

## Chapter 3: Audit of Transactions

Audit of transactions of the Government departments, their field formations as well as that of the autonomous bodies brought out instances of lapses in management of resources and failures in the observance of the norms of regularity, propriety and economy. These have been presented in the succeeding paragraphs under broad objective heads.

### 3.1 Non-compliance with the rules, orders, procedures, etc.

For sound financial administration and financial control, it is essential that expenditure conforms to financial rules, regulations and orders issued by the competent authority. This not only prevents irregularities, misappropriation and frauds, but helps in maintaining good financial discipline. Some of the audit findings on non-compliance with rules and regulations are as under:

#### Public Health and Family Welfare Department

##### 3.1.1 Procurement and distribution of non-standard medicines

**Medicines procured from the suppliers were not tested by the Department before distribution. Medicines worth ₹ 65.95 lakh procured were found not of standard quality during test conducted by FDA.**

In Madhya Pradesh, decentralised system of procurement of drugs was implemented from August 2010, in pursuance with the State Drug Policy 2009. As per the Drug Policy, the Chief Medical and Health Officers (CMHOs) and Civil Surgeons (CSs) at district level are to procure 80 per cent of total drugs required from the drug companies empanelled with the selected agency Tamil Nadu Medical Service Corporation (TNMSC) and 20 per cent from the local drug distributors for emergency distribution. For quality control of drugs, the sample of each batch of medicine supplied by the firms (TNMSC and local distributor) have to be sent to the selected accredited laboratories<sup>1</sup> within three days of the receipt by respective CMHOs and CSs. The cost of testing and inspection would be borne by the supplier firms. Additionally, the drug inspector of Food and Drug Administration (FDA) can also take samples from district level stores /Health institutions from each batch of drugs received at random which can be tested at Government laboratory.

If the drugs/medical goods supplied are found to be 'not-of-standard quality' during testing, the whole batch would have to be replaced or the value of the drugs refunded to the Health Institution and the complete batch of goods was to be lifted by the supplier within 30 days of supply. Also, the firm would be blacklisted.

During test-check of records of 19 CMHOs/CSs/Hospital Superintendents (HSs), (listed in *Appendix 3.1*), we noticed that during the period 2010-13, medicines worth ₹ 21.70 crore were procured by the CMHOs/CSs/HSs for distribution to District Hospitals/Community Health Centres/Primary Health Centres and Sub-Health Centres. We observed that there was no record to suggest that quality of the medicines was ascertained by obtaining test reports

<sup>1</sup> Laboratories selected with the assistance of Tamil Nadu Medical Service Corporation (TNMSC) for quality control of drugs.

from accredited laboratories, before distribution of the same. On an audit enquiry, the CMHOs/CSs stated that the samples were taken by the Drug Inspectors of FDA for testing, but testing reports were not received before distribution of the medicines. While examining (November 2013) the records of Controller, Food and Drug Administration (CFDA) Bhopal, we noticed that 222 samples of medicines supplied to CMHOs/CSs/HSs during the period 2010-13 were found 'not-of-standard quality' when tested by them. Of these, we cross verified (January-February 2014) drug testing reports of 45 samples/batches with the records of medicines procured by CMHOs/CSs/HSs<sup>2</sup>. It was noticed that during the period 2010-13, medicines worth ₹ 55.49 lakh supplied by TNMSC firms in 28 batches (*Appendix 3.2 (a)<sup>3</sup> and (b)<sup>4</sup>*) were found to be 'not-of-standard quality' by CFDA. We further noticed that medicines worth ₹ 10.46 lakh purchased from local drug distributors in 17 batches were also found to be 'not-of-standard quality' by CFDA. Details are in *Appendix 3.3*.

Thus, the prescribed procedure for ensuring quality of medicines before distribution was not followed. As a result, medicines 'not-of-standard quality' worth ₹ 65.95 lakh were accepted/distributed by the CMHOs/CSs/HSs without confirming the quality mainly due to lack of co-ordination between CFDA and DHS and follow-up by CMHOs/CSs/HSs for obtaining the test reports.

On this being pointed out, DHS admitted (November 2014) that samples were required to be sent but were not sent to the accredited laboratories by the CMHOs/CSs/HSs and also intimated that an amount of ₹ 42.65 lakh had been recovered from the concerned TNMSC firms and ₹ 32,542 from CMHOs, Guna, Sheopur and CS Ashoknagar for medicines purchased locally. Instructions had been issued to the concerned districts for recovery of the balance amount. Further, DHS issued (November 2014) show cause notices to the CMHOs and CSs for non-compliance of provisions of drug policy regarding testing of medicines and directed to take disciplinary action against the erring store keepers/pharmacists.

The matter was reported to the Government (May and November 2014); their reply has not been received (December 2014).

### **3.1.2 Non-levy of penalty towards non-supply of medicines**

**Penalty amounting to ₹ 2.37 crore was not levied on the suppliers towards non-supply of medicines/material, in violation of contract clause.**

The New Drug Policy-2009 (Policy) of the State envisaged decentralised system of procurement, which was implemented in August 2010. Accordingly, the Chief Medical & Health Officers (CMHO) and the Civil Surgeon-cum-Hospital Superintendents (CS) of the concerned districts were to issue supply

<sup>2</sup> CMHO-Anuppur, Balaghat, Barwani, Chhindwara, Datia, Sheopur, Guna, Gwalior, Hoshangabad, Jabalpur, Mandla and Rewa; CS-Ashoknagar, Balaghat, Bhopal, Chhindwara, Dhar, Hoshangabad, Indore, Jabalpur, Mandla and Umariya; HS, Bairagarh, Bhopal, T.B. Hospital, Bhopal.

<sup>3</sup> Based on scrutiny of records of concerned CMHOs/CSs/HSs.

<sup>4</sup> Based on information obtained from DHS.

orders to the drug companies empanelled with Tamil Nadu Medical Services Corporation, Chennai (TNMSC), according to their requirement and payment is made by them. Para 18.1.2 of the Policy stated that, “if supply of the goods were delayed beyond 60 days, then on the remaining goods/drugs, 20 per cent would be deducted as penalty and automatically the order would be considered as cancelled; the firm would be sent a notice from State level and its Earnest Money Deposit would be forfeited”.

Accordingly, the conditions of purchase order included a clause (16.3), which stated that “penalty at 20 per cent on the value of unexecuted order was to be levied, which was recoverable from any amount payable to the supplier”.

Scrutiny of supply orders, goods received, bills raised by the suppliers and payments made in the offices of 17 CMHOs/CSs<sup>5</sup> during the period July to November 2013 and further information collected (June 2014) revealed that during the period 2011-12 to 2013-14, the companies empanelled with TNMSC supplied medicines/material of ₹ 2.60 crore against 310 supply orders and no supply was made against 1718 supply orders valued ₹ 11.87 crore (**Appendix 3.4**). There was nothing on record to ascertain the reasons for non-supply of medicines. We observed that the CMHOs/CSs did not levy penalty on non-supply of medicines/material amounting to ₹ 2.37 crore (20 per cent of ₹ 11.87 crore) from the pending bills/subsequent bills in contravention of provisions of para 18.1.2 of purchase Policy-2009 and clause 16.3 of the purchase orders. Details are shown in **Appendix 3.4**. In case no bills were pending, the CMHOs/CSs should have reported the matter to the Directorate, Health Services (DHS) for taking further necessary action, which was also not done.

The matter was reported to the Government in July 2014 and was discussed (November 2014) in the exit conference with the Principal Secretary, PH&FW Department. The Department accepted the facts and stated that instructions have been issued to concerned officials to issue notices for recovery immediately. He also stated that stringent action would be taken against officials who do not comply with the instructions.

### 3.1.3 Short levy of stamp duty and non-registration of lease deeds

#### Government was deprived of revenue of ₹ 1.02 crore due to short levy of stamp duty and non-registration of lease deeds by Rogi Kalyan Samities.

Indian Stamp Act (IS Act), 1899, provides for levy of stamp duty<sup>6</sup> at eight per cent<sup>7</sup> on conveyance on a lease deed where the lease is granted for a premium in addition to rent fixed. Further, Registration Act, 1908<sup>8</sup>, prescribes leviable

<sup>5</sup> CMHO- Bhopal (September-2013), Damoh (October-2013), Dewas (September-2013), Dindori (September-2013), Hoshangabad (September-2013), Khandwa (July-2013), Narsinghpur (October-2013), Ratlam (September 2013), Satna (October-2013), Shivpuri (September-2013), CS- Damoh (November-2013), Dindori (September-2013), Harda (August-2013), Jabalpur (October-2013), Shajapur (October-2013), Mandla (November-2013) and Mandsaur (August-2013).

<sup>6</sup> Section 33 (c) of Schedule 1-A.

<sup>7</sup> Revised to 7.5 per cent w.e.f. 1 April, 2008 and 5.0 per cent w.e.f. 1 April, 2011.

<sup>8</sup> Article II of Table of Registration fees.

Registration fee at three fourth of the stamp duty. The same Act also makes registration of lease deeds compulsory where the lease term exceeds one year.

We noticed from scrutiny of records of seven Civil Surgeons cum Hospital Superintendents (CSs)<sup>9</sup> and the Civil Hospital Nagda and Jharda under the Chief Medical and Health Officer (CMHO), Ujjain (November 2013) that the Rogi Kalyan Samities (RKSs) under the CSs in the District Hospitals had constructed and rented out shops to private individuals at a premium. In all 222 shops were rented out during the period 1997 to 2012 by concerned RKSs for periods ranging from 35 months to 30 years with provisions for further extension of period and revision of rent. In these cases, the allotment was made on premium/offset price in addition to rent fixed. According to IS Act, stamp duty aggregating to ₹ 58.27 lakh was payable on these instruments at five per cent to eight per cent of premium/offset price (ranging from ₹ 41,000 to ₹ 20,00,000). We, however, noticed that the instruments were executed on stamp paper of only ₹ 50 to ₹ 1200 and total amount of Stamp Duty levied was ₹ 29,220. This resulted in short levy of stamp duty of ₹ 58 lakh. We further observed that the lease deeds were also not registered resulting in non-levy of Registration fee of ₹ 43.70 lakh. Thus, due to non-observance of provisions of IS Act and Registration Act, the Government was deprived of revenue of ₹ 1.02 crore as detailed in **Appendix 3.5**. This indicated failure of the concerned CSs and CMHOs in discharging their duties for the purpose of the IS Act. The short levy also remained undetected by the Registration Department because the deeds were not registered by the Public Health and Family Welfare Department.

The matter was reported to the Government (June 2014) and was discussed in the exit conference. The Principal Secretary, PH&FW Department in the exit conference (November 2014), accepted the facts and stated that instructions have been issued to all CSs/CMHOs for recovery of short stamp duty and registration fee.

### **3.1.4 Irregular payment of assistance for treatment of BPL patients**

**Financial assistance amounting to ₹ 1.01 crore was provided to ineligible beneficiaries under Rajya Bimari Sahayata Nidhi<sup>10</sup> Scheme for treatment of Below Poverty Line (BPL) patients.**

Rajya Bimari Sahayata Nidhi (RBSN) Scheme was launched by Government of Madhya Pradesh (GoMP), Public Health and Family Welfare Department (PH&FW) in 1997 to provide financial assistance for treatment of patients from a BPL family for 20 notified diseases<sup>11</sup>. The monetary limit for sanction

<sup>9</sup> Guna (September 2013), Harda (August 2013), Jabalpur (October 2013), Mandsaur, (August 2013), Satna, Shajapur and Ujjain (October 2013).

<sup>10</sup> State Illness Assistance Fund.

<sup>11</sup> Cancer, Renal Surgery and Renal Transplantation, Hip Joint Replacement, Replacement of Knee, Brain Injury, Spinal Surgery, Retinal Detachment, Post Delivery Complications, Heart Surgery, Thoracic Surgery, Brain Surgery, Neuro Surgery, MDR, Pace Maker, Vascular Surgery, Congenital Male Formation, Aplastic Anemia, Burn and Post Burn Conductor, Chronic Renal Diseases, Swine Flu (C-Category).

of financial assistance prescribed per case was up to ₹ 1 lakh by District level Committee and up to ₹ 2 lakh by State level Committee<sup>12</sup>. The amount was payable directly to the selected empanelled health institution, as an advance, on the basis of estimated cost certified by the recognised hospitals. Further, Director, Health Services (DHS) issued instructions (November 2010) defining the BPL family for the purpose of extending benefits under RBSN Scheme as consisting of husband, wife, minor children, dependent mother and father, dependent widow or abandoned/divorced daughter. Hence, any other member of the BPL family and members of non-BPL family were not eligible for the benefits under the Scheme.

Test check of records relating to RBSN Scheme in the offices of seven CMHOs<sup>13</sup> revealed (September 2013 and January 2014) that scheme funds of ₹ 1.01 crore were sanctioned between May 2011 to January 2014 to 106 ineligible beneficiaries<sup>14</sup> since they did not fall within the definition of BPL family defined in the DHS order of 2010, as detailed in *Appendix 3.6*.

The matter was reported to the Government (June 2014) and was discussed in the exit conference. The Principal Secretary, PH&FW Department in the exit conference (November 2014) stated that appropriate action would be considered in cases which have been pointed out by Audit. Further, he stated that family definition would be reconsidered/redefined for the purpose of the Scheme by the Government and clarification in this regard would be issued.

Fact remains that extending benefits of the Scheme to the persons not eligible under the existing family definition was irregular.

## Women and Child Development Department

### 3.1.5 Irregular payment of transportation charges

#### Irregular payment of transportation charges amounting to ₹ 80.46 lakh was made for providing supplementary nutritional food.

Government of Madhya Pradesh, Women and Child Development Department (Department) issued instructions (August, 2009) for providing Supplementary Nutritional Food (SNF) to the children in the age group of three to six years in the AWCs of urban areas. As per instructions issued (August 2009) by the Department, Self Help Groups (SHGs) were to supply cooked food at Anganwadi Centers (AWCs) for which no transportation charges would be paid.

Scrutiny of records related to payments made for supply of SNF during February 2013 to January 2014 in the offices of District Programme Officers, Women and Child Development Department (DPOs) Mandsaur, Rewa and Shahdol and further information collected (May 2014) revealed that an amount

<sup>12</sup> As per revised order of Government, cases were to be sanctioned by the Divisional Commissioner (September, 2012).

<sup>13</sup> Bhopal, Damoh, Dindori, Chhindwara, Narsinghpur, Shivpuri and Tikamgarh.

<sup>14</sup> Father/Mother in law-19; Major son-68; Minor grandson/daughter-8; Major brother-5; Brother/daughter in law-4; No BPL cardholder-1; Name of applicant not in ration card-1.

of ₹ 80.46 lakh<sup>15</sup> was paid as transportation charges by the DPOs to SHGs for supply of SNF in AWCs of urban areas during April 2010 to November 2013. Transportation charges were paid by adopting Department's orders of October 2009 for rural areas wherein transportation charges were payable to SHGs. This was in contravention to the instructions issued by the Department in August 2009 in respect of urban areas.

On this being pointed out in audit, DPO Mandsaur replied (August 2014) that the entire amount has been recovered, DPO Rewa stated (August 2014) that an amount of ₹ 36.82 lakh has been recovered and DPO Shahdol has recovered (May and September 2014) ₹ 13.00 lakh and further stated that the recovery of remaining amount is in progress. Thus, an amount of ₹ 25.33 lakh is yet to be recovered out of ₹ 80.46 lakh (September 2014).

The Directorate, Integrated Child Development Service, Madhya Pradesh, Bhopal accepted the facts and instructed (May 2014) all Collectors that payment of transportation charges to SHGs in urban AWCs is irregular and should be recovered immediately.

The matter was reported to the Government (November 2013 and June 2014) with reminder (October 2014); their reply has not been received (December 2014).

### **3.2 Failure of oversight/administrative control**

The Government has an obligation to improve the quality of life of the people for which it works towards fulfillment of certain goals in the area of health, education, development and upgradation of infrastructure and public service *etc.* However, Audit noticed instances where the funds released by Government for creating public assets for the benefit of the community remained unutilised/ blocked and/or proved unfruitful /unproductive due to indecisiveness, lack of administrative oversight and concerted action at various levels. A few such cases have been discussed below:

#### **Urban Development and Environment Department**

##### **3.2.1 Extra expenditure on housing projects**

**The Madhya Pradesh Housing and Infrastructure Development Board incurred an extra expenditure of ₹ 1.07 crore towards re-award of an incomplete work of a housing project. Due to deficiency in agreement with the contractor, only ₹ 48.73 lakh could be recovered from the defaulting contractor.**

The Madhya Pradesh Housing and Infrastructure Development Board (Board) adopted (November 1990) the Madhya Pradesh Public Works Department Manual 1983 (Manual) for construction works. As per para 2.089 of the Manual, the agreements executed on the standard forms were to be modified to suit local requirements, with the approval of the State Government.

Contract clause 3(a) of the Manual provided for rescission of the contract and forfeiture of the security deposit of the contract thereupon. Clause 3(c) *ibid*

<sup>15</sup> Shahdol ₹ 31.59 lakh, Rewa ₹ 43.56 lakh and Mandsaur ₹ 5.31 lakh.

further provided that "to measure up the work of contractor and to take such part thereof as shall be unexecuted out of his hands, and to give it to another contractor to complete in which case any expenses which may be incurred in excess of the sum which would have been paid to the original contractor, if the whole work had been executed by him (of the amount of which excess certificate in writing of the Divisional Officer shall be final and conclusive) shall be borne and paid by the original contractor and may be deducted from any money due to him by Government under the contract or otherwise or from his security deposit or the proceeds of sale thereof or a sufficient part thereof".

The Board while adopting the MPWD Manual, deleted (February 2002) the clause 3(c) of the conditions of contract without obtaining the consent of the State Government. We observed that no other enabling provision was included in the conditions of the contract in lieu of the clause 3(c), to recover the excess cost, if any, from the defaulting contractors.

Scrutiny of records of the Executive Engineer (EE), Board, Division, Indore (October 2013) and further information collected (April 2014) revealed that construction of 75 EWS houses and 75 LIG houses at Rau, District Indore was awarded (July 2010) to contractor 'A' at an agreed amount of ₹ 4.61 crore for completion in 15 months, i.e. by October 2011, which was extended to March 2013. The contractor failed to complete the work even within the extended period. The EE, Board Division, Indore rescinded the contract (January 2013) under clause 3(a) of the agreement due to delay in execution attributable to the contractor. The value of work done was ₹ 2.50 crore. The balance work valued ₹ 2.11 crore<sup>16</sup>, which was left by original contractor, was awarded (September 2013) to contractor 'B' for ₹ 3.18 crore i.e. an increase of ₹ 1.07 crore.

It was noticed that the Additional Commissioner, Board, Bhopal, while approving (August 2013) the tender for balance work left by original contractor, directed the EE, Board Division, Indore to obtain legal opinion for taking immediate action against the defaulting contractor and recovery of excess cost (₹ 106.53 lakh). The Division forfeited ₹ 48.73 lakh<sup>17</sup> (August 2013) from contractor's security deposits etc. However, the remaining amount ₹ 57.80 lakh could not be recovered from contractor as of April 2014. As per the legal opinion (October 2013) the excess cost of work cannot be recovered in the absence of enabling provision in the agreement.

The Board replied (November 2014) that ₹ 48.73 lakh had been recovered and due to deletion of clause 3(c) from the contract, recovery of remaining amount (₹ 57.80 lakh) was not possible from the contractor. It was also stated that as the selling price of properties is being fixed on the basis of actual expenditure incurred by Board, the question of loss to the Board does not arise.

The reply was not in order since the decision of the Board to delete the clause 3(c) of MPWD Manual facilitated financial benefit of ₹ 57.80 lakh to the contractor. This may also result in financial burden to the beneficiaries in terms of enhanced cost of properties.

<sup>16</sup> Agreement cost for complete work ₹ 4.61 crore - ₹ 2.50 crore i.e. the total value of work done up-to January 2013.

<sup>17</sup> Earnest money ₹ 2.38 lakh; Security deposit ₹ 12.44 lakh; Performance guarantee ₹ 9.22 lakh; Miscellaneous deposit (slow progress etc.) ₹ 4.30 lakh and Final Bill amount ₹ 20.39 lakh.

However, in December 2014 the Board intimated that the tender forms revised by MPPWD have been adopted (November 2014) containing clause of recovery from contractors as arrears of land revenue under the Madhya Pradesh Land Revenue Code.

The matter was reported to Government (February and June 2014) with reminders (August and October 2014); their reply has not been received (December 2014).

## Medical Education Department

### 3.2.2 Avoidable expenditure on electricity charges

**Due to execution of an agreement for higher contract demand and non-maintenance of average monthly power factor, Bundelkhand Medical College, Sagar incurred avoidable expenditure of ₹ 1.04 crore on electricity charges.**

The Dean, Bundelkhand Medical College, Sagar (College) executed an agreement in February 2010 with the Madhya Pradesh Poorva Kshetra Vidyut Vitaran Company Limited<sup>18</sup> (Company) for supply of 2200 KVA High Tension (HT) power to the College. The contract demand was subsequently (February 2013) reduced from 2200 KVA to 1200 KVA. The required load was assessed by College on the basis of minimum demand and load furnished by the Madhya Pradesh Housing Board.

As per the agreement and HT tariff applicable, if power consumption was less than 90 per cent of the contract demand, the college was required to pay the charges for minimum 90 per cent of the contract demand. Similarly, the college was also required to maintain an average monthly power factor of not less than 90 per cent. Failure to maintain the required power factor would attract levy of additional charges.

Further, as per general terms and conditions of HT tariff, the College was to be billed for Guaranteed Annual Minimum consumption (KWH) based on number of units per KVA of contract demand specified for its category, irrespective of whether any energy was consumed or not during the year. The consumer was to be billed one twelfth of guaranteed annual minimum consumption (KWH) specified for his category each month in case the actual consumption was less than above mentioned minimum consumption. In case during a month in which actual consumption equals or greater than the annual minimum consumption, no further billing of monthly minimum consumption shall be done in subsequent months of the financial year. As per specific terms and conditions of tariff schedule of respective category, guaranteed annual minimum consumption was decided.

Scrutiny of electricity bills paid and related records of the College (May 2013) and further information collected (April 2014) revealed that consumption of power by the College was below the limit of 90 per cent of the demand stipulated in the original and supplementary agreements. The College,

<sup>18</sup> Essel Vidyut Vitaran Sagar Private Limited (Since January 2013).



therefore, had to pay an additional amount of ₹ 70.27 lakh towards the difference between the actual power consumed and contracted demand of supply. Further, the monthly average power factor was also below the stipulated 90 per cent in six months<sup>19</sup>, due to which ₹ 1.57 lakh was paid as penalty for not maintaining the average monthly power factor. Details are shown in **Appendix 3.7**. This indicated that the original agreement was not based on proper assessment of the requirement and supplementary agreement was also not based on actual past consumption.

Further, the Guaranteed Annual Minimum consumption was also not achieved due to low consumption during August 2012 to July 2013, except April and May 2013, due to which an excess payment of ₹ 31.85 lakh<sup>20</sup> was made. Details are shown in the **Appendix 3.8**. Thus, failure to maintain correct power loads, average monthly power factor and guaranteed annual minimum consumption resulted in avoidable expenditure of ₹1.04 crore (₹ 70.27 lakh + ₹ 1.57 lakh + ₹ 31.85 lakh). This indicated inaction on the part of the college, as no efforts were made to improve the power consumption and to improve the power factor by using capacitors.

Government stated (July 2014) that in absence of technical staff with the college, the load was assessed by Madhya Pradesh Housing Board (Board). Due to delay in construction of college building by the Board, the hospital attached with Medical College could not be made fully functional till date and equipment/instruments could not be installed as required. Hence, the electric load was not fully utilised. However, the Board has been directed to expedite the construction work. Also, the Executive Engineer (Electrical Security), Sagar has been directed (May 2014) to assess the actual consumption.

The reply is not acceptable as load assessment should have been made on the basis of functional activity. The College did not take this aspect into consideration even while reducing the contract demand from 2200 KVA to 1200 KVA, which resulted in excess payment.

### **Panchayat and Rural Development Department**

#### **3.2.3 Non-remittance of Workers Welfare Cess to the State Board**

**Non-remittance of Workers Welfare cess amounting ₹ 3.84 crore to Madhya Pradesh Building and other Construction Workers Welfare Board.**

In order to implement social security schemes providing financial assistance to the workers for the purpose of loans and advances for construction of houses, education of children, medical expenses for treatment of major ailments and other welfare measures, Government of Madhya Pradesh framed the Building and other Construction Workers (Regulation of Employment and Conditions

<sup>19</sup> August 2012, September 2012, February 2013, March 2013, April 2013 and May 2013.

<sup>20</sup> Included ₹ 11.55 lakh wrongly billed by the Company by adopting tariff schedule applicable to 'others' instead of 'educational institution'.

of Service) Rules, 2002 in pursuance with the Central Act 1996. In April 2003, the Government constituted the Madhya Pradesh Building and other Construction Workers Welfare Board (Board), headed by a Chairman to be appointed by the State Government. In May 2003, Rural Development Department (RDD), Government of Madhya Pradesh made it mandatory to levy Workers Welfare Cess at one *per cent* on the amount related to the construction works of different types. The cess amount so collected by the concerned departments was to be remitted to the Board within one month of collection/deduction through demand draft for depositing in M P Building and Other Construction Workers Welfare Fund.

Test check of records of six Executive Engineers<sup>21</sup>, Rural Engineering Services (EEs) and further information collected (May and June 2014) from these offices revealed that worker welfare cess amounting to ₹ 3.84 crore<sup>22</sup> was deducted from the construction bills of contractors during the period December 2006 to April 2014. However, none of the EEs remitted the cess to the Board as required by the orders of May 2003. The EEs kept the money in civil deposit/ revenue head 'Labour and Employment -0230'.

Further verification by Audit (May, June and November 2014) revealed that after being pointed out in Audit, an amount of ₹ 1.55 crore<sup>23</sup> was remitted to the Board by five EEs, Ashoknagar, Burhanpur, Dewas, Khargone and Satna leaving an amount of ₹ 2.29 crore yet to be remitted.

Thus, due to non-observance of Government orders of May 2003 by EEs, the Construction Workers Welfare Fund was deprived of the cess amount.

The Secretary, Panchayat and Rural Development Department stated (November 2014) that action for withdrawing the cess amount which has been deposited in the revenue head -0230 of Labour Department and transferring it to the Board was in progress. Instructions have also been issued to all EEs for depositing the cess amount to the Board within the stipulated period. In case of delay, penalty would be imposed by Labour Department and responsibility for non-deposit of the cess amount would be fixed and penalty would be recovered from the concerned EEs.

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<sup>21</sup> Ashok Nagar (July 2013), Burhanpur (December 2013), Dewas (July 2013), Jhabua (October 2013), Khargone (April 2013) and Satna (October 2013).

<sup>22</sup> Ashoknagar (12/06 to 6/13) ₹ 50.68 lakh, Burhanpur (01/10 to 4/14) ₹19.94 lakh, Dewas (4/12 to 3/14) ₹ 55.26 lakh, Jhabua (7/10 to 4/14) ₹ 23.47 lakh, Khargone (7/10 to 3/14) ₹2.06 crore and Satna (9/11 to 9/13) ₹ 28.15 lakh.

<sup>23</sup> Ashok Nagar (₹ 50.68 lakh), Burhanpur (₹ 10.65 lakh), Dewas (₹ 52.14 lakh), Khargone (₹ 13.58 lakh) and Satna (₹ 28.15 lakh).

## Public Health and Family Welfare Department

### 3.2.4 Unauthorised use of Government land and incorrect retention of receipts by Rogi Kalyan Samiti

**Rogi Kalyan Samiti unauthorisedly used Government land for construction of shopping complex and incorrectly retained ₹ 4.35 crore outside the Consolidated Fund of the State.**

Rule 7(1) of Madhya Pradesh Treasury Code (MPTC) provides that all moneys received by or tendered to Government or public moneys raised or received by the State Government shall, without undue delay, be paid in full into the treasury or into bank and shall be included in the Consolidated Fund of State. No department of the Government may retain any money received by it on account of the revenues of the State and be kept out of the Consolidated Fund of State. Further, if any body or individual entrusted with duty of any work related to Government institution, the amount can be paid back to it after valid appropriation by Legislature.

The Rogi Kalyan Samiti (RKS) is a registered society under the Madhya Pradesh Societies Registration Act, 1973 for the purpose of welfare of patients and upgradation of facilities in government hospitals. In terms of Rule 3 of the activities of the RKS, it was prescribed that without altering the basic capacities of hospital and altering the use of hospital land, the RKS can use the unused land in hospital for commercial purposes to raise additional funds.

Test check of records (August-November 2013) of four offices<sup>24</sup> under Public Health and Family Welfare Department revealed that the RKS constructed shops on Government hospital land and collected premium amounting to ₹ 4.35 crore during the period from 1998 to 2013. Thus, the land use of the hospital land was unauthorisedly altered by constructing shopping complex on it. Though the ownership of the property lies with the State Government, the RKSs unauthorisedly leased out the shops to private persons. The premium amounting to ₹ 4.35 crore collected by RKSs on leasing out these shops was also incorrectly deposited in RKSs bank accounts, though the income from the property of the State Government should have been deposited into the Consolidated Fund of the State. The details are as under:

Sl. No.	Name of unit	Number of shops	Collected premium amount ₹ in lakh
1	CS, Mandsaur	56	243.19
2	CMHO, Neemuch	10	16.53
3	CHC, Manasa, CMHO, Neemuch	05	44.27
4	Secretary, DHS, Neemuch	32	82.42
5	CS, Tikamgarh	30	48.42
	<b>Total</b>	<b>133</b>	<b>434.83</b>

Thus, the RKS has unauthorisedly used Government land as a source of fund since the Government land on which these shops were built was not leased out

<sup>24</sup> The Civil Surgeon cum Hospital Superintendent (CS), Mandsaur (August 2013); Chief Medical & Health Officer (CMHO), Neemuch and CHC Manasa under CMHO, Neemuch (October 2013); Secretary, District Health Society (DHS), Neemuch (October 2013) and CS, Tikamgarh (November 2013).

by the Government to RKS which was not authorised to sub-lease it to private individuals.

On this being pointed out, DHS confirmed (August 2014) that RKS was only authorised to use the hospital land without changing the use of land and neither RKS was granted lease of the land nor authorised to sub-lease the Government land. In the exit conference (November 2014), the Principal Secretary, (PH&FW) stated that Government has issued orders to suspend the powers of RKS to utilise the land of hospitals. Shops would not be constructed/allotted in future and hospital premises would not be utilised for commercial activities and would only be used for hospital expansions. Eviction and other severe action would be taken.

The Government was, however, silent about the money collected by RKS through premium on these shops, which has been retained by them and not deposited into the Government account.

### 3.2.5 Operation of Trauma Care Centres (TCCs)

**Trauma Care Centres established in Madhya Pradesh were not fully functional due to non-procurement/idling of equipment (₹ 1.05 crore), utilisation of funds for inadmissible items (₹ 0.71 crore), non-operation of ambulances and lack of manpower.**

In order to augment and upgrade emergency services in accident prone areas on National Highways, Government of India (GoI) provided financial assistance to Madhya Pradesh for five district hospitals<sup>25</sup> and two medical college hospitals<sup>26</sup> under a Pilot Project during the Ninth and Tenth Five-Year Plan period (1997-2007). During Eleventh Five-Year Plan period (2007-12), two already identified hospitals (Gwalior and Shivpuri) were selected for upgradation to level-II and three new district hospitals (Narsinghpur, Sagar and Seoni) were selected for development of TCCs.

During scrutiny of records of five TCCs<sup>27</sup> (May to September 2014), we observed shortages of equipment and man-power adversely affecting the operation of TCCs, as discussed below:

GoI funds for establishment of TCCs were provided under the component building, equipment, man-power and ambulance. Expenditure on maintenance of equipment, salary of staff, liability of contractual staff (after 2011-12), sanitation work etc. was to be borne by the State Government. We observed that during the period 2010-14, the TCCs at Gwalior, Ratlam and Shivpuri incurred expenditure of ₹ 70.80 lakh from GoI grant on inadmissible items viz. salaries to contractual staff, maintenance of equipment, cleanliness and security, printing works etc. Details are given in **Appendix 3.9**.

During Tenth Plan period, GoI prescribed procurement of 10 essential equipment for each TCC. Accordingly, equipment/material valued ₹ 64.33 lakh were procured by the CS, Shivpuri for the TCC during 2005-11. We

<sup>25</sup> Guna, Ratlam, Shahdol, Shivpuri and Ujjain.

<sup>26</sup> Gwalior and Indore.

<sup>27</sup> Gwalior, Indore, Ratlam, Shivpuri and Ujjain.

observed that seven equipment<sup>28</sup> valued ₹ 35.11 lakh procured during February to March 2006 were issued to the TCC only during July to October 2013 i.e. after a delay of seven to eight years from date of procurement, adversely affecting the operation of the TCC. On this being pointed out, CS, Shivpuri stated that delay was mainly due to lack of man-power.

During Eleventh Five-Year Plan, GoI prescribed procurement of 30 essential equipment for a level-II TCC. We observed that in TCC Gwalior, 14 prescribed essential equipment and in TCC Shivpuri, 12 prescribed essential equipment were not procured (**Appendix 3.10**) despite availability of funds of ₹ 2.20 crore and ₹ 2.06 crore respectively with them.

We also observed (July 2014) that in TCC Gwalior, equipment<sup>29</sup> worth ₹ 70.26 lakh procured in September 2011 were not in working condition since October-November 2012/February 2013. We observed that though the warranty period was valid up to September 2014, the equipment were not got repaired by the suppliers. Thus, essential equipment were not available for operation of the TCC for about two years. Details are shown in **Appendix 3.11**.

During the Eleventh Five-Year Plan period, one Life Support Ambulance was provided (April 2013) to each TCC at Gwalior and Shivpuri by NHAI, Ministry of Road Transport. Scrutiny of records revealed that no man-power was sanctioned and deployed for running of ambulances and these were mainly utilised for general purposes. This adversely affected transportation of the trauma patients.

Under Tenth and Eleventh Plan, GoI guidelines prescribed norms for specialists<sup>30</sup> and supporting staff<sup>31</sup> and prescribed man-power<sup>32</sup> for the TCCs of various levels. We observed that as of March 2014, there were shortages of sanctioned posts of Specialists, Medical Officers and other staff compared to the prescribed norms, which ranged between 11 to 100 *per cent*. Even against the sanctioned posts, there were shortages of actual working man-power ranging between 15 to 100 *per cent*. Shortage of man-power adversely affected utilisation of equipment and running of ambulances. The status of man-power is given in **Appendix 3.12**.

In the exit conference (November 2014), the Government stated that the essential equipment would be procured by June 2015 and the required man-power would be sanctioned and filled up by March 2015. It was also stated that instructions had been issued to link the equipped ambulances with 'Janani Express' control room and utilise them for intended purpose only.

<sup>28</sup> Anaesthesia Machine, C-Arm Mobile Image Intensifier, Cardiac Monitor, Fully Automatic Clinically Chemistry Analyser, OT light ceiling mounted 80000 lux, Saline stand and Ventilator.

<sup>29</sup> Auto Blood Gas Analyser and Ventilator.

<sup>30</sup> 10<sup>th</sup> Five-Year Plan: Specialists of General Surgery, Medicine and Anesthesia for round the clock availability.

<sup>31</sup> 10<sup>th</sup> Five-Year Plan: Nursing and other Technical Staff (ECG Technician, O.T. Assistant/Technician, X-ray Technician) for round the clock availability.

<sup>32</sup> 11<sup>th</sup> Five-Year Plan: Level-II TCC: 9 Specialists, 8 Medical Officers, 67 Para-medical Staff and 15 other staff.

Fact remains that due to non-procurement of essential equipment, non-utilisation of equipment and shortage of required man-power, TCCs could not be made fully functional and the objectives of setting up of TCCs could not be achieved.

### 3.2.6 Payment of pay and allowances to the staff of non-functioning training centres

**Objective of providing trained Multipurpose Health Workers (Male) (MPHW) was not achieved and expenditure of ₹ 6.26 crore was incurred on pay and allowances on staff deployed at Training Centres which were not functioning for 36 months to 141 months.**

In order to impart training to Multipurpose Health Workers (MPHW) the Public Health and Family Welfare Department (Department) of Madhya Pradesh established (August 1988) seven<sup>33</sup> Multipurpose Health Workers (Male) training centres headed by in-charge Medical Officer. Administrative control of the centres was vested with the Chief Medical and Health Officer (CMHO) at district level and Commissioner, Health Services at State level. Twenty seven posts in different cadres<sup>34</sup> were sanctioned for each centre and the expenditure on salary and allowances was to be recouped from Government of India (GoI). Training to 60 MPHW was to be imparted each year at each centre to equip them to carry out core activities in the field of prevention and control of disease of public health importance, health education, detection and control of epidemic prone disease etc.

Test check of records of the Chief Medical and Health Officer (CMHO), Ujjain (November 2013), Barwani (December 2013) and further information collected from CMHO, Ujjain, Barwani and Vidisha (May-June 2014) revealed that training of MPHWS had not been conducted at these centres since April 2009, July 2002 and April 2011 respectively. We observed that during the concerned period (ranging from 36 months to 141 months), 18 staff were posted in Ujjain, 20-25 were posted in Barwani and 16 posted in Vidisha and a total amount of ₹ 6.26 crore was incurred on their pay and allowances as of March 2014. The district wise and period wise expenditure details were as follows:

Sl. No.	Name of district	Period	No. of persons required to be trained	No. of persons trained	Expenditure incurred on pay and allowances of staff posted in training centres (₹ in crore)
1	Ujjain	4/2009 to 03/2014	300	Nil	2.06
2	Barwani	07/2002 to 03/2014	720	Nil	2.96
3	Vidisha	04/2011 to 03/2014	180	Nil	1.24
	<b>Total</b>		<b>1200</b>		<b>6.26</b>

(Source: Information provided by the concerned CMHOs)

We also observed that Directorate, Health Services decided (December 2013) to merge/adjust staff of five<sup>35</sup> MPHW(M) centres in District Training Centres

<sup>33</sup> Barwani, Chindwara, Guna, Rewa, Sagar, Ujjain and Vidisha.

<sup>34</sup> In-charge Medical Officer-1, Public Health Tutor-2, Health Educator-2, Senior Sanitary Inspector-2, Upper Division Clerk-1, Lower Division Clerk-3, Class IV employee for Training Centre-6 and for Hostel-10.

<sup>35</sup> Barwani, Rewa, Sagar, Ujjain and Vidisha.

and directed concerned CMHOs to send proposals in this regard. Accordingly, CMHO, Barwani sent (January 2014) a proposal to Directorate; acceptance of proposal was not received as of May 2014.

Thus, despite incurring an expenditure of ₹ 6.26 crore on pay and allowances of the staff posted at these three centres, the objective of providing trained MPHWS (M) was not achieved. The entire expenditure of ₹ 6.26 crore was recouped from GoI.

The matter was reported to the Government (July 2014) and was discussed in the exit conference. The Principal Secretary, PH&FW Department in the exit conference (November 2014), accepted the facts and stated that the State Government has decided on closure of five training centres and reshuffling of the staff deployed in these training centres, except training centre at Barwani and Sagar. Further, he also stated that Government of India would be intimated accordingly.

**Gwalior**  
**The**

**(SAURABH K MALLICK)**  
**Accountant General**  
**(General and Social Sector Audit)**  
**Madhya Pradesh**

*Countersigned*

**New Delhi**  
**The**

**(SHASHI KANT SHARMA)**  
**Comptroller and Auditor General of India**