

## CHAPTER III PERFORMANCE REVIEWS

This chapter contains performance reviews on 'Implementation of Drugs and Cosmetics Act, 1940', 'Prevention and control of fire', 'National AIDS Control Programme', 'Functioning of Agriculture Department', 'Alimineti Madhava Reddy Project' and 'Information Technology Audit of computerisation in Forest Department'.

### HEALTH, MEDICAL AND FAMILY WELFARE DEPARTMENT

#### 3.1 Implementation of Drugs and Cosmetics Act, 1940

##### Highlights

*The Drugs and Cosmetics Act 1940 (Act) is a Central Act to be implemented by all the States. The Act along with the other associated Acts and the rules made thereunder regulate the import, manufacture, distribution, sale and clinical research of drugs and cosmetics. In Andhra Pradesh the Drugs Control Administration (DCA) was functioning with only 55 Drugs Inspectors (DIs) for the last 10 years against the requirement of 240. Huge shortage of DIs adversely affected the functioning of the DCA and menace of spurious drugs continued to prevail. No follow-up action was taken to withdraw the drugs (from the market) declared as not of standard quality. The licensing system was ineffective and the DCA did not maintain proper record. Monitoring at State level was poor. Thus the objective of prevention of the menace of spurious drugs to eliminate the danger to human life had not been achieved.*

❖ Eighty per cent (578) of the prosecution cases were pending trial in courts due to lack of administrative will.

*[Paragraph 3.1.3 (i)]*

❖ The shortfall in inspections of manufacture and sale units ranged from 15 to 67 per cent due to huge shortage (77 per cent) of Drugs Inspectors. There was no increase in the number of DIs during last 10 years.

*[Paragraphs 3.1.4 II (i) and (iii)]*

❖ Approval of Government on proposals of strengthening of Drugs Control Administration with the World Bank assistance submitted in 1997 was awaited.

*[Paragraph 3.1.4 III]*

❖ Due to lack of funds for payment of cost of samples, the targets fixed for analysis of drugs samples were not achieved; shortfall ranged from 4 to 21 per cent.

[Paragraphs 3.1.4 II (ii) and IV (i)]

❖ Out of 18493 samples analysed there were delays of over three months in 1588 samples. Analysis of 1807 samples was not completed, of which life of 57 samples had expired.

[Paragraph 3.1.4 IV (ii)]

❖ Though 832 samples were declared as not of standard quality (NSQ), no follow-up action was taken by the Drugs Inspectors/ DCA to ensure withdrawal of these drugs from the market.

[Paragraph 3.1.4 V]

❖ The Legal-cum-Intelligence Cell and Anti-spurious drugs squads were not established.

[Paragraph 3.1.4 VII]

❖ Information, Education and Communication (IEC) activities were not undertaken. The DCA had not developed any database of manufacturers/sale concerns/ licences/ management information system and monitoring system modules for drug control functions.

[Paragraphs 3.1.4 VIII and 3.1.7]

❖ Inspection of Indian Medicine units had not been conducted except at the time of sanction of fresh licences. Shortfall in respect of Homoeopathic units was between 92 and 98 per cent.

[Paragraph 3.1.5 (i)]

❖ Training of DIs and other staff was altogether neglected and no training programmes were organised by the ADG, DCA.

[Paragraph 3.1.6]

❖ There was no proper monitoring at State level on the implementation of the Act and Rules in the State.

[Paragraph 3.1.7]

### 3.1.1 Introduction

i) **Background:** At the beginning of the twentieth century, pharmaceuticals were being imported from abroad. After the First World War, manufacturing concerns, both Indian and Foreign, sprang up to produce pharmaceuticals at cheaper rates to compete with imported products. Some of these products were of inferior quality and harmful. Government, therefore, decided to introduce legislation to control the manufacture, distribution and sale of drugs and medicines. A Select Committee appointed by the Central Legislative Assembly in 1937 recommended various measures, providing for the uniform control of manufacture and distribution of

drugs as well as of import and finally the Drugs Act<sup>1</sup> was enacted on 10 April 1940.

At present, the Acts and Rules, apart from the Drugs and Cosmetics Act, 1940, which govern the manufacture, sale, import, export and clinical research of drugs and cosmetics in India are : The Pharmacy Act, 1948; The Drugs and Magic Remedies (Objectionable Advertisements) Act, 1954; The Narcotics Drugs and Psychotropic Substances Act, 1985; The Medicinal and Toilet Preparations (Excise Duties) Act, 1956; The Drugs (Prices Control) Order 1995 (Under the Essential Commodities Act). However, ‘The Drugs and Cosmetics Act, 1940’ continues to be the main Act.

**ii) Main features of the Act**

- To ensure standards of Drugs and Cosmetics, Diagnostics and Devices.
- To monitor quality of drugs and medicines imported, manufactured, distributed and sold.
- To take punitive measures for violation of provisions of the Act.
- To regulate clinical research and publication of Indian Pharmacopoeia.

**iii) Statutory functions:** This is a Central Act and is applicable to all the States. Central Government lays down the regulatory measures and the standards of drugs, cosmetics and diagnostics, and makes amendments to Acts and Rules. It regulates market authorisation of new drugs and standards of imported drugs. It is the Central Licence Approving Authority for Blood Banks, Large Volume Parenterals and Vaccines and Sera. Drugs Technical Advisory Board (DTAB), Drugs Consultative Committee (DCC) and Central Drugs Laboratories are under the control of the Central Government.

The main functions of the State Government are (a) licensing of drug manufacturing and sales units, (b) licensing of drug testing laboratories, (c) approval of drug formulations for manufacture, (d) monitoring of quality of Drugs and Cosmetics manufactured, (e) investigation and prosecution in respect of contravention of legal provisions, (f) regulation of the standards of imported drugs, (g) inspection and (h) recall of sub-standard drugs.

A review on the implementation of Drugs and Cosmetics Act 1940 and other related Acts and Rules thereunder was conducted by test-check of the records for the period 1998-2003 at the office of the Additional Director General, Drugs and Copyright, Drugs Control Administration (ADG, DCA), six Assistant Directors (ADs),

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<sup>1</sup> Drugs Act, 1940 was amended in December 1961 to provide for regulation of the manufacture of cosmetics and prohibition of import and sale of sub-standard and misbranded cosmetics

15 Drugs Inspectors (DIs), two Drugs Control Laboratories (DCLs) and the Commissioner of Indian Medicine and Homoeopathy covering nine districts and a population of 3.38 crore (44.6 per cent). The results of the review are mentioned in the succeeding paragraphs.

### 3.1.2 Implementation arrangements

The Principal Secretary to Government, Health, Medical and Family Welfare Department is responsible for implementation of the Act and the Rules at Government level. The ADG, DCA is the regulatory authority for allopathic drugs and cosmetics and is assisted by a Director, supported by two Joint Directors and other enforcement staff. The Organisational chart is given in *Appendix XXV*.

In regard to Ayurveda and other systems of medicines, the Commissioner of Indian Medicine and Homoeopathy is the head of the department and is assisted by three<sup>2</sup> Additional Directors<sup>3</sup> and six<sup>4</sup> Medical Officers posted as DIs.

Budget provision vis-à-vis the expenditure of the DCA during 1998-2003 was as follows.

(Rupees in crore)

Year	Budget estimates projected by DCA	Budget provision	Expenditure	Expenditure on salaries (percentage)	Expenditure on Travelling Allowances (percentage)
1998-99	2.82	2.61	2.80	2.39 (85)	0.06 (2)
1999-2000	3.08	3.18	3.29	2.94 (89)	0.06 (2)
2000-01	4.25	3.68	4.26	3.42 (80)	0.11(2)
2001-02	4.17	4.00	4.09	3.48 (85)	0.12 (3)
2002-03	4.91	4.56	4.13	3.57 (86)	0.08 (2)
<b>Total</b>		<b>18.03</b>	<b>18.57</b>	<b>15.80 (85)</b>	<b>0.43 (2)</b>

**Incidence on TA was meagre 2 per cent**

Though the main activity of the department requires enforcement staff to travel across the State to inspect the drugs manufacturing and sale units, meagre expenditure on travelling allowance was indicative of inadequate and ineffective coverage of inspections.

### 3.1.3 Enforcement

*i) Standing of the Law – violation of provisions of Act/Poor progress in prosecution cases:* Drugs and Cosmetics Act envisages that no person shall himself or by any other person on his behalf manufacture for sale or for distribution or sell or exhibit or offer for sale or distribute, any drug or cosmetic which is not of standard quality or is misbranded, adulterated or spurious.

<sup>2</sup> one for each system of medicine (Ayurveda, Unani & Homoeopathy)

<sup>3</sup> not exclusively for implementation of the Act

<sup>4</sup> 3 Ayurveda, 2 Unani, 1 Homoeopathy

**578 prosecution cases (80 per cent) were pending trial in courts**

During 1998-2003, out of 19017 violations reported, 492 charge sheets (three per cent) were filed in the Courts. Of these, 182 cases were filed in Vijayawada region during 2002-03, which included 55 cases of seizures of ayurvedic drug containing ‘Sildenafil Citrate’ (Para 3.1.4 VI (ii) refers). Out of the total 721 prosecution cases as of March 2003 (including 229 cases prior to 1998-99) 578 cases (80 per cent) were pending trial in courts for various reasons viz., (i) non-serving of summons (eight) by the Drug Inspectors and non-bailable warrants (23) of the offenders through police, (ii) absence of parties involved in the court at the time of hearing, etc. Of 143 cases decided in the courts during the period 115 were convicted. In 28 cases, the accused were acquitted mainly due to (i) failure to prove that the drugs seized were stocked for sale purpose; (ii) failure to produce two independent local mediators/witnesses; (iii) non-furnishing of drugs samples and analysis profile to the accused; (iv) delay in filing the complaint in the court; (v) contradictory evidence by the officials of enforcing authority in securing panch witnesses; and (vi) failure to prove the basic fact of inspection of place of detection of violation. Out of 38 conviction cases decided during 2002-03, fines of Rs 1000 and Rs 5000 was imposed in two cases and in other cases (36) both imprisonment (one month to five years) and fines (Rs 500 to Rs 20000) were awarded by courts.

Thus, lack of administrative will on the part of the enforcing authority and non-adherence of mandatory provisions of the Act led to the failure of prosecutions, despite the recommendations of Public Accounts Committee (March 2001) to take effective steps to launch the prosecutions without loss of time and to avoid lapses in prosecution to ensure that the offenders get due punishment.

**Of 861 cases of violation during 1995-2003, 417 cases (48 per cent) were still under investigation with DCA**

*ii) Drugs (Price control) Order, 1995 and Drugs and Magic Remedies (Objectionable Advertisements) Act 1954:* (a) As per the Drugs (Price Control) Order 1995, no person shall sell a bulk drug/formulation at a price exceeding the maximum sale price fixed by National Pharmaceutical Pricing Authority (NPPA), a body authorised by GOI. Under the Act, 861 cases of violation<sup>5</sup> were detected during 1995-2003 (up to March 2003). Of these, the ADG, DCA filed charge sheets only in 85 cases (10 per cent), 156 cases (18 per cent) being sub-judice were kept in abeyance and 417 cases (48 per cent) were under investigation as of September 2003. It was noticed that particulars of violation cases (802) detected during 1995-2002 were sent to NPPA only in September 2002 due to delay in receipt of GOI orders on the representation of Drug Manufacturers Association.

**56 out of 140 cases of violations (40 per cent) were still under investigations with DCA**

(b) As per the provisions of Drugs and Magic Remedies (Objectionable Advertisement) Act, 1954, no person shall take part

<sup>5</sup> 1995 : 8, 1996 : 481, 1997 : 134, 1998 : 37, 1999 : 9, 2000 : 32, 2001 : 101, 2002 : 59

in advertising any matter which (i) directly or indirectly gives a false impression regarding the true character of drug (ii) make false claim of the drug or (iii) misleading in any material particular. During 1993-2003, 140<sup>6</sup> cases of violations of the Act were detected. Of these, complaints were filed in the courts in 66 cases (47 per cent) and conviction orders were issued only in 28 cases; 56 cases were under investigation with the DCA as of September 2003.

The delay in investigation of the cases could only result in the drugs continuing to be sold at higher rates/illegal sale of drugs.

### **3.1.4 Implementation of the Act - Allopathic medicines and Cosmetics**

#### **I Survey and licensing functions**

**No surveys of spurious drugs manufacture/distribution were conducted by DCA**

Surveys were to be conducted at regular intervals to have the full information on the manufacture and sale of drugs in the market. Watchers/decoy customers were to be engaged for purchasing samples of drugs and to keep watch over the movement of suspected drugs especially at sensitive market places which were suspected to have manufacturers/distributors of spurious or doubtful quality of drugs by providing secret funds for such activity. DCA had not undertaken any such activity for want of such funds. As such, the manufacture and sale of spurious drugs continued to prevail in the market as evident from the NSQ drugs detected during 2002-03.

**No record maintained to verify the current status of the grant of renewal of licence**

*i) Non-maintenance of licensing records:* As per the Act the licences granted/renewed up to August 2001 was valid up to the end of the following calendar year in which the licence/renewal was granted. Since September 2001 the validity period was five years from the date of issue of licence/renewal.

The ADG, DCA however, did not maintain the records showing the total number of manufacture/sale units, the number of units applied for renewal, renewals sanctioned and units not applied for renewals. Separate records for fresh licences and renewals were maintained but no cross-linking of these records was done. In the absence of such data, the current status of the units and those not applied for renewals could not be established.

Scrutiny of the records of licensing pertaining to the year 1998 revealed that, out of 244 manufacturing units for which fresh licences were issued, subsequent renewals were made only in respect of 88 units, and 156 units (64 per cent) had not renewed their licences. No records were available with ADG, DCA to ensure that the enforcing authorities (DIs) have inspected such units after expiry

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<sup>6</sup> 10 cases pertained to the period 1993-98

of licence, to curb the any possible illegal manufacturing activity/manufacture of spurious drugs.

**No mechanism to ensure compliance of stop production orders**

Based on NSQ reports, Director, DCA ordered to stop production in 370 units and cancelled the licences of 198 units during 1998-2003. The DCA could not furnish the information with regard to the mechanism to ensure compliance of their orders.

**Loss of revenues of Rs 5.72 lakh towards fees for fresh licences and renewals**

*ii) Short payment of licence fee:* (a) The licence fee for both fresh licences and renewals in respect of manufacturing units was revised with effect from 24 August 2001. For each additional product Rs 300 was to be paid by the manufacturer. It was, however, noticed that the licence fee for additional products (i.e., in excess of 10 products) was not paid by 31 manufacturing units which applied for renewal during 2001 and 2002 resulting in a short payment of Rs 2.94 lakh.

(b) With effect from 24 August 2001 licence fee for distribution/sale of drugs and cosmetics was raised to Rs 3000 for a period of five years from Rs 80 for two calendar years. It was however noticed that the ADs, Cuddapah, Warangal, Vijayawada and Rajahmundry collected the licence fee at the old rate of Rs 80 from 235 applicants who applied for renewals between 24 August 2001 and 31 October 2001. This resulted in short realisation of Rs 2.78 lakh for two years. The ADs stated that Government notification was not communicated by ADG, DCA till November 2001.

The total loss of revenue in these cases amounted to Rs 5.72 lakh.

## II Adequacy of sampling and inspection

**Shortfalls in inspections ranged from 15 to 67 per cent**

*i) Shortfall in inspections:* (a) As per the provisions of the Act and Rules, Drugs Inspectors (DIs) were required to inspect the manufacturing and sale units of drugs and cosmetics twice in a year up to 25 April 2001 and once in a year from 26 April 2001 to ensure compliance of conditions of licence, etc. and also to draw drug samples for quality test. There were shortfalls in inspection ranging from 15 to 67 per cent as detailed below:

Year	Number of Licensed units		Number of inspections		Shortfall in inspections (percentage)
	Manufacturing	Sale	to be conducted	Conducted	
1998-99	1993	32265	68516	23399	45117 (66)
1999-2000	2204	34815	74038	24569	49469 (67)
2000-01	1612	28319	59862	24729	35133 (59)
2001-02	1854	31348	33202	23367	9835 (30)
2002-03	1977	30726	32703	27836	4867 (15)

The shortfall led to inadequate check on the Good Manufacturing Practices to be followed by the manufacturers. The ADG, DCA did

not maintain any record to ensure inspections of all the manufacturing/sale units over a specified period.

The Director attributed (January 2003) the shortfall in inspections to shortage of DIs. Thus, due to short-coverage of inspection the menace of spurious drugs could not be arrested as discussed in succeeding paragraphs.

**Shortfall in inspections was more than 50 per cent in Cuddapah, Vijayawada and Rajahmundry regions**

(b) Shortfall in inspection in 21 DIs (test-checked 15 DIs and six DIs attached to ADs) ranged from 22 per cent (Nizamabad) to 72 per cent (Kakinada) in 1999-2000 and 2000-01 (*Appendix XXVI* refers). The shortfall in Cuddapah, Vijayawada and Rajahmundry regions was more than 50 per cent in all the years up to 2000-01. Further, there were large variations between the figures of units/inspections conducted as furnished by the six ADs and those furnished by the Directorate (*Appendix XXVII* refers). The reasons for variations were not explained by the Director.

ii) **Shortfall in lifting of drugs samples:** In order to ensure the quality of drugs manufactured and sold, the DIs are required to draw samples from manufacturing, distribution and sale units including hospitals for sending them to DCL for analysis. No methodology was evolved by the Department to ensure coverage of all the manufacturing and distribution units in a year. As per the targets<sup>7</sup> fixed by the Department each DI was to collect at least six samples per month (eight from April 2002).

Scrutiny of the records of DIs revealed that two to four drugs samples were collected from a single unit to achieve the targets by covering less number of units. Nevertheless, the targets were not achieved by the DIs during 1998-2003, as shown below.

Year	Number of samples		Shortfall (percentage)
	to be drawn	Drawn	
1998-99	3960	3377	583 (15)
1999-2000	3960	3467	493 (12)
2000-01	3960	3976	--
2001-02	3960	3900	60 (2)
2002-03	5280	4706	574 (11)

**No criteria adopted in regard to lifting of samples for analysis and drugs samples of general in nature concentrated/other samples ignored**

The Director attributed (March 2003) the shortfall to vacancies in the cadre of DIs as also the inadequacy of budget provision for payment of cost of samples drawn. No criteria was adopted by the Department in regard to lifting of samples for analysis of various categories/types of drugs such as bulk drugs, formulations<sup>8</sup>. Thus, priority was not given to lifting samples of life saving drugs, antibiotics and other essential drugs, required for treatment of diseases like Cancer, TB, Cardio-Vascular, Renal etc. This led to

<sup>7</sup> no basis for fixation of these targets

<sup>8</sup> parenterals, ointments, syrups, tablets, surgical dressings, etc.



concentration on lifting drug samples, such as Paracetamol, Ibuprofen, B.Complex, Diclofenac Sodium etc. which were general in nature repeatedly while other essential drugs were ignored due to non-availability of sufficient funds for procurement of costly drugs.

**Only 55 DIs were in place against 240 required. No increase in staff for the last 10 years**

*iii) Non-observance of staffing pattern:* As per the recommendations of Hathi Committee (1975) and House Committee (1991), there should be one DI for every 25 manufacturing units and for every 200 sale units. The pattern of enforcement staff and analytical staff should be in the ratio of 1:1. There were 1977 manufacturing and 30726 sales units in the State as of March 2003, and to inspect these units 240 DIs and equal number of Junior Analysts were required for efficient functioning of the department. Against these, only 55 DIs (three vacant) and 25 Junior Analysts (seven vacant) were available; shortage being 77 per cent and 90 per cent respectively. There was no increase in number of staff for the last 10 years. Despite the PAC (2000-01) recommendation<sup>9</sup> to place the enforcement staff to the required strength, no action was taken by Government to improve the position.

Though the ADG attributed the shortfall in inspections, lifting of samples and their analysis and other statutory functions mainly to the shortage of DIs, the ADG did not effectively pursue<sup>10</sup> this key aspect with the Government. This adversely affected the prevention of spurious drug activity in the State endangering the health of public at large.

### III Working of Drugs Testing Laboratories

**Proposal of strengthening of Drugs Control Administration awaiting Government's approval**

A proposal for strengthening of Enforcement Staff and augmentation of analytical testing facilities under World Bank assisted capacity building project (100 per cent Central assistance) were submitted by ADG, DCA to Government in March 1997. The proposal included augmentation of drug testing facilities, strengthening of Drugs Inspectors, construction/expansion of DCL buildings, purchase of vehicles and Laboratory equipment, etc. at an estimated cost of Rs 6.83 crore. Approval of the Government was not accorded as of September 2003. As a result, there was no improvement in all statutory functions of the Department.

### IV Testing of drugs samples

**Targets for testing of drugs samples not achieved**

*i) Shortfall in analysis of drugs samples:* Analysis of drugs samples play an important role in determination of standards prescribed, prevention of consumption of sub-standard, adulterated

<sup>9</sup> in its VI Report of XI Legislative Assembly

<sup>10</sup> ADG submitted proposal in May 1997, but reminded Government only in April 2001, November 2002 and February 2003

and spurious drugs. GOI fixed annual target of 5000 drugs samples for analysis in the State. As against this, the Department fixed (1996-97) a target of 15 samples per month for analysis for each Junior Analyst i.e., 4500 samples per year. It was, however, observed that even the available samples were not analysed during 1998-2000 though these were less than targets fixed and these targets were not achieved during 2001-03 as detailed below.

**Shortfall in analysis of samples was 4 to 21 per cent**

Year	Number of samples				Shortfall (percentage)
	Opening balance	Received	Total	Analysed	
1998-99	874	3377	4251	4088	163 ( 4)
1999-2000	163	3467	3630	3275	355 (10)
2000-01	355	3976	4331	3588	743 (17)
2001-02	743	3900	4643	3566	934 (21)
2002-03	1077	4706	5783	3976	524 (12)

Note: Number of samples to be analysed during each year is 4500

**Delays in testing of samples ranged up to three months**

*ii) Delay in testing of samples:* No time limit was prescribed in the Act/Rules for analysis of drugs samples. However, as per the recommendations of the House Committee of the State (1991), the drugs samples should be analysed within two months. It was however, noticed that out of 18493 samples analysed during the period 1998-2003 there were delays of over one to three months in respect of 2980 cases (16 per cent) and over three months in 1588 cases (nine per cent). Analysis of 1807 samples (10 per cent) received during 1997-2003 was not completed as of March 2003, of which life of 57 samples had expired. The delay in analysing the drugs samples defeated the very purpose of prevention of sub-standard drugs sold in the market. The ADG, DCA attributed (December 2002) the delay to inadequate staff and testing facilities.

## V Lack of adequate follow-up action on substandard drugs

**Follow-up action not taken to ensure withdrawal of sub-standard drugs from market**

Out of the 18493 samples analysed in the Laboratories at Hyderabad (15560) and Vijayawada (2933), 832 samples<sup>11</sup> were declared as not of standard quality (NSQ). No follow-up action was taken by the DIs/DCA, to ensure withdrawal of sub-standard drugs from the market.

## VI Searches and Seizures

**48 per cent cases of NSQ drugs were under investigation of DCA since 1998**

*i) Delay in finalisation/investigation of cases:* As per the Act, no person shall manufacture for sale/distribution/stock/exhibit/offer for sale, any drug which is sub-standard quality/mis-branded/spurious, except in accordance with the conditions<sup>12</sup> of licence

<sup>11</sup> Hyderabad (759), Vijayawada (73)

<sup>12</sup> such as to manufacture under the supervision of competent technical staff, to follow and comply with the schedule 'M' and should contain therapeutic justification for ingredients, etc.

granted. During 1998-2003, ADG carried out 225 seizures<sup>13</sup> suspected to be spurious/mis-branded, and detected 832 cases<sup>14</sup> (Para 3.1.4 (V) also refers) of NSQ drugs. Of these, 399 cases (48 per cent) were under investigation as of March 2003; 87 cases were more than three years old. This indicated slackness of the DCA in completion of investigation and filing the complaints in the court; attributable to non-provision of any time limit in the Act/Rules.

**55 out of 62 samples analysed contained Sildanafil Citrate**

*ii) Seizure of Ayurvedic drug containing Sildanafil Citrate:* Based on a press news, the DIs conducted (September 2002) surprise check on a manufacturing firm<sup>15</sup> and distribution/sale units and lifted 62 samples of Ozomen and Ozomen forte (Ayurvedic drugs) suspected to be containing "Sildanafil citrate" an allopathic drug. The firm had no licence for mixing 'Sildanafil Citrate' with the Ayurvedic drug. The samples were sent (September 2002) to DCL for analysis and the stock available (value : Rs 63.33 lakh) was also seized. Out of 62 samples analysed 55 samples contained Sildanafil citrate (Para 3.1.3 (i) refers). The case was still under investigation by the ADG, DCA (September 2003).

**Gauze cloth, Roller Bandages were never lifted for analysis**

*iii) Manufacture of gauze cloth, roller bandages by un-licensed manufacturers:* As per the provisions of Act, gauze cloth, roller bandages, bandage cloth are termed as drugs. Though the DIs lifted the drug samples from Government Hospitals and Institutions these items were never lifted for analysis evidently as no criteria was laid down for lifting of samples of drugs of different categories for analysis (Para 3.1.4 II (ii) refers). The materials were not seized though the labels of materials did not contain the particulars of licence granted for its manufacture. During the investigation, Anti Corruption Bureau (ACB), noticed (March 2001) that out of 58 firms who manufactured and supplied these items to Medical and Health Department during 1998-2000, 44 firms did not possess the drug licence. Government blacklisted (December 2001) 55 firms involved in manufacture of surgical dressing items such as gauze cloth, bandage cloth, roller bandages etc., under the provisions of the Act. The aggrieved firms approached the Hon'ble High Court and the Court issued interim orders (April 2002) suspending the Government Orders.

*iv) Seizure of Viagra and Bethanecol drugs:* In September 2002 DI, Uppal<sup>16</sup> conducted surprise check at the premises of a firm whose licence was not renewed after December 1999. Certain drugs such as Sildnafil citrate caps, Viagra, Bethanecol tablets, Cifro floxicin, Acezoxforte and other material worth Rs 50 lakh, were

<sup>13</sup> 1998-99 : 47, 1999-2000 : 34, 2000-01 : 46, 2001-02 : 39, 2002-03 : 59

<sup>14</sup> 1998-99 : 191, 1999-2000 : 162, 2000-01 : 179, 2001-02 : 151, 2002-03 : 149

<sup>15</sup> Fizikem Laboratories, Vijayawada

<sup>16</sup> RangaReddy District

seized as these were suspected to be spurious and misbranded. The case was still under investigation by ADG, DCA and charge sheet not filed as of September 2003.

## **VII Non-establishment of Intelligence-cum-Legal branch/ Task Force Cells**

**Legal-cum-Intelligence Cell not formed/Anti-spurious drugs squads not established**

The Legal-cum-Intelligence cell was not formed (September 2003) though recommended by the Hathi Committee (1975), and the police help was not taken during the departmental raids and also in tackling the spurious drug cases.

The Department had not also established any anti-spurious drugs squads, except formation of a task force cell in January 2003 with the existing staff under the supervision of a Joint Director who was entrusted with the co-ordination, conduct of seizures and searches and detection of violation of the Act. In the absence of independent task force cell the spurious drugs activity continued to prevail.

## **VIII Information, Education and Communication (IEC) activities not undertaken**

**IEC activity altogether neglected**

Though active participation of enforcement agencies, pharma industry, trade and consumers and common public, etc. was necessary to combat the menace of spurious and sub-standard drugs activity, the ADG, DCA had not undertaken any IEC activities during 1998-2003 statedly due to budget constraints. This was not tenable as no proposals were sent by him for budget allotment under IEC.

**Communication network not established either within the State or with other States**

The DCA had not created any communication network within the State, with other States and with other departments for dissemination and sharing of information on movement of spurious drugs and persons involved in such activity.

### **3.1.5 Ayurvedic and other systems of medicines**

No separate budget provision was made for implementation of the Act by Indian Medicine and Homoeopathy Department. Expenditure of Rs 19 lakh to Rs 23 lakh, was incurred every year during 1998-2003. The following points were noticed in audit.

**DIs had not conducted any inspection of Ayurvedic and Unani units**

*i) Non-conducting of inspections of Manufacturing units:*  
(a) As per the Act the DIs (Ayurvedic and Unani) were required to inspect the premises licensed for manufacture of Ayurvedic and Unani drugs twice a year.

Scrutiny revealed that the DIs had not conducted any inspection during 1998-2003, except at the time of sanction of fresh licence to the units (ranging from 484 to 656), statedly due to shortage of staff.

**Heavy shortfall (92 to 98 per cent) in inspections of units of Homoeopathic drugs**

(b) Shortfall in inspection of the manufacturing and sale units of Homoeopathic drugs were as follows:

Year	Number of		Number of inspections		Shortfall (percentage)
	Manufacturing units	sale units	to be conducted	conducted	
1998-99	35	325	720	11	709 (98)
1999-2000	39	307	692	35	657 (95)
2000-01	40	231	542	15	527 (97)
2001-02	38	170	208	17	191 (92)
2002-03	39	175	214	14	200 (93)

The Commissioner attributed (December 2002) the shortfalls to shortage of staff and funds. Due to huge shortfall in inspection, possibility of spurious drug activities could not be ruled out.

*ii) Short collection/Delay in analysis of drug samples:* As per the Act, the DIs were required to inspect the manufacturing units and collect the drugs samples for quality test. The department has not fixed any targets for lifting samples of Ayurvedic and Unani drugs for analysis. During 1998-2002, only 19 samples of Ayurvedic drugs were collected. In 2002-03, out of 47 samples collected 11 were not analysed. During 1998-2003, only 11 samples of Unani drugs were collected, of which nine samples collected during 1999-2001 were not analysed. Reasons for poor lifting of samples were not explained by the Commissioner. Though non-analysis of samples was attributed (December 2002) to non-availability of chemicals, ingredients and methods of testing in the Drug Testing Laboratory for want of funds; separate budget provision was not sought for the laboratory needs by the Commissioner.

*iii) Drug Testing Laboratory not strengthened:* The Drug Testing Laboratory (DTL), Katedan, Hyderabad conducts analysis of raw material and finished Ayurvedic Medicines of Government Indian Medicine Pharmacy (Ayurveda), Katedan. Samples of Ayurveda and Unani drugs were also taken up for analysis depending upon the feasibility at the laboratory, as the samples were of patent in nature and did not have proven method of analysis as there is no prescribed pharmacopoeia<sup>17</sup> for ayurvedic drugs.

**Drugs Testing Laboratory (Ayurvedic) not strengthened despite the availability of Central assistance**

For strengthening the DTL, GOI released Rs 55 lakh<sup>18</sup> in March 2001, of which Rs 15 lakh was spent (March 2002) for construction of additional buildings and Rs 26.61 lakh paid (March 2002) to Hospital Services Consultancy Corporation, New Delhi (HSCC) for purchase of machinery and equipment. The balance Rs 13.39 lakh was retained by the Department. The machinery and equipment had

<sup>17</sup> indicating percentage/quantity of ingredients of a particular drug

<sup>18</sup> Construction of additional buildings (Rs 15 lakh), Purchase of machinery and equipment (Rs 30 lakh) and for contractual manpower (Rs 10 lakh)

not been received<sup>19</sup> as of September 2003 except for two items valued Rs 0.39 lakh.

Thus, the objective of strengthening the DTL had not been achieved even after a lapse of two years.

### 3.1.6 Training

**No training programmes conducted for DIs and other staff**

Licensing, inspections and investigations are important regulatory functions<sup>20</sup> through which the Act is implemented and these functions require knowledgeable and trained Officers/Staff. However, the DCA had not conducted any training programmes to DIs and other officials, except imparting training to three Junior Analysts during 1998-2003. The ADG, DCA, stated (April 2003) that no proposals were submitted for conducting training programmes without however, indicating the reasons.

Inaction of the ADG in organising training programmes to DIs, etc could have adversely affected efficient and effective functioning of the DCA.

### 3.1.7 Monitoring

**Monitoring at State level was very poor**

Though the State Government was going ahead with the computerisation in all the departments the DCA had not developed any database of manufacturers/sale concerns/licensees/management information system, monitoring system modules for drug control functions, laboratory functions and licensing functions; except holding the quarterly periodical meetings with the field staff. This indicated the ineffective handling of the affairs of the DCA by the ADG.

The State Drugs Advisory Committee met only once in January 2002. Thus there was no proper monitoring on the implementation of the Act and Rules in the State.

### 3.1.8 Conclusions

Implementation of the Drugs and Cosmetics Act has been ineffective in the State mainly due to shortage of enforcement staff and insufficient budget provision. The system of licensing and renewal thereof was not fool-proof. There were huge shortfalls in inspection of units. No norms were fixed for sampling of the drugs. Even drugs which were found to be spurious and “not of standard quality” were dealt with in routine fashion leading to pendency of high

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<sup>19</sup> due to some constraints in payment of Customs Duty on imported equipment viz., High Performance Thin Layer Chromatography system, Gas Liquid Chromatography, Moisture Balance, Electronic balance and Micro balance

<sup>20</sup> involving intelligence, detection, investigation, preparing and filing of complaints, etc. updation of technical matters and court procedures

number of prosecution cases in courts for years. No communication network was in place for dissemination and sharing of information on movement of spurious drugs and persons involved in such activity.

### **3.1.9 Recommendations**

- The Act needs to be amended to prescribe the time schedule for disposal of renewal applications by the DCA.
- The Act also needs to be amended to bring the selling units of Ayurvedic medicines and Cosmetics also under the purview of the Drugs and Cosmetics Act, 1940 to ensure quality.
- There is a need to amend the Act to make all the offences under it as cognizable.
- Each manufacturing/selling unit should be inspected at least twice a year to have proper control.
- Special courts should be established for speedy disposal of cases.
- More enforcement and analytical staff are needed to be acquainted with the latest techniques and legal matters.
- Deterrent penalty should be imposed for manufacture or sale of adulterated/spurious or mis-branded drugs.
- DTL should be strengthened so as to cope up with the requirement of the large number of testing of samples.

The above points were referred to Government in June 2003; reply had not been received (November 2003).

## HOME DEPARTMENT

### 3.2 Prevention and control of fire

#### Highlights

*The main functions of the Fire Services Department are fire fighting, rescue, prevention and creating awareness among public to avoid fire accidents. The objective of the department suffered due to heavy shortfalls in the establishment of fire stations, vehicles, equipment and operational staff. Eleventh Finance Commission (EFC) grants were largely utilised on the existing fire stations alone and only one new fire station was established during April 2000 – March 2003. Fire hazard risk analysis had not been conducted by any of the Divisional Fire Officers (DFOs). Inspections of the fire hazardous units were not conducted by DFOs/subordinate officers to verify the provisions of fire safety norms. The only training school available for the entire State had been functioning without a permanent building, and inadequate infrastructure facilities, etc. Several public places like hospitals, cinema theatres, etc. and even government offices running in multi-storied buildings were found without adequate fire safety norms. Several multi-storied buildings remained unchecked for fire safety norms. Thus, the objective for which the Fire Services Department was established had not been achieved fully.*

❖ EFC grants of Rs 11.78 crore for opening new fire stations were spent for existing stations and purchase of luxury car. No risk hazard analysis was done by any of the Divisional Fire Officers.

*[Paragraphs 3.2.5 I (i) and (iii)]*

❖ The response time taken was three to 10 times the prescribed limit due to shortage of fire stations and vehicles.

*[Paragraph 3.2.5 I (ii)]*

❖ Out of 233 fire stations 77 were functioning in temporary structures and 21 in dilapidated old buildings/without any shelter. Only one per cent of staff members were provided with rent-free accommodation. No independent water source was provided at any of the fire stations.

*[Paragraphs 3.2.5 I (iv) and 3.2.5 II (iii)]*

❖ Though the AP Fire Services Act was passed in 1999, statutory powers had not been vested with the Department to enforce the Act against the violators.

*[Paragraph 3.2.5 II (i)]*

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The abbreviations used in this review are listed alphabetically in glossary vide Appendix XLIX (page 211)



- ❖ **12 to 55 per cent of posts in different cadres remained vacant as no recruitment was made since 1993-94.**

*[Paragraph 3.2.5 IV (ii)]*

- ❖ **The lone Training School of the State at Hyderabad was functioning without permanent building, adequate infrastructure facilities, essential equipment and hostel facilities since its inception (1978).**

*[Paragraph 3.2.5 V (i)]*

- ❖ **The State workshop at Hyderabad had been functioning without any repairs being undertaken, though Rs 69.80 lakh were spent on salaries of the idle staff.**

*[Paragraph 3.2.5 VI]*

- ❖ **There was no separate fire prevention wing. Joint inspection by Audit and the DFOs concerned revealed that Fire safety equipment/measures were inadequate in several public places and multi-storied buildings.**

*[Paragraphs 3.2.5 VIII (i) and (ii)]*

- ❖ **In the six test-checked divisions, the DFOs/subordinate officers had not conducted inspections of 7533 fire hazardous units for which provisional NOCs were issued.**

*[Paragraph 3.2.5 VIII (v)]*

### **3.2.1 Introduction**

Fire Prevention and related safety measures are an integral part of town planning and building construction. To combat any odd situation arising out of fire related calamities, Fire Services are organised as first responder to save life and property by Municipalities under Local Self Government of the States. The main functions of the Fire Services Department are fire fighting, rescue, prevention and creating awareness among public to avoid fire accidents. In Andhra Pradesh, Fire Services are vested with Home Department of Government.

The important parameters for effectiveness of fire services in combating fire incidents are their preparedness, readiness and timeliness. These in turn would depend on the adequacy of resources of fire services viz., number of fire stations, appliances/ vehicles and operational manpower.

The Andhra Pradesh Fire Services Act, 1999 came into force in February 2001.

### 3.2.2 Organisational set up

Fire Services in the State, are rendered by Home Department through Director General of Fire Services (DGFS) who is assisted by three Regional Fire Officers (RFOs) and nine Divisional Fire Officers (DFOs). As of September 2003, there were 233 Fire Stations covering all the 23 districts in the State.

### 3.2.3 Audit coverage

The aspects of fire prevention and related safety measures undertaken by the department were reviewed between October 2002 and May 2003 by test-check of the records of DGFS and DFOs in six districts covering 74<sup>21</sup> Fire Stations (32 per cent) for the period 1998-2003. Joint physical verification<sup>22</sup> of certain multi-storied Government office buildings, hospitals, cinema theatres, etc. was also undertaken to review the provision of fire safety norms. The results of the review are mentioned in the succeeding paragraphs.

### 3.2.4 Financial

**Budget not fully utilised**

Budget allotted and expenditure incurred by the Department for the period 1998-99 to 2002-03 were as follows:

(Rupees in crore)

Year	Budget Allotment	Expenditure	Saving
1998-99	26.92	25.45	1.47
1999-2000	38.88	35.50	3.38
2000-01	38.10	35.79	2.31
2001-02	44.38	43.54	0.84
2002-03	39.10	39.05	0.05
<b>Total</b>	<b>187.38</b>	<b>179.33</b>	<b>8.05</b>

The DGFS attributed (November 2002) the savings to (i) provision of salary for vacant posts; (ii) delay in release of funds by Government; and (iii) delay in purchases of fire tenders, etc.

### 3.2.5 Programme management

#### I. Infrastructure

*i) Shortfall in Fire Stations:* The Standing Fire Advisory Committee (SFAC) recommended a scale of one fire station for 10 sq. km. for towns and one for 50 sq. km. in rural/open areas.

However, as of March 2003, there were only 233 fire stations (Rural: 148 and Urban: 85) in the State covering an area of 2.75 lakh sq. km with a population of 7.57 crore. Due to coverage of a larger area by each fire station response time was high compared to the

<sup>21</sup> Anantapur(12), Chittoor(11), Hyderabad(13), Krishna(21), Visakhapatnam(10), Warangal(7)

<sup>22</sup> by Audit and DFOs

norms prescribed by SFAC. Proposals of DGFS for establishment of 67<sup>23</sup> new fire stations submitted in February 2002 awaited Government's approval (September 2003).

The DFOs did not undertake any risk hazard analysis to identify high, medium and low risk zones in towns.

**Response time taken was three to 10 times the prescribed limit**

*ii) High Response time:* SFAC recommended a maximum response time<sup>24</sup> of five minutes for built up urban areas and 20 minutes for non-built up open and rural areas.

However, in the fire reports of fire stations test-checked the response time was filled by taking two minutes per kilometre, uniformly as illustrated in *Appendix XXVIII*. The actual time taken in each case, which varies with the road condition, traffic position, etc. was not recorded.

In the six test-checked districts, the response time in 2762 (12 per cent) out of 23202 fire reports ranged from 16 minutes to 50 minutes. In 458 cases delays occurred because one fire station was attending to calls on behalf of other stations where vehicles were out of order for one to 28 months as shown in *Appendix XXIX*.

Due to communal violence, jurisdiction of Mogalpur Fire Station was transferred (December 2001) to Malakpet, Gowliguda and Chandulal Baradari Fire Stations which are three to six km away from the erstwhile fire station. As a result, in 154<sup>25</sup> cases response time increased which ranged between 15 and 50 minutes, i.e., three to 10 times the prescribed limit of five minutes.

Similarly, fire accidents in the areas<sup>26</sup> under the jurisdiction of Panjagutta (Hyderabad) Fire Station were attended by the fire station of Rashtrapathi road (Secunderabad). As a result, in 95 cases, the response time was 25 minutes to 40 minutes as against five minutes prescribed. Though the fire station at Panjagutta was shifted to Rashtrapathi Road in 1987, the DGFS had not submitted proposals for opening of the fire station at Panjagutta.

**EFC grants (Rs 11.78 crore) for opening new fire stations were spent on existing stations and luxury car for Principal Secretary**

*iii) Diversion of EFC grants/new Fire Stations not established:* Based on SFAC norms the Eleventh Finance Commission (EFC) allotted Rs 17 crore for opening of new fire stations during 2000-05. Priority was to be given to the district headquarters having no fire stations.

<sup>23</sup> Adoni (2), Bobbili (2), Cuddapah (3), Guntakal (4), Guntur (1), Hyderabad (16), Kapra (4), Khammam (2), Nellore (4), Nizamabad (3), Qutubullapur (5), Rajahmundry (3), Ramagundum (2), Tirupati (1), Vijayawada (6), Visakhapatnam (5), Warangal (4)

<sup>24</sup> High Risk Zones (3 Minutes); Medium Risk Zones (5 Minutes); Rural areas (20 Minutes)

<sup>25</sup> Gowliguda (16), Malakpet (49) and Chandulal Baradari (89)

<sup>26</sup> Khairatabad, Venkataramana colony, Erramanzil, Banjara hills, Jubilee hills, Madhapur, Ameerpet, Hitec city, Filmnagar

However, as of March 2003 Rs 11.78 crore were spent<sup>27</sup> on the existing fire stations, based on the decision (December 2000) of State Level Empowered Committee, and only one new fire station was established (January 2003) at Nakarekal. Thus the very purpose of release of EFC grants was defeated.

One Toyoto Qualis luxury vehicle (cost : Rs 4.84 lakh) purchased (November 2001) for administrative purpose was allotted (February 2002) to the Principal Secretary to Government, Home Department, though the EFC grants were meant for opening of new fire stations.

**77 Fire Stations functioning in temporary structures and 21 in dilapidated buildings/without any shelter**

*iv) Fire stations not having permanent buildings:* Of the 233 fire stations in the State, 77 fire stations were functioning in temporary structures and 21 fire stations in dilapidated old buildings or without any shelter as detailed in *Appendix XXX*.

In the test-checked districts the fire stations had no rest room, sitting room, record room and toilet facilities.

**Only one per cent staff members provided with rent-free accommodation**

Only 35 staff members (one per cent) were provided with rent-free accommodation in two<sup>28</sup> fire stations. Consequently, department could not utilise the services of the staff in case of emergency while assistance of nearby fire station staff had to be called for. Reasons for not providing rent-free accommodation to the remaining staff called for were awaited (September 2003).



Fire Station in temporary structure, Gowliguda, Hyderabad

## II. Fire Management

**Department functioning without Statutory powers**

*i) Department functioning without statutory status:* AP Fire Services Act, 1999 (effective from 1 February 2001) contains provisions for issue of Fire licences and Right of inspection to ensure fire safety of hazardous premises. However, the draft AP Fire Service Rules submitted (January 2001) by the DGFS were yet to be approved as of November 2003 by Government. Thus, statutory powers had not been vested with the Fire Services Department to enforce the Act against the violators of licensees and right of inspection of hazardous places to prevent fires incidence.

<sup>27</sup> purchase of vehicles (administrative : Rs 20.60 lakh, Fire vehicles : Rs 474.58 lakh), computers (Rs 19.56 lakh), Furniture (Rs 6.38 lakh), fire fighting equipment (Rs 274.36 lakh), fabrication charges (Rs 301.37 lakh), civil works (Rs 80 lakh) and books (Rs 0.82 lakh)

<sup>28</sup> Vijayawada (14) and Vizianagaram (21)

This led to increase in the number of fire accidents, property damaged, etc.

*ii) Increase in number of fire calls/damage of property:* The details of fire accidents occurred in the State and property damaged during the period 1998-2003 were as follows:

	1998-99	1999-2000	2000-01	2001-02	2002-03
Total number of fire calls	9061	15308	15864	15306	17827
Value of property damaged (in crore of rupees)	70.28	84.46	101.81	100.11	108.86
Number of lives lost	27	84	113	210	115

During last five years, number of fire calls almost doubled which indicated that fire prevention measures were inadequate (Para 3.2.5 VIII refers).

**Water source not available in any of the fire stations test-checked**

*iii) No water source in the fire station premises:* There was no water source/bore-wells in any of the fire station test-checked. As a result, fire tenders had to collect water from other sources five to 10 km away from the fire stations which involved extra expenditure.

**Lack of Prevention measures - the main cause for the major fire accidents**

*iv) Major fire accidents:* Ten major fire accident reports in the test-checked districts were analysed and the findings are detailed in *Appendix XXXI*.

In none of the hazardous places discussed in the Appendix, the fire safety norms were observed. Either the water source or the fire extinguishers/fire fighting equipment were not available. Further, the DFOs/SFOs had not visited and suggested fire precautionary measures/installation of fire safety equipment before the occurrence of the fire accidents except giving oral instructions to the fire victim/management after the incidences. Had the prevention measure been suggested earlier, fire accidents could have been avoided.

### III. Vehicles and equipment

**Only 56 fire tenders and one rescue van available against the requirement of 270 and 16 respectively**

*i) Shortfalls in provision of vehicles:* In 13 cities/towns test-checked only 56 fire tenders were available against 270 required as per SFAC norms and only one rescue van was available against the requirement of 16. Hydraulic platforms, though required, were not provided to Hyderabad, Tirupati, Vijayawada and Visakhapatnam towns. Details are given in *Appendix XXXII*.

**26 Allwyn Nissan vehicles were condemned before the life of 15 years**

*ii) Premature condemnation of vehicles:* During 1998-2003, 99 fire tenders were condemned, of which 27 (including 26 Allwyn Nissan vehicles purchased to navigate through narrow lanes) were

condemned<sup>29</sup> before the prescribed life of 15 years, while 72 vehicles were utilised beyond the life period.

This indicated the failure of the department to assess suitability of Allwyn Nissan as water carriers before going in for purchase.

#### IV Shortfall of manpower

i) Manpower recommended by SFAC and the posts sanctioned by State Government are given in *Appendix XXXIII A & B*.

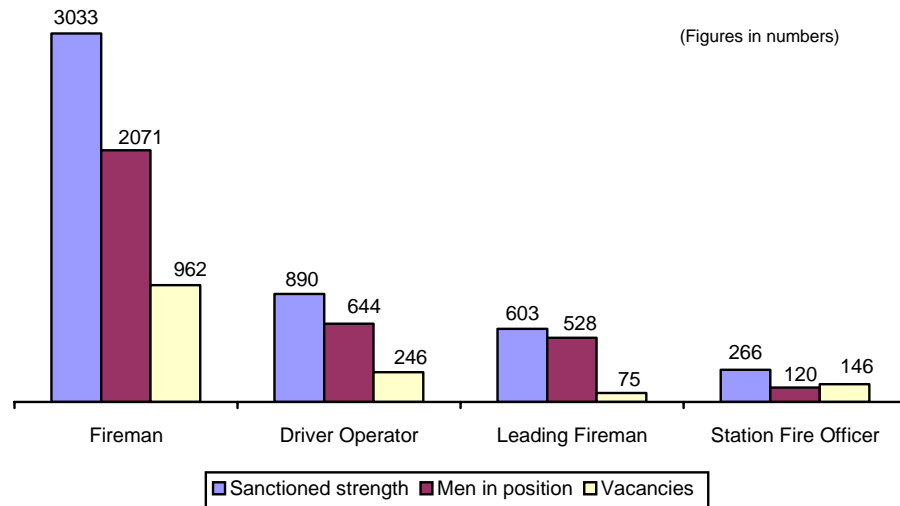
**Manpower shortage was very high**

There are 39 class-I<sup>30</sup> towns (population : 1.54 crore) and 43 class II<sup>31</sup> towns (population : 0.29 crore). Thus, the operational staff required for a total population of 1.83 crore of 82 towns worked out to 3295<sup>32</sup> for single shift and 6590 if two shifts were operated. As against this only 1946<sup>33</sup> posts were sanctioned. Huge shortfall of operational staff adversely affected the effective functioning of the fire stations.

In the test-checked divisions the shortfall of manpower as per SFAC norms in respect of 11 urban towns was 2066 (71.6 per cent) as detailed in *Appendix XXXIII C*.

**Vacancies of operational staff not filled in**

ii) *Non-filling of vacancies of fire station staff:* As of March 2003 the vacancies in respect of operational staff of 233 fire stations at State level ranged from 12 to 55 per cent. The following bar chart shows the comparison of sanctioned strength, men-in-position, and vacancies in various cadres.



<sup>29</sup> 1998-99 : 1; 2001-02 : 14; 2002-03 : 12

<sup>30</sup> Towns having population above one lakh

<sup>31</sup> Towns having population above 50000 and below one lakh

<sup>32</sup> (18299748/300000) x 42 = 2562 (+) Leave reserve : 733

<sup>33</sup> Single Units (768), Double units (496), Triple units (490), Multiple units (192)

Non-filling up of the posts of fire station staff was attributed by the DGFS to non-recruitment of staff since 1993-94. This also resulted in non-utilisation of the services fully of the staff<sup>34</sup> of the Training school. DGFS requested (February 2002) the Government for permission to recruit staff against the vacant posts. The proposals awaited Government's approval (September 2003).

**No staff recruited for 27 new stations**

Though Government accorded sanction of staff for establishment of 27 new fire stations during 1999, the sanctioned posts were not filled due to ban on recruitment. Out of 27 new fire stations seven fire stations started functioning with skeleton staff drafted from the existing staff; as a result the manpower per fire station further depleted.

**Operating staff sent on deputation**

Though there was shortfall of staff in the fire stations, 109 fire operating staff<sup>35</sup> were sent on deputation to APGENCO<sup>36</sup>, ONGC<sup>37</sup>, etc. from 1998-99 onwards (November 2002). This resulted in non-provision of minimum staff in many of the fire stations test-checked.

## V Training of Fire Services staff

**The lone Training school in the State functioning without permanent building/adequate infrastructure facilities**

*i) Lack of infrastructure for Training school:* AP Fire Services Training School, Hyderabad<sup>38</sup> established<sup>39</sup> (1978) to provide training to the operational officers and staff has no permanent building (September 2003). Infrastructure facilities such as classrooms, dormitory, hostel accommodation and parade ground were not adequate. The Training school was not also equipped with essential equipment/appliances<sup>40</sup> for conducting practical classes. While no targets/ norms were fixed for imparting in-service training to staff, 670 members of staff were trained in the school during 1999-2003. Training to 123 in-service staff (LFs and DOs) eligible for promotion was imparted (June 2002 – January 2003) at Police Training College (PTC) Anantapur for which Rs 2.46 lakh was payable to the PTC for use of the ground/accommodation.

The Training school had also not conducted any awareness programmes/training for other organisations or for the residents of risk hazardous areas. Proposals (February 2002) of DGFS for strengthening the Training school by providing sophisticated equipment and other infrastructure facilities at a cost of Rs 6 crore awaited sanction of the Government (September 2003).

<sup>34</sup> DFO (1), ADFO (1), SFOs (3), LFs (4), FM (6)

<sup>35</sup> Station Fire Officer (7), Leading Firemen (20), Driver Operator (20), Firemen (62)

<sup>36</sup> Andhra Pradesh Power Generation Corporation Limited

<sup>37</sup> Oil and Natural Gas Corporation

<sup>38</sup> only school functioning (as of March 2003) for the entire State

<sup>39</sup> with a complement of staff of DFO : 1, ADFO : 1, SFO : 3, LF : 4, FM : 6

<sup>40</sup> Water Tender, Trailer Pump, Portable pump, foam making equipment, sprinkler system, Fire detector system, Fire alarm systems connected with computers, Training tower etc.

**Drivers' training neglected for want of technical staff/equipment**

*ii) Training in Driving:* Against seven months training course prescribed for SFOs, one month training in driving mechanism was imparted at Hyderabad workshop up to 2001. As per court's directions (February 2002), 123 LFs and DOs were selected for SFOs training in June 2002-January 2003. They were given training at APSRTC<sup>41</sup> Academy workshop, Hakeempet and Rs 5.26 lakh was paid towards training charges.

DGFS attributed (December 2002) non-imparting of training at the State workshop to non-filling up of the posts of Engineering sub-officer, Driver Mechanic, Electrician, non-availability of machinery and equipment at State workshop and non-availability of qualified staff. However, no technical posts were got sanctioned by DGFS for the workshop either at the time of constitution of the State Workshop (February 1987) or at a later date. Further, specialised training to the staff of State workshop as stipulated by Government was also not imparted.

## **VI Departmental workshop**

**State Workshop remained non-functional for want of infrastructure. Idle wage of about Rs 69.80 lakh spent**

Mention was made in para 3.12 of Audit Report for the year ended 31 March 1998 about payment of salaries (Rs 1.43 crore) to idle staff of four Regional workshops<sup>42</sup> not functioning since 1987. While three workshops were closed in May-July 2000 after incurring an expenditure of Rs 83.80 lakh<sup>43</sup> on idle wages (1987 to May/July 2000), the State workshop at Hyderabad was not closed as of October 2003. However, it had not undertaken any repair work due to lack of infrastructure like qualified staff, garage facilities, tools and equipment and 3-phase power connection. During 1998-2003, Rs 6.43 lakh were spent on repair of vehicles through private workshops and Rs 69.80 lakh were spent on salaries of idle staff<sup>44</sup> of the workshop during the period from April 1998 to November 2002.

Thus due to lack of infrastructure the workshop remained non-functional and the objectives of timely and economic repairs of the vehicles were not achieved which adversely affected the fire control service vehicles.

## **VII Civil works**

**Of eight buildings to be constructed with EFC grants, two were not taken up and six remained incomplete**

*i) Utilisation of Eleventh Finance Commission (EFC) grant:* Under the EFC grant DGFS drew Rs 80 lakh for construction of new buildings for eight existing fire stations<sup>45</sup> and placed the money

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<sup>41</sup> AP State Road Transport Corporation

<sup>42</sup> Cuddapah, Hyderabad, Hanumakonda and Vijayawada

<sup>43</sup> Cuddapah (Rs 21.60 lakh), Hanumakonda (Rs 34.97 lakh) and Vijayawada (Rs 27.23 lakh)

<sup>44</sup> DFO : 1, SFO : 3, LF : 7, FM : 7, Sr. Assistant : 1, Jr. Assistant : 1, DO : 3

<sup>45</sup> Malkajgiri (RangaReddy District), Giddalur (Prakasam District), Putturu (Chittoor District), Bellampally (Adilabad District), Palakollu (West Godavari District), Palasa (Srikakulam District), Aswaraopet (Khammam District), Gannavaram (Krishna district)



(November 2001: Rs 40 lakh, March 2002: Rs 40 lakh) at the disposal of the Managing Director, AP Police Housing Corporation (APPHC). As of March 2003, six buildings remained incomplete at various stages and two were not taken up.

DGFS attributed (January 2003) the delay in completion to the delay in identification of suitable sites by Revenue authorities/Fire Services Department, and finalisation of tenders. This only indicated ineffective monitoring of the activities by the DGFS.

*ii) Incomplete construction:* Government sanctioned (July 1999) construction of a fire station building and SFO quarters at Hanuman Junction (Krishna District) at an estimated cost of Rs 10 lakh with EFC grant, but did not release the money as of January 2003, for which no reasons were advanced. The Executing agency, EE, R&B took up the work in January 2000 and paid Rs 1.25 lakh from other deposit works; but it could not be completed for want of funds. The fire station was functioning in a market yard. Thus, due to non-release of the sanctioned amount by Government, the fire station building had not come up even after a lapse of four years.

### VIII Lack of Fire Prevention measures

**Fire Prevention measures were not taken by DGFS till September 2002**

There was no separate Fire Prevention wing in the State and the DGFS did not initiate any awareness programmes for prevention of fire till September 2002, in the hazardous areas, for effective reduction of fire accidents and resultant damages except conducting fire services week annually from 14 to 21 April. Following further observations were also made.

*i) Shortfall in inspection of hazardous places:* In order to create awareness in controlling the fire accidents in urban and rural areas, DGFS issued instructions (August 2002) to identify fire hazardous areas and fixed monthly targets to DFOs, ADFOs and SFOs for conducting awareness programmes and suggesting fire precautionary and fire safety measures. DGFS evolved a scheme of “performance indicators” from September 2002 for conducting such programmes in the identified fire hazardous areas. Against a target of 6679 awareness programmes the department had conducted 5471 programmes between September 2002 and March 2003; the shortfall being 18 per cent. Out of 56844<sup>46</sup> fire hazardous places<sup>47</sup> identified in the test-checked districts, only six per cent (3654<sup>46</sup>) were inspected by the officers; the shortfall being 94 per cent.

<sup>46</sup> Anantapur (1320/609), Chittoor (2156/1489), Hyderabad (12700/295), Kakinada (3349/62), Vijaywada (3848/232), Viskhapatnam (32390/932), Warangal (1081/35),

<sup>47</sup> such as industries, factories, petrol pumps, godowns, etc.

**Joint inspection of public buildings in eight cities revealed several deficiencies**

ii) **Joint inspection of public buildings:** A joint inspection by Audit and DFOs of the Divisions to 29 public buildings<sup>48</sup> in eight cities<sup>49</sup> revealed that fire safety norms were not implemented by the owners. The fire extinguishers, water buckets, static tanks, etc. though contemplated were not provided in theatres, hospitals, libraries and multi-storied buildings as detailed below:

- **Cinema Theatres:** Out of 14 cinema theatres inspected eight did not have any fire extinguishers; in four theatres adequate number of fire extinguishers were not kept and in two theatres empty fire extinguishers were mounted which were not functioning. No separate static tanks for fire fighting purpose were available in 13 theatres; no extinguishers were provided in the Generator and Projector rooms.
- **Hospital Buildings:** In respect of four multi-storied hospital buildings test-checked, no fire safety norms were implemented by the managements by providing fire extinguishers, static tanks, fire alarm systems, etc.
- **Libraries:** No fire extinguishers were available and no fire safety norms were implemented in Government District Libraries of Vijayawada, Kakinada and Anantapur towns. No separate water facility was available at Anantapur, Vijayawada and Kakinada.
- **Function halls:** Two function halls at Visakhapatnam and Chittoor did not have any fire safety norms such as providing fire extinguishers, fire buckets, exit boards, static tanks, etc.
- **Trade fairs:** In the two Trade Exhibitions for which temporary 'NOCs' were issued, the Trade Fairs/Exhibitions at Warangal and Tirupati did not provide any fire extinguishers, fire buckets and water, etc. as suggested in the NOCs.
- **Telephone exchanges:** Out of two telephone exchange buildings of BSNL<sup>50</sup>, Vijayawada and Kakinada no fire extinguishers were available and no safety norms were implemented at Vijayawada.
- **Commercial Complex:** In one multi-storied complex at Visakhapatnam no fire safety norms were implemented in two floors, no water tank provided separately for fire fighting purpose.
- **Government office complexes:** In four Government multi-storied office complexes<sup>51</sup> accommodating nearly 100 offices including the office of DGFS, fire safety norms such as automatic smoke

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<sup>48</sup> Public libraries, Cinema theatres, Multi-storied complexes including Government office buildings, function halls, etc.

<sup>49</sup> Anantapur, Chittoor, Hyderabad, Kakinada, Tirupati, Vijayawada, Visakhapatnam and Warangal

<sup>50</sup> Bharat Sanchar Nigam Limited

<sup>51</sup> Gruhakalpa, Chandravihar, Gaganvihar and BRKR Bhavan at Hyderabad

detectors, wet riser system, fire pumps, fire extinguishers, static tank separately for fire fighting purpose, open space around the buildings were not provided. These lapses endangered the lives of thousands of office employees and people attending the public places besides lack of safety to valuable government records.

In a 13-storied Government building<sup>52</sup>, exit of the fire emergency spiral type staircase was blocked with waste materials resulting in non-accessibility in case of any fire mishap.

**Information in respect of MSBs not available with DGFS**

*iii) Fire Precaution Fund:* The owners of the multi-storied buildings (MSBs) at Hyderabad and Visakhapatnam were to pay towards Fire Protection Fund at the rate of Rs 3.50 and Rs 5 per sq m respectively for the built up area of each MSB subject to a minimum of Rs 25000 to obtain clearance from Fire Department for construction. The levy of Fire Precaution Fund for all the MSBs, commercial, industrial complexes was enhanced to Rs 10 per sq. m. with effect from 1 April 2001 except residential buildings.

However, during 1998-2003 only 96 builders paid Rs 1.20 crore towards Fire Precaution Fund for obtaining permission in Visakhapatnam, Hyderabad and Secunderabad Urban areas. DGFS did not have the information regarding the number of MSB constructions, their built-up area and the amount to be collected towards the Fund resulting in huge loss of revenue to Government.

**Joint inspections of multi-storied building under construction not conducted**

*iv) Construction of MSBs without Department's clearance:* The Municipal Corporation of Hyderabad (MCH) communicated (December 2000) a list of 2935 MSBs to DGFS for which applications had been filed for regularisation of building plans. A joint inspection under the Building Regulation Act was to be conducted by a Committee consisting of Additional Commissioner, MCH, Representative of Fire Service Department and Chief City Planner, MCH to regularise the building constructions. DGFS requested (December 2000) the Commissioner, MCH, Hyderabad to send plans, general information etc. in respect of MSBs requiring clearance from Fire Service Department. The information had not been supplied by the MCH and inspections had not been conducted as of November 2003.

DGFS issued (February 2002) summons to owners of 9 MSBs in Tirupati for appearance for construction of buildings without NOC from Fire Services Department. However, the owners had not obtained NOCs as of May 2003 nor appeared before the DGFS.

The DGFS had not initiated action against the violators (2944 MSBs) so far (May 2003) since December 2000.

<sup>52</sup> Gaganvihar – Housing Board Complex, Hyderabad

Taking into account the average fire precaution fund at Rs 1.25 lakh<sup>53</sup> per MSB, the loss of revenue in Hyderabad alone in respect of the 2935 MSBs, constructed without the Fire Service clearance work out to Rs 36.68 crore. Providing of fire safety precautions in these buildings was also doubtful.

v) **Non-conducting of inspection of hazardous units:** Based on the applications for licence to run the sale of petrol, HSD outlets, fire cracker shops, etc. forwarded to the DFOs by the licensing authorities i.e., District Collector, Superintendent of Police, Commissioner of Police, Municipal Commissioners, etc. provisional NOCs were to be recommended subject to adoption of certain specified fire precautionary measures by the licensees. The DFO was required to inspect the unit to check whether the licensees had adopted the fire safety norms suggested while granting provisional licence.

**DFOs did not visit 7533 hazardous units for which provisional NOCs were issued**

It was, however, seen that in the six test-checked Divisions, the DFO/sub-ordinate officers had not visited the 7533 units<sup>54</sup> for which provisional NOCs were issued, to verify whether the licensees adopted the recommended fire safety and precautionary norms. The DFOs attributed (January-May 2003) the non-inspection of the units to shortage of staff and blamed the licensing authorities for not intimating the grant of licence. The contention was untenable as the DFOs had not conducted the inspection even in the cases where the licensing authorities had sent intimations about the grant of licence.

### 3.2.6 Other point of interest

**DFOs issued fire attendance certificates without cross verification with the revenue authorities**

In five test-checked districts, the SFO had assessed the property damaged in fire accidents on the basis of owner's statement without verification with the Revenue authorities and Insurance companies about the property damaged. During 1998-2003, department issued 301 fire attendance certificates<sup>55</sup> on the request of the owners for the value of property damaged worth Rs 52.59 crore<sup>55</sup> in the fire accident cases without cross verification.

### 3.2.7 Conclusions

The department did not function effectively due to lack of adequate measures for prevention of fire and creating awareness among public as evident from the increase of fire accidents in the State. Forty two per cent of fire stations were functioning in temporary structures/dilapidated buildings. There was a huge shortfall in

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<sup>53</sup> Average value computed taking into account Rs 1.20 crore collected for 96 buildings during 1998-2003

<sup>54</sup> Anantapur (161), Chittoor (330), Hyderabad (5426), Kakinada (182), Vijaywada (414), Visakhapatam (1020)

<sup>55</sup> Anantapur (58/Rs 3.25 crore), Chittoor (12/Rs 1.12 crore), Kakinada (73/Rs 8.73 crore), Vijaywada (87/Rs 29.94 crore), Visakhapatnam (71/Rs 9.55 crore)

provision of Fire tenders and Rescue vans. As a result thereof, the response time was much higher than the norms prescribed by the SFAC in large number of cases. Fire safety equipment was not provided in several public places and multi-storied buildings. Adequate training facilities were not available for equipping the requisite skills to the fire personnel. The enforcement powers under the Act were inadequate.

### **3.2.8 Recommendations**

- There was an urgent need to fill-up the vacant posts, establish new fire stations, upgrade the existing fire stations by supplying adequate fire tenders and thus reduce the response time/damages to property/lives.
- A separate Fire Prevention wing needs to be established to create awareness among the general public for adopting fire safety norms.
- Approval of Fire Services Department before issue of completion certificate for MSBs, should be made mandatory.
- All MSBs, Cinema theatres, Hazardous places, etc. should be inspected by the Fire Services Department at least once a year to ensure implementation of fire safety norms.
- Fire Service Rules under the AP Fire Services Act need to be framed/issued vesting the statutory powers with the Fire Services Department to enforce the Act effectively.

The points mentioned above were referred to Government in July 2003; reply had not been received (November 2003).

## HEALTH, MEDICAL AND FAMILY WELFARE DEPARTMENT

### 3.3 National AIDS Control Programme

#### Highlights

*The Centrally sponsored "National Aids Control Programme" was implemented with the aim to slow down the spread of HIV infection, reduce the future mortality and strengthen the capacity to respond to HIV/AIDS on a long term basis. Implementation of the programme in the State suffered mainly due to the absence of specific direction by National AIDS Control Organisation (NACO), coupled with short-utilisation of funds by the State Society. Monitoring of the functioning of NGOs was ineffective. Society did not set any parameters to assess the performance of NGOs and judge the success of their effort. Physical targets for most of the components/sub-components of the programme were not fixed either by NACO or by the Society. The Society also failed to fix and communicate the district-wise targets. Up to 2001-02 the Society paid little attention for strengthening of STD clinics, establishment of modern blood banks and upgradation of the existing blood banks, delivery of condoms, etc. Resultantly, the incidence of HIV and AIDS cases increased. Monitoring of the programme was very poor.*

❖ Financial outlay of the Action Plans submitted by the State were drastically reduced by NACO every year. However, neither the Society nor NACO revised the physical/ financial targets, rendering implementation of the programme directionless. The Society also did not fix the district-wise physical/financial targets in any year.

*[Paragraph 3.3.5 (i)]*

❖ There was no involvement of the District Committees in the functioning/monitoring of the activities of the NGOs.

*[Paragraph 3.3.5 (ii)]*

❖ Up to 2001-02, the Society paid little attention to the activities of delivery of condoms, strengthening of STD clinics, setting up of voluntary testing clinics, establishment of modern blood banks/upgradation of existing major blood banks and establishment of care and support centres.

*[Paragraph 3.3.6 I]*

❖ AIDS counselling services were not provided through STI clinics/blood banks in the State. No zonal blood testing centres were established during 1999-2003. The Society did not supply any equipment to blood banks.

*[Paragraph 3.3.6 I (b)]*

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The abbreviations used in this review are listed alphabetically in glossary vide Appendix XLIX (page 212)

❖ HIV prevalence among STD clinic attendees increased from 22 per cent in 1998 to 29 per cent in 1999 and gradually declined to 23 per cent in 2002. The prevalence rate was very high (35 to 40 per cent) in Visakhapatnam, Chittoor and Warangal. No STD clinics were set up in Guntur and Karimnagar while such clinics in East Godavari and Warangal started in 2002-03.

*[Paragraph 3.3.6 II (a)]*

❖ Incidence of AIDS increased from 485 in 1999 to 1478 in 2002. As of 2002 death cases reported were 297. Prakasam, Chittoor, Kurnool and Hyderabad topped the list of AIDS cases with 10 to 17 per cent.

*[Paragraph 3.3.6 II (b)]*

❖ In 15 districts none of the computers installed (cost : Rs 22.61 lakh) at various Tele-counselling centres, for the purpose of a toll-free National AIDS Telephone helpline, were functioning for want of repairs or lack of trained operational staff.

*[Paragraph 3.3.8 (ii)]*

❖ Monitoring at State level was very poor.

*[Paragraph 3.3.9]*

### 3.3.1 Introduction

The National Aids Control Programme (NACP), a 100 per cent Centrally Sponsored Scheme, was launched by Government of India in 1992 to develop a National Public Health Programme in HIV/AIDS<sup>56</sup> prevention and control. First phase of the programme was implemented between September 1992 and March 1999 with the aim to slow the spread of HIV, reduce future morbidity, mortality, and to minimise socio-economic impact resulting from HIV infection. The second phase of the programme commenced from November 1999 and expected to be completed by October 2004 with two key objectives

- to reduce the spread of HIV infection, and
- to strengthen capacity to respond to HIV/AIDS on a long-term basis.

Andhra Pradesh accounted for approximately 10 per cent (4 lakh) of the total HIV infected persons<sup>57</sup> in India as of March 2003.

The programme was under implementation in the State since 1992.

<sup>56</sup> Human Immuno Deficiency Virus/Acquired Immuno Deficiency Syndrome

<sup>57</sup> 40 lakh

### **3.3.2 Implementation arrangement**

The programme was implemented at the National level by the Project Director, National Aids Control Organisation (NACO) in the Ministry of Health and Family Welfare. At State level, Project Director, AP State AIDS Control Society (Society), Hyderabad assisted by the District AIDS Prevention and Control Committees (DAPACC) was responsible for implementation of the programme under the supervision of the Director General of Health Services. The Principal Secretary to Government in Health, Medical and Family Welfare Department is the President of the Society. The Non-Government Organisations (NGOs) were critical partners for the Targeted Interventions, Voluntary Counselling and Testing, and Schools AIDS Education activities. NGOs were involved in care and outreach services for people living with HIV/AIDS.

### **3.3.3 Audit coverage**

The implementation of the programme for the period 1998-2003 was reviewed (November 2002 – May 2003) by test-check of records of the Project Director of the Society at Hyderabad, and seven<sup>58</sup> (out of 23) District Committees. The results of the review are mentioned in the succeeding paragraphs.

### **3.3.4 Fund allocation and flow of expenditure**

The Programme is 100 per cent Centrally Sponsored Scheme implemented with assistance both in cash and kind<sup>59</sup> to the Society. However, during 2002-03, GOI requested State Government to provide Rs 7.01 crore. The NACO released the funds in advance directly to the Society<sup>60</sup> in the form of Demand Drafts, based on the Action Plans approved by it, expenditure figures reported by the State and expenditure likely to be incurred before the close of the year. Releases were made in cash. Society had no information as to the equipment and material supplied by NACO directly to the Blood Banks and STD<sup>61</sup> clinics.

Details of funds approved/allocated by NACO, released and the expenditure incurred thereagainst during 1998-2003 were as follows:

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<sup>58</sup> Chittoor, East Godavari, Guntur, Hyderabad, Karimnagar, Visakhapatnam and Warangal

<sup>59</sup> Consumable items like HIV test kits, drugs, equipment, vehicles, furniture, condoms, etc.

<sup>60</sup> Prior to 1998-99, the funds were being released by NACO through the State Government

<sup>61</sup> Sexually Transmitted Disease



(Rupees in crore)

Year	Action plan proposed by the Society	Action plan approved by NACO	Releases	Expenditure	Excess (+)/Short utilisation (-) (Percentage)
1998-99	19.19	12.76	6.50	7.29	(+) 0.79 (12)
1999-2000	40.89	14.98	12.22	8.33	(-) 3.89 (32)
2000-01	38.91	8.00	13.58	9.33	(-) 4.25 (31)
2001-02	*	11.06	18.80	17.75	(-) 1.05 (6)
2002-03	50.00	33.55	25.21 <sup>§</sup>	21.67 <sup>#</sup>	(-) 3.54 (14)
<b>Total</b>	<b>148.99</b>	<b>80.35</b>	<b>76.31<sup>@</sup></b>	<b>64.37<sup>&amp;</sup></b>	<b>(-) 11.94 (6)</b>

\* Action plan not prepared (reasons not furnished though asked for)

<sup>§</sup> NACO (Rs 20.21 crore) and State Government (Rs 5 crore)

<sup>@</sup> In addition to this, the Society had an opening balance of Rs 2.68 crore at the beginning of 1998-99

<sup>#</sup> NACO funds (Rs 20.33 crore) and State Government funds (Rs 1.34 crore)

<sup>&</sup> Priority Targetted Interventions against HIV/AIDS (Rs 22.43 crore), Preventive interventions for the general community (Rs 35.08 crore), Institutional strengthening (Rs 4.09 crore), Low cost care and capacity building (Rs 1.83 crore), and Intersectoral collaboration (Rs 0.94 crore).

Total expenditure included diversion and mistutilisation of Rs 13.03 crore (as shown in *Appendix XXXIX*) and Rs 13.56 crore released to the NGOs.

The Component-wise expenditure incurred by the Society vis-a-vis allocations are detailed in *Appendix XXXIV*. The following points emerged.

(i) The components 'Low Cost Care and Capacity Building' and Intersectoral Collaborations were not implemented for two years during 1998-2001.

**Only 58 per cent of funds allocated for setting up of VCTCs were spent**

(ii) Of Rs 2.40 crore allocated for setting up of Voluntary Counselling and Testing Centres (VCTCs), only Rs 1.13 crore (58 per cent) was utilised for setting up of 62 VCTCs.

The Society attributed (May 2003) the shortfalls to the shift in priorities and as per the needs identified. The contention was not acceptable as there cannot be shortfalls for all the components and there was overall short utilisation of funds (Rs 11.94 crore) during 1998-2003.

### 3.3.5 Programme implementation

Baseline surveys were conducted by the Society under the guidance of DFID<sup>62</sup> and FHI<sup>63</sup> on behavioural surveillance during December 1999 to January 2000, HIV among female sex workers of Kakinada and Peddapuram (East Godavari District) during April-May 2000, and health care providers survey during November 1999-September 2000.

**Survey not conducted on HIV/AIDS**

However, the Society did not conduct any survey of HIV/ AIDS. There was no proper mechanism with the Society to ascertain the exact number of AIDS cases in the State. Society registered those cases which were reported by the District Leprosy Officers (DLOs).

<sup>62</sup> Department for International Development, United Kingdom

<sup>63</sup> Family Health International, New Delhi

Surveillance of STD is an important component of prevention and control of HIV/AIDS. The Society established 70<sup>64</sup> surveillance centres during 1998-2003 to generate a system of reliable data.

**Activity/component-wise targets not fixed either by NACO or by the Society**

*i) Targets not fixed:* The Society prepared Annual Action Plans for the years 1998-2003 (except for 2001-02) based on its own targets, which were higher than the national targets, for approval by NACO. Though the financial commitments of these action plans were much reduced by NACO every year, NACO failed to communicate the revised physical targets to suit the action plans approved by it nor did the Society revise the physical/financial targets on its own. Thus, implementation of the programme was directionless. District-wise physical/financial targets were not also fixed/communicated in any year by the Society.

**Society changed priorities unilaterally thereby neglecting certain components**

Besides absence of the physical targets, the releases were also not made as per the approved Action Plans. This resulted in change in priorities unilaterally by the Society, thereby neglecting certain components of the scheme.

**No proper check on the functioning of NGOs**

*ii) Functioning of NGOs not properly monitored:* At the State level, Society implemented various components of the programme viz., Targeted Interventions for groups at high risk, Voluntary Counselling and Testing, and Community Care Centres, etc. through Non-Government Organisations (NGOs). Number of NGOs were between 16 and 114 during 1999-2003. The Society released the funds directly to the NGOs, but did not fix targets under the components and monitored the expenditure thereagainst. The Society did not set any verifiable parameters while releasing the funds to assess the performance of NGOs and judge the success of their effort.

The District Committees implemented only Family Health Awareness Campaign (FHAC<sup>65</sup>) and were not involved in functioning/monitoring of the NGOs. Thus, functioning of NGOs in the districts was not checked properly by the Society.

### **3.3.6 Programme performance**

Against the national objectives of keeping HIV prevalence rate below three per cent and reducing blood borne transmission of HIV to below one per cent, State Government projected a higher target of below two per cent and below 0.5 per cent respectively. However, the State did not fix any targets for 'Attainment of awareness levels' and 'Achieving condom use among high risk groups' against the national target of not less than 90 per cent for both.

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<sup>64</sup> 1998-99 : 7, 1999-2000 : 7, 2000-01 : 9, 2001-02 : 13 and 2002-03 : 34

<sup>65</sup> under IEC – Preventive interventions under general community till 2001-02 and from 2002-03 as a component by itself

## I Component-wise targets/achievements

The main causes of spread of AIDS are infected blood, infected needles, multiple partners, infected mothers to her baby before birth and injectible drug abuse. The objectives of improving the quality of lives of persons infected by HIV and AIDS, generating awareness, advocacy and delivering interventions, ensuring adequate supply of safe and quality blood and training of NGOs, were sought to be achieved through components, viz., Priority targeted interventions for groups at high risks - implemented through NGOs, Preventive Interventions for the General Community, Institutional strengthening, Low cost AIDS care and Inter-sectoral collaboration. Physical targets for most of the sub-components were not fixed as detailed in *Appendix XXXV*. The following points were noticed:

	Objective/activity	Audit findings
	<b>(a) Priority Targeted Interventions for groups at high risk – implemented through NGOs</b>	
<b>Delivery of condoms not implemented during 1998-2001</b>	To reduce the spread of HIV in groups at high risk by (i) identifying target population, (ii) providing peer counselling, (iii) promoting condom use (iv) providing treatment of STIs and (v) organising client programmes through NGOs, CBOs <sup>66</sup> and public sector using generic/protocol	<p>(i) The sub-component of "Injecting drug users" was not covered during the period 1998-2003. Similarly the counselling for "Men having sex with men" and the "delivery of condoms" were not implemented during 1998-2001 despite the availability of funds.</p> <p>(ii) Free distribution of condoms were made in all the seven test-checked districts during 1998-2003. However, Social Marketing was made only in Karimnagar and Visakhapatnam Districts.</p> <p>(iii) The Society had not furnished the information as to the number of drug de-addiction centres operative and the number of infected drug users in the centres.</p> <p>(iv) The details of total number of staff, targets fixed for the training, and category of staff to be trained were not furnished by the Project Director. 3957 medical staff and 13121 paramedical staff were trained during 1999-2003. However, the number of staff trained declined from 2335 (Medical) and 9804 (Paramedical) in 2001-02 to 847 (medical) and 422 (paramedical) in 2002-03. Reasons for poor achievements in 2002-03 were not stated by the Project Director.</p>
	<b>(b) Preventive Interventions for the General Community – voluntary counselling and testing</b>	
<b>Counselling services not provided through blood banks/STI clinics</b>	Provision of increasing availability of and demand for voluntary testing of couples, training grass root level workers in HIV/ AIDS counselling services through all blood banks and STD clinics	<p>(i) Voluntary Counselling and Testing Centres (VCTCs) were not established during 1998-2001. However, 88 VCTCs were established during 2001-03.</p> <p>(ii) Though 85 STI clinics and 151 blood banks existed during the period, counselling services were not provided through them.</p> <p>(iii) As of March 1998 there were 60 Modern blood banks with addition of only one during 2002-03.</p>

<sup>66</sup> Community Based Organisations

	<p>To develop an effective surveillance system, generating a set of data by establishment of surveillance centres</p>	<p>Against a target of six major blood banks with component separation facilities during 2001-03 only four were established.</p> <p>There was no addition to 12 Zonal blood testing centres that existed as of March 1999. Society did not supply any equipment to blood banks nor did it have any information regarding the equipment/HIV kits supplied by NACO.</p> <p>There was no response from the Society as to the medical practice being followed after the window period to find out sero-positivity among people at high risk.</p> <p>(i) 70 surveillance centres were established during 1998-2003 as targeted, and 5739 HIV/AIDS cases were covered. However, information regarding the category of persons covered was not available with the Project Director.</p> <p>(ii) Against a target of 12 surveys of STI surveillance to be conducted, eight were conducted during 2001-03, due to shortage of staff in the Medical Colleges.</p> <p>(iii) The Society had no information on the action taken in respect of protocol provided on behavioural surveillance, mode of surveillance conducted by private agencies, action taken on surveillance findings and surveys conducted.</p>
<p><b>Mother to Child transmission of HIV was 9.7 per cent</b></p>	<p>Prevention from Mother to child transmission of HIV (sub-component)</p> <p>Transmission rate of HIV from mother to child to be reduced to six per cent by administering AZT<sup>67</sup> from 36<sup>th</sup> week of pregnancy till delivery (300 TID)</p>	<p>Of 17718 women tested for HIV during April 2000 to September 2002, 367 were tested sero-positive. Of these, only 146 women enrolled for AZT and only 118 took AZT administration. The lower turn-out was stated to be due to return of women to parents' place during 3<sup>rd</sup> trimester, refusal of women/family to AZT etc.</p> <p>On conclusion of study of short term AZT interventions and primary preventions, ultra-short therapy of administration of Niverapine single dose was commenced from October 2001 to the 118 persons to reduce the transmission of HIV from mother to child.</p> <p>The ultimate transmission rate was, however, recorded as 9.7 per cent.</p>
<p><b>Care and Support Centres were not established during 1998-2001</b></p>	<p>To Provide appropriate care and support to persons infected with HIV/AIDS, Formation of State and District level societies through partnership in Government and NGO sector</p>	<p><b>(c) Low cost AIDS care and Capacity Building – implemented through NGOs</b></p> <p>(i) No care and support centres were established during 1998-2001 and 11 such centres and three drop-in centres were established during 2001-03.</p> <p>(ii) The State Level Body - APSACS had been functioning without the Governing Body and Executive Body Since August 2001.</p> <p>(iii) During the year 1998-99, partnership with NGOs was not established. There were 16 NGOs functioning during 1999-2000, 104 during 2000-01 and 114 NGOs were functioning during 2001-03. The Society had not fixed any targets for training NGOs and the progress reports required to be sent to NACO on IEC and social mobilisation were not sent. The Society had no record regarding the expenditure incurred by the NGOs.</p>

<sup>67</sup> Azido Thymidine/Zideovidine

**Programmes for generating awareness, advocacy and delivering interventions not implemented till 2001-02**

	(iv) At the District Level, no Society was constituted. However, District AIDS Control and Prevention Committee was functioning with District Leprosy Officer as Convener.
<b>(d) Inter Sectoral Collaboration</b>	
Collaboration to focus on learning from innovative HIV/AIDS programmes that exists in other sections and sharing in work of generating awareness advocacy and delivering interventions	No programmes were conducted till 2001-02 and the Society initiated school and college AIDS awareness programme only during 2002-03. However, no feedback system was developed on the interventions.

It is evident that up to 2001-02 the Society paid very little attention, especially to the activities of (i) delivery of condoms, (ii) strengthening of STD clinics, (iii) setting up of voluntary testing clinics, (iv) establishment of modern blood banks and zonal blood testing centres, upgradation of existing major blood banks and (v) establishment of care and support centres resulting in non-achievement of the overall objective of the programme. Reasons for shortfalls under the above components of the programme were not forthcoming from the Project Director (September 2003).

## II Prevalence of HIV/AIDS

The incidence of prevalence rates of HIV/AIDS cases in the State (as reported in Sentinel Surveillance) were as follows:

Particulars	Prior to 1997	1998-99	1999-2000	2000-01	2001-02	2002-03
<b>(i) HIV among STD clinic attendees</b>						
Number of cases tested	NA	756	684	630	935	2740
Number of HIV positive cases	NA	167	198	178	261	630
Percentage	NA	22	29	28	27	23
<b>(ii) HIV among Antenatal clinic attendees</b>						
Number of cases tested	NA	1603	1600	2400	3600	9199
Number of HIV positive cases	NA	35	39	48	73	149
Percentage	NA	2.2	2.43	2	2.02	1.62
<b>(iii) HIV of Sero positive (Blood donors) (percentage)</b>						
	NA	1.17	0.95	0.94	0.92	0.91
<b>(iv) AIDS cases (number)</b>						
	45	NA	485	783	1478	618
<b>(v) Reduction in Blood borne transmission of HIV</b>						
	Out of 105732 cases screened during 2002-03, 15248 cases (14 per cent) were tested HIV positive. Of these, only in one per cent cases probable mode of transmission is blood transfusion (details for earlier years not furnished).					
<b>(vi) Attaining awareness level</b>						
<b>(vii) Achievement in condom use among high risk categories</b>						
Information not available with APSACS (Society)						

NA: Not available

**Very high HIV prevalence among the attendees of ante-natal and STD clinics**

(a) In the State, during 1998-2002 there was reduction in HIV prevalence among Antenatal clinic attendees from 2.2 to 1.62 per cent while the national average (estimation) was

0.49 per cent in 2002. However, HIV prevalence among STD clinic attendees increased from 22 per cent in 1998 to 29 per cent in 1999 and gradually reduced to 23 per cent in 2002 as against the national average of 4.25 per cent. The prevalence rate was very high (35 to 40 per cent) in Visakhapatnam, Chittoor and Warangal Districts. The prevalence among sero-positive<sup>68</sup> rates for blood donors remained at 1.17 to 0.91 per cent during 1998-2003.

District-wise details are given in *Appendix XXXVI*. In the seven test-checked districts, Sentinel Surveillance of HIV infection at Ante-natal clinics (ANC) and STD clinics during 2002-03 was between 0.50 to 6.75 per cent and 30.40 to 40.40 per cent respectively. There were no STD clinics in Guntur and Karimnagar Districts while such clinics in East Godavari and Warangal Districts were in operation only from 2002-03.

**Prakasam, Chittoor, Kurnool and Hyderabad topped the list of AIDS cases**

(b) During 1998-2003, 3364<sup>69</sup> AIDS cases were reported in the State; incidence of the AIDS ranged between 485 to 618 with an abnormal high incidence of 1478<sup>70</sup> in 2002. Total deaths reported were 297. Prakasam (17 per cent), Chittoor (14 per cent), Kurnool (12 per cent) and Hyderabad (10 per cent) topped the list of AIDS cases as detailed in *Appendix XXXVII*.

**Two to five per cent of the antenatal cases screened were found HIV positive in Chittoor, Warangal and East Godavari Districts**

(c) Of two lakh cases attended in STD centres in the State, 10374 cases (five per cent) were referred for HIV tests. In five of the seven districts, three per cent (Chittoor and Warangal Districts) to nine per cent (East Godavari District) of the cases were referred for HIV tests as shown in *Appendix XXXVIII*. No information was available about Karimnagar and Visakhapatnam Districts.

In six of the seven<sup>71</sup> districts, two per cent (Chittoor and Warangal Districts) to five per cent (East Godavari District) of the antenatal cases screened were found HIV positive as detailed in *Appendix XXXVIII*.

### **III Non-fulfillment of the objective of Rehabilitation of Commercial sex workers infected with HIV**

In May 1997, 65 commercial sex workers were rescued in Hyderabad. Of these, 21 were found positive for HIV. In order to rehabilitate these persons, Project Director released (October 1997) Rs 15 lakh to the Managing Director, AP Women Cooperative Finance Corporation for 'Rehabilitation of commercial sex workers infected with HIV' through an NGO<sup>72</sup>. Corporation released

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<sup>68</sup> describes a person whose blood shows the presence of antibodies to the infection

<sup>69</sup> As per the information furnished by the Society – Male : 2054, Female : 1310

<sup>70</sup> Sexual (1348), Perinatal Transmission (16), Blood and Bloods products (12), Others (24), not specified (78)

<sup>71</sup> Information not available in respect of Karimnagar District

<sup>72</sup> PRATYAMNAYA

(October 1997 and January 1999) Rs 11.25 lakh to the NGO and kept the balances with it. The NGO however, provided shelter only for 24 women during October 1997-October 1998 at a cost of Rs 7.58 lakh and retained the balance amount of Rs 3.67 lakh.

The Project Director neither ascertained actual utilisation of the funds released nor did he assess the status of the completion of the Project.

### 3.3.7 Deficient reporting of implementation

**Reports on financial progress delayed from 2 to 28 months**

As per guidelines, monthly, quarterly and annual reports on progress of implementation were to be reported by the State AIDS Control Societies to NACO.

It was noticed that Society had neither furnished any monthly report on AIDS cases during 1998-2000 nor furnished the quarterly HIV screening sentinel reports to NACO. Thus the progress review by NACO was incomplete.

Submission of quarterly and annual reports on financial progress to NACO during 1998-2002 were delayed by two to 28 months.

### 3.3.8 Other points of interest

**Society diverted Rs 32.40 lakh for construction of its building**

*i) Diversion of programme funds:* In May 1996, Society placed Rs 25 lakh at the disposal of APHMHIDC<sup>73</sup> with the approval of NACO, for construction of a building at Hyderabad, which was completed (expenditure : Rs 25 lakh) and handed over to the Society in March 1999. In July 2000, the Society again paid Rs 32.40 lakh to APHMHIDC towards the cost of first floor by diverting the programme funds. No permission from NACO was obtained for the diversion of scheme funds.

**Expenditure of Rs 22.61 lakh on Tele-counselling centres remained unfruitful**

*ii) Unfruitful expenditure on Tele-counselling centres:* A toll-free National AIDS Telephone helpline was set up in all districts to provide access to information and counselling on HIV/AIDS related issues at a cost of Rs 22.61 lakh. The computers were however, not functioning in 15 centres<sup>74</sup> either for want of repairs or lack of trained operational staff. No records were maintained in respect of centre-wise calls/callers benefitted and access to personal counselling. Thus the expenditure of Rs 22.61 lakh paid towards the cost of computers remained unfruitful.

### 3.3.9 Monitoring and Evaluation

**Monitoring at State level was very poor. Evaluation of the Project not conducted**

Monitoring and Evaluation is an important component of strengthening the capacity to respond to HIV/AIDS epidemic. It

<sup>73</sup> AP Health, Medical Housing and Infrastructure Development Corporation Limited

<sup>74</sup> information not received in respect of eight districts

includes creation of a Computerised Management Information System (CMIS) at the State level, conducting the Annual Performance and Expenditure Review (APER).

The Society appointed the Monitoring and Evaluation Officer only in June 2002 and the CMIS started functioning from November 2002. Thus monitoring at State level was very poor. The Society had no information as to whether any APER reports were sent to NACO or not.

Evaluation of the Project was not conducted either by the State Government or by any other agency in the State.

### **3.3.10 Conclusions**

The programme was not implemented effectively in the State. No physical targets were fixed for most of the components/sub-components of the programme either by NACO or by the Society at State level. The Project Director of the Society failed to utilise the grants fully leaving certain major components unimplemented. Society did not set any parameters to assess the performance of NGOs and judge the success of their efforts. Functioning of NGOs in districts was not checked properly by the Society. While HIV prevalence rate among antenatal attendees reduced from 2.20 to 1.62 per cent the prevalence registered steep rise during 1998-2002 among STD clinic attendees.

### **3.3.11 Recommendations**

- Greater attention needs to be paid for strengthening of STD clinics, establishment of blood banks/VCTCs/Care and Support centres and delivery of condoms.
- District-wise financial/physical targets component-wise need to be fixed on a realistic basis.
- AIDS counselling services are required to be provided through STI clinics and blood banks.
- The overall functioning of NGOs needs to be checked/monitored through the District Committees for effective implementation of the Programme.

Government did not offer any comments on the points raised by Audit except endorsing (October 2003) the replies of the Project Director of the Society.



## AGRICULTURE AND CO-OPERATION DEPARTMENT

### 3.4 Functioning of Agriculture Department

#### Highlights

*The objectives of the department are to transfer the latest technical knowhow to farming community, provide agricultural extension services and skills and knowledge to farmers, to boost up agriculture production. Review of the functioning of the department for the period 1998-2003 revealed that the non-plan expenditure constituted 66 per cent of the total expenditure. Allocation for the Agriculture and allied services was only three per cent of total plan outlay of the State. State Government had not released the funds in full for implementation of the Centrally Sponsored Schemes. The Commissioner could not utilise the allocations fully and there was saving of 10 to 52 per cent under the Plan schemes. Budgetary process was defective. Heavy shortfalls (up to 100 per cent) in physical performance in various components of the Centrally Sponsored Schemes and Externally aided project were noticed. Soil conservation activity was deficient. There was a decline in the net area sown. The growth rate of six per cent per annum for the agriculture sector set out (from 2000-01) by the State had not been achieved.*

❖ Plan outlay for Agriculture was only three per cent of total annual outlay of the State though 75 per cent people depend on it. Non-plan expenditure constituted 66 per cent (Rs 900.20 crore) of total expenditure (Rs 1354.90 crore) during 1998-2003.

*[Paragraph 3.4.4 I]*

❖ Budgetary process was deficient and expenditure control mechanism was ineffective. Monthly expenditure statements were either not submitted or submitted late by the DDOs.

*[Paragraphs 3.4.4 II (i) and (ii)]*

❖ The net area sown decreased from 110.74 lakh ha to 97.30 lakh ha in five years. There was a decline in the area under canal irrigation and increase in the area under ground water irrigation. No soil survey was conducted during 2001-03.

*[Paragraphs 3.4.5 (i) and (iv)]*

❖ Government released Rs 239.84 crore of total allocation of Rs 329.81 crore for the Centrally Sponsored Schemes, Central Sector Schemes and Externally Aided Projects. 25 per cent (Rs 59 crore) of the releases remained unutilised.

*[Paragraph 3.4.6]*

❖ The envisaged targets of IX Five Year Plan (1997-2002) were not achieved in any year for any category of crop (except for foodgrains in 2000-01); average shortfalls ranged between

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· The abbreviations used in this review are listed alphabetically in glossary vide Appendix XLIX (page 212)

**10 and 58 per cent. The shortfalls in physical performance of various components of the four Centrally Sponsored Schemes also ranged from four per cent to as high as 100 per cent.**

*[Paragraphs 3.4.6 I (ii) and (iii)]*

❖ **As against a target of covering 4.84 lakh ha under the Central Sector Scheme- National Watershed Development Programme for Rainfed Areas, during 1997-2002, only 1.16 lakh ha (24 per cent) was covered after spending Rs 24.20 crore (70 per cent of the outlay).**

*[Paragraph 3.4.6 II (i)]*

❖ **The implementation of Tribal Sub-plan for Agriculture was ineffective mainly due to underutilisation of funds.**

*[Paragraph 3.4.6 IV]*

❖ **While the average annual growth rate of Agriculture was 1.42 per cent during the Ninth Five year plan 1997-2002, the growth rate was negative during 2001-03. Thus, the six per cent growth rate envisaged was not achieved.**

*[Paragraph 3.4.7 (ii)]*

❖ **Internal audit of the Commissionerate was not conducted since inception. There were heavy shortfalls in internal audit of field offices too.**

*[Paragraph 3.4.9]*

❖ **Evaluation of various schemes implemented by the department was not conducted, to assess the extent of achievements of various components in different areas.**

*[Paragraph 3.4.10]*

### **3.4.1 Introduction**

Economy of Andhra Pradesh is predominantly agrarian. Hence, agricultural growth is necessary for attaining overall high growth for eradication of poverty.

The objectives of the Department, are to

- transfer the latest technical know-how to the farming community,
- provide agriculture extension services to farmers,
- introduce high yield varieties,
- impart training to farmers, and
- provide skills and knowledge to boost up the agriculture production and productivity.

The State has a total geographical area of 274.40 lakh hectares and there are seven agro climatic zones in the State. Of these, three

zones, viz., scanty rainfall<sup>75</sup>, south Telangana<sup>76</sup> and north coastal<sup>77</sup> are agriculturally backward. The major agriculture crops in the State are Paddy, Jowar, Maize, Pulses, Oilseeds, and cash crops are cotton, tobacco and chillies.

### 3.4.2 Organisational set up

At Government level, the Principal Secretary to Government is responsible for overseeing the functioning of the Department. The Commissioner and Director of Agriculture (Commissioner) is the Head of Department who is assisted by 4 Additional Directors, 8 Joint Directors (JDs), 12 Deputy Directors (DDs), one Chief Accounts Officer (CAO) and two Accounts Officers at State Level, and one JD in each district with supporting officers viz., Deputy Directors, Assistant Directors, Agricultural Officers (AOs) etc. The Department had Soil Testing Laboratories (26), Pesticide Testing Laboratories (5), Biological Control Laboratories (14), Seed Multiplication Farms (23) and Farmer's Training Centres (22) under its control.

### 3.4.3 Audit coverage

The functioning of the department was reviewed between November 2002-April 2003 by test-check of the records for the period 1998-99 to 2002-03 at the Secretariat, Commissionerate and Joint Directors of Agriculture in the six<sup>78</sup> selected districts out of 23 districts. The results are mentioned in the succeeding paragraphs.

### 3.4.4 Financial

#### I Budget and expenditure

**Plan funds were not fully spent. Under-utilisation ranged from 10 to 52 per cent**

The Department implements, State Plan schemes, Central schemes, Centrally Sponsored Schemes (CSS) and Externally Aided Projects (EAP). The allocations made by the Government of India under various Central Sector, CSS and EAP were routed through the State Government. The budgeted funds were released by the Commissioner to the unit officers (DDOs) for implementation of agricultural activities. Budget provision vis-a-vis expenditure by the department during 1998-2003 was as follows:

<sup>75</sup> Kurnool, Anantapur, and Cuddapah districts

<sup>76</sup> RangaReddy, Medak, Mahboobnagar and Nalgonda districts

<sup>77</sup> Srikakulam, Vizianagaram and Visakhapatnam districts

<sup>78</sup> Cuddapah, Guntur, Karimnagar, Kurnool, Nalgonda, and West Godavari

(Rupees in crore)

Year	Budget provision			Expenditure			Excess (+)/Saving (-)	
	Plan	Non-Plan	Total	Plan	Non-Plan	Total	Plan	Non-Plan
1998-99	160.47	145.61	306.08	107.32	141.15	248.47	(-)53.15	(-)4.46
1999-2000	132.80	182.92	315.72	64.01	163.05	227.06	(-)68.79	(-)19.87
2000-01	121.38	206.24	327.62	108.93	198.76	307.69	(-)12.45	(-)7.48
2001-02	84.18	214.61	298.79	57.49	203.81	261.30	(-)26.69	(-)10.80
2002-03	158.86	184.89	343.75	116.95	193.43	310.38	(-) 41.91	(+) 8.54
<b>Total</b>	<b>657.69</b>	<b>934.27</b>	<b>1591.96</b>	<b>454.70</b>	<b>900.20</b>	<b>1354.90</b>	<b>(-)202.99</b>	<b>(-)34.07</b>

Note: (i) Budget provision and expenditure included the figures relating to Centrally Sponsored, Central Sector Schemes and Externally Aided Projects.

(ii) Reasons for low provision in 2001-02 were not forthcoming though called for.

**Meagre budget allocations to Agriculture sector**

(a) Agriculture contributed 14.5 per cent of the State GSDP and 75 per cent people depend on Agriculture for their livelihood. However, outlay for the sector was very low. During IX five-year plan (1997-2002) the approved outlay for Agriculture and allied services was only two per cent (Rs 505.39 crore) out of a total outlay of Rs 25150 crore for all sectors. During 2002-03 (first year of X plan), the approved outlay was however, 3 per cent (Rs 286.46 crore) of the total outlay of Rs 9601.70 crore.

**Non-plan expenditure constituted 66 per cent**

(b) Non-plan expenditure constituted Rs 900.20 crore (66 per cent) of the total expenditure. It increased from 57 per cent in 1998-99 to 78 per cent in 2001-02 and again came down to 62 per cent in 2002-03.

(c) Of the total expenditure, salaries alone constituted 39 and 48 per cent in 2000-01 and 2001-02 respectively.

(d) Saving under Plan each year was due to delay in according sanctions and freezing of funds by Government in March every year.

**II. Budgetary procedures**

Test-check of the budgetary exercises of the Department revealed the following points.

**BEs submitted with delays ranging from 72 days to 160 days**

*i) Delay in submission of budget estimates:* Budget Estimates (BEs) are required to be submitted to the Administrative Department in Government by 1<sup>st</sup> October every year, in order to facilitate the Department and the Finance Department to assess the requirements realistically. It was seen that Commissioner submitted the BEs to the Administrative Department, with delays<sup>79</sup> ranging from 72 days to 160 days while the budget was passed in March every year.

Belated submission of BEs resulted in mismatch between the allotments and the estimates and consequent surrender/saving of funds.

<sup>79</sup> 160 days, 72 days, 129 days and 127 days respectively for the BEs 2000-01 to 2003-04

Expenditure control mechanism was ineffective

ii) **Lack of expenditure control mechanism:** To exercise effective control over expenditure the Commissioner, being the Chief Controlling Officer (CCO), was to receive from 60 Controlling Officers (CC) monthly Statement of Expenditure (SOE) incurred by the 393 DDOs in the State. The status of receipt of the monthly statements by the CCO was as shown below:

Year	Number of SOE		
	to be received by the Commissioner	actually received	not received
2000-01	720	417	303
2001-02	720	318	402
2002-03	720	418	292

Even in respect of the statements received, there were delays ranging from 2 to 8 months<sup>80</sup>. Non-receipt/belated receipt of SOEs rendered the expenditure control mechanism ineffective. The Commissioner stated (September 2003) that a programme had been launched (August 2003) to receive the monthly SOE from the district offices utilising Video Conferencing, NICNET, etc.

### 3.4.5 Programme implementation

In the IX Five Year Plan, it was targeted to achieve average annual production of 156.9 lakh tonnes of foodgrains, 38.80 lakh tonnes of oilseeds, 18.15 lakh bales of cotton. As per the X Five year plan (2002-07), the annual average target was 168.40 lakh tonnes for foodgrains, 24.84 lakh tonnes for oilseeds and 19.40 lakh bales for cotton. To achieve these objectives, the State has implemented eight Centrally Sponsored Schemes (CSS), nine Central Sector Schemes, 19 State Plan Schemes and two EAP schemes. A review of performance of some of the major schemes revealed the following.

Net area sown declined steeply from 110.74 lakh ha in 1998-99 to 97.30 lakh ha in 2002-03

i) **Decline in net area sown:** Out of the total geographical area of 274.40 lakh hectares (ha) the net area sown (including fish culture) was as follows:

(Area in lakh hectares)

	1998-99	1999-2000	2000-01	2001-02	2002-03
<b>Total geographical area</b>	<b>274.40</b>	<b>274.40</b>	<b>274.40</b>	<b>274.40</b>	<b>274.40</b>
<b>Gross cropped Area</b>	<b>136.30</b>	<b>130.20</b>	<b>135.50</b>	<b>127.60</b>	<b>115.59</b>
<b>Net area sown</b>	<b>110.74</b>	<b>107.05</b>	<b>112.21</b>	<b>105.25</b>	<b>97.30</b>
<b>Source-wise Area sown</b>					
Canal	16.30	16.30	16.30	15.60	12.09
Tanks	8.10	6.50	7.30	5.70	4.25
Tube wells	9.20	10.00	10.70	11.20	11.53
Other wells	9.80	9.00	8.90	8.10	6.90
Other sources	2.00	2.00	2.00	1.80	1.37

(Source: Commissioner and Director of Agriculture/Director of Economics and Statistics)

The above table would indicate that there was a decline in the area under canal and tank irrigation and increase in the area under

<sup>80</sup> JD, Kurnool (August 2002 – November 2002); JD, Guntur (April 2002 – January 2003)

ground water irrigation viz., tube wells and wells. The Commissioner attributed (October 2003) the decline in the net area sown to decrease in the inflows in the major reservoirs viz., Nagarjunasagar and Nizamsagar projects and non-release of water for both the Kharif and Rabi seasons during the last two years.

**Lack of control to check and prevent the supply of poor quality of seeds to farmers**

*ii) Seed testing Activity:* (a) There are three<sup>81</sup> seed testing laboratories in the State. Total capacities of the laboratories, targets fixed, and samples tested, shortfall during 1999-2003 were as follows:

Year	Total capacity	Target	Number of samples tested	Shortfall (Percentage)	
	(in numbers)			Capacity	Target
1999-2000	20000	14000	10621	9379 (47)	3379 (24)
2000-01	20000	14000	11073	8927 (45)	2927 (21)
2001-02	30000	8800	3105	26895 (90)	5695 (65)
2002-03	30000	7000	3866	26134 (87)	3134 (45)
<b>Total</b>	<b>100000</b>	<b>43800</b>	<b>28665</b>	<b>71335 (71)</b>	<b>15135 (35)</b>

**Utilisation of laboratories was poor**

During 1999-2003, a low target<sup>82</sup> of 43.80 per cent was fixed. Even this was not achieved by the laboratories. The utilisation was only 28.70 per cent of the total capacity of the three laboratories. This indicated inefficient utilisation of an important facility for the benefit of farmers.

**Seed testing done through private agencies, laboratory staff remained idle**

(b) For production and marketing of seeds, Commissioner executed (April 2001) agreements with 216 private agencies, who were to ensure quality of seeds. As such, the samples of seeds were not drawn and tested unless there were any complaints. Thus, there was little control with the department to check and prevent the supply of poor quality seeds to farmers besides underutilisation of the resources available in the laboratories. Expenditure incurred on the salaries of the staff of the laboratories was Rs 1.33 crore during 2000-03, with a recurring annual incidence of Rs 44.24 lakh.

**Low yield from the seed farms**

*iii) Functioning of seed farms:* None of the 23 seed farms functioning during 2001-03 had achieved the targeted yield for most of the crops; the yield was far below the targets fixed as shown in *Appendix XL*. The Commissioner stated (September 2003) that out of 1782 ha of land, only 929.5 ha was cultivable and the low yield was due to unfavourable seasonal conditions during 1999-2002 without, however, explaining the reasons for not cultivating the remaining 239.5 ha of cultivable land.

**Soil survey activity was deficient. No soil survey conducted during 2001-03**

*iv) Deficient soil survey activity:* There were three<sup>83</sup> soil survey units in the State to undertake soil survey programme, land capability, classification of soil and for optional use of land.

<sup>81</sup> (i) Rajendranagar (Rangareddy district), (ii) Tadevalligudem (West Godavari district), (iii) Yemmiganur (Kurnool district) started functioning only in 2001-02

<sup>82</sup> due to testing of samples only on the basis of complaints and not on regular basis

<sup>83</sup> Cuddapah, Nizamabad, Tadevalligudem

Targets for each of the survey units were fixed at 48000 ha per annum. Against this, units at Cuddapah and Nizamabad surveyed only 6000 ha and 33385 ha in 1999-2000 and did not conduct any survey during the years 2000-03. The units at Tadepalligudem surveyed 31647 ha in 1999-2000, 4532 ha in 2000-01 and did not conduct any survey thereafter.

Non-achievement of the targets rendered the expenditure of Rs 85.87 lakh on the staff salaries of the units<sup>84</sup> largely unfruitful and the entire infrastructure remained idle besides denying the envisaged benefits to the farmers. The Joint Director (Soil Correlator) attributed (January 2003) the deficient survey activity to redeployment of Agricultural Officers to extension wing. This was indicative of ineffective utilisation of resources/infrastructure for the activity.

### 3.4.6 Programme performance

During 1998-2003, releases for State plan schemes were Rs 182.07 crore (expenditure : Rs 183.37 crore). Total releases for various CSS, Central Sector and EAP schemes was Rs 239.84 crore (allocation : Rs 329.81 crore) of which expenditure was Rs 180.84 crore leaving Rs 59 crore (25 per cent) unutilised. The total allocations, releases and the expenditure incurred on these schemes are indicated in *Appendix XLI*.

#### I Implementation of Centrally Sponsored Schemes (CSS)

*i) Utilisation of funds:* The year-wise details of the allocation, releases and the expenditure thereagainst under the CSS are as follows:

(Rupees in crore)

Year	Budget provision		Funds released		Expenditure		Saving (-)/ Excess (+) (Percentage)
	C	S	C	S	C	S	
1998-99	26.87	8.85	22.69	10.48	30.53	10.29	(+) 7.65 (23)
1999-2000	23.81	7.66	25.97	9.62	14.11	4.70	(-) 16.78 (47)
2000-01	46.77	9.77	27.25	7.87	22.57	6.61	(-) 5.94 (17)
2001-02	53.43	10.15	36.99	5.43	24.76	5.46	(-) 12.20 (29)
2002-03	65.98	11.01	30.49	3.50	25.70	3.01	(-) 5.28 (16)
<b>Total</b>	<b>216.86</b>	<b>47.44</b>	<b>143.39</b>	<b>36.90</b>	<b>117.67</b>	<b>30.07</b>	<b>(-) 32.55</b>

Source: Commissioner and Director of Agriculture

C : Central Share

S : State Share

Thus, only 54 per cent of the allocations for Central share and 63 per cent of allocation for State's share was utilised. The Commissioner attributed (May 2003) the underutilisation of funds to delay in according sanctions and freezing of funds by Government.

<sup>84</sup> Cuddapah : Rs 40.30 lakh (2000-03), Nizamabad : Rs 23.50 lakh (2000-03) and Tadepalligudem : Rs 22.07 lakh (2001-03)

This adversely affected the implementation of four major schemes as discussed below.

**Shortfall in utilisation of CSS funds ranged up to 67 per cent**

**ii) Financial performance:** The financial performance of the four major schemes for the year 1998-2003 is as shown below:

S. No.	Name of the scheme	Allocation	Release	Expenditure	Shortfall compared to allocation (percentage)	
		(Rupees in crore)				
1	Integrated Cereals Development Programme (Rice) (merged in October 2000 in a new scheme: Work plan on Macro management basis)	(a) for 1998-2001	27.76	28.65	18.31	34
		(b) for 2001-2003	81.88	41.36	28.40	65
2	Intensive Cotton Development Programme (Cotton)	31.26	17.39	10.44	67	
3	National Oilseeds Production Programme	85.71	72.95	73.67	14	
4	National Pulses Development Programme	10.66	9.93	7.75	27	

**Huge shortfalls in physical achievements (4 to as high as 100 per cent)**

**iii) Physical performance:** The Centrally Sponsored Schemes broadly have seven components viz., (i) On Farm Extension Demonstrations (OFED), (ii) Hybrid Rice demonstrations, (iii) Integrated Pest Management (IPM) demonstrations, (iv) Farmers' Training, (v) Distribution of Certified seed, (vi) Farm implements and (vii) Distribution of power tillers. Component-wise targets vis-a-vis the achievements of the schemes are given in *Appendix XLII*.

The objectives vis-à-vis achievements/shortfalls are discussed below scheme-wise;

**Certified seeds, farm implements, power tillers not distributed**

(a) The objective of ICDP (Rice) is to increase the production and productivity of paddy. Hybrid Rice Demonstration was poor; shortfall increased from 16 per cent in 1998-99 to 46 per cent in 2001-02. Farmers training was grossly ignored; shortfall increased from 39 per cent in 1999-2000 to 46 per cent in 2002-03. There was no distribution of certified seeds during 2000-03; shortfall in 1999-2000 was 42 per cent. Similarly, Farm implements and power tillers were not at all distributed during 2001-03 while shortfalls in earlier years were very high (60 to 70 per cent).

**No sprinklers distributed**

(b) The objective of ICDP-Cotton is to increase production and productivity of Cotton and popularise fibre quality and reduce the cost of cultivation by adopting IPM technique. Certified seed distribution under ICDP (Cotton) was not implemented during 1998-2000. Supply of the seeds was only 3 quintals and 80 quintals in 2000-01 and 2001-02; shortfall being 99 and 80 per cent respectively. Training was not imparted to 20 to 40 per cent of the



farmers during 1999-2003. Only 67 sprinklers were distributed in 1998-99 (target : 500) and no supply made thereafter.

**Mini kits not distributed**

(c) The objective of NOPP is to increase the production and productivity of oilseeds. No seed mini kits were distributed in 2000-01 and 2002-03; even in other years shortfall ranged between 22 to 60 per cent. Against 80,000 ha targeted for seed treatment in 1998-99 achievement was 33,382 ha; no seed treatment made thereafter.

**Poor implementation of Breeder seed; Farmers training ignored**

(d) The main objective of NPDP is to increase the area, production and productivity of pulses through crop specific and location specific strategies. Targets for farmers training were not achieved during 1998-2002. 'Breeder Seed' component was implemented only during 2000-01 (shortfall in supply was 78 per cent) and sprinklers were distributed only during 2002-03 (shortfall : 66 per cent).

The deficiencies in implementation of the schemes resulted in non-achievement of targets fixed for IX Five Year Plan as detailed below:

(figures in lakh tonnes)

	Target as per IX plan	Achievement					Average	Shortfall (percentage)
		1997-98	1998-99	1999-2000	2000-01	2001-02		
Foodgrains	156.90	108.22	149.05	136.97	160.19	148.36	140.56	16.34 (10)
Oilseeds	38.80	12.14	22.37	11.86	22.17	13.60	16.43	22.37 (58)
Cotton	18.15	13.20	15.22	15.79	16.63	18.77	15.92	2.23 (12)

The envisaged targets of IX Five Year Plan were not achieved in any year for production of any category of crops except for foodgrains in 2000-01, average shortfall ranging from 10 and 12 per cent in respect of foodgrains and cotton, and 58 per cent in respect of oilseeds. The annual average target of 168.40 lakh tonne for foodgrains for 2002-03 (First year of the X Five Year Plan) had not also been achieved.

Commissioner attributed (May 2003) the shortfalls under the above plan schemes, to lack of awareness among the farmers and also unfavourable seasonal conditions. This confirmed the department's failure to create awareness among the farmers. Further, due to shortfalls in farmer's training department's objective to provide skills and technology as also the transfer of latest technical know-how to the farming community was not achieved.

## **II Implementation of Central Sector Scheme – Soil conservation**

The National Watershed Development Programme for Rainfed Areas (NWDPPRA) was implemented with 100 per cent Central assistance. In the State, usable land was 145 lakh ha of which irrigation

facilities were available only for 41.23 lakh ha (28 per cent) and the remaining was dry land under agriculture.

**Physical achievement under NWDPRA was only 24 per cent though 70 per cent of funds spent**

(i) During 1997-2002, 150 watershed programmes were sanctioned in 19 districts (all districts in the State except Guntur, Krishna and West Godavari Districts) with a target of covering 4.84 lakh ha. GOI released Rs 34.16 crore under NWDPRA. As of June 2003, only 1.16 lakh ha (24 per cent) was covered after spending Rs 24.20 crore (70 per cent). This indicated inefficient handling of funds and ineffective implementation of the programme.

**NWDPRA not covered in Cuddapah District – Unfruitful expenditure of Rs 61.32 lakh**

(ii) During X Five Year Plan (2002-07), 144 watersheds were selected in 19 districts. Of which, 15 were sanctioned (October 2002) in Cuddapah District. Action Plan for the 15 watersheds were not prepared by the JDA, Cuddapah statedly (September 2003) due to the delay in appointment of Watershed Development Team members/formation of Watershed Committees. The works under the project were not taken up, for want of Agricultural Officers. As of March 2003, Rs 3.63 lakh (against total outlay of Rs 33.75 lakh) were drawn (March 2003) and kept with a nationalised bank. During 2002-03, Rs 61.32 lakh was spent on salaries of the staff of four Soil Conservation Divisions which proved to be unfruitful as these Divisions had no work.

### III. Implementation of Externally Aided Projects

(i) The Department is implementing two externally aided projects viz., Agricultural Human Resource Development Project (AHRD) and Andhra Pradesh Training of Women in Agriculture (ANTWA). The AHRD project was implemented during the period 1995-96 to December 2001 at an expenditure of Rs 96.86 crore. Working of the project was reviewed by Audit and the findings were included in paragraph 3.1.3 of the Audit Report 2001-02.

**Poor implementation of ANTWA project for marginal women farmers**

The ANTWA project aims to promote the holistic development of marginal women farmers and agricultural labourers by exposing them to the relevant technologies and entrepreneur opportunities so that they may have greater access to information. Details of funds allocated, released and the expenditure incurred on ANTWA were as follows:

(Rupees in crore)

Year	Budget provision	Funds released	Expenditure	Excess (+)/ Saving (-)
1998-99	1.77	1.77	1.34	(-) 0.43
1999-2000	Nil	0.32	0.31	(-) 0.01
2000-01	Nil	Nil	Nil	Nil
2001-02	Nil	4.19	Nil	(-) 4.19
2002-03	3.50	4.42	3.58	(-) 0.84
<b>Total</b>	<b>5.27</b>	<b>10.70</b>	<b>5.23</b>	<b>(-) 1.74</b>

(Source: Commissioner and Director of Agriculture)

ANTWA Phase I was implemented during 1994-95 to March 1999. Amounts released and expenditure incurred between April 1998 and March 2000 were Rs 2.09 crore and Rs 1.65 crore respectively. Phase II of ANTWA scheduled to commence from October 2001 in 12 districts (with assistance of 85 per cent from Netherlands Government) with a total outlay of Rs 27.14 crore had not commenced as of January 2003.

As per the project outlay, Rs 10.46 crore were to be spent during 2001-03. However, the department did not incur any expenditure during 2001-02 and out of Rs 4.42 crore released during 2002-03 only Rs 3.58 crore were spent. No specified programmes were implemented except the recruitment of personnel/workers and creation of certain infrastructure towards pre-project incidence. Thus, the pace of implementation of the project, had been very slow. The Commissioner while attributing the slow progress to deficiency of technical staff, stated (September 2003) that the programmes would be intensified by recruiting Agricultural consultants.

#### **IV Implementation of Tribal sub-plan for Agriculture**

**Huge unspent balances of Tribal sub-plan funds lying in banks**

(i) During 1998-2003, the Commissioner released Rs 4.57 crore to the Project Officers of the Integrated Tribal Development Agencies (ITDAs) for implementing various schemes including watersheds/soil conservation works for Tribal sub-plan. As of January 2003, Rs 2.97 crore were spent and Rs 1.60 crore were lying in savings bank accounts with the Project Officers.

(ii) While Rs 44.62 lakh were to be allocated during 1999-2003, no funds were allocated in the four non-tribal districts<sup>85</sup> test-checked as of December 2002.

(iii) Unspent balances of Rs 52.62 lakh relating to the International Fund for Agriculture Development (IFAD), (closed in 1999) were not refunded to the Commissioner by the Project Officer, ITDA, Paderu (Visakhapatnam District) as of March 2003.

(iv) As of March 2003, unspent balances of Rs 57.07 lakh relating to various Agricultural schemes, implemented in the ITDA area were available with the Project Officer, ITDA, Kota Ramachandrapuram, West Godavari District. However, as per the financial statement furnished by the Project Officer only Rs 31.54 lakh were available with him. Reasons for the shortage of Rs 25.53 lakh were neither reconciled nor explained to Audit.

(v) During 1998-2002 Project Officer, ITDA, Bhadrachalam (Khammam District) released only Rs 48.97 lakh to the AD, Agriculture out of available funds of Rs 87.41 lakh for

<sup>85</sup> Cuddapah, Guntur, Karimnagar, Nalgonda

implementation of the scheme, and the balance (Rs 38.44 lakh) remained unutilised as of January 2003.

**Soil conservation works not implemented**

(vi) Major watersheds of the River valley of Machkunda, Sileru and Sarada rivers were delineated in 1990-91 into 46 micro-watersheds in the ITDA, Paderu area with targets to treat 52000 ha. However, only 14461 ha (28 per cent) was covered up to 1999-2000 by spending Rs 2.49 crore. The soil conservation works were not implemented thereafter and the staff were surrendered to the parent department<sup>86</sup> in November 2000.

The above points indicated inefficient financial management of Tribal Sub-plan funds adversely affecting the agricultural yields in tribal areas.

**3.4.7 Agricultural output**

**Area of coverage for all crops (except pulses) decreased by 2002-03**

i) **Crop area and production of crops:** Agricultural growth has to be obtained by increasing the productivity so that cost of production is reduced. The details of gross cropped area and production of various crops in the State during 1998-2003 were as follows:

Year			Foodgrains <sup>§</sup>	Oil seeds	Cotton
1998-99	Area <sup>*</sup>		73.70	27.30	12.81
	Production	Total <sup>#</sup>	149.05	24.50	15.22
		Tonnes per ha	2.02	0.90	1.19
1999-2000	Area <sup>*</sup>		71.40	25.51	10.46
	Production	Total <sup>#</sup>	136.97	13.61	15.79
		Tonnes per ha	1.92	0.53	1.51
2000-01	Area <sup>*</sup>		76.73	26.97	10.82
	Production	Total <sup>#</sup>	160.27	24.99	16.63
		Tonnes per ha	2.08	0.93	1.53
2001-02	Area <sup>*</sup>		70.56	24.22	11.08
	Production	Total <sup>#</sup>	148.36	15.95	18.77
		Tonnes per ha	2.10	0.66	1.69
2002-03	Area <sup>*</sup>		62.89	NA	NA
	Production	Total <sup>#</sup>	106.39	NA	NA
		Tonnes per ha	1.69	NA	NA

Source : Commissioner and Director of Agriculture/Director of Economic and Statistics  
 \* Ha in lakh # In lakh tonnes § includes Rice, Jowar, Maize Pulses and millets

The above details would indicate:

(a) The area of coverage for each crop decreased significantly in the year 2001-02 and 2002-03, as compared to 1998-99, except marginal increase in 2000-01 in respect of foodgrains.

(b) There was mismatch in the increase/fall of area covered and that of production of crops during 1998-2003.

<sup>86</sup> Agriculture

**Fall in production of foodgrains**

(c) The production of foodgrains increased to 160.27 lakh tonnes in 2000-01 from 136.97 lakh tonnes in 1999-2000, but fell steeply to 106.39 lakh tonnes in 2002-03.

**Agricultural growth decelerated during 2001-03**

ii) *Deceleration in agricultural growth:* The average annual growth rate of agriculture in the State during the Ninth Five year plan (1997-98 to 2001-02) was 1.42 per cent, and the cost of production of Paddy<sup>87</sup>, Groundnut<sup>88</sup>, Cotton<sup>89</sup>, etc. increased in the State. Further, the growth rate steeply fell down to (-) 0.77 in 2001-02 and (-) 9.25 in 2002-03. Reasons for the steep decline were not furnished by the Commissioner (September 2003). Thus, growth rate of 6 per cent per annum for the agricultural sector set out (from 2000-01) by the Government had not been achieved during 2001-03.

### 3.4.8 Manpower management

**Despite Government orders 2490 surplus posts were not abolished**

*Surplus posts not identified:* There were in all 12337 sanctioned posts in different cadres of the Agriculture Department. Government decided (June 1995) to constitute “Implementation Committees” for each department to critically examine the necessity of continuation of permanent/temporary/supernumerary posts with reference to workload and relevance. Government, however, constituted the Implementation Committee for Agriculture Department only in March 2001. Though the Committee was to submit its Report by end of May 2001, it submitted its Report only in January 2003. Government while accepting the recommendations of the Committee discontinued sanction (February 2003) of 2490 posts and directed the Commissioner (February 2003) to abolish these surplus posts. The Commissioner, however, was yet to implement the Government orders as of November 2003. Thus the delay in constituting the Committee, delay in submitting the Report and Commissioner’s inaction to abolish the surplus posts forthwith as ordered by Government in February 2003 resulted in continuance of wasteful expenditure on their salaries (November 2003).

### 3.4.9 Internal audit

**Internal audit was heavily in arrears/ 681 reports (5532 paras) were pending settlement**

As per the provisions of the Departmental Manual, internal audit of each office (435 units) including the Commissionerate was to be conducted every year at least for five days by the Chief Accounts Officer (CAO). Though the field offices were being audited, internal audit of the Commissionerate was not conducted since 1956. There were heavy shortfalls in the internal audit of the field offices too. 5532 paragraphs pointed out in 681 internal audit reports issued up to 2002-03 were pending as of June 2003.

<sup>87</sup> Rs 77.06 per quintal in 1974-75 to Rs 341.74 per quintal in 1994-95 to Rs 405.82 per quintal in 1996-97

<sup>88</sup> Rs 343.45 per quintal in 1981-82 to Rs 1244.85 per quintal in 1996-97

<sup>89</sup> Rs 537.88 per quintal in 1975-76 to Rs 1832.91 per quintal in 1996-97

### **3.4.10 Monitoring and Evaluation**

As per the Manual of the Department, the Commissioner was to make surprise visits to as many offices as possible. Except for two visits in 2002-03, the Commissioner had not conducted any surprise checks in any of the offices during 1999-2000 to 2001-02.

Evaluation of various schemes implemented by the Department was not conducted to assess the achievement of various components and to plan for the remedial action.

### **3.4.11 Conclusions**

State Government did not release allocations in full for the Central sector and Centrally Sponsored Schemes and the Commissioner failed to utilise even the actual releases fully. Budgetary process was defective. The soil conservation activity was deficient. Implementation of Centrally Sponsored and Central Sector Schemes was poor. The net area sown in the State decreased by 12 per cent in 2002-03 (as compared to 1998-99). Though there was agricultural growth at 13.45 per cent in 2000-01 it steeply fell down to (-) 9.25 in 2002-03. The objective to provide agricultural extension services and skills and knowledge to farmers to boost up agricultural production was largely unachieved.

### **3.4.12 Recommendations**

- Allocations for the important sector like agriculture need to be increased and the releases as well as the expenditure need to be critically monitored.
- Delays in submission of BEs need to be avoided to make the entire budgetary process purposeful.
- As fallow land is identified as an important source of growth, factors responsible for keeping the land idle in scanty rainfall zones, etc. should be identified for bringing them under cultivation.
- Recommendations of the Implementation Committee (January 2003) abolishing the surplus posts need to be implemented early.

Government did not offer any specific remarks on the points raised by Audit except endorsing (September 2003) the replies of the Commissioner.

## **IRRIGATION AND COMMAND AREA DEVELOPMENT DEPARTMENT (Projects Wing)**

### **3.5 Alimineti Madhava Reddy Project (former Srisailam Left Bank Canal Scheme)**

#### **3.5.1 Introduction**

The Srisailam Left Bank Canal Scheme (scheme) renamed (March 2000) as Alimineti Madhava Reddy Project (Project) (estimated cost: Rs 480 crore) was taken up in 1983-84 for completion in six years. The scheme envisaged providing irrigation facility to 2.20 lakh acres in drought prone areas of Nalgonda district and drinking water to Nalgonda town and 212 fluoride affected villages by drawal of water through tunnels by gravity from the Neelam Sanjeeva Reddy Sagar Project (NSRSP - former Srisailam Project) on Krishna River. However, anticipating delay in obtaining forest clearance from Government of India, an alternative scheme which joins the Main canal of tunnel scheme at Km 25 was considered and canal works from that common point were also taken up in 1983-84. With a view to deriving early benefits, Government decided in 1986-87 to take up the lift scheme (estimated cost : Rs 353 crore at SSR 1985-86) and investigation works thereof were taken up. Another low level canal (of 87 kilometers length) to irrigate additional area of 0.5 lakh acres by drawal of water from the foreshore of Nagarjunasagar Project (NSP) reservoir was also taken up in September 1998 at an estimated cost of Rs 212.54 crore. Occasional change in Government decisions led to stoppage of work for few years in between and consequent increase in the estimated cost of lift scheme including low level canal to Rs 1260 crore (SSR 1998-99). As of March 2003, execution of works was in progress and a total expenditure of Rs 564.93 crore was incurred on the project.

The scheme was last reviewed in March 1992. The Public Accounts Committee (PAC), while discussing the Review Report recommended (April 1998) formation of a task force committee headed by the Chief Secretary to take effective measures for speedy execution of works. But, neither any task force was formed nor any steps for speedy execution of works were taken even as of March 2003. Review of the scheme up to March 2003 revealed the following.

#### **3.5.2 Non-allocation of water to the project**

The total requirement of water to the project was 28.27 TMC<sup>90</sup>. The scheme was taken up with an intention to utilise surplus water of

<sup>90</sup> TMC: Thousand Million Cubic feet

Krishna River since the State of Andhra Pradesh had the right on surplus water up to 2000 AD as per the award of Krishna Water Dispute Tribunal. But the Central Water Commission had not cleared the scheme for want of assured source of water on long term basis. In May 1998, Government proposed to draw the required water out of the savings from the command of NSP. The proposal was under examination as of March 2003. As Government had lost (2000 AD) its right to utilise the surplus water of Krishna River for the above project, there was no allocated water even after 19 years of commencement of works (1983-84). Thus, the objective of the scheme was not achieved.

### **3.5.3 Cost escalation and time overrun**

The Main canal of the scheme joins the existing Udaya Samudram tank at Km 93.530. With a view to utilising the said tank as balancing reservoir with an enhanced capacity of 1.528 TMC, the Superintending Engineer (SE), Srisailam Left Bank Canal (SLBC) Circle-II, Gandhamvarigudem, Nalgonda District entrusted the work of formation/ raising of bund in five reaches to two agencies during May-November 1989 for Rs 2.44 crore to be completed between February - August 1991. After executing work valued Rs 1.29 crore, both the agencies stopped the works in March 1991 and the Executive Engineer, SLBC Division No. 6, Gandhamvarigudem determined all the five contracts between June-September 1993. The SE entrusted the balance works (value: Rs 1.16 crore) to new agencies during the period November 1995 - January 1997 at a total cost of Rs 7.54 crore. While the work in one reach was completed, the works in other reaches were in progress (December 2002). The total delay of nearly five years in determining the contracts and in entrustment of the balance works to the new agencies resulted in escalation in cost of the balance works by Rs 6.38 crore. The SE stated (October 1998) that the delay in termination of works and awarding the balance works to second agency was due to change of Government policy for going in for tunnel scheme and stoppage of all ongoing works besides insufficient budgetary provisions during 1991-93. This led to escalation in cost of the five reaches besides delay of more than eleven years in execution of the works.

### **3.5.4 Defective construction of intake structure**

**Rectification work entrusted to new agency led to avoidable expenditure of Rs 37.34 lakh**

The SE, Circle No. 1 entrusted the work "Formation of earth dam from Km 1.025 to Km 1.675 including construction of intake structure of cistern from Km 0.785 to Km 1.025" in the Project to a contractor in December 1998. The work was completed in December 2000 at a cost of Rs 9.68 crore.

The cistern was impounded with water in September 2001 and leakage of water was noticed along the toe of the wall at the natural ground level and also jets of water through masonry face and at



joints between masonry and concrete. A Committee of Engineers constituted by Government opined (September 2001) that the sub-standard masonry work executed in the structure was the major probable cause for the heavy leakage of water and advised grouting of foundation as well as the structure to arrest the leakage. The SE entrusted the work of drilling and grouting with cement to a new agency in December 2001 at a cost of Rs 72.03 lakh. As of March 2003 an expenditure of Rs 37.34 lakh was incurred and the work was in progress.

As per the conditions of agreement the defective work and resultant damages noticed within 12 months from the date of completion of the work were to be rectified by the original contractor at his own cost. As the leakage of water from the structure was noticed (September 2001) within 12 months of completion of the structure, Project Administrator suggested (September 2001) to get the grouting work executed by the original contractor invoking the above provisions of the agreement. However, the SE entrusted the rectification work to a different agency on the pretext that the grouting work was not contemplated in the original agreement. Since grouting work was taken up only to rectify the defective work done by the original contractor, the same should have been got executed by the original contractor. The action of the SE in entrusting the rectification work to a new agency led to an avoidable expenditure of Rs 37.34 lakh with a further liability of Rs 34.69 lakh.

### 3.5.5 Formation of earth dam with defective soils

The SE, Circle No. 1 entrusted the work, “Formation of earth dam from Km 1.675 to Km 2.290 of the cistern” to a contractor for Rs 1.21 crore in September 1998 and got it completed in May 2001 at a cost of Rs 1.70 crore. The final bill was paid to the contractor in May 2001.

The cistern was impounded with water in September 2001 and leakage of water in earth dam from Km 1.735 to Km 1.750 and Km 1.765 to Km 1.780 was noticed. Testing of undisturbed soil samples of the earth dam, as per the suggestion of team of engineers approved by Government,



Cistern earth dam at Paluguthanda (v),  
PA Pally (M) (Nalgonda District)

revealed that the hearting zone of the earth dam which was designed with high clay soils was actually formed with sandy clay soils and medium clay soils. Thus the hearting soils of 46,981 cu m utilised for banking purpose from Km 1.675 to Km 2.290 costing Rs 44.04 lakh were other than the designed soils. The test results also revealed that the degree of consolidation was less than the designed density in many cases.

The Executive Engineer, SLBC Division No. XI, Devarakonda, however, had not taken any action (January 2003) either to get the substandard work rectified or to fix responsibility on the officers for allowing the contractor to use other than the designed soils. Thus, the earth dam formed at a cost of Rs 1.70 crore remained unsound.

The above points were referred to Government in July 2003; reply had not been received (November 2003).

## **ENVIRONMENT, FORESTS, SCIENCE AND TECHNOLOGY DEPARTMENT (FOREST WING)**

### **3.6 Information Technology Audit of computerisation in Forest Department**

#### **3.6.1 Introduction**

The Forest wing of Environment, Forests, Science and Technology Department embarked upon a massive computerisation programme as part of implementation of Andhra Pradesh Forestry Project (APFP) taken up with the loan assistance of World Bank. The salient features envisaged included online monitoring and evaluation of various forest activities, synchronisation of physical and financial planning, and strengthening data collection capabilities of forest survey teams.

#### **3.6.2 Development and implementation of ICMIS package**

The department appointed (1994) Tata Consultancy Services (TCS) as Management Information System (MIS) consultant at a cost of Rs 34 lakh with a stipulation to develop and implement a suitable MIS package within 16 months.

**Infructuous expenditure of Rs 62.02 lakh on the abandoned ICMIS package**

The department did not specify its information needs and asked the consultant (TCS) to study their requirements and develop a suitable MIS package. TCS developed a package known as Integrated Computer based Management Information System (ICMIS) which was launched (June 1996) at Hyderabad and extended to all Circles and Divisions in February and March 1997. During the project implementation, however, it was noticed that the ICMIS package did not meet all the requirements of the department, necessitating its revision several times, incurring an additional expenditure of Rs 6 lakh. Even this refined ICMIS package failed to meet intended objectives of the department so much so that the World Bank commented and recommended in December 1997 that the package was fraught with many inadequacies and should be scrapped as it would not serve as a useful tool. In its subsequent supervision missions also, the World Bank pointed out many inadequacies in the improved and modified ICMIS package. Despite this, the Department had accepted the final version on 30 September 2000, the day on which the APFP project itself ended. Thus a package, essentially intended for monitoring the implementation of APFP was never implemented till its closure. The department paid an additional sum of Rs 18 lakh to the vendor in 2001 towards the maintenance of non-operational ICMIS package for the period September 1999 to September 2000. The application software procured at a cost of Rs 4.02 lakh also became wasteful as the package itself was abandoned. Thus in all, expenditure of

Rs 62.02 lakh incurred on the package became infructuous. The department took up (October 2001) *de novo* development of suitable MIS package mainly in-house with technical assistance from personnel drawn from various private institutions. A new package called Forest Management Information System (FMIS) was developed and two out of eight modules were implemented throughout the State from April 2002 onwards.

### 3.6.3 Procurement and distribution of Hardware

**Large number of computers were procured without assessing the requirements; distribution to various field offices was not properly monitored**

It was envisaged to implement ICMIS in the department in four stages (Stage I- up to division level; Stage II - up to range level; Stage III- network establishment covering all offices; and Stage IV - up to functional divisions). However, Hardware was procured in instalments without assessing requirement of each stage through APTS<sup>91</sup> paying 5 per cent of value of hardware as service charges. A large number of computers were procured in the last month of completion of APFP project. The new computers were distributed to field offices, in many cases where even the civil infrastructure facilities were not available and to functional divisions like Wild Life where the requirement was not justified by the volume of work. No stock registers were maintained though 522 computers were procured (total expenditure details of procurement were not made available to Audit) and distributed to field offices. Installation reports from field offices sought in October 2000 were still awaited as of July 2003. It was observed that due to lack of coordination between the department and the APTS, the computers and other peripherals were delivered with delays and in some cases in damaged condition. The complaints received from field offices were not attended to during the warranty period by APTS. The supply of hardware and software was not properly synchronised whereby divisions/ranges were having hardware without software and vice versa.

### 3.6.4 Deficiencies in data

**The data of the FMIS operational in the department was fraught with many deficiencies**

Audit scrutiny of the FMIS data at present operational in the Department revealed the following:

- (i) there were gaps in data codes in the master table, which were supposed to be continuous;
- (ii) there were duplicate values for unique fields - out of 3344 beat names fed into the database as many as 474 names got repeated and 26 out of them had the same section code also; as many as 528 out of 4926 VSS<sup>92</sup> names got repeated;

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<sup>91</sup> Andhra Pradesh Technology Services Limited

<sup>92</sup> Vana Samrakshana Samithis

- (iii) as many as 844 records in Forest Schedule of Rates (FSR) master out of 6784 records FSR item rate itself was recorded as zero;
- (iv) the database contained zeros in bank account numbers, range masters, blanks in various codes and codes recorded in VSS master were at variance with those recorded in the beat master;
- (v) there was junk data in many fields such as branch code, bank code, VSS names, etc. and even the dates of formation of VSS were recorded as zeros.

Thus, the FMIS package developed with in-house talent did not become fully operational and is fraught with many deficiencies.

The above points were referred to the Government in September 2003; reply had not been received (November 2003).