ₹ 30,000, ₹ 1,000 and ₹ 15 per quintal respectively to the targeted beneficiaries. Audit of test-checked districts revealed:

- As against norms fixed, excess and short payments of subsidies of ₹ 19.40 lakh and ₹ 14.49 lakh respectively were made to the beneficiaries in Balrampur, Basti, Deoria, Lakhimpur Kheri, Maharajganj, Mau, Meerut and Sitapur during 2011-13.

- Instead of providing subsidy to the farmers, who had applied in response to the advertisements published by Cane Societies of Basti and Deoria, subsidy of ₹ 6.13 lakh was provided to the farmers who had either not

[75]

Unit (No of animals)	Amount of subsidy during 2008-09 (in ₹)		Amount of subsidy during 2009-10 (in ₹)		Amount of subsidy during 2011-12 (in ₹)		Amount of subsidy during 2012-13 (in ₹)	
	General	SC/ST	General	SC/ST	General	SC/ST	General	SC/ST
Two	7,500	10,000	7,500	10,000	17,250	22,770	25,750	33,990
Four	--	--	15,000	20,000	34,500	45,540	51,500	67,980
Six	--	--	22,500	30,000	51,750	68,310	77,250	1,01,970
Eight	--	--	30,000	40,000	69,000	91,080	1,03,000	1,35,960
Ten	--	--	37,500	50,000	86,250	1,13,850	1,42,250	1,87,770

[76] Second installment was to be provided within six months of issue of first installment.

applied or whose applications were obtained after the last date of submission of application forms.

- During 2011-13, cartage of ₹ 20.89 lakh was charged by the Cane Societies from the beneficiaries of Faizabad, Kushinagar, Lakhimpur Kheri, Meerut and Sitapur on purchase of agricultural implements from UP Small Scale Industries Corporation (UPSIC), whereas no cartage was charged on the purchases made from UP State Agro ***(Appendix-2.1.7).***

The Government accepted (March 2014) the observation but furnished no reply regarding recovery of cartage from the beneficiaries.

Special Dairy Development Project

With the objective to increase and incentivise milk production and holistic development of dairy sector, SLSC sanctioned (July 2011) 'Special Dairy Development Project' under 'National Mission for Protein Supplement' at ₹ 18.35 crore. The project, *inter alia*, provided subsidy and loan through banks for establishment of dairy units which was to be provided to targeted beneficiaries. Audit observed:

- Against the target for establishment of 105 mini dairies of 25 animals each, first installment of bank loan was released only to 49 targeted beneficiaries till March 2013. Further, out of these 49 targeted beneficiaries, second installment was released to only 12 units. Even the units, which received second installment, did not establish complete units of 25 animals. As a result, the objective of the project to increase milk production and develop dairy sector was only partially achieved.

- Against the target for establishment of 50 heifer rearing units, 82 beneficiaries were selected but loan applications of only 70 targeted beneficiaries were forwarded to rural banks. Loans were, however, sanctioned to only two targeted beneficiaries. Against 39 beneficiaries, only 22 targeted beneficiaries received subsidy and first installment of bank loan and two targeted beneficiaries purchased 25 heifers. Thus, only four *per cent* of the targeted beneficiaries established complete units resulting in non-achievement of the objectives of the scheme.

The Government accepted (March 2014) the observation and stated that the project is linked with bank loans and the bank took time in appraisal and sanctioning of loan applications.

2.1.9.10 Lack of coordination in implementation of RKVY

Effective implementation of RKVY required coordinated functioning of different agencies/departments involved in implementation of RKVY. We observed lack of coordination between State and district level implementing agencies and different committees involved in implementation and monitoring of the scheme, as discussed below:

- Audit of test-checked districts revealed that the targets fixed by Chief Engineer, MI for energisation of 2,665 tube-wells was revised (August 2009) to 2,607 tube-wells. Against the target, UPPCL and district level Officers of MI department reported different achievements of energisation of 2,707 and 1,847 tube-wells respectively, as detailed in ***Appendix-2.1.8.***

- SLIMC was not in favour (August 2010) of sanctioning projects pertaining to liability of additional wheat seed subsidy of ₹ 6.08 crore (0.86 lakh quintal at the rate of ₹ 200 per quintal). It was also against sanctioning the project of Strengthening of Farms[77] (₹ 3.02 crore) to Banaras Hindu University as it was in violation of RKVY guidelines. These projects were, however, approved by SLSC.

The Government accepted (March 2014) the audit contention.

2.1.10 Monitoring and Evaluation

The progress and implementation of the scheme was monitored by SLSC, SLIMC and nodal department/implementing agencies at state level and nodal officer at district level.

2.1.10.1 Inadequate monitoring by SLSC

(a) As per Paragraphs 6.4 and 6.5 of RKVY guidelines, GoUP was required to notify the constitution of SLSC within a month of publication of the guidelines. SLSC was to meet as often as required but at least once a quarter.

RKVY guidelines were issued in August 2007 and first SLSC meeting was held in March 2008. We observed:

- Against the requirement of 21, only 14 meetings were held between 3 March 2008 and 31 March 2013.

- 14 meetings were delayed by 10 to 134 days.

- 18 projects, though not included in the agenda, were sanctioned by SLSC during 2008-13.

(b) Timely completion of projects is necessary for effective implementation of the scheme and extension of benefits to the targeted beneficiaries. Accordingly, RKVY guidelines made SLSC responsible for monitoring the progress of the sanctioned projects/schemes.

Audit of test-checked projects revealed that 10 works relating to five projects valuing ₹ 18.78 crore were incomplete (September 2013) for periods ranging from two to four years beyond completion schedule (***Appendix-2.1.9***), as illustrated below:

[77] Mainly included purchase of combine harvester, tractor, mobile processing plant etc.

- The works of construction of Silk Exchange, Varanasi (₹ 2.26 crore), State Level Training Institute, Harua Barkacha, Mirzapur (₹ 2.96 crore) and Fencing work of Government Silk Farm, Bhainsakasada (₹ 0.05 crore), Mirzapur were awarded to PACCFED. Similarly, the work establishment of Agrimart at Hapur (₹ 2.63 crore) was awarded to UPCL. These works were incomplete even after lapse of periods ranging between 30 and 39 months from their scheduled dates of completions due to delays on the part of construction agency (₹ 7.90 crore).

- Tube-wells constructed (₹ 7.23 crore) under Minor Irrigation Works (Deep boring, medium deep tube-wells, Dr. B.R. Ambedkar tube-wells and Dr. Ambedkar Community tube-wells) in Allahabad and Pratapgarh districts during 2010-12 were incomplete due to non-energisation.

- The projects 'Strengthening and renovation of communication infrastructure at headquarters, was incomplete (March 2013) even after 27 months from the scheduled date of completion (December 2010) and spending ₹ 2.45 crore, due to delay in site selection.

- Due to non-release/non-availability of funds, works of construction of chawki rearing house at Government Silk Farms of Jahanpur-II (Saharanpur), Hathakhurd (Basti) and Doma (Maharajganj) were not completed even after spending ₹ 0.31 crore and delays ranging between 12 and 25 months.

The above instances indicate inadequate monitoring of projects by SLSC.

The Government accepted (March 2014) the facts and stated that steps would be taken to make SLSC meetings more effective in future.

2.1.10.2 Inadequate monitoring by SLIMC

As per paragraph 8.1 of revised guidelines issued (July 2008) by GoI, SLIMC, was to be constituted, meet every month and submit its report to SLSC.

Audit observed that the constitution of SLIMC was approved by SLSC in April 2010. The first SLIMC meeting was held in August 2010. Only eight SLIMC meetings were held between August 2010 and March 2013 against the required 32 meetings. Further, though social audit was proposed (August 2010) by SLIMC but SLSC issued no directives (September 2013).

The Government accepted (March 2014) the facts.

2.1.10.3 Inadequate monitoring by nodal department

Paragraph 5.2 of RKVY guidelines provided for monitoring of the projects by nodal department. Guidelines of various projects also envisaged monitoring of implementation of the projects by nodal department/implementing agencies.

The following instances indicated lack of monitoring of the scheme by nodal department/implementing agencies.

Audit observed that Deputy Directors, Agriculture were nominated as District level nodal officers for monitoring RKVY only in May 2010, the projects of RKVY remained unmonitored for first 3 years.

Audit further observed deficiencies in monitoring of the projects by nodal departments/implementing agencies even after 2010, as follows:

- Progress of the project 'Energisation of 7,955 tube-wells' was not monitored by the department as no progress report was sent to higher officials by the district offices. Physical verification carried out in test checked districts revealed that the project (sanctioned during 2008-09), shown as complete by the department, was actually incomplete (September 2013). In 7 districts[78] the verification of whether the tube-wells of beneficiaries were actually electrified, was not done by MI Department.

- 'Sugarcane Seed Development Programme' was implemented during 2010-13. Due to shortage of staff, monitoring of the project could not be carried out.

- 'Saghan Mini Dairy Pariyojna' was implemented during 2008-13. Monitoring of the project at district level was to be done fortnightly /monthly by a Project implementation and monitoring committee constituted under the chairmanship of District Magistrate. No monitoring of the project was done at district level.

- With the objective to avoid mis-utilisation of free borings done under 'BGREI-Creation of Irrigation Potential'[79], norms for verification/ checking by different levels of authorities were fixed. There were no records/ documents in the test checked districts showing that the verification/tests were carried out by designated authorities.

- Monitoring of Rice component of BGREI was not adequate as only three meetings of state level monitoring team were held during 2011-12 and meetings of District level monitoring team were held once in a year against the targets of fortnightly meetings.

In reply, the Government stated (March 2014) that Deputy Directors, Agriculture were nominated for monitoring at district levels and monitoring of the projects are regularly carried out. The reply was not acceptable as the nominations of Deputy Directors of Agriculture as district level nodal officers for monitoring were made in 2010, three years after RKVY was launched, rendering works of three years of RKVY unmonitored by the district level nodal officers. Further, there was no document showing monitoring of the cited projects in test checked districts.

[78] Azamgarh, Faizabad, Ghaziabad, Kushinagar, Mahoba, Pilibhit, Rae Bareli.
[79] Implemented during 2010-13.

2.1.10.4 Evaluation of the projects

As per RKVY guidelines, SLSC was required to carry out evaluation studies from time to time. We observed:

- Against 254 projects implemented during 2007-12, the SLSC awarded third party evaluation of 56[80] , 47[81] and 45[82] projects (total 148 projects) to Planning Research and Action Institute (PRAI), *Rajya Niyojan Sansthan*, Lucknow, Giri Institute of Development Studies, Lucknow and UP Council of Agriculture Research, Lucknow (UPCAR) of which only six, 37 and 37 projects (total 80) were evaluated by these institutes upto March 2013.

- The evaluation of two test-checked projects conducted by these institutes indicated shortcomings in their implementation as discussed below:

(i) Evaluation of 'Saghan Mini Dairy Pariyojna (SMDP)', conducted (December 2011) by Giri Institute of Development Studies revealed difficulties like shortage of funds for construction of shades, complex bank formalities, higher rate of interest on bank loan, sanction of insufficient amount for purchase of animals etc.

(ii) Evaluation of Agrimart at Lucknow and Hapur conducted (January 2012) by Giri Institute of Development Studies, Lucknow pointed out improper selection of site.

(iii) Evaluation of the Sugarcane seed programme, conducted (June 2012) by Indian Institute of Sugarcane Research, Lucknow, in Lakhimpur Kheri and Bareilly[83], indicated distribution of micronutrients without soil analysis, requirement of subsidization of some more implements, need of maintenance support system for the implements etc.

The Government accepted (March 2014) the findings of evaluation studies and stated that third party evaluation of projects by nominated agencies were in progress.

2.1.10.5 Implementation of web-based management information system

In order to collect and disseminate relevant information/data, to monitor progress and completion details of each project and also to ensure transparency in dissemination of information, a web-based Management

[80] Horticulture Department (7 projects), Beej Vikas Nigam (2 projects), Sugarcane Department (2 projects), UPCSR, Shajahanpur (1 project), UPDASP (1 project), Agriculture Department (33 projects), Sericulture Department (3 projects), SIMA, Rehmankhera (5 projects) and Cooperative (2 projects).

[81] UP State Agro (2 projects), Fisheries Corporation (1 project), Fisheries (15 project), Animal husbandry (16 project), Minor Irrigation (4 projects), Irrigation (5 projects), PCDF (3 projects) and RSAC (1 project).

[82] CSUAT, Kanpur (5 projects), SHIATS, Allahabad (5projects), NDUAT, Faizabad (11 projects), SVBUPUAT, Meerut (9 projects), BHU, Varanasi (4 projects), PDDUVU, Mathura (6 projects), AFC (2 projects), NAFED (1 project) and NBRI (2 projects).

[83] In rest of the 41 districts, physical verification of project under RKVY was conducted by scientists of Uttar Pradesh Sugarcane Research Council, Shahjanpur (March 2013).

Information System for RKVY[84], the RKVY Database and Management Information System (RDMIS), was to be set up by 2008-09.

Audit observed that though web-based Management Information System was set up in 2010-11 but monitoring was not commenced (September 2013) as RDMIS feeding was started at district level only in the third quarter of 2012-13 and the installed software was being modified. Hence, dissemination of information was not done and completion details of projects were not monitored during the entire period of implementation of the scheme upto 2012-13.

The Government accepted (March 2014) the facts.

2.1.11 Impact Evaluation

Uttar Pradesh has a population of 19.96 crore (as per Census, 2011). Nearly 65 *per cent* of its population is dependent on agriculture, directly or indirectly. It produces 19.74 *per cent* of the total food grains of the country. During 2007-13, centrally planned/sponsored schemes like NFSM, MMA, ATMA, ISOPAM etc. and State Plan Schemes like Schemes for seed, manure and fertilizers, plant protection, commercial crops, soil conservation etc. were implemented alongwith RKVY.

Year-wise production of food grains, oilseeds, contribution of agriculture sector to GSDP and growth rate is given in Table 3:

Table 3: Details showing year-wise production of food grains, oilseeds and contribution of agriculture sector to GSDP and growth rate

(Quantity in lakh MT)

Sl. No.	Year	Production of food grains	Production of oil seeds	Contribution of Agriculture Sector to GSDP at constant price (2004-05)	Growth rate of agriculture sector at constant price (2004-05)
1	2007-08	420.90	11.46	27.10	3.20
2	2008-09	467.31	11.65	26.40	4.20
3	2009-10	459.34	13.59	24.50	(-) 1.00
4	2010-11	473.16	13.52	23.70	4.40
5	2011-12	518.83	13.97	23.30	4.90
6	2012-13	514.36	13.95	22.70	2.60

(**Source:** Performance budget of Agriculture Department)

Audit observed that:

(i) The average productivity of Cereals, Pulses and Oilseeds in the State was 27.74 quintals per hectare, 8.63 quintals per hectare and 8.37 quintals per hectare respectively during 2011-12. The production of food grain and oilseeds increased significantly during 2007-13.

(ii) Soil health had deteriorated during the last few years due to indiscriminate and imbalanced use of chemical fertilizers. The consumption of chemical fertilizers during 2012-13 was 92,62,000 MT

[84] Website address: www.rkvy.nic.in.

against cultivable areas of 1.66 crore hectares, whereas during 2007-08 it was only 59,92,000 MT against the cultivable areas of 1.64 crore hectares. Further, the recommended fertilizer use in terms of Nitrogen, Phosphorus and Potassium (NPK) ratio in the State was 4:2:1, whereas the present NPK usage ratio was 13:5:1. Due to imbalanced use of chemical fertilizer, status of soil health did not improve[85] even after implementation of Soil health improvement programme under RKVY.

(iii) The contribution of Agriculture sector to Gross State Domestic Product gradually decreased from 27.10 to 22.70 *per cent* during 2007-13. Further, the growth rate of Agriculture sector was (-) one *per cent* and 2.6 *per cent* during 2009-10 and 2012-13 respectively, which were less than the targeted growth rate of 4 *per cent*.

The Government accepted (March 2014) the facts.

2.1.12 Conclusion

Bottom-up approach of RKVY for the planning process, right from grass root to the State level was largely not adopted. Preparation of DAPs/SAP were delayed which led to implementation of projects without specific plan during 2007-10. Improper planning and non-vetting of DPRs, led to instances of implementation of inadmissible projects and overlapping of projects with the existing schemes. Funds under Stream-I and II remained under-utilized whereas funds of Stream- II were diverted to Stream-I during 2010-11 and 2012-13. Project funds were used for administrative expenditure whereas funds allocated under administrative expenditure remained unutilised. Funds were diverted for purposes other than those approved by SLSC. Instances of excess, unjustified and unfruitful expenditure were noticed.

SLSC was constituted after six months of issuance of guidelines and its meetings were not held at prescribed intervals. SLIMC was also constituted after more than two years of issuance of guidelines. There were instances of lack of coordination between SLSC and SLIMC. Monitoring mechanism did not work well and evaluation of the projects was not always carried out. The targeted growth rate of four *per cent* of agriculture sector every year was not achieved during 2008-13.

85

Agro-climatic region	Status during 2008-09			Status during 2012-13		
	Nitrogen	Phosphorus	Potassium	Nitrogen	Phosphorus	Potassium
Tarai Region	Very Low	Very Low	Medium	Low	Very Low	Medium
Western Plan Region	Low	Very Low	High	Low	Very Low	Medium
Mid-western Plain Region	Low	Very Low	Medium	Low	Very Low	Medium
South-west Semi Dry Region	Low	Low	High	Low	Low	High
Mid-plain Region	Low	Low	High	Low	Very Low	High
Bundelkhand Region	Low	Very Low	High	Low	Very Low	Medium
North-eastern Plain Region	Low	Very Low	Medium	Low	Very Low	Medium
Eastern Plain Region	Low	Very Low	Medium	Low	Very Low	Medium
Vindhyan Region	Low	Very Low	High	Low	Low	High

2.1.13 Recommendations

- *Bottom-up approach for planning should be adopted to ensure preparation of plans relevant to local area and only projects permissible under RKVY and consistent with DAPs/SAP should be taken up.*
- *The projects should be properly vetted before sanctioning by SLSC after due examination.*
- *Funds may be released to the executing agencies within the stipulated time and diversion of funds should be avoided.*
- *The projects should be framed in such a manner so as to avoid overlapping with existing schemes.*
- *Monitoring and Evaluation of the projects should be strengthened.*

Rural Development Department

2.2 Performance Audit of Implementation of *Indira Awaas Yojana*

Executive Summary

Performance Audit of implementation of *Indira Awaas Yojana* (IAY), the rural housing programme, was conducted during April to August 2013 covering the period from 2008-09 to 2012-13. A sum of ₹ 6,622.18 crore was spent in the State on the implementation of IAY during 2008-13.

Audit revealed many deficiencies in both financial management and Programme implementation:

- The test-checked districts did not maintain the database for housing shortage. Consequently targets distributed to the blocks were not as per the criteria fixed in IAY guidelines, denying more funds to the blocks with larger number of houseless people.

  State Government should ensure maintenance of proper database for the housing shortage.

- 211 beneficiaries of Khajua Block of Fatehpur were not found in Below Poverty Line lists and 19,131 beneficiaries in four districts were not found in IAY waitlists. Further, 428 beneficiaries in 5 districts were not found in either of the lists.

  The Government should ensure identification of beneficiaries only from BPL/IAY waitlists.

- As against sanction of one house on one Below Poverty Line (BPL) number, three districts sanctioned 116 houses against 57 BPL numbers. Further, 22 ineligible beneficiaries already having *pucca* houses were sanctioned house under IAY.

  The Government should ensure sanction of house to eligible beneficiaries.

- In 2012-13, GoI reduced 80 *per cent* the targets of houses fixed by it for 6 test-checked District Rural Development Agencies (DRDA). Even then achievement against the revised targets in 12 districts was only 56 *per cent*.

  Full achievement of the annual targets should be ensured by the Government.

- In six test-checked districts, 10 to 64 *per cent* houses were sanctioned in the name of male members instead of female members of the family. Result of beneficiary survey revealed that 974 houses were sanctioned to male beneficiaries though 930 of these households had female members.

The Government should ensure sanction of houses in the name of female members of the family.

- State shares were not released timely and the delay ranged between two and 344 days in test-checked districts.

  The Government should ensure timely release of State share.

- In 2012-13, due to higher opening balances in two DRDAs and short release of State share in three DRDAs, GoI imposed financial cuts to the extent of ₹ 9.41 crore.

  The Government should ensure that the opening balance is within the prescribed limit.

- IAY fund of ₹ 72.06 crore was diverted for sanction of houses in villages under Ambedkar and Lohia Gram Yojanas of the State Government.

  Diversion of funds should be avoided.

- Four districts parked IAY funds of ₹ 15.39 crore during (2009-12) because eligible Scheduled Caste and Scheduled Tribe beneficiaries were not available and three districts kept IAY funds of ₹ 55.68 crore in Personal Ledger Accounts opened in Government treasuries.

  The Government should ensure utilisation of funds by correctly identifying beneficiaries and avoid keeping of funds in PLAs.

- Due to inadequate IEC (Information, Education and Communication) activities in the State, the beneficiaries were not aware of the facilities to be provided under convergence.

  IEC activities should be vigorously carried out by the state government.

- Grievances/Complaints redressal and public vigilance mechanism were not put in place by the State Government. Social Audits were also not undertaken.

  The Government should put in place grievance redressal mechanism and system for Social Audit.

2.2.1 Introduction

Indira Awaas Yojana (IAY), a public housing scheme for the houseless poor families and those living in *kutchcha* houses with a component for providing house sites to the landless poor was made an independent scheme as a part of larger strategy of rural poverty eradication with effect from 1 January 1996. The objective of IAY was primarily to help in construction/upgradation of dwelling units of rural Below Poverty Line (BPL) householders belonging to members of Schedule Caste/Schedule Tribe (SC/ST), freed bonded labourers, minorities and other non-SC/STs by providing them a lump sum financial assistance.

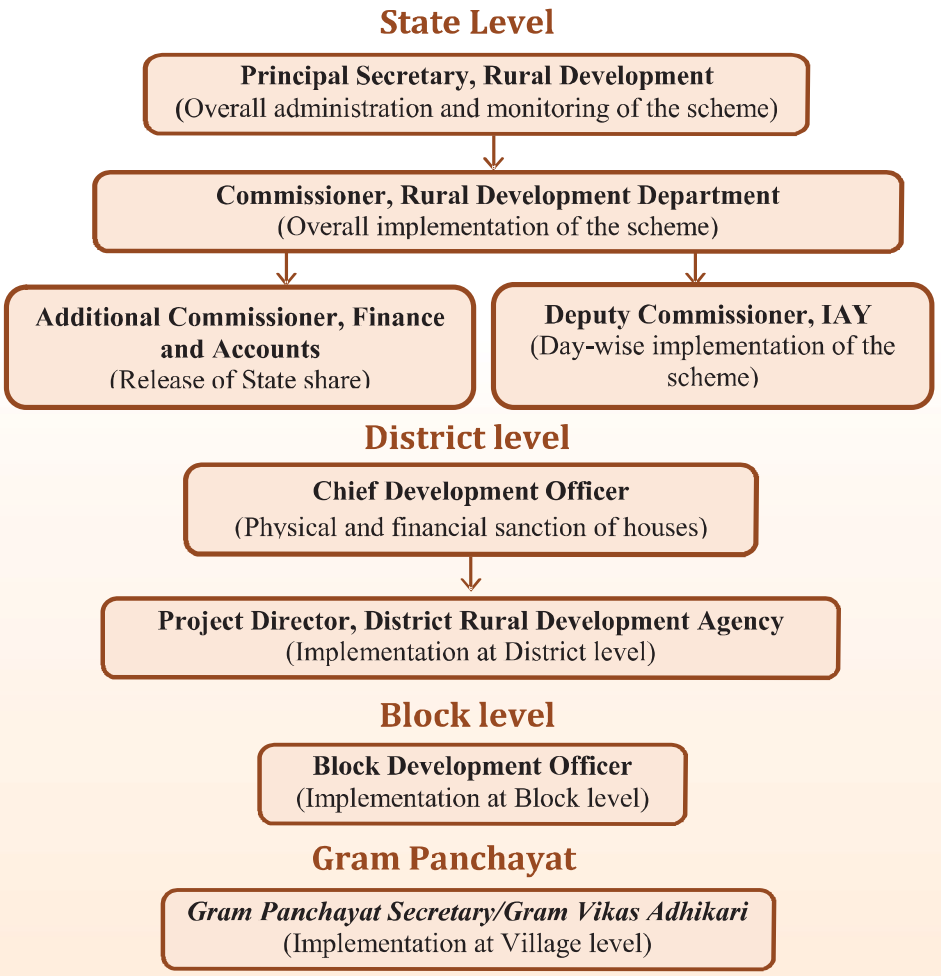
IAY is designed to enable BPL households, identified by the community through *Gram Sabhas* following the criteria suggested for such identification from time to time, to build their houses or get house sites with financial and technical assistance from the Government.

As per IAY guidelines, at least 60 *per cent* of the fund was to be spent for SC/ST BPL households. A maximum of 40 *per cent* of the fund was to be spent for non-SC/ST BPL rural households. Fifteen *per cent* of IAY funds in the State were for the beneficiaries from among the minorities and three *per cent* of the above categories were for physically and mentally challenged.

IAY is a centrally sponsored scheme shared between Government of India (GoI) and State Government in the ratio of 75:25 respectively.

2.2.1.1 Organisational Structure

Rural Development Department (RDD), headed by the Principal Secretary, is the nodal department for administration and implementation of the programme at the Government level and Commissioner at Commissionerate level. Schematic representation of organisational structure at the State, District, Block and *Gram Panchayat* level is given below:



(**Source:** Information provided by Rural Development Department)

2.2.1.2 Audit Objectives

The performance audit was undertaken to ascertain whether:

- The systems and procedures in place for identification and selection of the target groups and the processes for allotment, construction and upgradation of dwelling units were adequate and conformed to the provisions of the scheme;
- The physical performance under IAY in terms of number of units constructed and upgraded was as planned and targetted and that the constructions adhered to the quality and financial parameters set out in the scheme guidelines;
- The allocation and release of funds under IAY were made in an adequate and timely manner and that these were utilised economically and efficiently in accordance with provisions of the scheme;
- The convergence of IAY activities with other programmes as envisaged, was effectively achieved and ensured availability of a completely functional dwelling unit; and
- The mechanism in place for monitoring and evaluation of the outcomes of the programme were adequate and effective.

2.2.1.3 Audit criteria and methodology

The audit criteria have been derived from the following sources:

- Guidelines of *IAY* issued by the Ministry of Rural Development (MoRD), Government of India;
- Circulars/instructions issued by MoRD and the State Government;
- Periodical reports/ returns prescribed by the State Government; and
- Joint physical verification of houses and beneficiary survey[1] carried out by Audit with *Gram Panchayat* Secretaries/*Gram Vikas Adhikaries*, the village level functionary.

[1] In beneficiary survey, a set of questions were asked from the beneficiaries and documents prepared for their replies were signed both by Audit and the beneficiaries.

The performance audit commenced with an entry conference with RDD on 4 April 2013 wherein the audit methodology, scope, objectives and criteria were discussed. The draft report was issued to the State Government on 23 September 2013 and the responses received have been suitably incorporated. An exit conference was held with State Government (Principal Secretary, RD) on 27 January 2014 wherein the audit findings and recommendations were discussed.

2.2.1.4 Audit scope and sampling

The performance audit of IAY for the period 2008-13 was conducted during April to August 2013 in the office of the Principal Secretary, Rural Development, Government of Uttar Pradesh (GoUP); Commissioner, Rural Development; 15 sampled districts out of 71; 35 out of 160 Blocks within the sampled districts; 350 out of 2,526 *Gram Panchayats* (GPs) in the sampled Blocks; and 501 out of 585 Villages in sampled GPs including 3,197 out of 10,911 beneficiaries in sampled Villages ***(Appendix-2.2.1).***

While sampling, the State was divided into four stratums[2] and the districts were selected using PPSWR[3] method of statistical sampling techniques; Blocks, *Gram Panchayats* (GP), Villages and beneficiaries were selected using SRSWOR[4] method.

2.2.1.5 Acknowledgement

Audit acknowledges the cooperation and assistance extended by the State Government and their officials at various stages of the Performance audit.

Audit findings

2.2.2 Systems and procedures

For effective implementation of the scheme, systems and procedures are put in place for identification and selection of the targetted beneficiaries for construction and up-gradation of dwelling units. It includes allocation of resources at various levels, planning at State and district levels, preparation of a permanent IAY wait list and fixing of annual targets for construction of houses.

2.2.2.1 Non-preparation of database of the targetted beneficiaries and DRDAs annual plan

Central assistance under IAY was to be allocated to the State giving weightage (75 *per cent*) to the shortage of rural housing and poverty ratio (25 *per cent*) as per census data. Similarly, inter-district allocation of physical targets within a State was to be made by giving weightage to housing shortage (75 *per cent*) and rural SC/ST population (25 *per cent*) of the district. The targets for the

[2] Poorvanchal, West Zone, Awadh and Bundelkhand Zone.
[3] PPSWR- Probability proportional to size with replacement.
[4] SRSWOR- Simple random sampling without replacement.

blocks within a district and *Gram Panchayats* within the Blocks were also to be decided on the same principle. In order to allocate the targets *vis-a-vis* funds and for minorities and physically and mentally challenged persons, it was essential for the DRDAs to maintain block-wise database of housing shortages of all these categories.

Further, clause 4.2 b (viii) of the guidelines, stipulates preparation of an annual plan[5] by DRDAs.

- Test-check of districts revealed that the data of rural housing shortages was either not maintained[6] or was not reliable[7]. In the absence of reliable data of housing shortages, the correctness of the allocations made to the Blocks could not be verified in audit.

- After fixing the targets by MoRD, the DRDAs distributed the targets amongst the blocks. The distribution of targets was based on population of the district as against shortage of houses. Consequently, the Blocks having higher shortages of houses were not provided more funds, as envisaged in the guidelines. Some DRDAs (Gonda and Mainpuri) distributed the targets up to GP level also but in Mainpuri it was not in accordance with IAY guidelines. In Budaun, Fatehpur, Kushinagar and Lucknow the targets were distributed to Blocks on the basis of a formula prescribed by the State Government in 2003, which was not as per IAY guidelines.

- DRDAs of 15 test-checked districts did not prepare annual plans during 2008-13.

The Government did not furnish specific replies about non- preparation of database. However, it stated (January 2014) that the plan for distribution of the targets was made by DRDAs. The fact remains that due to non-preparation of database and non-preparation of plans by DRDAs, the targetted beneficiaries were not benefitted as intended.

2.2.2.2 Deficiencies in BPL and wait lists

Districts were to upload BPL lists prepared as per BPL Census 2002 on the website of the district. From this list, an IAY permanent waitlist (in order of seniority) was to be prepared and uploaded on the website. A separate list of SC/ST families (in order of seniority) was also to be prepared from IAY permanent waitlist to ensure sanction of required percentage of houses to them.

We observed that BPL lists, though uploaded on the website of the test-checked districts, had deficiencies viz., father's name of BPL holder was

[5] This plan was to include annual Block-wise/*Panchayat*-wise targets for construction of IAY houses and targets for SC/ST and non-SC/ST beneficiaries. The annual targets (physical & financial) were to be broken into monthly targets. Further, the plan included action for incomplete houses, supervision and inspection/verification of IAY works.

[6] Amroha, Budaun, Fatehpur, Jhansi, Kushinagar and Lucknow had no data of housing shortages.

[7] Ambedkarnagar, Deoria, Hamirpur, Mainpuri, Mathura and Varanasi had constant data for all the five years (2008-13). The data of Rampur, Gonda and Maharajganj indicated decreasing trend.

not indicated which led to incorrect identification of the beneficiaries while sanctioning houses. Names of the same BPL number holders in the lists were found to be repeated in Gonda. Budaun considered serial number of BPL list as BPL number. Amroha, Deoria, Fatehpur, Gonda, Hamirpur, Lucknow, Mathura, Maharajganj and Varanasi took family identification number as BPL number and Jhansi, Kushinagar and Rampur took both the serial number as BPL number along with the family identification number. Further beneficiary survey revealed that 1,072 beneficiaries were not allotted houses as per priority in the waitlist.

Thus, the housing shortage has been identified with the incorrect data.

The Government accepted (January 2014) the observation and stated that father's name will be incorporated while preparing new BPL lists. The repetition of the name was because of errors while data feeding in computer. The fact remains that the identification of targetted beneficiaries was ineffective as the data available was incorrect.

2.2.2.3 Non-adoption of cluster approach

DRDAs, during a particular financial year, on the basis of allocations made and targets fixed, were to decide the number of houses to be constructed/upgraded, *Panchayat* wise cluster approach,[8] to facilitate better supervision, convergence of schemes and economy in purchases.

We observed that in none of the test-checked districts, the villages were divided into groups. The cluster approach was not adopted, denying the intended benefit of better supervision and better facilities arising out of convergence of schemes.

The Government stated (January 2014) that the houses were constructed by beneficiaries on their own land and hence cluster approach was not possible. The reply confirms that the cluster approach was not followed thereby denying the intended benefits to the beneficiaries.

2.2.2.4 Selection of beneficiaries by *Gram Sabha*

The GPs were to draw a list of shelter-less families from the BPL list, strictly in the order of ranking in the list. A separate list of SC/ST families was to be derived from the larger IAY list to ensure that sanction of 60 *per cent* of houses to SC/STs under the scheme. Once the lists were prepared, they were required to be approved by the *Gram Sabha,* attended by a Government servant as a nominee of the Collector.

During audit, the test-checked districts did not show the documents confirming the approval of the *Gram Sabha* of the lists prepared for the sanction of houses. However, in some districts (Rampur, Mainpuri and Hamirpur), the approval of the lists in the meetings of the *Gram Panchayat*

[8] For this purpose, all the villages in a District/Block were to be divided into three groups and each group of villages was to be provided funds every year.

were observed. Further, the houses were sanctioned to the eligible families but without mentioning the required priority.

No reply specific to the audit observation was furnished.

2.2.2.5 Irregular selection of beneficiaries

IAY guidelines provide for selection of beneficiaries according to their eligibility. Audit scrutiny revealed that:

- Ten GPs of Khajuha Block of Fatehpur did not have BPL list of 2002. Consequently, the BPL status and seniority of 211 beneficiaries sanctioned (2008-13) houses could not be verified in audit.

- In Amroha, Deoria, Hamirpur and Maharajganj, the names of the selected 19,131 beneficiaries were not found in IAY waitlists and hence the sanction of beneficiaries/houses, as per seniority, could not be confirmed in audit.

- Amroha, Budaun, Deoria, Maharajganj and Rampur sanctioned houses to 428 beneficiaries, whose names were neither in BPL nor in IAY waitlists.

Thus, the selection of the beneficiaries was made outside the BPL and IAY waitlists which was not admissible as per IAY guidelines.

The Government, while accepting the observations, assured (January 2014), to take suitable action.

2.2.2.6 Sanction of houses to ineligible beneficiaries

Beneficiaries already having pucca houses were ineligible for a house under IAY. Further, only one house was admissible against one BPL number.

Scrutiny revealed that:

- twenty two selected beneficiaries in Amroha and Deoria, who already had *pucca* houses were sanctioned houses on grounds of being shelter less BPL family members. Beneficiary survey also revealed that nine beneficiaries, already having *pucca* houses, were sanctioned IAY house; and

- one hundred and sixteen houses were sanctioned to the beneficiaries against 57 BPL identification numbers in Fatehpur, Mahrajganj and Varanasi.

Thus, sanction was made more than once to the same family identification number which was inadmissible.

The Government accepted (January 2014) the facts and stated that suitable action would be taken. The fact remains that more than one house was sanctioned to the same BPL family which was not admissible.

2.2.2.7 Sanction of houses to male members

As per paragraph number 2.4 of IAY guidelines, houses under IAY were to be allotted preferably in the name of the female members of the BPL families. We noticed that six districts sanctioned 34,945 (23 *per cent*) out of 1,52,701 houses to male members during 2008-13 as under:

Table-1: Houses sanctioned in the name of male members

Sl. No.	District	Total sanctioned houses	Houses sanctioned to male members	Percentage of sanction of houses to male members
1	Ambedkarnagar	16,408	2,088	13
2	Deoria	46,076	10,850	23
3	Gonda	54,474	5,665	10
4	Hamirpur	7,153	3,533	51
5	Rampur	13,141	2,871	22
6	Varanasi	15,449	9,938	64
	Total	**1,52,701**	**34,945**	

(**Source:** Information collected in test-check of audit)

The beneficiary survey in test-checked districts further revealed that 974 houses were sanctioned to male beneficiaries though 930 of these households had female members.

The Government, while accepting the audit findings, stated (January 2014) non-availability of female members and non-availability of bank account in the name of female members as the reason for sanction of houses in the name of male members. The fact remains that houses were sanctioned in the name of male members of the family and DRDA failed to ensure opening of bank accounts in the name of female members.

2.2.2.8 Physical performance

As per paragraph no. 2.1 of IAY guidelines, DRDAs were to decide, on the basis of allocations made and targets fixed, the number of houses to be constructed/upgraded in a Block and in a *Panchayat*, during a financial year. The yearly targets of construction of house were to be achieved within two years.

Year-wise position of targets of construction of houses and achievements during 2008-13 in the State is given below:

Table-2: Physical performance of IAY

(in number)

Sl. No.	Particulars	2008-09	2009-10	2010-11	2011-12	2012-13
1	Targets of construction of houses	2,99,645	4,64,990	3,33,021	3,18,380	2,63,027
2	Targets achieved	2,62,239	4,45,854	2,96,213	2,94,768	1,73,321

(**Source:** Information furnished by Commissioner, Rural Development)

The position of original targets, reduced targets, revised targets and shortfall of targets against the revised targets of 2012-13 in 12 test-checked districts was as below:

Table-3: Original target, reduced target, revised target, achievement and shortfall in 2012-13

(in number)

Sl. No.	District	Original target	Reduced Target	Revised target	Achievement	Shortfall against revised target (*per cent*)
1	Ambedkarnagar	3,341	0	3,341	2,391	950 (28)
2	Amroha	2,244	0	2,244	1,017	1,227 (55)
3	Budaun	5,160	2,860	2,300	2,300	0 (0)
4	Deoria	11,021	10,147	874	874	0 (0)
5	Gonda	10,659	0	10,659	2,412	8,247 (77)
6	Hamirpur	1,286	0	1,286	790	496 (39)
7	Kushinagar	34,800	30,129	4,671	4,671	0 (0)
8	Lucknow	5,477	0	5,477	2,519	2,958 (54)
9	Mahrajganj	9,159	5,495	3,664	2,107	1,557 (42)
10	Mathura	2,251	2,118	133	133	0 (0)
11	Rampur	3,207	1,924	1,283	904	379 (30)
12	Varanasi	4,004	0	4,004	2,140	1,864 (47)
	Total	**92,609**	**52,673**	**39,936**	**22,258**	**17,678 (44)**

(**Source:** Information furnished by the Districts)

As is evident from table above, of the target of 92,609 houses fixed by GoI, six DRDAs (Budaun, Deoria, Kushinagar, Maharajganj, Mathura and Rampur) surrendered 52,673 houses (80 *per cent* of their targets) during 2012-13 due to non-availability of beneficiaries. Subsequently, the targets were reduced. Of the revised target of 33,936 houses, 12 districts constructed only 22,258 houses leading to shortfall of 17,678 (44 *per cent*) houses by the end of March 2013. In 2012-13, the assessment of targets fixed by GoI was not as per actual requirements of the districts which led to subsequent downward revision of the targets in some districts.

The Government while accepting (January 2014) the findings stated that the delayed release of the second installment from GoI was the reason for non-achievement of targets. The fact remains that lapses on the part of State Government in adhering to the guidelines caused delayed release of second installment.

We further observed that six out of 15 test-checked districts did not achieve the prescribed *per centage* of sanction of houses to the SC/STs. Details were as below:

Table-4: Short achievement of targets for SCs/STs

(in number)

Sl. No.		Year of sanction	Total target	SC/ST targets	Targets achieved	Shortfall (*Per cent*)
1	Ambedkarnagar	2012-13	3,341	2,004	1,532	24
2	Budaun	2009-10	8,057	4,834	3,821	21
		2010-11	5,569	3,341	2,298	31
		2011-12	5,701	3,421	2,985	13
		2012-13	5,160	3,096	236	92
3	Deoria	2010-11	10,183	6,109	3,384	45
4	Hamirpur	2010-11	1,873	1,124	598	47
5	Jhansi	2009-10	1,829	1,097	948	14
6	Lucknow	2012-13	5,477	3,286	1,495	55

(Source: Information furnished by Districts)

As is evident from the table above, the mandatory sanction of 60 *per cent* houses to the targetted SC/ST beneficiaries by six test-checked districts was not achieved fully and the shortfall ranged between 13 and 92 *per cent*. The reason for shortfall was due to fixation of the targets not based on actual requirements vis-a-vis reliable database of housing shortages in the districts.

The Government, stated (January 2014) that saturation of the list of SC/STs led to non-adherence to the criteria and from 1 April 2013 resource allocation was demand based. Hence, such deficiencies would not recur. The fact remains that the targets were not achieved as the targets were not based on actual requirement.

2.2.3 Financing of the scheme

The financial assistance under the scheme was to be shared between GoI and the State Government in the ratio of 75:25 and was to be released in two installments. During 2008-13, ₹ 6,622.18 crore was spent under IAY in the State. Year-wise status of allocation, release, expenditure and balance of the funds at the end of each year is given in the table below:

Table-5: Fund position

(₹ in crore)

Sl. No.	Particulars	2008-09	2009-10	2010-11	2011-12	2012-13	Total
1	Allocations	891.55	1,341.72	1,533.91	1,498.37	1,660.19	**6,925.74**
2	Opening balance	79.88	200.23[9]	200.28[10]	234.29	305.86	**1,020.54**
3	Funds released by GoI	957.13	1,018.33	1,163.19	1,136.88	935.65	**5,211.18**
4	Funds released by State Government	223.96	431.23	338.84	416.44	294.60	**1,705.07**
5	Other receipts	9.14	19.32	18.85	22.68	22.41	**92.40**
6	Total availability of funds	1,270.11	1,669.11	1,721.16	1,810.29	1,558.52	**8,029.19**
7.	Expenditure	1,072.19	1,469.07	1,486.88	1,504.43	1,089.61	**6,622.18**
8.	Closing balance	197.92	200.04	234.28	305.86	468.91	

(**Source:** Information provided by Commissioner, Rural Development Department)

[9] This includes₹ 229.92 lakh of 2008-09 received by the district Budaun in April 2009 and ₹ 1.75 lakh a difference located in Kasganj district.

[10] This includes ₹ 26.60 lakh of Balarampur lying in Blocks.

As is evident from the table above, the opening balances of 2009-10 and 2010-11 did not match with the closing balances of the previous years. The reasons for variations were stated to be delayed release of Central share of 2008-09 to Budaun in April 2009 and funds lying in Blocks in Balarampur in 2009-10 which were not taken into account. There were huge closing balance of funds at the close of each year, which increased from ₹ 197.92 crore in 2008-09 to ₹ 468.91 crore in 2012-13. District and year-wise status of release, expenditure and balance in test-checked districts is given in ***Appendix-2.2.2 to 2.2.7.***

The Government stated (January 2014) that the release of second installments to the districts in February/March was the reason for the higher closing balances. The fact remains that the State Government was to ensure timely release of second instalment by GoI by fulfilling conditions of the guidelines.

2.2.3.1 Delayed release of State share

State share was to be released to DRDAs within one month of release of Central assistance and a copy of the same was to be endorsed to MoRD. We noticed in audit that the release of State share was delayed by two to 344 days in the test-checked districts. Details are given in ***Appendix-2.2.8.*** The delay in release of State share violated the provisions of IAY guidelines thereby leading to delays in providing houses to the targeted beneficiaries.

2.2.3.2 Curtailment of financial assistance

(a) As per paragraph no. 4.2 b-ii of guidelines of IAY, the opening balance of the districts should not exceed 10 *per cent* of the funds available during the previous year. In case, the opening balance exceeds this limit, the Central share was to be deducted proportionately (the excess of 10 *per cent*) at the time of release of the second installment.

It was noticed that in Maharajganj (9.83%) and Rampur (13.42%), the opening balances of 2012-13 exceeded the prescribed limit and consequently GoI imposed cuts to the extent of ₹ 6.18 crore and ₹ 1.40 crore respectively.

Further, though Budaun, Deoria, Hamirpur, Jhansi, and Mathura had opening balances of more (₹ 21.45 crore) than the prescribed limit during 2008-13, the amount ₹ 64.35 crore, due for deduction, was released by GoI while releasing the second installments to the districts.

The Government stated that higher opening balance in Maharajganj was due to inclusion of amount of un-cashed cheques in the closing balance of 2011-12 by GoI. In Rampur the higher balances were because of non-availability of targetted SC/ST beneficiaries. The reply confirms that the targets fixed were not based on realistic data base and thus, the observation is reiterated. This further lead to non-utilisation of funds and revision of targets as discussed in para 2.2.2.8.

(b) The State Government should make sufficient provision in its Budget and all its contributions (including that of the previous years) due should be released before the submission of the application for the second installment. In the event of shortfall in State share, corresponding amount of Central share (i.e. three times of the shortfall of State share) was deductible from the second installment of the Central share of the current year.

We, in audit, noticed that ₹ 96.50 lakh of State share was short released to three districts in 2009-11, which led to GoI imposing cuts of ₹ 1.83 crore in Budaun, Kushinagar and Mainpuri.

In reply, the Government accepted (January 2014) the facts.

2.2.3.3 Diversion of fund

As per paragraph number 2.1 of the guidelines, sanction of houses in a village was to be done only to the extent of eligible beneficiaries as per seniority fixed in IAY waitlist *vis-a-vis* target available for the village.

We, during audit of eight out of test-checked 15 DRDAs, noticed that the State Government issued orders (July 2008 and August 2012) for providing houses up to the level of saturation of villages under Ambedkar and Lohia Gram Yojanas identified by it. The concerned DRDAs set apart the required number of houses for these villages out of the total target received from GoI and only the balance targets were distributed amongst remaining Blocks/Villages. In test-check, 17,752 houses (₹ 72.06 crore[11]) in eight districts were sanctioned to the BPL families (SC/STs and others) of Lohiya and Ambedkar villages. The identified villages belonged to the flagship schemes of the State Government but were funded from IAY funds. District- wise details of houses are given in ***Appendix-2.2.9.*** Thus the State Government financed its own schemes from GoI funds.

2.2.3.4 Parking of funds

As per paragraph no.1.5 of the guidelines, parking of funds in Bank Accounts should ordinarily be avoided. In case, a particular category of beneficiaries was exhausted in a district, the funds should be utilised for sanctioning houses to eligible beneficiaries of another category after getting due certificate from the concerned DRDA.

We noticed in audit that four out of 15 test-checked districts parked[12] ₹ 15.39 crore during 2009-12 stating non-availability of targetted beneficiaries of the SC/ST category in the districts as the reason as discussed in para 2.2.2.8.

The Government, while confirming the facts, stated (January 2014) that the funds were parked due to non-availability of SC/ST beneficiaries. The reply

[11] Worked out at the rate of ₹ 35,000 for 7,823 beneficiaries and at the rate of ₹ 45,000 for 9,929 beneficiaries.
[12] Deoria: ₹ 8.59 crore and Rampur: ₹ 2.33 crore, since 2011-12; Meerut: ₹ 4.38 crore since 2009-10 and Block Bhatani of Deoria,: ₹ 5.43 lakh and Block Sewrahi of Kushinagar: ₹ 4.06 lakh since 2008-09.

confirms that the State Government did not identify beneficiaries of the other categories under IAY viz., minorities, physically challenged etc.

2.2.3.5 Discrepancies in IAY Bank Accounts

IAY Bank Accounts

We noticed in audit that 10 districts[13] opened more than one account for IAY funds. This was done time and again by drawing funds from one bank account and depositing the same in the other bank account.

We further observed that the IAY funds were kept in Government treasuries as detailed below:

- The State share of IAY of ₹ 21.93 crore, under Multi Sectoral District Development Plan for 2008-09, released on 31 March 2009, was kept in Personal Ledger Account (PLA) of DRDA, Lucknow in Government treasury for subsequent distribution to DRDAs. The amount was kept in PLA as per Government orders (31 March 2009) due to enforcement of Model Code of Conduct before Lok-Sabha elections.

- Maharajganj kept ₹ 6.06 crore in 2008-09, ₹ 10.64 crore in 2009-10, ₹ 7.56 crore in 2010-11 and ₹ 3.85 crore in 2011-12 in PLA. Rampur kept ₹ 1.93 crore in 2008-09 and ₹ 3.71 crore in 2009-10 in PLA.

The Government stated (January 2014) that more than one bank accounts have now been closed by the districts. However, no documents were furnished in support of the closure of bank accounts. No reply regarding keeping of funds in PLA was given.

Un-reconciled debits in IAY cash book

IAY fund (Central and State shares) was to be kept in an exclusive and separate savings bank account and was to be used only for incurring expenditure under IAY. Monthly Bank Reconciliation Statement (BRS) was to be prepared.

We noticed in audit that:

- monthly bank reconciliation of balances was not done by any of the 15 test-checked districts, only an annual bank reconciliation of balances was being done.
- Gonda, issued cheques of ₹ 36.28 lakh with corresponding debit to the IAY cash book prior to 2008-09. The amount was shown as un-cashed cheques in the bank reconciliation of each year since 2008-09 prepared on annual basis by the district. Due to non-preparation of BRS on monthly basis, the district failed to locate actual status of the IAY funds as of July 2013. Possibility of misappropriation of funds could not be ruled out.

[13] Amroha (2), Budaun (5), Deoria (3), Gonda (2), Hamirpur (2), Kushinagar (4), Maharajganj (5), Mathura (3), Rampur (2) and Varanasi (2).

- In Budaun, against the balance of ₹ 10.82 lakh in cash book, the balance in the bank pass book was nil.

The Government stated (January 2014) in respect of Gonda that the matter is being examined and the report is awaited. No reply was furnished with respect to monthly bank reconciliation of balances in Budaun.

2.2.3.6 Transfer of assistance to beneficiaries' bank accounts

As per paragraph number 4.10 of IAY guidelines, funds under IAY were to be transferred directly into beneficiaries' accounts in a Bank or Post Office only. For this purpose, as soon as the beneficiaries were selected, they were to be asked to open a Bank/Post Office account and to intimate the account number to the *Gram Panchayat* /BDO/DRDA, as the case may be.

Scrutiny revealed that DRDA's (Deoria) IAY bank account was debited for ₹ 1.63 crore by issuing 31 bankers' cheques to the concerned BDO during 2008-10 for payment of second installments to 1,858 beneficiaries of Block Bhagalpur. The amount was arranged to be credited in the beneficiaries' bank accounts.

We observed that:

- none of the accounts of the 1,858 beneficiaries were credited with the second installment , though DRDA showed the targets as achieved.
- fresh demands for the same beneficiaries were raised by the subsequent BDO. However, the Government did not credit the second installments, thereby depriving the targetted beneficiaries of the benefits under the scheme.
- beneficiary survey conducted on these beneficiaries disclosed that the houses were incomplete.

The photographs given below show that the houses remained without roof for want of second installments under IAY since 2008-10.



Date of photograph: 21.07.2013
A beneficiary of Dhakpura GP, Block-Bhagalpur, Deoria



Date of photograph: 21.07.2013
A beneficiary of Bhagalpur GP, Block-Bhagalpur, Deoria

The possibility of misappropriation of ₹ 1.63 crore could not be ruled out. DRDA, Deoria stated that the installments were released but the concerned BDO did not arrange for credit of the same in the beneficiaries' accounts.

The Government, while accepting the facts, assured for taking suitable action. The fact remains that 1,858 targetted beneficiaries were denied the intended benefits of the scheme for want of release of second installment and no action had been taken against the erring officer(s).

2.2.3.7 Payment of assistance on non-staggered basis

As per clause 4.10 of IAY guidelines, payments to beneficiaries were to be made on staggered basis, ideally in two installments, the first with the sanction order and the second when construction of house reaches the lintel level and after receipt of a certificate to this effect from the concerned BDO.

We observed that:

- 251 houses were sanctioned in Kushinagar on 30.3.2010. While sanctioning, full payments (both the amounts against first and second installments) were released stating that the concerned BDO would watch the release of funds by the bank in the beneficiaries account in two installments;
- in 2009-10 in Kushinagar, the entire assistance (₹ 3.34 crore) to 955 beneficiaries was paid in one installment without ensuring the construction of houses up to the lintel level;
- the entire assistance of ₹ 11.20 lakh to 36 beneficiaries in Deoria, ₹ 31.95 lakh to 71 beneficiaries in Maharajganj, ₹ 72.80 lakh to 208 beneficiaries in Mainpuri and ₹ 1.35 lakh to 3 beneficiaries in Rampur were paid in single installment.
- in six test-checked districts (Amroha, Deoria, Gonda, Hamirpur, Lucknow and Varanasi) the payments to the beneficiaries were made in three installments[14] as against the prescribed two.

With the release of the installments, the DRDAs showed the houses as complete in the progress reports. This was violative of IAY guidelines as the completion of houses was not monitored by the DRDAs/BDOs concerned.

The Government, while accepting the observations, stated (January 2014) that necessary directions to the DRDAs have been issued to examine the cases.

2.2.3.8 Payment of assistance without ensuring bank accounts

Funds under IAY were to be transferred directly into beneficiaries' bank accounts. For this purpose, as soon as beneficiaries were selected, they were to be asked to open a Bank/Post Office account, in case they did not already have one, and to intimate the same to GP/BDO/DRDA, as the case may be.

We noticed in audit that cheques (₹ 1.57 lakh) were issued in Amroha in 2012-13 without the details of bank account numbers of six beneficiaries.

[14] Of the three installments, the first installment in 2011-12 of ₹ 100 to 1511 beneficiaries in Deoria, ₹ 1800 to 1180 beneficiaries in Varanasi, ₹ 5000 to 154 beneficiaries in Amroha, ₹ 750 to 318 beneficiaries in Lucknow, ₹ 1000 to 3571 beneficiaries in Gonda ,₹ 3750 to 300 beneficiaries and ₹ 1750 to 90 beneficiaries in Hamirpur were given.

Likewise various cheques amounting to ₹ 20.33 crore were issued in three Blocks (Gonda) test-checked during 2008-12 for crediting the amount in the accounts of 7,315 beneficiaries, without indicating their bank account number. In Budaun, cheques were issued (2009-12) without indicating bank account number of 495 beneficiaries, to whom funds amounting to ₹ 1.61 crore was to be credited. In Deoria cheques were issued (2008-09) of ₹ 38.06 lakh for crediting in the bank accounts of 145 beneficiaries without ensuring their bank account numbers. However it could not be verified in audit that funds actually reached the beneficiaries, though it was shown that the houses were completed.

The Government stated (January 2014) that due to very large number of cases the accounts could not be opened. The reply confirms that the money could not reach the targetted beneficiaries even though installments were released.

2.2.3.9 Non-release of second installments to the beneficiaries

Construction of IAY houses had to be completed within two years. Second installments were to be released only after completion of the house up to lintel level. In 2009-13, the second installments to 9,779 beneficiaries in Kushinagar and 21 beneficiaries in Mainpuri and eight beneficiaries in 2009-10 in Varanasi were not released for want of demands from the concerned blocks. Further, in Maharajganj (Lakshmipur Block), the second installment to 88 beneficiaries was not released since 2011-12.

We observed that the districts showed their targets as achieved with the issue of the first installments itself, however, physical completion of houses could not be ascertained in audit.

The Government, while accepting the audit findings, stated (January 2014) that the suitable actions are being taken by the districts. The fact remains that non-release of second installment defeated the objective of providing houses to the houseless.

2.2.3.10 Release of second installment without verification report from BDOs

The State Government made provision for payment of second installment only after completion of construction of house up to the lintel level.

In Budaun, first installments were released (2011-12) to 324 beneficiaries of ₹ 2,500 each only and subsequently (March 2012) the remaining amount of ₹ 42,500 was released (₹ 1.38 crore) without verification of construction of house up to lintel level as with only ₹ 2,500, as the first installment, construction up to lintel level was not possible. The district issued cheque amounting to ₹ 1.20 crore again on 30 March 2013 for payment of the second installment to 1,064 beneficiaries, without confirming the construction of houses up to lintel level.

Further, in Jhansi second installments were released (2009-11) to 475 beneficiaries within one to twenty days of the release of first installment without obtaining the verification reports of the BDO.

In Mainpuri (Block- Karhal), first installment was released to six beneficiaries on 20 March 2013 and credited to their respective bank accounts in April 2013. However, the concerned BDO verified the construction of all these houses up to lintel level on 25 March 2013, i.e. before the bank accounts were credited.

The photographs, below taken while conducting beneficiary survey show that the houses were not constructed/completed even after providing both the installments. The concerned BDO did not inspect these houses.



Date of photograph: 18 July 2013
House not constructed by a beneficiary r/o Bauriha, Block-Tarabganj, District- Gonda.



Date of photograph: 19 June 2013
Roof not constructed by a beneficiary r/o Kakrala town, Block- Mion, District- Budaun.

The Government, while accepting (January 2014) the facts, stated that such cases would not happen in future as the photographs of the houses are being uploaded on AwaasSoft and only after construction of houses up to lintel level the second installments would be released.

2.2.3.11 Non-reimbursement of Natural Calamities Relief funds

Clause 4.4 (Earmarking of resources) of the guidelines of IAY stipulated that five *per cent* of the total allocated funds under IAY would be kept apart to meet exigencies arising out of natural calamities and other emergent situations like riot, arson, fire, rehabilitation under exceptional circumstances etc. with a State-wise ceiling of 10 *per cent* of annual allocation (including State share).

We noticed in audit that district Gonda, Hamirpur, Mainpuri and Rampur incurred expenditure of ₹ 1.15 crore on natural calamities during 2009-12 but the claims were not submitted to GoI.

The Government stated (January 2014) that the claims have been submitted.

2.2.3.12 Sanction of beneficiaries under homestead sites

The scheme for providing homestead sites to those rural BPL households who neither had agricultural land nor a house site was launched as part of IAY with effect from 24th August 2009. The required resource was to be shared equally

between GoI and the State Government. The unspent amount, if any, out of this component, was to be distributed to the better performing districts.

We noticed in audit that eight districts[15] did not utilise ₹ 18.75 lakh for homestead sites. Consequently, the funds remained blocked till July 2013. The reasons behind non-utilisation of funds, as stated by the DRDAs were the insufficient amount prescribed for homestead sites, no demand from the Blocks etc. DRDAs Hamirpur and Deoria stated that the amount was adjusted against regular budget of IAY by GoI. Thus, the Government did not manage to utilise the funds in better performing districts.

Further, DRDAs, Budaun stated that ₹ 5.10 lakh was distributed (2011-12) to 51 beneficiaries for homestead sites but audit found that the money was kept in Bank account at the BDO of Dataganj level as of May 2013. In Gonda, ₹ 4.34 lakh was paid (2011-12) to 58 beneficiaries for homestead sites, but no houses were sanctioned to them.

Results of beneficiary survey revealed that none of the surveyed beneficiaries received homestead sites.

The Government, while accepting the facts, stated (January 2014) that the available amount has been utilised and adjusted by GoI in 2012-13.

2.2.4 Construction of houses and facilities under convergence

2.2.4.1 Construction and location of houses

IAY dwelling units were normally to be built on individual's plots in the main habitation of the village. The beneficiaries had complete freedom as to the manner of construction of the house. A Committee was to be formed to coordinate the work if so desired. The Committee was to be sensitised to incorporate hazard-resistant features in the design of the houses. As per paragraph number 3.2 of guidelines, various facilities viz. sanitary latrine, electricity connection, water supply etc. to IAY houses were to be provided under convergence. We observed:

- the committee to sensitize beneficiaries of hazard-resistant features was not set up in the State;
- the beneficiaries of 321[16] out of 350 test-checked GPs constructed houses in the main habitation area of the village on their own land which ensured safety, security and social communication to the dwellers of these houses;
- a house constructed[17] was demolished because the house was constructed on the land of Revenue Department as the funds were given without verification of sites, rendering the expenditure wasteful; and

[15] Ambedkarnagar, Deoria, Fatehpur, Hamirpur, Kushinagar, Maharajganj, Mathura and Rampur out of 15 test-checked districts did not utilise ₹ 4.62 lakh, ₹ 3.85 lakh, ₹ 0.91 lakh, ₹ 2.73 lakh, ₹ 1.12 lakh, ₹ 4.76 lakh, ₹ 0.20 lakh and ₹ 0.56 lakh respectively during 2010-11.
[16] 29 GPs were found with no beneficiaries.
[17] In village Bahera Sadat of Block Airayan of district Fatehpur by *Smt. Keshka Devi.*

- results of beneficiary survey revealed that 513 houses were under construction, but as per records only 335 houses were under construction.

The Government accepted (January 2014) the findings and stated that the committee would be set up.

2.2.4.2 Type Design of houses, cost effectiveness and quality of material

The State Government was to finalise type designs for IAY houses along with technical and material specifications. Under IAY, the skill up-gradation of rural artisans and other functionaries engaged in the field of rural housing was also to be ensured. For adoption of such technologies, necessary low cost material was required to be developed.

We noticed in audit that the State Government did not take any initiative in this regard. Some of the houses constructed under IAY were in dilapidated condition. Results of beneficiary survey revealed that none of the surveyed beneficiaries (3,126) were aware of innovative material, procurement of low cost material, construction design of house, cost effective technology, disaster resistant technology. Non-awareness, the income status of the targetted beneficiaries and quantum of assistance under IAY could lead to premature dilapidation of IAY houses.

The Government accepted (January 2014) the audit findings and stated that mechanisms for working out type design of houses, cost effectiveness and quality control would be permanently set up in the State.

2.2.4.3 Inadequate convergence for sanitary latrine

We noticed in audit that the activities taken up under convergence were negligible as discussed in succeeding paragraphs:

The State Governments were to ensure dovetailing of funds under Total Sanitation Campaign (TSC) with IAY so as to sanction IAY house and toilet simultaneously.

We noticed in audit that the DRDAs of all the test-checked districts did not ensure sanction of sanitary latrine while sanctioning a house under IAY. District Panchayat Raj Officers (DPROs), the officer under whom TSC was being implemented, were working independently and not in coordination with the DRDAs. The DRDAs invariably did not send the list of houses sanctioned under IAY to DPROs and also did not ensure construction of a latrine under TSC in IAY houses. In nine[18] out of 15 test-checked districts only 55,635 sanitary latrines were constructed during 2008-13, though during same period 4,41,409 houses were sanctioned under IAY. Beneficiary survey in 15 districts revealed (April to June 2013) that the houses of 2,732 out of 3,126 IAY beneficiaries were not provided with sanitary latrine.

[18] Amroha, Deoria (only of Bhatani block), Gonda, Kushinagar, Lucknow, Manpuri, Mathura Rampur and Varanasi.

DPRO, Varanasi sent ₹ 1.35 crore[19] during 2009-11 to DRDA, Varanasi for crediting the same in bank accounts of IAY beneficiaries for construction of sanitary latrine. DRDA spent (2009-11) only ₹ 36 lakh on latrines. Rupees 11.09 lakh, spent against release of first installment at the rate of ₹ 1,500 each for the construction of sanitary latrine to 739 beneficiaries during 2010-11, was not put to use because the second installments at the rate of ₹ 700 each were not released to these beneficiaries as of May 2013. Further, ₹ 5.50 lakh was diverted for payment of salary of DRDA staff and ₹ 0.34 lakh for 1st installment of IAY beneficiaries[20]. The balance ₹ 1.04 crore (with interest ₹ 21.93 lakh), was in IAY bank accounts as of February 2013 and 4,720 sanitary latrines (worked out at the rate ₹ 2,200) were not constructed.

Results of beneficiary survey revealed that 2,732 houses did not have toilets, 1,690 beneficiaries stated lack of fund as the reason for not having toilet and 3,080 beneficiaries stated no support was given from the Total Sanitation Campaign.

The Government accepted (January 2014) the findings related to Varanasi but no specific replies to other issues were furnished.

2.2.4.4 Providing electric connection to IAY houses

With a view to provide comprehensive benefits to the rural BPL families, IAY was dovetailed with *Rajiv Gandhi Grameen Vidyutikaran Yojana* (RGGVY). Accordingly, DRDAs were to provide the list of IAY beneficiaries to the implementing authorities of RGGVY and co-ordinate with them to ensure free electric connections to IAY houses.

We noticed in audit that the DRDAs of none of the test-checked districts forwarded the list of houses sanctioned under IAY to the offices of the Power Department to provide electric connection to IAY houses. Beneficiary survey revealed that 2,977 houses did not have electric supply. 3,084 beneficiaries stated that no support from any government scheme like RGGVY was received for electric supply.

The Government stated (January 2014) that the directives are being issued to the districts and assured to implement the scheme in future.

2.2.4.5 Information, Education and Communication (IEC) for convergence

In order to have active convergence, implementation of the provisions of the IEC was essential. Further, the departments engaged to provide facilities in an IAY house were required to be aware about the provisions of IAY. We noticed in audit that no IEC activities were carried out in the test-checked districts. This adversely affected the scheme in providing amenities in IAY houses.

[19] Kashi Gomti Sanyut Gramin Bank, Varanasi: Account no. 616362010020122.

[20] ₹ 8750 to Smt. Pramila Devi of Mudha GP of Harahua Block, ₹ 12500 to Shri Kallu and Shri Munnu each of Nehia GP of Pindra Block of Varanasi district.

Results of the beneficiary survey revealed that 2,102 out of 3,126 beneficiaries surveyed were not aware about IAY waitlist. Further, a loan up to ₹ 20,000 per housing unit admissible to an IAY beneficiary under differential rate of interest (DRI) scheme at an interest rate of four *per cent* per annum was not known to the surveyed beneficiaries;

The Government stated (January 2014) that the IEC activities were undertaken but neither any documentary evidence was provided nor we found IEC activities for convergence during audit.

2.2.5 Monitoring and evaluation

2.2.5.1 Monitoring

As per paragraph number 6.1 of IAY guidelines, monitoring was essential for successful implementation of the scheme. The key factor in monitoring was that the schedule of inspection was to be prescribed and all returns to be obtained, as a part of MIS, timely and analysed to have better control over progress of the scheme. It was to be done at all levels with special emphasis on quality and timely completion of construction of houses.

2.2.5.2 Inefficient monitoring at State and district levels

As per paragraph no. 6.1 of IAY guidelines, the officers dealing with IAY at the State headquarters were to visit districts regularly for satisfactory implementation of the programme. Likewise, officers at the district and block levels were to closely monitor all aspects of IAY by visiting work sites. Further, the monitoring of the programme was also the responsibility of State/district level Vigilance and Monitoring Committees (SVMCs) for Rural Development Programmes. A monthly progress report, in respect of the *Indira Awaas Yojana,* was to be furnished to GoI separately.

We noticed in audit that during 2008-13, the SVMC met only twice against the prescribed 20 meetings. District Vigilance and Monitoring Committees in 15 test-checked districts met 46 times as against 300 meetings prescribed for 2008-13. Details of meetings held in districts are given in ***Appendix-2.2.10.*** The State Government did not draw up schedules for inspection of houses by officers of various levels and also did not prescribe returns/reports for better and regular monitoring of the scheme.

2.2.5.3 Deficient grass root level monitoring

We observed:

- the schedules for the district and block level officers' inspection of IAY houses were not on record as one *Gram Panchyat Adhikari* was posted for six to ten GPs, internal verification of work at many places was not done.

- the results of the beneficiary survey revealed that 2,091 out of 3,126 houses surveyed were not inspected. Of these, 134 beneficiaries did not get second installments as of July 2013.

- a beneficiary of GP Bahera Sadat of the Block Airayan of Fatehpur did not construct the house as of July 2013 but both the installments were credited to her bank account in 2009-10.

- Second installments were to be released only after completing the construction of the house up to lintel level but as can be seen in the photograph below, in Rampur district the house was not constructed even though, the second installment was released to the beneficiary;



Date of photograph: 15 June 2013.
House not constructed by beneficiary in village-Dilari, KP-Swar, District-Rampur even after receipt of both installments.

Thus, the works were not verified by the concerned officers/officials before releasing the second installment.

The Government stated (January 2014) that the beneficiary was not found in their verification done after audit.

2.2.5.4 Quality monitoring

As per paragraph 9.3 of IAY guidelines, the State Government was to put in place a system of quality monitoring and guide/assist the beneficiary in achieving satisfactory quality in respect of the site selection, use of appropriate cost effective technology, selection of design and materials for construction so that negative environmental impact was reduced.

We noticed in audit that the State Government did not put in place a system for quality monitoring and low/appropriate cost technology for the construction of houses. Many houses constructed were in dilapidated condition and without the required amenities.

The Government, while accepting the observation, assured (January 2014) to take suitable action. The fact remains that the quality monitoring was not ensured by the Government.

2.2.5.5 Monitoring through MIS (AwaasSoft)

Awaas-Soft is a local language-enabled workflow-based transaction level Management Information System (MIS) in place since 2010-11, to facilitate e-governance of IAY. The System was prepared and deployed at *http://iay.nic.in* by National Informatics Center in collaboration with MoRD (GoI). The System is designed for all stakeholders of IAY including the beneficiary. The AwaasSoft has nine different modules[21] designed to capture all the transactions of the implementation of the scheme.

We noticed in audit that the MIS data on AwaasSoft was not implemented effectively with nine different modules designed to capture all transactions that would be required in implementation of the scheme making it difficult to retrieve the data. Though there is a provision of four *per cent* under administrative expenses for giving the IT trained manpower for this scheme, the State Government started the use of AwaasSoft only from April 2013, much after the introduction of MIS through AwaasSoft.

The Government accepted (January 2014) the finding and stated that use of AwaasSoft was started from April 2013. As AwaasSoft was launched in 2010-11, its usage should have started much before April 2013.

2.2.5.6 Transparency and grievance redressal

In order to ensure transparency in the implementation of IAY at various levels, people were to have access to information about implementation of the programme in all respects. Disclosure of information was to be the rule and withholding of information, an exception.

We noticed in audit that various records and information viz., list of disaster resistant construction features suitable for the region/locality, allocations made to the villages under IAY, guidelines of IAY, criteria of selecting beneficiaries etc. were not available with the GPs. Thus, the intended transparency in implementation of the scheme was not maintained.

In reply, the State Government stated (January 2014) that the lists are placed at public places but evidences to that effect were neither enclosed nor noticed during audit.

2.2.5.7 Complaint monitoring system

To address complaints, paragraph no. 6.1.2 of IAY guidelines stipulated setting up of an effective complaint monitoring system with adequate staff at the State level. The *website* of the MoRD had interactive provision for filing complaints.

[21] (i) Target setting for a year (ii) Beneficiary management (iii) Inspection/verification of houses (iv) Fund Management (v) On line submission of demand for fund (vi) Proposal processing in Ministry of Rural Development (vii) Personnel module (viii) Grievance redressal system (ix) Linkage with Financial Institution.

We noticed in audit that there was no independent and specifically manned complaint monitoring system in place at the State level. The section, dealing with the release of State share, was also assigned the work of disposal of the complaint cases. Out of 34 complaint cases received during 2009-13 at State level, only three cases were disposed of. One complaint case of 2005 was outstanding as of July 2013. At DRDA level, though general complaints were being recorded in a common register and redressed but segregated records for IAY specific works were not maintained. Thus, effective grievance redressal mechanism at the State level and in the test-checked districts was absent. Some complaint cases related to Jungal Nonia Patti, village of Kushinagar are discussed below.

A complaint case (June 2012) of irregular sanction of IAY houses was pending with Commissioner, Rural Development (CRD) as of July 2013.

- eighty one houses were sanctioned in February 2010 mentioning 60 BPL family ID numbers and 73 houses were sanctioned in March 2010 against 60 BPL numbers;

- against BPL number 12,466, two houses were sanctioned mentioning ID number 15,551 and 21,458; and

Though sanction of houses in 2009-10 to seven beneficiaries not listed in BPL and IAY waitlists was found correct by CRD, recovery of ₹ 1.75 lakh was not done as of July 2013.

The Government accepted (January 2014) the facts and stated that partial recovery (₹ 1.25 lakh) has been affected. The reply confirms the observation as the final findings are still awaited.

2.2.5.8 Social Audit

Social audit, with the objective of public accountability and public vigilance, on regular basis, was made central to the monitoring process under IAY. All records were to be made available in 'social audit'.

We noticed in audit that the system of social audit was not put in place by the Government. Hence the deficiencies viz. selection of ineligible beneficiaries, selection of non-BPL families, allotment of more than one house against the same BPL number etc. persisted, as discussed in foregoing paragraphs, not made known to the people. Further the results of beneficiary survey revealed that 2,332 beneficiaries were not aware of the method of preparation of waitlist and Gram Sabha deliberations/approval.

The Government stated (January 2014) that the decision for social audit through the Social Audit Cell, established (April 2013) at the State level, has been taken. The reply confirms that social audit was not taken up during 2008-13. Further, Social Audit Cell was established under MGNREGS administrative expenditure and not from IAY fund.

2.2.5.9 Maintenance of records

The list of important records required to be maintained by DRDAs for IAY are given in ***Appendix-2.2.11***. We noticed, in audit, that maintenance of records in test-checked districts was inadequate and improper as discussed below:

- None of the test-checked districts maintained convergence progress register, schedule of inspection register, assets register, register of advances to implementing agencies (except in Deoria and Budaun) and register to review the progress of expenditure (except in Gonda and Kushinagar); and

- two districts (Budaun and Fatehpur) did not maintain cash books and three districts (Gonda, Mathura and Rampur) did not keep register of receipts. Budaun did not maintain cheque issue register. Cheques issued by the banks were not recorded in register of cheque books by four districts (Budaun, Jhansi, Maharajganj and Varanasi);

- Cash book was not maintained properly in Jhansi, Hamirpur, Kushinagar, Maharajganj and Varanasi. Grant receipt register in Budaun was not maintained properly. Cheque issue register in Ambedkarnagar and Hamirpur, register of cheque books in Ambedkarnagar, complaint register in five districts (Budaun, Fatehpur, Mathura, Lucknow and Varanasi) and the register of advances to implementing agencies were maintained either improperly or were incomplete in Budaun.

The Government accepted (January 2014) the finding and stated that the instructions have been issued to all the concerned officials for proper maintenance of all records of IAY.

2.2.5.10 Impact assessment

As per paragraph no. 6.2 of IAY guidelines, GoI was to conduct periodic evaluation studies of the implementation of IAY. The State Government was also to conduct evaluation studies regarding the implementation and impact of the programme on its own. The evaluation reports of the State Government were to be furnished to GoI to take remedial actions.

Audit noticed that the State Government did not conduct any evaluation study of the scheme. Hence, the weaknesses in implementation of the scheme were not brought out and consequently remedial measures could not be taken.

The Government stated (January 2014) that the State Planning department conducts evaluation study of the programme. Moreover, the State Government did not provide any report of evaluation study.

2.2.6 Findings of joint inspection teams

We conducted joint survey of 3,126[22] out of 3,197[23] sampled beneficiaries. The photographs below show some of the results of the survey done.



1. **Date of photograph: 23 June 2013.**
2. **Survey conducted by Audit with Accountant of Block Gughali, Maharjganj.**
3. **House not constructed: Villages-Belwa Tekar, Block-Ghughali, Maharajganj even though total assistance was released up to March 2009.**



1. **Date of photograph: 18 July 2013.**
2. **The survey was conducted by Audit with Gram Panchayat Secretary.**
3. **House abandoned: Village-Bauriha, Block-Tarabganj, Gonda even though full payments was released (March 2012).**

Results of the survey are featured in foregoing paragraphs. In addition to those, other findings were as below:

- One hundred and twenty five houses were found to be abandoned. However, records showed only five houses as abandoned;
- IAY logo was not displayed on 2,925 houses;

[22] 71 beneficiaries were either not found during survey or dead.
[23] Required number of beneficiaries was not available in the sampled villages.

- A loan up to ₹ 20,000 per housing unit was admissible to an IAY beneficiary under differential rate of interest (DRI) scheme at an interest rate of four *per cent* per annum. But none of the surveyed beneficiaries were aware of differential rate of interest (DRI) loan scheme;

- Three thousand and nineteen houses did not have kitchens, 3,101 houses did not have smokeless *chulhas*, 1,454 houses did not have ventilation;

- Two thousand one hundred and eighty four houses did not have drainage facility; and

- None of the surveyed beneficiaries had received assistance under Life Insurance Corporation-*Jan Shree Bima or Aam Admi Bima.*

Details of the survey are summarised in ***Appendix-2.2.12.***

2.2.7 Conclusion

The primary objective of IAY was to help in construction/upgradation of dwelling units of rural BPL householders belonging to members of SC/ST, free bonded labourers, minorities and other non-SC/ST by providing them financial assistance which was only partially achieved.

System and procedures followed were deficient due to non-preparation of database leading to incorrect identification of beneficiaries. Resource allocation by the districts was not based on rural housing shortages and SC/ST population. Fixation of unrealistic targets led to downward revision of targets. Ineligible beneficiaries were sanctioned houses under the scheme. Houses were sanctioned in the name of male members of the families having female members. The scheme suffered cuts not only due to short release of State share but also due to higher unspent balances. Considerable targets vis-à-vis funds were set apart for villages identified in State Government's schemes which violated the IAY guidelines. Substantial funds were not only parked in IAY bank accounts but also kept out of IAY bank accounts.

Due to sanctioning of houses without ascertaining Bank account number of the beneficiaries, the actual and timely credit to the beneficiaries' accounts was also not ensured. Funds spent on natural calamities remained unclaimed due to which reimbursement of the same by GoI was not made. Homestead site scheme did not yield the desired result in the State. Type designs and disaster resistant technologies were not prescribed. Facilities under convergence like sanitary latrines, electricity connections, insurance and job card under MGNREGS were largely not provided. Grievance redressal mechanism was absent. Social audit was not being conducted. Scheme was not evaluated by the State Government.

Thus, the objective of providing housing to the rural poor was not achieved to the envisaged extent due to weaknesses at different stages of planning, implementation and monitoring of the scheme.

2.2.8 Recommendations

The Government should ensure that:

- *A proper database for housing shortage and beneficiaries under each category is maintained and houses under IAY are sanctioned as per seniority fixed in IAY waitlists.*
- *After receipt of targets from GoI, the resource allocation is made as per guidelines. In making the annual plan, a bottom-up approach is adopted.*
- *To avoid financial cuts by GoI, the closing balances are within the prescribed limit and due State share are released and on time.*
- *Bank account numbers of beneficiaries are ensured before sanctioning of the house and the second installment is released only after the receipt of verification certificate.*
- *Area-specific designs for IAY houses and low cost and disaster-resistant technologies for the construction of houses are developed.*
- *Facilities under convergence are provided to the beneficiaries.*
- *Public accountability in implementation of IAY through in-built monitoring mechanism is ensured.*
- *Grievance redressal mechanism is developed and is implemented effectively. Social audit is put in place.*
- *The scheme is evaluated from time to time for impact assessment.*

MEDICAL EDUCATION DEPARTMENT

2.3 Functioning of Moti Lal Nehru Medical College, Allahabad and Associated Teaching Hospitals

Executive Summary

The Government established Moti Lal Nehru Medical College at Allahabad in 1961 to provide medical education, research, training and treatment to the ailing persons. A performance audit revealed the following:

- No Plan was prepared for timely implementation of Centrally Sponsored Schemes which resulted in inordinate delays in their implementation.
- Unrecognised Post Graduate degree and diploma courses were offered by the College. Neither College Council was constituted nor was Central laboratory functional to take up research activities.

  Government should take effective steps for recognition of courses.
- Though the number of patients in IPDs and OPDs was increasing and there were more than one patient per bed in emergency ward of SNCH, there were shortages of specialists/consultant doctors and nursing staff.

  Government should ensure to fill the vacant posts.
- Swaroop Rani Nehru Hospital did not provide benefit of free treatment to the patients living below poverty line. Specialised services in Gastroenterology and Cardiology departments remained inadequate for want of AMC of equipment, approval of proposals for civil works etc.

  Government should establish a mechanism to ensure free treatment of BPL patients and enhance the adequacy of services by clearing the pending proposals.
- Fifteen departments of the College lacked equipment. Besides, some equipment (₹ 1.49 crore) were non-functional.
- There was loss of revenue of ₹ 36 lakh during 2008-11, as the area for a chemist shop in the premises of SRNH was not provided to the firm.
- Monitoring was inadequate and incorrect figures were reported to the Government of Uttar Pradesh.

2.3.1 Introduction

Moti Lal Nehru Medical College, Allahabad (MLNMC), one of the nine Medical Colleges in the State, was established in 1961 by the State Government with the objective to impart medical education, conduct research, organise training and provide medical services to the ailing persons. Earlier (till 15 July 2008) it was affiliated to Allahabad University but later it was affiliated (since 16 July 2008) to the *Chhatrapati Shahuji Maharaj* Medical

University (CSMMU), Lucknow. To impart medical education and confer academic degrees[1], there are 25 academic departments ***(Appendix-2.3.1)*** and three Associated Teaching Hospitals (ATHs) under MLNMC.

All the three ATHs namely (i) *Swaroop Rani Nehru* Hospital (SRNH) (ii) *Sarojini Naidu* Children Hospital (SNCH) and (iii) *Manohar Das* Eye Hospital (MDEH) under MLNMC are located in Allahabad city. Together, there are 13 Out Patient Departments (OPDs)[2] and 10 Indoor Patient Departments (IPDs)[3]; their bed capacity was 1080 beds (SRNH: 852, SNCH: 120 and MDEH: 108) in March 2013.

The campus of MLNMC, occupies an area of 59.20 acres which includes teaching departments, library, administrative departments, boys' and girls' hostels, residences for faculty members, guest house, alumni building, sports field etc. The three ATHs including OPDs, IPDs and OTs etc. together occupy 41.04 acres[4].

2.3.2 Organisational structure

Principal Secretary, Medical Education, Government of Uttar Pradesh (GoUP) and Director General, Medical Education and Training, Lucknow (DGMET), are overall in-charge at the Government and Departmental levels. The Principal, MLNMC is responsible for the administrative & financial management relating to admission, examination and other academic activities, purchase of medicines, equipment and delivery of services by three ATHs etc. MLNMC comprises 25 departments and each department is run under a Head of Department ***(Appendix-2.3.2).***

2.3.3 Audit objectives

The objectives of the Performance Audit were to assess and ascertain whether:

- there was adequate planning for academics, research, training of doctors and delivery of health & medical services;
- the delivery of services, health & medical, were appropriate and efficient;
- the Centrally Sponsored Schemes (CSSs) were being implemented as envisaged;
- the funds were sanctioned, released and utilised economically and effectively in adherence to the extant Government and other rules;
- the manpower and administrative management were efficient, economical and effective; and

[1] Bachelor of Medicine and Bachelor of Surgery (MBBS), Doctor of Medicine (MD), Master of Surgery (MS) and Doctorate of Medicine (DM).
[2] SRNH: 11; SNCH: 1; and MDEH: 1.
[3] SRNH: 8; SNCH: 1; and MDEH: 1.
[4] SRNH: 31.06 acres; SNCH: 7.41 acres; and MDEH: 2.57 acres.

- the internal controls, monitoring and evaluation mechanisms were in place, adequate and working effectively.

2.3.4 Audit criteria

The audit criteria have been derived from the following sources:

- Guidelines issued by the Medical Council of India (MCI) for 100 admissions Regulations, 1999 and for Post Graduate Medical Education Regulations, 2000;
- Financial rules and regulations framed by GoUP; and
- Instructions issued by GoUP from time to time.

2.3.5 Audit scope and methodology

The records of all the departments of MLNMC, Allahabad and three ATHs for the period 2008-13 were scrutinised during April 2013 to July 2013 in the offices of the Principal Secretary, Medical Education, GoUP, Lucknow; Director General, Medical Education & Training (DGMET); Principal and Finance Controller, MLNMC; Superintendent in Chief (SIC), SRNH; Director, MDEH; and Head of SNCH.

An entry conference was held with Principal Secretary, Medical Education on 20 March, 2013 wherein the audit objectives, audit criteria and audit scope and methodology were discussed and inputs obtained. Exit conference was held with Special Secretary, Medical Education on 23 January, 2014. Replies furnished by the Government have been incorporated suitably.

Further, joint physical verifications and interviews with the beneficiaries were also conducted and photographic evidences were obtained in support of observations.

2.3.6 Acknowledgements

The cooperation extended by the Government; Directorate; Principal, MLNMC; SIC, SRNH; Director, MDEH; and Head of SNCH during audit is acknowledged.

Audit Findings

The audit findings are discussed hereinafter:

2.3.7 Planning

Perspective and annual plans for Research, Training and effective infrastructural development were not made.

The objective of MLNMC is to impart health & medical education; conduct research in medical and associated sciences; impart training to the doctors and *para*-medical staff; and to deliver health & medical services to the people of Allahabad and adjoining districts/areas. We observed that:

- MLNMC and its ATHs functioned without any strategic, perspective or annual plans for academics, research and training to the doctors and

para-medical staff at the levels of GoUP, DGMET during 2008-13, although it was responsible to cater to the tertiary health & medical needs of a large population of Allahabad and adjoining districts/areas.

- No plans were made to increase the intake capacity of MLNMC. The intake capacity of MLNMC was 50 students in 1961 which was raised to 100 students in 1966. In July 2013, it was increased to 150.

- No plan was in place to augment infrastructural capacities of MLNMC to improve quality of education and delivery of services.

- MLNMC and its ATHs received funds from GoUP under plan and non-plan heads. During the period 2008-13 the plan heads accounted for only 15 *per cent* of the total allotments and the remaining 85 *per cent* was for the non-plan heads to meet expenditure on revenue heads.

- No plan for putting an efficient mechanism was in place for effective implementation of State/Centrally Sponsored Schemes (CSSs) *viz.* Strengthening/up-gradation of MLNMC, Strengthening of Cancer Unit, Trauma Centre and *Janani Suraksha Yojana* during 2008-13 as discussed in paragraph number 2.3.13.

In reply, the Government stated (January 2014) that plans were made and trauma services were available in the hospital. Reply was not acceptable as no plans were made and submitted to DGMET/Government during 2008-13 and trauma services were not available due to non-completion of civil work and equipment of trauma centre were lying unpacked.

Thus, in order to achieve the avowed objectives, a Perspective Plan and Annual Plans should be prepared keeping in view the growing health and medical care needs of the people for effective and qualitative tertiary medical care and also to promote research for enhancing the quality of human life.

2.3.8 Academics and research activities

In exercise of the powers conferred by Section 33 of the Indian Medical Council Act, 1956, MCI framed the 'Minimum Standard Requirements for the Medical College for 100 Admissions Annually Regulations, 1999' (MCI Regulations 1999) and the 'Post Graduate Medical Education Regulations, 2000' for grant of recognition to medical institutions fulfilling the prescribed requirements in terms of departments, equipment etc.

MLNMC offers degree courses at graduate & post graduate levels; and post graduate diploma & super specialisation courses (***Appendix-2.3.3***). The Graduate Level Course is a bachelor's degree in Medical Sciences, the Post Graduate Course is a master's degree in Medical Science and the Post Graduate Diploma Course is a diploma at master's level. The degrees for MBBS and Doctor of Medicine (MD) & Master of Surgery (MS) courses are conferred by CSMMU, Lucknow.

2.3.8.1 Status of recognition for degrees and diplomas by MCI

Unrecognised PG and PG Diploma courses were run in the college.

As per the Post Graduate Medical Education Regulations, 2000, the recognition to the courses by MCI is a mandatory prerequisite for their acknowledgement throughout the country. Although not recognised by MCI, MLNMC chose to offer post graduate (PG) courses in Radio Therapy and Radio Diagnosis etc.[5] and intake capacity of 14 seats for post graduate diploma courses in Orthopaedics, Child Health, Obstetrics and Gynaecology during 2008-13 as detailed below:

Table 1: Students admitted to unrecognised courses

(In numbers)

Year	Post Graduate level course		Post Graduate Diploma course	
	Students admitted	Students passed (including repeaters)	Students admitted	Students passed (including repeaters)
2008-09	03	04	12	10
2009-10	05	04	13	9
2010-11	04	04	12	8
2011-12	02	01	11	10
2012-13	02	02	11	5
Total	**16**	**15**	**59**	**42**

(**Source:** MLNMC)

The recognition of MCI for these courses are premised on required faculty, prescribed equipment etc. However, despite availability of funds, Principal, MLNMC failed to purchase the required equipment i.e., CT Simulator, mandatory for recognition of MD Radiotherapy course. Due to shortage of faculty and equipment *vis-à-vis* MCI norms, these courses were not recognised by MCI. Consequently, successful candidates were eligible to render their services within the territorial jurisdiction of Uttar Pradesh (UP) only, as per the Government order dated 15 May 1964, and were ineligible to render services outside UP. *In reply, the Government admitted (January 2014) the facts.*

2.3.8.2 Admissions to degree and diploma courses

Intake capacity in MBBS and PG courses were not fully utilised.

MLNMC admitted students at the Graduate and PG levels & for PG Diploma & Super Specialisation Courses through competitive examinations. Year-wise and course-wise number of students (2008-13) admitted, appeared in the examinations and declared successful were as below:

[5] PG seats: 2008-2010 - 05 seats (02 seats-TB and Chest, 01 seat- Forensic Medicine,01- RadioTherapy, and 01 seat-Radio Diagnosis); 2010-11: 04 seats (02 seats-TB and Chest, 01- Radio Therapy, and 01 seat- Radio Diagnosis); 2011-13: 02 seats (01- Radio Therapy, and 01 seat- Radio Diagnosis)

Table 2: Position of admissions, examinations and success

Sl. No.	Academic year	Duration	Number of students		
			Admitted	Appeared in the examinations	Declared successful including repeaters (*per cent*)
Graduate level course (Intake capacity: 100)					
1	2008-09	2004-09	100	91	61 (67)
	2009-10	2005-10	100	104	79 (76)
	2010-11	2006-11	99	104	87 (84)
	2011-12	2007-12	99	91	82 (90)
	2012-13	2008-13	100	104	86 (83)
Post graduate level courses (Intake capacity: 63)					
2	2008-09	2006-09	63	66	59 (89)
	2009-10	2007-10	61	59	59 (100)
	2010-11	2008-11	62	62	62 (100)
	2011-12	2009-12	60	61	61 (100)
	2012-13	2010-13	60	60	60 (100)
Post graduate Diploma courses (Intake capacity: 14)					
3	2008-09	2007-09	12	10	10 (100)
	2009-10	2008-10	13	09	09 (100)
	2010-11	2009-11	12	08	08 (100)
	2011-12	2010-12	11	10	10 (100)
	2012-13	2011-13	11	05	5 (100)
Super specialization course (Intake capacity: one)					
4	2010-11	2008-11	01	01	01 (100)
	2011-12	2009-12	01	01	01 (100)
	2012-13	2010-13	01	01	01 (100)

(**Source:** MLNMC)

As is evident from the table, except super specialization course, admissions in remaining courses were below the intake capacity due to non-filling of vacant seats after third round of counselling. Given the acute shortage of doctors and also mushrooming of private medical colleges, there is a beeline for admissions to the established Government medical colleges but Government did not devise any mechanism to fill the vacant seats. *In reply, the Government admitted (January 2014) the facts.*

2.3.8.3 Lecture theatres

MCI prescribed (1999) the number and capacity of the lecture theatres and also equipment for Medical Colleges. A minimum of three gallery type lecture theatres, two of these three with seating capacity of 120 students each and the third with seating capacity of 250 students were required.

MLNMC, during 2008-13, had two lecture theatres for 100 students each and two for 150 students each but no lecture theatre was available for seating 250 students. Thus, the college functioned without adequate infrastructure facilities. *In reply, the Government offered (January 2014) no comments*

2.3.8.4 Deficient teaching schedule

Prescribed teaching hours for students were not ensured.

As per appendix 'C' of MCI's Regulations on Graduate Medical Education 1997, minimum teaching hours for entire semester were for pre-clinical subjects[6] - 1,430 hours, para clinical subjects[7] - 1,150 hours and clinical subjects[8] - 1,440 hours.

We observed that the teaching schedule for graduate courses was prescribed for the syllabus in MCI norms. Topics were divided and allotted to available faculties but lecture hours for individual topics were neither prescribed nor indicated in the schedule prepared by the MLNMC. Hence, it was not ascertained whether MCI prescribed hours were adhered to in MLNMC and its ATHs during 2008-13.

In reply, the Government stated (January 2014) that teaching was imparted as per norms. Reply was not acceptable as course curriculum for minimum teaching hours, as envisaged in the MCI norms, was not prepared.

2.3.8.5 Research and College Council

Central Research Laboratory was not functional and College Council to draw up curriculum and meetings was not constituted.

One of the main objectives of MLNMC is to pursue and encourage research in the field of health & medical science and organise training/ workshops/ seminars/ conferences etc. to keep the medical professionals, both students and faculty abreast of new developments and technologies. MCI also emphasised the need and recommended for a College Council (Council) for drawing up the curriculum, training programme etc.

Research

In terms of Paragraph A.1.19 (b) of the MCI Regulations 1999, there shall be one well equipped Central Research Laboratory (CRL) under the control of the Dean/ Principal.

We observed that CRL was not functional in the College. Further, no budget was allocated for research and training activities during 2008-13. No training programmes, seminars, workshops, conferences etc. were held in MLNMC or its ATHs from its own budget during the said period. Further, absence of budget for research and CRL denied both the faculty and students of prescribed practical learning and research.

In reply, the Government accepted (January 2014) that funds were being sought for upgradation of CRL. It further stated that research was a part of the curriculum of the post graduates (PG) and so separate allocation of budget is not required. The reply was not acceptable as research was a post PG activity and CRL was required to undertake research activities

[6] Anatomy, Physiology, Bio-chemistry and Community medicine.
[7] Pathology, Pharmacology, Microbiology, Community medicine and Forensic medicine.
[8] General medicine, General surgery, Paediatrics, Orthopaedics, Tuberculosis and chest, Ophthalmology, Psychiatry, Ear Nose &Throat, Skin and Venereal Disease, Radiology, Community medicine, Dentistry, Anaesthesia and Obstetrics and gynaecology.

College Council

MCI prescribed[9] a Council comprising heads of the department as members and Principal/Dean as Chairperson. The Council was to draw up the curriculum and training programmes and regularly organise inter-departmental meetings for periodical research review which in turn monitored their quality. Besides, disciplinary and other academic matters were also to be enforced by the Council. The Council was to meet at least four times in a year. However, no Council was constituted during 2008-13 and hence the intended benefits of the Council were denied and quality was not ensured.

In reply, the Government stated (January 2014) that the College Council exists and meets whenever required. However, the Principal had already accepted in July 2013 the fact of non-existence of College Council.

2.3.8.6 Inadequate number of faculty members

The position of faculty *viz.* Professors, Associate Professors, Assistant Professors/Lecturers etc. in MLNMC, during 2008-13 was as below:

Table 3: Position of faculty including contractual staff

Sl. No.	Name of the Post	MCI norms	Sanctioned strength	Person-in-position					Shortfalls and *per cent* in bracket (ranging between)
				2008-09	2009-10	2010-11	2011-12	2012-13	
			(In numbers)						
1	Assistant Professor /Lecturer	Category wise data is not available	79	61	67	69	72	72	7 to 18 (9 to 23)
2	Professor		28	22	23	24	24	24	4 to 6 (14 to 21)
3	Associate Professor		41	19	21	22	22	22	19 to 22 (46 to 54)
4	Physicist and others		06	0	01	01	01	3	3 to 6 (50 to 100)
	Total	**169[10]**	**154**	**102**	**112**	**116**	**119**	**121**	**-**

(**Source:** MLNMC and ATHs)

Shortage of faculties *vis-à-vis* MCI norms as well as sanctioned posts persisted.

As is evident from the table there were shortfalls in all the posts against their sanctioned strength as well as MCI norms. The shortfalls were particularly in Associate Professors and Physicist & others. However, there was an improving trend. GoUP instructed DGMET in December 2008 to make arrangements for appointments of faculty using walk-in-interviews. In violation of GoUP's orders, DGMET advertised vacancies (Professor: 4, Associate Professor: 11 and Lecturer: 3) in August 2012, after more than 36 months of GoUP's instruction, and appointed 13 faculty members[11] for eight months from August 2012 to March 2013 on contract basis.

[9] Paragraph A .1.3 of MCI Regulations, 1999.
[10] Data is based on MCI inspection carried out in October 2009.
[11] Professor: 1; Associate Professor: 3; Lecturer: 7; and Bio chemist: 2.

The Government replied (January 2014) that the recruitment process was in progress.

2.3.8.7 Inadequate nursing services

Acute shortage in nursing cadre compromised services in the wards.

The responsibility for nursing services rests with the Nursing Superintendent who is assisted by the Assistant Nursing Superintendent and the Departmental Sister. The Ward Sister and Staff Nurses constitute the main work force in IPDs. MCI recommended (1999) the number of posts of Nursing Superintendent, Assistant Nursing Superintendent, Departmental Sister, Ward Sister and the Staff Nurses with reference to the bed capacity[12] and GoUP sanctioned the posts against these.

We observed acute shortage in persons-in-position *vis-à-vis* MCI norms (82 *per cent*) and posts sanctioned by the GoUP (21 *per cent*) for nursing staff. GoUP's sanctions were only 23 *per cent* of MCI norms. The position as of February 2013 is given in ***Appendix-2.3.4***.

The Government replied (January 2014) that recruitment process to fill the posts was in process. Fact remained that nursing staff was not deployed as per norms during 2008-13 and one staff nurse was deputed to look after 40-50 beds against the norm of three beds.

Associated Teaching Hospitals

The status of services delivered by MLNMC's three ATHs are described in the succeeding paragraphs:

2.3.9 Delivery of services

Three ATHs of MLNMC were largely mandated to deliver health & medical services to all patients (SRNH), children (SNCH) and eye patients (MDEH).

2.3.9.1 Indoor and outdoor patients

Health & medical care services are delivered to the patients through OPDs[13], IPDs[14] and OTs[15]. The services include consultation with doctors/specialists; diagnostic tests; prescribing and providing medicines and diets; child deliveries; medical procedures (surgeries); dialysis; intensive care (ICU, ICCU etc.)[16]; hospitalization etc. Year-wise number of OPD & IPD patients (2008-13) of ATHs are detailed below:

[12] One Nursing Superintendent, One Deputy Nursing Superintendent and two Assistant Nursing Superintendent for minimum 150 beds. One Staff Nurse and one Sister for every three and 25 beds respectively.
[13] to patients who do not require hospitalization.
[14] to patients who require hospitalization.
[15] Patients who require surgeries.
[16] Intensive Care Unit & Intensive Cardiac Care Unit.

Table 4: Number of patients in OPDs and IPDs

(in lakh)

Sl. No.	Name of the ATH	2008-09	2009-10	2010-11	2011-12	2012-13
Number of Outdoor Patients						
1	SRNH	2.36	2.73	2.77	3.05	3.21
2	SNCH	0.36	0.47	0.53	0.52	0.57
3	MDEH	2.39	1.97	2.47	2.15	2.33
	Total	**5.11**	**5.17**	**5.77**	**5.72**	**6.11**
Number of Indoor Patients						
1	SRNH (852 beds)	0.18	0.21	0.22	0.26	0.30
2	SNCH (120 beds)	0.04	0.05	0.06	0.06	0.07
3	MDEH (108 beds)	0.13	0.15	0.15	0.13	0.15
	Total	**0.35**	**0.41**	**0.43**	**0.45**	**0.52**

(**Source:** ATHs)

Bed occupancy in SRNH and MDEH was below the MCI norms and presence of doctors in OPD was not ensured.

As is evident from the table, there was increasing trend in OPDs and IPDs patients of SRNH and SNCH while the trend was oscillating in MDEH. The bed occupancy rate was below[17] the MCI norms of 75 *per cent* in SRNH and MDEH. In SNCH, it ranged from 81 to 93 *per cent* during 2010-13.

In June 2012, DGMET, during inspection, pointed out more than one patient per bed and directed the Principal to improve the position. However, even after one year the position didn't improve, as during spot verification (May 2013) audit noticed 29 patients against 12 beds.

In reply, the Government stated (January 2014) that number of beds were increased to 120 from 100 in SNCH.



More than one patient per bed in Emergency ward of SNCH

- The records of IPDs were scrutinized for May 2011, August 2011, September 2012 and March 2013, selected on random basis, the details of which are given in ***Appendix 2.3.5***. We observed wide variations (0 to 1,204 patients per month) in doctor-wise number of patients in IPDs.

- GoUP also directed (January 2011) the Principal to report doctor-wise number of patients attended to in OPD but no such information was furnished to GoUP till July 2013.

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Name of the ATH	Bed Occupancy (in *per cent*)				
	2008-09	2009-10	2010-11	2011-12	2012-13
SRNH (bed capacity: 852)	50.13	51.83	58.77	63.06	68.76
SNCH(bed capacity: 120)	Not provided	Not provided	80.87	86.89	92.74
MDEH (bed capacity: 108)	42.32	40.07	40.25	34.81	54.62

- Further, GoUP instructed (January 2011) that doctors should attend to the patients in OPD from 8:30 am and directed (January 2011) the Principal to install bio-metric attendance system and Close Circuit TV cameras in OPDs to ensure the presence of the doctors. However, bio-metric system and cameras were not installed till July 2013, due to non-allocation of funds.

The Government stated (January 2014) that HoDs were to ensure the presence of doctors. The fact remains that the funds were not demanded.

2.3.9.2 State Nursing Cells

Fund received for establishing State Nursing Cells was diverted.

During Eleventh Plan Period (2007-12), GoI provided (March 2010) ₹ one crore to DGMET for establishing State Nursing Cells at the levels of Director General Medical Health Services (DGMHS) and DGMET for addition/alteration of the existing building, LCD projector with screen, computer etc. (non-recurring: ₹ 77 lakh) and staff contingencies (recurring: ₹ 23 lakh). However, ₹ one crore was diverted to three medical colleges[18] (₹ 45.90 lakh) and College of Nursing, Kanpur (₹ 54 lakh).

Scrutiny of records of MLNMC revealed that of ₹ 20.70 lakh, the Principal spent ₹ 3.65 lakh on purchase of furniture, computer etc. during 2010-13 and ₹ 17.05 lakh was surrendered (January 2014) to GoI.

The Government stated (January 2014) that expenditure was made in accordance with the proposal. Reply was not acceptable as instead of establishing Nursing Cells at directorate level the funds were diverted to the medical colleges and were not utilised for setting up the State Nursing Cells.

2.3.9.3 Testing of medicines

GoUP allotted (2008-13) ₹ 12.36 crore[19] to the Principal for purchase of medicines, including ₹ 70 lakh for reagent kits. Drug inspectors are required to take samples of medicines under Drugs and Cosmetic Act, 1940 and send these to the Drug Controller, Food Safety and Drug Administration, GoUP (FDA) for quality testing. We observed that the drug inspectors did not collect (2008-13) any sample of the medicines from ATHs for sending it to the Drug Controller, FDA for quality testing. Nor the suppliers furnished required testing reports in respect of the medicines supplied during 2008-13. *The Government stated (January 2014) that a letter was sent to the Drug Inspector for collection of samples.*

2.3.9.4 Supply of diet to the indoor patients

Diets to patients were provided without advice of doctors.

As per health manual, an indoor patient is provided diet without any charge, on doctor's advice. During 2008-13, ₹ 1.40 crore, against the budget allotment of ₹ 1.44 crore, were spent in SRNH (₹ 99.18 lakh), SNCH (₹ 13.76 lakh) and

[18] Medical Colleges at Kanpur: ₹ 12.60 lakh; Allahabad: ₹ 20.70 lakh; and Agra: ₹ 12.60 lakh.
[19] 2008-09: ₹ 190.40 lakh; 2009-10: ₹ 190.40 lakh; 2010-11: ₹ 225 lakh; 2011-12: ₹ 260lakh; and 2012-13: ₹ 370 lakh.

MDEH (₹ 26.71 lakh) on supply of diets. We observed that in none of the three ATHs, the doctors had advised diets to the patients during 2008-13. We also observed that non-dated packaged milk with no indication of fat content and rotten eggs were found stored in the refrigerator of SNCH. Two packets of milk (250 ml each) were recorded against each patient but joint inspection (May 2013) revealed that only one packet was being given.



Milk packet without date of packing in SNCH



Rotten eggs found in Refrigerator in SNCH

In reply, the Government stated (January 2014) that diet was served to the patients as per health manual during 2008-13. The reply was not based on facts, as Superintendent in Chief, SRNH issued instructions only in June 2013 to provide diet to the patients as per advice of the doctors. No such instructions were issued in other two ATHs viz. SNCH and MDEH.

2.3.9.5 Ambulance services

Ambulance services were misutilised towards administrative work.

Of 939 journeys performed by three ambulances of SRNH in various spells during 2008-13, only 42 (four *per cent*) were used for patients and the remaining 897 (96 *per cent*) were used for administrative works-cash deposit in the bank etc. ***(Appendix-2.3.6)***. *In reply, the Government stated (January 2014) that no vehicle was there to perform administrative works. Reply was not acceptable as ambulance services were to be used for patients only.*

2.3.9.6 Free treatment to patients living below poverty line (BPL)

Free treatment to BPL patients for specified diseases was not provided.

GoUP created (February 2009) a revolving fund with a corpus of ₹ 50 lakh out of the Chief Minister *Swasthya Suraksha Kosh* for free treatment of persons living below poverty line (BPL) with specified diseases[20]. The corpus was to be recouped when below ₹ 20 lakh. Further, the corpus was to be used by SIC, SRNH after the approval by the District Magistrate (upto ₹ 35,000), Commissioner (upto ₹ 1,50,000) and the GoUP (above ₹ 1,50,000).

The Principal received ₹ 50 lakh in February 2009 from DGMET and deposited (February 2009) it in a savings bank account[21]. The account was to be operated jointly by SIC, SRNH and the Finance Controller, MLNMC. However, only ₹ 6.30 lakh was utilised (October 2011) in ten burn cases of BPL patients during February 2009 to April 2013 and ₹ 43.70 lakh, with

[20] Heart diseases, cancer, kidney diseases and urine infection, bone diseases and thalassaemia.
[21] SBI Branch: Medical College, Allahabad, Account number: 30721768924.

accrued interest of ₹ 7.22 lakh, was deposited (May 2013) in the treasury under the receipt head as per the direction of GoUP.

In reply, the Government, while accepting the facts, stated ((January 2014) that medical facilities were not provided to BPL patients due to lengthy and cumbersome process. The fact remains that due to failure of the Government to implement the scheme in true spirit, the BPL patients were deprived of the benefit of the scheme.

2.3.9.7 Operation theatres

Minimum required facilities as per MCI norms were not available in the OT Units of SRNH.

As per MCI Regulations 1999, 14 facilities (***Appendix-2.3.7***), relating to patient care and for practical education to the students, were to be provided in the Operation Theatre (OT) units in ATHs. We observed that out of five OT units of SRNH, except orthopaedics unit, the other four units did not have the prescribed facilities like waiting room for patients, instrument room, observation gallery for students etc. Further, three OT units did not have separate surgeons' and anaesthetists' rooms for male and female. Also, only four beds were there against the prescribed minimum six in post recovery rooms of two OT units. However, no deficiency was noticed in OT units of SNCH and MDEH.

The Government accepted (January 2014) the shortcomings pointed out in audit and stated that these will be rectified.

2.3.9.8 Inadequate fire services

Fire services in MLNMC and ATHs were inadequate.

Para 7 (1) of Uttar Pradesh Fire Prevention and Fire Safety Act, 2005 provides that every building likely to be used for a purpose such as medical or other treatment or care of persons suffering from physical or mental illness, diseases or infirmity shall submit plan and obtain a permission from the entity authorised by the GoUP so that safety from fire is reasonably attainable in practical manner and can be achieved. Scrutiny of the records of MLNMC and its ATHs revealed that no adequate fire safety measures were in place in SRNH and SNCH during 2008-13. MLNMC had installed two fire extinguishers in SNCH and SRNH prior to 2008 but never got it refilled after installation although required to be refilled from time to time. However, SIC, SRNH wrote a letter (February 2012) to Fire Department to inspect the premises for installation of fire fighting system, the inspection was awaited as of January 2014.

In reply, the Government accepted (January 2014) the facts and stated that installation of fire-fighting equipment was under process.

2.3.9.9 Security Arrangements

Premises of SRNH were insecure as security guards were withdrawn from service.

Security Guards, hired from the Home Guards Department on contract basis, were looking after security of MLNMC and its two ATHs viz. SRNH and SNCH. Adequate security arrangement was found in MLNMC and SNCH. However, we observed that the services of security guards, deployed in the

SRNH, were withdrawn in July 2012 due to shortage of funds. Incidents of theft of vehicles and household items from the residence of a doctor residing in the premises of SRNH; attempted chain snatching; and attempt to loot Government money from the cash counter occurred[22]. SIC, SRNH requested (November 2012) to re-deploy the security guards but the guards were not deployed as of July 2013. *In reply, the Government stated (January 2014) that proposal to re-deploy the guards was under process.*

2.3.9.10 Other services

The following medical and health services were being provided in SRNH. Scrutiny of records of SRNH revealed that:

Swine Flu Laboratory

Adequate diagnostic and medical facilities for swine flu patients were not available.

GoUP sanctioned ₹ 2.58 crore[23] for purchase of non-consumable items such as deep freezer, micro centrifuge etc. and equipment such as Polymerase Chain Reaction (PCR) Thermal Cycler, Ventilators, reagents and other miscellaneous items to help diagnose and treat patients suffering from swine flu. The Principal spent ₹ 10 lakh on unapproved items such as civil works, inverter and battery, furniture etc; ₹ 65 lakh on approved items (four ventilators: ₹ 50 lakh; and other consumables: ₹ 15 lakh); and surrendered (31 March 2010) the balance ₹ 1.83 crore, thereby defeating the envisaged objectives.

In reply, the Government stated (January 2014) that funds were surrendered as the approved item of PCR Thermal Cycler was available in the laboratory. The reply was not acceptable as the PCR Thermal Cycler was non- functional since January 2013 and two patients suffering from swine flu were referred to SGPGI, Lucknow in March 2013.

Gastroenterology department

Basic facility of cholecystectomy was not available in this super speciality centre.

In SRNH, the Gastroenterology department (Department) is a super speciality centre to provide diagnostic and therapeutic endoscopic services and inpatient facilities for gastrointestinal disorders. We observed that:

- Facilities for liver transplants and cholecystectomy[24] were not available in SRNH, as the facility of ICU for liver transplants and Choledochoscope equipment for cholecystectomy were not available.
- The Department purchased two Endoscopic Retrograde Cholangiopancreatography scopes[25] in 1998. These were out of order for twelve months[26]. No AMC was executed since 2008. Further, the patients[27] were asked to buy the kit (cost: ₹ 5,000) for tests from the market (2008-13), although the user charges of ₹ 3,025, inclusive of cost of kit, were paid by them.

[22] On 5 May, 2012; 25 July, 2012; and 6 October, 2012 respectively.
[23] August 2009: ₹ 25 lakh; and October 2009: ₹ 2.33 crore.
[24] Surgery to remove stone from the gall bladder.
[25] This equipment is used to treat problems of bile and pancreatic ducts.
[26] Seven months (March 2012 to September 2012) and five month (January 2013 to May 2013).
[27] 2008-09: 10; 2009-10: 08; 2010-11: 08; 2011-12: 06; and 2012-13: 02.

In reply, Principal, MLNMC stated (October 2013) that the proposals to up-grade the services were not approved by GoUP. GoUP did not offer (January 2014) any comment.

Cardiology department

Cardiology department was functioning sub-optimally.

The Cardiology department caters to the need of medical diagnosis and treatment of patients suffering from heart diseases like congenital heart defects, coronary artery disease etc. We observed that the department was functioning sub-optimally:

- Coronary and non-coronary interventions including Percutaneous Transluminal Coronary Angioplasty/stenting; balloon dilation; valvular and vascular lesions; and shunt closure device placement were not being performed.
- A proposal for establishing Cardiac Cath Lab for angiography and angioplasty for ₹ five crore was sent to GoUP in June 2010. However, the approval was awaited as of January 2014.

Thus, due to non-availability of Cath Lab, five to six patients were being referred to every day to SGPGI, Lucknow.

- SRNH had two echo machines. While one was not working since June 2011 the other was defective since February 2013 (probe - out of order).
- Although SRNH had two Tread Mill Test Machines but no tests were performed between January 2012 and March 2013 as these were out of order. The tests resumed in April 2013 with the purchase of a new machine.

In reply, the Government stated (January 2014) that establishment of Cath Lab was under process. In respect of other observations no reply was furnished.

Haemodialysis unit

Haemodialysis facility was inadequate in absence of required number of machines.

In SRNH, three haemodialysis machines, purchased in 2005-06, were available during 2008-13. These machines remained out of order intermittently. No AMC was executed during 2008-13.

Further, dialysis is an emergency service and, therefore, the facility for dialysis should be available round the clock. However, the facility was available only between 8:00 am and 2:00 pm.

In reply, the Government stated (January 2014) that up-gradation of haemodialysis unit was under process and efforts were being made to provide the services round the clock.

2.3.9.11 Blood Bank

Blood bank collects blood from the donors and stores it. The Principal operates the only blood bank of MLNMC in the premises of SRNH which was

licensed (September 2004) by the Drugs Licensing Cum Controlling Authority up to September 2009 under the Drugs and Cosmetics Act, 1940. We observed that:

The requisite licence was not renewed by the Drugs Licensing Cum Controlling Authority for no reason on record. Unlicensed operation of Blood Bank and non-adherence to Standard Operating Procedure compromised its services which may adversely affect both the donor and the recipient.

In reply, the Government stated (January 2014) that blood bank was collecting blood on the basis of a letter issued (April 2010) by Drug Controller. Reply was not acceptable as the licence of the blood bank was not renewed even after four years of its expiry.

2.3.9.12 Telemedicine Unit

With a view to provide specialists' advice to the people living in remote areas, GoUP established a Telemedicine Unit in August 2010. The Unit was equipped with a server, Personal Computer client, scanner, camera, speaker etc., supplied by Sanjay Gandhi Post Graduate Institute, Lucknow under National Rural Health Mission (NRHM). But the unit was not functional for specialists' advice, as envisaged, since July 2011 due to expiry of tenure of technical staff of the firm. A proposal, to re-deploy the technical staff, was sent to DGMET (June 2012) which was pending as of January 2014 and no pursuance was made by the Principal after June 2012. *In reply, the Government accepted (January 2014) the facts.*

2.3.10 Equipment

MCI recommended (1999) minimum requirement of departments[28] in ATHs together with equipment for each of these departments and also for setting up of additional clinical departments with equipment based on initiative and experience. In all, ATHs of MLNMC had 25 clinical and non-clinical departments. We observed the following:

2.3.10.1 Shortfall in equipment against MCI norms

Required number of minimum equipment as per MCI norms were not available in 15 departments.

A comparison of equipment available in 15 departments of SRNH and MDEH with those prescribed by MCI revealed shortfalls as below:

Table 5: Department-wise shortfalls in equipment *vis-à-vis* the MCI norms

Sl. No.	Name of Department	Number of equipment		Shortfalls vis-a vis norms (*per cent*)
		Required as per MCI norms	Available during 2010-13	
1	Orthopaedics	11	05	06 (55)
2	Forensic medicine	47	11	36 (77)
3	Physiology	69	66	03 (4)
4	Micro-biology	46	38	08 (17)

[28] Dentistry, ENT, Medicine, Obstetrics & Gynaecology, Ophthalmology, Orthopaedics, Paediatrics, Psychiatry, Radio-diagnosis, Radio-therapy, Skin and VD, Surgery, TB & Chest etc.

5	Pharmacology	140	138	02 (1)
6	Ophthalmology	40	38	02 (5)
7	Skin & VD	07	06	01 (14)
8	Medicine	54	44	10 (19)
9	ENT	135	132	03 (2)
10	Pathology	87	72	15 (17)
11	Gynaecology	103	65	38 (37)
12	Anaesthesia	16	09	07 (44)
13	Radiotherapy	26	24	02 (8)
14	TB & Chest	11	04	07(64)
15	Surgery	52	47	05(10)

(**Source:** Principal, MLNMC and ATHs)

The Principal sent a proposal, for purchase of equipment ₹ 10.98 crore (***Appendix-2.3.8***) and other equipment[29] in June 2010 to GoUP to fulfil the MCI norms, which was pending for last three years (January 2014). No pursuance was made for last three years. *In reply, the Government accepted (January 2014) the facts.*

2.3.10.2 Lack of equipment in Manohar Das Eye Hospital (MDEH)

MDEH was conferred with the status of Regional Institute of Ophthalmology[30] (RIO) in April 2006. To provide sub-super speciality ophthalmic treatment in various sub-specialities like retinal detachment, glaucoma, neurophthalmology in the MDEH, the Principal sent (August 2012) a proposal of ₹ 7.62 crore for purchase of equipment (***Appendix-2.3.9***) to DGMET. However, it was not sanctioned (January 2014). Consequently, super speciality services were not available in MDEH and 79 ophthalmic patients were referred to other hospitals for treatment during 2008-13.

In reply, the Government stated (January 2014) that equipment costing ₹ 3.5 crore were sanctioned during 2013-14 for MLNMC including MDEH. Reply was not acceptable as it was annual sanction for purchase of routine equipment and the said proposal of MDEH was still not approved by GoUP.

2.3.10.3 Maintenance of machinery and equipment

Machinery and equipment, integral to the infrastructure, are essential for quality education and patient care. Therefore, it is necessary that AMCs are executed for their uninterrupted functioning with minimum down time. We observed that 56 diagnostic and clinical equipment were non-functional in seven out of 25 departments as of July 2013 as detailed in ***Appendix-2.3.10.***

DGMET allotted ₹ 6.57 crore[31] to MLNMC during 2008-13 for annual maintenance with the condition that the amount should be spent primarily on annual maintenance of the equipment and prior approval was necessary if the amount was spent on other items. Disregarding the instruction, the Principal

[29] Colour Doppler (₹ 30 lakh); Fluororadiography (₹ 25 lakh) for Radio Diagnosis Department; Anaesthesia machine (₹ 32 lakh) for Anaesthesia Department; HDR Brachy Therapy unit (₹ 50 lakh) for Radio Therapy Department etc.

[30] One of the 19 Regional Institutes of Ophthalmology in the India.

[31] 2008-09: ₹ 4.84 crore; 2009-10: ₹ 0.38 crore; 2010-11: ₹ 0.48 crore; 2011-12: ₹ 0.45 crore; and 2012-13: ₹ 0.42 crore = ₹ 6.57 crore out of which ₹ 4.03 crore for civil maintenance and rest ₹ 2.54 crore for annual maintenance.

spent ₹ 0.85 crore[32] on civil and electrical works, water supply etc., out of the funds (₹ 2.54 crore) earmarked for annual maintenance work, without approval of DGMET. Further, the equipment were lying non-functional in the respective departments for want of AMC, depriving the patients of the services of these equipment and adversely compromising health & medical services.

Further, during joint spot verification (May/ June 2013) of wards, ICCU etc., we observed that all six air conditioners in SNCH (ward number: 3); all 11 in ICCU of Medicine Department, SRNH; four out of nine in ICCU of Cardiology Department, SRNH; and five out of six in neo-natal unit of SNCH were out of order as no AMCs were executed.

In reply, the Government stated that AMC and repair was executed with the budget made available. Reply was not correct as neither AMC was executed nor approval for expenditure on other items was obtained.

2.3.10.4 Procurement of consumables

As per GoUP's order of September 2008, tender should be invited for purchases above ₹ one lakh. The Principal purchased consumables (such as T-Handle, Chisel Blade, Periosteal Elevator etc.) for Orthopaedics department for ₹ 20.39 lakh. However, instead of inviting tenders, the Principal placed supply orders on three suppliers based on quotations as below:

Table 6: Details of purchases of consumables

Sl. No.	Name of the firms to whom supply orders placed	Date of supply order	Number of items	Amount (₹ in lakh)	Date of Bills
1	Allied Surgicals Pvt. Ltd. Branch office 74, B.H.S. Allahpur, Allahabad	04 December 2012	24	7.94	
2	Essar Enterprises, 74, B.H.S. Allahpur, Allahabad	04 December 2012	03	1.93	
3	Allied Distributors, 74, Baghambari Housing Scheme, Allahpur, Allahabad	04 December 2012	18	8.22	26 March 2013
4	Essar Enterprises, 74, B.H.S. Allahpur, Allahabad	08 February 2013	02	0.56	
5	Allied Surgicals Pvt. Ltd. Branch office 74, B.H.S. Allahpur, Allahabad	08 February 2013	04	1.02	
6	Allied Distributors, 74, Baghambari Housing Scheme, Allahpur, Allahabad	08 February 2013	07	0.72	26 March 2013
			Total	**20.39**	

(**Source:** Principal, MLNMC)

As is evident from table above, the quotations were given by only one firm in different names as their address was the same. It supplied the consumables between 22 January and 13 February 2013 and paid ₹ 20.39 lakh on 31 March 2013.

[32] 2008-09: ₹ 0.13 crore; 2009-10: ₹ 0.25 crore; 2010-11: ₹ 0.28 crore; and 2011-12: ₹ 0.19 crore.

In reply, the Government stated (January 2014) that entire payment was made to a single firm (Allied Distributors) on request of other two firms and offered no comments regarding non-invitation of tender. The fact remains that the financial rules were not followed.

2.3.11 Incomplete works

GoUP sanctioned funds for civil works for new departments, expansion of the existing departments, uninterrupted power supply etc. The status of the civil construction works lying incomplete is given in Table 7.

Table 7: Status of incomplete works

Sl. No.	Name of works and objective	Year of sanction, cost and completion schedule	Name of construction agency/firm	Remarks
1	Cardiothoracic unit for heart diseases in SRNH	August 2006, ₹ 76.47 lakh and May 2007	Uttar Pradesh Rajkiya Nirman Nigam (UPRNN)	Of ₹ 76.47 lakh, ₹ 38.24 lakh was released (November 2006) to UPRNN for civil work and the balance ₹ 38.23 lakh lapsed (March 2007). UPRNN commenced construction in June 2007 but stopped in August 2008 after spending ₹ 38.24 lakh (physical progress: 32 *per cent*). In December 2010, UPRNN submitted a revised estimate (₹ 1.22 crore) to GoUP for approval. The approval was awaited (January 2014) even after 30 months of its submission. This rendered the expenditure of ₹ 38.24 lakh unfruitful.
2	Separate power feeder channel for uninterrupted power supply in MLNMC	March 2005, ₹ 1.00 crore and no time frame for completion	Uttar Pradesh Power Corporation Limited (UPPCL)	UPPCL commenced work in March 2006. When the work was in progress and ₹ one crore spent, UPPCL submitted (April 2007) a revised estimate of ₹ 2.11 crore to GoUP due to increase in rates. The approval to the revised estimate was awaited (January 2014) even after six years of its submission. The expenditure of ₹ one crore on civil work was rendered unfruitful.
3	Construction of general ward in MDEH	March 2008, ₹ 39.22 lakh and December 2009 (General ward)	Processing and Construction Cooperative Federation (PACCFED)	PACCFED commenced[33] the work in March 2008. The works were lying incomplete as of January 2014 after incurring expenditure of ₹ 39.20 lakh[34] and submitted (November 2011) a revised estimate of ₹ 56.91 lakh to GoUP which was still pending. As such, expenditure of ₹ 39.20 lakh on general ward was rendered unproductive.
4	Intercom networking in MLNMC and ATHs	December 2011, ₹ 29.70 lakh and March 2012	M/s Prasad Consultancy [35]	The work was incomplete even after over one year of completion schedule although ₹ 19.97 lakh was spent (March 2012) on purchase of equipment by the Principal without inviting required tenders. The equipment were not installed and the unspent balance of ₹ 9.73 lakh was surrendered by the Principal.

[33] March 2008: Hostel and Operation Theatre; December 2008: General Ward.
[34] Excess of ₹ 3.10 lakh met from its own source by PACCFED.
[35] Through Siemens Enterprise Communications Pvt. Ltd., New Delhi.



Incomplete General Ward in MDEH
(Table 7 Sl. No. 3)



Incomplete Power Station in MLNMC
(Table 7 Sl. No. 2)

Thus, four major civil works (estimated cost: ₹ 2.45 crore) were lying incomplete for one to six years of their completion schedule even after spending ₹ 1.97 crore. Not only such cases reflect inadequate financial management leading to infructuous expenditure but also deprive the doctors/patients/people of the envisaged benefits.

In reply, the Government stated (January 2014) that approval of revised estimates were under process.

2.3.12 Improper management of Hospital Waste

2.3.12.1 Bio Medical Waste

The Bio-Medical Waste (BMW) Management and Handling Rules, 1998, require institutions, generating BMW and hospital waste, to obtain authorisation from the State Pollution Control Board (SPCB). The Rules also require hospitals not to mix different categories of BMWs and to keep different categories in separate coloured bins at the source of generation. The category-wise quantity of BMW generated and their disposal was to be forwarded to SPCB in a prescribed proforma in January each year.

We observed that the Principal did not obtain the requisite authorisation from SPCB during 2008-13, except for the period from August to December 2011 for only SRNH. The required information was not sent to SPCB in January each year (2008-13). SPCB also did not inspect the BMW disposal mechanisms of the MLNMC and its ATHs during 2008-13.

In reply, the Government stated (January 2014) that compliance of the BMW handling rules, has been initiated. The fact remains that BMW was not treated as per SPCB Rules during 2008-13 putting the lives of patients, doctors, para medical staff etc. at risk.

2.3.12.2 Hospital Waste

Sanitation work in MLNMC and associated SRNH and SNCH was entrusted to private firms during 2008-13. Scrutiny revealed that the firms did not carry out the sanitation works as per the terms of the agreement[36]. Less number of

[36] Deployment of agreed number of workers for mechanised/manual cleaning with material.

workers were deployed in SNCH; absence of workers during evening and night shifts was noticed; irregular monitoring by the supervisor was done; and less usage of cleaning materials – broom, phenyl etc. was done. All these reasons resulted in toilets, wards, rooms, corridors, lawn etc. being very dirty and grossly unhygienic during 2008-13.

Street dogs and other pets were found to be loitering in the wards and other parts of the building. Sewer pipes of SRNH got chocked in August 2010 and July 2011 and were overflowing, leading to unhygienic conditions fraught with risks of infections in the hospitals and the College.



Dogs resting in OPD of SRNH

In reply, the Government stated (January 2014) that Government employees were also deployed to carry out the sanitation work and sewer line of SRNH was functional. Reply was not acceptable as sanitation arrangements in SRNH and SNCH were evidently inadequate and proper monitoring and supervision was not being done as prescribed in the agreements.

2.3.13 Centrally sponsored schemes (CSS)

CSS *viz.* Strengthening and up-gradation Scheme in MLNMC and strengthening of Cancer Unit, establishment of Trauma Centre and *Janani Suraksha Yojana* were implemented in SRNH. Status of their implementation is discussed in succeeding paragraphs:

2.3.13.1 Strengthening/up-gradation of MLNMC

PG seats were not increased despite availability of funds.

To strengthen and upgrade medical colleges during the Eleventh Plan Period (2007-12) by commencing one new PG course (Transfusion Medicine), having three seats, and increasing 21 seats in the existing six PG courses[37] in MLNMC, GoI decided (March 2009) to spend ₹ 4.05 crore (equipment: ₹ 2.65 crore; and faculty: ₹ 1.40 crore). As per the scheme guidelines, 75 *per cent* of the expenditure (₹ 3.03 crore) was to be met by GoI and the balance 25 *per cent* (₹ 1.02 crore) by GoUP. GoI directly transferred its share of ₹ 3.03 crore (March 2010: ₹ 1.31 crore; September 2012: ₹ 1.72 crore) to the Principal, MLNMC. However, GoUP released (August 2012) only ₹ 43.67 lakh (out of its share of ₹ 1.02 crore) as in July 2013. We observed that:

The Principal proposed (May 2010) to GoUP for sanction of equipment of ₹ 1.31 crore, out of ₹ 2.65 crore; and for 54 faculty members (July 2012). It applied (June 2011) to MCI for recognition of the courses. But, as of July 2013, GoUP's approval and MCI's recognition of the courses were awaited. The Principal did not pursue the matter and purchased equipment (₹ 1.10 crore-***Appendix-2.3.11***) other than those required for the courses.

[37] Anaesthesia, Community Medicine, Obstetrics and Gynaecology, Ophthalmology, Paediatrics and Pathology.

As MCI did not recognize the courses and the required equipment were not purchased, the State share of ₹ 43.32 lakh lapsed on 31 March 2013 and the unspent GoI share of ₹ 1.72 crore was lying in current account of bank[38] of MLNMC.

In reply, the Government stated (January 2014) that the process to increase PG seats was in progress.

2.3.13.2 Strengthening of Cancer Unit

Cancer unit of SRNH was non-functional as Government failed to deploy technical staff rendering expenditure of ₹ 1.82 crore unfruitful.

To provide medical and palliative care to the cancer patients in SRNH, GoI released (March 2005) ₹ three crore to the Principal for strengthening of cancer unit, to be operationalised by November 2005, with the condition that the unutilised amount be refunded. Further, 'No Objection Certificate' (NOC) from Atomic Energy Regulatory Board (AERB) was mandatory. We observed that civil works (₹ 31 lakh) and supply of Cobalt-60 Teletherapy machine, including radioactive source (₹ 1.90 crore), were assigned (February 2009), after four years of the receipt of funds to a firm[39]. The firm completed (April 2010) the civil works and installed (January 2010) Cobalt-60 Teletherapy machine but did not supply the radioactive source in absence of NOC of AERB. The Principal paid (between March 2008 and February 2013) ₹ 1.82 crore (civil work: ₹ 31 lakh and Cobalt-60 Teletherapy machine: ₹ 1.51 crore) to the firm. But the cancer unit was not operationalised as of January 2014, as GoUP did not post a Radio Physicist and two Radio Therapy Technologists, mandatory for obtaining NOC from AERB, though the post of Radio Physicist was sanctioned in August 1987. This rendered the entire expenditure of ₹ 1.82 crore unfruitful. The Principal did not refund the unspent balance of ₹ 1.83 crore[40] as of January 2014.

Further, as Radio Physicist and two Radio Therapy Technologists were not posted, ₹ 2.24 crore, though sanctioned (September 2006) by GoUP for CT-simulator was lying unutilised with DGMET as of July 2013. Besides, GoI's proposal (September 2011) to establish Tertiary Cancer Centre (cost: ₹ six crore), intended to provide care to the cancer patients of Allahabad and eight[41] adjoining districts, did not fructify as GoI did not approve the said proposal due to non-deployment of technical staff.

In reply, the Government stated (January 2014) that appointment of Radio Physicist was under process. The fact remains that the technical staff had not been posted, despite sanctioning the post 26 years ago.

Thus, due to failure on the part of GoUP to post the technical staff, Cobalt-60 machine was not made functional and 439 cancer patients[42] were referred to other hospitals for treatment during 2008-13.

[38] State Bank of India. SME branch, Naini, Account number: 31106560688.
[39] M/s Kirloskar Theratronics (P) Ltd. New Delhi.
[40] Grant-in-Aid ₹ 3.00 crore, Interest earned ₹ 0.65 crore; Expenditure ₹ 1.82 crore; Balance ₹ 1.83 crore.
[41] Azamgarh, Banda, Chitrakoot, Fatehpur, Jaunpur, Mirzapur, Raebareli and Sultanpur.
[42] 37 in 2008-09; 77 in 2009-10; 93 in 2010-11; 75 in 2011-12; and 157 in 2012-13.

2.3.13.3 Trauma centre

Trauma centre was not made functional even after incurring expenditure of ₹ 5.20 crore on civil work and ₹ 5.0 crore on equipment .

A Trauma Centre was sanctioned (August 2006) in SRNH by GoUP and work was assigned (August 2006) to Uttar Pradesh Jal Nigam (UPJN). No expenditure was incurred on the project. Later, the scheme was sanctioned (January 2009), by GoI, as level II Trauma Centre[43] for ₹ 19.26 crore, to be shared equally between GoI (₹ 9.63 crore) and GoUP (₹ 9.63 crore), for SRNH and the same executing agency was assigned the work. GoI also released ₹ 6.59 crore[44] during December 2008 to December 2010. UPJN commenced (November 2008) the construction work but stopped it in March 2013 after spending ₹ 5.20 crore (physical progress: 86 *per cent*) for want of balance amount of ₹ 30 lakh. The work was lying incomplete (January 2014).

In reply, the Government accepted (January 2014) the facts that building of trauma centre was under construction.



Equipment of trauma centre lying unpacked in SRNH

Though the construction works were in progress, the Principal purchased (January to December 2010) equipment of ₹ five crore from various firms[45] in disregard to the instruction of GoI to purchase the equipment only from Hindustan Latex Ltd. As of June 2013, the purchased equipment were lying unpacked, rendering warranty period expired.

DGMET stated (May 2013) that GoI's specifications were out dated. The reply was not acceptable as DGMET should have obtained prior approval of GoI for changed specifications for purchase from other source.

Further, GoUP sanctioned eight posts[46] (contract basis) for Trauma Centre. The honoraria was payable to them from the funds provided by GoI. Though the Trauma Centre was not functional, the Principal appointed (November 2011 to December 2011) five doctors and one computer operator for one year. However, their services were unauthorisedly continued till July 2013 and paid honorarium of ₹ 67.92 lakh[47] from GoI's share, including ₹ 17.11 lakh to be borne by GoUP as per GoI's guidelines.

[43] There are three levels of Trauma Centre namely Level I, Level II and Level III, depending upon the facilities provided by the Centre.
[44] December 2008: ₹ 0.80 crore (GoI released the said amount before sanction of the work); April 2010: ₹ 3.28 crore; and December 2010: ₹ 2.51 crore
[45] M/s POCT Service, Lucknow; M/s Rishi Enterprises, Lucknow; and M/s Medicine Agency, Lucknow etc.
[46] Trauma surgeon: two; Casualty Medical Officer: five; and Computer operator: one.
[47] 2010-11: ₹ 7.97 lakh; 2011-12: ₹ 42.84 lakh;and 2012-13: ₹ 17.11 lakh.

In reply, the Government stated (January 2014) that trauma centre was functioning in emergency ward of SRNH. The fact remains that the trauma centre was not functional due to incomplete civil work and the unpacked equipment. Only usual emergency services to trauma patients were provided in emergency ward of SRNH.

2.3.13.4 *Janani Suraksha Yojana*

To enable and encourage pregnant women for institutional deliveries and reduce Maternal Mortality Rate and Infant Mortality Rate, GoI launched (2005-06) *Janani Suraksha Yojana* (JSY). Under JSY, a pregnant woman was eligible for cash incentive of ₹ 1,000 (₹ 1,400 for women of rural areas) to enable them to meet delivery expenses and ₹ 250 for transport expenses. The payments were to be made within seven days of the delivery but only to the mother of the newly born. Year-wise number of deliveries in SRNH and cash incentives disbursed during 2008-13, were as below:

Table 8: Details of deliveries and incentive disbursed under JSY

Year	Number of		Amount disbursed (₹ in lakh)	Number of cases in which incentive not disbursed (*per cent*)	Number of cases in which transport allowance was not disbursed (*per cent* in bracket)
	Deliveries during the year	Cases for which incentive disbursed during the year			
2008-09	1,107	717	7.98	390 (35)	717 (100)
2009-10	1,449	1,090	13.27	359 (25)	1,090 (100)
2010-11	1,504	1,126	14.13	378 (25)	1,126 (100)
2011-12	1,541	1,164	14.80	377 (24)	1,039 (89)
2012-13	1,576	1,019	13.56	557 (35)	597 (59)
Total	**7,177**	**5,116**	**63.74**	**2,061 (29)**	**4569 (89)**

(**Source:** Information furnished by the SRNH)

As is evident from the table:

- In 2,061 (ranging from 24 to 35 *per cent*) out of 7,177 cases, the cash incentives were not distributed, despite availability of funds during 2008-13. This was largely due to lack of coordination between the departments of Gynaecology, where the deliveries take place, and Post Partum, which disburses cash incentives.
- Transport expenses of ₹ 11.42 lakh (2008-13) were not disbursed to 4,569 (89 *per cent*) out of 5,116 beneficiaries for no reasons on record.
- Incentive was not disbursed within the prescribed seven days of the delivery. In test check of 188 of total cases the delay in disbursement ranged between one and 324 days.
- The disbursement data of SRNH was not verified by the officials of the Medical and Health Department as required in the State Project Implementation Plans.

In reply, the Government stated (January 2014) that incentive was disbursed to those beneficiaries who completed the formalities and order for disbursement

of transport expenses was received on 4 July 2012. Reply was not acceptable as under the scheme it was the responsibility of the hospital to get the formalities completed and disburse the incentive. Further, order for disbursement of transport expenses was issued by GoUP in November 2006.

Excess provision of funds and non-procurement of equipment led to savings of ₹ 6.51 crore.

2.3.14 Financial Management

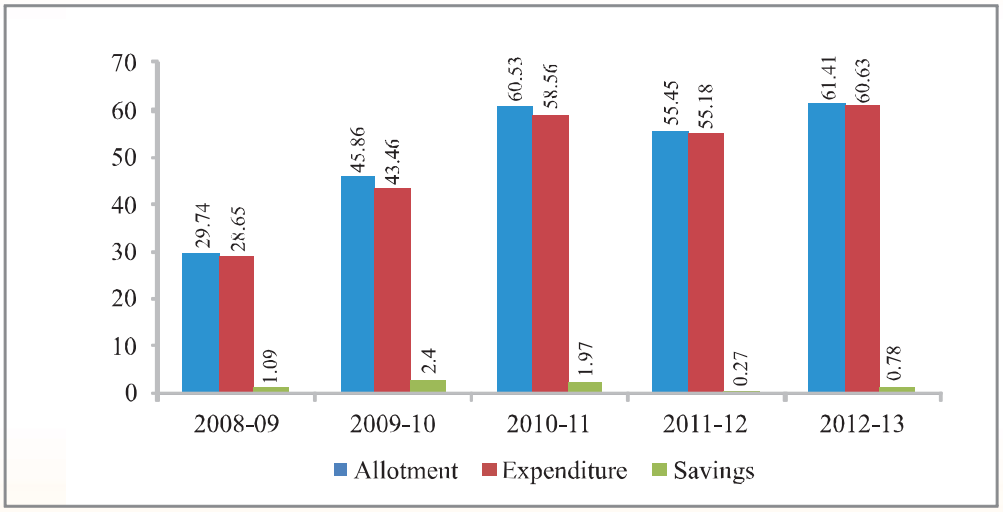
GoUP routed funds via budget to MLNMC and ATHs for meeting establishment expenses and expenses on medical education, training, research, health & medical services etc.

2.3.14.1 Overall State budget allotment and expenditure

As against the budget allotment of ₹ 252.98 crore (2008-13), ₹ 246.47 crore was spent (2008-13), leaving overall savings of ₹ 6.51 crore (2.6 *per cent*). Year-wise details of allotment and expenditure (2008-13) are given in ***Appendix-2.3.12*** and summarised below in **Chart 1:**

Chart 1: Budget allotment and expenditure

(₹ in crore)



(Source: MLNMC & ATHs)

The savings were mainly due to excess budget provision (₹ 3.24 crore) under the Head 'pay and allowances' as provisioning was based on sanctioned strength instead of persons-in-position, in violation of Paragraph 32 of the Budget Manual and non-procurement of equipment (₹ 3.27 crore) due to sub-optimal planning. *In reply, the Government accepted (January 2014) the facts.*

2.3.14.2 Grants-in-aid given by GoI

MLNMC also received (2008-13) funds directly from GoI for centrally sponsored schemes[48]. However, the slow pace of expenditure and non-sanctioning of posts, non-execution and non-delivery of works and services ₹ 3.16 crore (24 *per cent*) against release of ₹ 13.41 crore was lying unspent as

[48] Strengthening/Upgradation of MLMNC; establishment of Cancer Unit; and Establishment of Trauma Centre.

of 31 March 2013 as discussed in paragraph number **2.3.13** which was fraught with the risks of misuse/misappropriation/diversion etc.

In reply, the Government stated (January 2014) that implementation of CSSs was going on. Reply was not acceptable as either the completion of the schemes (e.g. cancer unit) were well past their completion schedule or these (JSY) were not meeting the objectives to the intended extent.

2.3.14.3 Operation of Account without authority

The State Financial Rules forbid retention of Government money outside the Government account. We observed that the Principal, MLNMC and Superintendent-in-Chief (SIC), SRNH were vested with the power of Drawing and Disbursing Officer (DDO) upto July 2010. In July 2010, power of DDO of SIC was withdrawn and vested with the Principal, MLNMC. SIC had been operating a current account in a bank[49] for deposit of various receipts mainly electric charges received from the employees and user charges received from patients and withdrew from this account for hospital expenditure such as petrol etc. Further, it was noticed that at the time of withdrawal of the powers of DDO of the SIC, ₹ 30 lakh was lying unutilised in the said account. However, after July 2010, without the powers of DDO, SIC continued to operate as DDO and adjusted withdrawals against the regular budget[50], even without the approval of the Principal, DDO.

Further, on 19 June 2013, there was ₹ 34.38 lakh in the aforesaid account, which included ₹ 10.41 lakh without any detail. We observed that SIC, SRNH not only operated the account without any authority but also retained funds outside the Government account, which was fraught with the risk of misuse/misappropriation. *In reply, the Government stated (January 2014) that the account was used in emergency. Reply was not acceptable as SIC, SRNH, not being DDO, was not authorised to operate the account even in emergency.*

2.3.14.4 Embezzlement

Cash counter Clerk embezzled money by reducing the totals in receipt books.

A cash counter clerk in SRNH embezzled ₹ 35,712, by reducing the balance in the receipt book while carrying it forward to the next page, (revealed in test-check of two months'[51] records of patients' receipt slip books, collection registers and receipt books), as the official[52], responsible for ensuring that the amounts actually collected are handed over to the cashier for remittance into the treasury, did not ensure the same. Records for the remaining period were not provided. The cash counter clerk collected the users charges of ₹ 35,712 from the patients but did not hand it over to the head cashier.

[49] State Bank of India, Medical College Branch, Account no: 10301761346.

[50]

Period	Number of drawals	Amount	Adjusted amount	Unadjusted amount
July 2010 to March 2013	61	₹ 8.12 lakh	₹ 5.46 lakh	₹ 2.66 lakh

[51] March 2012: ₹ 0.21 lakh and March 2013: ₹ 0.15 lakh.

[52] Senior Auditor, office of the Director, Local Fund Audit, Allahabad is permanently posted in the associated hospital for ensuring that the non-tax revenue actually collected is deposited in the treasury.

On being pointed out in audit, the Government while accepting the facts, stated (January 2014) that ₹ 35,712 had since been recovered, disciplinary proceeding had been initiated and inquiry was on.

Though, the Enquiry Officer nominated (June 2013) was to submit the report in two months, no report had been submitted.

2.3.14.5 Inadequate mobilisation of resources

As envisaged under NRHM framework, in case of *Rogi Kalyan Samitis (RKS)*, a large part of the non-tax receipts are to be retained by the hospital(s). This acts as an incentive for the hospital(s) to mobilise resources for the purposes specified by the Government. GoUP directed (March 2011) the Principal to send a proposal to constitute *RKS* in MLNMC and utilise the user charges collected from the patients. However, the proposal was not sent by the Principal as of January 2014. This reflected lackadaisical attitude of MLNMC and its ATHs to activities which generated non-tax receipts as discussed in succeeding paragraphs.

Failure to recover rent

GoUP decided (August 2008) to provide two pieces of land in the premises of SRNH for three years, one each adjacent to the OPD and the IPD, to a private person to operate private chemist shops. The chemist was to pay monthly licence fee of ₹ one lakh per shop and provide medicines, free of cost, to poor ailing persons upto ₹ one lakh or 0.5 *per cent* of the monthly sale, whichever was higher and a committee was to be constituted by the Principal to ensure this.

We observed that the Principal executed (December 2008) Memorandum of Understanding (MoU) with a firm[53] for providing area for two shops for three years in the premises of SRNH. However, the land for one shop was not made available, resulting in loss of revenue of ₹ 36 lakh[54] during December, 2008-11. In December 2011, the said MoU expired but the firm continued to occupy the shop unauthorisedly till date (January 2014). Neither the MoU was renewed for about two years nor the committee, envisaged in the MoU, was constituted to ensure the stipulated help to poor ailing persons. This chemist shop was unauthorisedly operating in the premises of SRNH paying the old rate of rent fixed in December 2008 and not providing, at least in terms of amount, the envisaged help to poor ailing persons.

In reply, the Government, without providing the copy of Judgement, stated (January 2014) that the three shops were not vacated due to stay order of Hon'ble Supreme Court.

[53] M/s Guardian Lifecare Pvt. Ltd., New Delhi.
[54] ₹ 1.00 lakh x 36 months.

Failure to assess royalty

GoUP decided (August 2003) to provide a piece of land to a firm[55] for ten years for installation of CT Scan Machine in SRNH. The firm was to charge fee ranging from ₹ 500 to ₹ 3,200 for various types of 31 scans and pay royalty at the rate of 10 *per cent* of the fee charged to SRNH. Fifteen *per cent* of the total scans were to be done free of cost for poor ailing persons. Besides, a fine of ₹ 1,000 per day was to be imposed for down time period. The Principal was to constitute a committee for monitoring and inspections.

DGMET entered (August 2003) into an agreement with the firm. Pursuant to the agreement, SIC, SRNH provided a piece of land (approximately 3,200 square feet) to the firm in SRNH for installation of CT Scan machine. During January 2009 to March 2013, the firm reported to have performed 3,711 scans and paid ₹ 2.88 lakh to SIC, SRNH. However, the number of scans actually performed were never verified by SIC, SRNH. Besides, SIC, SRNH did not maintain any record of poor patients referred to by the doctors of the SRNH for free scans to be performed by the firm. Hence, neither the actual number of scans performed nor actual number of free scans done during 2008-2013 were authenticated in audit. Further, fine of ₹ 1.20 lakh at the rate of ₹ 1,000 per day was not imposed on the firm for down period of four months (October 2009, November 2009, July 2012 and August 2012). The Principal did not constitute the envisaged committee for monitoring and inspection of the scanning facility to ensure that the due royalty was being received by MLNMC and 15 *per cent* of the total scans were being done free of cost for poor ailing persons.

The Government stated (January 2014) that matter was being examined.

Cafeteria

Advance rent and electricity dues from contractor was not realised timely.

To provide refreshments and lunch to the patients, their attendants and other visitors, cafeteria service was started in SRNH in January 2010. The cafeteria building of 368 sqm in front of Gastroenterology department was constructed by PACCFED for ₹ 49.22 lakh and handed over to MLNMC on 30 January, 2010. It was allotted to a contractor[56] pursuant to a short term tender (December 2009) for one year for ₹ 0.18 lakh per annum (excluding electricity charges - to be paid by the contractor) payable in advance. The agreement entered into (January 2010) with the contractor was for one year, which could be extended for another two years at mutually agreed terms, if the Principal was satisfied with his performance. Scrutiny revealed that the contractor paid rent for only one year and without any extension, as per the agreement, ran the cafeteria unauthorisedly from January 2011 to July 2013, without paying rent (₹ 0.54 lakh) and electricity charges since January 2010.

In reply, the Government, while accepting the facts, stated (January 2014) that the amount of ₹ 36,000 for rent was recovered for 2012 and 2013. It was further

[55] Jai Durga Diagnostic Centre, Allahabad.
[56] Sri S.C. Gupta.

stated that electricity charges were deposited with SIC, SRNH. The reply was silent about non-payment of advance rent for 2011.

Irregular running of a Canteen

A Canteen in the SRNH was running in four rooms of about 90 sqm. No documents were furnished, though called for. We observed that this canteen was running prior to 2003, as on an application[57] made in 2003 for permission for running the canteen, the then Principal accorded approval without entering into any agreement with terms and conditions. No rent was ever paid (July 2013) and electricity & water charges of ₹ 1.56 lakh were outstanding. Though the canteen was running irregularly, neither any notice was served nor FIR lodged. No effort was made to disconnect supplies of electricity and water.

In reply, the Government stated (January 2014) that no unauthorised canteen was running in SRNH. It is a mess of junior doctors residing in old PG Hostel and notice has been given to close the mess. The reply was not acceptable as documents furnished during audit revealed that it is a private canteen and not a mess for junior doctors.

2.3.15 Establishment

Employees Provident Fund

Para 29 of Employees' Provident Fund Scheme, 1952 provides that Employees' Provident Fund (EPF) contribution at the rate of 13.61 *per cent* should be deposited into the EPF accounts of the employees. Accordingly, EPF contribution of the employees, deputed on contract basis through firms for security and sanitary work in MLNMC, were either to be deposited by the employer (firm) or by the Principal.

Scrutiny revealed that ₹ 1.98 crore was paid to various firms as salary of the employees deployed through these firms on contractual basis for security and sanitary works during 2008-12 but EPF contribution of ₹ 0.27 crore[58] was not paid to the firms by MLNMC. This made MLNMC responsible for payment of contributions of EPF. MLNMC had not taken any step to ensure/enforce the payment of EPF. As such MLNMC failed to discharge its obligatory duty. *In reply, the Government admitted (January 2014) the facts.*

2.3.16 Central Medical Record Section (CMRS)

To establish CMRS for exchange of patients' information among various departments and for recording the case history of patients (IPDs) in SRNH, GoUP sanctioned (December 2011) ₹ 15 lakh for purchase of 15 computers with a server including software and networking arrangements.

We observed that the Principal without inviting tenders, in disregard to GoUP's Order (September 2008), placed (30 March, 2012) an order for 20

[57] By Ms. Mala Gupta, wife of Sri Yogesh Gupta.
[58] ₹ 1.98 crore x 13.61/100 = ₹ 0.27 crore.

computers, server and networking for ₹ 14.99 lakh on a firm[59]. The firm supplied the said items next day, on 31 March, 2012. Before the work was complete, the Principal paid (31 March, 2012) ₹ 14.99 lakh, on the day of supply, a day after the order for supply, to the firm. However, the firm stopped the work in July 2012, stating that it required wire and Poly Vinyl Compound (PVC) conduit (₹ 0.95 lakh) over and above those mentioned in the supply order, to complete the networking. As of January 2014, work was lying incomplete, as the Principal did not supply the said material due to non-availability of funds. The computers and the server worth ₹ 14.99 lakh were lying idle in the departments for over twenty two months as of January 2014.

The Government stated (January 2014) that proposal of software was under consideration. No comment was offered about the dates of supply order, delivery and payment and idle computers.

2.3.17 Sensitivity to error signals

To make MLNMC and its ATHs sensitive to the health & medical needs of the people it was imperative that a system to detect error signals from various sources like deliberations of the monthly monitoring meetings at different levels; implementation of Right To Information (RTI) Act, 2005; internal audit; and print and electronic media etc. was put in place at the level of the Government, Department, MLNMC and its ATHs. We observed that:

- As per section 5 (1) of RTI Act, 2005, a Public Information Officer (PIO) should be designated by each public office for providing information sought by the applicants within 30 days from the date of receiving the application. However, the PIO was not designated in SNCH as of July 2013. In MDEH, SRNH and MLNMC, PIOs were designated (in December 2008, December 2011 and December 2012 respectively) with delays of over three, six and seven years respectively. Consequently, 60 applications[60] were lying unattended[61] as of June 2013.

- No Grievance Redressal Cell was constituted in MLNMC. No adequate forum to register and redress the grievances of the patients and students was in place.

- No Internal Audit of MLMNC and its ATHs was conducted by DGMET during 2008-13.

- No mechanism was evolved to take cognizance of the print and electronic media reports and act upon it, if required.

- College council was not constituted (paragraph number 2.3.8.5).

In reply, the Government, without providing any evidence, stated (January 2014) that Grievance Redressal Cell was functional and cognizance of the

[59] M/s Prasad Consultancy, through Siemens Enterprise Communications Pvt. Ltd., New Delhi.
[60] Medical College: 17 and SRNH: 43.
[61] One day to one year: 42 applications; one to two years: 12 applications; and over two years: six applications.

media reports was taken by the Principal. Reply was not acceptable as it was contradictory to facts observed during audit and on record.

2.3.18 Evidencing and documentation

During review of Functioning of MLNMC & other ATHs we observed that no records relating to free medical services provided to the people living below poverty line and patients visiting the hospitals were maintained by the ATHs; Doctor-wise details of number of OPD patients were also not maintained; and records relating to waiting periods for surgery in respect of the indoor patients were not captured. Further, no records relating to mortality review committee meetings were produced. Consequently, the reasons for the deaths could not be ascertained in audit.

In reply, the Government, without providing any evidence, stated (January 2014) that records were being maintained and mortality committee meeting was held. Reply was not acceptable as it was contradictory to reply given earlier and further, no such records were maintained during 2008-13. No records relating to mortality committee meeting were produced during audit.

2.3.19 Monitoring and Evaluation

Monthly review meetings at the Government level

Monitoring was inadequate and incorrect figures were reported to the Government. Follow up actions were not ensured.

Progress of on-going schemes and other patient care related activities of MLNMC and its ATHs are monitored in the monthly review meetings of all Heads of the Departments of Medical Education at Government level, which are attended by the Principals of Medical Colleges of the State. We observed that 15 against stipulated 60 meetings were held during 2008-13. Further, cases of incorrect reporting were noticed in audit. OT register of the SNCH revealed only 199 procedures between August 2010 and October 2012 but 823 was reported to the Government in Monthly Progress Reports (MPRs) during the same period. Likewise, 208 procedures[62] were reported to have been performed by a surgeon[63] between August 2011 and October 2011, whose contract had expired in July 2011. Similarly, incomes of ₹ 4,500 and ₹ 6,000 were reported in MPRs in August 2012 and September 2012 respectively from CT Scan as against Nil and ₹ 480 during the same months. We noticed differences in figures reported in audit (434 scan) and to the Legislative Assembly of Uttar Pradesh[64] (723 scan) regarding number of free CT Scans performed by the firm[65] between April 2009 and June 2012 for the poor people. Evidently, progress reports were neither scrutinized at the level of DGMET nor at the Government level. Thus, monitoring was ineffective. Follow up action on the instructions of the earlier Monthly Review Meetings, held at the Government's level, was not ensured by the DGMET/GoUP in the subsequent meetings.

[62] 70 in August, 67 in September and 71 in October.
[63] Professor H. Rahman.
[64] In reply to a question raised by Honourable Member of Legislative Assembly.
[65] Jai Durga Diagnostic Centre, Allahabad.

In reply, Principal MLNMC accepted (July 2013) the facts and figures. The Government offered no specific comment.

Monthly meetings at the level of MLNMC

In order to avoid clash between resident doctors and patients' relatives and to maintain harmony in the ATHs, GoUP issued (May 2011) instructions to hold monthly meetings of HoDs with resident doctors. Further, the Principal was required to hold monthly meetings with HoDs and submit report to GoUP. However, we observed that only one meeting, with all the faculty members, was called (on 3 March, 2010) by the Principal.

In reply, the Principal, MLNMC, without furnishing any evidence, stated (July 2013) that records relating to meeting of HoDs with resident doctors was maintained at HoDs level. The Government stated (January 2014) that monthly meeting was called every month. Reply was not acceptable as it was contrary to the facts produced during audit and the records available.

2.3.20 Conclusion

MLNMC and its ATHs were set up in 1961 to cater to the growing health and medical care needs of the people for effective and qualitative tertiary care by imparting health & medical education, promoting research and delivering quality health and medical services to the people for enhancing the quality of human life.

But the desirable perspective and annual plans were not prepared. Academics and research suffered for reasons of non-recognition of courses by MCI; inadequate lecture theatres; deficient teaching schedules; insufficient faculty members and nursing staff; non-functional Central Research Laboratory, College Council and non-allocation of funds for research. The quality and quantity of health and medical services delivered were compromised as doctor-patient ratio was skewed among doctors; allotment of beds was irrational; medicines were not subjected to required testing; diets were not prescribed by the doctors; ambulances were often used for administrative work; envisaged free treatment of patients, with specified diseases, living below poverty line was not ensured etc. The existing equipment were not always functional and AMCs for maintenance of equipment were not executed. Super speciality centres did not come of their own for want of personnel, equipment and funds. Civil works were largely behind schedule and Centrally Sponsored Schemes were not well-implemented. Bio-medical & hospital wastes were not taken care of, as required, and sanitation, hygiene, protection/prevention against/of fire, security etc. were not ensured. Financial management including mobilisation of resources for Rogi Kalyan Samiti was inadequate. Computerisation was not extended the desired attention, internal control was weak and so were evidencing- documentation and monitoring and evaluation.

2.3.21 Recommendations

The Government should ensure that:

- *Perspective and annual plans are prepared for academics, research and quantity and quality of medical & health services - together with the required associated activities to merit the MCI recognition.*
- *Equipment, faculty members and nursing staff are adequate in number and quality to achieve the MCI norms.*
- *Bio-medical and hospital wastes are handled as required together with proper sanitation, hygiene, security and fire protection/prevention services.*
- *Financial management is economical, efficient and effective and adhering to the extant rules.*
- *Resources are mobilized for Rogi Kalyan Samitis, monitoring and evaluation are effective and evidencing and documentation are proper.*

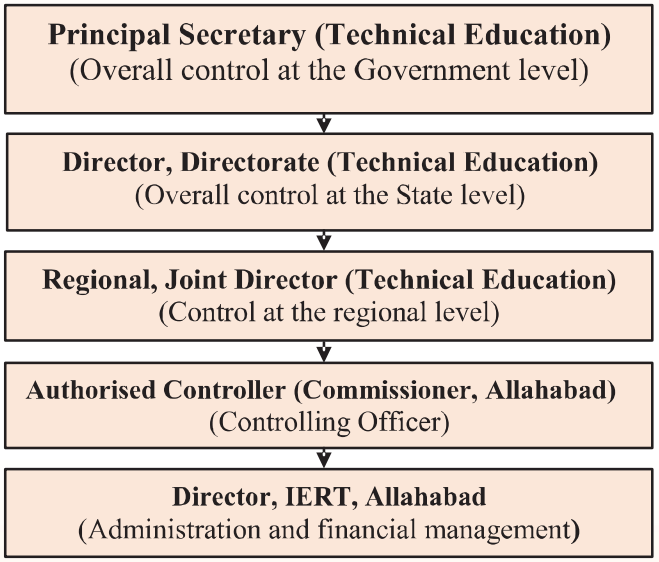
TECHNICAL EDUCATION DEPARTMENT

2.4 Financial Management in Institute of Engineering and Rural Technology, Allahabad

2.4.1 Introduction

In 1962, the existing Civil Engineering School (established in 1955) at Allahabad was designated as Allahabad Polytechnic for diploma courses in engineering. In 1981, the Polytechnic was upgraded as a non-Government aided institution and designated as the Institute of Engineering and Rural Technology (IERT), Allahabad. In 2001, IERT commenced degree courses in engineering on self-financing basis and pay and allowances to its academic and non-academic staff was to be met out of the fee realised from the students. Thus, IERT comprised two divisions namely, diploma division, funded by the State Government, and self-financed degree division.

The organisational structure of IERT is given below:



The Director, IERT was assisted by the academic and non-academic staff of three categories[1].

Records relating to the financial management of IERT for 2003-13 were scrutinised in the office of the Director, IERT, Allahabad during April to June 2013. The audit objective was to examine the financial management of the Institute. The results of examination are set out in the succeeding paragraphs:

[1]

Diploma division	The expenditure on pay and allowances to academic and non-academic staff was to be met out of the grants-in-aid received from the State Government, tuition fee and 20 *per cent* of the fee received from the students of Degree Division.
Degree division	The expenditure on pay and allowances to academic and non-academic staff was to be met out of the fee received from the students of degree courses.
Work charged staff	The expenditure on pay and allowances was to be met out of the internal sources such as examination accounts, academic accounts, degree accounts etc.

2.4.2 Audit findings

2.4.2.1 Governing Body of IERT

Form of accounts was not prescribed even after 20 years of taking over the management.

To supervise and control the affairs, the Memorandum of Association (MOA) of IERT provided for a thirteen-member Governing Body. As per para (XVII) of MOA the Governing Body, constituted in July 1982, was to prescribe forms of accounts for approval by the State Government. However, no such forms of accounts were prepared by the institute upto September 1992. In October 1992, the Chairman, Management Committee, IERT, Allahabad recommended to the Government to take over its management for no reasons on record. Accepting (November 1992) the recommendation, the Government dissolved the Governing Body on 4 November 1992 and appointed Controlling Officers for various periods[2] as of June 2013.

Audit observed that the Government did not take any action for prescribing forms of accounts for IERT as envisaged in the para (XVII) of MOA even after 20 years of taking over the management. *During discussion (January 2014), the Government accepted it.*

2.4.2.2 Financial Management

The Government of Uttar Pradesh provides grant-in-aid[3] to IERT for its Diploma Division and the Government of India provides grant-in-aid for various projects of IERT. Technical Education department issues sanctions for grant-in-aid to the Director, Technical Education, Uttar Pradesh which is further released to the Regional Joint Director, Varanasi[4]. Bills are prepared by the Director, IERT, Allahabad for submission to the Regional Joint Director to disburse pay and allowances etc. Besides, IERT also collects fee from the students of the diploma courses. Funds, thus received, were spent on the disbursement of pay and allowances to the academic and non-academic staff of the diploma courses, maintenance of assets etc. The fee collected from the students of the degree courses under the self-financing scheme constituted receipts of the degree courses which is spent on disbursement of pay and allowances to its academic and non-academic staff. Further, 20 *per cent* of such receipts were also to be utilized on the disbursement of pay and allowances to academic and non-academic staff of the diploma courses as per the Government's instruction issued in June 2009.

A sum of ₹ 143.58 crore was spent during 2003-13.

The year-wise position of opening and closing balances, receipts and expenditure is given in ***Appendix-2.4.1***. During 2003-13, ₹ 143.58 crore, out of the available funds of ₹ 146.03 crore was spent and remaining ₹ 2.45 crore was lying unspent in various bank accounts as of March 2013.

[2] Principal, MotiLal Nehru Engineering College, Allahabad (November 1992 to November 1994); Commissioner, Allahabad Division (December 1994 to February1997); District Magistrate, Allahabad (March 1997 to July 1997); and Commissioner, Allahabad Division (August 1997 onwards).
[3] Grant No 47.
[4] Regional Joint Director, Varanasi is also the Drawing and Disbursing officer of IERT.

Misuse and non accountal of tuition fee

There was misuse and non-accountal of tuition fee.

As per the instruction contained in the Government order[5] (November 2003) the Director, Technical Education was responsible for verification of the fee. However, during scrutiny it was noticed that the Director, Technical Education never verified tuition fee collected as envisaged in the aforesaid Government instructions. An amount of ₹ 5.45 crore was not deposited in the Joint Salary Bank Account during 2003-13. The diploma and degree division-wise position of transfer of fee to the Salary Bank Account is given in Table 1 (detailed in ***Appendix-2.4.2***).

Table 1: Position of transfer of fee to the Salary Bank Account

(₹ in crore)

Year	Fee to be transferred to Salary Bank Account	Fee actually transferred to Salary Bank Account	Fee not transferred to Salary Bank Account
1	2	3	4 (2-3)
Diploma division			
2003-13	9.83	7.11	2.72
Degree division			
2009-13	4.26	1.53	2.73
Total	14.09	8.64	5.45

(**Source:** Information furnished by Director, IERT, Allahabad)

Audit observed:

- that ₹ 2.37 crore[6] out of ₹ 5.45 crore, as stated by the Director and seen in audit, was irregularly diverted for examinations, academic activities and for the payment of dues on account of Group Insurance, LIC, Income tax deductions etc to the employees.

- that no vouchers of remaining amount of ₹ 3.08 crore, shown in the Cash Book as expenditure during 2003-13, were made available by the Director. Besides, the bills of pay and allowances of ₹ 4.08 crore of Diploma Division were pending (as of March 2013) for payment since January 2004. Out of this, major amount pertained to the arrears of pay (₹ 1.86 crore) to the academic and non-academic staff on account of implementation of Sixth Pay Commission.

Director, IERT admitted (July 2013) that the amounts were not transferred to the Salary Bank Account used for pay and allowances to be disbursed to employees of diploma division and the dues of pay and allowances had not been paid. *During discussion (January 2014), the Government accepted the facts.*

[5] Number 1209 dated 29 November 2003.
[6] ₹ 0.71 crore on examination, ₹ 0.58 crore on academics and ₹ 1.08 crore on payment of dues of employees.
[7] DA arrears: January 2004 to July 2011, January 2008 to April 2008, July 2009 to January 2010 and January 2010 to July 2011; Bonus: 2006 to 2010-11; Arrear bill; Family Planning Arrear Bill; Sixth Pay Commission Arrears; and Salary of March 2012.

2.4.2.3 Multiplicity of bank accounts and un-reconciled differences

The Memorandum of Association of IERT did not specify the number of bank accounts to be opened for funds received from the State Government, Government of India or from any other source. However, in response to an audit query, the Director intimated (July 2013) that bank account was to be opened after the approval of the Governing Body/Controlling Officers appointed by the Government since November 1992.

Audit noticed that as many as 15 current accounts[8] were opened in two banks. Out of these, 10 were operational[9] and the remaining five were dormant[10] for three to six years. The periodical bank reconciliation statements for 2003-13 were not maintained except for 2011-12 and there was difference of ₹ 54.34 lakh[11] between the bank accounts and the cash book balances as on 31 March 2012 (the Annual Accounts for 2012-13 were under finalisation).

The maintenance of 15 bank accounts coupled with unreconciled differences of ₹ 54.34 lakh at the close of March 2012 led to a maze of transactions making trailing and examination difficult. Moreover, these bank accounts were opened without the required approval of the Governing Body/ Controlling Officer. *During discussion (January 2014), the Government accepted the facts.*

2.4.2.4 Multiplicity of Cash Books and their improper maintenance

In every office, there should be a cash book for recording day to day transactions. Paragraph 27 A of the Financial Hand Book, Volume V, Part I provides that a cash book should be kept in every office for recording all moneys received and disbursements made. The Financial Rules further provide that the cash book should be closed and balanced each day which should be initialled by Head of the Office and the balance at the end of each month should be verified and a certificate to that effect recorded in the cash book under the signature of the head of the office.

We noticed that 15 subsidiary cash books were maintained. During 2003-12 neither the monthly closing of the cash books, receipts: ₹ 126 crore and disbursements: ₹ 124.40 crore, was carried out by the Director, IERT, who was the Drawing and Disbursing Officer, nor were the over writings, cuttings etc. therein authenticated. *During discussion (January 2014), the Government accepted the facts.*

2.4.2.5 Unadjusted amount in Temporary Imprest

Observing a large number of temporary imprests (TIs) of huge amounts lying unadjusted, the Government instructed (March 1997) that adjustment bills should be submitted by the concerned official within a month of drawl and the

[8] Allahabad Bank: 14 Current Accounts and State Bank of Patiala: one.
[9] Allahabad Bank: 9 and State Bank of Patiala: one.
[10] Opened in Allahabad Bank.
[11] The Bank Reconciliation Statement for the year ending March 2013 is still under preparation. The balances (as on 31 March 2012) as per the bank accounts: ₹ 287.10 lakh and the balances as per cash book:₹ 232.76 lakh.

subsequent TIs should be given only after the adjustment of the previous one. The Government order also stipulates that deviation from the procedure should be treated as temporary embezzlement and First Information Report (FIR) should be lodged against the defaulters with the police.

The Director, IERT sanctioned 2,985 TIs amounting to ₹ 18.71 crore[12] to various officials during 2003-13 for various purposes. Audit observed that:

- Of 2,985 TIs, 116 TIs of ₹ 56.04 lakh were lying unadjusted as of March 2013 since 2005-06 as detailed in Table 2:

Temporary imprests of ₹ 56.04 lakh were lying unadjusted for eight years.

Table 2: Period and amount of unadjusted temporary imprests

Year since temporary imprests outstanding	Number and amount of unadjusted temporary imprests	
	Number	Amount (in ₹)
2005-06	1	10,000
2006-07	3	28,000
2007-08	4	79,600
2008-09	7	69,350
2009-10	20	19,71,880
2010-11	18	7,86,271
2011-12	17	2,97,075
2012-13	46	23.61,710
Total	**116**	**56,03,886**
		Say ₹ 56.04 lakh

(**Source:** Cash Book of the respective years)

It was noticed that ₹ 17.84 lakh[13] was outstanding against one official and ₹ 10 lakh[14] against another. This was in violation of the Government order for adjustment of advances within a month of drawl and no subsequent advances till the prior one had been adjusted. Further, no FIR was lodged against the officials even after lapse of four years.

- Of 2,985 TIs, 1,957 TIs amounting to ₹ 11.02 crore ***(Appendix-2.4.3)*** were belatedly adjusted (as of March 2013) as detailed in Table 3 below:

Table 3: Delay in adjustment of TIs

S. No.	Periods of delay	Number of temporary imprests	Amount (₹ in crores)
1	One to six months	1,438	9.63
2	Six to 12 months	394	0.94
3	Above one year	125	0.45
Total		**1,957**	**11.02**

(**Source:** Information collected in Audit)

[12] 2003-04: 212 TIs for ₹ 0.28 crore; 2004-05: 245 TIs for ₹ 0.41 crore; 2005-06: 237 TIs for ₹ 0.33 crore; 2006-07: 279 TIs for ₹ 0.48 crore; 2007-08: 289 TIs for ₹ 0.96 crore; 2008-09: 288 TIs for ₹ 1.19 crore; 2009-10: 413 TIs for ₹ 4.44 crore; 2010-11: 475 TIs for ₹ 3.15 crore; 2011-12: 311 TIs for ₹ 4.79 crore; and 2012-13: 236 TIs for ₹ 2.68 crore.

[13] 39 TIs sanctioned during January 2009 to January 2012.

[14] Two TIs sanctioned during November and December 2009.

- The Commissioner, Allahabad (Controlling Officer) ordered (May 2010) that TIs exceeding ₹ 10,000 would be given only after his approval. In violation of the order, 306 TIs (out of 2,985) for ₹ 9.96 crore (***Appendix-2.4.4***) were given by the Director, IERT to the officials without the required approval of the Commissioner.

Vouchers for ₹ 2.40 crore were not produced to audit.

- The Notification[15] (November 2010) of the State Government envisages that Gautum Buddha Technical University (GBTU), Lucknow, was responsible for conducting the examination of degree division. As per rule 14 of the Notification, the expenditure incurred by GBTU for examination purpose was to be reimbursed by IERT. Accordingly, ₹ 38.49 lakh was reimbursed to GBTU for conducting examinations in 2011-12. As such no other expenditure by the Institute relating to the examination was admissible other than the amount reimbursed to GBTU. However, it was noticed that 34 TIs amounting to ₹ 2.40 crore (***Appendix-2.4.5***) were sanctioned to three employees during October 2010 to October 2012 for meeting expenditure on items relating to examinations of degree course. These TIs were exhibited in the cash book as having been adjusted during April 2011 to October 2012. However, no adjustment vouchers were produced to audit, though called for.

Temporary imprests were given to a retired employee. Adjustment vouchers were also not produced to Audit.

- Twelve TIs of ₹ 74.70 lakh were sanctioned[16] to an employee who had retired in June 2011. These were exhibited in the cash book as having been adjusted during July 2011 to July 2012. However, the amounts shown as adjusted are not supported by vouchers.

The Director admitted the facts and figures and stated (July 2013) that expenditure relating to the examination was neither correct nor legally admissible after the payment of ₹ 38.49 lakh to GBTU, Lucknow. He also stated (July 2013) that sanctioning TIs to a retired employee was within his discretionary jurisdiction. The reply was not acceptable as there was no discretionary power provided in the Financial Rules to grant TIs to retired Government person. Moreover, the amount shown as adjusted was not supported by any vouchers.

Thus, against the prescribed period of one month for adjustment of TIs, these were lying unadjusted for periods ranging from one to eight years. Subsequent TIs were also given without adjustment of the previous one. The order for non-sanction of TIs above ₹ 10,000, without the approval of the Commissioner, was often violated. The TIs were adjusted without vouchers. Further, such lax internal controls made financial management fraught with the risk of misuse of public money. *During discussion (January 2014), the Government accepted the audit contention.*

[15] Number 4209/16-1-2010-1(9)-2003, Lucknow dated 9 November 2010.
[16] (July 2011 to May 2012).

2.4.2.6 Excess fee charged

₹ 3.02 crore, out of excess fee charged, was not refunded even after three years.

Fee was to be realised from the students of degree and diploma divisions as per the fee structure prescribed by Admission and Fee Regulation Committee, constituted (2008) by the Government, in terms of the Regulation of Admission and Fixation Act, 2006.

However, the Director, IERT did not adhere to the prescribed fee structure and excess fee amounting to ₹ 6.94 crore was charged from the students of the degree (₹ 6.26 crore) and diploma (₹ 68 lakh) divisions respectively during 2010-13 (***Appendix-2.4.6***). Of ₹ 6.94 crore, ₹ 3.92 crore was refunded (2012-13) to the students of degree division. The remaining ₹ 2.34 crore was spent to meet inadmissible expenditure on conducting examinations etc. as mentioned in Para 2.4.2.5 The entire excess fee of ₹ 68 lakh charged from the students of diploma division was yet to be refunded.

Thus, out of excess fee charged during 2010-13, ₹ 3.02 crore had not been refunded. As the amount had already been spent, the chances of refunds appear to be remote. *During discussion (January 2014), the Government accepted the observation.*

2.4.2.7 Excess claim for reimbursement of fee of ₹ 30.31 lakh

₹ 30.31 lakh was claimed in excess from DSWO, Allahabad.

The State Government provides financial assistance[17] to the students belonging to the Scheduled Caste/ Scheduled Tribe category under Post Matric Scholarship Scheme by way of reimbursement of non-refundable compulsory fee to enable them to pursue higher studies. As per the mechanism evolved (September 2009) by the Government, the Director, IERT was to send a verified list of such students to the District Social Welfare Officer (DSWO) to upload the list on the website of National Informatics Centre (NIC) for claims of fee from the Government.

The Director, IERT submitted a list of Scheduled Caste/ Scheduled Tribe category students to DSWO in November 2010, October 2011 and February 2013, Allahabad for reimbursement of fee during 2010-13. However, instead of claiming the reimbursement of fee of ₹ 1.11 crore as per the prescribed fee structure, the Director, IERT claimed ₹ 1.50 crore. DSWO, Allahabad, without verifying it, listed the student wise reimbursement claims on website of NIC. The Government sanctioned the claim and DSWO, Allahabad reimbursed it in April 2011, March 2012 and May 2013. Thus, even DSWO, Allahabad did not verify the claims. The year-wise details are given in Table 4.

[17] Degree Division: ₹ 46,100 per annum and Diploma Division: ₹ 17,100 per annum.

Table 4: Reimbursement of excess fee

(₹ in lakh)

Year	Number of students	Amount of fee admissible for reimbursement	Amount of fee claimed for reimbursement by IERT	Fee reimbursed by District Social Welfare Officer	Excess fee reimbursed to IERT
1	2	3	4	5	6 (5-3)
Diploma division					
2010-11	65	11.12	12.74	12.74	1.62
2011-12	140	23.94	27.44	27.43	3.49
2012-13	155	26.51	30.57	30.57	4.06
Degree division[18]					
2010-11	25	11.53	18.48	18.48	6.95
2011-12	82	37.80	60.57	51.99	14.19
Total		110.90	149.80	141.21	30.31

(**Source:** Information furnished by Director, IERT, Allahabad)

The Director stated (July 2013) that the adjustments will be made after consultation with the Social Welfare Department. *During discussion (January 2014), the Government accepted the facts and figures.*

2.4.2.8 Non-transfer of contributions to Contributory Provident Funds

₹ 5.14 crore was not transferred to Provident Fund.

Director, IERT appointed (April 1977 to March 1997) 99 work charged staff of various categories at Curriculum Development Centre, Training-Cum-Production Centre, Centre for Development of Rural Technology, Wind Energy Research and Design Centre etc. These work charged staff were covered (May 1982) under the Contributory Provident Fund (CPF) Rules[19]. The details of contributions made by the employees as well as IERT towards provident funds (PF) during 2008-09 to 2012-13 are given in Table 5.

Table 5: Contributions made by the employees and IERT towards PF

(₹ in crore)

Year	Employees' contributions to PF[20]	IERT's Contributions to PF	Total amounts to be transferred to PF	Amounts transferred to PF	Amount not transferred to PF	Funds available[21] with IERT at the end of year
2008-09	0.28	0.02	0.30	0.07	0.23	1.76
2009-10	0.22	0.10	0.32	0.01	0.31	0.51
2010-11	0.38	0.18	0.56	0.07	0.49	3.99
2011-12	0.34	0.18	0.52	0.11	0.41	1.96
2012-13	3.70	0.17	3.87[22]	0.17	3.70	-
Total	**4.92**	**0.65**	**5.57**	**0.43**	**5.14**	

(**Source:** Information furnished by the Institute)

[18] No excess fee was claimed during 2012-13.
[19] 10 *per cent* was to be deducted from the emoluments of the staff and a matching amount of 10 *per cent* was to be contributed by IERT.
[20] Includes pay arrear, bonus and dearness allowance arrear.
[21] Represent the balances appearing in Boys' Fund, Examination Fee, selling of prospectus etc.
[22] Includes ₹ 3.46 crore on account pay arrear for January 2006 to February 2010 under Sixth Pay Commission.

As is evident from the Table, ₹ 5.14 crore was not transferred to PF of the work charged staff of IERT during 2008-13 despite availability of sufficient funds at the close of the corresponding years. *During discussion (January 2014), the Government accepted the facts and figures.*

2.4.2.9 Financial Statement

There was mis match in the financial data.

Financial statement irregularity, if not disclosed, amounts to a deliberate misrepresentation of the financial condition of an enterprise accomplished through intentional mis-statement or omission of amounts of disclosures in the financial statements to deceive statement users. The following irregularities were noticed:

- The total tuition fee realized (2003-13), as per the fee structure and information furnished to audit, was ₹ 9.31 crore. The tuition fee, as reported to the Department of Technical Education Government/ Directorate of Technical Education, was ₹ 9.40 crore and as reflected in the Annual Account it was ₹ 7.53 crore. The Directorate did not reconcile the differences as of January 2014. The Director, IERT accepted (July 2013) that there was mismatch.

- During 2003-13, IERT received ₹ 7.10 lakh as refundable caution money from the students. During the corresponding period, only ₹ 700 was refunded during 2008-09 and 2009-10, leaving an accumulated balance of ₹ 7.09 lakh, as of March 2013. However, as against the accumulated balance of ₹ 7.09 lakh, only ₹ 1.81 lakh was disclosed in the Annual Account (March 2012). The Director, IERT stated (July 2013) that the mismatch would be reconciled. Thus, the financial statements did not reflect the true and fair picture of the financial position. *During discussion (January 2014), the Government accepted the observation.*

2.4.2.10 Other interesting points

- In the Institute, neither the post of Deputy Registrar was sanctioned nor the proposal for the same was sent to the Government as of May 2013. However, a permanent senior clerk of diploma division, in the pay scale of ₹ 2,200-4,000, was promoted to the post of Deputy Registrar in the pay scale of ₹ 6,500-10,500. During April 2006 to February 2013, the senior clerk received additional pay and allowances of ₹ 8.67 lakh in lieu of discharging the duties as Deputy Registrar. Director, IERT stated (July 2013) that the senior clerk was discharging the duties of Deputy Registrar with the approval of the Commissioner, Allahabad Division (Controlling Officer). The fact remains that the post was not created by the Government and the Commissioner, Allahabad was not competent to create the post.

- Director, IERT invested ₹ six crore in 19 fixed deposit receipts during March 2010 to February 2012 for varying periods and earned interest of ₹ 5.94 lakh. The investments were made without the approval by the Commissioner, Allahabad Division, the controlling officer. The Director

stated that it was his discretion. The reply was incorrect because the investment could only be made with the approval of the controlling officer as per the order of the Commissioner (May 2010).

- As per Para 327 and 447 of Financial Hand Book Volume VI, works should be commenced only after estimates are prepared and technical and administrative sanctions are accorded. The works are to be measured after their completion. However, TI of ₹ 18.75 lakh was sanctioned (2009-10) to a Junior Engineer for petty works such as white washing, repair of boundary wall etc. without preparing estimates and technical sanctions. An amount of ₹ 15.25 lakh was incurred during 2009-11 by him for these works without taking measurement. Remaining ₹ 3.50 lakh was not recovered from him even after lapse of more than two years. The Director agreed to the audit observations and stated that the rules will be followed in future. No comment was offered about the recovery of the balance TI of ₹ 3.50 lakh.

- Three security agencies were engaged during 2003-13 without assessing requirement of guards, inviting tenders from the agencies and executing agreements with them. A payment of ₹ 1.59 crore was made to them during that period. *During discussion (January 2014), the Government accepted the audit observation that security agencies were engaged without inviting the tenders and executing agreements with them.*

2.4.3 Internal control

Internal control is a process designed to provide reasonable assurance regarding achievement of the objectives of an organization with regard to efficiency and effectiveness of operations, compliance to rules and regulations and sound financial reporting. The following were noticed.

- There was no internal audit wing in IERT, Allahabad during the period covered in audit. As a result, the financial irregularities remained undetected.
- The Local Funds Audit, Allahabad conducted audit of accounts of IERT during 2003-12 and highlighted the issues of non-adjustment of TIs, non-transfer of tuition fee to the Salary Bank Account etc. (***Appendix-2.4.7***). The reports were issued during 2003-12. However, the compliance reports were awaited (June 2013).

During discussion (January 2014), the Government accepted the observation.

2.4.4 Conclusion

The Government did not take any action for prescribing forms of accounts for IERT even after 20 years of taking over the management. The Institute was operating multiple bank accounts and the required periodical reconciliation was not being done, resulting in un-reconciled differences. There were instances of misuse and non-accountal of tuition fee. The Institute had opened multiple cash books that were not being maintained properly as there were

over writings, cuttings without authentication. Large number of TIs were adjusted with delays and TIs were given without adjustment of the previous one. Further, large number of TIs were lying unadjusted. Excess fee were realised from the students of Degree and Diploma divisions of the Institute. Excess reimbursement of fee from DSWO was claimed by the Director under Post Matric Scholarship Scheme, resulting in excess reimbursement of the scholarship fee by the DSWO. Contributions to the Contributory Provident Funds were not transferred in respect of work charged staff of the Institute. Financial statements were not maintained properly and the differences in the financial data remained un-reconciled Therefore, the Financial statements did not reflect the true and fair picture of the financial position of the Institute. There was lack of Internal Control at the Government and the institute level.

PUBLIC WORKS DEPARTMENT

2.5 Operation of Plant & Machinery in Electrical and Mechanical divisions

2.5.1 Introduction

Engineer-in-chief, Public Works Department (PWD), Uttar Pradesh, Lucknow (E-in-C) entrusted (January 1984) operation of departmental plants and machines to four Electrical and Mechanical (E&M) divisions[1]. Later, in September 1990[2], operation of light machines[3] with attached staff was entrusted to the existing civil divisions while Heavy Plants and Machines[4] (P&M) with attached staff was retained in all E&M divisions.

E&M divisions provide plants and machines alongwith operating staff to the civil divisions on hire basis. The hire charges are fixed by E-in-C once in a year between July and September. The hire charges for heavy plants & machines and ninety *per cent* of hire charges for light machines are credited to E&M divisions by civil divisions for major repairs of machines while civil divisions retain 10 *per cent* of hire charges for petty repairs of light machines.

The audit of mechanical wing of E&M divisions was undertaken to assess mainly the status of operation of Plants and Machines (P&Ms), recovery of hire charges and management of Depreciation Reserve Fund (DRF).

Records of Chief Engineer (CE), all the four E&M circles and six[5], out of 18 E&M divisions, were test-checked during April to July 2013 covering the period 2008-13. An entry conference was held with CE on 10 April 2013 andex it conference with Principal Secretary, PWD was held on 16 January 2014. The Government's replies have been suitably incorporated.

Audit Findings

Major audit findings on operation of plants and machines in E&M divisions are discussed below:

2.5.2 Utilisation of Plants and Machines

The State Government ordered (October 2002) for optimum utilisation of departmental plants and machineries. E-in-C, while reviewing the adherence to the aforesaid Government's order instructed (July 2009) to carry out the works related to general maintenance, special repair and renewal of roads by utilising departmental P&Ms. E-in-C, further, added (July 2009) that while

[1] E&M division, Lucknow (now absorbed in Mechanical division, Lucknow), E&M division, Varanasi, E&M division, Moradabad and E &M division, Pithoragarh (Now in Uttarakhand).
[2] Letter no. 2361 AP/AP/50AP/18/78 dated13 September 1990.
[3] Tractors-Trolly, Trucks-Trippers, Road Rollers etc.
[4] Hot Mix Plants, Mixol Units, Bulldozers, Earth Moving Machines, allied Machines etc.
[5] E&M divisions, Moradabad and Gorakhpur; Mechanical divisions, Allahabad and Bareilly; Temporary Departmental Construction Unit, E&M, Lucknow; and Electrical Division, Meerut.

entering into vertical contracts [6] for execution of original works also, departmental plants and machines should be made available to the contractors on hire charges basis. The Zonal CEs/CE (E&M) were to ensure the optimum utilisation of departmental P&Ms by engaging these on the works.

E-in-C fixed (October 1992) the norm of 800 operating hours per annum (against 8,760 hours in a year) for a Hot Mix Plant (HMP). It was also decided (July 2009) that the average output of material for the HMPs of different capacity[7].

Scrutiny of records revealed that the department owned 35 P&Ms {(21 Hot Mix Plants; two Wet Mix Macadam (WMM) Plants; 12 Cement Concrete (CC) Plants}.

Despite the Government order and orders of E-in-C to ensure optimum utilisation of P&M, Zonal CEs and CE (E&M) did not entrust sufficient number of works to E&M divisions due to which P&Ms remained un-utilised/under-utilised. It was stated by EEs that due to lack of demand the P&Ms were not utilised as per norms. However, there was no evidence on record, in any of the test-checked divisions, of having made any effort to get the works from the civil divisions to ensure utilisation of P&Ms.

We observed:

- The progressive returns of HMP's performance at the state level, revealed that the average performance of 20 HMPs[8] in term of running hours was 12 to 91 *per cent* (average: 49 *per cent*) during 2008-13 as detailed in ***Appendix 2.5.1***. The performance was only 6674 hours (42 *per cent*) against fixed norms of 16000 hours in 2012-13. Resultantly, against the total earning of ₹ 135.81 crore of hire charges as per fixed norms, these HMPs earned only ₹ 64.47 crore, a shortfall of ₹ 71.34 crore (***Appendix-2.5.2***).

In test-checked divisions, the average performance of nine HMPs was 50 *per cent* in term of hours and in term of output, the performance was only 6,53,625.11 MT (49 *per cent*) against the fixed norm of 13,40,000 MT during 2008-13 ***(Appendix 2.5.3).*** Resultantly, there was shortfall in hire charges of ₹ 26.01 crore during 2008-13.

- Two Wet Mix Macadam (WMM) Plants were procured for ₹47.42 lakh in September 2006. It was noticed that one WMM plant was lying idle since September 2006 at Meerut division while the utilisation of the other plant, at Gorakhpur division, was only 11 *per cent* against the prescribed norms. Thus, procurement of these WMM plants was not justified.

[6] It envisages execution of work on the basis of composite rates comprising machinery, supply of material and labour components. This was introduced after introduction of formats T-1, T-2 and T-3 for vertical tender system vide order no. 6738/23-7-2006-176 (SA)/06 dated 05.01.2007.
[7] 27.5 and 50 tonnes per hour (TPH) for HMPs of 20 to 30 and 40 to 60 TPHs respectively.
[8] Out of 23 HMPs, two HMPs were unserviceable and one HMP was running at more than the prescribed norms.

- Scrutiny revealed that as per the decision of High Level Purchase Committee[9], Plant and Machines[10] amounting to ₹ 41.58 crore were procured, out of DRF, by the department between February 2007 and March 2009 despite the fact that the existing machines were underutilised. Of plants and machineries procured:

  - Three CC plants were transferred (two in 2010-11 &one in 2011-12) to UP Bridge Corporation, free of cost, and without provision of payment of hire charges; and

  - Three CC plants were not utilised at all since procurement and utilisation of remaining six CC plants was very low ranging between six to 59 *per cent* (***Appendix 2.5.4***) against the prescribed norms fixed by the E-in-C. The shortfall of four out of these six plants was 84 *per cent* or above.

Thus, the procurement of these plants and machines was unwarranted and without any need based assessment.

In reply, the Government accepted (January 2014) the facts and stated that orders have been issued (December 2013) for utilisation of departmental machines in renewal works. It was also stated that efforts would be made for optimum utilisation of machines. As regards idle WMM plants, the Government stated (January 2014) that the final reply will be given after review of the matter. The fact remains that P&Ms were under utilised which rendered the expenditure incurred on procurement alongwith overhead charges largely unfruitful.

2.5.3 Recovery of hire charges

As per E-in-C's order (September 1990) the civil divisions were to provide 90 *per cent* of hire charges to E&M divisions. However, scrutiny revealed that during 2008-13, ₹ 62.36 crore was provided to E&M divisions as of March 2013 against the required ₹ 67.25crore. Thus, there was shortfall of ₹ 4.89 crore in recovery of hire charges from the concerned civil divisions. In test-checked divisions,₹ 8.81 crore, out of due₹ 9.52 crore, was provided to the six E&M divisions as of March 2013.

Further, it was also noticed that the hire charges of ₹ 7.25 crore pertaining to period prior to August 2003 were neither credited nor accounted for in demand of hire charges to be raised against the concerned civil divisions. CE informed (April 2013) that the chances of recovery of ₹ 7.25 crore were remote and was hence shown separately in the report. Interestingly, the administrative control of both the civil and E&M divisions vests in E-in-C.

In the exit conference (January 2014), the Government intimated that, out of ₹7.25 crore, ₹ 5.93 crore remained as balance as of September 2013.

[9]The committee, headed by Principal Secretary, PWD was constituted for procurement of P&Ms under DRF.
[10]Paver finisher for WMM Plants, CC Plants, Transit Mixers, Tippers, Loaders, Road Rollers etc.

Further, the Government stated that recovery of balance hire charges pertaining to periods prior to 2003 is not possible. The fact remains that ₹ 5.93 crore remained outstanding for adjustment for over 10 years now. Further, the reply of recovery of ₹ 1.32 crore was not supported by documentary evidence.

2.5.4 Management of Depreciation Reserve Fund

The Government created a Depreciation Reserve Fund (DRF) in March 2005for renewal or replacement of existing machines or equipments and framed DRF Rules (March 2005) to regulate the fixed percentage of the amount received from the Consolidated Fund of the State and any other fixed percentage of money received for construction and maintenance works in PWD.

During audit, we observed that ₹ 120.61 crore was credited in the DRF while ₹ 69.32 crore was spent during 2004-13. As of April 2013, ₹ 51.29 crore was lying in DRF. Thus, 43 *per cent* of DRF remained unutilised.

Further, according to DRF Rules, 2005, DRF was to be utilized only for purchase of machines and equipments for renewal and replacement of unserviceable machines or equipments, special repairs and purchase of machines employing higher technology.

Scrutiny, however, revealed that in violation of DRF Rules, PWD procured computers and photocopier machines[11] worth ₹ 51.85 lakh during 2008-09.Thus, money from the Fund was diverted for unauthorised purposes.

In reply, the Government accepted (January 2014) the facts.

2.5.5 Conclusion

Existing plants and machines were either non-utilised or under-utilised against the norms. Under-realisation of hire charges from civil divisions needed to be addressed to. Utilisation of funds from DRF should be as per rules. Further, the department failed to ensure optimum utilisation of available plants and machines in E&M divisions.

[11] 80 computers purchased in June 2008 at the rate of ₹ 47,320 each and 20 photocopier machines purchased in November 2008 at the rate of ₹ 70,000 each.