

CHAPTER-III

PERFORMANCE REVIEWS

This chapter contains performance reviews on Sampoorna Gramin Rozgar Yojana (3.1), Integrated Child Development Scheme (ICDS) (3.2), Implementation of Acts and Rules relating to Consumers Protection (3.3) and Member of Parliament Local Area Development Schemes (MPLADS) (3.4).

RURAL DEVELOPMENT DEPARTMENT

3.1 Sampoorna Gramin Rozgar Yojana (SGRY)

Highlights

Sampoorna Gramin Rozgar Yojana (SGRY), a Centrally sponsored scheme was aimed at generating wage employment and ensuring food security for the rural poor. In the State, the scheme was implemented through DRDAs. A review on implementation of SGRY revealed that during 2002-05 total expenditure incurred was Rs 1122.32 crore and total employment generation reported to GOI was 9.74 crore mandays while foodgrains distributed was only 2.89 lakh MT. Audit observed that the works undertaken were not labour intensive. The beneficiaries did not receive the minimum wage and quality of foodgrains was not ensured before distribution. Employment Register and Asset Register were not maintained.

Scheme funds were underutilised every year and Rs. 76.99 crore remained unspent as of March 2005, mainly because of late preparation of Annual Action Plan and works remaining incomplete.

(Paragraph 3.1.6)

Low priority works like construction of roads and culverts were taken up instead of high priority works like soil conservation, minor irrigation, renovation of drinking water sources etc. DRDA, Ranchi spent Rs 1.39 crore on construction of RCC bridges against the norms of SGRY guidelines. In three Districts, 113 schemes valued Rs. 6.39 crore were taken up on which labour charges paid was only 26 per cent.

(Paragraphs 3.1.10 & 11)

Employment Register to record employment generated was not maintained by the DRDAs and BDOs. State Government reported to the GOI employment generation of 9.74 crore mandays during 2002-05. In the absence of basic records authenticity of the figures could not be verified in audit.

(Paragraph 3.1.13)

In two DRDAs, out of 667 consignments of foodgrains transported by trucks from food supply depots to the Executing Agencies, 56 were test checked in audit. Of these, in six consignments verification revealed that the registration number of trucks pertained to vehicles like Tanker, Tipper, Commander Jeep, Hero Honda and Vespa Scooter, indicating deficiencies in the system of transportation of foodgrains under SGRY.

(Paragraph 3.1.18)

In 11 blocks of five sampled districts 1140 schemes involving Rs 19.90 crore remained incomplete mainly due to lack of proper monitoring.

(Paragraph 3.1.19 & 23)

3.1.1 Introduction

Sampoorna Gramin Rozgar Yojana (SGRY), a Centrally sponsored scheme was launched in the State in April 2002 by merging the ongoing schemes of Jawahar Gram Samridhi Yojana (JGSY) and Employment Assurance Scheme (EAS). SGRY was open to all rural poor who were in need of wage employment and desire to do manual and unskilled work. Wages under this programme were paid partly in cash and partly in foodgrains. Under the programme minimum wages as applicable in the State were paid and foodgrains at the rate of five kgs per manday of work were given as wages. Implementation of the scheme was done in two streams. Stream-I (covered the activities under erstwhile EAS) was to be implemented by the district panchayats and blocks while Stream-II (covered the activities under erstwhile JGSY) was to be implemented by the village panchayats. Both the streams were merged from 2004-05.

Central assistance (inclusive of foodgrains) was released every year directly to the DRDAs in two installments. Simultaneously, the State Government released its matching share (at the ratio of 75:25) to DRDAs. On receipt of funds from Central and State Government, the DRDA allotted funds to blocks/village panchayats. The objectives of the scheme are:

- to provide additional and supplementary wage employment;
- to provide food security and improve nutritional level in rural areas;
- to create durable community, social and economic assets and infrastructure development in rural areas.

3.1.2 Organisational set up

The scheme was implemented by the Rural Development Department (RDD) headed by a Principal Secretary to the Government. At the district level, District Rural Development Agency (DRDA) headed by the Deputy Commissioner (DC) as Chairman and Deputy Development Commissioner (DDC) as the vice-chairman are the nodal officers for the implementation of the scheme. At the block level, Block Development Officer (BDO) is the nodal officer. The programme was implemented by the DRDA at district level and by administrator/ administrative committee at block level. Bihar State Food Corporation, which also covers all the districts (supply district) in

Jharkhand, is responsible for lifting of foodgrains as per the requirement assessed by the DRDAs. The Corporation has 10 Food Supply Depot (FSD) in the State under the control of District Managers and godowns under the control of Assistant Godown Manager, in each block.

3.1.3 Audit coverage

Implementation of SGRY in the State during 2002-03 to 2004-05 was reviewed in audit between April and August 2005 through test check of records of the Rural Development Department (RDD). Six DRDAs¹ out of 22 and 19 blocks² out of 69 were also selected for test-check on the basis of risk assessment.

3.1.4 Audit objectives

Performance audit was conducted to ascertain whether:

- the programme provided adequate wage employment and food security to the targetted population;
- whether durable, social and economic assets were created for the targetted people;
- the works undertaken were labour intensive;
- quality of foodgrains is ensured;
- wages are paid both in cash and foodgrains, as per norms of the scheme.

3.1.5 Audit methodology and audit criteria

Audit review was carried out in DRDAs/Blocks/Panchayats through examination and analysis of records and collection of information through questionnaires. An entry conference was held with the Special Secretary, RDD on 18 March 2005 and 21 April 2005 to discuss the audit objectives, audit coverage etc, and the audit findings were discussed in the exit conference held on 17 November 2005. Views of the Department were taken into account while finalising the reviews.

The criteria adopted in audit to arrive at the audit conclusion was the norms fixed by the GOI in the Scheme guidelines. Compliance to the Financial Rules and orders issued by the State was also examined.

¹ Bokaro, East Singhbhum, Gumla, Palamu, Ranchi and Sahebganj.

² **Bokaro** –Chandankyari, Chas, Gomia; **East Singhbhum**- Ghatshila, Jamshedpur, Potka; **Gumla**- Gumla Sadar, Palkot, Raidih; **Palamu** – Chainpur, Manatu, Patan; **Ranchi**- Bero, Karra, Murhu, Torpa; **Sahebganj**- Barhait, Barharwa and Borio.

Audit findings

3.1.6 Allocation of funds and expenditure

Huge savings due to late preparation of Annual Action Plans

Allocation of funds under the SGRY is shared between the Central and State Governments in the ratio of 75:25. Funds are released by GOI and State Government directly to the DRDAs which in turn release the same to the implementing agencies. The entire foodgrain component is provided by GOI to the State free of cost.

Central assistance and State's share received by the DRDAs under SGRY during 2002-05 was as under:

(Rupees in crore)

Year		Opening balance	Funds released to DRDAs by		Misc. receipt	Total funds available	Expenditure	Closing balance
			Central Govt.	State Govt.				
2002-03	1 st Stream	95.84	114.83	46.05	1.08	257.80	163.29	94.51
	2 nd stream	83.56	106.58	47.74	0.72	238.60	162.27	76.33
2003-04	1 st Stream	94.51	124.14	38.22	2.68	259.55	194.72	64.83
	2 nd stream	76.33	156.76	42.20	2.76	278.05	208.08	69.97
2004-05	SGRY	134.80	246.33	86.94	2.88	470.95	393.96	76.99
Total		--	748.64	261.15	10.12		1122.32	

(Source: Information as furnished by the department)

The Department could not utilize the available funds leading to huge unspent balance every year. Utilisation under SGRY was low due to the fact that Annual Action Plans (AAPs) were prepared late by the DRDAs and the works schemes taken up remained incomplete. Besides, expenditure on SC/ST beneficiaries schemes was low.

GOI assistance was curtailed due to slow pace of programme implementation

Due to under-utilization of funds and carryover of the unspent balances exceeding 15 per cent of total available funds, GOI curtailed Rs 76.26 crore and foodgrains of 77,865 MT from second installment of SGRY during 2004-05. This indicated slow pace of programme implementation in the State. Besides, the State Government was deprived of the Central assistance to that extent.

3.1.7 Delay in release of funds by DRDAs

As envisaged in the guidelines of the scheme, DRDA was required to release funds to the executing agencies within 15 days of the receipt of the funds. Scrutiny revealed that in two sample districts, there was delays in release of funds to the panchayats by the DRDAs. In Palamau District, the delays were three to five months and in Bokaro District the delay ranged between one and a half months and six months during the period 2002-05.

Planning and management of the programme

3.1.8 Preparation of Annual Action Plan (AAP)

Annual Action Plan prepared late; it did not indicate money proposed to be spent

Each DRDA has to prepare an AAP by February of the preceding financial year to ensure priority of works to be undertaken for execution. It was noticed in the sample districts that there was an average delay of five months in preparation of the AAPs. The plan did not contain estimates of money value of the proposed programmes and thus did not give any indication of money proposed to be spent. No priority of works was specified in the AAP.

State Government did not prepare the index of backwardness as required under the programme

Further, the State Government was required to prepare an index of backwardness of the districts in order to assess the quantum of benefit to be given to different districts under the programme. This was, however, not done. As a result, State Government was dependent on the Central Government for allocation of fund among the districts which might not be based on realistic estimates.

3.1.9 Selection of works in violation of prescribed norms

SGRY guidelines envisaged that no work can be taken up unless it forms the part of the Annual Action Plan (AAP) approved by the Co-ordination Committee of the DRDA. It was, however, noticed that in East Singhbhum (Jamshedpur), 11 works involving Rs 75.82 lakh were approved (November-December 2004) by DDC and executed during 2004-05, though the works did not form part of AAP. Thus, selection and execution of the works was done in violation of the scheme guidelines.

3.1.10 Prioritisation of works

73 per cent of works taken up were on roads and culverts which are not priority work

SGRY guidelines envisaged that the works such as soil and moisture conservation, minor irrigation, renovation of drinking water sources, augmentation of groundwater, traditional water harvesting structures were to be given priority when selecting works to be taken up for execution. Scrutiny revealed that in six sample districts 73 per cent of the works taken up were only on roads and culverts which are not priority works. Thus, there was no prioritisation of works, as envisaged in the scheme guidelines.

3.1.11 Works undertaken were not labour intensive

Rs 7.78 crore was spent on prohibited work/non-labour intensive works

Construction of bridge was strictly prohibited under SGRY as it was not labour intensive. Test check of records of four blocks³ in Ranchi District revealed that construction of 10 RCC bridges was taken up between July 2003 and December 2004 at a cost of Rs 1.39 crore. Thus, the DRDA violated the norms of SGRY guidelines as the works taken up were not labour intensive.

³ Bero, Karra, Murhu and Torpa.

Scrutiny in three sample districts⁴ revealed that 113 schemes valued Rs 6.39 crore were taken up during 2002-05 for the execution of roads, sewerage work and construction of rooms of primary schools. However, 74 *per cent* of the amount was spent on material and machines and 26 *per cent* (Rs. 1.66 crore) was spent as labour charges. As the works taken up were not labour intensive the objective of generating wage employment under the scheme was not fully achieved.

3.1.12 Inter district transfer of SGRY funds

Rs one crore was diverted by DRDA, Palamu to EE, REO (Works Division), Garhwa, in contravention of SGRY guidelines

SGRY guidelines prohibit diversion of resources (including food grains) from one district to another or from one intermediate/ village panchayats to another. It was, however, seen that DRDA Palamu transferred scheme funds of Rs one crore on different occasions (June 2001-July 2004) to the Executive Engineer, REO (Works Division), Garhwa. As a result, the schemes included in the AAP of the District could not be implemented during the year.

Programme performance

3.1.13 Employment generation

In the absence of Employment Registers, actual number of persons getting employment including SC/ST/Women beneficiaries could not be determined

As per the guidelines, each DRDA, block and intermediate panchayat was required to maintain an “Employment Register” for identification of the beneficiaries under the scheme for works being executed within its jurisdiction. It should contain details of number of persons employed including members of SC/ST, women and the mandays for which employment created under each work. This information was to be compiled from the muster rolls and would be made open to the public for scrutiny. It was noticed that the DRDAs, blocks and panchayats in the sample districts did not maintain any employment register. In the absence of recorded information, actual number of persons getting employment under the scheme including the number of SC/ST beneficiaries and women beneficiaries could not be ascertained.

Actual generation of employment in the state was very low

Scrutiny revealed that during the period 2002-05, State Government reported employment of 9.74 crore mandays to the GOI. The report of employment generation to GOI could not be verified particularly in the absence of any employment records maintained by the Executive Agencies. However, even the reported generation of employment was low compared to the huge number (23.68 lakh) of rural BPL families in the State.

3.1.14 Payment of wages to workers

In Raidih Block of Gumla District, the minimum wage was revised from Rs 58.64 to Rs 64.61 in 2002-03. The executing agencies, however, paid wages at the old rate to the workers. Similarly, in Palkot Block of Gumla District, though minimum wage was revised from Rs 64.60 to Rs 67.72 in 2004-05, the executing agencies paid wages at the old rate to the workers.

⁴ Gumla, East Singhbhum and Sahebganj.

Thus, the beneficiaries under the scheme were deprived of the minimum wages.

3.1.15 Low coverage of SC/ST families

Under the stream I, 22.5 per cent of the annual allocation (inclusive of foodgrains) was to be earmarked for individual beneficiary schemes of SC/ST families living below the poverty line. In addition, under Stream II, minimum 50 per cent of allocation to Panchayat (inclusive of foodgrains) was to be earmarked for the creation of need based infrastructure in SC and ST habitations/wards.

Rs. 68.20 crore earmarked for SC/ST beneficiaries was spent on non-SC/ST beneficiaries

It was noticed that in three districts (East Singhbhum, Gumla and Ranchi), out of Rs 98.07 crore earmarked for SC/ST beneficiaries during the period, these DRDAs spent only Rs 29.87 crore (30 per cent) for SC/ST beneficiaries while Rs 68.20 crore (70 per cent) was spent on non-SC/ST beneficiaries. Thus, the SC/ST families did not receive due coverage, as envisaged in the guidelines.

It was also noticed that in two blocks (Gumla and Jamshedpur Sadar), Rs 24 lakh earmarked for individual beneficiary schemes of SC/ST families living below the poverty line were spent on 49 SC/ST beneficiaries not belonging to BPL category. As a result the targetted beneficiaries were deprived of the benefit due to them under the programme.

Distribution of foodgrains

Foodgrains for distribution under the programme are available to the State government free of cost. Government of India (Food & Public Distribution Department) sends an advice to the Food Corporation of India (FCI), under intimation to the Secretary Rural Development Department of the State, to release foodgrains from its designated depots to the authorised agencies of the State Government. At the District Level, the PD, DRDA coordinates the release and lifting of stock from FCI. Foodgrains are then sent to the blocks based on allocation by the State Government. The Block Development Officers issue the foodgrains to the executing agencies for distribution among labourers as wage payment.

3.1.16 Short distribution of foodgrains to beneficiaries

Short distribution of foodgrains to the beneficiaries defeated the purpose of food security to rural poor

Distribution of foodgrains as part of wages under the SGRY guidelines was based on the principle of protecting the real wages of the workers besides improving the nutritional standards of the rural poor. During 2002-05, out of 3.33 lakh MT foodgrains lifted by the DRDAs under the scheme, 2.89 lakh MT foodgrains (86 per cent) was distributed in the State. Considering the reported employment generation of 9.74 crore mandays, average distribution of foodgrains was only 2.78 kg per manday.

It was noticed in three test-checked DRDAs Bokaro, Palamu and Sahebganj that the employment of 112.22 lakh mandays were generated during 2002-05

which would require 5.61 lakh quintals of food grains to be distributed among the workers as per the norms of SGRY (5 kg per beneficiary). However, actual distribution of foodgrains was only 2.35 lakh quintals which indicated short distribution of foodgrains to the beneficiaries.

3.1.17 Quality of foodgrains not checked

Fair Average Quality of foodgrains was not checked by the DRDAs

Before lifting of foodgrains from FCI/SFC godowns, the DRDAs were to conduct inspection of stocks to ensure that foodgrains below Fair Average Quality (FAQ) were not accepted. However, in the sample districts, no inspection was carried out by the DRDA to ensure that stock below FAQ was not accepted. Also, no joint inspection with the officers of FCI was done to ensure FAQ of foodgrains.

3.1.18 Deficiencies in transportation of foodgrains

Under SGRY, foodgrains are transported from the Food Supply Depot (FCI) to the executing agencies by truck. A gate pass (permit) is issued to the transporter while releasing each consignment of foodgrains from the depot which contains vehicle registration number. After delivery of foodgrains the gate pass is signed by the BDO and sent to the DRDA. It was noticed in the DRDAs, Gumla and Palamu that 667 consignments of foodgrains were transported from the Food Supply Depot to the Executive Agencies (BDOs and EEs) during the period November 2003 to May 2005 of which gate passes of 56 consignments were test checked. It was noticed that, in six consignments of foodgrains (676.75 quintals) the gate passes showed transportation through truck. Transportation of the foodgrains was certified by the BDOs for payment of transporting charges by the DRDAs.

On verification of the registration numbers of these vehicles from the concerned District Transport Officers, it transpired that these vehicles were tankers, tippers, jeeps, motorcycle and scooters, which cannot carry such huge quantities of foodgrains. List of vehicles is given in **Appendix-3.1**. Thus, there were deficiencies in the system of transportation of foodgrains and payment of transportation charges. Government replied (November 2005) that the concerned districts were being asked to report in the matter and necessary steps would be taken immediately on receipt of report.

Execution of Works

3.1.19 Deficiency in incomplete works

Large number of works were incomplete for more than two years

The scheme guidelines stipulate that all works taken up during the year must be completed within the same year and in exceptional circumstances, in two years. It was noticed that no targets for works to be undertaken and completed each year under SGRY was fixed by the Department during the period 2002-05. Scrutiny also revealed that 53 to 61 *per cent* of works undertaken during the years 2002-03 to 2004-05 remained incomplete at the end of the year as detailed below. Besides, the Department erroneously showed 26,547 number

of pending works as of March 2004 as against 70,601 works actually pending completion. Hence, the department under-estimated 44054 number of incomplete works.

	Opening Balance (No. of incomplete works)	New works taken up	Total number of works	Number of works completed	Number of works in progress	Percentage of Incomplete works
2002-2003	18,956	63,946	82,902	39,153	43,749	53
2003-2004	43,749	72,869	1,16,618	46,017	70,601	61
2004-2005	70,601	47,819	1,18,420	47,007	71,413	60

Scrutiny further revealed that in 11 blocks and four agencies under five test checked districts (i.e. except Ranchi) 1140 schemes involving Rs. 19.90 crore remained incomplete during 2002-05. It was noticed that in three blocks (Barharwa, Barhait and Gomia) under two districts (Bokaro and Sahibganj) 70 works (estimate: Rs one crore) taken up during 2001-02, 2002-03 could not be completed even after expiry of more than two years, though expenditure of Rs 0.76 crore was incurred on the works.

3.1.20 Inventory of assets created

No inventory of assets created were maintained, as such actual assets created could not be determined

Under the programme, inventory of assets created was to be maintained at district, block and panchayat levels. This should include date of start and completion of work, cost involved, benefits achieved and employment generated. It was noticed that in the test checked districts, blocks and panchayats, no inventory of assets created was maintained. Hence, no assessment could be made on the actual assets created under the programme.

3.1.21 Maintenance of assets

Guidelines envisaged that 15 *per cent* of total allotment was to be earmarked for maintenance of assets created under the scheme. It was noticed that during the period 2002-05 three⁵ sample districts spent only 43 *per cent* (Rs. 13.45 crore against the allotment on maintenance of assets of Rs. 31.41 crore) of total allotment on maintenance of the assets; and in the other three districts⁶, the expenditure incurred on maintenance was only four *per cent* (Rs. 1.05 crore against the allotment to Rs. 26.14 crore). Due to lack of maintenance, the condition of the assets created under the scheme is likely to be deteriorated.

3.1.22 Non-disposal of empty gunny-bags

Government lost a revenue of Rs 2.46 crore on account of non-disposal of gunny bags

It was noticed in six sample districts that 2.46 lakh MT of foodgrains were lifted by the DRDAs during 2003-05, which contained in 49.16 lakh gunny bags. The value of these gunny bags was Rs 2.46 crore. According to SGRY guidelines, the gunny bags were to be sold and the sale proceeds were to be utilized for making payment to agencies for transportation cost/ handling charges. But, no gunny bags were sold and no stock accounts of empty bags

⁵ Bokaro, Palamu and Sahibganj.

⁶ E. Singhbhum, Gumla and Ranchi.

was maintained either in DRDA or Block/Panchayat level. Thus, Government lost revenue of Rs. 2.46 crore.

Monitoring and Evaluation

Inspection was made in an unscheduled manner and corrective action taken if any, was not on record

3.1.23 Inspection of works

A schedule of inspection of the works, prescribing the minimum number of field visit to be made by each supervisory level functionary was to be drawn up by ZP/DRDA for strict adherence. Though in the statement attached to the utilisation certificates indicated the number of inspections conducted by the departmental officers, no records were made available to Audit to show that any inspection was actually conducted.

If inspections were taking place in an unscheduled manner, corrective action taken as a result of these visits was not available in the files of the Department.

3.1.24 Evaluation study

State Government entrusted the evaluation of the scheme to Xavier Institute for Social Studies (XISS), Ranchi. However, the results of the evaluation study was not submitted by XISS as of October 2005. None of the DRDAs carried out any internal evaluation of the programme. No independent physical inspection of the works undertaken under SGRY was carried out. Financial audit was done by Chartered Accountants.

3.1.25 Conclusion

The objectives of employment generation and providing food security to the rural poor through SGRY was not fully realized. During 2002-05 total expenditure incurred was Rs 1122.32 crore and total employment generation reported to GOI was 9.74 crore maydays while total foodgrains distributed was 2.89 lakh MT. The employment generation was inadequate as the works undertaken under this programme were not labour intensive. In some areas, beneficiaries did not receive the minimum wage. Quality of foodgrains was not ensured before distribution. Employment register was not maintained by the implementing agencies. No register of assets was maintained and maintenance of the assets was poor.

3.1.26 Recommendations

- The wage employment seekers and the users of assets needed to be involved in identification of the schemes / projects that were useful and productive for the community and would have the potential of generating gainful employment.
- The local authorities such as Gram Sabha should be vested with the responsibility of preparing the list of employment seekers and the details of beneficiaries should be recorded in the Employment Register.

- State Government should ensure that food grains are lifted from FCI/SFC godown only after obtaining certificate of “Fair Average Quality” (FAQ).
- Works to be taken up under the programme should be labour intensive to meet programme objective of generating wage employment for more rural poor.
- DRDA should release the funds coming to it from the State and Central Government immediately to the blocks to ensure works being undertaken and completed in the current year.
- System of transportation of foodgrains should be improved in order to avoid any excess payment of transportation charges.

The matter was reported to the Government (September 2005); their reply has not been received (November 2005).

SOCIAL WELFARE, WOMEN AND CHILD DEVELOPMENT DEPARTMENT

3.2 Integrated Child Development Scheme (ICDS)

Highlights

The Integrated Child Development Scheme (ICDS) was launched in the State with a view to improving the nutritional and health status of children in the age group up to six years and enhance the capability of mothers through proper nutrition and health education for looking after normal health and nutrition needs of children. The implementation of the scheme suffered in the State due to deficient fund management, lack of infrastructure in Anganwadi centres, irregular and inadequate nutritional value of *poshahar*, failure to provide health checkup and referral services.

The State Government could not utilise Rs. 100.86 crore during the period 2001-05 due to delayed release of funds, inadequate distribution of *poshahar* and lack of activities under different service component.

(Paragraph 3.2.8)

Against the requirement of Rs 182.74 crore during the period 2002-05 on SNP, only Rs 33.40 crore (18 per cent) was spent resulting in short supply of *poshahar* to the beneficiaries.

(Paragraph 3.2.14)

Supply of *poshahar* was insufficient and items chosen viz., *sattu*, *gur* and *murhi* as *poshahar* was deficient in calories and protein content. The children enrolled for non-formal pre-school education did not attend classes due to the irregular supply of *poshahar*.

(Paragraph 3.2.11 & 3.2.19)

Against the requirement of 31100 Anganwadi Centres, only 16689 were functional and the centres were deficient in infrastructure. In the test checked projects, out of 1960 AWCs, 1358 had no building of their own, drinking water facility was not available in 1081 AWCs, while toilet facility was absent in 1408 AWCs.

(Paragraph 3.2.9)

Amount of Rs 7.77 crore provided by WB for creation of Anganwadi building and provision of drinking water facility was not utilised.

(Paragraph 3.2.9)

Basic records such as Immunisation Cards, Health Cards etc. were not maintained. Against the target of 8.66 lakh immunisation during 2001-05, only 2.03 lakh was achieved in seven test checked projects due to non co-ordination and shortage of staff of Health Department.

(Paragraphs 3.2.15 & 3.2.16)

Monitoring was inadequate at all level. Steering Committee and Apex Committee were not constituted in the State. Impact evaluation of implementation of the scheme not conducted

(Paragraph 3.2.23)

3.2.1 Introduction

In pursuance of the National policy for children which emphasized integrated delivery of early childhood services and services for expectant and nursing mothers, Integrated Child Development Scheme (ICDS) was launched by the Government of India in October 1975. A package of services including supplementary nutrition, pre-school education, immunisation, health check-up, referral services, nutrition and health education for women was to be provided to the beneficiaries under the scheme.

These services are delivered to the targetted beneficiaries through the Anganwadi Centres (AWCs) which are the focal point of the scheme. There were 101 Centrally assisted projects comprising of 10,137 AWCs and 51 World Bank sponsored projects comprising of 6552 AWCs. 116 projects were running in tribal areas (14 districts) and 36 projects in non-tribal areas. Another 52 projects were sanctioned in March 2003 were still to be operationalised (March 2005).

3.2.2 Objectives of the scheme

The main objectives of the scheme were to:

- improve the nutritional and health status of children in the age group up to six years;
- lay the foundation for proper psychological, physical and social development of children;
- reduce the incidence of mortality, morbidity, malnutrition and school dropouts;
- bring out effective coordination in the work of various agencies involved in child development programmes and
- enhance the capability of mothers, through proper nutrition and health education, for looking after normal health and nutrition needs of children.

3.2.3 Organisational set-up

The Department of Social Welfare, Women and Child Development, headed by the Secretary is the nodal agency for the implementation of the scheme. He is assisted by the Director, Social Welfare. At the district level, the District Programme Officer (DPO) coordinates and assists the ICDS cell under the Deputy Commissioner (DC). The Child Development Project Officers

(CDPOs) are responsible for implementing the scheme at the block level while the Anganwadi workers (AWWs) implement the scheme at the community/village level.

3.2.4 Audit objectives

The objectives of the Audit were to assess whether:

- Service packages under the scheme were delivered effectively to the beneficiaries;
- Funds provided under the Supplementary Nutrition Programme were spent as per prescribed norms; and
- Infrastructure was adequate for effective delivery of the services under the scheme.

3.2.5 Scope of audit

The performance of the ICDS during 2001-05 was reviewed between April and August 2005 through test check of records of Social Welfare, Women and Child Development Department, Directorate of Social Welfare, 17 projects in five out of 22 districts and 328 AWCs (16 per cent of 1960 AWCs under the test checked projects as of March 2005). The expenditure covered in audit (Rs 23.67 crore) constituted 10 per cent of total expenditure (Rs 239.29 crore).

3.2.6 Audit criteria

In order to achieve the Audit Objectives, the following points were subjected to audit scrutiny during the course of the Review (March- August 2005);

- provisions of adequate funds for *poshahar* and its timely release;
- proper maintenance of records of immunisation, health check-up, referral services etc.;
- adequacy of infrastructure and man power in AWCs; and
- proper training of the functionaries.

3.2.7 Audit Methodology

The methodology adopted for conducting review of the scheme was as under:

- Entry conference with the Secretary of the Department was held in March 2005 and details of ICDS was discussed;
- Review of records of the Department, the Directorate, selected DPOs / CDPOs and AWCs. Study of Monthly Progress Report under Management Information System (MIS) prepared by the Directorate and reports and returns submitted by DPOs / CDPOs to the Directorate and

- Exit conference was also held with the Secretary of the Department in October 2005. All the points raised by audit had been discussed and accordingly the review was drafted.

Districts were selected considering the number of projects and AWCs and coverage of population under ICDS and nature of the projects (Urban, Rural or Tribal).

Audit findings

Financial Management

The scheme is financed by the Government of India (GOI) and the World Bank except the Supplementary Nutrition component which is financed out of State funds. A total of 152 ICDS projects were operating in the State (March 2005). Of these, 101 were funded by GOI and 51 projects were sponsored by the World Bank. For providing Supplementary Nutrition to the targetted beneficiaries, the State Government was to provide funds for all the projects. Central assistance was also received under the nutrition component of the Pradhan Mantri Gramodaya Yojana (PMGY) for providing enhanced nutritional requirement to children below three years of age belonging to below poverty line (BPL) families from 2002-03.

3.2.8 Fund received and expenditure incurred

The funds received from State and Central Government *vis-à-vis* expenditure incurred in ICDS projects during 2001-05 were as under:

(Rupees in crore)

Year	Fund received from GOI		Fund received for World Bank sponsored projects	Fund received from the State Government under SNP	Total	Expenditure
	Operational cost	PMGY for nutrition				
2001-02	33.08	Nil	21.82	1.59	56.49	52.45
2002-03	27.65	11.17	19.75	4.26	62.83	53.82
2003-04	29.95	37.23	20.60	16.16	103.94	67.81
2004-05	34.90	37.23	14.54	30.22	116.89	65.21
Total	125.58	85.63	76.71	52.23	340.15	239.29

Thus, it was seen that the State Government could utilise only Rs 239.29 (70 per cent) crore out of Rs 340.15 crore during 2001-05.

The component wise details of expenditure of the scheme were as under:

(Rupees in crore)

	2001-02	2002-03	2003-04	2004-05	Total
Administrative cost	49.87	43.72	44.51	24.22	162.32
SNP (States)	1.59	1.87	13.40	18.13	34.99
SNP (PMGY)	-	5.88	6.72	22.12	34.72
Medicine Kit	-	-	0.39	-	0.39
Pre-school kit	-	0.83	0.33	-	1.16
Innovative scheme	0.07	0.07	0.64	-	0.78
Information Education & communication (IEC)	0.24	0.34	0.13	-	0.71
Kishori Shakti Yojana (KSY)	0.39	0.73	1.14	-	2.26
Training	0.29	0.38	0.55	0.74	1.96
Total	52.45	53.82	67.81	65.21	239.29

(Source: figures provided by the department)

Delayed release of funds and lack of activities under different service component resulted in savings of Rs 100.86 crore

Poor utilisation of funds was due to inadequate distribution of *poshahar* among the beneficiaries under SNP, delayed release of funds and inadequate implementation of activities relating to health care, pre-school activities, innovative, IEC and training. The Government stated (November 2005) that late release of funds by the GOI and the decision of the State Government (2003-05) to ensure procurement of *poshahar* through centralised mode led to late release of funds.

PMGY fund received from GOI (Rs 85.63 crore) was utilized for all beneficiaries depriving targetted group of children

Under the PMGY scheme Additional Central Assistance was provided to meet enhanced nutritional requirement of children aged below three years. This scheme was not to be used as a substitute for the State funded SNP. During the period 2002-05, Rs 85.63 crore was released by the GOI to the State under the scheme. Audit scrutiny revealed that inspite of utilising the fund among the targetted group of children below three years, State Government utilised the fund for distribution of *poshahar* among all the beneficiaries. Thus, the children aged below three years below poverty line who required special nutrition were deprived of the benefits of the scheme. The Government stated (November 2005) that henceforth, the field units had been directed to use these funds only for the children aged below three years.

GOI/WB fund of Rs 1.04 crore shown as expenditure were lying unspent in various banks.

Scrutiny revealed that Rs 1.56 crore was released to the DPOs for purchase of pre-school kits and medicine kits during 2002-04. Department booked the total amount as final expenditure and Utilisation Certificates (UCs) were furnished to the GOI/WB. It was however, noticed that Rs 51.80 lakh was only spent during 2002-05. Thus, Rs 1.04 crore shown to have been spent on purchase of medicine kits, pre-school kits during 2002-05 were lying unspent in various banks in district as of June 2005.

Implementation of the Scheme

The AWWs render a wide range of services under health education, pre-school education, immunisation, health checkup and supplementary nutrition programme.

3.2.9 Inadequate infrastructure facilities

Against the requirement of 31100 AWCs, only 16689 were functional

The scheme envisaged establishment of one rural/urban project for every one lakh people and one tribal project for every 0.35 lakh tribal population. Each AWC was to cover 700-1000 people depending on whether the area was tribal (700) or non-tribal (1000). As against the norms, the State Government assessed the requirement of 31100 AWCs in 204 projects during 2004-05. However, only 24,417 AWCs were sanctioned (March 2003) by the Government. Of these only 16,689 AWCs were functional in the State (March 2005). Thus, there was huge shortfall in establishing AWCs and the State was still some way away from universalisation of the scheme as well as full coverage for all children.

Proper infrastructural facilities were not provided in AWCs.

Scrutiny further revealed that the AWCs of the State did not have adequate infrastructure. In the test checked projects out of 1960, 1358 AWCs were being run in rented buildings and did not have space for cooking and storage. There was no source of drinking water in 1081 AWCs while toilet facility was not available in 1408 AWCs.

Funds provided by WB (Rs 7.77 crore) remained unutilised

The Department did not provide any funds for augmenting the infrastructure of AWCs during the period 2001-05. A sum of Rs 7.77 crore was provided under WB assistance for the construction of 581 AWCs and provision of hand pumps in them during 2003-04. No fund was utilised by the Department and was lying in the State exchequer as of June 2005. The Government stated (November 2005) that the process of site selection had been completed and work now been started in most of the projects.

3.2.10 Supplementary Nutrition Programme (SNP)/ Poshahar

Supplementary Nutrition is provided to the targetted beneficiaries in the AWCs to supplement the diet taken by them at home with an intention to fill the gap in the nutritional level. As per the guidelines of the scheme, children in the age group of six months to six years are to be provided 300 calories and 8-10 grams of protein, while malnourished children, pregnant women, lactating mothers and adolescent girls are to be provided 500 calories and 20-25 grams protein as food supplements. For normal children the cost of supplementary nutrition was Rs 1.50 per beneficiary per day, while it was Rs 3 per beneficiary per day for those requiring double ration. The State Government fixed the coverage of beneficiaries at 80 (up to November 2004) and at 100 (from December 2004) as under:

Categories	80 beneficiaries per AWC (Up to November 2004)	100 beneficiaries per AWC (from December 2004)
Pregnant women and Lactating mothers	20	25
Children (up to 3 years)	20	30
Children (3-6 years)	40	40
Adolescent Girls*	Nil	05

***Adolescent Girls were included from December 2004.**

3.2.11 Food items chosen did not provide stipulated calories

Supplementary nutrition in the form of Corn Soya Blend (CSB) and Refined Vegetable Oil (RVO) was supplied by Co-operation for American Relief Elsewhere (CARE) while the State Government provided salt, gur and fuel up to November 2002. From December 2002, *Murhi*, *Chana-Sattu* and *Gur* were introduced as food supplements by the State for the beneficiaries as the food supply from CARE was stopped. 50 gram *Murhi*, 15 gram *Sattu* (revised to 25 grams from August 2004) and 15 gram *Gur* was required (for single unit ration) to be provided by the State Government to each beneficiary for 300 days in a year i.e. 25 days per month.

Nutritional supplements supplied up to August 2004 were deficient in calories and protein

It was seen in audit that as against the stipulated requirement of 300 calories per day, 50 gram *Murhi*, 15 gram *Sattu* and 15 gram *Gur* provided only 275.30 calories up to August 2004. Further, against the stipulated 10 grams of protein, these provided only 7.18 grams of protein. Thus, nutritional supplements provided to the beneficiaries up to August 2004 were deficient. The quantity of *Sattu* was raised from 15 to 25 grams with effect from August 2004 but no corresponding increase was made in the cost of *poshahar* i.e. Rs 1.50 per unit per day.

3.2.12 Supply of Poshahar under SNP

Inadequate release of funds resulted in early exhaustion of stock of Poshahar

The records of distribution and stock account of *poshahar* at the AWCs of the test checked districts revealed that all the three items viz, *Murhi*, *Sattu* and *Gur* were not always available uniformly for 25 days in the prescribed quantity due to inadequate release of funds on SNP. It was seen that food items were distributed depending on the availability and sometimes any one or two items were only distributed. Thus, the requirement of additional calories/nutrients could not be said to have been met. It was seen during the test check of the projects that inadequate release of funds on SNP resulted in early exhaustion of the stock of *poshahar* at the AWCs which interrupted supply of food items.

3.2.13 Quality test of the poshahar

Quality test of food articles was not done

DC being the head of the purchase committee for procurement of *poshahar* at the districts, were required to evolve effective mechanism to conduct quality test/ inspection of the food articles at the intervals of three months as directed by the Department vide the release orders on *poshahar*. However, this was not done.

3.2.14 Inadequate provision of funds (State component) under SNP

Against requirement of funds of Rs 182.74 crore under SNP only Rs 50.64 crore was provided

During 2001-02 supplementary nutrition in the form of CSB and RVO was supplied by CARE while the State Government supplied salt, gur and fuel costing Rs 1.59 crore. The amount of funds allotted during 2002-05 for providing supplementary nutrition was inadequate to meet the requirement of supplementary nutrition as per norms fixed by GOI, as calculated in audit was indicated below:

(Rupees in crore)

Year	No. of AWC in operation	Minimum funds required ^v	Budget provision	Fund released (percentage)	Expenditure incurred (percentage)	Unspent balance
2002-03	16689	25.03*	5.99	4.26 (17)	1.87 (7)	2.39
2003-04	16689	75.10	17.89	16.16 (22)	13.40 (18)	2.76
2004-05	16689	82.61	39.45	30.22 (37)	18.13 (22)	12.09
Total		182.74	63.33	50.64 (28)	33.40 (18)	17.24

* Requirement calculated for the period December to March as food was supplied by CARE up to November 2002.

^v Total no. of AWCs (16689) x No.of beneficiaries per AWCs (60) x 300 days x Rs.1.50 + Total No. of AWCs(16689) x No.of beneficiaries per AWCs(20) x 300 days x Rs 3.00 and 100 beneficiaries from December 2004 including 30 beneficiaries eligible for double ration at the rate of Rs 3.00 per head.

It could thus be seen that the fund released was only Rs 50.64 crore (28 *per cent*) and expenditure incurred was only Rs. 33.40 crore (18 *per cent*) against total requirement of Rs 182.74 crore.

Rs 17.24 crore remained unspent due to delayed release of fund and delay in finalisation of tender

Apart from inadequate provision of funds, the DPOs were also unable to spend funds amounting to Rs 17.24 crore allotted during the period 2002-05. due to delayed release of fund by the Department and delay in finalisation of tender at the District level. Scrutiny of the release orders of the Department showed that funds for *poshahar* released to the projects did not cover the requirement for the entire period in each year.

3.2.15 Immunisation

As per guidelines of ICDS all children below six years of age in the project areas were to be immunised against diphtheria, whooping cough, tetanus, polio, tuberculosis and measles. All expectant mothers were also to be immunised against tetanus. For this purpose, the Department was to co-ordinate with the Primary Health Centres (PHCs).

It was noticed in audit that the Immunisation Register maintained in AWCs did not exhibit the complete data for number of children born, number of beneficiaries enrolled, nature of vaccination and dates of immunisation, etc. The project offices also did not maintain any consolidate record on the score. In the absence of relevant records, the actual number of children and pregnant women immunised in the project areas could not be ascertained in audit.

Against the target of 8.66 lakh immunization in seven test checked projects during 2001-05, only 2.03 lakh was achieved

Scrutiny of records furnished by the test checked seven* projects revealed that as against the target of 8.66 lakh immunisation during 2001-05, only 2.03 lakh was achieved. Non co-ordination and shortage of staff of Health Department were the reasons of such poor achievement as stated (July-August 2005) by the CDPOs of the test checked projects.

3.2.16 Health check up & referral services

Health check up includes ante-natal care of expectant mothers, post natal care of nursing mothers and care of new borns and children under six years of age especially those born with congenital defects or severely malnourished.

There were no health cards to assess the anti-natal/post-natal cases and no records maintained for the neo natal death due to malnutrition

It was seen in audit that no health cards, ante-natal or post natal cards were maintained or issued to the mothers by the AWCs in the units test checked. Thus, the service delivery under the health check up component of the scheme could not be ascertained in audit.

Scrutiny of records furnished by the test checked ten^o projects revealed that as against the target of 34.96 lakh health check up during 2001-05, only 7.11 lakh was achieved. Non co-ordination and shortage of staff of Health Department

* Chauparan, Jamshedpur Sadar, Katkamsandi, Keredari, Palkot, Rameshwar and Ratu.

^o Bharno, Dumka Sadar, Gola, Hazaribagh Sadar, Kamdara, Katkamsandi, Keredari, Masalia, Palkot and Ratu.

were the reasons of such poor achievement as stated (July-August 2005) by the CDPOs of the test checked projects.

Besides, several malnourished children, pregnant women and nursing mothers suffering from serious ailments were to be referred by the AWCs to nearby PHCs/hospitals for treatment. It was seen during the audit of test checked units that the AWCs did not maintain records of the number of beneficiaries requiring referral services and number actually referred to the PHC/hospital.

3.2.17 Medicine kits

Medicine kits containing first aid material and medicines costing Rs 600 were to be provided to the AWCs every year to provide primary health care of simple nature. The medicine kits were to be purchased by the Directorate, Social Welfare and distributed to the AWCs.

It was seen in audit that Rs one crore provided by WB during 2001-02 for purchase of these kits was not utilised. No funds were provided during 2002-03. In the year 2003-04, Rs 39.31 lakh provided by WB for 51 sponsored projects were drawn and kept in the banks by the DPOs. In reply it was stated (August 2005) that medicine kits could not be purchased as tenders were not finalised. Further, the State Government showed this amount as already spent in the expenditure report sent to GOI. However, no funds were provided during 2003-05 for the 101 GOI assisted projects.

3.2.18 Nutrition and Health Education for women

With a view to creating awareness in mothers about the importance of good health and nutrition in ICDS areas, trained Supervisors/Anganwadi Workers/ANMs were to conduct Nutrition and Health Education sessions using audio visual aids in which issues relating to child care, care of pregnant women and nursing mothers, dietary needs, immunization, sanitation/hygiene etc were to be discussed. However, no such campaigns were held or health visits undertaken in the project areas.

The Director stated September 2005 that instead of conducting home visits by AWWs "Nutrition & Health Day" was observed once in a month in order to generate nutrition and health education among women in the Anganwadis. The Government stated (November 2005) that "Nutrition Week" and "Breastfeeding Week" were celebrated annually at the AWCs to create awareness.

The reply was not acceptable as the purpose of the service was to generate awareness among women in the entire project area and not only amongst the women beneficiaries of the *Anganwadis*.

3.2.19 Non-formal pre-school education

Non-formal pre school education was to be imparted to children in the age group of three to six years at the AWCs, to provide better linkages between

Rs one crore provided by WB for purchase of Medicine kits was not utilized in 2001-02 and Rs 39.31 lakh provided for the year 2003-04 were drawn and locked up in Banks and shown as expenditure

No campaign and field visits for education on Nutrition and Health for women was undertaken

Children did not attend classes regularly due to non-supply of poshahar

primary schools and AWCs. The aim was to involve the lady primary school teachers in organising pre-school activities at the AWCs so as to induce the children to establish mental and emotional linkage with elementary education. It was seen that survey for the identification of children was not conducted as required. Thus, the actual number of eligible children requiring enrolment could not be established. In the test checked projects all the children enrolled did not attend the classes regularly during the period 2001-05. The CDPOs stated that this was because of irregular supply of *poshahar*. The Department stated that AWWs were being instructed to keep the records of children enrolled.

3.2.20 Pre-school kits

To assist in imparting non-formal pre-school education, pre-school kits* were to be provided to the AWCs.

No funds for pre-school kits were released for 101 centrally assisted projects during 2003-05

Audit scrutiny revealed that during the year 2001-02 World Bank assistance, of Rs 83.53 lakh were provided for 152 projects of the State. But no funds were released by the State Government and no pre-school kits were distributed during the year. During 2002-03, State Government released Rs 83.44 lakh to the DPOs of which only Rs 43.43 lakh was spent. The World Bank provided Rs 32.76 lakh each year during the period 2003-05 for purchase of the kits for 51 projects sponsored by it. Against this, an expenditure of only Rs 8.38 lakh was incurred during 2003-04 while no expenditure was incurred during 2004-05. Thus, adequate numbers of Pre-school kits for children were not purchased. No reply was furnished by the Directorate for non-utilisation of funds provided for the purchase of these kits. It was further seen that the State Government did not provide any funds during the period 2003-05 for purchase of Pre-school kits in the 101 projects financed by GOI.

3.2.21 Man power management

Scrutiny revealed vacancies in the following cadres of functionaries other than the AWWs/AWHs under ICDS as of August 2005. The details are as under:

Name of Post	Sanctioned strength	Men-in-position	Posts vacant	Percentage of vacancy
CDPO	204	129	75	37
Lady Supervisor	888	350	538	61
Statistical Asstt.	214	56	158	74
Accountant-cum-Store-Keeper	61	9	52	85
Clerk	232	134	98	42
Peon	277	209	68	33

As per the norms, DPOs were required to visit five CDPOs and 20 AWCs in a month including field visits for 15 days on ICDS activities. Similarly, the CDPOs and the Lady Supervisors (LS) were required to visit 30 AWCs

* Consisting of balls of different sizes, picture cards, funnel boards, puzzles, etc.

Inadequate supervision due to shortage of officials

(including 15 days field visits) and 40 AWCs (including 20 days field visits) respectively. Scrutiny revealed that the number of field unit visited by the CDPOs and LS was inadequate. The records of supervision carried out by the DPOs were not furnished. During 2001-05, against the target of 21195 units CDPOs supervised only 11429 units. Similarly, against the target of 98945 units Lady Supervisors visited 38750 units. Hence, shortfall in supervision in respect of CDPOs and Lady Supervisors was 46 and 61 percent respectively. Shortage of personnel could adversely impact the functioning of the scheme.

In reply, the Government stated (November 2005) that adequate supervision could not be carried out by them due to the shortage of personnel and non-availability of inspection vehicles. No reasons were furnished by the Department for not filling up the vacant posts.

3.2.22 Training

As against 23 sanctioned ATCs, only five were opened upto March 2005 and Rs 2.09 crore could not be utilised on training

As per the guidelines of the scheme training for ICDS functionaries was to be carried out by the State Government. Audit scrutiny revealed that against the 23 Anganwadi Training Centres (ATCs) sanctioned, only five ATCs were running as of March 2005. Reasons for non opening of remaining 18 training centres was not furnished to Audit. It was seen that out of Rs 4.05 crore earmarked for imparting training to ICDS functionaries during the period 2001-05, only Rs 1.96 crore were spent by the Department. This resulted in shortfall in achievement of targets for training as shown below:

Cadre	Target	Trained	Untrained (per centage)
CDPOs	110	109	1(1)
AWWs	11887	2258	9629 (81)
AWHs*	13083	4352	8731 (67)
TOTAL	25080	6719	18361 (73)

**Anganwadi Helpers*

It would be seen that the training needs of the AWWs and AWHs who were the real grass root workers under the programme were neglected. The Government stated (November 2005) that mobile training would be started (November 2005) to provide orientation training at the block level through Master Trainers who had been trained by the Department.

3.2.23 Monitoring and evaluation

No Steering Committees or Apex Committee constituted in the State, monitoring and evaluation was inadequate at all levels

To ensure the effective monitoring of the scheme as well as to ensure coordination between various departments like Social Welfare, Health, Rural Development, Drinking Water & Sanitation involved in the scheme, monitoring committees were to be established at the Block, District and the State levels. While a Steering Committee under the Chairmanship of the Development Commissioner was to be constituted, the scheme was also to be monitored by a high level Ministerial Apex Committee. It was noticed that no Steering Committee or Apex Committee had been constituted in the State.

Though the Block and the District level committees had been constituted but the meetings were not being conducted regularly.

It was noticed that MIS was developed for proper monitoring of the activities under the scheme at the Directorate level; but the reports generated by the MIS did not include data in respect of all the projects. Thus, monitoring in implementation of the scheme was not adequate.

Besides, evaluation of the impact of scheme implementation had not been carried out in the State.

3.2.24 Conclusion

Implementation of ICDS in the State was far from satisfactory. While there were not enough AWCs in the State, the infrastructure in the existing AWC's was not inadequate. Supply of *poshahar* for supplementary nutrition was irregular and *poshahar* was deficient in stipulated calories. Important records like immunisation registers, health cards were either not maintained or improperly maintained. No medicine kits were provided in the AWCs. Procurement and distribution of pre-school kits was inadequate. The training needs of the functionaries were neglected. Effective monitoring of the scheme at various levels was absent. Thus, the objectives of the scheme could not be fully achieved.

3.2.25 Recommendations

- The required number of AWCs should be sanctioned and made operationalised immediately to achieve the objective of universal coverage under the scheme.
- Adequate Budget provision for providing supplementary nutrition should be made to meet the requirement and supplementary nutrition with adequate calories and protein should be supplied regularly among the beneficiaries.
- The AWCs should be provided with essential facilities like drinking water, toilets, storage facility etc. for their smooth functioning.
- Maintenance of registers relating to immunisation, health care services, referral services by AWCs needs to be ensured.
- The CDPOs and Supervisors should visit AWCs regularly to supervise and monitor their functioning for betterment of the services rendered by them and also for exercising adequate control over maintenance of records.
- The infrastructure for training of functionaries of the scheme should be strengthened for better delivery of services.

The matter was reported to the Government (September 2005); their reply has been received (November 2005).

FOOD, SUPPLY AND COMMERCE DEPARTMENT

3.3 Implementation of Acts and Rules relating to Consumer Protection

Highlights

The Consumer Protection Act was enacted by Government of India to protect the interest of the consumers by providing simple, speedy and inexpensive redressal to the consumers' grievances. In Jharkhand, the Act has not been implemented effectively. The State Commission came into existence in December 2001, more than a year after the creation of Jharkhand (2000). There were huge numbers of cases pending for disposal. No action plan was prepared by the State Government for the protection of the rights, awareness and empowerment of consumers in the State. The State did not provide adequate infrastructure. Enforcement Mechanism was also poor due to shortage of Inspectors.

Three District forums remained non-functional upto March 2002 for periods ranged between 16 months and 36 months as the posts of President and Members remained vacant. No consumer protection council were established at State level and district level.

(Paragraphs 3.3.10 & 3.3.12)

There were shortage of staff in the District Forums. Infrastructural facilities such as waiting lounges, furniture, drinking water etc. were also inadequate mainly due to under utilisation of funds (Rs. 1.21 crore).

(Paragraphs 3.3.13 & 3.3.14)

In six District Forums, 1021 cases were pending for disposal for more than three months. Of these 103 cases were more than three years old.

(Paragraph 3.3.18)

In three District Forums all the 310 execution cases filed during 2000-2005 were pending till August 2005 due to inaction by the Police Department.

(Paragraph 3.3.19)

Out of total 17079 complaint cases registered by Weights and Measures Department, no action was taken in 4745 cases.

(Paragraph 3.3.21)

No Government laboratory was established, so testing of products was hampered to that extent.

(Paragraph 3.3.16)

No Food Inspectors were posted in 19 out of 22 districts in the State. In other three districts only one Food Inspector was posted in each district against the sanctioned strength of eight.

(Paragraph 3.3.22)

Activities to generate awareness among the consumers was not adequate mainly because no consumer welfare fund was created and no District Information Centres were established except in Dhanbad.

(Paragraph 3.3.23)

3.3.1 Introduction

The Consumer Protection Act, 1986 (CPA) was enacted by the Government of India (GOI) to provide simple, speedy and inexpensive redressal for the consumers' grievances. The Act came into force from July 1987 after the Consumer Protection Rules, 1987 were framed by GOI which were amended in 2002 to facilitate quicker disposal of complaints. The Act provides for establishment of a separate three-tier quasi-judicial consumer dispute redressal machinery at the National, State and district level, commonly known as consumer courts. The courts have been empowered to give relief of specific nature and to award compensation to the consumers. The provisions of this Act give the consumer an additional remedy besides those available under other existing laws. The Act applies to both goods and services and covers all sectors whether private, public or cooperative.

To prevent the menace of food adulteration, the Prevention of Food Adulteration Act was passed in 1954 which came into force in June 1955. To ensure that weighing and measuring instruments used by all commerce and trade establishments provide a correct reading of the weight and measure of the goods sold by them the Central Government made the Standards of Weights and Measures (Packaged Commodities) Rules, 1977 under Standards of Weights and Measures (Enforcement) Act, 1976 (SW & M)(E) Act.

3.3.2 Objectives of the Consumer Protection Act (CPA)

The objectives of the CPA are:

- to protect interests of the consumers in all respects;
- to secure speedy and inexpensive redressal of consumer grievances;
- to ensure protection of consumer rights against marketing of goods and services injurious to life and property to the consumers, providing information about the quality, quantity, potency, purity, standards and price of goods and services;
- to enhance the powers of the redressal machinery;
- to spread awareness among the consumers about their rights;
- to empower consumers and consumer organizations to file complaints in the consumer courts and
- to strengthen voluntary consumer movement, particularly in rural areas.

3.3.3 Organisational set up

The Department of Food, Supply and Commerce, being the nodal Department in the field of Consumer Protection, is responsible for promoting consumer awareness and empowerment of consumers and consumer organization. The Secretary, Food Supply and Commerce Department assisted by a Deputy Secretary along with the State Commission are responsible for the overall implementation of the Act and the Rules in the State. The District Forums headed by the Presidents are responsible for implementation of Acts and Rules at the District level.

The State Commission and each district forum have a President and two Members including one woman Member. The Health Department is responsible for implementation of Prevention of Food Adulteration Act and Agriculture Department the nodal department in the field of Standards of Weights and Measures Act.

3.3.4 Scope of audit

The review of the implementation of the Acts and Rules relating to consumer protection was conducted (April to August 2005) by test check of records of the Secretary, Food Supply and Commerce Department, President, State Commission and six⁷ District Forums (out of 22), the Controller, Weights and Measure and the Controller, Food and Drug Administration for the period 2000-05.

The services of the ORG Centre for social research, a division of AC Nielson ORG-MARG Private Limited, were commissioned by the Comptroller and Auditor General of India for conducting a sample survey amongst the consumers, complainants, NGOs, manufacturers etc. in the State. Two thousand consumers in five districts⁸ were selected by the agency for carrying out a survey during July to August 2005. The results of the survey have been incorporated in the review at appropriate places. The Executive summary of the survey findings is given in *Appendix-3.2*.

3.3.5 Audit objectives

The review sought to assess whether:

- the adjudication mechanism was established as prescribed;
- rules governing issues of implementation of the CPA particularly with respect to staffing, governance by the State Commission and District Forums and setting out uniform procedure have been formulated and notified;
- awareness was generated amongst the consumers about their rights as consumers;

⁷ Dhanbad, East Singhbhum, Giridih, Hazaribagh, Palamu, Ranchi.

⁸ Dhanbad, Dumka, Gumla, Palamu, Ranchi.

- speedy and inexpensive redressal was provided to the consumers as per the provisions of the Act; and
- adequate infrastructure was provided to the State Commission and District Forums for carrying out their activities.

3.3.6 Audit criteria

The audit criteria adopted to arrive at the audit conclusion were:

- provisions of the Consumer Protection Act and the Rules to assess the adequacy of adjudication mechanism, infrastructure facilities and timeliness in disposal of complaint cases;
- Bagla Committee Report, Government sanction orders and provisions in the relevant Rules to assess the availability of adequate staff;
- compliance to the provisions of the relevant Rules and Government instructions with regard to generation of consumer awareness;
- pendency in disposal of complaint cases to assess the overall performance of the district forums and State Commission.

3.3.7 Audit methodology

An entry conference was held in June 2005 with the President and the Secretary, State Commission, the Secretary and the Deputy Secretary, Food Supply and Consumer Department and audit objections were discussed. Audit evidences were collected through examination of the records and information collected through issue of questionnaire. Exit conference was also held with the Secretary of the Department in September 2005 and their views have been taken into account while finalising the review.

Audit Findings

3.3.8 Financial outlay and expenditure

The State Government allocated funds in the annual budget for the State Commission and the District Forums for implementation of the CPA based on the estimates submitted by them.

Budget allocation and expenditure incurred on consumer affairs by the Department during the period 2000-2005 were as under:

(Rupees in crore)

Year	Budget allocation	Expenditure	Savings (-)	Percentage of savings
2000-01	0.52	0.41	(-) 0.11	21
2001-02	3.00	2.01	(-) 0.99	33
2002-03	3.90	1.47	(-) 2.43	62
2003-04	2.75	1.83	(-) 0.92	33
2004-05	3.85	2.59	(-) 1.26	33
Total	14.02	8.31	(-) 5.71	41

Substantial savings under infrastructure development

Thus a large portion of funds earmarked for the activities of consumer protection were not spent. Scrutiny revealed that substantial portion of these savings were under infrastructure development (Details in *Appendix-3.3*).

In the test checked districts and the State Commission expenditure during 2000-05 was Rs 2.82 crore against the total allocation of Rs 3.67 crore during the period.

Scrutiny revealed that allotments of funds were made on the basis of the sanctioned strength of staff, although men-in-position was much less than the sanctioned strength. The Presidents of the District Forums stated that the savings were due to release of funds in excess of requirement.

3.3.9 Non-maintenance of cash book

Transaction could not be ascertained due to non-maintenance of cash book

Scrutiny revealed that no cash book was maintained by the District Forum, East Singhbhum during the period 2000-05. During this period, the District Forum had drawn Rs 37.76 lakh from the treasury. Similarly, cash book was not maintained in District Forum, Dhanbad for the period 2000-04. During this period, Rs 34.31 lakh was drawn by the District Forum from the treasury. In the absence of cash book, details of transactions from treasury by the District Forums could not be ascertained by Audit.

The amount received as Court fee was not deposited into treasury

It was further seen that money receipts of the fees charged by the District Forum were not given to complainants and the amounts so received were not remitted regularly into the treasury. In District Forum, Giridih, Rs 3200 was received as court fee in shape of IPO from September 2004 to June 2005, but the amount was not deposited into treasury (August 2005).

Non-remittance of Government receipts into treasury and non-maintenance of cash book was not only a violation of the Treasury Rules of the State, but also had the potential for creating conditions for fraud and misappropriation. In reply, the Presidents, District Forums, stated that the cash book would be maintained in future.

Implementation of the Act - creation of adjudication mechanism

Audit observed inadequacy of adjudication mechanism in the State as discussed below:

3.3.10 Delay in constitution of State Commission and District Forums

The State of Jharkhand was created in November 2000. The State Commission was notified by the Government only in June 2001 and it started functioning in December 2001.

Three District Forums remained non-functional for a considerable period for want of President and Members

In the four⁹ districts created in July 2003, district forums were yet to start functioning (July 2005). Scrutiny of records further revealed that District Forums in Giridih, East Singhbhum and Palamu remained non-functional for 16 months, 36 months and 23 months respectively up to March 2002. During this period no cases were filed in Giridih. In Palamu and East Singhbhum cases were filed but the cases were not disposed of, leading to an increase in the number of pending cases. Government stated (July 2005) that the Forums remained non-functional because of the vacancy in the post of President, inadequate quorum and shortage of staff.

3.3.11 Formulation of Policy and Notification of Rules

The State Government adopted (2001) the Bihar Consumer Protection Rules, 1987 after the creation of the State. No policy or action plan had been prepared by the State Government for protection of the rights of the consumers.

3.3.12 Establishment of Consumer Protection Council

As per the provision of the Consumer Protection Act, the State Government should, by notification, establish a State Council and one District Council in each district to protect the rights of the consumers in the State. The State Government was to formulate rules and procedures for conducting the business of these Councils.

Consumers Protection Councils were not established

It was noticed that neither the State Consumer Protection Council nor the District Protection Councils were established by the State Government. It was stated (July 2005) by the Government that all the Deputy Commissioners have been directed to establish District Consumer Council in their districts. Thus, efforts of the Government in implementation of the Act was inadequate.

Adequacy of infrastructure

The functioning of the State Commission and the District Forums was impeded due to inadequate administrative support, shortage of manpower and insufficient infrastructure as discussed below:

3.3.13 Shortage of staff

The Bagla Committee recommended uniform staffing pattern. Against the recommendation of 40 posts of various cadres in State Commission and 16 posts in the district forums only 15 and 13 posts respectively were sanctioned by the State Government. However, none of the district forums in test checked districts had full strength of staff.

Scrutiny revealed that against the total sanctioned staff strength of 15 in the State Commission, men-in-position as of March 2005 was 11. In the six test checked district forums men-in-position (for staff only) ranged between one

⁹ Jamtara, Latehar, Saraikela-Kharsawan, Simdega

and five against the sanctioned staff strength of 10¹⁰ for each district forum. In all the district forums, posts of Secretary and Accountant were lying vacant. Posts of Assistants were also lying vacant except one each in Giridih and Hazaribagh. In Dhanbad, there was no staff other than one Personal Assistant and in Palamu there were only one driver and one sweeper. In Hazaribagh posts of the President and one Member were lying vacant while in Giridih post of one Member was lying vacant.

The shortage of manpower particularly of President and Members adversely affected the functioning of the District Forums contributing to increase in the pendency of cases.

3.3.14 Lack of accommodation

Only 34 per cent of available funds for infrastructure was utilised

It was seen in audit that the infrastructure provided to the District Forums was inadequate. During the period 2001-05, Rs 1.84 crore were earmarked by the Government for construction of buildings, for providing facilities like drinking water, electricity, furniture etc. in the existing forums. Of this, only Rs 62.60 lakh (34 per cent) could be spent by the Department. No reason for such poor utilisation of fund (Rs. 1.21 crore) was furnished to Audit. Thus, adequate infrastructure in terms of buildings and other basic facilities could not be provided.

No funds were allocated by GOI to the State Commission during the period 2000-04. GOI allotted a fund of Rs 75 lakh for the State Commission for development of infrastructure of the State Commission and District Forums only in March 2005. This amount was yet to be released to the State Commission by the Department (November 2005). Reasons for not releasing of fund to the State Commission was not furnished by the Department.

State Commission stated that though buildings for the State Commission and District Forums except for Jamtara, Saraikela-Kharsawan and Ranchi had been constructed, other facilities such as libraries, waiting lounges with furniture, drinking water etc. were still inadequate in the District Forums.

3.3.15 Computerisation

Process of computerisation was not started although Rs 36.50 lakh was provided to IT Department

Similarly, it was seen in audit that during 2004-05, Rs 36.50 lakh was provided to the Information Technology (IT) Department of the Government for computerisation of the State Commission and the District Forums. However, computerisation was yet to start by the IT Department as of November 2005.

3.3.16 Laboratory

The Government did not accredit any laboratory for the testing of products in the State as of August 2005. As a result, testing of products in the State hampered.

¹⁰ Secretary to District Forum (1), Personal Assistant (1), Accountant (1), Assistant (2), Driver (1), Peon (3), Sweeper (1)

Laboratory for the testing of product was not accredited in the State. Weights and Measures Department functioned without electronic laboratory

There was no electronic laboratory in the State. The Weights and Measures Department functioned with only one Secondary Standard Laboratory. This affected the effective functioning of the Department.

Results of the survey of ORG MARG also revealed that there was no laboratory in the State where the samples could be sent from the District Forum or State Commission for product testing. If required, services of laboratory located in the neighboring State of Bihar were utilised.

Enforcement mechanism

The monetary limits to entertain complaints in respect of District Forum, State Commission and National Commission were as below:

Forum/Commission	Compensation
District Forum	Up to Rs 20 lakh
State Commission	More than Rs 20 lakh but less than Rs one crore
National Commission	Above Rs one crore

3.3.17 Functioning of consumer courts

Section 13 of the CPA provides that every complaint should be heard as expeditiously as possible and endeavor should be made to decide the complaint within a period of three months from the date of receipt of notice by opposite party where the complaint does not require analysis or testing of commodities and within five months if it requires analysis or testing of commodities. The consumer dispute cases are generally related to Banking, Medical negligence, Telephone, Insurance, Housing, Electricity, Airlines, Railways etc.

The position of consumer dispute cases filed and disposed of during the years 2001 to 2005 (to end of June 2005) in respect of the State Commission and 22 Districts Forums was as below:

Calendar year	State Commission					District Forums				
	Cases pending at the beginning of the year (OB)	Cases filed during the year	Total	Disposal during the year (Percentage)	cases pending at the end of the year (CB)	Cases pending at the beginning of the year (OB)	Cases filed during the year	Total	Disposal during the year (Percentage)	cases pending at the end of the year (CB)
2001	Nil	47	47	Nil	47	3811	988	4799	1074 (22)	3725
2002	47	580	627	505 (80.5)	122	3725	1471	5196	2233 (43)	2963
2003	122	658	780	666 (85)	114	2963	2965	5928	3225 (54)	2703
2004	114	562	676	306 (45)	370	2703	2653	5356	2911 (54)	2445
2005 (Upto June 2005)	370	220	590	275 (46.6)	315	2445	1027	3472	768 (22)	2704
Total	-	2067	-	1752	-	-	9104	-	10211	

21 per cent (2704) of the total complaint cases were pending disposal in District Forum

Test check of Complaints Registration Register and the case files revealed that out of total number of 2067 complaints registered with the State Consumer Commission during the period 2001 to 2005, 315 (15 per cent) complaints were pending disposal as of June 2005. Similarly, out of 9104 complaints registered in the District Forums, 2704 (21 per cent) complaints were pending disposal as of June 2005.

It was observed that priority was given for disposal of the old cases. An average of 16 months were spent to dispose of a case by the State Commission as well as by the District Forums.

3.3.18 Delay in disposal of complaint cases

It was observed in audit that as of March 2005, 1021 cases were pending for a period ranging between 91 days and more than three years in the five test checked district forums, as detailed below:

Period	No of cases pending	Percentage of total pending cases
91 days to 1 year	222	22
1 year to 2 years	509	50
2 years to 3 years	187	18
beyond 3 years	103	10
Total	1021	100

Cases were pending because of non-issue of notices and shortage of staff

Most of the old cases were pending because of non-service of notices to the respondents and also due to shortage of staff and other infrastructure.

ORG-MARG finding revealed that on an average 13 months were taken to resolve a case. In case of unresolved cases the same were pending for an average of 38 months.

Thus, the objective of speedy redressal of the consumer grievances was not achieved.

3.3.19 Delay in finalization of execution cases

310 orders of warrant of arrest or attachment were not executed by Police

Scrutiny of records of three sampled district forums test checked revealed that all the 310 execution cases filed were pending with the district forums during 2000 to 2005.

Number of cases pending finalisation in East Singhbhum, Palamu and Ranchi were 97, 17 and 196 respectively during 2000-2005.

Execution cases were pending mainly due to non-execution of warrant of arrest or attachment order by the police authorities.

Other Acts relating to Consumer protection.

3.3.20 *Standards of Weights and Measures (Enforcement) Act, 1976 {SW&M (E)}*

Targets of inspection of establishments were not achieved due to shortage of Inspector

All commerce and trade establishments were required to be inspected by the Inspectors of the Weights and Measures Department under the SW & M (E) Act, 1976, to ensure that the weighing instruments used by them provided an accurate reading of the weight of the goods sold. Agriculture Department is the nodal department for implementation of the Act in the State. Scrutiny revealed that the targets set out for inspections of establishments were not achieved during the years 2001-05; as detailed below:

Year	Target for inspection of establishments	Establishments inspected	Shortfall	Percentage of shortfall
2001-2002	75,000	64,036	10,964	15
2002-2003	77,000	61,074	15,926	21
2003-2004	80,000	62,108	17,892	22
2004-2005	83,000	65,464	17,536	21
Total	3,15,000	2,52,682	62,318	20

It was seen that against the sanctioned strength of 35 Inspectors, 27 Inspectors were in position as on March 2005. The Department stated (August 2005) that there was necessity of creation of 10 new posts of Inspector. Thus, shortage of Inspector led to non-achievement of targets for inspection.

3.3.21 *Pending case under SW&M (E)*

Number of pending cases increasing every year

The year-wise details of complaints registered by the Controller of Weights and Measures against the defaulting establishments, cases disposed of and those pending during the year 2001-05 were as under:

Year	Number of complaint registered	Number of cases disposed of			Number of pending cases at the end of the year (Per cent)
		Settled	Filed in court	Total	
2000-2001	3607	955	2492	3447	160 (4)
2001-2002	3132	1108	1661	2769	363 (12)
2002-2003	2934	977	1225	2202	732 (25)
2003-2004	3922	1484	745	2229	1693 (43)
2004-2005	3484	728	959	1687	1797 (52)
Total	17079				4745

The number of pending cases showed a rising trend every year during the period 2000-05. No reason was furnished by the Department for the pendency.

3.3.22 *Prevention of Food Adulteration*

As per provisions of the Prevention of Food Adulteration Act, 1954, (PFA Act) the Food Inspector in Health Department was to inspect all establishments licensed for manufacture/ storage or sale of an article of food

within the area assigned to him and was responsible for implementation of the PFA Act.

Out of 22 districts Food Inspectors were posted only in three districts; enforcement mechanism was weak

It was noticed that out of 22 districts in the State, Food Inspectors were not posted in 19 districts¹¹. While eight posts of Food Inspectors were sanctioned for the other three districts of East Singhbhum; (3), Hazaribagh; (2) and Ranchi; (3), only one Food Inspector was posted in each of these three districts. There was no records to indicate that any inspection was carried out by them. Thus, the enforcement mechanism in the State was not effective enough to ensure that unadulterated food was not supplied to the consumers.

In reply, it was stated (September 2005) by the Civil Surgeon-cum-CMO that need based inspections were carried out by the Food Inspectors. The reply was not tenable as the Civil Surgeon failed to show any documentary evidence to Audit in support of inspection carried out.

Awareness campaign

3.3.23 Awareness and Empowerment of Consumers

Jagriti Shivar Yojana to create awareness was not functional in the State

The Government of India launched (December 2003) the Jagriti Shivar Yojana to create awareness among the consumers at the district level by organizing awareness camps, meetings, functions etc. Scrutiny revealed that no funds were allotted for any of the districts of the State. It was noticed that Consumer Welfare Fund was not created in the State as of October 2005, though budget allocation of Rs 35 lakh was made in 2004-05 by the State Government for creation of the Fund.

DCI Centre not established

It was noticed that Rs 5 lakh was provided by GOI to an NGO (December 2003) for creation of a District Consumer Information Centre (DCIC) at Dhanbad which was established in 2004 and was functional. No District Consumer Information Centre were established in any other district of the State as of October 2005.

Thus, activities for consumer awareness were neglected in the State and efforts to educate the consumers about their rights were not undertaken by the State Government.

The results of the ORG-MARG survey indicated that a majority (88 per cent) of consumers were not aware of their rights. Only eight per cent of the respondents were aware of the Consumer Protection Act. Though 63 per cent of the respondents perceived the importance of being aware of their rights as consumers, the actual awareness of their rights was much lower.

The survey also indicated that only 10 per cent of the respondents were aware of the consumer redressal mechanism. Awareness was higher (30 per cent) in the urban areas as compared to rural areas (five per cent). Among the

¹¹ Bokaro, Chatra, Deoghar, Dhanbad, Dumka, Garhwa, Giridih, Godda, Gumla, Jamtara, Koderma, Latehar, Lohardaga, Pakur, Palamu, Sahebgunj, Saraikela-Kharsawan, Simdega and West Singhbhum .

respondents, it was found that the awareness was mostly for the District Forums (79 per cent). People knowing about the State Commission and National Commission were relatively lower i.e. 36 per cent and 16 per cent respectively. The source of awareness regarding the Act was electronic media (82 per cent) amongst the respondents. The survey revealed that almost all the manufacturers and service providers were aware about the Consumer Protection Act. Majority of manufacturers and service providers interviewed had knowledge of almost all the goods and services covered under the Act.

Thus, it could be seen that not enough was done by the Government to make the Consumers aware of their rights as per the provisions of the Act.

3.3.24 Monitoring

Monitoring of implementation of the CPA was inadequate

Monitoring of the implementation of the CPA in the State was lacking as no separate monitoring cell was in operation under the Department. Scrutiny of the records revealed that the activities of the District Forums were not being monitored effectively by the State Commission or the Department. The reports sent by the District Forums were neither scrutinised at the level of the State Commission nor by the Department. Complaints regarding Food and Drug Administration were, however, being monitored by the Health Department.

3.3.25 Impact evaluation

Impact evaluation not carried out by the Department

The Department dealing with Consumer Affairs at the State and District level is required to evaluate the efficiency of the adjudication mechanism through an independent agency either through the State Council or by constituting a separate Committee for streamlining through remedial measures. No such evaluation has, however, been carried out by the Department (September 2005).

3.3.26 Conclusion

Implementation of CPA, particularly regarding generating consumer awareness and redressal of grievances were far from satisfactory in the State. Under CPA there were 2704 complaint cases pending disposal as of June 2005. The District Consumer Councils and State Consumer Council were also not established in the State. While no activities for generation of consumer awareness were carried out in the State, the complaint cases filed by the consumers were not disposed of within the stipulated period. The number of inspections carried out by the Weights and Measures Department and the Food Inspector was inadequate. It was also seen that the District Forums lacked adequate infrastructure and shortage of manpower.

3.3.27 Recommendations

- Government need to take serious initiatives to create consumer awareness among the people about the consumer rights and consumer redressal machinery.
- The Department of Food, Supply and Commerce, being the nodal agency, should monitor and ensure that cases are disposed of within the stipulated period.
- The State Government should accredit a laboratory where the testing of products can be carried out. The laboratory of the Weights and Measures Department should be upgraded.
- Adequate infrastructure like lounges, library, drinking water and toilet facilities needs to be provided in the State Commission and the District Forums.
- Adequate number of Food Inspectors needs to be provided in the districts. The recommendation of the Bagla committee should be implemented.
- Proper mechanism should be put in place to ensure that the complainants actually received the compensation as decided by consumer courts.
- Separate monitoring cell in the Department should be established for proper monitoring of the implementation of CPA.

The matter was reported to the Government (September 2005); reply had not been received. However, the Audit findings were discussed with the Chief Secretary, Government of Jharkhand and Deputy Secretary, Food Supply and Commerce Department held in September 2005.

RURAL DEVELOPMENT DEPARTMENT

3.4 Member of Parliament Local Area Development Schemes (MPLADS)

3.4.1 Introduction

MPLADS was introduced by the Government of India in December 1993. Under the scheme, MPs of both the Houses could recommend to the Deputy Commissioner/ District Collector (DC) for execution of works costing up to Rupees two crore per year. The work under the scheme should be developmental in nature and based on locally felt needs for creation of durable assets. At the State level, the Rural Development Department (RDD), is the nodal department overseeing the implementation of the scheme.

In Jharkhand, the Deputy Commissioners (DC) of the respective districts are the nodal officers responsible for sanctioning the works and implementation of the scheme. Implementation of the scheme is done through the District Rural Development Agencies (DRDAs).

3.4.2 Audit coverage

The implementation of the scheme during 2001-05 was reviewed in audit (between May and August 2005) with a view to examine the compliance to the scheme guidelines and achievement of the scheme objectives in the state. The review was conducted through test check of records in the Rural Development Department, six¹² District Collectorates, six District Rural Development Agencies (DRDA) and executing agencies¹³ in the districts. Following deficiencies were noticed:

Audit findings

3.4.3 Financial management

The scheme is fully financed by the GOI. The funds are non-lapsable in nature and released directly to the DCs by the GOI each year on the basis of the physical and financial progress of the works and are deposited in the savings banks account of nationalised banks. The total funds available during the period 2001-05 was Rs 367.78 crore (including opening balance of Rs 16.21 crore) against which Rs 167.70 crore (46 *per cent*) was spent during the period. The unspent balance of Rs 200.08 crore were lying in the bank accounts of the DCs and the executing agencies.

Huge unspent balance of Rs 200 crore occurred due to delay in sanction of works, poor progress

¹² Bokaro, Dhanbad, Dumka, East Singhbhum, Hazaribagh, West Singhbhum

¹³ BDOs (22), PWD divisions (six), NREPs (two), Zila Parishads (six), Municipalities (1), Notified Area Committees (1), MESO (1) and Circle Officer (2)

In the six test checked districts, the total funds available during 2001-05 was Rs 153.54 crore (including opening balance of Rs 10.24 crore) against which Rs 74.48 crore (49 *per cent*) only were spent.

The reasons for huge unspent balance were delay in sanctions of works, poor progress in execution of works, inadequate monitoring etc.

3.4.4 Submission of utilisation certificates

Utilisation certificate of Rs 69.41 crore not submitted

Out of the total expenditure of Rs 74.48 crore in the test checked districts, utilization certificates (UC) of Rs 69.41 crore (93 *per cent*) were not furnished by the executing agencies to the DCs as of June 2005. In the absence of UCs the authenticity of expenditure reported to GOI was not verifiable in audit.

The Government stated (November 2005) that all the DCs were instructed to obtain the UCs from the executing agencies and submit the same without delay.

3.4.5 Outstanding advances

Executive Engineer (EE), NREP, Chaibasa advanced Rs 1.70 lakh to a Junior Engineer (JE) in three instalments¹⁴ between May and July 2002 for construction of boundary wall and toilet in the Narsunda-Mochisai middle school at Chaibasa. Scrutiny revealed that even after a lapse of three years, neither the work was taken up by the JE nor any adjustment was furnished by him. The EE directed (April 2005) the JE to return the advance. However, the JE did not return the amount as of July 2005.

Advances for Rs 92.59 lakh were released without adjustment of previous advances

Similarly, scrutiny of records of Zila Parishad (ZP), and Rural Development Special Division (RDS), Hazaribagh, revealed that Rs 90.89 lakh was advanced to a JE for execution of 22 works¹⁵ during the period from July 2002 to February 2003. Out of the amount advanced, the JE furnished accounts of only Rs 26.60 lakh in respect of nine works of RDS leaving Rs 64.29lakh unadjusted. No works were completed as of August 2005. The advances were given to these JEs in violation of codal provisions, which forbid grant of any subsequent advances till the previous advance was adjusted.

The Government stated (November 2005) that the concerned DCs would be asked to take immediate steps against the persons involved.

3.4.6 Asset register not maintained

Register of assets not maintained

A register of assets created in the district under the scheme was required to be maintained by the DCs. However, no such asset register was maintained in any of the districts test checked. Further, the DCs were to ensure adequate provision for the maintenance and upkeep of the assets which was not feasible as the details of assets created were not available with them.

¹⁴ Rs 50,000 (May 2002), Rs 80,000 and Rs 40,000 (July 2002)

¹⁵ RDS: 9 works- Rs 40.58 lakh; ZP: 13 works- Rs 50.31 lakh

The Government stated (November 2005) that the DCs were being instructed to maintain Asset Register at district level and also by the implementing agencies.

3.4.7 Maintenance of records

During execution of the works, records of the works like Muster Rolls (MR), Measurement Books (MB), vouchers and bills, Hand Receipts (HR) etc. are to be maintained as per codal provisions. However, it was seen in audit that these records were not maintained properly as discussed below:

Doubtful measurement of works executed for Rs 93.67 lakh

In five¹⁶ test checked districts scrutiny of 26 works costing Rs 93.67 lakh revealed that physical progress reports were not corroborated by basic records like Measurement Books, estimates, vouchers etc. Measurement of works done were found to have been taken prior to engagement of labourers, concrete work measured prior to procurement of cement and chips and materials procured and labourers engaged prior to allotment of works (*Appendix-3.4*).

Inadequate scrutiny of muster rolls

In four¹⁷ test checked districts, labourers were shown to have been engaged on muster rolls for execution of 20 works between May 2002 and December 2004. However, the muster rolls maintained were not in the prescribed format. In many cases it was seen that payments were made by exhibiting duplicate names in the same set of muster rolls or two different sets of muster roll prepared during the same period. In most cases the period of engagement of labourers were not found mentioned. While sanctioning payment on these muster rolls, no scrutiny seemed to have been carried out at any level.

Store accounts for material costing Rs 40.41 lakh not maintained

In two¹⁸ test checked districts, materials like bricks, sand, metals, cement valued at Rs 40.41 lakh were purchased between May 2002 and January 2004 for 12 works by the executing agencies from suppliers. The payments were either made on plain sheets of paper or the letter head of the supplier. Store account for the material had not been maintained.

Execution of works

3.4.8 Sanction of works

Sanction of works was delayed by the DCs

As per the guidelines, works recommended by the MP are to be sanctioned by the DC within 45 days. Scrutiny of district-wise progress report of MPLADS revealed that there was delay in 398 works out of 1410 sanctioned works. It was noticed that there was delay of more than 12 months in according sanction of six works, delay was between six and 12 months in respect of 58 works and between one and six months in 334 works. DDC, Bokaro and District Planning Officer (DPO), Chaibasa stated that the delay was due to delay in finalisation

¹⁶ Bokaro, Dhanbad, East Singhbhum, Hazaribagh and West Singhbhum

¹⁷ Dumka, Dhanbad, Hazaribagh and West Singhbhum

¹⁸ Hazaribagh and West Singhbhum,

of estimates and feasibility report while other DDCs/DPOs¹⁹ did not specify any reasons.

The Government stated (November 2005) that the concerned DCs would be asked to specify reasons for delay and DCs would also be instructed to sanction the schemes within stipulated period.

3.4.9 Selection of works

Inadmissible works costing Rs 3.33 crore were executed

Scheme guidelines prohibit spending of MPLAD funds on works like construction of Government buildings, works on private land, works at religious places, construction of memorials, repairs etc. Scrutiny of district-wise progress report of MPLADS revealed that out of 1410 sanctioned works, 176 works not permissible under the scheme were sanctioned by the test checked DCs and executed at a cost of Rs 3.33 crore during the period of review (**Appendix 3.5**).

In reply it was stated (August 2005) by the DDCs that the works were sanctioned on the recommendation of the MPs.

The Government stated (November 2005) that DRDAs were being instructed to ensure that only permissible works under the scheme were executed.

3.4.10 Incomplete works

Out of 1410 sanctioned works, 724 works were yet to be completed

As per the guidelines, the DCs were to stipulate a time limit for execution of works depending upon the nature of works to restrict the escalation of project cost and delayed utilisation of fund and development. It was noticed that 1410 works were sanctioned in the test checked districts during the period 2001-05. It was noticed in the test checked districts that 686 works were completed out of 1410 works sanctioned during the period 2001-05. The rest 724 works were still in progress. Scrutiny revealed that there was delay in completion of 141 works out of 686 completed works. The delay was between one to six months in 39 works, between six and 12 months in nine works and in 93 works it was more than a year against the stipulated date of completion. (**Appendix-3.6**).

3.4.11 Works executed through contractors

In four districts, 25 works for Rs 2.65 crore were executed through contractors in violation of guidelines

As per the guidelines, the works were to be executed departmentally and contractors were not to be employed. It was seen that in four²⁰ out of six districts test checked, 25 works costing Rs 2.65 crore were executed through contractors by the executing agencies. Expenditure of Rs 2.31 crore had already been incurred on these works as of August 2005.

In West Singhbhum, four works valued at Rs 13.62 lakh to be executed through MESO, Chaibasa were allotted by the DC to an unregistered contractor on the recommendation of an MP. An expenditure of Rs 6.30 lakh was incurred on the work as of June 2005.

¹⁹ Bokaro, Dhanbad, East Singhbhum and Hazaribagh.

²⁰ Bokaro, Dhanbad, Hazaribagh and West Singhbhum,

The Government stated (November 2005) that the DCs had been asked to submit reasons for entrusting the works to contractors and instructions have been issued not to assign works to the contractors in violation of the guidelines.

3.4.12 Works abandoned

Works abandoned after spending Rs 9.65 lakh because of land dispute

As per the instructions of GOI, once the work has been started it should not be stopped till the work is finally completed. In three²¹ out of six districts test checked, it was seen that 14 works had been abandoned after incurring a total expenditure of Rs 9.65 lakh. While in one case no reason was on record, in other cases the reasons were land disputes, public hindrance and non-acquisition of forest land. It could thus be concluded that detailed feasibility study was not carried out by the DCs before sanctioning the works.

The Government stated (November 2005) that the works/projects were abandoned at later stage as they were not found feasible and the DCs would be directed to undertake works after considering all such problems. This indicated that the works had not been taken after conducting proper feasibility survey.

3.4.13 Payment of scheme funds to a society

Scheme guidelines envisaged that the benefits of MPLADS fund should not be given to any registered society in which the recommending MP himself/herself was either the Chairman or a member of the managing committee. Further, amount allotted to any society should not exceed Rs 25 lakh. Scrutiny revealed irregular payment of scheme funds to societies in violation of the guidelines.

Rs 2.20 crore paid to BRIMBMS of which the MP himself was the Chairman

Scrutiny of the records of the DC, Bokaro revealed that on the recommendation of an MP of Rajya Sabha, DC sanctioned Rs 1.23 crore between March and July 2001 for setting up a medical college and hospital "Birsa Research Institute for Medical and Bio Medical Studies" (BRIMBMS) at Bokaro under "Council for Agriculture, Industrialization and Rural Employment" (CAIRE). The MP was the Chairman of the managing committee of both BRIMBMS and CAIRE. As per the certificate of registration of CAIRE, it was shown to be functioning from the official residence of the MP. Two ambulances costing Rs 5.50 lakh were also purchased (December 2001) for BRIMBMS on the recommendation of the same Rajya Sabha MP even though the medical college and hospital was not established as of August 2005.

Further, DC Dumka on the recommendation of the same MP (this time Lok Sabha) paid (December 2003) Rs 36.56 lakh from MPLADS funds to BRIMBMS for purchase of an ambulance equipped with medical facilities benefiting the rural population around Dumka.

²¹ Dhanbad, Dumka, West Singhbhum

Further, in violation of the ceiling limit of Rs 25 lakh, Rs. 54.93 lakh was paid to BRIMBMS (February 2001 and November 2003) on the recommendation of another Rajya Sabha MP. Thus, a total amount of Rs 2.20 crore was provided to BRIMBMS.

In reply it was stated by DC, Bokaro (August 2005) that a report would be sent after thorough investigation.

3.4.14 Purchase of medical equipment and computers

Medical equipment for Rs 27.04 lakh lying idle even after two years of procurement

DC, Koderma provided (February 2003) Rs 27.04 lakh for procurement of medical equipment²² to be installed in four health centres /hospital²³. These equipments were lying idle due to non-availability technical personnel, adequate space and proper electric supply since December 2002. Though more than two years had passed, no attempt was made by the DC to get the equipment installed.

In spite of taking advance in January 2002, accessories worth Rs 15.90 lakh were not supplied by the agency

Scrutiny of records of DPO, Chaibasa revealed that Rs 29.25 lakh was advanced (January 2002), to an agency for purchase and installation of computers and accessories in ten schools by the DC, Chaibasa. It was seen in audit that four²⁴ out of nine²⁵ items costing Rs 15.90 lakh were not supplied as of June 2005. The items supplied were also not as per the prescribed specifications. In reply it was stated (June 2005) that correspondence was being made with the agency. The reply was unacceptable as nearly three years had passed and no action was taken against the agency so far.

3.4.15 Monitoring

No schedule of minimum inspection of field Inspectors were drawn up by the RDD. The reports furnished by the districts were full of errors

The RDD being the nodal department was to monitor implementation of the scheme through field inspections and to coordinate with the GOI. However, no schedule for field inspections by the supervisory level functionaries was drawn up by the RDD. The Department only compiled the data of funds and expenditure as provided by the districts. It did not have important details like schemes sanctioned in the districts, funds lying unutilised in the districts and with the implementing agencies. The physical and financial progress reports sent by the districts were also not scrutinized by the RDD. Audit found discrepancies like mismatch in the opening and closing balances both in physical and financial progress reports, errors in totalling and incomplete information in these reports.

As per guideline, the DCs are required to inspect at least ten *per cent* of the works every year. The senior officers of the implementing agencies at district

²² X ray machine, ECG machine and accessories, oxygen concentrator and surgical equipments

²³ PHC Jainagar, Markachcho, Additional PHC Tilaiya, Referral Hospital Domchanch

²⁴ UPS, Generator set, AC, Software

²⁵ Intel P-III/colour monitor/internet/keyboard/mouse/Ethernet card/multimedia kit/VRAM, DMP, HP Deskjet, UPS, Generator set, AC, Software (Windows XP, Office XP, Foxpro, Nortron Anti virus), Computer tables, Operator chairs

Records of inspections made by the DC, if any, not maintained

and block levels were also required to visit the work spot regularly to ensure that the works were progressing satisfactorily. No records of inspection were maintained by any of the DCs of districts test checked. As such, it was not verifiable whether any inspection was carried out.

A report on the release of funds, works sanctioned and expenditure incurred under MPLADS was to be sent to GOI every month. In Dumka and Dhanbad Districts, the report was not sent regularly, while in Hazaribagh this was not sent at all in respect of one Rajya Sabha MP.

It was also observed that no report of progress of works was sent to MPs though required to be sent once in two months, as stipulated in the guidelines.

3.4.16 Conclusion

Implementation of MPLADS in the State was far from satisfactory. The utilisation of funds was less than 50 *per cent* due to delay in sanction of works, non-commencement of works due to land disputes and poor progress in execution of works by the DCs. Utilisation certificates for 93 *per cent* of the expenditure incurred in the test checked districts were not furnished by the executing agencies. Inadmissible works were sanctioned and works were executed through contractors. Funds were given to the registered societies in which recommending MP himself/herself was the Chairman. Assets register was not maintained by any of the district test checked. Effective monitoring of the scheme at various levels was absent.

3.4.17 Recommendations

- Works inadmissible under the scheme should not be sanctioned by the DCs and prescribed time limit for sanction of works / projects after recommendation of the MP should be strictly followed.
- The works should be executed departmentally and should be ensured that private contractors are not engaged.
- Proper System should be developed for proper monitoring of the physical and financial progress of works undertaken under the schemes.
- Monthly meetings should be held between the DC and the MP to involve the MP more closely with the implementation of the scheme.
- Register of assets created under MPLADS and other records relating to the execution of the works under the scheme should be maintained.

The Government stated (November 2005) that all the recommendations had been noted and those related to the State level would be accordingly stressed upon the DCs/Project Directors, DRDA for compliance.