

CHAPTER III

PERFORMANCE REVIEWS

This chapter contains performance reviews on Implementation of Child Labour (Prohibition and Regulation) Act, 1986, Primary Healthcare in rural areas, Indian Systems of Medicine and Homoeopathy, Functioning of the Forest Department, Information Technology Audit of eCops – an e-Governance initiative by Government, Implementation of Computer Education project in secondary schools, Implementation of Neeru-Meeru and Srisailem Right Branch Canal Scheme.

EDUCATION/LABOUR, EMPLOYMENT, TRAINING AND FACTORIES DEPARTMENT

3.1 Implementation of Child Labour (Prohibition and Regulation) Act, 1986

Highlights

The Child Labour (Prohibition and Regulation) Act, 1986 seeks to achieve the basic objective of banning employment of all children below the age of 14 years in factories, mines and hazardous occupations and processes and to regulate the working conditions of children in other employments. The Act does not envisage complete elimination of child labour and many employers escape penal provisions under the guise of family activities. The implementation of the Act was inadequate and ineffective in the State. Government has not geared up adequately to address the problem though it aimed at complete elimination of child labour by the year 2004. There was no systematic survey for identification of child labour and no annual action plans were drawn up for rehabilitation. Instead of rehabilitating child labour engaged in hazardous occupations, all 'out of school' children were treated alike for enrollment in the special schools for child labour. Rehabilitation of children under the National Child Labour Project (NCLP) was mismanaged; several irregularities were noticed. Only 58 per cent of the children enrolled were mainstreamed into formal education. Monitoring at State level was absent.

- ❖ Though Ministry of Labour, GOI provided funds to Project Societies for implementation of NCLP, no separate budget allocation was made by the State Government during 1999-2004.

[Paragraph 3.1.5]

- ❖ Since the Act does not envisage complete elimination of child labour, many employers escape penal provisions under the guise of family activities.

[Paragraph 3.1.6]

❖ No mechanism was evolved to ensure that inspections of establishments were conducted and reports submitted. The percentage of prosecutions was very low at nine to 27 per cent.

[Paragraph 3.1.7]

❖ Baseline surveys were not conducted to identify and rehabilitate the child labour except for the one in 1997 in pursuance of the Supreme Court judgement. Annual action plans were not drawn up for rehabilitation of identified child labour.

[Paragraph 3.1.9]

❖ Out of 1.88 lakh child labour enrolled in special schools, 1.08 lakh children (58 per cent) were mainstreamed into formal education. While the enrolment was 58 to 60 per cent of the capacity in Guntur, in Anantapur, it was only 34 per cent during 2003-04.

[Paragraphs 3.1.11 and 3.1.12]

❖ The implementation of the Act was made complicated in the State by treating all ‘out of school’ children alike; there was no focus on the child labour employed in hazardous occupations. There was no correlation between the incidence of child labour and the concentration of special schools.

[Paragraph 3.1.12]

❖ Project Societies and an NGO diverted Rs 7.57 crore intended for stipend and nutrition for children in special schools towards running of special schools, construction of buildings.

[Paragraphs 3.1.12, 3.1.13 and 3.1.14]

❖ MV Foundation, admitted ‘out of school’ children in Residential Bridge Course Camps (RBCC) instead of organising special schools under NCLP. No child was withdrawn from hazardous occupation by the NGO.

[Paragraph 3.1.14]

❖ Compliance with the Supreme Court judgement (December 1996) directing collection of Rs 20000 from the employer, prosecution and providing alternative employment to one of the family members was not ensured.

[Paragraph 3.1.15]

❖ Not a single project was rated successful on all the parameters as per the Evaluation study report (2001) of the V. V. Giri National Labour Institute.

[Paragraph 3.1.18]

3.1.1 Introduction

A child¹ of today cannot develop to be a responsible and productive member of tomorrow's society unless an environment conducive to his intellectual, physical and social health is assured to him. Extreme poverty, lack of opportunity for gainful employment, seasonal nature of income, low standard of living and cheap labour were the main causes for the wide prevalence of child labour in India.

The Child Labour (Prohibition and Regulation) Act was notified in the State in 1986 and the Rules in 1995. Besides this Act, the other Acts which prohibit employment of children under 14 years of age are the Factories Act, 1948; Plantation Labour Act, 1951; Mines Act, 1952; Motor Transport Workers Act, 1961 and Beedi and Cigar Workers (Conditions of Employment) Act, 1966. Andhra Pradesh had 13 lakh child labour according to the 2001 census. Major export industries which utilise child labour in the State include hand-knotted carpets, gem stone polishing, brass and base metal articles, glass and glassware, footwear, textiles, silk and matches, fireworks. Other industries include locks, leather, pottery, granite, mica slate mining and quarrying, auto parts and accessories, cashew processing, coir products, beedi industry, fish and seafood processing and tea industry.

Ministry of Labour, Government of India (GOI) has been implementing the National Child Labour Project (NCLP) for rehabilitation of child labour engaged in hazardous occupations/processes.

Objectives

The objectives of Child Labour (Prohibition and Regulation) Act, 1986 are:

- to ban employment of all children below the age of 14 years in factories, mines and hazardous occupations and processes.
- to regulate the working conditions viz., hours and period of work, health and safety, of children in other employments.

The objectives of NCLP are

- to withdraw children working in hazardous occupations and rehabilitate them through education in special schools where they are provided non-formal education, vocational training, stipend, nutrition and to mainstream them into formal education.

Andhra Pradesh State Legislature passed a resolution on 29 March 2001 to end child labour by 2004.

¹ a person who has not completed 14 years of age

3.1.2 Organisational setup

The Child Labour Act including rehabilitation of child labour is implemented by the Secretary, Ministry of Labour, at GOI level. The Commissioner of Labour² and the Commissioner of School Education assisted by the Project Directors (PDs) of District Project Societies under NCLP, are responsible for its implementation in the State. As of March 2004, 279 Non-Government Organisations (NGOs³) were also involved in the rehabilitation of child labour under NCLP.

3.1.3 Audit objectives

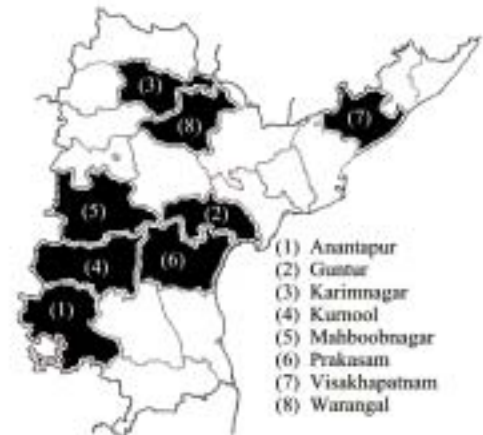
Audit objectives were to assess

- Legislative framework and its adequacies
- Enforcement of the Act and the rules
- Survey of child labour
- Rehabilitation of child labour under NCLP
- Performance of NGOs
- Compliance of Supreme Court directions
- Manpower
- Monitoring
- Evaluation of NCLP

3.1.4 Audit coverage

The implementation of the Child Labour Act including rehabilitation of child labour was reviewed (April – July 2004) by test-check of the records in the Commissionerates of Labour⁴ and School Education, and eight (out of 22) Project societies including records of special schools for the period 1999-2004. The review covered 45 per cent of the child labour population in the State.

The results of the review are presented in the succeeding paragraphs. The views of the Commissioner of Labour on the draft review as forwarded by the Government were included at appropriate places in the review. The views of the Government in Education Department could not however be included in the review as there was no response from the Government on the draft review forwarded to them in August 2004.



² assisted by Assistant Commissioners (33), Labour Officers and Assistant Labour Officers

³ 124 in the eight sample districts

⁴ including four Assistant Commissioners (Hyderabad, RangaReddy, Srikakulam and Visakhapatnam)

3.1.5 Financial outlay and expenditure

No budget allocation was made by the State Government during 1999-2004 for enforcement of the Act and for rehabilitation of child labour. GOI released funds directly to the District Collectors, who are the Chairmen of the NCLP societies, for rehabilitation of child labour. Besides, GOI directly released funds to certain NGOs. The Collectors also released some funds from certain other schemes⁵. Releases made by GOI to the 22 project societies in the State vis-a-vis the expenditure during the period 1999-2004 were as follows:

(Rupees in crore)

Year	GOI releases*	Expenditure
1999-2000	10.08	9.53
2000-01	11.43	12.45
2001-02	16.34	15.92
2002-03	17.31	17.31
2003-04	16.93	18.06
Total	72.09	73.27

Source : Annual Accounts of the project societies

* In addition GOI released Rs.1.26 crore direct to NGOs

In the eight sample districts, the Project Societies incurred a total expenditure of Rs 32.18 crore (44 per cent of expenditure in all districts) as against the GOI releases of Rs 31.18 crore.

Legislative framework and its adequacy

3.1.6 Infirmitities in the Act and the Rules

- The Child Labour Act provides for total prohibition of employment of children below 14 years of age in factories, mines and hazardous occupations; it also stipulates regulation of conditions of work of children in non-hazardous occupations. It does not completely prohibit child labour, as certain other Acts do (Motor Transport Workers Act, 1961; Shops and Establishment Act, 1988).
- The word 'hazardous' has not been defined in the Act. The list of hazardous occupations as appended to the Act is not exhaustive.
- The Act does not recognise children working in garages or spraying pesticides as being in hazardous occupations, though these are also harmful.
- There is no foolproof system of determining the age of a child labour in the absence of a birth certificate or certifying doctor during inspection. Employers would not allow inspectors to interrogate the child worker regarding working hours and age.

⁵ District Primary Education Project (Rs 1.45 crore) and Sarvasiksha Abhiyan (Rs 5.76 lakh)

- The child labour in factories has to be dealt with by the inspectors notified under the Factories Act and prosecution has to be launched under that Act read with the Child Labour Act. Therefore, the officers and labour inspectors who were notified as inspectors under the Child Labour Act are not authorised to deal with child labour in factories.
- The Act is not applicable to any workshop wherein process is carried on by the occupier with the aid of his family or to any government recognised school. This would permit many employers to escape penal provisions under the guise of family activities⁶.

Enforcement of the Act and the Rules

3.1.7 Prohibitory functions under the Act

According to Section 14 of the Child Labour Act, whoever employs any child labour in contravention of the provision of Section 3 of the Act shall be punishable with (i) imprisonment for a term ranging from three months to one year or (ii) fine ranging from Rs 10000 to Rs 20000 or (iii) both imprisonment and fine. Any employer of child labour found guilty under the provisions of various Acts, should be prosecuted as per the provisions of Section 14 of the Child Labour Act and not under the respective Acts.

Commissioner of Labour fixed a target of 17 inspections of the establishments per month for each of the 33 Assistant Commissioners of Labour. However, no mechanism was evolved to ensure that inspections were conducted and reports submitted. The status of violations detected, prosecutions launched against defaulters and cases convicted for the five-year period 1999-2004 is as follows:

Year	Violations detected	Prosecutions launched (percentage)	Cases convicted (percentage)	Fine realised and remitted (Rupees in lakh)
1999-2000	8970	2397 (27)	1792 (75)	4.10
2000-01	8778	1340 (15)	677 (50)	1.11
2001-02	-*	376	38 (10)	1.15
2002-03	37819	3568 (9)	1365 (38)	1.68
2003-04	21062	4870 (23)	2658 (55)	2.05

* As per the Commissioner of Labour the enforcement power was taken away from the Labour Department and given to Education Department (which did not furnish the information)

Percentage of prosecutions was very low (9 to 27 per cent)

Reasons for low detection of violations during 1999-2001 were not stated by the Commissioner of Labour. The percentage of prosecutions launched was also very low, reasons for which were not

⁶ Beedi rolling, Papad making, Bindi making, Incense making and Embroidery

on record. The rate of conviction was only 10 per cent in 2001-02. The details of number of court cases filed and pending during the period were not forthcoming from the Commissioner, though called for by Audit.

3.1.8 Regulatory functions under the Act

While the Child Labour Act bans employment of children in hazardous occupations, total prohibition of child labour was followed in the State as reported by the Commissioner of Labour. The regulatory provisions of the Act include conducting inspection of the establishments where child labour is engaged in non-hazardous occupations and to detect violations of the provisions relating to working conditions i.e., number of working hours, observing holidays, health and safety at place of work. The Commissioner, however, had no mechanism to ensure that the employers maintain record of details of the child and nature of work. Thus, the Commissioner did not attend the regulatory functions under the Act. According to him, regulation of working conditions of children in non-hazardous occupations was not practicable.

Survey of child labour

3.1.9 No systematic survey of child labour or action plan

Figures of 1997 survey were unrealistic and not updated thereafter

Government did not conduct any baseline surveys to identify the child labour in the State, except the survey conducted⁷ in December 1997 in pursuance of the Supreme Court judgement (December 1996). In this survey, 7769 children in hazardous occupations and 39000 children in non-hazardous occupations were identified, while the estimated child labour as per 2001 census was 13 lakh. Thus, the figures of 1997 survey were unrealistic. No systematic survey was conducted thereafter to identify the child labour. Government did not also prepare any action plan for rehabilitation of the identified child labour, though it aimed at complete elimination of child labour by the year 2004.

Rehabilitation of child labour under National Child Labour Project

3.1.10 To release the child labourers from hazardous occupations and to rehabilitate them, GOI formulated (August 1987) the National Policy on Child Labour, with three main ingredients: Legislative Action Plan; focusing of general development programme and project-based plan of action. For this purpose 22 NCLP project societies⁸ were established in the State to undertake activities such as (a) stepping up enforcement of child labour laws, (b) non-formal

⁷ by the survey teams nominated by District Collectors

⁸ i.e., except in Krishna District

education, (c) adult education, (d) income and employment generation for parents and (e) special schools. The children in special schools were to be taught through a non-formal mode for a period of three years. Thereafter, the children are expected to reach the level of Class 5.

The special schools provide non-formal education, vocational training, supplementary nutrition, stipend and healthcare to children withdrawn from employment. The children are given stipend of Rs 100 per month in addition to nutrition and educational materials.

GOI sanctioned 1044 special schools in 22 districts of the State to cover 52200 children per year. Most of the special schools are run by NGOs with funds provided by the GOI through the project societies. During 1999-2004, GOI released Rs 72.09 crore⁹ to the 22 project societies in the State for implementation of the Project. The Project societies failed to maintain distinct accounts for the project; they had mixed the NCLP funds with the funds from other sources viz., DPEP and Sarvasiksha Abhiyan.

3.1.11 Out of 1.88 lakh child labour enrolled in the special schools under NCLP during 1999-2004, 1.08 lakh children (58 per cent) were mainstreamed into formal education as follows:

Year	Number of child labour		Percentage
	Enrolled*	Mainstreamed	
1999-2000	31059	16509	53
2000-01	35262	19288	55
2001-02	38061	23189	61
2002-03	41555	26587	64
2003-04	41768	22864	55
Total	187705	108437	58

* Complete particulars are not available in respect of Chittoor (1999-2000 to 2001-02), Karimnagar (all years), Khammam (all years), Medak (all years) and Nizamabad (1999-2000 to 2002-03)

3.1.12 The position in six (out of the eight) sample districts is given in *Appendix 3.1 (A)*. The enrolment of identified child labour in special schools was comparatively better in Kurnool, Visakhapatnam and Warangal Districts; the performance was low (only 58 to 60 per cent of the capacity) in Guntur. In Anantapur the enrolment was only 34 per cent during 2003-04. The mainstreaming of children into formal education ranged from 36 per cent (Warangal) to 74 per cent (Anantapur).

All 'out of school' children were enrolled in special schools

- The Government in Education Department considered all 'out of school' children as child labour and such children were enrolled by the project societies, whereas the GOI guidelines envisaged

⁹ besides, Rs 1.26 crore were also released by GOI directly to NGOs

- withdrawal and enrolment of children in hazardous occupations only.
- No correlation between the incidence of child labour and concentration of special schools**
- There was no correlation between the incidence of child labour and concentration of special schools as shown in *Appendix 3.1 (B)*. While the incidence of child labour was only one per cent and three per cent in Hyderabad and RangaReddy Districts, seven per cent and 12 per cent of the special schools were located in these two districts.
 - Though guidelines provided for only day care centres, residential schools were run in 10¹⁰ (out of 22) districts, and no stipend was paid to the children.
- Stipend amounting to Rs 4.79 crore diverted to other purposes in four districts**
- In four districts stipends amounting to Rs 4.79 crore were diverted by the project societies, Hyderabad (Rs 3.78 crore), Kurnool (Rs 0.03 crore), Mahboobnagar (Rs 0.80 crore) and Warangal (Rs 0.18 crore) towards running of residential schools and construction of buildings. The children were deprived of the stipend amount.
- Payment of stipend delayed for over a year in Guntur**
- While stipend was to be paid through Post Office Saving Bank Account, it was paid (1999-2000) in cash in Guntur District (Rs 8.98 lakh) and Prakasam District (Rs 22.75 lakh¹¹). In Guntur District, there was delay of over one year in disbursement of stipend (Rs 15.54 lakh) pertaining to 2002-03 and 2003-04.
- Due to non-payment/delayed payment of stipend, parents were not motivated to send their children to special schools.
- Points noticed in preparation of Annual Accounts**
- The project societies, Adilabad and Srikakulam did not exhibit the value of vehicles purchased in 2000-01 under 'Assets' side of balance sheet. Details of fixed assets were not exhibited in the balance sheet for 2000-01 to 2002-03 by the Guntur project society. Income and Expenditure account was not drawn up in the prescribed proforma by the Project Societies, Prakasam and Mahboobnagar Districts. Annual accounts for the years 1999-2000 to 2002-03 of the Project Society, Nellore prepared by the Chartered Accountant did not contain the balance sheet. Project Society, Hyderabad did not maintain stock register and Asset register.
- Internal audit not conducted by the Ministry of Labour, except in two districts**
- Though stipulated in the guidelines, internal audit of the project societies and the special schools (run by NGOs) was not conducted by the Ministry of Labour except in two districts (Nizamabad and Hyderabad), covering only three years 2001-04, ignoring the earlier period 1995-96 to 2000-01.

¹⁰ Anantapur, Chittoor, Kadapa, Kurnool, Mahboobnagar, Nalgonda, Prakasam, RangaReddy, Srikakulam and Visakhapatnam

¹¹ 1999-2000 : Rs 11.95 lakh, 2000-01 : Rs 3 lakh, 2001-02 : Rs 2.10 lakh, 2002-03 : Rs 4.80 lakh. 2003-04 : Rs 0.90 lakh

3.1.13 Irregularities in Project Society, Hyderabad

Project Society, Hyderabad received Rs 3.94 crore from GOI during the period 1999-2004. The Society has been running 70 special schools. Scrutiny revealed diversion of NCLP funds as discussed below:

Rs 2.18 crore intended for nutrition utilised on maintenance of schools

- Rs 2.18 crore intended for nutrition were diverted to running of schools during 1995-2003. Thus nutrition was not provided to children during the period as stipulated in the guidelines.
- The staffing pattern for each special school was: educational volunteers (two), vocational volunteer (one), Accountant (one) and helper (one). However the Society incurred Rs 62.55 lakh during October 1999 – April 2002 on salaries of para-teachers (Rs 39.87 lakh) in Government schools and supervisors (Rs 22.68 lakh) in special schools, which was not admissible.
- Rs 15.91 lakh were diverted (1999-2000) for construction of 11 school buildings. These buildings were handed over by the Society to Education Department but the value of the buildings was continued to be exhibited in the balance sheet of the Society.
- The District Collector and Chairman, NCLP diverted Rs 7 lakh towards purchase of wireless sets during 1998-2001.

Performance of NGOs

3.1.14 Irregularities in NGO – MV Foundation

MV foundation an NGO received grants of Rs 3.01 crore from GOI during 1999-2004. Special schools contemplated under NCLP for mainstreaming of children to formal schools were not run. Instead, Residential bridge course camps (RBCC¹²) were conducted, circumventing the GOI guidelines. As the RBCC is run for a period of one year instead of three years prescribed in NCLP guidelines, the rehabilitation was not adequate.

No child from hazardous occupations rehabilitated by MV Foundation

It was observed that no child from ‘hazardous occupation’ was withdrawn and got admitted into the RBCC. All the 8332 children admitted in the RBCC during 1999-2004 had been ‘out of school’ (children engaged in agricultural activities/cattle grazing/house work/street children).

Rs 60 lakh intended for stipend diverted towards nutrition

The NGO diverted Rs 60 lakh meant for stipend during 2002-04 towards expenditure on nutrition. But it was exhibited in the accounts as amount spent towards payment of stipend; this was not objected to by the auditor who certified the accounts.

¹² RBCC are run for one year-aims at bridging the gap in its bid to make good the lacunae for pursuing the formal education at the schools. Children in these camps are prepared to become regular students according to their age groups

Non-compliance of Supreme Court directions regarding withdrawal of children from hazardous jobs

3.1.15 The Supreme Court in its judgement (December 1996) directed to conduct a detailed survey of child labour in the country. On completion of the survey, Rs 20000 per child should be collected from the employer of child labour in hazardous occupations and processes. The amount was to be used as corpus for the child labour Rehabilitation-cum-Welfare Fund to be set up at the district level. Government should ensure alternative employment to an adult member of the family or alternatively contribute Rs 5000 per child to the said fund. The child would be educated in the formal school. The employer should be prosecuted for violating the provisions of the Child Labour Act.

Directions of the Supreme Court not complied with

- Though 7769 children were identified in hazardous occupations during the 1997 survey, action was initiated by the Commissioner of Labour to collect Rs 20000 from the employers of only 16 children. The actual collection was only Rs 60000 in respect of three children. In 13 cases, amount was got deposited at the rate of Rs 5000 per child. Reasons for non-collection of Rs 20000 from the employer and for not initiating action in the case of the remaining 7753 children were not on record.
- Government in Women Development, Child Welfare and Disabled Welfare Department allotted (May 1998) Rs 21 lakh for depositing into Child Labour Rehabilitation-cum-Welfare Fund in 21 districts¹³. The project societies, however, did not give details of utilisation of the funds to the Department.
- Provision of alternative employment to an adult member of the family of the child withdrawn from hazardous occupation was altogether ignored in the State.

Manpower

No exclusive staff for enforcement of the Act

3.1.16 There was no staff in Labour Department exclusively for enforcement of the Child Labour Act. The existing inspectors have to enforce 19 labour enactments, besides the Child Labour Act; the enforcement of the Act was therefore inadequate.

For rehabilitation of child labour under NCLP, the complement of staff to run each project society was: Project Director (1), Field Officers (2), Accountant (1), Typist (1), Driver (1) and Attender (1). However, out of 22 project societies in the State, 11 project societies¹⁴ were run by part-time Project Directors.

¹³ i.e., excluding Adilabad and Mahboobnagar

¹⁴ Anantapur, Chittoor, East Godavari, Guntur, Hyderabad, Kadapa, Medak, Nalgonda, Nizamabad, Prakasam and Srikakulam

Monitoring

Monitoring at State level was absent

3.1.17 State-level Monitoring Committee was constituted in July 1999 by the Women Development, Child Welfare and Disabled Welfare Departments for overall supervision and monitoring. However, information regarding the number of meetings held by the committee was not furnished to Audit.

No nodal department at State level to monitor the rehabilitation of child labour

Due to the frequent transfer of the subject of child labour amongst the various departments (Labour, Education, Women Development, Child Welfare and Disabled Welfare), enforcement of Child Labour Act was not properly monitored. There was concurrent jurisdiction of the enforcement aspect with the Education and Labour Departments. There was no nodal department at State level to monitor and assess the rehabilitation of child labour under NCLP. Consequent to an audit enquiry in April 2004 the Government in School Education Department issued orders (June 2004) entrusting the responsibility of rehabilitation and mainstreaming of ‘out of school’ children, to the State Project Director, DPEP at State level and Assistant Project Co-ordinator, DPEP at District level. Thus involvement of the State Government to monitor the implementation of rehabilitation activities was absent.

Evaluation of NCLP

Not a single project was rated successful on all the parameters as per the Evaluation study

3.1.18 Evaluation (2001) of National Child Labour Projects in 10 districts¹⁵ by V. V. Giri National Labour Institute¹⁶ revealed deficiencies/shortfalls in implementation as discussed below:

- Not a single project either in relation to the project society or the schools could be rated successful on all the parameters.
- Teaching/learning aids and nutrition to children were inadequate.
- Drinking water, toilet facilities and furniture in the special schools need improvement.
- Involvement of Government, NGOs, parents and local community was partial and organising awareness generation programmes, was inadequate.
- In seven districts, mainstreaming lagged behind though the enrolment rate was more than 75 per cent of the capacity.
- Vocational training was not imparted in half of the schools in eight (out of 10) evaluated districts.
- Traditional inspection method for effective enforcement of relevant labour laws did not yield the desired results.

¹⁵ Adilabad, Chittoor, East Godavari, Hyderabad, Kadapa, Kurnool, Mahboobnagar, Nizamabad, Prakasam and Srikakulam

¹⁶ in collaboration with the Administrative Staff College of India and National Institute of Rural Development

- Much headway was not made in the direction of economic assistance to the parents of child labour.
- Part-time Project Directors could not do justice to the implementation of rehabilitation work.
- Convergence between the Central and State Government as well as between the different departments of State Government needs to be strengthened.

Although Audit asked for the follow-up action taken by the Project Societies to remedy the situation, no reply was given.

3.1.19 Conclusions

The implementation of Child Labour Act was inadequate and ineffective in the State. Government had not geared up adequately to address the serious problem of child labour, though it aimed at complete elimination of child labour by the year 2004. Frequent transfer of the subject of 'child labour' amongst three or four departments and concurrent jurisdiction led to confusion about who was responsible for implementation. There was no convergence of activities. There was no systematic survey for identification of child labour and no annual action plans were drawn up. Instead of rehabilitating child labour in hazardous occupations, all 'out of school' children were being covered under NCLP. Thus there was no focus on the child labour in hazardous occupations.

3.1.20 Recommendations

- Periodical surveys should be conducted to identify potential and actual child labour for complete elimination of the child labour.
- Compliance of the Supreme Court directions (December 1996) regarding the remittance of the prescribed amounts by the employers and their prosecution needs to be ensured.
- There is an urgent need to review the expenditure claimed by the NGO – MV Foundation.
- Convergence of the activities of all the concerned departments and the NGOs engaged in rehabilitation of child labour, should be ensured.

The above points were referred to Government in August 2004. Government merely forwarded the reply of the Commissioner of Labour without giving their own remarks. No reply was received from the School Education Department as of October 2004.

HEALTH, MEDICAL AND FAMILY WELFARE DEPARTMENT

3.2 Primary Healthcare in rural areas

Highlights

Primary Healthcare to the rural people is provided through the network of Sub-centres, Primary Health Centres (PHCs) and Community Health Centres (CHCs). Primary healthcare in rural areas was not adequate in the State. Only 22 per cent of the doctors were in place to serve 73 per cent of the population in rural areas. There was huge shortage of medical officers, paramedical staff and health workers. Specialist services were not provided in the Round the clock PHCs. Performance of the Mobile Medical Units was very poor. National Filaria Control Programme was altogether neglected in rural areas. The incidence of malaria in tribal areas continued to be very high. Infant mortality rate was very high.

- ❖ There were savings of Rs 60.41 crore (12 per cent) under ‘Family Welfare’ during 1999-2004.

[Paragraph 3.2.5]

- ❖ There were only 48 CHCs (nine per cent) against 554 required in the State. Shortfall in number of PHCs was 26 per cent. Position was worst in Anantapur, Karimnagar and Khammam Districts.

[Paragraph 3.2.6]

- ❖ PHCs were located in dilapidated buildings, without sufficient accommodation and basic amenities.

[Paragraph 3.2.8]

- ❖ There were no Mobile Medical Units (MMUs) in four districts. MMUs in Anantapur, Khammam and Prakasam districts were not functioning for want of vehicles.

[Paragraph 3.2.10]

- ❖ Only 22 per cent of the doctors were in place in rural areas with 73 per cent of the total population, leading to wide disparity between urban and rural areas. There was a large number of vacancies in the posts of medical officers and paramedical staff.

[Paragraphs 3.2.12 and 3.2.13]

- ❖ Against 25000 health workers required, only 32 per cent (8050 workers) were provided in the Sub-centres at village level. All the 1954 additional Sub-centres created in March 2003 were functioning without Male Health workers.

[Paragraph 3.2.16]

❖ **Mother and child care services were not provided in the Round the clock PHCs as the specialists were unwilling to serve in PHCs.**

[Paragraph 3.2.18]

❖ **National Filaria Control Programme was altogether neglected in rural areas. The incidence of malaria also continued to be very high in tribal areas.**

[Paragraphs 3.2.19 and 3.2.20]

❖ **Infant Mortality Rate (IMR) was alarmingly high at 71 per thousand live births as against the target of 45 in rural areas.**

[Paragraph 3.2.21]

❖ **Inspection of CHCs and PHCs was not at all conducted by the District Medical and Health Officers. Monitoring was poor both at DMHO level and Director level.**

[Paragraphs 3.2.23 and 3.2.24]

3.2.1 Introduction

Objective

The objective of 'Primary Healthcare' is to provide the basic health services to the doorsteps of rural people through the network of Sub-centres (SCs), Primary Health Centres (PHCs) and Community Health Centres (CHCs).

The major components of primary healthcare are (i) Health Education to the community, (ii) Maternal and Child Health and Family planning, (iii) Curative services, (iv) Maintenance of demographic statistics, (v) Prevention and control of local epidemics, and (vi) Implementation of National Health programmes. Several National Health programmes sponsored by GOI and World Bank under AP Economic Restructuring Project (APERP) are under implementation in the State.

3.2.2 Organisational set up

The Director of Health (DOH) is the Head of Department and is assisted by five Additional Directors. The Commissioner of Family Welfare (CFW) is responsible for implementation of all family welfare programmes in the State. There is a District Medical and Health Officer (DMHO) in each district, Additional DMHO in each division and Medical Officers (MOs) at PHC level. There are programme officers at district level for implementation of national health programmes. There were 48 CHCs, 1386 PHCs, 12522 Sub-centres, 45 Mobile Medical Units (MMUs) in the State to cater to the medical care of the rural population. The AP Health, Medical Housing and Infrastructure Development Corporation (APMHIDC) is the nodal agency for purchase and supply of medicines and equipment as well as for construction and maintenance of buildings.

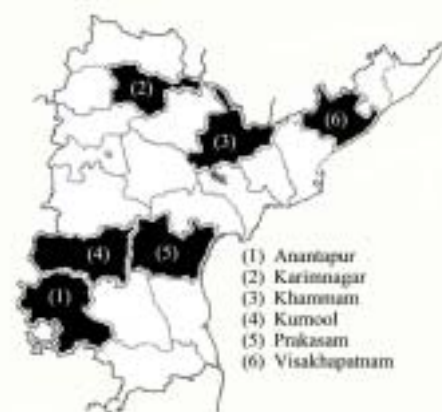
3.2.3 Audit objectives

Audit objectives were to assess the effectiveness of the primary healthcare being provided to the rural people by examining

- Adequacy of medical institutions
- Infrastructural facilities such as buildings, equipment and manpower
- Implementation of National and State Health schemes
- System of supply of medicines to the health centres

3.2.4 Audit coverage

Provision of primary healthcare in rural areas was reviewed (February-May 2004) by test-check of records for the period 1999-2004 in the offices of the DOH, CFW, six (out of 22¹⁷) selected DMHOs including 50 PHCs and other records relating to the implementation of various national programmes. The review covered 27 per cent of the rural population (5.54 crore) in the State. The results of the review are mentioned in the succeeding paragraphs. The views of Government could not be taken into account as no response was received from Government on the draft review forwarded in August 2004.



3.2.5 Budget and expenditure

Huge savings under 'Family Welfare'

Budget vis-a-vis expenditure towards provision of primary healthcare services during 1999-2004 were as follows:
(Rupees in crore)

Year	Budget	Expenditure	Excess (+)/ Saving (-)
1999-2000	217.11	216.43	(-)0.68
2000-01	254.07	247.91	(-)6.16
2001-02	247.48	242.90	(-)4.58
2002-03	278.49	286.08	(+)7.59
2003-04	379.48	350.30	(-)29.18
Total	1376.63*	1343.62[§]	(-)33.01

* Medical and Health : Rs 867.72 crore; Family Welfare : Rs 508.91 crore (includes CSS : Rs 434.49 crore, APERP (Health component) : Rs 201.51 crore)

§ Medical and Health : Rs 895.12 crore; Family Welfare : Rs 448.50 crore (includes CSS : Rs 374.07 crore, APERP : Rs 177.03 crore)

There was saving of Rs 60.41 crore (12 per cent) under 'Family welfare'. The CFW stated (November 2004) that the savings were due to non-receipt of proposals from DMHOs and non-filling up of

¹⁷ i.e., excluding Hyderabad

vacant posts of Health Workers in the Sub-centres. Reasons for the excess expenditure in 2002-03 were, however, not stated.

Adequacy of medical institutions (CHCs, PHCs, SCs)

Community Health Centre is a 30-bedded hospital which functions round the clock. The Primary Health Centre provides basic health services in rural areas. It is the initial point of contact for patients with a doctor. It also provides curative services and managerial support for the family welfare programme. Sub-centres are located at the village level.

3.2.6 Huge shortages in number of CHCs and PHCs

Huge shortage in the number of CHCs (91 per cent) and PHCs (26 per cent)

The number of medical institutions required as per norms fixed by GOI and the number actually functioning in the State as of March 2004 are given below:

Institution	Norms (Population to be served by one)		Number	
	In general area	In difficult terrain	Required	Existed
CHCs	100000	100000	554	48
PHCs	30000	20000	1876	1386
SCs	5000	3000	11316	12522

During 1999-2004, only one CHC and 86 PHCs were set up in the State. There was a huge shortage in the number of CHCs (91 per cent) and PHCs (26 per cent) in the State. The position in the six sample districts was as follows:

District	Population (in lakh)	CHCs		PHCs		SCs	
		Required	Existed	Required	Existed	Required	Existed
Anantapur	27.21	27	1	91	68	544	609
Karimnagar	28.13	28	2	94	63	563	580
Khammam	20.68	21	2	79	53	493	591
Kurnool	27.12	27	4	90	71	542	576
Prakasam	25.92	26	3	86	72	518	555
Visakhapatnam	23.01	23	4	85	61	526	573

Of the six sample districts, the position was alarming in Anantapur, with only one CHC (four per cent) functioning against the 27 required. There were only two CHCs each in Karimnagar (seven per cent) and Khammam (10 per cent) as against the requirement of 28 and 21 respectively. The shortages of PHCs was very high in Karimnagar (33 per cent), Khammam (33 per cent), and Visakhapatnam (28 per cent). Shortages in CHCs and PHCs adversely affected the primary healthcare service to the rural people.

Infrastructural facilities

3.2.7 Non-establishment of new PHCs

102 (out of 188) PHCs sanctioned during 2001-04 not established

There was no time frame fixed to set up a PHC after approval by the Government. Although Government accorded sanction for establishment of 188 new PHCs during 1999-2004, Audit observed that only 86 PHCs were set up as of March 2004. The remaining 102 PHCs were not established as Government's sanction for staff, equipment and other infrastructure facilities was awaited as of October 2004. Thus there was lack of follow-up action after Government approval to set up new PHCs.

Buildings

3.2.8 PHCs working in dilapidated buildings

PHCs functioning in dilapidated buildings, and without basic facilities

Scrutiny of records of 50 PHCs in the sample districts revealed that 11 PHCs¹⁸ were functioning in dilapidated buildings; repair works were in progress in respect of six PHCs. Nine¹⁹ PHCs were functioning in buildings without adequate accommodation and without basic facilities like labour room, laboratory and store room.

Scrutiny also revealed that six new buildings for PHCs in three sample districts remained un-occupied, abandoned or underutilised as follows:

Place and District	Expenditure incurred (Rupees in lakh)	Intended utility of the building	Present status of the building/Remarks
Pamudurthi (Anantapur)	8.00	As new PHC building	The construction of the building remained incomplete even after 10 years (taken up in January 1994). Electrical wiring, sanitary fittings and water supply were yet to be provided.
Tangutur (Kurnool)	20.51	As new PHC building	Though the building was completed/handed over in December 1999/October 2000 it was not put to use (March 2004). Reasons for non-occupation were not stated by the DMHO.
Revanoor (Kurnool)	12.58	As new PHC building	Civil works were completed in September 1999 but the building was not taken over for want of amenities for which funds were not made available. In the meantime, as the building developed cracks and the flooring sank, the building was abandoned.
Alur (Kurnool)	10.00	As pediatric ward in CHC, Alur	Not put to use though taken over in 2001, for want of required furniture and staff.
Parchur, (Prakasam)	70.15	As upgraded PHC	Not functioning in upgraded status though taken over in December 2002, for want of equipment and staff (March 2004)
S. N. Padu, (Prakasam)	49.23	As upgraded PHC	The building was taken over in July 2003. However, it was not functioning in upgraded status for want of equipment and staff (March 2004).
Total	170.47		

¹⁸ PHC Pamudurthi (Anantapur); Gundi, Kataram, Kothapally, Mutharam, Raikbal, Thotapally (Karimnagar); Revanur (Kurnool); Santamaguluru, Ethamukkala (Prakasam); K.J. Puram (Visakhapatnam)

¹⁹ PHC Bathalapally (Anantapur); Chigurumamidi, Odela, Raghavapuram, Vemulawada (Karimnagar), Wyra (Khammam); Tangutur (Kurnool); Cheemakurthy (Prakasam); R. Thallavalasa (Visakhapatnam)

The construction of the building for the PHC, Ada (Adilabad District) was stopped at basement level and was abandoned after incurring an expenditure of Rs 5 lakh as it was getting submerged due to Ada Irrigation Project.



PHC at Tangutur (Kurnool District)

Rs 1.75 crore incurred on seven PHC buildings remained unfruitful

Thus, the improved buildings as envisaged were denied to the rural population. Besides, the entire expenditure of Rs 1.75 crore incurred on construction of the above seven PHC buildings remained unfruitful, for about four years.

3.2.9 Staff quarters kept vacant

Occupancy rate was very low at 40 to 77 per cent

The Minimum Needs Programme envisages construction of buildings for PHCs, CHCs and staff quarters. The medical/ paramedical staff of the PHCs are to be provided with staff quarters near the PHCs, so that their services would be available to the patients round the clock. The status of availability of staff quarters and their occupancy in the sample districts is given in *Appendix 3.2 (A)*. It was seen that a large number of PHCs (including Round the Clock PHCs and CHCs) were not provided with staff quarters. Even where staff quarters were available, the occupation rate was low at 40 to 77 per cent. Non-occupation of the quarters was attributed by the DMHOs (March – May 2004) to unfit condition, absence of amenities like water and sanitation, and repairs.

Equipment

3.2.10 Mobile Medical Units (MMUs)

MMUs not existed in Mahboobnagar, Nalgonda, Nizamabad and RangaReddy Districts

The MMUs were required to cover all the villages/hamlets at least once in a month and attend to medical needs of the inhabitations. There were 45 MMUs under the control of DMHOs, each with a staff strength of six²⁰, in 18 districts. There were no MMUs in four²¹ districts. DOH had, however, no information about the functioning of MMUs in the State.

In Anantapur, Khammam and Prakasam Districts, the MMUs did not function because no vehicle was provided, as detailed in *Appendix 3.2 (B)*.

²⁰ Medical officer, Male Nursing Orderly, Female Nursing orderly, Pharmacist, Auxiliary Nurse Mid wife and Driver

²¹ Mahboobnagar, Nalgonda, Nizamabad and RangaReddy

3.2.11 Non-functioning of X-ray equipment

In the CHCs at Alur and Pattikonda in Kurnool District and Darsi in Prakasam District the X-ray equipment was not in working condition. The details are as follows:

Name of the CHC	Date of acquisition of X-ray equipment	Cost (Rs. in lakh)	Date from which not functioning
Alur (Kurnool)	26 March 1998	2.40	26 March 1998
Pattikonda (Kurnool)	2 April 1994	2.40	30 October 2002
Darsi (Prakasam)	19 April 1994	2.40	19 April 1994

DMHOs did not take action as of August 2004 either to get them repaired or replaced in CHCs, Alur and Pattikonda. At Darsi, there was no Radiographer and Darkroom Assistant though the X-ray equipment has since been brought to working condition in June 2004.

Manpower

3.2.12 Vacancies in posts of key functionaries

CHC functions under the administrative control of DMHO and is headed by a Deputy Civil Surgeon. It provides Specialist services of Civil Surgeon and Dental Surgeon. The MO incharge of the PHC is responsible for implementing all health activities under Health and Family Welfare delivery system in the PHC area. Each Sub-centre is provided with one HW(M) and one HW(F).

Huge vacancies in posts of medical and para medical staff

As against 29489 posts sanctioned as of March 2004, 3284 posts (in all cadres) remained vacant. Percentage of vacancies was high in the cadre of Civil Surgeons (47 per cent), Civil Assistant Surgeons (13 per cent), Assistant Paramedical Officers (16 per cent), Community Health Officers (25 per cent), Multipurpose Health Extension Officers (10 per cent), Staff Nurses (11 per cent).

There was no recruitment of Civil Assistant Surgeons for rural health services after the year 2000. Non-filling up of vacancies especially of the posts of medical officers adversely affected the primary healthcare for the rural population.

3.2.13 Disparity between urban and rural/tribal healthcare

Only 22 per cent of doctors posted to serve 73 per cent of total population living in rural areas

There was wide disparity in the posting of doctors in urban and rural areas. Only 22 per cent (1580) of the doctors (primary healthcare) were posted in rural areas to serve 73 per cent (5.54 crore) of the population. While there was one doctor for a population of 10907 in the State as on 31 March 2004, the doctor-population ratio was far below average in the four predominantly tribal districts (1:42511 in

Adilabad, 1:34087 in East Godavari, 1:22480 in Khammam and 1:41844 in Visakhapatnam), indicative of deficient healthcare in tribal areas.

According to the recruitment conditions the Civil Assistant Surgeons should work in rural/tribal areas for a minimum period of three/five years (excluding leave and time spent for pursuing higher studies). Audit, however, observed that compliance of this condition was not watched/monitored by the Director of Health. As a result healthcare of rural and tribal population suffered.

3.2.14 No uniformity in sanction of MOs posts in the PHCs

142 out of 274 PHCs in four sample districts had only single MO

Though the functions of all PHCs are the same, there was no uniformity in the sanction of MOs posts as evident from the following table:

Sample District	Total number of PHCs	Number of PHCs manned by			
		Single MO	Two MOs	Three or more MOs	without full time doctors
Anantapur	68	31	29	8	11
Karimnagar	63	30	29	4	9
Kurnool	71	31	38	2	17
Prakasam	72	50	19	3	17
Total	274	142	115	17	54

Data in respect of Khammam and Visakhapatnam Districts was not available

54 PHCs had no full time doctors

Of the 142 PHCs manned by single MO, 54 PHCs were running without full time doctors.

The MO was required to visit each Sub-centre at least once in a fortnight on a fixed day to provide curative services and to check the work of the staff. The PHCs running with single MO would be without a MO when the MO was away from the PHC Headquarters either for attending the meetings at district headquarters or for visiting the Sub-centres. In the absence of MO, the pharmacists and staff nurses were attending to out-patient cases. Thus the services of the MOs in these PHCs were not fully available to the patients all the time.

3.2.15 Additional MO posts not filled under APERP

Apart from the regular sanctioned strength of doctors, the AP Economic Restructuring Project provided for placement of one additional MO in each of the 500 selected PHCs running with single MO. As against this, Government sanctioned only 280 posts of MO in December 1998.

Additional MO posts not filled up though sanctioned

The details of number of additional MOs sanctioned and operated in the State under the project was not furnished by the Director of Health. In four sample districts, it was noticed that 27 MOs posts²² were vacant out of 58 sanctioned as of September 2004.

Thus, adequate number of MOs were not sanctioned in spite of the availability of World Bank assistance.

3.2.16 Shortage of Health workers

Each Sub-centre was to have one Health worker (Male) and Health worker (Female). The HW (M) was to visit each family once a fortnight to undertake multifarious activities to motivate defaulters to take regular treatment besides providing treatment for minor ailments. The HW (F), besides assisting the HW(M) in identifying suspected cases under different health programmes was also to carryout the functions relating to Maternal and Child health, Family planning, Medical termination of pregnancy and Dais training.

Huge shortage (68 per cent) of Health workers in Sub-centres

There were 12522 Sub-centres in the State. As against 25044 health workers needed, only 8668 (35 per cent) were sanctioned and 8050 posts were operated as of March 2004; shortage being 68 per cent. None of the 1954 Sub-centres created in March 2003, had any Male Health Worker.

In the 3484 Sub-centres in six sample districts, 362 posts of Health workers (Male : 318, Female : 44) were vacant against the 5856 posts sanctioned as of March 2004.

Due to huge shortage of health workers the rural people were deprived of the basic healthcare facilities.

3.2.17 Shortage of Ophthalmic Assistants

1104 PHCs out of 1386 (80 per cent) had no Ophthalmic Assistants

Ophthalmic Assistants (OAs) are to assist the MO of PHC in conducting refraction, other eye care tests, give advice for cataract operations and to conduct screening for school children for correcting refractive errors and treat minor eye ailments. Government sanctioned (1993) one post of OA each in 350 PHCs. As against this, only 282 OAs were in position as of March 2004. Thus 1104 PHCs were left without the services of OAs thereby denying the eye care facilities to the targeted rural population.

²² Anantapur 6/17, Karimnagar 9/15, Kurnool 8/12, Prakasam 4/14

3.2.18 Inadequate provision of specialist services in Round the clock PHCs

Mother and Child health services not provided in the Round the clock PHCs

With a view to improving the availability of quality services in mother's care and childcare especially in interior areas, 349 interior PHCs were converted as RPHCs since 1999-2000. The facilities in RPHCs include round the clock essential and emergency services, shifting of emergency cases to hospitals and providing specialist services of Gynecologist and Pediatrician once a week.

In the nine sample PHCs of Anantapur (one), Karimnagar (three), Khammam (four) and Prakasam (one) Districts, the specialist services were discontinued for over four years (May 1999 to August 2003). The MOs attributed (May 2004) this to unwillingness of specialists to work in the PHCs.

There was huge shortfall (55 per cent) in visits by the Gynecologists and pediatricians in the RPHCs in Visakhapatnam District.

Audit also observed that specialist services were not at all provided in the RPHCs, Lothugedda, RJ Palem, Gannela, Munchingput since inception, in Rolugunta and Nathavaram from 2002-03 onwards and in Godicherla during 2001-02.

Implementation of National and State Health schemes

Government had been implementing various State programmes and National Programmes to provide healthcare delivery services to the rural population. Scrutiny revealed that implementation of the three schemes studied was not effective in rural areas.

3.2.19 National Filaria Control Programme (NFCP)

The National Filaria Control Programme is a Centrally Sponsored Scheme with the cost of material and equipment being shared on 50:50 basis. The objective of the NFCP is to break the transmission of the disease through mass drug administration and anti-larval measures, to carry out surveys to determine the prevalence and incidence, to undertake pilot projects, evaluate the known methods of Filaria control in selected areas, and to train professionals and health functionaries for the programme.

Filaria Control Units existed only in 13 districts

As of March 2004, there were 29 Filaria Control Units, and four Filaria Clinics, in 13 districts²³ in the State and all of these are located in the urban areas. Further, there were only two survey units in the State to conduct night blood survey in the villages to detect

²³ not implemented in the other 10 districts (Adilabad, Anantapur, Chittoor, Hyderabad, Kadapa, Khammam, Kurnool, Prakasam, RangaReddy and Warangal)

There were only two survey units (Chittoor and Guntur) to cover the entire State

Micro Filaria carriers. Except in Chittoor and Guntur, no data was collected by the survey units of other districts. The performance of the survey units in Chittoor and Guntur Districts during the period 1999-2003 was as follows:

Year	Chittoor				Guntur			
	Number of villages covered	Number of blood smears collected and examined	Disease cases (percentage)	Endemicity* rate	Number of villages covered	Number of blood smears collected and examined	Disease cases (percentage)	Endemicity* rate
1999	44	1280	1072 (84)	84	10	10296	143(1)	6
2000	79	1576	1111(70)	71	13	10195	88(1)	3
2001	72	4231	980(23)	24	23	13140	81(1)	2
2002	83	10772	1025(10)	11	20	13585	96(1)	1
2003	211	10539	799(8)	8	22	9854	146(2)	3

Source : Survey reports of the units – Number of villages (Chittoor : 1481; Guntur : 692)

* Endemicity rate is the percentage of total number of microfilaria positive cases plus number of persons with disease manifestations

Percentage of disease cases/Endemicity rate of Filaria was alarming in Chittoor

Though the cases of disease Endemicity rate was alarmingly high in Chittoor during 2000 and 2001 the position improved in 2002 and 2003. Though the disease was prevalent in rural areas, efforts were not made to conduct surveys in other rural areas. Even in these two districts the annual coverage of villages was low. This indicated lack of serious concern to improve the primary health care in rural areas.

3.2.20 High incidence of Malaria in tribal areas

In Khammam and Visakhapatnam Districts, out of the total population of 25.79 lakh²⁴ and 38.32 lakh, a population of 5.97 lakh and 5.58 lakh respectively reside in tribal areas. Areas with the annual parasite incidence (API) of more than two are treated as high risk areas for malaria and those would be selected for intensified indoor residual spray operations for control of malaria. It was seen that API was very high (ranging from 5.5 to 37.2) in all tribal PHC areas of these districts.

The malaria positive cases comprise Plasmodium Vivax (PV) and Plasmodium falciparum (PF). Of the total malaria positive cases recorded in the tribal areas, the PF cases, which are more harmful, ranged between 60 per cent and 75 per cent during the period from 1999-2003. The District Malaria Officers, Bhadrachalam (Khammam) and Paderu (Visakhapatnam) replied (June 2004) that the schedule of spraying operations was adversely affected due to non-receipt of required quantity of insecticides in time. Thus, it was evident that inadequate spraying operations contributed to the alarming situation.

²⁴ as per 2001 census

3.2.21 State Population Policy

New 'State Population Policy' initiatives were developed (1997) to address core areas and to achieve the demographic goals set for couple protection rate, maternal mortality rate, and infant mortality rate. However, district level action plans were not prepared so far. District Population Stabilisation Societies were established for implementation of specific interventions²⁵.

Goals and Achievements

The details of demographic goals set by the Government and achievements made as of March 2004 are given below:

	Goals			Position as of 31.03.2004 (State average)	Position in rural areas
	2000	2010	2020		
A. Natural Growth Rate percentage	1.15	0.80	0.70	1.26	1.22
B. Crude Birth Rate* (CBR)	19.00	15.00	13	20.6	21.00
C. Crude Death Rate* (CDR)	7.5	7.00	6	8	8.8
D. Infant Mortality Rate** (IMR)	45	30	15	62	71
E. Maternal Mortality Rate* (MMR)	2.0	1.2	0.5	1.54	NA
F. Couple Protection rate percentage	60.0	70.00	75	62.5	NA
G. Total fertility Rate (TFR)	2.1	1.5	1.5	2.25	NA

* per thousand population

** per thousand live births NA : Not available

Infant Mortality Rate was alarmingly high

The goals set for the year 2000 had not been achieved even as of 2004 in respect of the Natural Growth rate, CBR, CDR, IMR and TFR. In particular, the Infant Mortality Rate was very high at 71 per thousand live births in rural areas. This indicated that health services in rural areas was poor.

System of supply of medicines

3.2.22 Funds not provided to DMHOs and PHCs for procurement of drugs

APMHIDC withheld the funds of PHCs/DMHOs intended for emergency purchase of drugs/medicine

The State Government accorded sanctions every year for procurement and supply of drugs, through Central Drug Stores, to the medical institutions (PHCs) in the districts. The AP Health, Medical Housing and Infrastructure Development Corporation (APMHIDC) is the Nodal Agency for undertaking centralised drug procurement. Based on the Government sanctions the DOH drew and transferred the amounts to the APMHIDC. According to Government Orders of April 1999, 10 per cent of allocation should be placed at the disposal of the individual institutions and another 10 per cent at the disposal of the DMHOs to meet any contingencies arising out of an epidemic in the area.

²⁵ Round the clock PHCs, training to doctors in laparoscopy techniques

There was a short release of Rs 8.32 crore by the APHMHIDC to the PHCs (Rs 2.80 crore) and DMHOs (Rs 5.52 crore) during 1999-2002. During 2002-04 the entire amount of Rs 10.04 crore due to be released to the PHCs (Rs 5.04 crore) and DMHOs (Rs 5 crore) was not released by APHMHIDC. As a result, the PHCs were not in a position to purchase emergency drugs in case of non-availability in the Central Drugs Stores, as also confirmed by the DMHOs, Anantapur and Kurnool. The DMHOs did not however, report this position to DOH.

Thus the DOH failed to release the due share of PHCs and DMHOs, but released the entire budget to the APHMHIDC. As a result the Director had lost control over procurement and distribution of drugs and medicines to the medical institutions.

3.2.23 Departmental inspections not conducted

**DMHOs
altogether
ignored
departmental
inspections of
CHCs and PHCs**

As per the guidelines indicated in the Functionary Manual, all DMHOs are required to inspect CHCs, PHCs and offices of the programme officers by a team headed by DMHOs at least once in a year. The DMHOs in the sample districts did not conduct the annual inspections during 1999-2004 statedly for want of staff. As a result, monitoring of the PHCs was diluted. This adversely affected the primary healthcare to rural people.

3.2.24 Conclusions

The objective of taking primary healthcare delivery system to the doorsteps of rural people could not be achieved, mainly due to huge shortage of CHCs and PHCs, as well as medical and paramedical staff. Only 22 per cent of the doctors were in place in rural areas to serve 73 per cent of the total population. More than half of the PHCs in the six sample districts were manned by a single medical officer. Mother and Child health services were not provided in Round the clock PHCs. Majority of the Sub-centres were functioning without Health workers. Performance of the Mobile Medical Units was very poor. The Director of Health failed to provide funds to DMHOs and PHCs for procuring emergency drugs. National Filaria Control Programme was altogether neglected in rural areas. The incidence of malaria continued to be very high in tribal areas. The infant mortality rate was also alarmingly high at 71 per thousand live births. Monitoring of primary healthcare services by the DMHOs was poor. The Director also did not effectively monitor the services in rural areas.

3.2.25 Recommendations

- Adequate number of Community Health Centres and Primary Health Centres should be opened as per the norms to cover the entire rural population.

- Manpower, particularly medical and paramedical staff, needs to be augmented. Mother and Child health services in Round the clock PHCs should be ensured.
- Mobile Medical Units should be made fully functional by providing adequate number of vehicles.
- Infrastructure provided, including new buildings for PHCs, need to be fully utilised.
- Procurement of drugs, medicines and equipment needs to be delinked from the AP Health, Medical Housing and Infrastructure Development Corporation; which has mostly engineers on its rolls.

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

3.3 Indian Systems of Medicine and Homoeopathy

Highlights

Medical services in rural and urban areas under Ayurveda, Unani and Homoeopathy are delivered to public through hospitals and dispensaries under the control of the Commissioner of Indian Systems of Medicine and Homoeopathy (ISMH). Delivery of Medical services under all the three systems was inadequate. About 51 per cent of the plan funds were not spent, although provided in the budget. The prescribed student – bed strength ratio of 1:5 in hospitals was not maintained for any of the systems. There were huge shortages of manpower in key areas. Expenditure on medicines constituted a meagre two per cent of the total expenditure of the department. Scant attention was paid to enforcement of quality of drugs. Pharmacies were not functioning at optimum level. Good Manufacturing Practices were not followed in the Ayurveda and Unani pharmacies. Research activity was not pursued. The objectives of the department largely remained unachieved.

- ❖ Major portion (51 per cent) of the plan funds was not spent although budgeted. Salaries constituted 86 per cent of the non-Plan expenditure (Rs 237.90 crore).

[Paragraph 3.3.5]

- ❖ Hospitals were established only in 10 (out of 23) districts in the State. As against the stipulated student-bed strength ratio of 1:5 in the hospitals, the actual bed strength operated gave ratios of 1:1.74 (Ayurveda), 1:1.57 (Unani) and 1:1.44 (Homoeo) during 1999-2004. Thus the medical students were deprived of adequate exposure to clinical problems.

[Paragraphs 3.3.8 and 3.3.17]

- ❖ The Drug Testing Laboratory (DTL) at Kattedan (Hyderabad) had not been strengthened though proposed in 2001. The DTL was not functioning at the optimum level and spurious drugs continued to be sold to the public.

[Paragraph 3.3.9]

- ❖ As against 64 essential Ayurvedic drugs approved by the Commissioner for manufacture and supply by the pharmacy, the pharmacy manufactured only 26 to 28 drugs during 2001-04. Similarly only two to 20 medicines were manufactured out of the 60 Unani medicines short-listed.

[Paragraph 3.3.10]

- ❖ Good Manufacturing Practices (GMP) were not followed in the Ayurveda and Unani pharmacies. There was no quality control wing in the ISMH department.

[Paragraph 3.3.11]

- ❖ **The herbal garden at Himayatsagar (RangaReddy District) proposed in 1994 had not been established as envisaged.**

[Paragraph 3.3.12]

- ❖ **Expenditure on medicines constituted a meagre two per cent of the total expenditure of the ISMH department. The per capita expenditure on medicines was very low and ranged from 63 paise to Rs 1.25 during the period 1999-2004 as against the norm of Rs 2.**

[Paragraphs 3.3.14 and 3.3.15]

- ❖ **There were huge vacancies in the key posts of Professors (39 per cent) in the colleges and Medical Officers (MOs) (17 per cent) and Compounders (15 per cent) in dispensaries/hospitals. Ten per cent (38 out of 366) of dispensaries in eight districts were functioning without MOs.**

[Paragraphs 3.3.18 and 3.3.19]

- ❖ **Research activity was not pursued under any of the three systems.**

[Paragraph 3.3.20]

3.3.1 Introduction

In addition to Allopathic system of medicine, healthcare is extended to people through the Indian systems of medicine and Homoeopathy (ISMH – AYUSH²⁶). These include Ayurveda²⁷, Unani²⁸, Homoeopathy²⁹ and Nature cure. While Ayurveda is very popular in the State, the popularity of Homoeopathy is also increasing.

Medical services under ISMH is delivered to public through hospitals and dispensaries under the control of the Commissioner of ISMH under Health, Medical and Family Welfare Department. There are colleges attached to hospitals to impart education in these systems of medicine.

²⁶ renamed in August 2004 as 'AYUSH' (Ayurveda, Yoga & Naturopathy, Unani, Siddha and Homoeopathy)

²⁷ The Ayurveda is an indigenous system of medicine dating back to the vedic period. The central theme is that the human body is made up of three vayus - vata, pitta, and kapha. Human being is healthy as long as there is balance in these three vayus; if there is imbalance the man becomes ill. Ayurveda tries to restore the balance by administration of medicines made from herbs and minerals and by regulating one's diet.

²⁸ The 'Unani' has its origin in Greece, also very popular in India. This system also attempts to cure diseases by administration of drugs made from Herbs and minerals

²⁹ Homoeopathic system has its origin in Germany. The system believes that drug which produces symptoms similar to those produced by a particular disease can also cure the disease.

Objectives

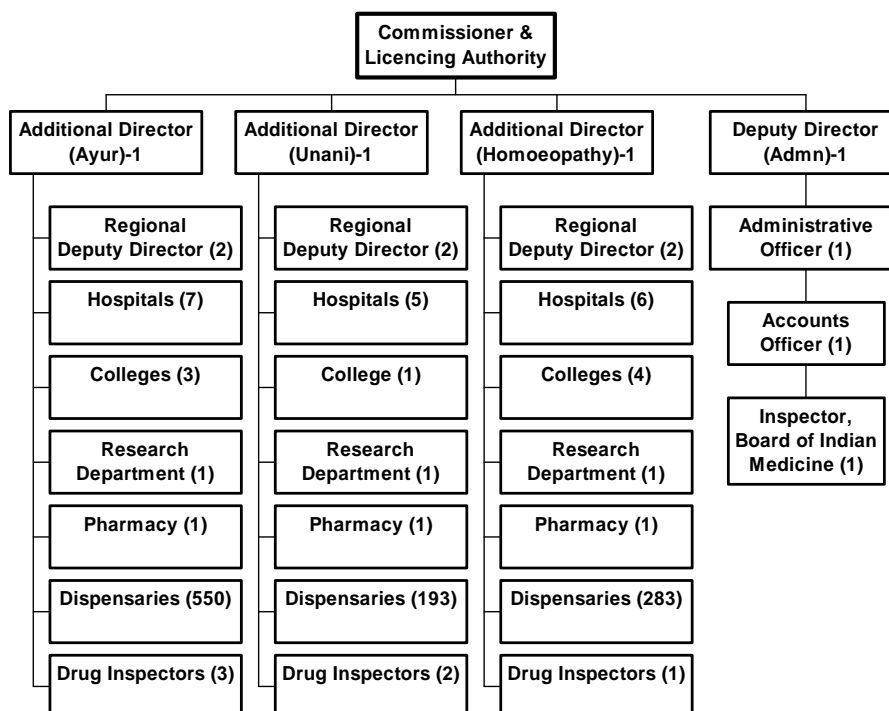
The main objectives of the Department (AYUSH) are to

- serve the people by providing medical relief;
- establish hospitals of ISMH in all districts and mandals;
- make available equipments, medicines and drugs adequately for hospitals and dispensaries and provide infrastructure for all the Government colleges and hospitals, dispensaries and research centres;
- develop the Indian Medicine Pharmacy to supply the medicines in time;
- grow necessary medicinal plants in the herbal gardens;
- provide bed strength at the rate of five beds per student, for clinical training to the students of Ayurveda, Unani and Homoeo Colleges;
- ensure proper development and evaluation of the ancient systems of medicine.

The Commissioner is responsible for planning and execution of the various programmes classified under the three systems.

3.3.2 Organisational set up

At Government level, the Principal Secretary to Government is responsible for overseeing the functions of the department. The organisational set up of the Department is as under:



The construction of buildings is entrusted to the AP Health, Medical Housing and Infrastructure Development Corporation (APMHIDC).

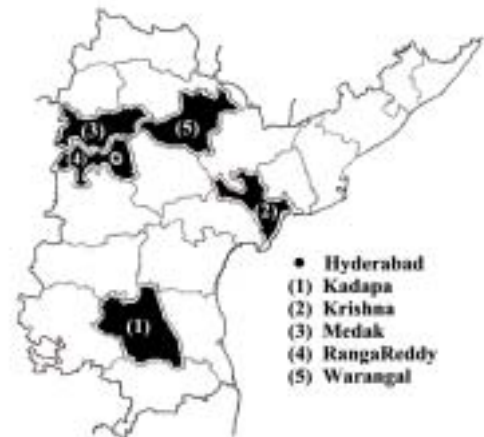
3.3.3 Audit objectives

Audit objectives were to assess

- Adequacy of establishment of hospitals
- Adequacy of infrastructure
- System of supply of medicines and drugs
- Medical treatment
- Clinical training to students
- Manpower
- Research activity

3.3.4 Audit coverage

Delivery of medical services to the people under the three systems of Ayurveda, Unani and Homoeopathy during the period 1999-2004 was reviewed. Records of the Government, Commissionerate and two (out of six) Regional Deputy Directors (RDDs³⁰), eight (out of 18) Hospitals, six (out of eight) Colleges, all the pharmacies/herbal garden/Herbarium, 22 dispensaries (out of 366 in two regions) in the six sample districts, all the three Research Institutes and Drug Testing Laboratory (DTL) in Hyderabad District were test-checked. The results of the review are presented in the succeeding paragraphs. The views of Government could not be taken into account as no response was received from Government on the draft review forwarded in September 2004.



Financial Management

Scrutiny revealed short utilisation of plan funds including funds for Centrally sponsored schemes and excess release of funds to grantee institution, as brought out in the succeeding paragraphs.

³⁰ Kadapa and Warangal

3.3.5 Budget and Expenditure

Budget provision and the expenditure during 1999-2004 were as follows:

(Rupees in crore)

Year	Budget			Expenditure			Savings (-)/ Excess (+)			
	Plan	Non-plan	Total	Plan	Non-plan		Total	Plan	Non-plan	Total
					Salaries	Others ^{\$}				
1999-2000	3.16	48.55	51.71	0.96	42.46	3.44	46.86	(-)2.20	(-)2.65	(-)4.85
2000-01	3.26	50.16	53.42	0.85	43.94	8.92	53.71	(-)2.41	(+)2.70	(+)0.29
2001-02	1.47	55.79	57.26	1.08	48.73	4.86	54.67	(-)0.39	(-)2.20	(-)2.59
2002-03	1.63	59.18	60.81	1.02	51.27	5.93	58.22	(-)0.61	(-)1.98	(-)2.59
2003-04	1.44	59.36	60.80	1.44	51.50	9.10	62.04	-	(+)1.24	(+)1.24
Total	10.96	273.04	284.00*	5.35	237.90	32.25	275.50	(-)5.61	(-)2.89	(-)8.50

* In addition to the above, GOI released Rs 6.03 crore through State Government (Rs 1.48 crore) and directly to colleges and hospitals (Rs 4.55 crore)

\$ Other expenditure includes grants released to AP Yogadhyayana Parishad, subsidised rural dispensaries and expenditure on contingencies

51 per cent of the Plan funds was not spent

Salaries constituted 86 per cent of the total non-Plan expenditure. Fifty one per cent of the Plan funds provided in the budget was not spent. The Commissioner attributed (August 2004) the savings under Plan/non-Plan to freezing of funds by the Government and non-filling up of vacant posts. This indicated lack of concern of Government to provide medical services under the ISMH. The excess expenditure under non-Plan in the years 2000-01 and 2003-04 was mainly due to revision of pay scales (2000-01) and payment of remuneration to contract Medical Officers (2003-04).

3.3.6 Non-utilisation of grants

During 2002-03, GOI released Rs 1.48 crore for strengthening of DTL – Unani (Rs 85 lakh), construction of building and purchase of equipment for Government Homoeo Hospital, Gudivada (Rs 27 lakh), essential drugs (Rs 20.57 lakh), re-orientation training to doctors (Rs 0.93 lakh) and upgradation of existing departments³¹ (Rs 14.64 lakh). State Government did not however, make any budget provision but released Rs 1.06 crore³² in February and March 2004, of which Rs 0.63 crore were utilised. Thus, the reorientation training to doctors could not be organised and no funds provided for the hospital building at Gudivada.

In addition to the above, colleges and hospitals received grants of Rs 4.55 crore towards construction and maintenance of hospitals, buildings, strengthening of DTL, pharmacies and upgradation of departments directly from the GOI during the period 1999-2004, of

³¹ Panchakarma and Dravyaguna (Ayurveda), Advia (Unani)

³² DTL (Rs 85 lakh), essential drugs (Rs 20.57 lakh), Upgradation of existing departments (Rs 0.40 lakh)

which Rs 3.78 crore were spent. The unspent balances of Rs 0.77 crore³³ were lying unutilised in bank accounts as of August 2004.

3.3.7 Excess release of funds to a grantee institution

APYP yet to refund Rs 2.41 crore to Government account

AP Yogadhyayana Parishad (APYP) is a grantee institution formed (1995) for providing healthcare under Naturopathy and Yoga. The activities mainly include providing education and training and promoting research at par with other systems. During 1999-2004, State Government released grants aggregating to Rs 10.22 crore³⁴ (Plan : Rs 1.98 crore; non-Plan : Rs 8.24 crore) to APYP, of which Rs 7.92 crore (Plan : Rs 1.84 crore; non-Plan : Rs 6.08 crore) were utilised during the period.

On an average, 1559 patients per year were treated. The unspent amount of Rs 2.41 crore³⁵ meant for salaries and contingencies was not refunded by the APYP. Government released fresh grants every year without ascertaining the unspent balance available with the APYP. This indicated lack of monitoring and resulted in release of grants in excess of requirement.

Programme Performance

The objectives of the department were not realised adequately. Funds were not released by Government in full although budget allotment was made.

Adequacy of establishment of hospitals

3.3.8 There were 18 hospitals (Ayurveda:7, Unani:5 and Homoeopathy:6) in the State as of March 2004. The bed strength was 364, 210 and 300 respectively.

Hospitals established in 10 out of 23 districts

Hospitals were established only in 10 districts³⁶. In the remaining 13 districts, medical services are provided only through dispensaries. Although the Commissioner proposed establishment of hospitals in the other 13 districts, Government did not include it in either the Ninth or the Tenth Plan, even though it was one of the important objectives of the department. This indicated that priority was not given to the ISMH, although these systems of Medicine were gaining popularity (Para 3.3.5 refers).

³³ Government Ayurvedic colleges – Hyderabad (Rs 39.45 lakh), Warangal (Rs 0.47 lakh), Government Nizamia Tibbi College, Hyderabad (Rs 8.49 lakh), Government Homoeo College, Hyderabad (Rs 2.81 lakh), Government Homoeo hospitals – Hyderabad (Rs 0.44 lakh), Kadapa (Rs 1.16 lakh), Government Indian Medicine Pharmacy (Ayurveda) Kattedan, Hyderabad (Rs 24.58 lakh)

³⁴ 1999-2000 (Rs 1.56 crore), 2000-01 (Rs 1.58 crore), 2001-02 (Rs 2.35 crore), 2002-03 (Rs 2.28 crore) and 2003-04 (Rs 2.45 crore)

³⁵ including the opening balance of Rs 0.12 crore (towards salaries) as on 1 April 1999

³⁶ East Godavari, Hyderabad, Kadapa, Krishna, Kurnool, Medak, Nalgonda, Nellore, Nizamabad and Warangal

Adequacy of infrastructure

Scrutiny revealed non-strengthening of DTL, underutilisation of pharmacies, absence of Good Manufacturing Practices in pharmacies, neglect of activity of growing medicinal plants.

3.3.9 Drug Testing Laboratory (Ayurveda), Kattedan not strengthened

DTL (Ayurveda) at Kattedan not strengthened despite availability of Central funds

In March 2001, GOI released Rs 55 lakh³⁷ to the Scientific Officer, DTL at Kattedan (Hyderabad) towards strengthening of DTL. The construction of building was entrusted (October 2001) to the APMHIDC and the civil works were completed at a cost of Rs 15 lakh by November 2002. Although equipment was procured at a cost of Rs 26.13 lakh during December 2002 – February 2004, equipment worth Rs 19.78 lakh had not been commissioned as of August 2004 for want of infrastructure like air conditioning, LPG installation, overhead water provision and partition of laboratory. The Scientific Officer of the DTL stated (August 2004) that these works were not taken up for want of funds. As a result, Rs 10 lakh released towards contractual manpower could not be utilised. The delay in utilisation of the grant also resulted in late release of the second instalment of Rs 45 lakh which was released by the GOI only in March 2004.

Scant attention paid to enforcement provisions – Spurious drugs continued to be sold to the public

The DTL had tested/ analysed 183 (out of 200³⁸) samples during 1999-2004 (37 per year on average³⁹). Though 66 samples were found spurious, the fact was not intimated to the Commissioner by the Scientific Officer of DTL; therefore no action was taken to penalise the drug manufacturers and to withdraw the drugs from the market. As a result, the spurious drugs continued to be sold to the public. Further, 17 samples (55 per cent) referred to DTL during 2003-04 were not analysed as of August 2004 due to failure of power and water supply. It was also observed that the generator available with the pharmacy had been out of order since August 1999 but could not be repaired for want of funds.

3.3.10 Manufacturing of essential drugs in pharmacies

Only 26 to 28 essential Ayurvedic drugs were manufactured every year

In August 2000, GOI identified 370 essential Ayurvedic drugs. Against this the Commissioner had approved 64 drugs for manufacture by the pharmacy for supply to dispensaries. The pharmacy had however, manufactured every year only 26 to 28 medicines during 2001-04 for supply to the dispensaries/hospitals.

³⁷ Buildings : Rs 15 lakh; Machinery and equipment : Rs 30 lakh and contractual manpower : Rs 10 lakh

³⁸ referred by 71 Drugs Inspectors and 129 by others

³⁹ capacity not yet set

Only two to 20 Unani medicines manufactured in each year

Similarly, as against 374 Unani medicines identified, the Commissioner short-listed 60 medicines for manufacture in the pharmacy⁴⁰. However, the pharmacy had manufactured only two to 20 medicines during 1999-2004. There were no norms for wastage in the manufacturing process.

The Chief Superintendent of the Pharmacy stated that only a few drugs were produced because of the high cost of production and non-supply of ingredients by contractors. However, penal action was not taken against the defaulting contractors.

3.3.11 Good manufacturing practices not followed in pharmacies

Drugs manufactured in pharmacies were not tested for quality checks before supply to dispensaries/hospitals

The samples of drugs and medicines manufactured in the pharmacies were to be sent to the Analytical Laboratory of ISMH, Ghaziabad (Uttar Pradesh) in the absence of any such laboratory in the State. There was, however, no record to show that the samples of drugs were ever sent to the laboratory at Ghaziabad. There was also no quality control wing in the Department. Evidently the drugs manufactured were sent to the dispensaries/hospitals without conducting any quality check.

Good Manufacturing practices not followed in Ayurveda and Unani Pharmacies

To provide quality drugs to patients, GOI envisaged good manufacturing practices (GMP) and requested (2001) all the State Licensing Authorities (Commissioner) to ensure its implementation. As a part of the GMP, the pharmacy should have adequate space, water supply, equipment, record of market complaints and a quality control wing. It was seen that GMP was not followed in Ayurveda and Unani pharmacies for want of building and adequate infrastructure. No allocations were made for GMP in the Ninth Plan, indicating lack of concern of the Government to improve the infrastructure for pharmacies.

3.3.12 Herbal garden not established as envisaged

Herbal garden at Himayatsagar not established though planned 10 years ago

In September 1994, Government allotted 57.98 acres of land at Himayatsagar (RangaReddy District) for development of herbal garden for growing medicinal plants. Against a proposal of Rs 1.87 crore by the Commissioner towards construction of sumps, digging of borewells, procurement of agricultural tools, plantations with agro-technique and engagement of required manpower, GOI released only Rs 5 lakh in December 1994. The Principal, Government Ayurvedic College, Hyderabad utilised (August 1996) the amount towards construction of watchman room, digging of borewell, electrification and purchase of agricultural equipments. In April 2003, GOI released Rs 6 lakh, of which the Principal utilised (July 2004) Rs 2.01 lakh towards development of herbal garden and

⁴⁰ Government Indian Medicines and Pharmacy (Unani), Hyderabad

Rs 3.22 lakh for laying of pipeline and procurement of pumpset. The Commissioner replied (April 2004) that GOI did not release the balance funds despite repeated requests.

Thus, the herbal garden proposed 10 years ago had not been established even as of August 2004 and the department had to purchase raw drugs for manufacture of medicines. Besides, identification of plant species by the medical students could not be organised.

3.3.13 Herbarium at Kattedan not used as envisaged

Herbarium at Kattedan not used as envisaged

A herbarium in an area of 3.39 acres is maintained at Kattedan (Hyderabad District) for exhibition and identification of different kinds of medicinal plant/species for the Ayurvedic, Unani and Homoeo medical students. It was observed that no cultivation of herbs (for use as raw drugs) was made since inception but the plants were grown in pots. Borewell was not dug since the ground water level at Kattedan is very low and the ground water is polluted by the local industries. The medical students of the three systems made only four to five visits a year to the herbarium.

Thus, proper attention was not paid to develop the herbarium although annual expenditure of Rs 15.67 lakh was incurred on salaries of the staff⁴¹.

System of supply of medicines and drugs

Scrutiny revealed inadequate budget allocations/supply of medicines to dispensaries and hospitals.

3.3.14 Low priority on allocation/expenditure on medicines

Expenditure on medicines was only two per cent of the total expenditure

During 1999-2004, the budget provision for medicines was only two to three per cent of the total budget allocation for the department; the expenditure on medicines was about two per cent of the department's total expenditure, as detailed below:

(Rupees in lakh)

Year	Total budget allocated to department	Total expenditure of the department	Budget allocated to medicines (percentage to total budget)	Actual expenditure on medicines (percentage to total expenditure)
1999-2000	5171.14	4685.50	134.75(3)	88.50(2)
2000-01	5341.19	5370.87	138.47(3)	119.62(2)
2001-02	5726.65	5466.75	138.41(2)	112.82(2)
2002-03	6080.94	5821.15	114.45(2)	99.31(2)
2003-04	6080.16	6203.25	122.84(2)	112.44(2)
Total	28400.08	27547.52	648.92(2)	532.69(2)

Source: Commissioner of Indian Medicine and Homoeopathy

⁴¹ Superintendent, one museum assistant and sixteen ministerial/non-technical staff

The Commissioner attributed (October 2004) the meagre expenditure on medicines to non-release of the allocations to pharmacies due to freezing of funds by Government. Thus the important objective of making available the medicines and drugs was not given due attention (Para 3.3.15 also refers).

3.3.15 Inadequate supply of medicines to dispensaries/hospitals

In December 1995 the ceiling on value of drugs to be supplied to each dispensary was fixed at Rs 10000. Despite increase in the number of patients over the years for all the three systems of Medicine, the ceiling has not been further enhanced.

It was seen that the Government Nizamia General Hospital, Hyderabad (Unani) indented (June 2004) 125 medicines, of which only 25 medicines were supplied to the hospital. Similarly out of 40 medicines and 44 medicines indented in May 2002 and July 2003, medicines supplied were only 19 and 21 medicines respectively. Thus, the requirement of medicines was not being met in full.

Per capita expenditure on medicines was only 63 paise to Rs 1.25 paise

It was also observed that the per capita expenditure incurred on medicines ranged from a meagre 63 paise to Rs 1.25 during the years 1999-2000 to 2003-04 against the norm of Rs 2 for inpatients and Rs 1.50 for outpatients.

Medical treatment

3.3.16 Targets and achievements

Scrutiny revealed that the targets fixed had no correlation to the actual number of patients treated. The target of number of in-patients and out-patients to be treated vis-a-vis the achievements during 1999-2004 were as follows:

(Patients in lakh numbers)

System	Dispensaries (out-patients)		Hospitals			
	Target	Achievement (percentage)	Outpatients		Inpatients	
			Target	Achievement (percentage)	Target	Achievement (percentage)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
1999-2000						
Ayurveda	34.09	40.20 (118)	4.25	4.63 (109)	0.59	0.65 (110)
Unani	17.53	19.18 (109)	2.71	3.16 (117)	0.65	0.47 (72)
Homoeopathy	23.45	27.21 (116)	3.36	5.88 (175)	0.33	0.30 (91)
2000-01						
Ayurveda	34.09	38.90 (114)	4.25	4.18 (98)	0.59	0.63 (107)
Unani	17.53	17.15 (98)	2.71	3.28 (121)	0.65	0.48 (74)
Homoeopathy	23.45	25.23 (108)	3.36	5.80 (173)	0.33	0.31 (94)
2001-02						
Ayurveda	86.75	65.96 (76)	6.25	2.74 (44)	1.38	0.77 (56)
Unani	33.64	26.35 (78)	5.64	3.81 (68)	0.77	0.53 (69)
Homoeopathy	46.67	38.34 (82)	6.64	5.03 (76)	1.10	0.66 (60)

(1)	(2)	(3)	(4)	(5)	(6)	(7)
2002-03						
Ayurveda	74.73	70.58 (94)	3.59	3.54 (99)	1.09	0.72 (66)
Unani	29.86	28.98 (97)	4.05	4.30 (106)	0.63	0.51 (81)
Homoeopathy	43.44	41.69 (96)	5.44	6.88 (126)	0.90	0.59 (66)
2003-04 (Dispensaries and hospitals)						
Ayurveda	76.35	73.12 (96)	---	---	0.74	0.77 (104)
Unani	34.28	33.72 (98)	---	---	0.52	0.52 (100)
Homoeopathy	50.03	50.36 (101)	---	---	0.60	0.63 (105)

Source: Performance and process indicators of Commissioner, ISMH
Note: Consolidated figures furnished for out-patients during 2003-04

Clinical training to students

Scrutiny revealed that the beds per student were far below the norm and teaching staff were short of requirement as discussed below:

3.3.17 Inadequate bed strength in hospitals

There are eight Government colleges (Ayurveda : 3, Unani : 1 and Homoeo : 4) in the State. The intake capacity in the colleges was 394 students (Ayurveda : 143, Unani : 78 and Homoeo : 173).

Student – bed strength ratio in hospitals is far below that prescribed

Though the Central Council for Indian Medicine (CCIM) norms stipulated that the student – bed strength should be 1:5, the actual bed strength operated gave ratios of 1:1.74 (Ayurveda), 1:1.57 (Unani) and 1:1.44 (Homoeopathy) during the period 1999-2004. The medical students were deprived of adequate exposure to clinical problems.

Manpower

3.3.18 Shortages in key posts

Vacancies in the posts of Medical Officers was 17 per cent

Medical services in rural and urban areas under ISMH are delivered to the patients through a team of Medical Officers, Senior Medical Officers and Chief Medical Officer in hospitals/dispensaries. They are to provide promotive, preventive and curative services to the community.

Sanctioned strength vis-a-vis men-in-position in the key posts as of September 2004 was as follows:

Cadre	Sanctioned strength	Men-in-position	Number of vacancies (percentage)
Chief Medical Officer, Senior Medical Officer, Medical Officer	1245	1109	136(11)*
Compounder	832	705	127(15)
Scientific Officer	2	1	1(50)
Scientific Assistant	4	3	1(25)
Bio-Chemist	4	1	3(75)
Laboratory Assistant/ Laboratory Attendant	70	63	7(10)
X-ray Attendant, Staff Nurse	98	66	32(33)

* Number of vacancies in the posts of MOs : 116 (17 per cent)

Ten per cent of dispensaries in two (out of six) regions functioning without the MOs

In two (out of six) regions⁴², covering eight districts, 38 out of 366 dispensaries (10 per cent) were functioning without any MOs as of September 2004. Of these, 14 posts were vacant since July 2002. The Commissioner submitted proposals only in December 2003 for filling up the vacant posts and Government permitted in September 2004 to fill up 116 posts of Medical Officers on contract basis. The vacancy position in the sample hospitals, colleges and dispensaries is given in *Appendix 3.3*. Huge shortages in the key posts, especially of Medical Officers, adversely affected the services in dispensaries and hospitals.

In Government Ayurvedic Hospital, Warangal, however, seven posts of Medical Officers were operated as against the sanctioned strength of four.

3.3.19 Shortage of professors in colleges

As against the sanctioned strength of 38 professors in the eight colleges, only 23 were in position; the shortage adversely affected the medical education to students.

Thus, manpower management in the department was deficient.

Research activity

3.3.20 Research activity not pursued

No allocations were made during 1999-2004 for Research activity

Three research units were set up one each under the three systems of medicine but no budget allocations were made during 1999-2004 for the research activity, although it was included in the plan.

3.3.21 Conclusions

Delivery of Medical Services under all the three systems – Ayurveda, Unani and Homoeopathy was not up to the mark. A large portion of plan funds provided in the budget was not spent. The Commissioner did not pursue with the GOI to release funds for herbal garden. No hospitals were established in 13 of the 23 districts although it is one of the important objectives of the department. Drug Testing Laboratory was not strengthened. Spurious drugs were not withdrawn from the market. Pharmacies produced only a few essential drugs. Good Manufacturing Practices were not followed in Ayurveda and Unani Pharmacies. The objective of growing medicinal plants in herbal gardens had not been achieved. Expenditure on medicines constituted a meagre two per cent of the total expenditure of the department. There was a huge shortage of

⁴² Kadapa region (Anantapur, Chittoor, Kadapa and Kurnool Districts), Warangal region (Adilabad, Karimnagar, Khammam and Warangal Districts)

Medical Officers. Research activity was not pursued in any of the three systems.

3.3.22 Recommendations

- There is urgent need to increase budget allocation for medicines to meet the indents of dispensaries/hospitals.
- Good Manufacturing Practices such as provision of adequate space, water supply, equipment and setting of quality control wing need to be implemented in Ayurveda and Unani pharmacies.
- Quality control wing needs to be established for testing the quality of medicines manufactured by pharmacies.

The above points were referred to Government in September 2004; reply had not been received (October 2004).

**ENVIRONMENT, FOREST, SCIENCE AND
TECHNOLOGY DEPARTMENT
(Forests Wing)**

3.4 Functioning of the Forest Department

Highlights

Forest Department is primarily responsible for the conservation of existing forests and regeneration of degraded forests. The Department has been implementing various development schemes. A review on the functioning of the Department revealed that financial management was deficient. Manpower available was not commensurate with the increase in activities. The initial records in the divisions were not properly maintained. Procedures for measurement of work were neglected. The Department also failed to arrest encroachments.

❖ **Budget and expenditure control was deficient. Budget estimates were not assessed realistically. Large portion of plan funds were not spent. During 2001-04 Rs 191 crore were surrendered under plan.**

[Paragraphs 3.4.6 and 3.4.7]

❖ **Despite incurring huge expenditure on forest protection each year, the encroachments as of March 2004 in forest areas still stood at 2,76,852 ha.**

[Paragraph 3.4.8]

❖ **Department also failed to arrest encroachments in Kolleru wildlife sanctuary. Continued increase in pisciculture activity led to deterioration in the quality of water in the lake and decline in the population of fish and birds.**

[Paragraph 3.4.10]

❖ **Deposits of Rs 4.61 crore received by four DFOs from the APSEB between February 1998 and November 2003 for development of a sanctuary area remained unspent for no valid reasons.**

[Paragraph 3.4.11]

❖ **Forest land of 11027.31 hectares was made over to user agencies without receiving the required deposit; Rs 2.39 crore were yet to be realised from them.**

[Paragraph 3.4.14]

❖ **Failure to conduct prescribed check, while admitting vouchers of the sub-ordinates for advances paid, led to misappropriation remaining undetected.**

[Paragraph 3.4.17]

❖ **There was no increase in the staff corresponding to the increase in the activities taken up with external financial assistance, leading to dilution in controls.**

[Paragraph 3.4.19]

❖ **Department failed to prevent illicit felling of forest trees valued Rs 21.72 crore. Confiscated material valued Rs 2.06 crore was not transported to the Government Timber Depots, leading to their decay.**

[Paragraph 3.4.20]

❖ **Curators of three Zoological parks spent Rs 2.05 crore, out of the departmental receipts, on maintenance of the zoos.**

[Paragraph 3.4.21]

❖ **Internal audit was in arrears; only 24 units were covered out of 146 units during 2003-04.**

[Paragraph 3.4.22]

3.4.1 Introduction

Forests extended over 63,814 sq km and occupy 23 per cent of the State's geographical area. Protection and conservation of the existing forests by arresting smuggling of forest produce and preventing encroachments in forest areas, encouraging regeneration of degraded forests by afforestation measures, encouraging social forestry and development of wildlife are the principal activities of the Department. Government adopted, during 1992, Joint Forest Management (JFM) as a strategy for protection, improvement and development of forests with the involvement of local communities by forming Vana Samrakshana Samithies (VSS). From February 2002, Government adopted Community Forest Management (CFM), an advancement over JFM, with devolution of more powers to the VSS in management of their activities. The VSS are funded under such schemes as World Bank aided APCFM Project, NABARD assisted RIDF-V, VI, VIII and Forest Development Agency Programme formulated by Government of India (GOI).

3.4.2 Objectives of the Department

The objectives of the Department include

- conserving and improving existing forests
- conserving bio-diversity and genetic resources
- encouraging social forestry
- encouraging people's participation in forest management and generation of employment to rural poor
- Compensatory Afforestation

3.4.3 Organisational set up

Principal Secretary to Government in the Secretariat is responsible for the administration of the Forest Department. Principal Chief Conservator of Forests (PCCF) is the Head of the Department and is responsible for the administration and co-ordination of the work of four Additional PCCFs and 20 Chief Conservators of Forest (CCFs). There are 30 Conservators of Forest (CFs) and 105 Divisional Forest Officers (DFOs)/Assistant Conservators of Forest (ACFs), who are in-charge of territorial, wildlife, social forestry and flying squad divisions. In addition, there are two training institutions.

3.4.4 Audit objectives

Audit review was intended to study

- Financial management
- Programme management
- the quality of the department's work/expenditure
- manpower management
- internal audit

3.4.5 Audit coverage

The functioning of the Department during the period 2001-2004 was reviewed in audit (April-June 2004) through a test check of records at Secretariat and in the offices of the PCCF, 6 Circles⁴³ and 34 Divisions⁴⁴ as also in Forest Academy at Dulapally in Hyderabad. The findings are presented in the following. The views of the Government have been considered and included at appropriate places in the review.



⁴³ Anantapur, Adilabad, Kurnool, Khammam, Rajahmundry, Visakhapatnam

⁴⁴ 19 Territorial Divisions - Anantapur, Adilabad, Bhadrachalam (North), Bhadrachalam (South), Chittoor (West), Chittoor (East), Eluru (WLM), Eluru (T), Kakinada, Khammam, Kurnool, Narsipatnam, Paloncha, Rajahmundry (WLM), Rajampet (WLM), Srikakulam, Siripur Kagaz Nagar, SS Tirupati and Visakhapatnam

15 Planning and Extension Divisions - Adilabad, Anantapur, Chittoor, Eluru, Guntur, Kakinada, Karimnagar, Khammam, Kadapa, Nellore, Ongole, Srikakulam, Vijayawada, Visakhapatnam and Vizianagaram

Financial Management and Control

3.4.6 The Department implements State Plan schemes, Central Schemes, Centrally Sponsored Schemes (CSS) and Externally Aided Projects (EAP). Funds received from GOI are credited to government account and all expenditure is incurred using the budget allotment made by the legislature. The important schemes undertaken during 2001-04 with assistance from external agencies/GOI are given below:

Name of the scheme	Source	Amount (Rupees in crore)					
		2001-02		2002-03		2003-04	
		Received	Spent	Received	Spent	Received	Spent
AP Community Forest Management	World Bank	0.65	1.24	17.33	8.48	128.38	119.85
Rural Infrastructure Development Fund	NABARD	87.25	86.12	63.75	46.36	76.50	64.10
River Valley Project	GOI	5.22	5.50	5.46	5.34	6.06	6.28
Project Elephant	GOI	0.50	0.45	0.45	0.45	0.55	0.47
Compensatory Afforestation Scheme	State	13.79	7.87	5.00	4.12	4.00	3.55

Budget provision and expenditure during the period 2001-04 were as follows:

(Rupees in crore)

Year	Original Budget		Supplementary Budget		Total		Actual expenditure		Excess (+)/ Savings (-)	
	Plan	Non-plan	Plan	Non-plan	Plan	Non-plan	Plan	Non-plan	Plan	Non-plan
2001-02	141.61	105.23	41.50	0.06	183.11	105.29	118.34	102.39	(-)64.77	(-)2.90
2002-03	152.46	109.70	27.71	1.55	180.17	111.25	99.55	108.70	(-)80.62	(-)2.55
2003-04	246.58	106.38	--	--	246.58	106.38	200.97	121.79	(-) 45.61	(+)15.41
Total	540.65	321.31	69.21	1.61	609.86	322.92	418.86	332.88	(-)191.00	(+)9.96

The large savings under Plan were attributed by the Department to non-release of funds provided in budget, by the Government. During 2001-04 supplementary grants (Rs 69.21 crore) under Plan proved unnecessary as the original grants (Rs 540.65 crore) were not spent fully. This indicated that supplementary grants were not assessed realistically.

3.4.7 Failure to surrender savings

According to the Andhra Pradesh Budget Manual, all savings should be surrendered before 25 February each year. During the years 2001-04, the PCCF surrendered the savings of Rs 191 crore under Plan in the last week of March leaving no time to the Finance Department for alternative use of the funds. Government attributed (October 2004) the delay to the non-release of funds for the fourth quarter. However, the fact remained that surrender of funds was not made by the due date.

Programme Management

The Department has taken up various programmes to develop forest growth, sanctuaries, employment for the rural poor and forest dependent communities. A review of the programme management revealed encroachment of forest areas, doubtful utility of seedlings and loss of employment, as brought out in the succeeding paragraphs.

Conserving and improving the existing forests

3.4.8 Encroachment of forest areas

According to the PCCF the area under encroachments in forest as on 1 April 1997 was 3,27,750 ha. While the encroachments were appreciably reduced to 2,76,852 ha, as at the end of 31 March 2004, further concerted efforts are necessary to solve the problem of encroachments.

3.4.9 Improper maintenance of Plantation Journals

Each Range Officer has to maintain records of each plantation raised by him in a journal which contains columns for recording planting and pre-planting operations, growth of plantations with survival percentage, observations of the range officers and the inspecting officers. In the territorial divisions at Khammam and Bhadrachalam (South), Audit observed that maintenance of the journals was improper and incomplete. This indicated that the plantations were never inspected. Reply of the DFOs that the Forest Range Officers could not post the columns in the journals owing to heavy workload cannot be accepted as Plantation Journal is the only proof of the condition of the plantations raised.

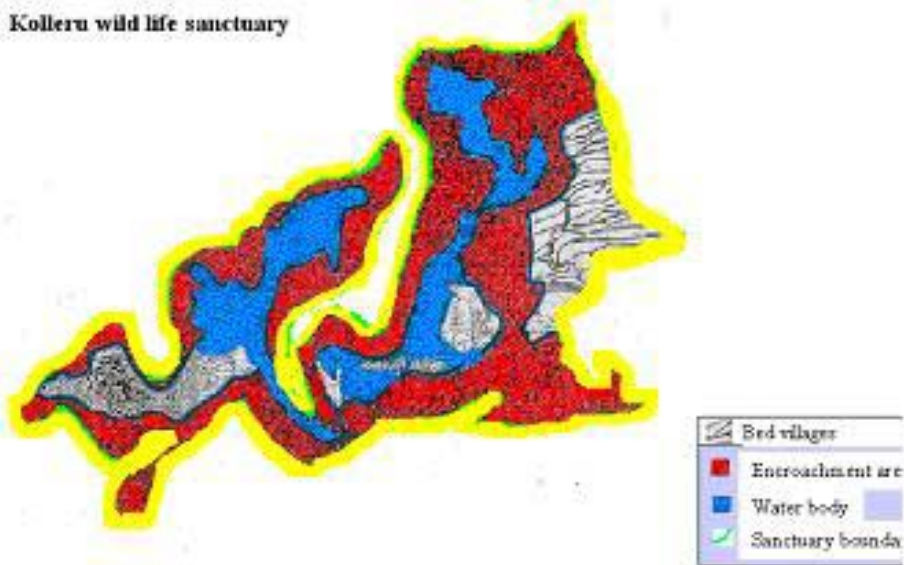
Government replied (October 2004) that the omissions in the journals pertaining to the divisions pointed out were since supplied. However, it needs to be ensured that all the Forest range officers maintain the journals correctly and inspections are conducted to record the condition of the plantations.

Conserving bio-diversity and genetic resources

3.4.10 Non-eviction of encroachments in wildlife sanctuary

Encroachments in Kolleru Lake led to deterioration of quality of water and decline in fish and bird population

With a view to conserving the Eco and Bio systems of Kolleru lake, Government by a notification declared (October 1999) an area of 77,138 acres of the lake in Krishna and West Godavari Districts as a wildlife sanctuary. There were large-scale encroachments in the area. The Notification provided for eviction of all illegal occupants



and acquisition of all private lands inside the sanctuary and denial of permission for formation of new tanks for pisciculture. It was seen that the encroachment in government land had gone up from 27,910 acres to 35,721 acres as of April 2004. The area under fish tanks had gone up from 22,549 acres to 37,351 acres as of April 2004. The quality of water in the lake deteriorated resulting in decline of fish and bird population. Discharge of effluents into supply channels of Kolleru lake continued.

Government stated (October 2004) that eviction of encroachment would necessitate payment of compensation and alternative land for the dispossessed persons. Government also stated that encroachment in Government land had come down to 32,535 acres as of August 2004 and that an action plan for management of Kolleru was under process.

3.4.11 Delay in taking up improvements to sanctuary

Improvements to a sanctuary area was not taken up though required amount of Rs 4.61 crore was deposited by the beneficiary

In September 1994, GOI approved diversion of 560 hectares of forest land to the erstwhile Andhra Pradesh State Electricity Board (APSEB) for laying of 400 KVA transmission lines from Srisaïlam to Hyderabad, Srisaïlam to Kurnool and Srisaïlam to Vijayawada. The user agency was to deposit Rs five crore in 6 instalments for carrying out improvements to sanctuary through which the transmission lines passed. Accordingly the APSEB deposited Rs 4.61 crore by November 2003 with the concerned four forest divisions⁴⁵ between February 1998 and November 2003. However no improvement to the above sanctuary was done as of October 2004 and the amount remained unutilised. Government replied (October 2004) that the work could not be commenced because the APSEB did not deposit the full amount. Reply is not tenable inasmuch as the improvement could be done in phases using the available funds.

Social Forestry

3.4.12 Doubtful survival of seedlings distributed

Due to lack of proper monitoring, the survival of 11.33 crore seedlings raised at a cost of Rs 19.34 crore could not be established

Social Forestry programmes have been launched with the objective of providing tree consciousness among public by growing trees or wood lots on the village community lands, tank foreshores, roadsides and railway lines. The programmes, *inter alia*, contemplated distribution of seedlings to public, free of cost. These programmes were implemented largely with the funds made available by the District Collectors.

During the period 2001-04, the DFOs of 15⁴⁶ social forestry divisions spent Rs 31.39 crore on 18.39 crore seedlings. The DFOs distributed 11.33 crore seedlings (cost : Rs 19.34 crore) to Gram Panchayats, Mandal Parishads, schools, hospitals, social organisations and private individuals. However, there was no mechanism in the Forest Department till November 2003 to monitor the survival of the seedlings so distributed or to assess the raising of plantations. As a result, proper utilisation of the seedlings raised at a cost of Rs 19.34 crore and achievement of the intended objectives could not be established.

⁴⁵ Wildlife Management Divisions, Achampet, Atmakur, Markapur and Nagarjunasagar

⁴⁶ Adilabad, Anantapur, Chittoor, Eluru, Guntur, Kadapa, Kakinada, Karimnagar, Khammam, Nellore, Ongole, Srikakulam, Vijayawada, Visakhapatnam, Vizianagaram

People's participation in forest management

3.4.13 Failure to generate employment

The RIDF VI - SMC was taken up during the period 2000-02 with financial assistance from NABARD. The project envisaged digging of continuous contour trenches, staggered contour trenches, check dams, percolation tanks as also vegetation measures following the concept of watershed management. The project aimed at generating employment to the rural poor by engaging labour for excavation of earthwork. The labour component was 80 per cent of the project cost, according to the Project Appraisal Report.

Execution of trench works with machines resulted in loss of employment equivalent to 6.76 lakh mandays

Scrutiny revealed that during the period 2000-02 five⁴⁷ divisions executed trench works of the value of Rs 4.23 crore by machines. As a result employment equivalent to 6.76 lakh mandays was denied. Reply of the Government (October 2004) that the work was executed by machinery for quick achievement of targets was not tenable, as the objective to generate employment was defeated.

Compensatory Afforestation

According to the Forest (Conservation) Act, 1980, the user agency to whom forest land is transferred for non-forest purposes should, in addition to making available equivalent non-forest land to the forest department, deposit with the latter, the estimated cost of raising compensatory afforestation (CA) in the said non-forest land.

11027.31 ha of forest land was made over to user agencies without receiving the deposit

3.4.14 Non-receipt of deposit amount from user agencies

As against Rs 31.93 crore payable by nineteen user agencies towards CA in lieu of forest land of 11,027.31 ha alienated between 1982 to 2002, Rs 2.39 crore were yet to be received from them.

Funds not released by Government for Compensatory Afforestation

3.4.15 Non-release of funds for CA schemes

In order to avoid abnormal delays in implementation of the CA schemes, GOI issued instructions (July 1986) to all States for creation of a Special Fund to which the user agency should deposit the amount for CA. The department concerned should fully utilise the amount and keep a separate account thereof.

Accordingly, State Government issued orders in August 1993 for crediting the deposits received from user agencies to the Government account and to include an equivalent amount in the budget proposals of the next year, which would be utilised for CA schemes by keeping it in a non-lapsable fund.

⁴⁷ Territorial Division, Chittoor East; Territorial Division, Chittoor West; Territorial Division, Narsipatnam; Territorial Division, Srikakulam; Territorial Division, Vizianagaram

An amount of Rs 64.65 crore was realised from user agencies between September 1981 to March 2003 for taking up CA schemes in 21,568.38 ha of non-forest land; but it was observed that afforestation was done only in 17,644.75 ha at a cost of Rs 50.43 crore. PCCF stated that afforestation was not taken up in the remaining 3923.63 ha since funds were not released by Government. Non-implementation of CA would defeat the objective of minimising the adverse impact caused by release of forest lands for non-forest purpose.

Quality of department's work/expenditure

3.4.16 Payment for works without check-measurement

For execution of works, advances are drawn by the Forest Range Officers (FRO) by submitting fund applications to the DFOs. The advances so drawn are in turn disbursed by the FRO to his subordinates (Section Officers), who are to measure and record the work executed in Measurement Book before making payment. According to the AP Forest Department Code no bill shall ordinarily be passed for payment without the entries in the Measurement Book having been check-measured by the FRO. The underlying idea of check-measurement is to ensure that the work executed is in accordance with the specifications and there are no defects or deficiencies in the work executed.

Test-check in four Divisions revealed that payments aggregating to Rs 17.09 lakh were made for 146 works by the Section Officers without check-measurement during 2001-04. Proper controls did not exist at the level of FROs and the DFOs to ensure the adherence to the codal provisions in this regard. Failure to check-measure the works recorded in Measurement Book before making payment would give scope for misappropriation.

Government replied (October 2004) that due to heavy work load the check-measurements could not be done before making payment in those cases. Government also stated that all these works had since been check-measured by the respective officers and no irregularities were noticed in execution. The check-measurement should have been done before making the payments to avoid any misappropriations/excess payments.

The heavy work load cannot also justify dispensing with check-measurement.

3.4.17 Payments made for works not executed

DFOs should ensure that the vouchers received in adjustment of the advances paid to Forest Range Officers are accompanied by full details such as reference to the Measurement Book in which the

**Misappropriation
of Rs 23.22 lakh**

work executed was recorded and date of check-measurement, before the expenditure is incorporated in divisional accounts. The SDFO, Giddalur, who conducted physical inspection of the works of Giddalur Forest Division at the instance of Conservator of Forest, Guntur concluded (February 2003) that the works on which an expenditure of Rs 23.22 lakh was booked by four officers between May 2001 and September 2002 were not actually executed. He confirmed that the vouchers submitted by them were bogus. The enquiry also revealed that the works on which expenditure was charged were not even recorded in the Measurement Book. Nevertheless the vouchers were admitted and advances adjusted by the DFO. The failure of the DFO, Giddalur to carry out the necessary checks on the vouchers before admitting them made the misappropriation possible.

On the instructions of Government (March 2003), the PCCF submitted proposals to Government in January 2004 to refer the case to the Commissioner of Enquiries (COE). The matter was not referred by the Government to COE as of October 2004.

3.4.18 Excess payment due to adoption of incorrect rate

PCCF instructed (May 2002) that for all SMC works and other civil works, the Standard Schedule of Rates (SSR) of Irrigation/ Roads and Buildings Department should be adopted. Notwithstanding these instructions, the Zonal Committee (chaired by the CF, Visakhapatnam) responsible for the preparation of the Forest Schedule of Rates (FSR) of the Visakhapatnam Zone, incorporated a specific rate of Rs 4.20 per RMT (Rs 37.33 per cum) in the FSR for earthwork excavation in Hard Gravelly (HG) soil. The rate for this item in the SSR of Irrigation Department of Visakhapatnam circle was Rs 29 per cum. In the estimates for 130 works sanctioned by the DFO, Visakhapatnam the higher rate of Rs 37.33 per cum contained in the FSR was adopted for excavation in HG soils.

Non-adoption of SSR of Irrigation Department for earthwork excavation resulted in excess payment of Rs 14.14 lakh to contractors

Adoption of higher rate in the execution of 1.46 lakh cum of earthwork in HG soils resulted in excess payment of Rs 14.14 lakh. The DFO and the CF, Visakhapatnam replied that the works were carried out in hard disintegrated rock (HDR) and not in HG soils. Government stated (October 2004) that the matter was under investigation. The reply of DFO was untenable, because the estimates clearly stated that the works were to be executed in HG soil. Further, it was seen from the Measurement Books and the divisional works register that the nature of soil where the actual works were executed was HG soil. There was no record to show that the works were executed in HDR as contended.

Manpower Management

It was noticed that the sanctioned strength of staff including Forest Range Officers, Forest Section Officers in respect of four⁴⁸ test-checked circles as per the records of the PCCF was at variance⁴⁹ with the data collected by Audit from those circles. Further, there were no precise norms to determine the staff required based on the level of activity in the Divisions. The PCCF stated that the staff strength was based on experience and various factors affecting the protection and regeneration of forests.

For proper and timely implementation of various schemes/programmes, the staff position at various levels is to be monitored by the Head of Department (HOD) and updated from time to time. This enables the HOD to ensure that the men in position do not exceed the sanctioned strength and also to deploy the staff to Divisions as needed. Training programmes are also to be arranged by the HOD to improve the working skills of the staff.

3.4.19 Inadequate Manpower

There was no increase in the staff commensurate with the activities

AP Community Forest Management Project (2002-07) with loan assistance of Rs 653.97 crore from the World Bank is a major project being implemented by the Department. Other important schemes in the recent years included NABARD assisted RIDF-V, VI and VIII. While the implementation of these projects necessitated additional staff, Government ordered in August 2002 abolition of 748 existing posts (Permanent : 694, Temporary : 54) of Forest Section Officers, Forest Beat Officers and Junior Assistants. Execution of major projects without adequate manpower could lead to dilution in controls to ensure adherence to the specifications and guidelines. Accumulation of arrears in internal audit, increase in encroachments in the wildlife sanctuary at Kolleru lake and other forest areas as well as poor maintenance of important initial records, as commented elsewhere in this review were attributed by the Departmental Officers to heavy workload. In reply Government stated (October 2004) that they had accorded permission in October 2003 to fill up the 1510 vacant posts of Forest Range Officers, Forest Section Officers, Forest Beat Officers, Assistant Beat Officers and other ministerial staff in a phased manner and that action was being taken to fill up the vacancies.

⁴⁸ Adilabad, Anantapur, Khammam, Rajahmundry

⁴⁹ Forest Range Officers (142- 103); Deputy Range Officers (132- 106); Forest Section Officers (499- 488); Forest Beat Officers (1113-1124); Assistant Beat Officers (616- 680)

Forest receipts

3.4.20 Receipts of the Department include the amounts realised by way of compounding fees collected from the forest offenders, sale proceeds of illicitly felled/confiscated forest produce, sale proceeds of beedi leaf, red sanders, bamboo and other minor forest produce, sale of tickets for entry into zoological parks, licence fee from saw mill owners. The estimated receipts vis-à-vis the actual receipts of the Department during the period 2001-04 were as under.

(Rupees in crore)

Year	Budget estimates	Actual
2001-02	99.75	46.20
2002-03	117.23	71.10
2003-04	85.94	92.95

Observations of Audit on the performance of the Department in relation to receipts from forest offenders and sale of forest material are contained in the Report of the Comptroller and Auditor General of India for the year ended 31 March 2004 (Revenue Receipts).

The audit comments in that Report include the following:

- Failure of the Department to prevent illicit felling of forest produce valued Rs 21.72 crore.
- Loss of revenue of Rs 1.07 crore due to irregular compounding of forest offences.
- Non-transportation of confiscated material valued Rs 2.06 crore to Government Timber Depots that led to their decay.

The irregularities noticed during a test check of other receipts are discussed below.

3.4.21 Use of receipts for maintenance of Zoos

Curators of three zoological parks spent Rs 2.05 crore out of the departmental receipts

All receipts of Government are to be credited to the Consolidated Fund of the State. Nevertheless, Audit noticed that receipts aggregating to Rs 4.19 crore during the years 2002-04 from sale of tickets for entry into three Zoological parks⁵⁰ were credited by the respective Curators to the account head 'Deposits', wherefrom they incurred an expenditure of Rs 2.05 crore on maintenance and development of the zoos.

Government in the Finance Department issued instructions (May 2002) directing all the departments to credit the user charges to the Consolidated Fund against the relevant receipt head.

⁵⁰ Nehru Zoological Park, Hyderabad, Sri Venkateswara Zoological Park, Tirupati, Indira Gandhi Zoological Park, Visakhapatnam

Government in EFS&T Department stated (October 2004) that use of departmental receipts for maintenance of zoos was permitted by the Administrative department in December 2000. The contention is not tenable because Finance Department orders of May 2002 dispensed with the system of crediting user charges to Deposit account.

Arrears in Internal Audit

Internal Audit was in arrears; only 24 units were covered out of 146

3.4.22 Internal Audit aims at safeguarding against errors/recurrence of irregularities in operational and financial matters, besides ensuring sound accounting and financial reporting.

It was noticed that internal audit was not conducted regularly in the Department. While 146 units were to be audited during the year 2003-04, internal audit was completed in respect of 24 units only. The position of arrears in internal audit in respect of three test-checked circles⁵¹ during the last three years was as under:

Year	Number of units		Arrears
	to be audited	audited	
2001-02	47	25	22
2002-03	45	16	29
2003-04	45	10	35

It was observed that only procedural irregularities were included in the Internal Audit Reports. In particular, the failure to conduct check-measurement of works (para 3.4.16 refers) was not brought out in Internal Audit.

Government replied (October 2004) that the arrears in internal audit would be cleared by March 2005.

3.4.23 Conclusions

Budgetary and expenditure control in the Department was deficient. There were abnormal delays in the implementation of Compensatory Afforestation schemes. There was gross neglect of procedures in relation to recording of works in the Measurement Book and check-measurement of works. Primary audit checks were not exercised by DFO on the vouchers received from the Range Officers. There was no increase in staff commensurate with the increased activities. Department failed to arrest encroachments in the wildlife sanctuary at Kolleru Lake.

⁵¹ Anantapur, Khammam, Visakhapatnam

3.4.24 Recommendations

- Check-measurements must be conducted before payment in all cases, and quality of work must be ensured.
- Government should speed up the action plan for management of Kolleru to minimise the adverse impact of pisciculture on the bio-diversity.
- Internal audit wing needs to be strengthened for regular conduct of internal audit and to avoid financial irregularities.

HOME (Police)/INFORMATION TECHNOLOGY AND COMMUNICATIONS DEPARTMENT

3.5 Information Technology Audit of eCops – an e-Governance initiative by Government

3.5.1 Introduction

Objective

The Director General and Inspector General of Police proposed (March 2000) to take up a comprehensive project of computerization of the Police Department at a cost of Rs 96.63 crore. This was with a view to build an improved information infrastructure to enhance the operational efficiency at all levels of the Police Department. The Project was to be implemented in phases; first phase was to cover all District Police Offices, all Police Training Colleges, all AP Special Police Battalions, and all Police Stations within the jurisdiction of three Commissionerates and Srikakulam District. In the second phase it was proposed to cover all other units and functional offices spread over the entire State. The online police network was to be implemented as a pilot project at the Commissionerates of Hyderabad, Vijayawada, Visakhapatnam cities and the district of Srikakulam covering a total of 279 units at an estimated cost of Rs 12.33 crore. Of these, Rs two crore were allocated for the development of software, Rs 6.73 crore were for the supply and maintenance of hardware and Rs 3.60 crore towards support services to be provided by the vendor.

3.5.2 eCops, an online policing e-Governance project

The Inspector General of Police (Computer Services) (IG) is in charge of the development, implementation and maintenance of eCops Project. In eCops package, the fundamental functional document called First Information Report (FIR), which records basic details of crime reported in any police station, gets registered by the computer system located at the police station and a unique FIR number in sequence along with system's timestamp is allotted to each crime reported; once registered and confirmed through the package the FIR can not be changed or deleted. The system facilitates registration of a crime at any police station or at a superior officers' computer, irrespective of jurisdiction limits and the same gets transferred automatically through this package to the relevant police station under whose jurisdiction the crime has to be registered and pursued. Information on crimes and criminals, missing vehicles and persons, current status of any FIR is provided to the citizen through web-enabled facility. The system encompasses all the existing investigation processes and

maintenance of all registers; besides generation of monthly crime statements and other MIS related reports.

Audit of the eCops project revealed certain deficiencies such as segregation of duties not made, inadequate access controls, inadequate user account and password management, lacuna in network infrastructure, inadequate application and data entry screen design, input validation, errors in data, implementation of back-up and recovery, inadequacies in database administration, integration and interfacing.

3.5.3 Staff not trained for System administration

There was no specific technical-staff hierarchy to cater to the needs of eCops Project. The department did not assess and identify the personnel required for the project clearly defining roles and responsibilities of each staff member. The IG stated that the police department entered into an agreement with CMC for rendering support services which includes imparting training to the selected police personnel on eCops usage and system administration. At the police station level only two personnel were trained to perform duties of data entry, day-end operations and taking data backup which is inadequate for round the clock operation. The department was totally dependant on CMC for Data Base Administration (DBA)/ System Administration activities, as the sanction for IT personnel was still pending with Government. There was no well-defined segregation of duties in respect of reconciliation, issue of access rights or exception reporting.

3.5.4 Inadequate access controls

Comprehensive security policy not implemented so far exposing the package to security risks

The data related to the hardcore criminals, extremist, anti-social elements was collected and stored on the computers for the use of police personnel. Thus adequate security policies and procedures should be drawn up and adopted to prevent data losses. However it was observed that comprehensive security policy was yet to be established and implemented in eCops. The operational users have access to tools like SQL plus which exposes database to unwanted elements, posing a serious threat to data security. The IG replied that access to SQL plus utility will be removed in future after complete stabilization of the system. The computer terminals were not located under suitable controlled facility, and since they store critical data, the access to the systems should be restricted to authorised persons only. In view of the sensitivity of the data and functionality, the department should have considered the option of implementing an exclusive security and access control software. Use of dial-up connections through modem in the project from police station to other systems enhances security risks. In the absence of any additional security measures for authorisation of user IDs (excepting oracle's default encryption), and application

authentication, security of eCops is in jeopardy. Besides, for most of the logins there were no corresponding logout recorded in the user log files indicating that application did not insist for proper logout. This would give scope for manipulation or misuse of data or database objects.

3.5.5 Inadequate user account and password management

Only one default application user widely used across all units despite the provision for creation of individual users

It was observed in audit that only one default application user was widely used across all the units within the department, despite the fact that the package provides for creation of individual users with definite roles and passwords. Default profiles created were used for all non-default users, which may give them scope to misuse privileges granted through default user profile. There was no well-defined password policy either for application, database or for operating system. It was observed that logical access controls were weak, exposing the system to serious risks of data manipulation. Password mechanism should provide for (i) changing the password by the users on their own before the expiry of a specified period; if this procedure is not followed, the system should not allow the user to perform his/her role (ii) automatic disconnect option if the user is not making use of the system continuously for a specified period of time. However no such controls were there in the system. Even the history of used passwords was not being maintained.

3.5.6 Lacuna in Network Infrastructure

Networking infrastructure is the lifeline of any modern IT infrastructure that is widely spread across many geographical locations. In rural areas the analog telephone systems used had snags which lead to failure of data transfer. The power transmission lines affected the telephone lines causing excess voltage at the routers and consequent damage. Since this was a recurring problem the department implemented a temporary solution by installing Analog RAS box, which is capable of withstanding excess voltage. The department in its reply stated that the BSNL authorities have been requested to maintain their telephone lines properly.

It was observed in audit that only the network-operating firm⁵² has control over network operations of eCops; and only selected few from AP police have been trained in Network Administration. There were no online monitoring tools on any system in the network or no mechanism existed to analyse protocols essential for ensuring network security. There were no specific network security measures adopted except for software firewalls and anti-virus gateways.

⁵² M/s Pioneer online private limited

3.5.7 Inadequate data entry screen design

Data entry screens did not provide for data flexibility

It was observed in audit that the data entry screens were not adequately designed to ensure capturing the essential data completely. The screens did not provide for flexibility for entering uncommon data. The system was also accepting technically or functionally non-feasible values in several input fields. The drop down list provided for certain fields contains irrelevant items. The search facility provided in some of the screens was not effective.

3.5.8 Effectiveness of the package

Except for registration of FIRs other important functional documents not maintained for many cases

The department had not conducted any evaluation of the effectiveness of the application through key parameters like response time, ease of interaction with system, completeness of the data, availability of information and help facilities. It was observed that in many cases except registration of FIR, other important documents like case diary, duty roster or chart, general diary, history sheets, rowdy sheets and suspect sheets were not maintained in system. Even daily status reports were not being generated through system. Though it was envisaged in the objectives of eCops that status of any FIR registered in any police station could be known through the Internet, this had not been implemented fully. Also most of the important fields were designed as non-mandatory; therefore the tables portrayed an incomplete picture. The very fact that 45 per cent of the transaction tables in the package and 58 per cent of the eCops related tables were with nil rows indicated that most of the functional data which is supposed to be captured into the package was not entered at all. The Consultancy firm observed that the potency of the package in supporting crucial functions was severely compromised due to reluctance of IOs and SHOs to readily supply information to update case records.

3.5.9 Input Validations

The input validations in the eCops package were inadequate. Some instances noticed in Audit are - there was no validation for checking the age input and the system was accepting occurrence time that is later than the time of FIR registration. The system accepted junk data in master tables, as well as in important fields. Though the system takes 'system date' as 'FIR date', there is a possibility of changing the system date and generating FIR for past or future date. The department in its reply stated that these would be attended to in the next version of the project.

3.5.10 Errors in data

There are FIRs without confirmation flags in the database although as per the business logic of eCops all FIRs should have confirmation flag. Non-confirmation of any FIR leaves scope for manipulating

them unauthorisedly as there was no specific trail on this information at any level. The Department replied that in the initial stages for building up acceptance of eCops by the users, relaxation in this matter was given. Facility was however provided in the software at DCP level for obtaining exception report of '*not confirmed FIR Nos*'. In the table containing terrorist description, there were non-terrorist items such as BJP, CPI and Bank officials. Out of 4014 records checked by Audit in the accused address details table, in 433 records the house number was left blank and in 752 records the house number values were duplicates or repetitions. In the table of accused details, out of 471 records checked the age was recorded as ZERO in 92 cases. In the table containing general diary of police station, it was found that there were more than 120 records out of 9996 records, which contained xxx as the entry in particulars column. The department replied that the errors pointed out would be rectified suitably in future versions.

3.5.11 Backup and recovery strategy planning and Implementation

The assets were not classified based on risk perception; in fact even the risk assessment itself was not properly done. Adequate alternative arrangements for continuing the activities in the absence of key personnel (both CMC as well as departmental personnel) for any reason were not in place. It was observed that backup was taken in the form of export files only and cold backup and OS backup was not taken at the police station. Testing of RAID technology implemented at Commissioner office/IG was not done periodically. There was no archive log at police station. Since databases at all the Police Stations were maintained only on single hard disks, the risk of losing important data looms was large. The recovery strategy did not comprise periodical test recoveries.

3.5.12 Shortcomings in log file management

No mechanism to backup the logs and document the 'rectification means'. The department is fully dependent on CMC for maintenance

Log files are very important to retrace the history of transactions. There was no documented procedure for maintenance of various log files and even for changes/modifications to the database. Though there was an inbuilt viewer utility for review of OS level log, no specific person had been identified to review these logs. Procedures of rectification measures were not documented. When this was pointed out the department replied that they have recently introduced the practice of maintaining the error logs on CDs. The responsibility of analysis of error logs was still with CMC and escalation of problems to the development team or support personnel was done by CMC only. There was no reporting mechanism to review the log files that monitor the activities of all the users. It was also observed that the system logs, database default logs and core dumps were not being resized from time to time both at

commissionerates as well as police stations. In the absence of such resizing activity at periodical intervals there was an imperative danger of database crash or even operating system crash.

3.5.13 Training

To familiarize the staff in operating the computer systems the department invited quotations to train police personnel, without explicitly mentioning any course requirements, on the plea that the project has to be rolled out by the stipulated date. During the course of training certain staff was withdrawn from training reportedly due to exigencies of work. After the basic training, the eCops end user training was imparted by CMC. The consultancy firm making cost benefit analysis observed that more than 55 per cent of PS officers did not even attend the two days eCops training in Hyderabad City. It was also observed that trained personnel were either transferred or diverted to other duties and untrained persons were posted to handle the computers. The consultancy firm also observed that about 30 per cent of those trained in Hyderabad were transferred to duties which did not involve the use of computers, such as traffic constables. Since the success of the package lies on the users, the functional officers should be periodically trained and the senior supervising officers should effectively monitor the training programmes.

3.5.14 Inadequacies in data base administration

There is a possibility to misuse the privileges granted through default user profile. No control to check and evaluate crucial database logs

It was observed that police stations, where functional data actually gets generated and stored did not have technically competent personnel to manage/administer the data. Though there were system Administrators trained to support police stations, their strength was inadequate to cater to the needs. It was observed that default database passwords for SYS and SYSTEM were not changed due to which databases were exposed to alteration and deletion by unauthorised persons. All data files including users and system table space files were located on the same Hard Disk. Also all copies of control files were located at same location in the same hard disk. There was no control in the system to check and evaluate crucial database logs such as alert logs and trace files of the database system; only application logs and network logs were periodically reviewed. It was also observed that database had many invalid objects; IG replied that these have since been rectified.

3.5.15 Lacuna in reports and forms

It was noticed by Audit that some of the queries provided in the package failed to show the required data in spite of the fact that qualifying rows existed in the database. When a particular FIR

number or name is entered, the details of the accused would not appear, as they should.

3.5.16 Conclusions

Audit of this e-Governance project to improve the efficiency and transparency in policing indicated mixed results in its implementation. The project suffered from serious security lapses, improper input validations, failure to elicit cooperation and acceptance at various levels. The plans of integrating and interfacing with all functionally related departments like hospitals; prosecution, judiciary and jails have not yet taken off. This falls significantly short of the objectives envisaged. eCops if implemented in its full form across the State has potential to improve the quality of policing significantly.

3.5.17 Recommendations

- Government needs to rectify the deficiencies so as to ensure that the outputs are accurate.
- Government should increase the efforts to make the project acceptable by the users by making functional heads responsible.

The above points were referred to Government in October 2004; reply had not been received (October 2004).

EDUCATION/INFORMATION TECHNOLOGY AND COMMUNICATIONS DEPARTMENT

3.6 Implementation of Computer Education project in secondary schools

3.6.1 Introduction

State Government launched (November 2001) a project to impart computer education in the classes from VI to X in 1000 schools⁵³ in the State with Eleventh Finance Commission grants and funds from the cess on Excise collected by the Government. The implementation of the project was entrusted to three firms at a cost of Rs 228 crore for a period of five years, 2002-07 on Build, Own, Operate and Transfer (BOOT) basis. As of March 2004, expenditure of Rs 68.46 crore were incurred on the project.

Test-check of the records relating to the implementation of the project for the period 2001-04 was conducted in the offices of SPD⁵⁴, AP Technological Services and three DEOs (Anantapur, Nalgonda and Nellore); 29 schools (out of 151 schools in the three districts) where the programme was implemented. Scrutiny revealed incorrect selection of firms, improper selection of schools, several deficiencies in implementation; avoidable extra cost and undue benefit to firms as brought out in the succeeding paragraphs. The minimum hours of hands-on computer sessions per student was not specified in the scheme. As a result, the average hands-on session in the test-checked residential schools ranged between three to 50 minutes per student per week, while it was between three to 16 minutes in day schools.

3.6.2 Incorrect selection of firms/avoidable extra cost

The Department did not prepare any Project Report at all. Tenders were invited in June 2001 for outsourcing the programme even before obtaining the administrative sanction (November 2001). Three firms (NIIT, APTECH, EVERONN) were selected by MD, APTS for the project and contracts were awarded to them June/July/September 2002 for 663, 154 and 183 schools for contract values of Rs 155.09 crore, Rs 33.96 crore and Rs 38.94 crore respectively, payable in 10 equal (half-yearly) instalments.

⁵³ out of over 12000 secondary schools (Zilla Parishad, Residential (Social Welfare/Tribal Welfare), Municipal and Government schools)

⁵⁴ State Project Director, District Primary Education Programme

Scrutiny revealed that the conditions stipulated in the original tender document were modified through an amendment after the prebid conference. The 43 modifications made included (i) deletion of several penal clauses (ii) reduction in number of websites to be developed (from one thousand to eight) (iii) revision of hardware and software specifications. The tender documents stipulated that the bidders should have at least 50 instructors with required qualification under their control and at least 10 training centres in the State. It was, however, noticed that NIIT and APTECH did not fulfill the required criteria for selection. The Managing Director (MD), APTS, while accepting the contention of audit, stated that it was decided to consider the bids of all firms to ensure more competition, as only few bidders qualified on the basis of pre-qualification criteria.

Due to award of contract to second lowest bidder there was an avoidable extra cost of Rs 2.04 crore

Further, the rates quoted by NIIT⁵⁵ for one of the groups⁵⁶ 'B' was Rs 4.35 crore per half year, as against Rs 4.15 crore quoted by ECIL (a Government of India undertaking). Yet the contract was awarded to NIIT (second lowest), though ECIL was otherwise found eligible. No reasons were on record for the incorrect selection. This resulted in an avoidable extra cost of Rs 2.04 crore for the project period of five years. The Secretary to Government stated (October 2004) that the quotation of the NIIT was accepted as it was the lowest. The reply is not tenable because the rate inclusive of taxes⁵⁷ quoted by ECIL was the lowest compared to that of NIIT.

3.6.3 Deficient selection of schools

Schools without adequate infrastructure were selected

The Commissioner, School Education instructed all District Collectors to identify schools with leak-proof room space and with three-phase power connection for locating the computers. Simultaneously, in the tender notice of June 2001 selection of schools was left to the bidders (from among 3808 schools short listed), with a stipulation that at least one school has to be selected from each mandal and all the residential schools should be covered. The result was that of the selected schools, 49 schools had no power, 743 schools had no three-phase power connection, and 100 schools had no telephone connection. The SPD did not review the availability of infrastructure in the selected schools. Audit observed that in two schools⁵⁸ in Nalgonda District the computers were not unpacked till October 2003 for want of space to install them.

⁵⁵ APTECH and EVERONN did not tender for group 'B' districts viz., East Godavari, Krishna and West Godavari

⁵⁶ districts clubbed into groups

⁵⁷ ECIL : without tax - Rs 4.08 crore, with tax – Rs 4.15 crore, NIIT : without tax – Rs 3.86 crore, with tax – Rs 4.35 crore

⁵⁸ Gandhinagar, Nandipadu institutions

Undue benefit of Rs 57.31 lakh to firm (NIIT)

The programme could not be commenced in the 49 schools (in seven districts⁵⁹) that had no power until power connection was given in October 2001. However the department paid the agreed amounts in full without making any deduction for the period of non-implementation in the 49 schools; the undue benefit to the firm was Rs 57.31 lakh.

3.6.4 Internet access not provided as envisaged

Internet services were not provided in 100 schools for over two years

The tender document stipulated provision of a minimum of 200 hours of internet access per annum in each school. The clause was, however, not incorporated in the agreements. Though the firms themselves selected the schools, the internet facility was not provided in 100 schools as of October 2004 on the plea that there was no telephone connection. Thus, the exposure to internet services was denied to students. In all of the 15 schools test-checked by Audit in Nalgonda District the firm provided internet access to students for only about 70 hours a year on an average.

3.6.5 Undue benefit to the firms which did not develop websites

Websites were not developed by the firms as envisaged. Undue benefit to the three firms : Rs 46 lakh

The agreements with the firms stipulated that a separate website for each group of districts should be developed and hosted to provide information about the schools in that group. It was noticed that none of the eight websites required had been developed as of January 2004. In the absence of penal provision in the agreement, the department released agreed instalment amounts without any deduction for not developing website, thus conferring an unintended benefit of Rs 46 lakh to the three firms. The Secretary stated that the websites were launched in the year 2002-03 itself. The reply was not correct as revealed from the minutes of the review meeting held in January 2004, which confirmed that the firms did not develop websites for their groups as of that date. Even as of October 2004, the firms EVERONN and APTECH did not develop separate websites for the project as envisaged in the agreement.

3.6.6 Deficiencies in implementation

Identical course material was provided to the students of 8th and 9th classes during 2004-05 and to students of 7th and 8th classes during the year 2003-04 although the syllabus incorporated in the agreement for these classes was different. This implies that the students repeated the course in the higher class.

⁵⁹ East Godavari (1), Khammam (11), Kurnool (5), Mahboobnagar (17), Nizamabad (3), Warangal (10) and Srikakulam (2)

Audit scrutiny in three districts - Anantapur, Nalgonda and Nellore *inter alia* revealed the following deficiencies in implementation.

Anantapur

- In all the four schools test-checked, NIIT imparted training to private persons after school hours. As per the agreement, for use of the infrastructure by the firms for their regular business outside normal school hours, it has to pay a nominal monthly rent of Rs 1000 through the Headmasters. However, the firm did not pay the rent due as neither the Headmasters nor the DEO were aware of this condition in the agreement.
- Instead of imparting computer education to all the 2100 students in two schools, the firm selected only 600 students in each school. As a result, 900 students were denied the benefit of computer education.

Nalgonda

- 38 out of the 106 teachers appointed by APTECH did not possess the requisite qualification for imparting computer education.
- Computer education was to be imparted for two periods of 45 minutes each per section per week. However, in 11 (out of 15) sample schools the computers were kept idle for 21 to 35 periods out of 48 periods in a week.

Nellore

- None of the 10 schools maintained internet log registers for 2002-03 and 2003-04. Neither system down time register nor complaint register was being maintained by the firms. As a result no deduction could be made for downtime in excess of 24 hours.
- In two residential schools (Chillakur and Naidupet) two of the twenty systems were being utilised for office work.
- In all the schools, the firm installed 2.5 KVA UPS systems for five computers, instead of 0.5 KVA UPS systems to each of the computers as per the agreement. As a result, any problem occurring in one UPS would affect the working of all the five computers.

3.6.7 Interest on mobilisation advance not recovered

Interest was not recovered on the mobilisation advance

Though the tender document did not envisage payment of any mobilisation advance, the same was included in the agreements entered with the firms. The three firms were paid mobilisation advance of Rs 7.26 crore⁶⁰ between July – October 2002. Though

⁶⁰ NIIT (Rs 5 crore), APTECH (Rs one crore) and EVERONN (Rs 1.26 crore)

mobilisation advance carried an interest of 12 per cent per annum, as specified in the government order, no interest was recovered, resulting in an unintended benefit of Rs 34.30 lakh (up to January 2003) to the three firms. The Secretary replied (October 2004) that the interest would be deducted while releasing the fourth instalment.

3.6.8 Conclusions

Though Government launched a good project to impart computer education to school children, its implementation suffered from lack of planning and monitoring, defective tendering, defective agreements with the implementing firms and defective selection of schools. The State Project Director failed to enforce the agreement conditions and passed on unintended benefits to the firms. Overall, the students did not derive the benefit as envisaged.

3.6.9 Recommendations

- The preparation and distribution of course material to students should be timely.
- The hands on time for students on computers should be increased.
- While making payments to the firms proportionate deductions should be made for the services not rendered, such as non-supply of course material and non-provision of internet facility.

PANCHAYAT RAJ AND RURAL DEVELOPMENT DEPARTMENT

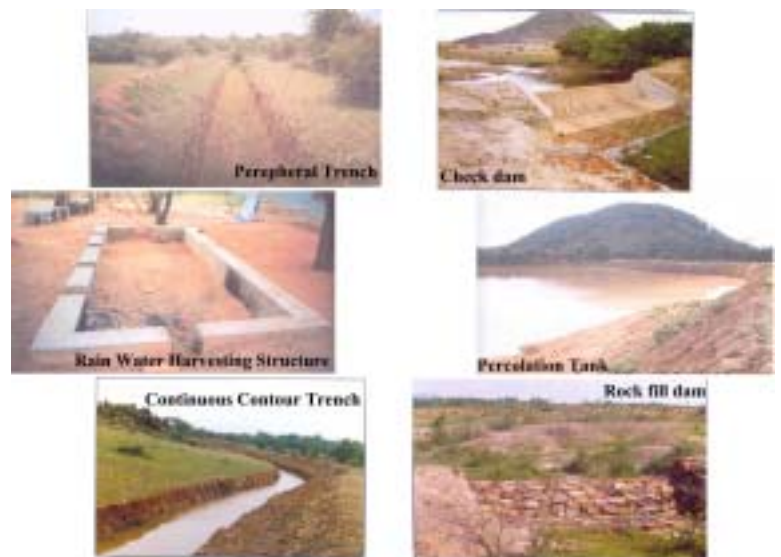
3.7 Implementation of Neeru-Meeru

3.7.1 Introduction

State Government launched the Neeru-Meeru in May 2000. The objectives *inter alia* are

- to promote water conservation by recharging ground water,
- to make concrete efforts on the conservation and utilisation of water,
- to ensure promotion of suitable cost effective and sustainable measures for water conservation,
- to avoid contractors and to ensure participation of people, and
- to create awareness amongst people for ensuring their participation.

The works⁶¹ were to be executed through Self Help Groups (SHGs), Water User's Associations and Vana Samrakshana Samithies. Neeru-Meeru is implemented through District Water Management Agencies (DWMA), and several line departments: Forest, Panchayat Raj (RWS⁶²), Municipal Administration, Irrigation and Command Area Development, and Endowments Departments. The implementation is monitored by the Project



⁶¹ excavation of Continuous Contour Trenches (CCTs), Continuous Peripheral Contour Trenches (CPCTs), gully control works, construction of check dams and percolation tanks, formation of farm ponds, sunken ponds and dugout ponds, desiltation of tanks, breach closing, and construction of rain water harvesting structures

⁶² Rural Water Supply

Directors (PDs), DPAP, under the control of District Collectors and overall supervision is by the Commissioner of Rural Development (Commissioner). Eight phases⁶³ of the programme were implemented⁶⁴ during the period April 2000 - May 2004.

Implementation of Neeru-Meeru was reviewed in audit by test-check of the records for the period 2000-04 in the offices of the Commissioner and the Project Directors, DPAP of Adilabad, Kadapa, Mahboobnagar, Medak, Prakasam and Vizianagaram Districts. Important findings are discussed below.

3.7.2 Financial performance

Budget allotment of Rs 50 crore was made for the programme for the first time in 2003-04. In the earlier years namely 2000-03, line departments were asked to divert funds from various ongoing schemes viz., Drought Funds, EAS⁶⁵, NABARD⁶⁶, and MPLADS⁶⁷ and Agricultural Market Committee funds. Between April 2000 and May 2004, expenditure of Rs 2533.89 crore were incurred on Neeru-Meeru. The expenditure incurred by each department was as follows:

Department	Expenditure (Rupees in crore)
Endowments	4.50
Forest	355.84
Major Irrigation	22.18
Medium Irrigation	2.25
Minor Irrigation	711.51
Municipal Administration and Urban Development	46.80
Panchayat Raj – MI	535.06
Panchayat Raj – Rural Water Supply	62.81
Rural Development	658.53
Others	134.41
Total	2533.89

The expenditure incurred on various types of works is given in *Appendix 3.4*. In the six sample districts, total expenditure was Rs 759.87 crore (30 per cent). The Commissioner had no information about the funds received and expenditure incurred from each of various sources.

⁶³ Phase I : May 2000 – October 2000; Phase II : November 2000 – April 2001; Phase III : May 2001 – September 2001; Phase IV : October 2001 – May 2002; Phase V : June 2002 – December 2002; Phase VI : January 2003 – May 2003; Phase VII : June 2003 – December 2003; Phase VIII : January 2004 – May 2004

⁶⁴ covering a period of five to eight months

⁶⁵ Employment Assurance Scheme

⁶⁶ National Bank for Agriculture and Rural Development

⁶⁷ Members of Parliament Local Area Development Scheme

Physical performance

3.7.3 Targets and achievements

The total target⁶⁸ for the entire State in the eight phases was 52.51 lakh number of works during the period April 2000 to May 2004; the achievement was 42.04 lakh works leaving a shortfall of 10.47 lakh works (25 per cent).

The position in the sample districts was as follows:

District	Expenditure (Rupees in crore)	Target	Achievement	Shortfall
				(Percentage)
(in numbers)				
Adilabad	142.17	1060248	166297	893951 (84)
Kadapa	112.72	153662	71942	81720 (53)
Mahboobnagar	153.38	325420	153601	171819 (53)
Medak	119.47	152836	102827	50009 (33)
Prakasam	118.76	175294	79748	95546 (54)
Vizianagaram	113.37	132549	57933	74616 (56)

Source: Data as compiled by the commissioner, Rural Development

The Commissioner attributed (June 2004) the shortfall to inadequacy of funds, taking up of bigger structures depending on the site conditions, and to delay in formation of DWMA offices.

Neeru-Meeru overloaded with 42.04 lakh works; majority being petty works

Expenditure of Rs 245.36 crore on other works such as lift irrigation also debited to Neeru-Meeru

Neeru-Meeru was loaded with 42.04 lakh works, the majority being low cost petty works such as rock fill dams, rain water harvesting pits spread over a large number of mandals. The Commissioner, Rural Development failed to evolve a suitable mechanism to ensure proper monitoring of such a large number of works. In the absence of monitoring, other works/services such as supply of water through tankers, repairs to pipelines, lift irrigation works, raising of nurseries and their maintenance, afforestation works, repairs to borewells, formation of roads and inspection paths, construction of drainage lines and manholes, bunding works, jungle clearance works, taken up at a cost of Rs 245.36 crore were debited to 'Neeru-Meeru', though not related to it.

Audit observed during joint physical verification that check measurement of works was not conducted by DFOs. Most of the structures (rockfill dams, water harvesting structures and trenches) executed under 'Neeru-Meeru' were either not in existence or were in poor condition, mainly due to heavy silt formation, damage caused to structures and pilferage of stones. This was attributable to poor maintenance of the structures by the concerned departments. As a result, there was poor recharge of ground water, defeating the primary objective of the programme. Amount involved in deficient

⁶⁸ fixed by Government in Panchayat Raj and Rural Development Department

execution of works could not be quantified since there were a huge number of petty works, some with cost as low as Rs 400.

3.7.4 Desilting of tanks at a cost of Rs 156.27 crore remained ineffective in recharging ground water

Desilting of tanks at a cost of Rs 156.27 crore executed though not effective

Member⁶⁹, Water Conservation Mission (Neeru-Meeru), constituted to advise on the technical aspects of watershed in the State observed (January 2003) that desilting of tanks taken up on a large-scale would be less effective compared to other methods, such as Continuous Contour Trenches and percolation tanks, in increasing recharge of ground water. Despite this, the Commissioner did not initiate corrective steps to restrict the desilting of tanks. It was noticed that 34696 tanks⁷⁰ were desilted (from January 2003 to December 2003) in all the 23 districts at a total cost of Rs 156.27 crore, which could not have helped in increasing the ground water level.

Deficiencies noticed in sample districts

Test-check of execution of works under Neeru-Meeru in the six sample districts revealed selection of unsuitable sites, execution of works not effective to recharge ground water, inflation of achievements, ineligible works, award of works to contractors, absence of quality control checks, unauthorised retention of money for long periods by the departmental officers and unfruitful expenditure as discussed below.

3.7.5 Incorrect reporting of achievements

Summer storage tank shown as achievement under Neeru-Meeru

Municipality, Ongole took up (June-December 2003) construction of a summer storage tank to cater to the drinking water needs of the residents. It was noticed that an expenditure of Rs 5.50 crore towards the cost of earth excavation, though not related to Neeru-Meeru, was incorrectly shown as achievements under Neeru-Meeru as if the excavation was for a percolation tank.



Summer storage tank at Ongole shown as percolation tank under Neeru-Meeru

⁶⁹ Sri T. Hanumantha Rao

⁷⁰ taken up from January 2003

3.7.6 Execution of works not contemplated under Neeru-Meeru

Works (valued Rs 88.42 lakh) not contemplated under Neeru-Meeru executed

The objective of the programme was to take up works which would help recharge ground water. The executing agencies, however, took up (Phases I to III) the following works valued Rs 88.42 lakh though not related to Neeru-Meeru, which indicated diversion of scheme funds.

Name and item of work and phase No.	Works sanctioned by	Name of the executing agency	Expenditure (Rs in lakh)
Formation of Roads (Phase II)	District Collector	PD; DPAP, Chittoor	51.03
Developing landscape garden in front of the choultry at Srisailam and conveyance of earth for landscape (Phase III)	Commissioner, Endowments	Commissioner of Endowments, Sri Bramaramba Mallikarjuna swamy temple, Srisailam	19.36
Formation of roads, providing street slabs and construction of Meeting Hall (Phase I)	Municipal Commissioner	Municipal Commissioner, Anantapur	18.03
Total			88.42

3.7.7 No quality control of works

Quality control inspection of works (valued Rs 19.67 crore) not carried out in Anantapur and Warangal

The quality control wing of Panchayat Raj Department were to conduct quality control inspection during execution of Neeru-Meeru works. However, no such inspection was conducted in respect of the works in Anantapur and Warangal Districts executed at a cost of Rs 19.67 crore⁷¹. The EEs PR, Warangal and Anantapur replied (September 2004) to Audit that the requirement could not be adhered to due to shortage of quality control staff.

3.7.8 Works executed without people's participation

Works valued Rs 1.01 crore awarded to contractors contrary to norms

With a view to eliminating contractors, Government ordered (February 2001) that the works under 'Neeru-Meeru' should be awarded on nomination to the Self Help Groups, Water Users Associations and Vana Samrakshana Samithies. Contrary to these orders, Forest Officers and Executive Engineers awarded (May to September 2001) works valued Rs 100.89 lakh⁷² to contractors.

Works (valued Rs 2.11 crore) got executed without people's participation

The District Collector, Prakasam diverted Rs 1.26 crore from Calamity Relief Fund (CRF) for Neeru-Meeru and got executed the works with machinery, contrary to the guidelines for Neeru-Meeru. Similarly, PD, Desert Development Programme, Anantapur incurred Rs 85.46 lakh on CCT works, without people's participation, using machinery for the purposes.

⁷¹ EE, PR, Anantapur : Rs 18 crore and EE, PR, Warangal : Rs 1.67 crore

⁷² RWS Madanapalli : Rs 5.40 lakh; RWS, Chittoor : Rs 3.65 lakh; DFO, Chittoor (West) : Rs 3.67 lakh; FRO, Chittoor (West) Madanapalli Range : Rs 3.03 lakh; FRO, Palamaneru Range : Rs 4.02 lakh; Municipality, Vizianagaram : Rs 2.40 lakh; PR Division, Sangareddy : Rs 78.72 lakh

3.7.9 Unfruitful expenditure on a lift irrigation scheme

Lift irrigation scheme taken up though not contemplated under Neeru-Meeru. Expenditure of Rs 49.09 lakh was unfruitful

District Collector, Medak accorded administrative sanction (July 2000) to a lift irrigation scheme in Kudavalli river at Pothireddipeta village of Dubbak Mandal for Rs 40 lakh. The work was got executed by the APSCRIC⁷³ (Rs 23.02 lakh) and by Executive Engineer, Rural Water Supply, Siddipet (Rs 26.07 lakh), after calling for tenders, through five different contractors⁷⁴. The purpose of the scheme was to lift water from the river to the nearby village tank to augment irrigation potential. Though such works were outside the scope of the Neeru-Meeru, expenditure Rs 49.09 lakh was shown under Neeru-Meeru. It was observed that no benefit could be derived from the completed work as there was no perennial water flow in the river. In case of good rains both the river and the tank would receive water, and there was no necessity to lift water into the tank. The department failed to assess the feasibility of the scheme and thus outlay of Rs 49.09 lakh remained unfruitful (September 2004).

Joint inspection by Audit and Departmental Engineers revealed significant irregularities

3.7.10 Joint inspection by Audit and departmental engineers

Joint inspection of selected works in the six sample districts, conducted by Audit and the Departmental Engineers, revealed that proper care was not taken to select the sites or to identify works suitable to the terrain, as shown below:

Name of the work inspected	Expenditure involved (Rupees in lakh)	Name of the executing Agency	Deficiencies noticed
(1)	(2)	(3)	(4)
Construction of Check Dam in Mudigonda village of Kothapatnam Mandal (Prakasam District)	16.00	PD; DPAP, Ongole	As per the guidelines, Check Dams were to be constructed only in the recharge areas. It was however observed that the Check Dam was constructed (May 2001) in black clayey soils not suitable for recharge of ground water. The structure was useful only for storage purpose.
Construction of rain water harvesting structures – Municipality - Tadipatri and Hindupur	7.49*	Municipalities, Tadipatri, Hindupur	Works were taken up without consulting Ground Water Department. The structures were constructed (Phase I) in soils not suitable for recharge of ground water. Expenditure proved to be wasteful.
Excavation of Continuous Peripheral Contour Trenches (CPCTs) in Chittoor District	3.43	DFO, Forest Department, Chittoor	The CPCTs were excavated (under Phase II) in areas where the gradient was less than 10 per cent ignoring the concept of 'Ridge to valley'. As a result, the purpose of arresting the velocity of water and consequently erosion of soil, was not achieved.

⁷³ AP State Cooperative Rural Irrigation Corporation Limited

⁷⁴ included civil and electrical contractors

(1)	(2)	(3)	(4)
Excavation of Continuous Contour Trenches(CCTs) Phase VII	2.03	DFO, Forest Department, Adilabad	No 'septas' ⁷⁵ were provided in the trenches to retain water for percolation. In the absence of septas water will escape from the trenches without the purpose being served. This resulted in wasteful expenditure.
Construction of Check Dams and Percolation tanks in Adilabad District	1.10	EE (RWS), Panchayat Raj, Adilabad	The structures were constructed in unsuitable soils i.e., black clayey soils not suitable for percolation of water. Expenditure proved to be wasteful.

* Municipality, Tadipatri (Rs 3.31 lakh) and Municipality, Hindupur (Rs 4.18 lakh)

3.7.11 Unauthorised retention of Government money by the departmental officers

Rs 1.08 crore advanced remained unadjusted for over two years

Executive Engineer, Irrigation Division, Khammam advanced (July 2001 – July 2002) Rs 1.65 crore to the Sub-Divisional Officers, Assistant Executive Engineers and Assistant Engineers for execution of works under Neeru-Meeru. Of this Rs 1.08 crore remained unutilised with them as of June 2004. Retention of Government money by the officials for a period of over two years amounts to temporary misappropriation.

3.7.12 Fall in ground water levels

Fall in Ground water levels despite execution of Neeru-Meeru works

A comparative study of ground water levels as on 31 March 2003 and 31 March 2004 revealed that though there was some increase (ranging from 1.96 metres to 2.26 metres) in ground water levels in Khammam, Medak, Visakhapatnam, a fall in ground water table ranging from 0.13 metres to 3.04 metres was noticed in the following districts (including the two sample districts) even after executing 'Neeru-Meeru' works.

District	Depth to Ground water level in metres as of		Fall in ground water table (in metres)
	31 March 2003	31 March 2004	
Anantapur	14.67	17.71	3.04
Chittoor	15.79	16.41	0.62
Krishna	9.83	10.09	0.26
Kurnool	11.50	12.60	1.10
Mahboobnagar	14.77	14.90	0.13
Nellore	6.46	8.81	2.35
Prakasam	13.62	14.70	1.08
West Godavari	14.42	14.72	0.30

Source : Commissioner, Rural Development

The fall in water table was attributable to poor recharge of ground water which was mainly due to the failure of the line departments to select suitable structures and sites that help recharge ground water.

⁷⁵ trench dividers to help retention of water in the segments of the trench

3.7.13 House committee to enquire into irregularities in implementation of Neeru-Meeru

Government have announced (July 2004) on the floor of Legislative Assembly appointment of House Committee to enquire into the alleged irregularities in implementation of Neeru-Meeru. The results of the enquiry were awaited (October 2004).

3.7.14 Conclusions

Implementation of Neeru-Meeru was marred by injudicious selection of sites, unscientific selection of works, overloading with large number of petty works, execution of works not effective for recharge of water, award of works to contractors, inflated reporting of achievements, absence of quality control checks coupled with lack of monitoring during execution of works and poor maintenance after completion. Physical verification revealed that most of the structures executed under Neeru-Meeru were either missing or were in poor condition, due to various reasons. The primary objective to recharge ground water was not achieved; the ground water levels actually fell during 2003-04 in eight districts.

3.7.15 Recommendations

- Selection of works should be done scientifically, in consultation with the Ground Water Department.
- The ban on engagement of contractors for Neeru-Meeru works should be effectively enforced, so as to enhance people's participation.
- Steps need to be taken to sensitise the people about the benefits of water conservation.
- Quality control checks should be conducted on all works.

The above points were referred to Government in July 2004; reply had not been received (October 2004).

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

3.8 Srisaïlam Right Branch Canal Scheme

3.8.1 Introduction

The Srisaïlam Right Branch Canal (SRBC) Scheme envisages utilisation of 19 thousand million cubic feet (tmc) of Krishna water from the foreshore of Srisaïlam reservoir to bring into irrigation 76,890 Hectares (ha) of land in the drought prone areas of Kurnool and Kadapa Districts.

The scheme comprised (i) excavation of Right Branch Canal for a length of 198 kilometres (ii) distributaries (iii) micro-network distribution system (field channels) (iv) construction of a reservoir at Gorakallu (GBR) (v) construction of a bypass canal at Gorakallu and (vi) construction of a Balancing Reservoir (including tunnel) at Owk.

With a view to ensuring speedy execution, part of the scheme was proposed for World Bank (WB) assistance under AP-II composite project in 1984. WB assistance under this Project expired in June 1994 by which time only 37 per cent of the works could be completed. The leftover works were taken up under WB assisted AP-III Irrigation Project. There was also a loan from National Bank for Agriculture and Rural Development for a portion of the scheme.

The scheme originally estimated (1980) to cost Rs 179.53 crore was revised to Rs 390.321 crore in March 1985 and again revised to Rs 1192.95 crore in March 1994. Expenditure of the scheme to the end of January 2005 was Rs 1254.86 crore. The project, originally planned to be completed by 1990, was still in progress (January 2005).

The Owk balancing reservoir with a live storage capacity of 2.77 tmc was completed in May 2004 except for radial gates. Gorakallu Balancing Reservoir with contemplated live storage capacity of 10.73 tmc was still in investigation stage as of October 2004. The bypass canal was completed in June 1999 with certain defects which were rectified later. The distributaries were completed to the extent of 95 per cent. Micro network distribution system (field channels) were taken up but could not be completed due to objections raised by the land owners.

The scheme was last reviewed in audit in 1995 and the findings were included in paragraph 4.9 of the Report of the Comptroller and Auditor General of India for the year ended 31 March 1995 (Civil).

Important points noticed in the present audit review are discussed below.

3.8.2 Non-commencement of Gorakallu Balancing Reservoir (GBR)

Works of GBR not commenced even after two decades from the commencement of the scheme

The GBR contemplated under the scheme with a live storage capacity of 10.73 tmc was intended to store flood waters of Krishna River during the floods occurring between July and October, and use it to meet the irrigation requirements during Rabi season (November to February). While according clearance (May 1981) to the scheme, the Planning Commission stipulated that firm advice should be obtained from Geologist with regard to water tightness of the GBR to establish its technical viability.

The work on GBR proper had not been commenced so far (October 2004). The Chief Engineer, Neelam Sanjeeva Reddy Sagar Project stated that Geological, Geo-physical and Geo-hydrological investigations were carried out by Geological Survey of India and Andhra Pradesh Engineering Research Laboratories between 1989 and 2000. Further, an expert committee was constituted by Government in January 2001 to make further studies to establish the viability of the Reservoir taking into account the investigations already made. The expenditure so far incurred on investigation was Rs 2.68 crore.

CE reported (November 2004) that the expert committee had given clearance (November 2004) to the reservoir from geological considerations and that the work would be started after finalisation of designs. As the GBR is a key component essential for the success of the scheme, the objective of storing water for use in Rabi season would not be achieved till it is completed.

3.8.3 Execution of defective work

Defective design and defective execution led to extra expenditure of Rs 48.99 lakh on rectification work

The bypass canal structure connecting the upstream and the downstream of the SRBC was planned to facilitate drawal of Kharif's irrigation requirements from Srisailem Reservoir without having to route through GBR and without having to deplete the water filled earlier in the reservoir. It consisted of 50 pipes, each 45 metres long and 5 metres dia. The structure was completed in June 1999 at a cost of Rs 23.54 crore.

As per the agreement the contractor was liable to rectify at his own cost the defects found if any during the maintenance period (upto December 1999). When water was released into the pipes to examine the performance of the structure (on 24 and 25 December 1999) leakages were noticed in the structure through the expansion joints between pipes. It was seen from a report submitted by the CE to Government in January 2002 that the EE had not tested the joints

after the rectifications were carried out (April 2000) by the contractor but released (April 2000), with the permission of the Superintending Engineer, performance security and retention money of the contractor aggregating to Rs 163.63 lakh, only on the strength of the letter of the contractor. The EE was placed under suspension for these lapses in February 2002. His suspension was, however, later revoked by the Government in April 2003 without prejudice to the disciplinary proceedings pending against him.

During floods in June 2000 water had flown through the bypass canal upto the brim and leaks were found in 33 expansion joints of the pipes. An expert committee constituted by Government in October 2002 to assess the reasons for the leakages attributed them to defective workmanship at the pipe joints and defects in design. Rectification works taken up in October 2001 through another contractor were completed in August 2002 at an extra expenditure of Rs 48.99 lakh, but the leaks could not be arrested fully.

3.8.4 Non-realisation of dues from a defaulting contractor

Unwarranted waiver of penal recovery from a defaulting contractor resulted in loss of Rs 95.71 lakh to Government

The work of design, manufacture and erection of spillway radial gates for Owk reservoir was awarded (September 2002) to a contractor firm for Rs 4.39 crore. The firm completed a part of the design work and then abandoned the work in April 2003. The contract with the firm was terminated in July 2003 due to slow progress of work. Under the terms of contract, a penal recovery of 20 per cent of the value of the unfinished work was to be effected. The penal recovery of Rs 86.80 lakh due, and the unadjusted mobilisation advance of Rs 14 lakh, less the payment of Rs 5.09 lakh due for the design work executed, worked out to Rs 95.71 lakh, recoverable from the firm. However, the firm requested waiver of the recovery, pleading poor financial position. Government waived (August 2004) the recovery and even ordered the return of two bank guarantees of the contractor for a value of Rs 45.80 lakh. As the firm had committed a fundamental breach of contract, the action of the Government in waiving the recovery was nothing but extending undue favour to the contractor, which resulted in loss to Government. This apart, the proposal of the State Government to World Bank for closure of the contract with the firm and to reinstate tenders for the balance work was accepted by the latter subject to the condition that the amounts due from the firm in terms of the contract were effected; waiver of the recovery (Rs 95.71 lakh) violated this condition. As a result the expenditure was not eligible for reimbursement from World Bank.

Solatium was allowed on value of structures against the provisions of LA Act which resulted in excess payment of Rs 24.61 lakh to awardees

3.8.5 Excess payment of solatium

Land Acquisition Act, 1894 (Act) authorises payment of solatium at 30 per cent on the market value of the land. However, in one land acquisition award passed by Special Deputy Collector in March 1998 solatium was admitted also on the damages paid (Rs 82.02 lakh) for structures such as houses, borewells, slab polishing factories. This resulted in excess payment of Rs 24.61 lakh to the awardees. Government replied (October 2004) that the Act did not distinguish between land and structures. The reply is not tenable inasmuch as Section 23(2) of the Act, read with Rule 46 of the Rules framed thereunder, authorises the payment of solatium on the market value of the land only and not on structures for which damages are separately payable.

3.8.6 Advances outstanding with line departments

EE, SRBC Division-II, Panyam advanced a total sum of Rs 4.03 crore to the Forest Department⁷⁶ between May 1999 and March 2001 for execution of the scheme works in forest areas. Of this, expenditure of Rs 1.55 crore was misclassified by Forest Department to the Forest head of account. To this extent the advance remained unadjusted in the scheme account. As a result reimbursement could not be claimed from the World Bank to the tune of Rs 1.55 crore.

3.8.7 Conclusions

The project commenced in 1984-85 was still not completed. Work on the GBR has not yet commenced, since the investigations have not been completed even after spending Rs 2.68 crore. It was only in November 2004 that the expert committee was reported to have opined that the reservoir was competent from geological considerations. Even the bypass canal pipe joints were defective and led to leaks, which could not be arrested fully despite rectification work. Micro-network distribution system, essential for the water to reach the individual holdings was still incomplete.

3.8.8 Recommendation

Department should take up and complete on a war footing the Gorakallu Balancing Reservoir, so that the objective of providing irrigation to the drought-prone areas both in Khariff and Rabi seasons is realised without further delay.

⁷⁶ Principal Chief Conservator of Forests - Rs 3.50 crore; Divisional Forest Officer, Kurnool - Rs 0.53 crore