

CHAPTER-III

COMPLIANCE AUDITS

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This Chapter contains three thematic paragraphs on “Implementation of Educational Schemes in selected Tribal dominated Districts”, “Functioning of Blood Banks”, “Financial Management in Gujarat Water Supply and Sewerage Board” and eight individual paragraphs on Audit of transactions.

EDUCATION DEPARTMENT

Implementation of educational schemes in selected tribal dominated districts

Introduction

As per the 2011 census, the population of the State was 6.04 crore, of which tribal population comprised 14.76 *per cent* (89.17 lakh). Out of 26 districts in the State, 12 are predominantly tribal districts. The overall literacy rate of the State was 78.03 *per cent* and the literacy rate of 12 tribal districts was 62.50 *per cent* as per 2011 census.

The 86th Constitutional amendment inserting Article 21A in the Constitution of India makes education a fundamental right. To enable the implementation of this fundamental right, the Government of India (GoI) enacted the Right of Children to Free and Compulsory Education Act, 2009 (RTE Act) in April 2010 which provided that every child in the age group of 6-14 years should have a right to free and compulsory education in a neighbourhood school till completion of elementary education by March 2013. The Sarva Siksha Abhiyan (SSA) now acts as the programmatic vehicle for the delivery of the RTE Act.

Various educational schemes are being implemented by the Central and State Government to upgrade the educational levels and skills with special focus on children belonging to Scheduled Tribes (ST). The key objective of RTE Act was universalisation of elementary education which encompasses three major aspects *i.e.* access, enrolment and retention of children in schools upto the age group of 6-14 years. The principal objectives of one of the major flagship programme of GoI namely SSA, were to increase enrolment and retain the students (including ST students) in educational institutions for reducing the dropout rates.

Principal Secretary is the administrative head of the Education Department. He is assisted by three Heads of Department *viz.* State Project Director/Sarva Siksha Abhiyan (SSA), Commissioner/Mid-Day-Meal (MDM) and State Project Director/Rashtriya Madhyamik Siksha Abhiyan (RMSA) at State level and they are assisted by district and taluka level offices.

Audit was conducted with the objective of deriving an assurance about the efficacy of implementation of selected educational schemes in five¹ selected predominantly tribal districts. Districts were selected on the basis of percentage of tribal population to arrive at a sufficient audit assurance *i.e.*

¹ Dahod, Panchmahal and Valsad (specially focused districts), Dang (98 *per cent* of the population are tribal) and Tapi (84 *per cent* of the population are tribal)

out of 89.17 lakh tribal population in the State, selected districts represent 41.13 lakh (46.13 per cent) tribal population. The schemes selected for Audit were SSA², MDM³ and RMSA⁴.

Audit test-checked the records of State Project Director (SSA), Commissioner (MDM), State Project Director (RMSA) and records of five selected districts covering the period 2011-12 to 2013-14. Audit also undertook joint inspection⁵ of 40 schools {20 Primary Schools⁶ (PS) and 20 Upper Primary Schools⁷ (UPS)} of 10 talukas⁸, five Kasturba Gandhi Balika Vidyalayas (KGBVs) and 10 RMSA Schools of selected districts.

Audit Findings

Performance Audit on “Sarva Shiksha Abhiyan” for the period 2001-05 and Mid-Day-Meal for the period 2002-07 had been conducted and findings featured in the Paragraph 3.1 and Paragraph 3.4 of Audit Report (Civil) of the Comptroller and Auditor General of India for the year ended 31 March 2006 and 31 March 2007 respectively. Public Accounts Committee (PAC) had discussed both the paragraphs on 11 September 2012 and 21 January 2014 respectively; however, recommendations from the PAC are awaited (November 2014).

Annex

Preparation of Perspective Plan and Annual Plan

(i) Financial Management and Procurement Manual (FMPM) of SSA and RMSA provides for preparation of a Perspective Plan and Annual Plan at State and district level through bottom-up approach by constituting planning teams at village/habitation, block and district levels. It further provides that RMSA plan should originate from the school level. According to RTE Act, the School Development Plan (SDP) was to be prepared by School Management Committee⁹ (SMC). The SDP shall be the basis for the plans and grants. However, Audit observed that Perspective Plan was neither prepared for SSA at State level nor at any test-checked districts. The Perspective Plan under RMSA was also not prepared at any test-checked districts. Non-preparation of Perspective Plan indicated lack of long-term overall strategy to achieve the goals of these schemes by considering future needs of the State.

Audit observed at all test-checked districts that the annual plans (2011-14) under SSA were prepared without exercising the bottom-up approach, as the planning teams at village/habitation and block level were not constituted and no ground level inputs were obtained. Even the village education register (prepared based on household survey) providing the data of population, out of school children, habitation covered, etc. were not maintained in 16 out of 40 schools jointly

² To ensure compulsory and free elementary education for all children of age group 6-14 years

³ To enhance enrolment, retention and attendance, and simultaneously improving nutritional levels among children

⁴ For universalisation of access to and improvement of quality of education at secondary and higher secondary stage

⁵ Audit team alongwith district authorities

⁶ Primary School – Class - I to Class - V

⁷ Upper Primary School – Class - I to Class - VIII

⁸ Ahwa, Dahod, Dharampur, Ghoghamba, Jhalod, Kadana, Kaprada, Santrampur, Songadh and Vyara

⁹ In terms of the RTE Act, the formation of School Management Committee in each school for planning, implementing and monitoring of SSA, is mandatory. The composition of the Committee would be parents or guardians of the school children, women, weaker section, teachers, elected representatives of local authority, educationists, etc.

inspected. SMCs constituted were not involved in planning process though required under Section 22 of the RTE Act. The Annual Work Plan and Budget (AWP&B) under RMSA was prepared at State level on the basis of District Information System for Education¹⁰ (DISE) and Gunotsav¹¹ data instead of its preparation at district level with involvement of schools. Thus, the annual plans under SSA and RMSA were prepared without assessment of actual requirement at ground level.

The Joint Director, RMSA stated (September 2014) that the Annual Plan would now onwards be prepared as per the formats prescribed by GoI.

(ii) MDM guidelines provide for preparation of AWP&B at school level and then aggregated at block, district and State level respectively. However, Audit observed that AWP&B were not prepared at test-checked schools and block level. Thus, the AWP&B prepared at district and State levels were prepared without taking the grassroot perspective in view.

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The Planning Commission recommended (November 2010) earmarking of 10.70 *per cent* of Plan Outlay for STs by Department of School Education and Literacy of Ministry of Human Resource Development under Tribal Sub Plan (TSP). GoI had been releasing the funds to the States accordingly since 2011-12. The year-wise details of funds released by GoI and State Government, and expenditure incurred under selected educational schemes implemented in the State are as shown in **Appendix-XII**. The year-wise details of funds received by the test-checked tribal districts under the selected schemes and expenditure incurred during 2011-14 are as shown in **Table 1** below -

Table 1 : Funds received and expenditure incurred by test-checked five districts under selected schemes

(₹ in crore)

Schemes	2011-12			2012-13			2013-14		
	Funds received ¹²	Expenditure incurred	Percentage of expenditure	Funds received	Expenditure incurred	Percentage of expenditure	Funds received	Expenditure incurred	Percentage of expenditure
1	2	3	4	5	6	7	8	9	10
SSA ¹³	200.36	204.18	101.91	371.79	366.59	98.60	187.16	189.38	101.19
MDM	52.49	52.30	99.64	58.07	57.87	99.66	80.97	79.28	97.91
RMSA	1.34	0.70	52.24	8.14	7.99	98.16	13.89	11.22	80.78

(Source: Information furnished by concerned District Authorities)

Audit observed that -

- Though the funds from the Central and State level were released with bifurcation of general and TSP grant, no separate accounts of expenditure incurred under general and TSP grant (except for MDM scheme) were maintained at State

¹⁰ Prepared by SSA

¹¹ "Gunotsav" is an initiative carried out by the State Government to improve and assess the quality of primary education. This programme includes two phases of assessment (Self Assessment and Officer Assessment) and data entry. The assessment form includes information about schools and habitations.

¹² The figures here represent both GoI and State Government grant including General grant and Tribal Sub Plan grant

¹³ GoI grant includes 13th Finance Commission grant and expenditure incurred from previous years balance carried forward. As of March 2014, the closing balance was ₹ 11.42 crore.

and district incurred under general level. No instructions were issued to lowest formations¹⁴ in this regard. Due to non-maintenance of separate accounts, Audit could not vouchsafe the utilisation of TSP grant in the test-checked districts as well as at State level. The district authorities accepted (May and June 2014) that separate accounts of expenditure under TSP grant were not maintained.

- Against availability of funds of ₹ 73.01 crore, ₹ 78.43 crore and ₹ 95.13 crore under TSP in MDM scheme during the years 2011-12, 2012-13 and 2013-14; the expenditure was only ₹ 9.25 crore (12.67 per cent), ₹ 11.05 crore (14.09 per cent) and ₹ 21.33 crore (22.42 per cent) respectively (**Appendix-XII**). Less expenditure was incurred on account of non-construction of Kitchen sheds (as discussed in Para 3.1.5.1), not providing the micro nutrient supplementation and de-worming (as discussed in paragraph 3.1.5.4), non-procurement/ replacement of kitchen devices (as discussed in paragraph 3.1.5.5), etc. This indicated gross under-utilisation of the earmarked funds for TSP under the MDM scheme.
- District Project Co-ordinators (DPCs) of two test-checked districts (Dang and Tapi) diverted (2011-14) ₹ 24.46 lakh of SSA (Centrally Sponsored Scheme) to Ashram-shalas and Eklavya Model Residential schools of Tribal Development Department (State Sponsored Scheme) in contravention to provisions of grant release order. The DPCs Dang and Tapi stated (August 2014) that the funds were diverted as per instructions from State Project Director, which was however, irregular.

Expenditure incurred against approved Annual Work Plan and Budget

The details of expenditure incurred against approved annual budget outlay under SSA is as shown in **Table 2** below -

Table 2: Expenditure incurred against approved Annual Work Plan and Budget
(₹ in crore)

Name of District	2011-12			2012-13			2013-14		
	AWP&B	Expenditure	Percentage	AWP&B	Expenditure	Percentage	AWP&B	Expenditure	Percentage
1	2	3	4	5	6	7	8	9	10
Dahod	87.36	70.71	80.94	188.95	118.96	62.96	75.15	59.51	79.19
Dang	20.16	18.12	89.88	43.44	31.61	72.77	21.45	20.34	94.83
Panchmahal	94.85	75.83	79.95	176.70	116.00	65.65	72.86	61.16	83.94
Tapi	0.00	0.00	0.00	53.82	39.02	72.50	27.14	18.34	67.58
Valsad	52.53	39.52	75.23	95.07	61.00	64.16	38.80	30.03	77.40
Total	254.90	204.18	80.10	557.98	366.59	65.70	235.40	189.38	80.45
Total (Gujarat)	1,863.74	1,427.34	76.58	3,369.22	2,215.82	65.77	1,374.01	1,109.67	80.76

(Source: Information furnished by SPD and concerned DPCs)

FMPM of SSA provides that achievements and constraints of previous years are to be considered while planning for the subsequent years. Further, outlays proposed under each component of the scheme were to be supported by relevant

14 SMC (SSA), Organiser/SMC (MDM) and School Management and Development Committee (RMSA)

data to determine the physical targets. Audit observed that the budget outlay in 2012-13 was increased by more than 100 per cent for test-checked districts though the expenditure during 2011-12 did not keep pace with the budget outlay in that year. It was observed that during 2012-13, the expenditure was only 65.70 per cent as against the budget outlay.

The reply of the State Government is awaited (November 2014).

3.1.3.2 Incorrect Expenditure figures sent to Government of India

The State Project Director, RMSA reported to GoI an expenditure of ₹ 89.55 crore incurred since 2009-10 up to March 2014, which was sanctioned for construction of 289 RMSA schools out of 326 RMSA schools planned at various locations. However, it was noticed (June 2014) that out of 289 schools, work had not commenced at 189 locations. Funds of ₹ 89.55 crore allotted to implementing agency as advance were shown as expenditure and incorrect expenditure figures were reported to GoI.

Joint Director stated (June 2014) that amount released to Roads and Buildings Department (R&B) was booked as expenditure and reported to GoI, which was not wrong and if required by GoI the amount of actual expenditure and advances would be separated. However, the expenditure mentioned was only the advances released to R&B for construction works of RMSA schools and not the actual expenditure.

Programme Implementation

Implementation of Sarva Shiksha Yojana

UPI-Teacher Ratio

According to the norms of SSA and RTE Act, there should be at least two teachers in a Primary School (PS) with Pupil-Teacher Ratio (PTR) of 40:1. Upper Primary School (UPS) shall have atleast one teacher per class so that there shall be at least one teacher each for (i) Science and Mathematics, (ii) Social Studies and (iii) Language with PTR of 35:1.

The number of PSs and UPSs in which PTR was not maintained in the test-checked districts is as shown in **Table 3** below -

Table 3: Non-maintenance of PTR in PSs and UPSs in test-checked districts

District	Number of PS (Class I to V)	Number of PS in which PTR >40	Number of UPS (Class I to VIII)	Number of UPS in which PTR >35
1	2	3	4	5
Dahod	790	76	849	770
Dang	260	23	118	107
Panchmahal	1,146	6	1,207	970
Tapi	486	12	314	243
Valsad	465	39	528	445
Total	3,147	156	3,016	2,535

(Source: Information obtained from DISE)

The above table shows that PTR was not maintained in 156 PSs and 2,535 UPSs though the norms were prescribed under SSA and RTE Act, the highest being 156:1 as against 40:1 in PS and 363:1 as against 35:1 in UPS. Audit also observed that out of 43,176 schools in the State, 64 schools having 5,698 students had no teachers and 874 schools had only one teacher as of March 2014. In test-checked districts, three schools¹⁵ of Valsad district having 156 ST students had no teachers and 111 out of 6,163 schools had only one teacher as of March 2014. The teaching work was assigned by the authority to teachers of nearby schools as an alternate arrangement. Thus, the State has not ensured availability of adequate teaching staff as per norms and this could have an effect on the performance and quality of education imparted to the students.

Basic Amenities

SSA framework, 2011 and RTE Act provides that a school building should consist of basic amenities such as safe and adequate drinking water facility to all children, separate toilets for girls, boundary wall, Headmaster Room, separate Library, etc. by March 2013. As per the information furnished by the SPD and DPCs, the status about availability of basic amenities in the schools in the State and in the test-checked districts as of March 2014 are given in **Table 4** below –

Table 4: Non-availability of basic facilities in Government schools as of March 2014

Facilities	In State (43,176 schools)		In test-checked districts (6,163 schools)	
	Not available	Percentage	Not available	Percentage
Drinking water	08	0.02	00	00
Toilet blocks	746	1.73	03	0.05
Separate toilet for girls	2,918	6.76	28	0.45
Headmaster Room	25,797	59.75	5,902	95.77
Boundary wall	2,694	6.24	1,272	20.64
Playground	10,501	24.32	2,163	35.10
Separate Library	39,583	91.68	6,163	100.00
Computer Room	Not provided	Not provided	6,163	100.00

(Source: Data provided by SPD and concerned DPCs)

The above table shows that the availability of facilities such as drinking water, toilet blocks and separate toilets for girls was satisfactory. However, the State and district authorities failed to provide playground, separate Library and Computer Room facilities to the students which resulted in students being deprived of these facilities, important for their overall development. Audit observed during joint inspection (between June 2014 and August 2014) that three¹⁶ out of 40 schools had no facility of drinking water whereas the district authorities were reporting that all the schools in the district were having drinking water facility.

During joint inspection, Audit observed that Reverse Osmosis Plants in three schools¹⁷ were not functioning, 11 schools¹⁸ had no compound wall and toilet blocks of two schools¹⁹ were found damaged and unusable (**Picture 1 and**

15 PS Payarpada Shingarmad, UPS Borpada and PS Sagalmal Varg

16 Dahod – (a) Daulatganj Kumar Shala (UPS) and (b) Upla Faliya Varg, Meloniya (PS), Panchmahal – Patel Faliya Varg, Rinchhvani (UPS), Ghoghamba

17 Dahod - Gadoi (UPS), Dang - Pipliyamal (PS) and Ashram Vidyalaya (UPS), Ahwa

18 Dahod - Fatak Faliya Varg, Jekot (PS), Biladungari (PS) and Daulatganj Kumar Shala (UPS), Dang – Payarghodi (PS) and Gondal Vihir (UPS), Panchmahal - Ashivada (PS), Dudhali na Muvada (PS) and Kureta (UPS), Tapi - Panvadi (PS), and Valsad - Zariya Sarpanch Faliya (PS) and Varoli Talat (UPS)

19 Panchmahal - Chandpuri Faliya, Dantol (PS) and Valsad - Varoli Talat (UPS)

Picture 2). Thus, quality drinking water, security and proper basic infrastructural facilities in these schools were not ensured.



Picture 1 : Damaged compound wall and girls toilet of PS, Chandpuri Faliya, Dantol, Panchmahal district (22.07.2014)



Picture 2 : Toilet blocks of UPS, Varoli Talat, Valsad district in damaged condition (30.07.2014)

Retention trend of student

The total number of students and ST students enrolled in Government and Government-aided schools in Class I to Class VIII in the test-checked districts during the period 2009-14 is depicted in **Table 5** below–

Table 5: Class-wise enrolment in Government and Government-aided schools in five test-checked districts

Year	Class							
	I	II	III	IV	V	VI	VII	VIII ²⁰
1	2	3	4	5	6	7	8	9
All students								
2009-10	1,87,637	1,70,967	1,72,767	1,69,131	1,61,659	1,33,725	1,20,227	-
2010-11	1,90,009	1,72,625	1,65,824	1,61,634	1,60,253	1,44,099	1,21,927	26,007
2011-12	1,85,305	1,71,289	1,66,884	1,57,894	1,57,930	1,46,978	1,36,066	46,071
2012-13	1,63,906	1,77,516	1,67,157	1,65,487	1,54,302	1,47,933	1,43,256	1,30,544
2013-14	1,65,340	1,57,940	1,72,411	1,62,483	1,58,618	1,44,503	1,42,131	1,36,009
ST students								
2009-10	1,17,736	1,06,437	1,08,078	1,04,267	97,994	78,164	67,471	-
2010-11	1,20,458	1,07,796	1,02,747	99,479	97,185	83,630	69,623	15,511
2011-12	1,18,902	1,08,464	1,05,146	98,552	97,826	87,740	79,728	27,477
2012-13	1,04,742	1,11,826	1,03,910	1,03,081	93,983	88,067	83,599	74,041
2013-14	1,03,858	99,791	1,07,250	99,705	96,568	85,820	83,340	78,455

(Source: Data provided by SPD)

The above table shows that in the test-checked districts, out of 1,87,637 students enrolled in Class I in 2009-10, only 1,58,618 (84.53 per cent) students could be retained in Class V till 2013-14. Similarly, out of 1,17,736 ST students enrolled in Class I in 2009-10, only 96,568 (82.02 per cent) students could be retained in Class V till 2013-14. Though the SSA and RTE Act targeted 100 per cent student retention by 2013, in test-checked districts,

²⁰ Up to 2008-09 Class-VIII was under Secondary school. From 2009-10, Class-VIII was shifted to Upper Primary Schools in phased manner.

out of 7.01 lakh students on rolls in Classes I to IV during 2009-10, 5.81 lakh (82.88 per cent) students could be retained in Classes V to VIII upto 2013-14. Similarly, out of 4.37 lakh ST students on rolls in Classes I to IV during 2009-10, only 3.44 lakh (78.72 per cent) students could be retained in Classes V to VIII upto 2013-14. Less enrolment in Government and Government-aided schools, and non-retention of students could be attributed to non-maintenance of PTR and inadequate basic amenities in schools, as discussed in the preceding paragraphs.

Retention of money

Construction of school buildings and creation of infrastructure facilities is an important component of SSA. Thirty three per cent of planned outlay is earmarked for the said component. The School Management Committee (SMC) at village level is responsible for carrying out the civil works. As per General Financial Rules (GFR) money should be withdrawn from Government account as and when required for making payment. Further, as per instructions issued (November 2012) by the SPD, the SMCs were empowered to withdraw ₹ 0.50 lakh in a week and it was to be utilised within one week. Audit observed that Member Secretaries²¹ of 28 SMCs in Dahod and Dang districts had withdrawn ₹ 38.54 lakh²² during 2010-13; however, neither the civil works were taken up nor the amounts were credited back to the SMCs bank account (August 2014). Thus, retention of this money by the Member Secretaries was fraught with risk of misappropriation, besides depriving the intended benefits to tribal students of classrooms and toilet blocks.

District Project Co-ordinators (DPC) stated (June and August 2014) that the salary of the concerned Headmasters had been withheld and the said amount would be recovered.

Computer Aided Learning (CAL)

Computer Aided Learning (CAL) to students of upper primary classes is one of the interventions of SSA. As per Paragraph 38.2 of FMPM - the innovation head, up to ₹ 50 lakh per district per year can be targeted for computer aided education facilities. The focus of CAL would be to maximise coverage in UPSs with special emphasis on science and mathematics. Hardware, software, training, maintenance and resource support if required, could, *inter alia*, be included in this component.



Picture 3: Computers lying idle in Daulatganj kumar UPS, Dahod Taluka (20.06.2014)

On scrutiny of records of test-checked districts, it was observed that 11,888 computers were provided to 1,368 schools²³ during the period 2005-06 to 2011-12. However, computer teachers/co-ordinators were not appointed in these schools to impart CAL.

²¹ Headmaster of the school

²² ₹ 15.97 lakh by 12 SMC of Dahod and ₹ 22.57 lakh by 16 SMC of Dang

²³ Dahod – 5,093 computers to 463 schools (2011-12). Dang – 752 computers to 128 schools (2005-06 to 2006-07), Tapi–3,254 computers to 304 schools (2010-11) and Valsad – 2,789 computers to 473 schools (2005-06 to 2006-07)

During joint inspection of 14 UPSs in these test-checked districts, it was observed that the computers were lying idle due to non-appointment of computer teachers/co-ordinators. Thus, the tribal students were deprived of the benefit of CAL for want of teachers, despite computers being in place. Meanwhile, the computers were getting obsolete and gathering dust.

SPD stated (September 2014) that due to advancement in technology, computers allotted upto 2006-07 had become obsolete and redundant. It was further stated that the process for replacement of these computers was under progress. However, Audit is of the view that the hardware supplied subsequently were also not being utilised due to non-availability of computer teacher/co-ordinator and there was loss of ₹ 9.84 crore²⁴ as 3,541 computers (purchased upto 2006-07) became obsolete as against the total number of 11,888 computers in test-checked districts.

Transportation facilities

SSA framework 2011 provide that children in remote habitations with sparse population or in urban areas where availability of land is a problem or children belonging to extremely deprived groups or children with special needs who may not find access to schools may be provided support for transportation facilities. As per the neighbourhood norms of the State, a PS was to be established within a walking distance of one kilometer and a UPS within three kilometers and students of those habitations not covered due to remote locations with sparse population or land problem were entitled to transport facilities.

However, during joint inspection of PS, Dharva, Taluka Kadana of Panchmahal district, it was observed that 13 students of Valva faliya (habitation) of Dharva village, studying in class I to V were coming to school in a boat by sailing through Mahi river. Distance of the school through surface road is around six kilometers and through river was around three kilometers. Though the students were eligible for transportation facility, district authorities had not provided for it, as the school did not qualify under the neighbourhood norms. Rowing themselves to school by these young students might be arduous for young students, and could be potentially hazardous.



Picture 4 : Photograph showing students going to school in boat from Valva faliya to Dharva Village (24.07.2014)

The DPC, Panchmahal stated (September 2014) that as the application for transportation facility from SMC was not received, they did not provide the same to the students of Valva faliya. The State Project Director, SSA stated (September 2014) that necessary instructions had been issued for the safety of students.

²⁴ Dang - 254 computers in 2005-06 for ₹ 0.53 crore (254 x ₹ 20,850) and 498 computers in 2006-07 for ₹ 1.44 crore (498 x ₹ 28,900) and Valsad - 231 computers in 2005-06 for ₹ 0.48 crore (231 x ₹ 20,850) and 2,558 computers in 2006-07 for ₹ 7.39 crore (2558 x ₹ 28,900)

Intervention for coherence of Out of School Children

Out of School Children (OOSC) are the number of primary-school-age children not enrolled in any level of education (primary and upper primary). OOSC could belong to remote school-less habitation, could be working children, street children, deprived children in urban slums, bonded child labourers, etc. As per SSA guidelines, this heterogeneity demands diversified approaches and strategies for their education.

FMPM of SSA provides three broad kinds of strategies to be adopted for mainstreaming of OOSC i.e. (i) setting of Education Guarantee School (EGS) in school-less habitations, (ii) mainstreaming of OOSC through bridge course, back to school camps, etc. and (iii) strategies for very specific, difficult groups of children who cannot be mainstreamed. SSA guidelines provide for identification of OOSC for Special Training Programme (STP) by conducting household surveys.

Audit observed that no EGS were opened in any of the test-checked districts during 2011-14 and the mainstreaming of OOSC was being done through STP. Audit further observed that the OOSC were identified based on Village Education Register without conducting household survey as discussed in paragraph 3.1.2.1(i). The details of number of OOSC identified, covered under STP and mainstreamed are as shown in Table 6 below-

Table 6: Mainstreaming of Out of School children

Year	Number of OOSC identified by the State	Number of OOSC covered under STP (Percentage of identified OOSC)	Number of OOSC mainstreamed (Percentage of OOSC covered under STP)
2011-12	58,137	61,243 (105.34)	24,670 (40.28)
2012-13	83,846	78,126 (93.18)	47,922 (61.34)
2013-14	84,358	53,587 (63.52)	42,348 (79.03)

(Source: Information furnished by SPD)

Audit also observed that district and taluka level management-cum-monitoring committees were not formed (except Dahod) to monitor the establishment and proper functioning of STP, though instructions were issued (April 2012) by the State Government. Due to non-constitution of committees, proper completion of training and further enrolment of OOSC in mainstream was not ensured.

The SPD stated (August 2014) that STP is provided to the children on the basis of need and in the limit of budgeted financial provision. However, Audit is of the view that all the OOSC are to be identified for STP for their enrolment in regular schools, for achieving cent per cent enrolment target as envisaged in RTE Act.

Kasturba Gandhi Balika Vidyalaya

GoI launched (July 2004) Kasturba Gandhi Balika Vidyalaya (KGBV) scheme for setting-up Government residential schools of upper primary level for girls belonging to predominantly the SC, ST, OBC and minority communities. Out of 89 KGBV in the State, 63 were running in own building, five were

3.1.5.2 Preparation of meals on firewood

MDM guideline provides that to the extent possible firewood should not be used for cooking in the interest of environment protection. However, during joint inspection of 40 schools, Audit observed (between June and August 2014) that in 24 schools²⁹ meals were prepared by using firewood due to easy and free availability of forest wood though the schools were having the facility of gas based cooking system and full gas cylinders. This was adversely affecting the environment and also the health of cooks and the children/teachers who were around due to air pollution.

Commissioner (MDM) stated (August 2014) that necessary action would be taken after verifying the facts. It was also stated that provision of ₹ 50 lakh had been made in the budget of 2014-15 for refilling the LPG cylinders of MDM centres.

Regular inspection of MDM centres not carried out

To ensure quality and quantity of meal served, Government prescribed inspection of MDM centres by various officers³⁰ at different intervals. Audit observed at test-checked districts that prescribed inspection of MDM centres were not carried out by some authorities during the years 2011-14 as indicated in **Appendix-XIII**. During 2011-14 the MDM authorities had not visited 33 schools at all, out of the 40 schools jointly inspected in Audit. It was also observed that inspection reports were not available at district level. Inadequate inspection might result in inferior quality or lesser quantity of MDM being served to the children.

Micronutrient supplementation

MDM guidelines provide that MDM be utilised for appropriate interventions relating to micronutrient supplementation³¹ and de-worming³² depending upon common deficiencies found among the children in the area. Schools were to obtain medicines from the nearby Primary Health Centre/Government Hospital out of the funds of appropriate scheme of Health Department/School Health Programme. However, micronutrient supplementation and de-worming were not being done in any of the schools in test-checked districts. Thus, the students were deprived of adequate iron and folic acid intake.

Deputy Collector, Dahod stated (July 2014) that this was a policy matter and decisions would be taken at State level. The reply of the State Government is awaited (November 2014). This indicated lack of detailed guidelines and technical advice provided by the State Government for the purpose.

29 Schools at Ahwa (Ashram Vidyalay), Amba Kapri, Ambheti Bhutala, Amlipada, Bamti Ghogharpati, Damodi, Dharampur, Dharva, Gadoi, Gondalviher, Kaholi, Kureta, Madav, Manchod, Mandva, Panvadi, Payarghodi, Piplyamal, Singi Faliya, Songadh (Adarsh Kanya Shala), Umber, Vad devi Faliya Mandva, Vagda and Varoli Talat

30 Deputy Collector (MDM) – 20 inspections every month, District Primary Education Officer – 25 inspections every month, Mamlatdar – 10 inspections every month, Deputy Mamlatdar (Inspection) – 20 inspections every month, Deputy Mamlatdar (Administration) – 10 inspections every month and Taluka Education Inspector (MDM) – as per Taluka Inspection Programme

31 Vitamin-A supplementation, administration of weekly iron and folic acid supplement and other appropriate supplementation

32 six monthly dose

Non-utilisation of fund meant for procurement/ replacement of kitchen device

MDM guidelines provide for *cent per cent* central assistance in phased manner for provisioning and replacement of kitchen devices³³. Programme Approval Board³⁴ (PAB) approved (March 2012) the proposal of State Government for replacement of 22,399 school utensils and released ₹ 11.20 crore (between December 2012 and February 2013) to the State Government. This amount was temporarily parked (March 2013) in savings bank account and subsequently parked (April 2013) in Gujarat State Financial Services Limited as fixed deposit that earned interest of ₹ 26.94 lakh. But the interest income was not added to the scheme funds. Commissioner (MDM) released (January 2014) ₹ 11.20 crore to district authorities for replacement of school kitchen devices/utensils. Audit observed at test-checked districts that ₹ 2.22 crore received was lying unutilised (August 2014) with Mamlatdars³⁵ defeating the very purpose as no new kitchen devices were procured or replaced.

Commissioner (MDM) had not furnished any reply to audit observation (November 2014).

Opening of separate account for personal and government use

Instead of opening of bank account in the name of “Organiser, MDM” for utilising the MDM grant, bank accounts were opened in the personal name of the Organisers in all the test-checked districts. Further, in addition to MDM grant, salaries of the Organiser, cook and helper were also being deposited in the same account and the Organiser was operating the account for his personal transactions. Thus, public money was getting clubbed with personal money and this was fraught with risk of misappropriation of Government money.

Commissioner (MDM) stated (August 2014) that instructions had been issued to all district authorities for opening of separate account. This indicated that there was no monitoring from district authorities to watch proper utilisation of scheme funds.

Implementation of Rashtriya Madhyamik Shiksha Abhiyan

GoI launched (June 2009) “Rashtriya Madhyamik Shiksha Abhiyan” (RMSA), a centrally sponsored scheme for universalisation of access to and improvement of quality of education at secondary and higher secondary stage during the 11th Five Year Plan. The vision of RMSA for secondary education was to make good quality education available, accessible and affordable to all young persons in the age group of 14-18 years. During 12th Five Year Plan period, the Centre and the State were to share the costs in the ratio of 50:50. State Project Director (SPD), RMSA is the nodal officer at the State level for implementation of the scheme in the State.

³³ Cooking devices (Stove, Chulha, etc.), containers for storage of foodgrain and other ingredients, utensils for cooking and serving on the basis of actual requirement of the school at the cost of ₹ 5,000 per school

³⁴ A GoI body to approve the programmes submitted by State Governments

³⁵ Taluka Level Executive Officer-cum-Magistrate

As against the requirement of 1,022 RMSA schools (2011-13) assessed on the basis of availability of secondary schools within five kilometers surrounding area of UPS, only 326 schools had been established (March 2014) in the State which included 51 (out of 90 schools required) in the test-checked districts. Audit observed (May 2014) that all these 326 schools were functioning in Government PS/UPS buildings. In absence of own building, proper and adequate infrastructure facilities were not available in these RMSA schools. The PAB approved (2010-12) construction of 326 schools and sanctioned an amount of ₹ 230.41 crore. Land for the school building was to be provided by the State Government and the construction work was to be carried out by the Roads and Buildings (R&B) Department. An amount of ₹ 89.55 crore was released (2012-14) to concerned Executive Engineers of R&B Department.

Audit observed that though funds were received by SPD, RMSA from GoI in instalments over the two year period (2010-12), R&B Department was assigned the work of construction in January 2012 due to delay in finalisation of R&B as implementing agency. Out of 326 schools, construction work had commenced only for 100 schools (March 2014) while the construction of remaining 226 schools could not be taken up due to non-availability of land (28 schools), insufficient land (one school), pending land mapping (one school), delay in preparation of draft tender papers (66 schools), work order not issued (19 schools) and work not started by the contractor (111 schools).

In test-checked districts, Audit observed that out of 51 schools sanctioned, construction work started for 27 schools while the construction of remaining 24 schools were not taken up due to above reasons. Audit also observed that four schools³⁶ opened (2011-12) were closed down in 2013-14 due to non-availability of students. This indicated lack of planning as the schools were established without assessing the requirement. Also, the delay in finalisation of R&B Department as implementing agency for construction work has delayed the benefit of school education with proper infrastructure.



Picture 5: Students of Class IX attending the class sitting on the floor of verandah at Government Secondary School, Rahdungari (01.07.2014)

During joint inspection (between June and August 2014) of 10 RMSA schools, Audit observed that students were accommodated on the floor in the verandah of the school (**Picture 5**). Subject-wise teachers were not available in any of the 10 schools and laboratory facilities were not available in nine schools (except Government Secondary and Higher Secondary School, Divda Colony, Kadana, Panchmahal district).

³⁶ Bhojpari, Chachka and Nana Mantra (Surendranagar District) and Vanji (Narmada District)

Joint Director, RMSA attributed (September 2014) the delay in finalisation of implementing agency to rejection of proposal for setting-up of Project Implementation Unit by Finance Department and refusal by Sarva Siksha Abhiyan Mission to take up the civil works under RMSA. However, Audit observed that there were delays in identification of land also. Further, even after lapse of four years from the date of approval by the PAB, all the schools were functioning without their own school building.

on-construction o quarters for teacher

RMSA framework provides residential accommodation for teachers in rural and difficult hilly areas. PAB approved (July 2011) ₹ 2.40 crore for 40 residential accommodation (₹ 6.00 lakh *per* quarter) for 25 Government Secondary Schools³⁷ in tribal areas. Out of 40 residential quarters, 29 were approved for the test-checked districts. However, Audit observed that the residential accommodation was not constructed till date (August 2014), and this led to the proposal for construction of other 142 quarters being rejected (2013-14) by the PAB, with consequential affect on the loss of additional central assistance of ₹ 6.79 crore³⁸.

Joint Director, RMSA stated (June 2014) that due to higher schedule of rates, it was not possible to construct all 40 residential quarters with ₹ 2.40 crore. It was further stated that the State Government wanted to relocate the approved quarters to another location by clubbing six quarters at one location. The fact remained that even after lapse of more than three years of approval by the PAB, the site was not identified for the quarters and the proposal is yet to get off the ground.

on-procurement o science aorator it

PAB approved (May 2013) an amount of ₹ 1.93 crore for the procurement of 644 Sets (one set contains 10 kits) each of Mathematics and Science Laboratory Kits which included 76 Sets for the test-checked districts. However, Audit observed that though Mathematics Kits were supplied in December 2013 to all test-checked districts, it was not distributed in Panchmahal district (August 2014). Audit also observed that Science Laboratory Kits were not procured at all by the State authorities (June 2014).

Joint Director, RMSA stated (June 2014) that National Council of Educational Research and Training (NCERT) rates were more than the cost approved by PAB; hence, they were unable to procure the Science Laboratory kits. The authorities need to urgently approach PAB with a revised proposal to get the Science Laboratory Kits for the students as this is a very important component of the science curricula.

onitorin and uperⁱion

istrict e e onitorin Co ittee

Regular monitoring is a key factor for effective and efficient implementation of any programme. Monitoring of programme implementation at district level

37 Banaskantha (three), Dahod (two), Surat (four), Vadodara (three) and Valsad (13)
38 50 *per cent* of estimated cost of ₹ 13.57 crore (₹ 9.56 lakh x 142 quarters)

requires to be carried out by district level monitoring committee. Audit observed that monitoring committee at district level had not been formed in two³⁹ out of five test-checked districts (August 2014). During 2011-14, as against the requirement of 12 meetings for each district, only one meeting each was held in Dahod and Panchmahal districts during 2013-14 respectively and no meeting was held in Tapi district.

Besides, an Executive Committee was also to be formed at State and district level with the responsibility of achieving the objectives of SSA and for disposal of all other administrative, financial and academic matters. Meeting of Executive Committee was to be organised at least four times in a year. Audit observed that Executive Committee at district level had not been formed in three⁴⁰ out of five test-checked districts (August 2014). Only one meeting was held in Dahod and Panchmahal districts during 2011-14. Thus, monitoring of programme implementation of SSA at district level could not be ensured.

Steering-cum-Monitoring Committee

Guidelines of MDM provide for establishing Steering-cum-Monitoring Committees (SMCs) to oversee the management and monitoring of the programme. SMCs are to be established at National, State and district levels to guide various implementing agencies, to assess the impact and take remedial measures and mobilise community support.

The SMC at State level is required to meet at least once in every six months and the district level SMCs (DLSMC) were to meet at least once in every quarter. Audit observed that the required meeting of State level SMC was held in 2013-14, however, during 2011-13, only one meeting was held. In test-checked districts, DLSMC was not constituted in Dang district. In Tapi district, DLSMC was constituted in February 2014 and no meeting was held. The details of number of DLSMC meetings held in the remaining test-checked districts are as shown in **Table 7** below-

Table 7: Number of meetings of DLSMC of MDM in test-checked districts

Districts	Year	Meetings required	Meetings actually held	Shortfall
Dahod	2011-12	04	00	04
	2012-13	04	01	03
	2013-14	04	03	01
Panchmahal	2011-12	04	00	04
	2012-13	04	04	00
	2013-14	04	02	02
Valsad	2011-12	04	00	04
	2012-13	04	01	03
	2013-14	04	01	03

(Source: Information furnished by concerned Dy. Collectors/MDM)

The lack of constitution of DLSMCs and in places where they exist, lack of their mandated activities failed to guide various implementing agencies, to assess the impact and take remedial measures and mobilise community support as envisaged in MDM guidelines.

39 Dang and Valsad

40 Dang, Tapi and Valsad

Compliance under Mahila Arogya Yojana

MDM scheme guidelines provide for establishment of a grievance redressal mechanism. Audit observed that complaints received at State level were transferred to concerned districts after noting them in the complaint register; however, their disposal was not being watched by the State level authorities. Further, it was observed that complaint registers were not maintained in any of the test-checked districts (except Dahod) as a result of which Audit could not vouchsafe the status of disposal of complaints.

District authorities admitted (between June to August 2014) that complaint registers were not maintained. However, it was further stated that the complaints received were forwarded to the Mamlatdars concerned for disposal. This indicated that no proper grievance redressal mechanism is in existence for the MDM scheme in districts.

Compliance

Audit observed that the annual plan under Sarva Siksha Abhiyan (SSA) and Annual Work Plan & Budget under Mid-Day-Meal (MDM) and Rashtriya Madhyamik Siksha Abhiyan (RMSA) schemes were prepared without assessment of actual requirement at grassroot level. Though the funds from the Central and State level were released with bifurcation of general and Tribal Sub Plan (TSP) grants, no separate accounts of expenditure incurred under general and TSP grants (except for MDM scheme) were maintained at State and district level. Funds of ₹ 89.55 crore allotted to implementing agency as advance under RMSA were shown as expenditure and incorrect expenditure figures were reported to Government of India (GoI).

In test-checked districts, Pupil-Teacher Ratio of 40:1 and 35:1 in PSs and UPSs respectively were not maintained in 156 PSs and 2,535 UPSs. School buildings were not having basic facilities such as separate toilet for girls, playground, separate Library Room, etc. The computers provided to 1,368 schools in the test-checked districts were lying idle due to non-appointment of computer teachers/co-ordinators. In Panchmahal district, Audit noticed that transportation facility though it was envisaged in SSA framework 2011, was not provided to 13 eligible young students who were coming to school in a boat by rowing themselves through Mahi river.

It was found that the prescribed quantum of inspection of MDM centres was not carried out by some authorities in test-checked districts. MDM authorities had not visited 33 schools at all, out of the 40 schools jointly visited by Audit. Micronutrient supplementation and de-worming were not being done in any of the schools in the test-checked districts.

Though funds for construction of RMSA school buildings had been released by GoI to State Project Director, construction work of only 27 schools had started out of 51 schools in test-checked districts. Audit observed during joint inspection of an RMSA school that students were accommodated on the floor in the verandah. Due to non-construction of 40 teachers' quarters approved in July

2011 (29 for test-checked districts), the proposal for construction of other 142 quarters was rejected by the Programme Approval Board with consequential loss of additional central assistance of ₹ 6.79 crore. Meetings of district level monitoring committees were grossly inadequate in the tribal districts to provide a feedback loop for improvements in implementation of various schemes. These are important areas needing urgent attention of the State Government.

The matter was reported to the Government (October 2014). Reply is awaited (November 2014).

HEALTH AND FAMILY WELFARE DEPARTMENT

3.2 Functioning of Blood Banks

Introduction

A well organised National Blood Transfusion Service is responsible for ensuring the provision of an adequate supply of safe blood for all patients requiring transfusion. World Health Organisation (WHO) says all patients requiring transfusion should have reliable access to safe blood products, including whole blood, blood components and plasma-derived medicinal products, appropriate to their clinical needs, provided in time and safely administered. Blood Bank (BB) is a place, organisation, unit or institution for carrying out all or any of the operations for collection, aphaeresis, storage, processing and distribution of blood drawn from donors and/or preparation, storage and distribution of blood components. The Government of India (GoI) formulated (April 2002) National Blood Policy (NBP) for elimination of transfusion transmitted infection and for provision of safe and adequate blood transfusion services to the people through voluntary and non-remunerated blood donors. The NBP was also intended to bring about a “comprehensive, efficient and a total quality management approach” to the functioning of BBs throughout the country to ensure easy access to adequate and safe blood.

Human blood, as a substance is intended to be used in the diagnosis, treatment mitigation or prevention of any disease or disorder in human beings and thus, is covered under the definition of ‘drugs’ under Section 3(b) of the Drugs and Cosmetics Act, 1940 (D&C Act). The BBs are regulated by D&C Act and relevant Rules made thereunder.

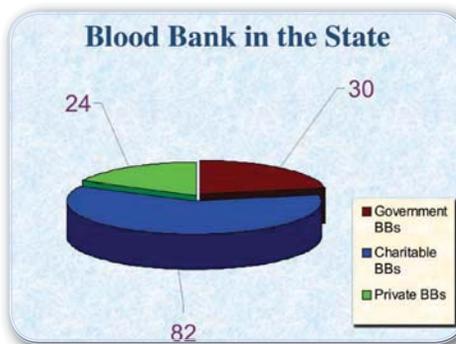
The Principal Secretary Health (Public Health), Health and Family Welfare Department is the Chairperson of the Gujarat State Council for Blood Transfusion (GSCBT)⁴¹ which is entrusted with the entire range of services related to the functioning of BBs. The Commissioner of Food and Drugs Control Administration (CFDCA) under Health and Family Welfare Department is the regulatory body under the provisions of D&C Rules for issuance of License, conducting inspections jointly with the Central Drugs Standard Control Organisation⁴² (CDSCO), West Zone, Mumbai and renewing the Licenses of BBs after being satisfied about the availability of required manpower and infrastructure based on such inspections.

41 Member Secretary – Director - GSCBT; Members - (1) Commissioner of Health, Medical Services and Medical Education, (2) Project Director, Gujarat State AIDS Control Society, (3) Secretary, Expenditure, Finance Department, (4) CFDCA, (5) State Representative of Indian Red Cross Society, (6) Medical Superintendent of Government Medical Colleges (by rotation), (7) Professor and Head of Department of Immuno Haematology and Blood Transfusion, (8) Two representatives of Non-Government Organisations (NGOs) in the field of blood banking and (9) Expert in the transfusion medicine

Functions: Organising programmes for donor recruitment, ensuring appropriate use of blood, providing technical services for raising standard of blood centre operations, training of personnel concerned with operation of blood centres, implementing programmes, guidelines and policies of National Council, etc.

42 Functioning under Director General of Health Services, Ministry of Health and Family Welfare

As of March 2014, to cater to the blood need, 136 BBs were functioning (March 2014) in the State. While 30 of them are being managed by the State Government (Government BBs) (at 12 Medical College Hospitals, nine District Hospitals (DHs), two Special Hospitals, one Taluka Hospital, four Municipal Hospitals⁴³ one Military Hospitals and one Private Medical College⁴⁴), 82 BBs are being managed by Charitable Trusts⁴⁵ (Charitable BBs) and 24 BBs are being run by private bodies (Private BBs).



To review the functioning of BBs in the State, Audit examined the records of 32 BBs (out of total 136 operating in the State) in seven districts (**Appendix-XIV**) selected based on ‘Stratified Random Sampling without Replacement Method’ and collected information through questionnaire during joint field visit⁴⁶. Records of CFDCA, GSCBT and Gujarat State AIDS Control Society (GSACS) covering the period 2011-14 were also test-checked.

GSCBT received funds from the State Government and National Aids Control Organisation (NACO). During 2011-14, as against the funds of ₹ 14.18 crore received by GSCBT, expenditure of ₹ 11.11 crore was incurred on activities like Blood Storage Centre (₹ 3.36 crore), supply of equipment to BBs (₹ 3.02 crore), Administration and Information, Education & Communication (₹ 2.38 crore), voluntary blood donation camps (₹ 1.87 crore) and miscellaneous (₹ 0.48 crore). The GSACS incurred expenditure of ₹ 14.23 crore on blood safety as against ₹ 19.26 crore received by them during the same period.

Major audit findings and observations are discussed in succeeding paragraphs.

Audit findings

Observation on Blood Storage Centre

Observation on Blood Bank in District Rural Area

The NBP aims to ensure easily accessible and adequate supply of safe and quality blood and blood components for all who are in need of it. Audit observed that all the districts in the State were not having a BB and no norms were prescribed for setting-up of BBs in the districts based on the population. Audit observed that in 18 districts (out of 26 districts), Government BBs were available while the remaining eight districts⁴⁷ did not have a Government BB as of March 2014. In Narmada district, there was no BB, either in the Government sector or in the Charitable/Private sector. Twelve districts⁴⁸ with population ranging between

43 Ahmedabad Municipal Corporation (three) and Surat Municipal Corporation (one)

44 District Hospital at Bhuj converted as Adani Medical College

45 Including 14 BBs being managed by Indian Red Cross Society

46 Audit team along with the staff of GSCBT

47 Amreli, Anand, Bharuch, Dahod, Kheda, Narmada, Navsari and Tapi

48 Banaskantha, Bhavnagar, Dang, Gandhinagar, Junagadh, Kachchh, Mehsana, Panchmahal, Porbandar, Sabarkantha, Surendranagar and Valsad

2.28 lakh and 31.16 lakh were having only one Government BB each, while six districts were having two to seven Government BBs. Further, only 34 BBs⁴⁹ were available in 30 Talukas (out of 224 talukas) and no BB was available below taluka level in the State.

Apart from the above, according to Indian Public Health Standards⁵⁰ (IPHS) guidelines for Districts Hospitals (DH), each DH should have a BB. However, Audit observed (July 2014) that out of 18 DHs in the State, nine DHs⁵¹ (50 per cent) were not having the facility of BBs. Among these nine DHs, five were located in tribal dominated districts⁵². Non-availability of Government BBs in these DHs may lead to financial burden on the poor people, especially to the tribal population, as they have to approach Charitable BBs/Private BBs for their blood need.

The Director, GSCBT stated (September 2014) that the proposal for setting-up of BB in all DHs as required under IPHS as well as at taluka places would be sent to Government after identifying the needy districts and taluka places. It is recommended that the State Government may ensure establishment of BB at these areas within a specific time frame to achieve the objectives enshrined in the NBP.

Non-availability of Blood Storage Centre at CHCs

The IPHS guidelines for CHCs issued in 2012 envisaged the availability of 'Blood Storage Centres'⁵³ (BSCs) in each CHC and the guidelines (2007) of NACO also envisaged setting-up of BSCs which would make blood readily available at the time of emergency, especially to women during and after childbirth to bring down maternal mortality rate. WHO also highlighted the need for timely access to safe blood and blood products to prevent maternal deaths. Audit observed that though 126 CHCs out of 300 in the State were identified during the period 2006-13 by the Department to set-up BSCs, as of March 2014, BSCs were functional only in 43 CHCs. In remaining 83 CHCs, BSCs were not set-up due to non-availability of qualified personnel, adequate space, etc.

Audit further observed that for setting-up of BSCs, 75 CHCs (out of the 83 CHCs), were supplied with equipment viz. a Domestic Refrigerator, a Blood Bank Refrigerator, an Incubator, Insulated boxes and Centrifuges by the NACO (71 BSCs – ₹ 2.19 crore) and GSCBT (four BSCs - ₹ 0.09 crore) during 2006-13.



Picture 1: Equipment for BSC lying idle at CHC, Paddhari, Rajkot District (17.09.2014)



Picture 2: Equipment for BSC lying idle at CHC, Lodhika, Rajkot District (17.09.2014)

49 Six Government BBs, 20 Charitable BBs and eight Private BBs.

50 Issued by Directorate General of Health Services, Ministry of Health and Family Welfare

51 Amreli, Anand, Bharuch, Dahod, Kheda, Narmada, Navsari, Rajkot and Tapi

52 Bharuch, Dahod, Narmada, Navsari and Tapi

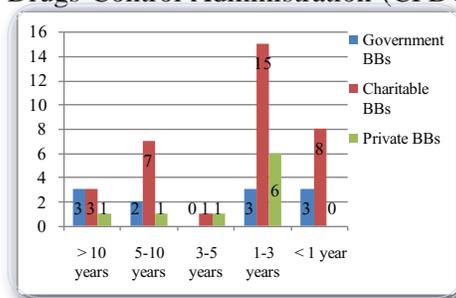
53 Blood Storage Centres can store blood packets under prescribed conditions for issue to needy patients but cannot collect blood

Non-setting up of the BSCs in these CHCs resulted in equipment costing ₹ 2.28 crore lying idle (**Pictures 1 and 2**) for periods ranging from one to seven years. Posting of qualified personnel and arranging adequate space could have operationalised these BSCs. Establishment of BSCs in only 43 out of 126 CHCs as envisaged, might result in non-availability of timely access to safe blood and blood products as enshrined by WHO.

The Director, GSCBT stated (August 2014) that action would be taken to functionalise all BSCs.

Food and function in without renewal of license

As blood is covered under D&C Act, BBs are regulated by Drugs and Cosmetic Rules, 1945 (D&C Rules) through grant of License by the State Licensing and Central License Approving Authorities, after being satisfied by conducting joint inspection about availability of prescribed infrastructure and manpower. The License is valid for five years after which, renewal of the same was to be made based on fresh inspection. However, Audit observed that as of March 2014, 54 BBs (40 per cent) out of 136 (11 Government BBs, 34 Charitable BBs and nine Private BBs) were functioning without renewal of License. The reasons for non-renewal of Licenses were lack of joint inspections by Commissioner of Food and Drugs Control Administration (CFDCA) and Central Drugs Standard Control



Organisation (CDSCO) before expiry of Licenses. Of these, seven BBs were functioning without renewal of License for more than 10 years. Similarly, 10 BBs were functioning without renewal of License for the period ranging between five and 10 years as shown in **Chart** alongside.

BBs working without renewal of License

The CFDCA stated (July 2014) that the BBs had applied for renewal of License with requisite fees within time limit and the applications were under process of renewal. It was further stated that as per provisions of Rule 122F of D&C Rules, the License of the BB shall continue to operate till an order on the application is passed.

Audit is of the view that Rule 122H of D&C Rules prescribe the duration of License as five years and the provisions of Rule 122F is an interim arrangement to ensure uninterrupted supply of blood. Delay in conducting joint inspection for ensuring availability of adequate infrastructure and manpower could lead to lack of quality systems in these BBs, as discussed in Paragraphs 3.2.3.2, 3.2.3.3, 3.2.3.4 and 3.2.5.1, which would compromise the quality of blood and associated risk in blood transfusion. Government should have taken decision on the application for renewal of License expeditiously. The inordinate delay in conducting inspection and renewal of License was fraught with the risk of deficient functioning of BBs.

Online Audit of e-Procurement Activities

The NBP envisaged that the State Government was to develop computer based information and management systems for use by all BBs regularly to facilitate networking. The purpose was that the quantity of different groups of blood and blood components available at any time in BBs was accessible by public from the website without approaching different BBs. Further, online donor registration, status of issued blood and status of e-camp registration were other innovations under the programme. However, it was noticed that the BBs in the State were not covered under the network till March 2014 due to non-integration of different types of software in BBs, non-availability of standardised format, etc. During 2012-14, 0.73 lakh units of blood were discarded by all BBs in the State, due to their non-utilisation within the specified period of 35 days. Had all the BBs been covered under the network, needy hospitals/patients in adjoining areas could have utilised these blood units.

The CFDCA stated (July 2014) that the Department has developed computer based information and management system to enable the public to access the availability of different groups of blood and its components from the website 'xlnindia.gov.in'. It was further stated that the Blood Bank Management System (BBMS) was being upgraded with details of donor registration, blood donation camps, issue and receipt, etc. However, Audit noticed that the BBMS was developed (April 2014) after eleven years from the date of framing of NBP (2002). Further, a review (12 September 2014) of the website revealed that out of 136 BBs in the State, 32 BBs in 15 districts were not regularly updating the data. Also, a comparison of data available on the website of 29 BBs with the stock register maintained at these BBs as on 12 September 2014 and 16 September 2014 revealed discrepancy in stock of blood/blood components in 29 BBs⁵⁴. Some illustrative instances are given in **Table 1** below –

Table 1: Comparison of data on website with Stock Registers

Sl. No.	Name of BBs	Date	Item*	Stock (Number of units) as per	
				Website	Stock Register
1	2	3	4	5	6
1.	Civil Hospital BB Ahmedabad (Government BB)	16.09.2014	WB	88	66
			FFP	221	1,657
2.	Gujarat BB, Ahmedabad (Private BB)	16.09.2014	WB	123	19
3.	Help Voluntary BB, Ahmedabad (Charitable BB)	16.09.2014	FFP	161	257
4.	Saurashtra Voluntary BB, Rajkot (Charitable BB)	12.09.2014	FFP	304	365
5.	Dhiraj Hospital, Vadodara (Charitable BB)	16.09.2014	WB	41	5
			FFP	132	200
6.	Indu BB, Vadodara (Charitable BB)	16.09.2014	WB	693	77
			FFP	106	1,273
7.	Suraktam BB, Vadodara (Government BB)	16.09.2014	WB	206	474

*WB: Whole Blood - all groups, FFP: Fresh Frozen Plasma - all groups
(Source: Data obtained from Website and Stock Register of BBs)

54 Nine Government BBs, 13 Charitable BBs and seven Private BBs

The figures in the table above indicated that the data uploaded by the BBs was not reliable and had discrepancies with actual availability of blood units.

Availability of blood and blood component

For quality, safety and efficacy of blood and blood products, the essential requirement as set out in the NBP was well equipped blood centres with adequate infrastructure and trained manpower. The NBP reiterates commitment of the GoI to provide safe and adequate quantity of blood, blood components and blood products to encourage appropriate clinical use of blood and blood products. Some of the major instances of non-compliance to the conditions prescribed in the D&C Rules and Standards for BBs and Blood transfusion services⁵⁵ noticed in Audit are discussed in the succeeding paragraphs.

Inadequate blood component separation unit

The NBP envisages availability of blood components through a network of BBs by creating adequate number of blood component separation units. Such facilities are required for separation of whole blood into its constituent components -red cells, platelets and plasma for use when these specific components are required. World Health Organisation (WHO) also recommends for effective use of component therapy by dividing one unit of donated blood into components.

However, Audit observed that only 55 BBs⁵⁶ out of 136 BBs in the State, had blood component separation facilities. Remaining 81 BBs did not have equipment required for extraction of safe and quality blood components. Out of 32 BBs test-checked, audit observed that blood component separation facilities were not available in 12 BBs⁵⁷. Due to absence of such facilities in 81 BBs in the State, blood components could not be separated from whole blood for use of specific purposes. Thus, optimal utilisation of this precious resource could not be ensured.

The Director, GSCBT stated (September 2014) that proposal would be sent to the State Government for establishment of more number of blood component separation units after proper identification of BBs.

Shortage of equipment due to non-procurement of the

The D&C Rules prescribed list of equipment for collection, processing, testing, storage and distribution of blood and its components in a BB. The State Government was required to provide all prescribed equipment to Government BBs while the BBs run by Charitable Trusts and Private Bodies were required to procure the same. However, Audit observed that there was shortage of equipment in all the 136 BBs in the State during 2013-14 (**Appendix-XV**) as a result of which the quality of blood distributed by these BBs could not be ensured and the absence of equipment like ELISA⁵⁸ Reader for conducting tests

55 Issued by NACO, Ministry of Health and Family Welfare

56 10 Government BBs, 40 Charitable BBs and five Private BBs

57 Six Government BBs, three Charitable BBs and three Private BBs

58 Enzyme Linked Immune Sorbent Assay

for Human Immunodeficiency Virus (HIV) (I and II) would put the patients facing the risk of blood contamination. Blood transfusion accounts for 1.20 *per cent* of new HIV infections in the State (2013-14). Though year-wise data of the equipment deficiency in each BB was available with GSCBT, no action was taken by GSCBT to ensure the availability of required equipment in each BB.

The Director, GSCBT stated (September 2014) that all the BBs would be instructed to procure the equipment as required under D&C Rules and action would be taken against the erring BBs. A definite time frame with adequate budget availability should be laid down to ensure that all the BBs function with required equipment as prescribed under the D&C Rules.

Need for regular calibration of equipment in the blood bank

The D&C Rules, *inter alia*, require that equipment used in collection, processing, testing, storage and distribution of blood and its components are to be observed, standardised and calibrated regularly on a scheduled basis. The frequency of calibration of various equipment was also prescribed in the said Rules. However, during test check of 32 BBs in Audit, it was observed that in the BB at DH, Mehsana, none of the available equipment was calibrated during 2011-14. Equipment like Refrigerated centrifuge and Autoclave were calibrated annually during 2011-14 in 26 BBs⁵⁹ out of 32 test-checked BBs instead of calibrating them as often as necessary, as prescribed in D&C Rules. Absence of calibration of equipment at prescribed intervals is fraught with the risk of inaccurate and unreliable results/reading which might result in unreliable quality of blood collection, storage and issue, ultimately putting the patients at a risk. This also indicated that the system of inspection by the Department was deficient.

The Director, GSCBT stated (August 2014) that instructions would be issued to all BBs to ensure calibration of the equipment as per the provisions of D&C Rules.

Need for introduction of quality assurance in blood bank

The NBP prescribed for introducing a quality system in all BBs to ensure its functioning in an updated manner. It also required for designating a Quality Assurance Manager (QAM) at any BB collecting more than 15,000 units of blood *per year* to ensure quality of blood. 'Standards for Blood Banks and Blood Transfusion Services' prescribe for appointment of a Quality Assurance Manager (QAM) in all BBs collecting more than 10,000 units of blood *per year*. The QAM has to be responsible exclusively for quality assurance.

Audit observed that annual collection of blood in 23 BBs⁶⁰ out of total 136 in the State was more than 10,000 units during 2011-14, out of which nine BBs⁶¹ were collecting more than 15,000 units of blood annually. However, on examination of the records of GSCBT, it was found that, in none of these 23 BBs, QAM was appointed as required under the above guidelines.

59 Eight Government BBs, 14 Charitable BBs and Four Private BBs

60 Five Government BBs and 18 Charitable BBs

61 Two Government BBs and Seven Charitable BBs

The Director, GSCBT stated (August 2014) that one of the existing staff of each such BBs was nominated as a QAM. However, action taken by the Department was not in consonance with the guidelines of NBP as well as Standards for Blood Banks and Blood Transfusion Services, which require that QAM should be independent of the process and responsible exclusively for quality assurance only.

Recovery of service charges

Guidelines for recovery of service charges issued (January 2008) by NACO stipulated the rates for Packed Red Cell/Whole Blood (₹ 850), Fresh Frozen Plasma (₹ 400), Platelet Concentrate (₹ 400) and Cryoprecipitate (₹ 200). It further stipulated that no cost should be charged for issue of blood/blood components to Thalassaemia and Haemophilia patients, who require repeated blood transfusions, as a life saving measure. However, Audit observed that at three charitable BBs out of 32 BBs test-checked, service charges of ₹ 19.61 lakh were recovered (2011-14) at the rate of ₹ 200 to ₹ 550 for 5,747 blood units distributed to Thalassaemia and Haemophilia patients as shown in **Table 2** below –

Table 2: Service Charge collected from Thalassaemia and Haemophilia patients

Name of BBs	Quantity (units)	Rate (Amount in ₹)	Service charge collected (₹ in lakh)
Prathma Blood Centre, Ahmedabad	2,938	300	8.81
	566	500	2.83
	918	550	5.05
Navdeep Voluntary BB, Junagadh	537	250	1.34
Indu BB, Vadodara	788	200	1.58
Total	5,747		19.61

(Source: Information collected from concerned BBs)

Audit also observed at seven out of 32 BBs test-checked that the service charges were collected at higher rate than that prescribed by NACO which resulted in excess recovery of service charge of ₹ 4.82 crore⁶² for 3.14 lakh units of blood/blood components distributed during 2011-14 (**Appendix-XVI**).

The Director GSCBT stated (August 2014) that the guidelines for recovery of service charges at the rates prescribed by NACO were issued to all the BBs. Audit is of the view that these should have been enforced, as lack of monitoring led to the suffering of needy patients, who had to bear additional financial burden. *It is recommended that the prescribed rate should be brought to the notified rate of the public institution and penal provision should be made to ensure compliance.*

Availability of human resource

Inadequate personnel

According to the D&C Rules, the operation of Blood Bank shall be conducted under the active direction and personal supervision of competent technical staff

62 One Government BB - ₹ 0.39 crore (0.41 lakh units), Five Charitable BBs - ₹ 4.35 crore (2.57 lakh units) and One private BB - ₹ 0.08 crore (0.16 lakh units)

consisting of at least one full time Medical Officer, Blood Bank Technicians and Registered Nurse. Further, a Counselor for pre and post donation counseling was to be appointed as required under NBP.

Audit observed that many BBs in the State were functioning without adequate personnel as required under D&C Rules, details of which are as shown in **Table 3** below-

Table 3: BBs functioning without adequate personnel as of 31 March 2014

Category of BB	Number of BBs functioning without			
	Medical Officer	BB Technician	Nurse	Counselor
Government (30)	7	5	7	18
Charitable (82)	19	13	18	46
Private (24)	6	6	8	17
Total (136)	32	24	33	81

(Source: Data provided by GSCBT)

As a result, the quality of blood distributed by these BBs could not be ensured. Further, an instance of death of the donor due to improper handling of donor after blood donation due to non-availability of adequate trained officials was noticed in one Charitable BB⁶³. Though year-wise data of the personnel available in each BB was available with GSCBT, availability of requisite personnel in each BB was not enforced.

The Director, GSCBT stated (September 2014) that all the BBs would be instructed to appoint personnel as required under D&C Rules and action would be taken against the errant BBs.

Capacity Building as a resource

‘Standards for Blood Banks and Blood Transfusion Services’ prescribe that all staff of BBs should be encouraged to participate in continuing medical education programmes and were to be provided training and facilities for implementing universal precautions for hospital acquired infections and Bio-safety guidelines. It also required that Proficiency Test of all technical staff should be conducted annually to ensure reliability of their performance.

However, Audit observed that though GSCBT conducted training programme for the staff of BBs each year, Proficiency Test was not conducted annually by GSCBT during 2011-14. Thus, the reliability of the performance of the technical staff was not ensured.

The Director, GSCBT assured (August 2014) to implement Proficiency Test for all technical staff.

3.2.6 Efficiency and Effectiveness in Inspection and Monitoring

3.2.6.1 Inefficient and ineffective inspection

As per D&C Rules, Drug Inspectors have to inspect all premises licensed for manufacture of drugs *inter alia*, not less than once a year, to satisfy that all

63 Prathma Blood Centre, Ahmedabad

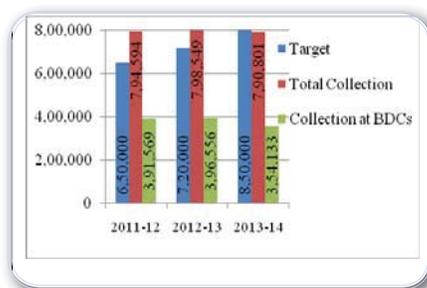
provisions of D&C Act and Rules framed thereunder are complied. However, Audit observed that, during 2011-14, Drug Inspectors conducted only 174 inspections (43 per cent) of the BBs in the State as against 408 inspections⁶⁴ due. Further, 21 out of 32 BBs test-checked were not inspected by the Drug Inspectors, while remaining 11 BBs were inspected only once in these three years. The shortfall in inspection was due to shortage of Drug Inspectors which indicated that number of Drug Inspectors has not kept pace with the growth of BBs. Also, no norm for inspection by Drug Inspectors was prescribed. In the absence of inspections, deficiencies in the BBs, viz. non-availability of equipment, inadequate personnel, etc. could not be brought to the notice of the Government for corrective action.

Audit also observed that -

- As per NBP, Vigilance Cell was to be created under CFDCA to enforce compliance with the provisions of D&C Rules, to monitor the functioning of BBs effectively. However, Vigilance Cell was not set-up till March 2014. Thus, effective monitoring of BBs as required under NBP was not ensured.
- The NBP required introduction of Internal Audit system to be followed for corrective actions to reduce variations in Standard Operating Procedure as part of continuous improvement programme. However, no such Internal Audit system had been introduced in the State till March 2014. Thus, corrective actions to reduce variations in Standard Operating Procedure were not ensured. The Director, GSCBT stated (August 2014) that all BBs would be instructed to implement Internal Audit of the BBs.
- The NBP also required creation of a separate BB Cell under CFDCA with trained officers and inspectors, for proper inspection of BBs and enforcement of conditions mentioned in the License. However, the BB Cell had not been established. Thus, proper inspection of the BBs by trained officers and inspectors was not ensured. The Director GSCBT assured (August 2014) to establish a BB Cell with trained officers and inspectors.

Blood Donation Camp

The guidelines for organising Blood Donation Camps (BDC) stipulate that the requirements of premises with sufficient hygienic area, trained personnel, equipment, other facilities, etc. should be complied with.



During 2011-14, as against the target set by NACO for collection of 22.20 lakh blood units, the BBs collected 23.84 lakh units of blood (**Appendix-XVII**). Of this 11.42 lakh units were collected by 90 BBs⁶⁵ through 20,867 lakh Blood Donation Camps (BDC) as against 17,260 lakh BDCs planned. The achievement against the target was

64 408 = Three years x 136 (one inspection per year of 136 BBs)

65 90 BBs (26 Government BBs and 64 Charitable BBs)

appreciable, however, the monitoring of these BDCs, were found deficient as discussed below.

Twenty six⁶⁶ out of 32 BBs test-checked had organised 8,749 BDCs (during 2011-14) and collected 4.65 lakh blood units. However, only 18 BDCs out of 8,749 BDCs were inspected by the Drug Inspectors. This signifies that neither CFDCA nor GSCBT had evolved any mechanism to monitor the BDCs in the State and was fraught with the risk of putting the safety of both the donors and recipients in danger. Scrutiny of Inspection Reports of four BDCs organised by Charitable BBs submitted by Drug Inspectors revealed non-compliance with the guidelines regarding requirement of premises, availability of trained officials, etc. as shown in the **Table 4** below-

Table 4: Deficiencies noticed by Drug Inspectors in Blood Donation Camps

Name of BB	Date of BDC	Observation
Prathma Blood Centre, Ahmedabad	20 July 2013	Donor death due to non-availability of adequate trained officials.
IRCS BB, Bharuch	18 July 2013	Non-availability of prescribed equipment.
Lions BB, Vapi	31 August 2013	Non-availability of adequate trained officials and non-availability of prescribed equipment.
Patel Rakthdan Kendra, Tapi	28 March 2014	Non-availability of adequate trained officials.

(Source: Inspection Reports furnished by GSCBT)

Further, though NBP prohibits sale of blood, Audit observed that 10 BBs (out of 32 BBs test-checked), had sold (2011-14) 0.52 lakh litres⁶⁷ of Fresh Frozen Plasma (a blood component) to three pharmaceutical industries⁶⁸ for fractionation⁶⁹ and collected ₹ 6.17 crore by trading in blood components in violation of the provisions of NBP (**Appendix-XVIII**). *It is recommended that the State Government should regulate the trading of blood component in the State.*

The Director, GSCBT stated (August 2014) that the matter would be taken up with the Department and stringent action would be taken on the BBs violating the guidelines of outdoor BDCs. It was also stated that the matter of sale of blood components was under consideration of the Government.

the topic of interest

authorisation of disposal of bio-medical waste not obtained

As per the NBP, all blood banks shall adhere to bio-safety guidelines “Biomedical Wastes (Management & Handling) Rules, 1996” and shall obtain authorisation from Gujarat Pollution Control Board (GPCB). However, Audit observed that the 96 BBs⁷⁰ in the State had not obtained authorisation from GPCB for disposal

66 10 Government BBs and 16 Charitable BBs

67 About five units of blood is needed for one litre of FFP

68 1) Reliance Life Science & Research Centre, 2) Celestial Biologicals and 3) Plasmagen

69 Fractionation is the separation of the proteins phase by physical and chemical processes

70 72 Charitable BBs and 24 Private BBs

of bio-medical waste generated by them as of August 2014. Thus, adequate monitoring and supervision by GPCB of the disposal of bio-medical waste generated by these BBs could not be ensured.

The Director, GSCBT assured (August 2014) to instruct all the BBs to obtain authorisation from the GPCB, for disposal of bio-medical waste.

Conclusion

Audit observed that the achievement against the target set for collection of blood units by the Blood Banks (BBs) in the State was appreciable. However, following deficiencies noticed during the course of Audit needs urgent attention of the State Government for remedial action -

Government BBs were not available in eight out of 26 districts (31 per cent), 194 out of 224 talukas (87 per cent) and below taluka level in the State. In Narmada district, there was no BB, either in Government sector or in the Charitable/Private sector. Blood Storage Centres were not set-up in 83 out of 126 CHCs identified by the State Government; this might result in non-availability of timely access to safe blood and blood products as envisaged in the National Blood Policy. As of March 2014, 11 Government BBs, 34 Charitable BBs and nine Private BBs were functioning without renewal of License. The BBs in the State were not covered under network facilities till March 2014 and 0.73 lakh units of blood were discarded by all BBs in the State due to non-utilisation of the same within the specified period of 35 days. Quality of blood was not ensured as calibration of equipment was not done at regular intervals. Some BBs recovered service charges from Thalassaemia and Haemophilia patients though it was required to be supplied free of cost and some BBs recovered service charges at a rate higher than that fixed by the NACO for other patients for blood products. Functioning of BBs in the State was not satisfactory as adequate staff and equipment were not available. Instances of deficient functioning of BBs were noticed due to lack of inspection and monitoring by the State Government. Monitoring of Blood Donation Camps was inadequate.

The matter was reported to the Government (September 2014). Reply is awaited (November 2014).

HOME DEPARTMENT

3.3 Avoidable penalty of ₹ 25.00 lakh

Lapses during investigation and non-release of confiscated vehicles though ordered by the Hon'ble High Court of Gujarat resulted in avoidable penalty of ₹ 25.00 lakh to compensate the loss suffered by the exporter for non-release of goods

Gujarat Animal Preservation (Amendment) Act, 2011 (GAPA) prohibits selling/transporting of cows, calves of cows, bulls and bullocks for slaughter. Slaughter

of buffaloes is permitted on certain conditions. It further prohibits the selling/transporting of beef or beef products and empowers any such authority or officer as the State Government may appoint in this behalf, for seizure of any such vehicle or conveyance used for transporting such beef or beef products along with the said beef or beef products.

In order to arrive at an equitable solution to the conflict between transporters and State authorities on the issue of offence by transporters while carrying consignments of meat, the Hon'ble Supreme Court of India in its judgement (February 2009) on the Petition for Special leave to Appeal (Civil) No. 22665/2008 had granted liberty to the authorities, to seal any containers suspected to be carrying goods other than what is certified, on the basis of specific complaint, to draw samples and send the same to Forensic Science Laboratory (FSL) for testing. It further provided that *such FSL report must reach the authorities concerned within four days from the date of arriving of the consignment at the port in question and on receipt of such report, the authority shall either clear the consignment or take further steps as they may consider necessary. In any event, the consignment should not be delayed for more than two weeks within which period, if the FSL report is not received, the authorities of the State of Gujarat or Maharashtra will unseal the consignment and after completion of necessary formalities, allow the same to be exported.*

On scrutiny (June 2014) of the records of Superintendent of Police, Valsad, it was observed that Vapi Town Police, based upon the information of an informer intercepted five refrigerated containers⁷¹ on 25.01.2012 enroute to Mumbai. The vehicles were sealed on the contention that the containers contain meat of cow progeny which is prohibited under GAPA. The samples were sent for testing to Regional FSL, Surat (five parcels) and Directorate of FSL, Mumbai (nine parcels) on 29.01.2012 and 30.01.2012 respectively. The report of Surat received on 30.01.2012 indicated cow species in some samples. Accordingly, a first information report⁷² (FIR) was filed (01.02.2012) against the exporters. The legality, validity and maintainability of the FIR were challenged (09.02.2012) by the exporters in the Hon'ble High Court of Gujarat by filing an application against the State of Gujarat and the informer. The report of the Directorate of FSL, Mumbai received on 14.02.2012 indicated that the samples were of buffalo antisera. The Hon'ble High Court based on the report of Directorate of FSL, Mumbai ordered (16.02.2012) for release of all the vehicles/trucks forthwith.

The informer aggrieved with the decision of the Hon'ble High Court, filed an appeal⁷³ in the Hon'ble Supreme Court on 23.02.2012 *i.e.* after six days from the order of the Hon'ble High Court. As per the directives of the Hon'ble Supreme Court, the samples were sent (06.04.2012) to Central FSL, Delhi of Central Bureau of Investigation for testing. The Hon'ble Supreme Court based on the report of Central FSL, Delhi (13.04.2012) which indicated buffalo progeny ordered (16.04.12) for release of goods and also penalised the informer and

71 Vehicle Numbers : (1) HR-38-M-6082, (2) HR-38-K-2979 and (3) HR-38-M-9583 of M/s. Royal Exports from Hapur, Gaziabad, (4) HR-55-L-2085 of M/s. Albarkhat Exports from Gaziabad and (5) HR-55-E-2357 of Alsamir Exports Private Limited from Meerut

72 Offences punishable under Sections 6(b)(2)(3), 8(2)(4), 9, 10, 11(2) of GAPA and Sections 465, 467, 468, 471 and 34 of the Indian Penal Code

73 Rajesh Hastimal Shah versus Royal Exports and others – Criminal appeal No. 661 of 2012 (SLP (Cri) No(s) 1633 of 2012)

the State of Gujarat to make payment of ₹ 25.00 lakh each to the exporter, as compensation towards the deterioration of the value of the goods sought to be exported.

Audit observed (June 2014) that though the Hon'ble High Court had ordered (16.02.2012) for release of vehicles/trucks forthwith, the police did not comply with these orders till six days *i.e.* 23.02.2012. Further, it was observed that there were no instructions from the Home Department to hold back the vehicles/trucks after the release order of the Hon'ble High Court on 16.02.2012. Thus, failure on the part of the Vapi Town Police to release the consignment to the exporter immediately as ordered by the Hon'ble High Court of Gujarat resulted in avoidable penalty of ₹ 25.00 lakh to the State Government.

The Superintendent of Police, Valsad stated (June 2014) that the police acted as per provisions of law and on the basis of report of FSL, Surat. It was further stated that the consignment was released immediately after the judgement of the Hon'ble Supreme Court and the payment has been made (May 2014) to the exporter. In the instant case, though there was sufficient time of six days between the date of order (16.02.2012) of the Hon'ble High Court of Gujarat and granting of stay (23.02.2012) by the Hon'ble Supreme Court in appeal filed by the informer, the Vapi Town Police failed to release the confiscated vehicles/trucks resulting in avoidable penalty of ₹ 25.00 lakh.

The matter was reported to the Government (July 2014). Reply is awaited (November 2014).

LEGAL DEPARTMENT

3.4 Unfruitful expenditure and loss on purchase of a DG Set

Commencement of work without obtaining administrative approval from the Government for development of Gujarat National Law University campus and purchase of DG set before completion of civil works resulted in unfruitful expenditure of ₹ 1.30 crore and consequential loss of ₹ 0.61 crore

Gujarat National Law University (GNLU) was established (March 2003) under Gujarat National Law University Act, 2003. The State Government released (between 2003-04 and 2006-07) ₹ 7.00 crore as corpus fund and allotted (August 2005) land admeasuring 50.64 acres free of cost at Raysan village, Koba Taluka, Gandhinagar District for development of the GNLU campus. The executive committee⁷⁴ of the GNLU decided (March 2007) to undertake development work on the allotted land from grants of the State Government and appointed (May 2008) an architect for preparation of plan and estimates. Based on the plan and estimate of ₹ 191.42 crore prepared by the architect, GNLU decided to take up the work in three phases⁷⁵. The work of construction of GNLU Library and

74 Representatives of Hon'ble High Court of Gujarat, Roads and Buildings Department, Legal Department, Finance Department, Chief Architect and GNLU

75 Phase-I : ₹ 51.96 crore (Library and Administrative building with road and other infrastructure), Phase-II : ₹ 96.72 crore (Class Rooms, Hostel building, central green space area, canteen, compound wall, sewage treatment plant, drainage system, etc.), Phase-III : ₹ 42.74 crore (Auditorium and moot court, Staff, PHD and LLM accommodation, Guest House, Director residence, Swimming pool, Registrar residence, Solar panel)

Administrative building including infrastructure was taken up in Phase-I and the work was awarded (June 2009) to an agency at the tendered cost of ₹ 25.07 crore with stipulation to complete the work within 10 months. The work of construction of school/academic buildings, hostel buildings including infrastructure was taken up in Phase-II and the contract was awarded (May 2010) to the agency of Phase-I at the tendered cost of ₹ 68.86 crore with a stipulation to complete the work within 18 months. The work of Phase-I and Phase-II were completed in January 2011 and March 2013 respectively. The State Government had released grant of ₹ 140.27 crore⁷⁶ during the period 2007-13.

On scrutiny of records, it was observed in Audit (July 2013) that the development works were taken up by GNLU without obtaining the administrative approval from the State Government. The GNLU had approached the State Government for seeking administrative approval in September 2011. Further, it was observed that considering the approximate load of electricity for the campus and to maintain uninterrupted power supply, the work of supply, installation, testing and commissioning of Diesel Generator (DG) Sets of capacity of 750 KVA and 1,500 KVA were included in the work orders of Phase-I and Phase-II respectively. The agency had supplied (June 2009 and May 2011) and installed the DG Sets during the execution of the respective works. However, due to imposition of ceiling limit of ₹ 150.00 crore by the State Government while issuing *post-facto* administrative approval in December 2011, the GNLU had to revise the plan by reducing the number of buildings and facilities like central air-conditioning, which resulted in reduction of electricity load. Considering the requirement of only 750 KVA DG set, the GNLU sold (December 2013) an already installed 1,500 KVA DG set, which was not put to use, by auction to an agency for ₹ 0.68 crore against the purchase cost of ₹ 1.29 crore⁷⁷. While it is appreciated that GNLU took a call to auction the DG Set, which otherwise could have been a recurring liability, Audit contends that proper planning by GNLU could have avoided this loss of ₹ 0.61 crore.

The GNLU stated (January 2014) that apart from the technical parameters on account of change in designs, the Gujarat Electricity Board installed a separate sub-station on declaration of the area as “knowledge corridor” by the State Government, due to which 1,500 KVA DG set was not required. However, Audit is of the view that since the DG sets were to be used only after the buildings and other infrastructure was put in place, the decision of purchase of the DG set before completion of construction work resulted in avoidable loss of ₹ 0.61 crore.

The matter was reported to Government in June 2014. Reply is awaited (November 2014).

⁷⁶ ₹ 5.00 crore (2007-08), ₹ 5.00 crore (2008-09), ₹ 40.00 crore (2009-10), ₹ 40.00 crore (2010-11), ₹ 40.54 crore (2011-12) and ₹ 9.73 crore (2012-13)

⁷⁷ Cost of DG Set - ₹ 1.05 crore plus installation and testing charges - ₹ 0.24 crore

NARMADA, WATER RESOURCES, WATER SUPPLY AND KALPSAR DEPARTMENT

3.5 Financial Management in Gujarat Water Supply and Sewerage Board

3.5.1 Introduction

The Gujarat Water Supply and Sewerage Board (GWSSB), established in April 1981 under the GWSSB Act, 1978 (Act), is responsible for providing water supply and sewerage services in the State. GWSSB operates various bulk/regional/group/individual water supply projects and water drawn from sources are treated and supplied to end users. The Central and State Government provide substantial financial assistance to GWSSB for taking up activities related to water supply.

The objective of audit was to ascertain whether the overall financial management in GWSSB was economic and efficient. Audit was conducted during July to September 2014, covering the period 2009-14. The major Audit findings are discussed in the succeeding paragraphs.

3.5.2 Organisation and Set-up

The Chairman, Member Secretary and other Members of the GWSSB are appointed by the State Government. The Member Secretary is the Chief Executive Officer of the GWSSB and responsible for implementation of various water supply projects in the State. He is assisted by Financial Controller, who is responsible for the overall financial management of the GWSSB and by four Chief Engineers at Head Office (HO), and five Zonal Chief Engineers⁷⁸ at the field level. The Principal Secretary (Water Supply) of the Narmada, Water Resources, Water Supply and Kalpsar Department of the State Government is holding the charge of the Chairman, GWSSB.

3.5.3 Source of Income and Expenditure

The major sources of the funds for GWSSB are grants from the Government of India (GoI) and State Government⁷⁹. Plan grants were received for execution of projects and Non-Plan grants for operation and maintenance, administrative expenses, etc. GWSSB also generates income through centage⁸⁰ charges collected from all works besides income collected from supply of water to meet their revenue expenditure.

3.5.4 Source and Allocation of Funds

The GoI and State Government provide grant to GWSSB for implementation of various Centrally Sponsored Schemes (CSS) and State Plan water supply schemes. National Rural Drinking Water Programme (NRDWP) is a major CSS implemented by GWSSB. GoI provides *cent per cent* funds in few components and for the remaining components, the funds were shared by GoI and State Government in the ratio of 50:50. The major State Plan water supply schemes were Sujalam Suphalam Yojana, Rural Water Supply Schemes and Water Supply

78 Ahmedabad, Bhuj, Junagadh, Rajkot and Vadodara

79 Plan and Non-Plan grants

80 Establishment, Tools and Plant charges

Schemes based on Sardar Sarovar Canal. The details of Plan funds received under the various CSS and State Plan schemes and its utilisation during 2009-14 are as given in **Table 1** below -

Table 1: Receipt and utilisation of Plan funds during 2009-14

(₹ in crore)

Year	Opening balance of Plan funds	Plan Grants received		Interest income	Total available funds	Plan expenditure	Amount diverted for Non-Plan expenditure	Closing balance	Percentage of expenditure against available funds
		Government grants ⁸¹	Deposit work						
1	2	3	4	5	6	7	8	9	10
2009-10	2,061.96	1,304.49	324.02	7.75	3,698.22	960.43	184.51	2,553.28	26
2010-11	2,553.28	1,325.06	156.18	2.25	4,036.77	1,018.81	207.89	2,810.07	25
2011-12	2,810.07	1,061.46	219.06	42.00	4,132.59	797.60	227.28	3,107.71	19
2012-13	3,107.71	1,067.62	433.41	22.49	4,631.23	1,053.19	248.14	3,329.90	23
2013-14 ⁸²	3,329.90	1,281.50	76.13	31.10	4,718.63	1,131.37	330.88	3,256.38	24
Total		6,040.13	1,208.80	105.59		4,961.40	1,198.70		

(Source: Annual Accounts of GWSSB)

The above table shows a slight decreasing trend in percentage of expenditure against the total available Plan funds, as it reduced to 19 per cent in 2011-12 and 24 per cent in 2013-14 as against 26 per cent in 2009-10 which resulted in increase in closing balance from ₹ 2,553.28 crore (2009-10) to ₹ 3,256.38 crore (2013-14).

Audit further observed that GWSSB diverted ₹ 1,198.70 crore (2009-14) from Plan funds towards Non-Plan expenditure in contravention to the conditions of the grant release orders, which does not indicate the true picture of financial position of GWSSB.

The Government stated (October 2014) that total available funds include interest earned and if percentage utilisation was calculated on the basis of funds received then total utilisation of funds was 83.49 per cent (GoI) and 68.83 per cent (State Government). It was further stated that total expenditure against GoI and State Government grants received during 2009-14 was 93 per cent each and hence there was no slow progress in the implementation of GoI and State Government schemes.

The reply does not give the correct picture as the utilisation of 93 per cent does not include opening balance and interest earned. Also, it includes the utilisation of funds by Water and Sanitation Management Organisation (WASMO) and Gujarat Water Infrastructure Limited (GWIL) for which GoI releases funds through GWSSB. Hence, the progress of utilisation of their own Plan funds by GWSSB itself was very slow.

Implementation of water supply projects

GWSSB frames water supply projects and executes them through contractors for supply of clean potable water to general public in the State through its

⁸¹ State and Central Government grants

⁸² Provisional figures of 2013-14, since the annual accounts are under finalisation by GWSSB (October 2014)

the pace of utilisation of funds was very slow. Out of the 100 underground drainage projects, 91 were at various stages of execution, three were at Detailed Project Report (DPR) stage and remaining six had not been taken up till date (September 2014). Out of the 91 projects under execution, eight projects required to be completed by March 2014, were still under execution (September 2014). Similarly, out of 21 water supply projects entrusted to GWSSB, only three projects could be completed till date and the remaining 18 projects were under execution (September 2014). Out of these 18 projects under execution, 11 required to be completed by March 2014, were still incomplete (September 2014). Thus, non-completion of projects deprived the targeted population of NP areas from potable drinking water and drainage services.

The Government stated (October 2014) that prior to April 2013, the work of scrutiny of DPR, technical and administrative sanction and approval of Draft Tender Papers was done by GUDM. Due to technical errors in the DPR and consumption of more time in preparation and approval of DPRs, the work was delayed. It was further stated that as of October 2014, GWSSB had incurred expenditure of ₹ 562.92 crore as against the funds given by the UDD.

Source and anaent on-an und

The State Government and GoI provide Non-Plan funds to GWSSB to meet their revenue⁸⁴ expenditure in addition to income generated by GWSSB viz. centage charges and income collected from customers for supply of water. The details of Non-Plan funds received and its utilisation during 2009-14 are shown in **Table 3** below–

Table 3: Receipt and expenditure of Non-Plan funds during 2009-14

(₹ in crore)

Year	Non-Plan funds received ⁸⁵	Other Receipts			Amount diverted from Plan funds	Total Non-Plan funds available	Non-Plan expenditure
		Centage	Income from supply of water	Interest and other income			
1	2	3	4	5	6	7	8
2009-10	116.83	87.54	85.80	87.78	184.51	562.46	483.87
2010-11	133.50	97.22	85.08	102.55	207.89	626.24	583.80
2011-12	142.76	78.85	31.33	135.61	227.28	615.83	637.91
2012-13	180.54	106.38	29.35	138.16	248.14	702.57	650.71
2013-14 ⁸⁶	163.99	115.48	47.51	90.45	330.88	748.31	801.02
Total	737.62	485.47	279.07	554.55	1,198.70	3,255.41	3,157.31

(Source: Annual Accounts of GWSSB)

The above table shows that the Non-Plan expenditure increased from ₹ 483.87 crore (2009-10) to ₹ 801.02 crore (2013-14). As against this, the revenue did not keep pace. Audit analysis revealed that GWSSB was increasingly dependent on Government grants to overcome the gap of revenue expenditure. In the absence of availability of sufficient Non-Plan grants to meet the

⁸⁴ Operation and Maintenance expenses, salary, administrative expenses, etc.

⁸⁵ Non-Plan grants received from GoI and State Government

⁸⁶ Provisional figures of 2013-14

Non-Plan expenditure, GWSSB had diverted ₹ 1,198.70 crore from Plan funds meant for capital projects during 2009-14 to Non-Plan for meeting the same.

Diversion of Plan funds for meeting Non-Plan expenditure was in contravention to the conditions of the grant release orders. The State Government may take a conscious decision so as to avoid diversion of Plan funds to Non-Plan funds as this could adversely affect the progress of planned schemes.

Operational cost to be met in supply of drinking water

The State Government prescribed the rate of ₹ 1.00 per 1,000 litre of raw water (February 2007) for drinking purposes from different sources with effect from January 2007 and the rate was to be increased every year by 10 per cent. The State Government further prescribed various rates⁸⁷ for supply of potable water and also clarified that in case of water supplied through pipelines, expenditure incurred on purification of water (water treatment plant) and conveyance of potable water through pipelines might also be considered for fixing the income from supply of water.

GWSSB procured raw water (2009-14) from Irrigation Department and SSNNL (at rate ranging between ₹ 1.33 and ₹ 1.95 per 1,000 litres during 2009-14) and GWIL (at rate ₹ 3.25 per 1,000 litres) and supplied potable water to Industries, Educational and other Institutes and Local Bodies (for distribution/supply to general public).

Besides, paying huge cost for raw water (₹ 659.64 crore paid during 2009-14 and ₹ 622.67 crore payable as on March 2014), GWSSB also incurs expenditure on operation and maintenance⁸⁸ (O&M) of water supply projects. Audit observed that as against the income from supply of water and Non-Plan grants received for O&M expenditure, the expenditure incurred towards procurement of raw water and O&M was very high which resulted in heavy drain on the resources of GWSSB. The details of cost of raw water and O&M expenditure as against grant received and income from supply of water during 2009-14 is as shown in **Table 4** below –

Table 4: Expenditure on water supply projects and income from supply of water

(₹ in crore)

Year	Cost of raw water paid by GWSSB	O&M expense	Total expense	O&M grant received	Income from supply of water	Total receipts	Operational loss to GWSSB
1	2	3	4	5	6	7	8
2009-10	104.86	214.83	319.69	92.91	85.80	178.71	140.98
2010-11	158.18	241.58	399.76	109.55	85.08	194.63	205.13
2011-12	108.49	339.29	447.78	115.37	31.33	146.70	301.08
2012-13	139.20	298.49	437.69	157.63	29.35	186.98	250.71
2013-14 ⁸⁹	148.91	436.21	585.12	133.77	47.50	181.27	403.85
Total	659.64	1,530.40	2,190.04	609.23	279.06		1,301.75

(Source: Information furnished by GWSSB and Annual Accounts of GWSSB)

87 Village Panchayats - ₹ 2.00 per 1,000 litres, Nagarpalikas - ₹ 4.00 per 1,000 litres, Municipal Corporations - ₹ 6.00 per 1,000 litres, Educational Institutes - ₹ 10.00 per 1,000 litres and Industries - ₹ 15.00 per 1,000 litres

88 Treatment of raw water, energy charges, maintenance and repairs (pipes and machineries), etc.

89 Provisional figures of 2013-14

for supply of water. Audit observed that the collection of income from supply of water from the customers was not effective which led to arrears in collection of income as shown in **Table 6** below –

Table 6: Outstanding income from supply of water as of March 2014

(₹ in crore)

Year	Opening balance	Amount assessed during the year	Total amount	Amount collected during the year	Closing balance	Percentage of recovery against total outstanding
1	2	3	4	5	6	7
2011-12	343.84	97.14	440.98	54.20	386.78	12
2012-13	386.78	88.79	475.57	23.33	452.24	05
2013-14	452.24	103.25	555.49	17.10	538.39	03
Total		289.18		94.63		

(Source: Information furnished by GWSSB⁹²)

The above table showed that the percentage of recovery of income from supply of water against total outstanding income from supply of water reduced from 12 (2011-12) to three (2013-14). This indicated the inefficiency in recovery of outstanding revenue, resulting in huge arrears of income from supply of water of ₹ 538.39 crore as of March 2014 besides, compelling the GWSSB to divert Plan funds to meet the Non-Plan expenditure. Had the GWSSB made substantial collection of the amount assessed during the respective years, interest burden on the cost of raw water as discussed in Paragraph 3.5.3.6 could have been reduced to a great extent. Audit also observed that the GWSSB had not maintained customer-wise records regarding quantity of potable water distributed and income from supply of water recoverable from them. As a result, Audit could not vouchsafe the quantity of potable water distributed as against the raw water procured.

The Government stated (October 2014) that to recover outstanding water charges efforts were made from time to time by giving notices to the Autonomous Bodies/ individuals; however, as the Panchayats/Nagarpalikas are facing financial crisis, they were not making regular payments. It was further stated that a proposal for revising of rate of water charges have been submitted to the Government; however, the approval was awaited.

Non-Revenue Water

Non-Revenue Water (NRW) indicates the revenue that could be realised from water which has been lost through leakages, thefts, etc. Reduction in NRW to acceptable levels is vital for the financial sustainability of a water utility. According to the Ministry of Urban Development, 20 per cent of total production can be considered as a bench mark value of NRW. A Water Audit is a key tool to assess the quantum of NRW and to develop a programme for NRW reduction. Audit observed that no mechanism had been developed by the GWSSB to assess the NRW, as till date (September 2014) no Water Audit had been conducted for the water supply projects operated by GWSSB. Thus, GWSSB failed to analyse and take corrective actions for loss on account of NRW.

Water Audit may also help GWSSB in enhancing operational efficiency as recommended in Paragraph 3.5.3.5. In the Audit Report of Comptroller and

⁹² The information provided by the GWSSB does not tally with those of the annual accounts. The figures have been adopted as per information furnished by the GWSSB

Auditor General of India for the year ended March 2013 – Government of Kerala, Audit had observed that Water Audit conducted by Kerala Water Authority in Thiruvananthapuram division in May 2012 indicated NRW of 40.75 per cent against the benchmark of 20 per cent which resulted in estimated revenue loss on account of NRW to the tune of ₹ 26.76 crore in 2012-13. **It is recommended that the Water Audit conducted to assess the quantum of NRW and take suitable corrective action.**

The Government stated (October 2014) that all steps would be taken to find the extent of NRW and minimise distribution loss on account of leakage, theft, etc. It was further stated that the mechanism of flying squads had been developed to curtail the loss on account of theft, etc. in all regions of the State. Audit observed that the flying squads were constituted (January 2013) for only Saurashtra-Kachchh Water Grid Bulk Pipelines which was to be monitored by GWIL and not GWSSB.

Therefore, it is recommended that

the financial position of the State is maintained.

GWSSB engaged (January 2009) an agency⁹³ through Gujarat Informatics Limited (GIL) to develop a software “Financial Accounting System (FAS)” at the tendered cost of ₹ 0.71 crore with stipulation to complete the work within nine months. The Agency completed the work (January 2013) and GWSSB made (upto September 2014) payment of ₹ 0.54 crore⁹⁴ to the agency.

Audit observed that though the software was implemented from January 2013, the FAS was not fully utilised as important fields such as total quantity, paid amount, bill quantity, receipt amount, etc. provided in the software were not filled in by the GWSSB. As a result of this, the required reports were not generated from the system. Thus, inspite of incurring expenditure of ₹ 0.54 crore, GWSSB was not making optimum use of the software. Had the modules been properly used, the GWSSB could have had a broader picture of the organisation, to take important decisions for proper implementation of schemes/projects and management of finance.

Conclusion

Audit observed a decreasing trend in percentage of expenditure against the total available Plan funds which resulted in increase in closing balance from ₹ 2,553.28 crore (2009-10) to ₹ 3,256.38 crore (2013-14). Eleven water supply projects taken up by GWSSB between March 2003 and June 2010 were found incomplete due to delay in completion of statutory formalities. All 91 underground drainage projects and 18 out of 21 water supply projects of Urban Development Department entrusted by the State Government to GWSSB during 2009-14 were still under execution. As against the increase in revenue expenditure, the revenue income did not keep pace and in absence

⁹³ CMC Limited

⁹⁴ ₹ 0.38 crore (being 85 per cent of cost of software) and ₹ 0.16 crore (O&M charges)

of sufficient Non-Plan grants to meet the revenue expenditure, GWSSB had diverted ₹ 1,198.70 crore from Plan funds meant for capital projects during 2009-14 to Non-Plan for meeting the same. There was an operational loss of ₹ 1,301.75 crore during 2009-14. Outstanding dues of cost of raw water increased to ₹ 622.67 crore (2013-14) from ₹ 485.18 crore (2009-10). The income from supply of water indicated a decreasing trend which led to arrears in collection of revenue to the tune of ₹ 538.39 crore as of March 2014. Recovery of income from supply of water needs to be increased so as to meet the outstanding cost of raw water. Water Audit needs to be taken up to find the extent of Non-Revenue Water and minimise distribution loss on account of leakage, theft, etc.

3.6 Non-recovery of cost of unladen pipes and liquidated damages

Failure to seize the unused material brought to site and failure to renew the bank guarantee before termination of contract resulted in non-recovery of material cost of ₹ 0.90 crore and liquidated damages of ₹ 1.50 crore, besides infructuous expenditure of ₹ 10.24 crore

Gujarat Water Supply and Sewerage Board (GWSSB) is a nodal agency for implementation of Water Supply and Sewerage projects of various Urban Local Bodies. The Executive Engineer (EE), Urban Cell, GWSSB, Gandhinagar awarded (May 2009) the work of Junagadh Water Supply Scheme (JWSS) under Urban Infrastructure Development Scheme for Small and Medium Towns (UIDSSMT) to an agency at a tendered cost of ₹ 19.96 crore against the estimated cost of ₹ 17.31 crore. The scheme was to be implemented for providing drinking water to the population of Junagadh city. The work was stipulated to be completed within 12 months from the date of receipt of letter of acceptance *i.e.* latest by 01.06.2010. The scope of the work included construction of Reinforced Cement Concrete (RCC), Elevated Storage Reservoirs (ESRs), underground sumps, water treatment plant of 20 million litres *per day* (MLD), etc. GWSSB had appointed (January 2009) a consultant for project management, construction supervision and inspection of material for JWSS, without following the tender procedure.

The terms and conditions of the contract provides for the contractor to deposit 10 *per cent* of the estimated cost put to tender as security deposit⁹⁵. It further provides for deduction of liquidated damages for delay in execution of work at the rate of 0.1 *per cent* of the value of remaining work *per day* of delay from the RA bills, subject to maximum 10 *per cent* of the contract value. All compensations, liquidated damages or other sums or money payable by the contractor to GWSSB was adjustable against the security deposit. The agency had submitted a bank guarantee of ₹ 86.58 lakh as security deposit being five *per cent* of the estimated cost put to tender and two bank guarantees each of ₹ 43.29 lakh as security deposit for remaining five *per cent* of the estimated cost.

The progress of the work was slow and only 50 *per cent* of the work was completed up to the expiry of stipulated date of completion. The contractor without stating any reason had stopped the work of laying pipelines in June

⁹⁵ Five *per cent* in the form of fixed deposit/demand draft/national saving certificate/bank guarantee and remaining five *per cent* to be deducted from the Running Account (RA) bills

2011 and the work of construction of sumps and ESRs in January 2012. In a review meeting (February 2013) by the Chief Engineer, GWSSB, Junagadh, the contractor was instructed to complete the works by May 2013. However, as there was no progress in the work, the EE, Public Health (PH) Division, Junagadh terminated (July 2013) the contract. The contractor had executed work of ₹ 10.24 crore up to last RA Bill (sanctioned in October 2013). Recovery of ₹ 0.50 crore was made towards liquidated damages for delay in execution of work from the RA Bills.

On scrutiny (May 2014) of the records of the Superintending Engineer, PH Works Circle, GWSSB, Junagadh, it was observed that total payment of ₹ 10.24 crore had been made to the contractor. This comprised ₹ 4.78 crore towards materials brought to the site by the contractor. Out of materials worth ₹ 4.78 crore, only materials worth ₹ 2.03 crore were actually consumed till the work was terminated. The remaining materials though were required to be returned to the GWSSB on termination of the contract, the same were not returned by the contractor and the GWSSB could recover only materials worth ₹ 1.85 crore before termination of the contract. This resulted in non-recovery of materials worth ₹ 0.90 crore.

Audit further observed that –

- the three bank guarantees⁹⁶ totalling ₹ 1.73 crore submitted by the agency had expired and no action was taken by the GWSSB to get the same renewed;
- as against ₹ 2.00 crore⁹⁷ recoverable as liquidated damage for delay and non-execution of work within the stipulated date of completion, only ₹ 0.50 crore was recovered by the GWSSB. Thus, liquidated damages of ₹ 1.50 crore remained unrecovered. Had the bank guarantees been got renewed in time, it could have been encashed to set off the dues against liquidated damages; and
- no action had been initiated (May 2014) to award the work to any other agency to get the same completed.

Thus, inaction on the part of EE, PH Division, Junagadh resulted in non-recovery of ₹ 2.40 crore (₹ 0.90 crore for material and ₹ 1.50 crore for liquidated damages) besides incurring infructuous expenditure of ₹ 10.24 crore and defeating the very purpose of the scheme.

The Government stated (September 2014) that recovery of ₹ 0.91 crore⁹⁸ has been effected till now by forfeiture of deposits. It was further stated that the remaining amount of ₹ 1.49 crore would be recovered from other works executed by the agency in other zones of the GWSSB. It was also stated that departmental proceedings would be initiated against the officials responsible for the negligence in non-renewal of bank guarantees.

⁹⁶ Bank Guarantee No. 0194610BG0019484 of State Bank of India (SBI) for ₹ 86.58 lakh expired on 08.12.2012, No. 0194610BG0019375 of SBI for ₹ 43.29 lakh expired on 06.04.2012 and No. 0194611BG0019099 of SBI for ₹ 43.29 lakh expired on 24.02.2012

⁹⁷ 10 per cent of the contract value

⁹⁸ Pumping machinery deposit (₹ 0.70 crore) + liquidated damages deposit (₹ 0.12 crore) + excess (₹ 0.09 crore) recovered from RA Bills

3.7 Infructuous expenditure of ₹ 5.63 crore on a water supply scheme and non-achievement of objective

Injudicious decision to start construction of Elevated Storage Reservoir without acquiring the land resulted in infructuous expenditure of ₹ 5.63 crore, besides depriving the targeted beneficiaries from quality potable water

The Chief Engineer (CE), Zone-I, Gujarat Water Supply and Sewerage Board (GWSSB), Vadodara accorded (August 2011) administrative approval and overall technical sanction for Sankheda Group Water Supply Scheme (GWSS) - Part-II based on Heran river with an objective to provide 70 litres of drinking water *per person per day* to a targeted population of 11,947 in 26 villages of Sankheda Taluka in Vadodara district at an estimated cost of ₹ 6.52 crore. The administrative approval stipulated that the work should be started only after obtaining prior approval for land acquisition, railway/road, canal crossing, forest permission, *etc.*

The Executive Engineer (EE), Public Health Works Division (PH), Vadodara awarded (May 2012) the work to an agency at the tendered cost of ₹ 6.44 crore with five years' contract of operation and maintenance of the scheme. The work was stipulated to be completed within 11 months from the date of issue of work order. The scope of work included underground infiltration well on the bank of the river, Reinforced Cement Concrete (RCC) underground diaphragm wall, 10 lakh litre capacity RCC Elevated Storage Reservoir (ESR) at Katholi head works, RCC sumps, pump houses, Rising main⁹⁹ from infiltration well to ESR, gravity main¹⁰⁰ from ESR to village sumps, *etc.*

It was observed in Audit that the agency had completed (upto November 2013) different components¹⁰¹ of the scheme at an expenditure of ₹ 5.63 crore¹⁰². However, the construction of RCC ESR and pump house at Katholi head works were still pending (September 2014) which was an important component for the water supply scheme for distribution of water to villages. The work could not be taken up as some villagers had filed (February 2013) civil suit in the Civil Court, Vadodara, against the allotment of land¹⁰³ (September 2011) by Gram Panchayat Katholi for this project. The villagers claimed that the said land had been allotted to them free of cost under the scheme of GoI "Providing land to the landless labourers" way back in 1972-73. Audit observed that though the Gram Panchayat had allotted the land in September 2011, the EE, PH had approached the District Collector for allotment of said land on ownership basis only in September 2012 after the award of work in May 2012 to the agency. Further the EE, PH, Vadodara executed work¹⁰⁴ of ₹ 0.17 crore in the above mentioned site in violation of the conditions of administrative approval without acquiring the ownership of the said land from District Collector. Thus, failure in locating an un-encumbered land resulted in non-construction of ESR. The EE had failed to acquire any other alternative land for the said purpose (October 2014), though the District Collector instructed (June 2013) to apply for alternate land.

⁹⁹ The pipe through which water from an engine is delivered to an elevated reservoir

¹⁰⁰ Pipeline for transmission of clear water by gravitational pull

¹⁰¹ RCC Infiltration well, RCC underground sump, laying and jointing of different types of pipes, construction of pump rooms, compound walls, *etc.*

¹⁰² As per 10th Running Account Bill

¹⁰³ Plot sized 100 metre x 100 metre of Survey No. 173/1 and 173/B

¹⁰⁴ Compound wall, bank protection wall and pump house

In a review meeting held (October 2013) by the CE, it was decided to commission and complete the scheme by 15 December 2013 through direct pumping. However, with direct pumping system, water could be supplied to only four villages. Thus, the targeted villages were deprived of quality potable water even after incurring an expenditure of ₹ 5.63 crore due to non-construction of ESR on account of failure of EE, PH, Vadodara to acquire land. This defeated the very purpose for which GWSS was conceived.

The Government stated (September 2014) that it has been decided to supply water by direct pumping through stand pipes. It was also added that tendering process for getting stand pipes and their foundation was in progress. The reply is not convincing as the ESR is an integral component of every Group Water Supply Scheme, since pressure is maintained by gravity and does not require continuous operation of pumps. The stand pipes cannot replace ESR, as had the stand pipes been so successful, it could have been a part of the scheme since its inception. Further, direct pumping would result in recurring expenditure in respect of pumping.

3.8 Infuctuous expenditure of ₹ 5.10 crore on water supply scheme due to non-finalisation of water source

Imprudent decision to award the work of Dabhoi Water Supply Scheme without ascertaining the source of water and abandonment by the contractor due to failure to pinpoint off-take of canal by GWSSB resulted in infuctuous expenditure of ₹ 5.10 crore

The Gujarat Municipal Finance Board (GMFB) and Gujarat Urban Development Mission(GUDM) accorded (November 2009) administrative approval and technical sanction (July 2009) for Dabhoi Water Supply Scheme (DWSS) of Vadodara district respectively based on Narmada Canal under Swarnim Siddhi programme at an estimated cost of ₹ 13.07 crore. The scheme was based on Miyagam Branch Canal of Narmada Canal near Karnet village situated one kilometer away from Dabhoi town. The objective of the scheme was to provide drinking water to a population of 60,000 (95,738 expected increase by the year 2039) of Dabhoi town.

The scope of the scheme involved off-take arrangements at Miyagam Branch Canal (source of water), construction of eight lakh litre capacity Elevated Storage Reservoir (ESR) at Moti Baug, 16 million litres *per* day capacity filter plant at main head works, raw water sump and pump house at off-take, *etc.* The scope of work was divided into three parts and the GUDM accorded (April and May 2009) the approval of Draft Tender Papers for all three parts. The GWSSB being the nodal agency for implementation of Water Supply and Sewerage projects of various Urban Local Bodies, the work was to be executed by the Executive Engineer, Public Health Works Division, GWSSB, Vadodara (Division). The Urban Cell of GWSSB Head Office, Gandhinagar was to monitor and supervise the work.

The Division awarded the work with the stipulation to complete the same within 12 months from the date of award of work –

- Part-I was awarded (November 2011) involving Design, Build and Operation & Maintenance (O&M) contract for conventional water treatment plant, construction of raw water sump, clear water sump, ESR, Pump house and installation of pumping machinery including post completion O&M of DWSS for 12 months, at a tendered cost of ₹ 3.13 crore;
- Part-II was awarded (November 2011) involving providing and fixing of Ductile Iron (DI) rising main and gravity main at a tendered cost of ₹ 6.24 crore; and
- Part-III was awarded (February 2012) involving providing, lowering, laying and jointing DI and Poly Vinyl Chloride (PVC) distribution system including one month trial of DWSS at a tendered cost of ₹ 2.52 crore.

The work of first and third part were almost completed and the agencies were paid ₹ 2.92 crore¹⁰⁵ and ₹ 2.01 crore¹⁰⁶ respectively upto February 2014. The agency entrusted with the work of second part served (July 2013) a notice for termination to GWSSB after executing work of ₹ 17.17 lakh¹⁰⁷ as GWSSB had failed to pinpoint the off-take of canal for laying of pipelines. Accordingly, the Division terminated (August 2013) the contract and imposed ban on the agency for three years.

Audit observed that the work was awarded without obtaining the permission for sourcing water at Miyagam Branch Canal from Sardar Sarovar Narmada Nigam Limited (SSNNL). The Chief Officer, Dabhoi Nagarpalika had apprised the GUDM and GWSSB in March 2011 *i.e.* around six months prior to award of Part-I of the work, that the SSNNL had proposed to change the source of water from Miyagam Branch Canal to Bodeli Branch Canal which was 40 kilometer away from Miyagam Branch Canal and this would entail an extra expenditure of ₹ 26.00 crore. However, despite this, the Division awarded the contracts, which remained incomplete (October 2014). Further, no concrete efforts were made by the GWSSB either to obtain the permission from SSNNL for Miyagam Branch Canal as source or arrange for alternate source of water. Thus, imprudent decision to award the work without ascertaining the source of water resulted in infructuous expenditure of ₹ 5.10 crore¹⁰⁸ and deprived the targeted population from quality water intended from the scheme.

The Government stated (September 2014) that as per revised off-take point (2.3 chainage), the Draft Proposal Report for additional pipeline from water source 2.3 kilometre chainage to Karnet head works (approximately ₹ 22.00 crore) would be prepared and submitted to GUDM for administrative approval. It was further stated that after the above, steps would be taken to get the work completed. However, Audit observed that the revised off-take point can assure water supply for eight months in a year only, during which the canal is run for irrigation purpose.

105 12th Running Account Bill (February 2014)

106 8th Running Account Bill (February 2014)

107 1st Running Account Bill (June 2012)

108 ₹ 2.92 crore (Part-I) + ₹ 0.17 crore (Part-II) + ₹ 2.01 crore (Part-III)

3.9 Unfruitful expenditure due to non-completion of a Water Supply Project

Failure to complete the work by engaging a new agency after abandonment of work resulted in unfruitful expenditure of ₹ 1.90 crore and non-commencement of water supply to 16 villages

Government of India (GoI) launched a programme “Bharat Nirman” in 2005, in partnership with State Governments and Panchayati Raj Institutes (PRIs) to upgrade the rural infrastructure in the areas of irrigation, electrification, roads, drinking water, housing and rural telephony. The Executive Engineer, Public Health Works Division (Division), GWSSB, Dahod received ₹ 38.85 crore¹⁰⁹ under the programme. The Superintending Engineer, Public Health Circle, Godhra accorded (between August 2008 and November 2008) administrative approval for works relating to supply of potable water estimated to cost ₹ 1.95 crore proposed by the Division for Garbada Taluka of Dahod District covering 16 villages, which were facing water supply problems. The scope of work included construction of Reinforced Cement Concrete (RCC) open well, RCC pump house, RCC cattle trough, Elevated Storage Reservoir, stand post, lowering and laying High Density Polyethylene (HDPE) pipeline, etc.

The Division split the work into three parts *i.e.* Part-I and Part-II covering five villages each and Part-III covering six villages at an estimated cost of ₹ 0.73 crore, ₹ 0.61 crore and ₹ 0.69 crore respectively. The works involved in all these three parts were awarded (March 2010) to an agency at a tendered cost of ₹ 2.04 crore¹¹⁰ after executing three separate agreements which stipulated date of completion as six months (November 2010).

On scrutiny of records of the Division, it was observed (September 2013) that the agency after executing works amounting to ₹ 1.90 crore abandoned (March 2011) the same, reason for which were not found on record. As the contractor was not interested in completing the work, the Division relieved the agency and final payments were made (August 2012) without imposing any penalty. Even the fixed deposit of ₹ 4.86 lakh deposited by the agency on allotment of the contract was returned to the agency by the Division instead of forfeiting the same. Further, it was observed that till date (June 2014) the water supply to these 16 villages had not started, as the agency had completed only 70 to 80 *per cent* of the work. Thus, non-completion of water supply project resulted in unfruitful expenditure of ₹ 1.90 crore, besides depriving the targeted population of 16 villages of potable water.

The Government stated (September 2014) that departmental disciplinary proceedings would be initiated by the Board against the officials concerned for the above negligence. The departmental enquiry initiated by the Board is appreciable; however, considering the importance of supply of water, it is recommended that the work may be completed without any further delay.

109 ₹ 26.13 crore (2006-07) + ₹ 6.05 crore (2007-08) + ₹ 6.67 crore (2008-09)

110 ₹ 0.66 crore (Part-I) + ₹ 0.69 crore (Part-II) + ₹ 0.69 crore (Part-III)

3.10 Undue financial favour to the contractor

Failure of the Executive Engineer, Public Health Works Division, Dahod to recover dues from the Running Account Bills of the contractor resulted in non-recovery of ₹ 1.44 crore

Vadodara Zonal Office of the Gujarat Water Supply and Sewerage Board (GWSSB) accorded administrative approval (July 2009) for taking up Hadaf Regional Water Supply Scheme under Minimum Need Programme (MNP) with an objective to provide 70 litres of water *per capita per day* to 35 villages of Limkheda Taluka of Dahod District at a cost of ₹ 29.63 crore. The Tender Purchase Committee (TPC) approved (March 2010) the lowest bid of an agency to carry out work on turnkey basis at the tendered cost of ₹ 27.85 crore (18.90 *per cent* above the estimated cost of ₹ 23.42 crore) and issued (June 2010) work order with stipulation to complete the work in 24 months. The scope of work included construction of various¹¹¹ structures and post completion operation and maintenance (O&M) of the work for 60 months.

Clauses 73 and 74 of the contract agreement provided for payment of secured advance to the agency against machinery brought to site of work and mobilisation advance to the extent of five *per cent* each of the estimated cost, subject to production of bank guarantee equal to the amount of advance applied for. The entire amount of advance was to be recovered before completion of 90 *per cent* of time limit (March 2012). As per serial number 5 – “Memorandum of works” in brief read with Clause 1 of the contract agreement, 10 *per cent* of the estimated cost was to be taken as security deposit of which five *per cent* was in the form of performance bond and remaining five *per cent* was to be deducted from the Running Account (RA) bills. Clause 2 provided for deduction of liquidated damages (LD) for delay in execution of work at 0.1 *per cent* of the contract value *per day* of delay from the RA bills, subject to maximum 10 *per cent* of the estimated value.

The agency submitted (June 2010 and July 2010) bank guarantees of ₹ 1.17 crore towards security deposit and ₹ 2.79 crore for mobilisation advance. However, the Executive Engineer, Public Health Works Division, Dahod (Division) made payment of ₹ 2.79 crore as mobilisation advance to the agency as against the admissible amount of ₹ 1.17 crore *i.e.* five *per cent* of the estimated cost (₹ 23.42 crore).

On scrutiny of records of the Division, it was observed (September 2013) that the recovery of mobilisation advance with interest and remaining five *per cent* of security deposit from the RA bills was not made regularly by the Division though stipulated in the contract agreement. It was also observed that though the scheduled date of completion of work expired in June 2012, neither did the agency request for grant of extension of time limit nor did the Division grant any extension. The LD was therefore recoverable from the RA bills paid after

111 Pump houses, Water Treatment Plant, RCC sumps, RCC ESR, Chowkidar-cum-storeroom, supply and installation of machineries, supplying, lowering, laying and joining pipelines, etc.

June 2012. However, the LD was also not recovered regularly from the RA bills by the Division. The Division had effected recovery of only ₹ 2.61 crore¹¹² up to the payment of last RA Bill (June 2013) against dues of ₹ 7.22 crore¹¹³.

Further, it was observed that the agency after executing the work worth ₹ 16.53 crore (up to March 2013) abandoned the same. Due to non-completion of remaining work by the agency inspite of repeated reminders, the Division finally issued (December 2013) orders for termination of contract, blacklisting the agency for three years and encashment of Bank guarantee of the agency. The bank guarantee of ₹ 3.17 crore¹¹⁴ was encashed (January 2014) and adjusted against the outstanding dues. Non-recovery of dues from RA bills has resulted in short recovery and undue financial benefit to the agency of ₹ 1.44 crore¹¹⁵ besides depriving the population of 35 villages from the benefit of the scheme as the work remained incomplete even after incurring a total expenditure of ₹ 16.53 crore.

The Government stated (September 2014) that the LD was not recovered in view of the poor financial position of the agency and to get the work completed on priority basis. It was further stated that all zonal offices have been informed (August 2014) to make recovery of the unadjusted dues from the works being executed by the said agency in other zones. Tender for the remaining work with estimated cost of ₹ 15.88 crore had been floated with last date of acceptance as 30 August 2014, after incurring ₹ 16.53 crore; this work was supposed to have been completed at ₹ 27.85 crore initially.

SPORTS, YOUTH AND CULTURAL ACTIVITIES DEPARTMENT

3.11 Idle investment of ₹ 2.69 crore

Imprudent decision of awarding contract before approval of final design of Multi-Purpose Cultural Complex resulted in idle investment of ₹ 2.69 crore

The State Government¹¹⁶ established (March 1996) a Society “Sanskriti Kunj Pratishthan (SKP)” for show-casing the folk and traditional culture of the State. To avail financial assistance under Centrally Sponsored Scheme for “Setting-up of Multi-Purpose Cultural Complex (MPCC)”, State Government submitted (February 2004) a detailed project report to Ministry of Tourism and Culture, Government of India (GoI) with four components¹¹⁷ for development of recreation and pleasure activities along the bank of river Sabarmati on a site earmarked by the State Government at a total project cost of ₹ 5.00 crore.

112 ₹ 2.32 crore Mobilisation Advance (Principal ₹ 1.48 crore + Interest at the rate of 12 per cent ₹ 0.84 crore) + ₹ 0.23 crore Security Deposit + ₹ 0.06 crore Liquidated damages (₹ 0.01 crore prior to June 2012 and ₹ 0.05 crore after June 2012)

113 ₹ 3.71 crore Mobilisation advance (Principal ₹ 2.79 + Interest at the rate of 12 per cent ₹ 0.92 crore) + ₹ 1.17 crore Security Deposit + ₹ 2.34 crore Liquidated damages

114 On expiry of validity period of previous bank guarantee given in 2010, the agency had submitted (March 2011) fresh bank guarantee of ₹ 1.17 crore (security advance) and ₹ 2.00 crore (mobilisation advance)

115 ₹ 7.22 crore (outstanding dues) - ₹ 5.78 crore recovered (₹ 2.61 crore recovered from RA bills + ₹ 3.17 crore recovered by encashment of bank guarantee)

116 Erstwhile Youth Services and Cultural Activities Department

117 (i) Museum Building, (ii) Exhibition and Art Galleries, (iii) Library and Resource Centre and (iv) Auditorium with open Air Theatre

The project was sanctioned (December 2005) by GoI sharable between GoI and State Government in the ratio of 1:1. The GoI and State Government released their shares of ₹ 2.50 crore¹¹⁸ each with a condition to start the work in 2005-06 and complete the same within a period of two years. A Project and Finance Committee (PFC) constituted (July 2005) by the State Government was responsible for construction of the MPCC. The PFC decided (February 2006 and May 2006) to carry out the work under the supervision of Roads and Buildings Department (R&B). The SKP¹¹⁹ appointed (May 2006) an Architect as ‘consultant’ for the purpose of designing the MPCC at a remuneration of six *per cent* of the project cost plus service tax.

The estimate of ₹ 3.69 crore¹²⁰ prepared by the consultant for civil work and Electrification was administratively approved (January 2007) by the State Government and the technical sanction was accorded (February 2007) by the R&B Department with instruction to start the construction after obtaining approval of lay-out plan from Chief Town Planner, Gandhinagar or Municipal Commissioner, Ahmedabad. The R&B Department approved (May 2007) the Draft Tender Papers (DTPs) submitted by the consultant for civil work with instruction to obtain the approval of the lay-out plan from Gandhinagar Urban Development Authority (GUDA) as the consultant had prepared the same for land admeasuring 72,795.99 square meters instead of 48,000 square meters of land actually allotted (April 1992) by the State Government to SKP. However, the SKP awarded the civil work (October 2007) to an agency at the tendered cost of ₹ 3.42 crore with the stipulation to complete the work within nine months. The construction of the complex was taken up and payments of ₹ 2.32 crore (between November 2007 to March 2008) were made by SKP to the agency for the work done.

Audit observed (October 2011) that R&B Department was appointed (January 2008) as the site supervisor for over all supervision of construction. However, the R&B Department did not agree to scrutinise the bills of the contract and recommended for payment on the plea that approval of lay-out plan had not been sought from GUDA. Consequently, R&B Department declared (October 2008), the project as closed and the bills of the agency were not approved any further by the R&B Department.

In the meantime, the agency requested (August 2008) to appoint an arbitrator to settle his pending claim of ₹ 1.19 crore¹²¹ on account of excess/extra items and price escalation. However, till date (May 2014), except for making payment of ₹ 0.12 crore in April 2014 for price variation of steel, no further action has been taken by SKP to get the approval of the lay-out plan and restart the work. Thus, non-finalisation of design and structural lay-out resulted in idle investment of ₹ 2.69 crore¹²², being expenditure incurred on the project till date thereby defeating the very purpose of creation of MPCC.

118 GoI- ₹ 1.50 crore (December 2005)+ ₹ 1.00 crore (December 2009) and State Share- ₹ 2.50 crore (March 2007)

119 Member Secretary and Commissioner, Youth Services and Cultural Activities

120 Civil Work - ₹ 3.27 crore and Electrification - ₹ 0.42 crore

121 ₹ 0.86 crore (excess quantity of material) + ₹ 0.20 crore (price rise in steel) + ₹ 0.13 crore (extra materials)

122 ₹ 2.44 crore (Civil Work) + ₹ 0.21 crore (consultant) + ₹ 0.04 crore (other expenses)

SKP stated (May 2014) that the work was started in anticipation of the approval of drawings and designs; however, due to non-settlement of claims by R&B Department, the agency abandoned the work. It was further stated (September 2014) that the proposal to hand over the work to R&B Department was under consideration and sincere effort to complete the project is still in progress. Notably, the work order can be issued only after ascertaining the scope of work based on the approved design and structural lay-out and the SKP failed to obtain the designs and structural lay-out approved from GUDA though the matter was repeatedly reported by R&B Department and the contractor.

The matter was reported to Government in June 2014. Reply is awaited (November 2014).

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