

CHAPTER-III Performance Reviews

This Chapter includes 5 performance reviews viz 3.1 Working of Directorate of Agriculture, 3.2 Implementation of Drugs and Cosmetics Act, 3.3 National AIDS Control Programme, 3.4 Prevention and control of fire and 3.5 Accelerated Irrigation Benefits Programme.

Agriculture Department

3.1 Working of Directorate of Agriculture*

Highlights

With a view to increasing production and productivity of major crops, Government had initiated various crop development schemes. The implementation of these schemes/programmes left much to be desired as the production of pulses, oilseeds and cereals significantly declined during 2000-2003. Field monitoring of demonstrations, distribution of seed minikits by district officers and supervision by scientists were almost absent. Performance in respect of soil survey, soil testing, etc. as a support to achieving the overall objectives was far below their capacity. Sub-standard inputs were provided to the cultivators which affected production adversely.

Supplementary provision of Rs.0.53 crore during 2002-03 proved unnecessary and savings of Rs.71.89 crore were surrendered at the fag end of financial years during 2000-03, indicating poor budgetary practices.

(Paragraphs 3.1.4 (a)(i) and (iii))

The unutilised central assistance amounting to Rs.3.62 crore was irregularly allowed to lapse to State revenues.

(Paragraphs 3.1.4 (a)(iv))

Production of pulses, oilseeds and cereals decreased by 35 to 37 per cent during 2002-03 as compared to 1998-99 and coverage of area also reduced by 18 to 23 per cent.

(Paragraph 3.1.5)

Non-application of enhanced rates of assistance as approved by GOI deprived the cultivators of benefit of enhanced assistance of Rs.33.01 crore on seeds under National Pulses Development Project and Oilseeds Production Programme.

(Paragraph 3.1.5 (a)(ii))

Field officers did not ensure that seed minikits were distributed well before the sowing season and adequate attention was not paid to field demonstrations.

(Paragraphs 3.1.5 (b) and 3.1.5 (f))

* The Agriculture Department has two other Directorates of Horticulture and Agriculture Engineering. This review covers only the Directorate of Agriculture.

State Government failed to set up a cotton seed delinting (treatment plant) under Intensive Cotton Development Programme despite availability of GOI assistance of rupees one crore.

(Paragraph 3.1.5 (e)(i))

Sub-standard seeds, fertilizers and pesticides were sold to cultivators. There were substantial shortfalls in soil surveys as well as in soil testing.

(Paragraph 3.1.5 (h)(iii))

Expenditure of Rs.53.91 crore incurred on construction of structures under National Watershed Development Project for Rainfed Areas was 19 per cent more than the prescribed ceiling.

(Paragraph 3.1.6(b))

Infructuous expenditure of Rs.2.68 crore was incurred on pay and allowances of idle and attached staff.

(Paragraphs 3.1.8 (h)(i) (ii) and 3.1.8 (c))

3.1.1. Introduction

The Agriculture Department (Department) is responsible for implementing the Centrally and State sponsored schemes aiming at increasing production and productivity of all crops by means of soil, water management and minor irrigation programme, development of latest technologies and their dissemination among cultivators and ensuring availability of improved inputs viz. seeds, fertilizer, pesticides, agriculture implements, etc.

Madhya Pradesh has a geographical area of 307.55 lakh hectares (ha). The net sown area during 2001-02 was 149.62 lakh ha, including irrigated area of 47.35 lakh (32 per cent) ha. The main crops of the State are Gram, Arhar, Urad, Moong, Lentil (Pulses), Soyabean, Mustard, Linseed, Groundnut (Oilseeds), Wheat, Paddy, Maize, Jowar, Small Millets (Cereals) and Cotton (Commercial crop).

3.1.2. Organisational set-up

The Director of Agriculture (Director) is the chief controlling officer under overall supervision and guidance of Principal Secretary to Government and is responsible for implementation of various schemes for promoting agricultural production through extension, training, provisioning of improved implements, etc. The Director is assisted by Zonal Managers (ZMs), Agro Climatic Zones at the divisional level and Deputy Directors of Agriculture (DDAs) at the district level. The schemes at sub-divisional, block and village levels respectively were implemented by Sub-Divisional Officers of Agriculture (SDOAs), Senior Agriculture Development Officers (SADOs)/Agriculture Development Officers (ADOs) and Rural Agriculture Extension Officers (RAEOs). The soil conservation schemes were implemented through Assistant Soil Conservation Officers (ASCOs), working under respective DDAs.

3.1.3. Audit coverage

Review of the schemes implemented by Directorate of Agriculture for the period 2000-2003 was conducted at the Secretariat and the Directorate at Bhopal and subordinate offices in 11* (out of 45) districts between November 2002 and June 2003. The results are mentioned in the succeeding paragraphs.

3.1.4. Financial management and control

(a) Budget provisions and expenditure

The budget provisions and expenditure of Director were reflected in 10 Grants detailed as below:

(Rupees in crore)

| Grant no. | 2000-2001 | | | 2001-2002 | | | 2002-2003 | | |
|--------------|---------------|---------------|------------------------|---------------|---------------|------------------------|---------------|---------------|------------------------|
| | Provision | Expenditure | Excess (+)/ Savings(-) | Provision | Expenditure | Excess (+)/ Savings(-) | Provision | Expenditure | Excess (+)/ Savings(-) |
| 13 | 217.14 | 208.50 | (-)8.64 | 204.25 | 201.87 | (-)2.38 | 259.78 | 204.28 | (-)55.50 |
| 15 | 3.26 | 3.44 | (+)0.18 | 2.91 | 2.77 | (-)0.14 | 7.10 | 4.33 | (-)2.77 |
| 41 | 45.88 | 44.25 | (-)1.63 | 32.64 | 31.32 | (-)1.32 | 58.58 | 43.01 | (-)15.57 |
| 45 | 9.03 | 9.74 | (+)0.71 | 11.91 | 8.65 | (-)3.26 | 18.75 | 8.39 | (-)10.36 |
| 52 | 4.40 | 4.07 | (-)0.33 | 3.83 | 3.86 | (+)0.03 | 5.20 | 3.27 | (-)1.93 |
| 54 | 44.18 | 45.62 | (+)1.44 | 34.67 | 36.75 | (+)2.08 | 41.82 | 41.77 | (-)0.05 |
| 64 | 11.63 | 11.60 | (-)0.03 | 19.85 | 19.22 | (-)0.63 | 29.19 | 19.25 | (-)9.94 |
| 67 | 0.09 | -- | (-)0.09 | 0.54 | 0.34 | (-)0.20 | 0.16 | 0.10 | (-)0.06 |
| 80 | 11.08 | 11.47 | (+)0.39 | 7.69 | 7.46 | (-)0.23 | 16.77 | 8.44 | (-)8.33 |
| 82 | 3.70 | 4.13 | (+) 0.43 | 3.20 | 3.08 | (-)0.12 | 6.06 | 3.10 | (-)2.96 |
| Total | 350.39 | 342.82 | (-) 7.57 | 321.49 | 315.32 | (-) 6.17 | 443.41 | 335.94 | (-)107.47 |

Following shortfalls were noticed in budget management:

(i) **Unnecessary supplementary provisions:** Supplementary provision of Rs.0.53 crore made during 2002-03 under Grant No.52 in National resources management project of Danida assisted watershed area development and National resources management project remained totally unutilised.

(ii) **Substantial savings:** Substantial savings were noticed in Grants No.13 (Rs.8.64 crore) and 41 (Rs.1.63 crore) during 2000-01 and 45 (Rs.3.26 crore), 13 (Rs.2.38 crore) and 41 (Rs.1.32 crore) during 2001-02. There was saving under all the grants amounting to Rs.107.47 crore in 2002-03. The savings underlined the need for better estimation of requirement of funds.

(iii) **Belated surrender of savings:** Savings of Rs.18.32 crore (Grant No.13) and Rs.0.93 crore (Grant No.52) during 2000-01 and Rs.44.15 crore (Grant No.13), Rs.1.89 crore (Grant No.52), Rs.6.00 crore (Grant No. 54) during 2001-02 and Rs.0.60 crore (Grant No.13) during 2002-03 were surrendered at the fag end of the financial years, leaving no scope for alternative use of funds. This indicated lack of adequate financial control over expenditure.

Supplementary provision of Rs.0.53 crore proved unnecessary.

Poor budgetary practices resulted savings of Rs.124.70 crore.

Rs.71.89 crore surrendered at fag end of financial year.

* 1. Betul 2. Chhindwara 3. Dhar 4. Gwalior 5.Hoshangabad 6. Jabalpur 7. Khargone 8. Morena 9. Ratlam 10.Satna 11. Sehore

Central assistance of Rs.3.62 crore lapsed to State revenues.

(iv) **Transfer of funds to Civil Deposits :** Rules* provide that no money shall be drawn from treasury unless required for immediate disbursement. Nevertheless Rs.6.59 crore were drawn and parked under Civil Deposits (CD) accounts during 1996-99 and Rs.5.40 crore lapsed to State revenues as having remained un-utilised for over 3 years:

(Rupees in lakh)

| Name of DDO | Year of parking in Civil Deposits | Scheme | Amount | Amount drawn and utilised in subsequent years | | Balance amount | Amount lapsed to Government account | Central assistance involved |
|-----------------|-----------------------------------|------------------|---------------|---|---------------|----------------|-------------------------------------|-----------------------------|
| | | | Rs. | Year | Amount Rs. | Rs. | Rs. | Rs. |
| Director Bhopal | 1996-97 | NWDPRA | 481.33 | 1997-1999 | 119.33 | 362.00 | 362.00 | 362.00 |
| Director Bhopal | 1998-99 | State Schemes | 99.36 | -- | -- | 99.36 | 99.36 | -- |
| DDA Morena | 1996-97 | Minor Irrigation | 22.60 | -- | -- | 22.60 | 22.60 | -- |
| | 1998-99 | Tube/Dug well | 54.90 | -- | -- | 54.90 | 54.90 | -- |
| DDA Betul | 1998-99 | Amritdhara | 1.13 | -- | -- | 1.13 | 1.13 | -- |
| | Total | | 659.32 | | 119.33 | 539.99 | 539.99 | 362.00 |

DDO - Drawing and Disbursing Officer

The funds were kept under Civil Deposits to shore up the ways and means position of the State Government. The amounts included Central assistance of Rs.3.62 crore which, if not utilized, was required to be refunded to GOI.

(b) Control over expenditure

(i) **Non-maintenance of expenditure control register:** Monthly statements of expenditure received from the subordinate units were not compiled and expenditure control register was also not found maintained at the Directorate level. Thus upto-date progressive expenditure on monthly basis not worked out by the Director was indicative of lack of monitoring and improper control over expenditure.

The Director stated (January 2003) that data was compiled in computer. However, audit observed that data bank contained only expenditure figures without budget provisions etc. and hence was not of much use. The Director, however, assured maintenance of the expenditure control register in future.

(ii) **Wanting utilisation certificates:** Grants-in-aid amounting to Rs.132.63 crore were paid to three agencies during 2000-03 for which utilisation certificates(UCs) were not found to have been received in the Directorate. Director did not intimate the details of action, if any, taken by him in this regard.

(iii) Outstanding Detailed Contingent bills

Rules provide that before drawal of funds on an Abstract Contingent (AC) bills, it should be certified by the DDO that Detailed Contingent (DC) bills in respect of amounts drawn on AC bills earlier had been submitted. In test-checked districts, DC bills for Rs.1.74 crore for the period 1991-2003 as detailed in **Appendix XXX** were still wanting.

Utilisation certificates for Rs.132.63 crore were awaited.

Funds of Rs.1.74 crore drawn on A.C. bills not adjusted.

* Rule 284 of M.P. Treasury Code Volume I.

DC bills were not submitted, reportedly due to delay in receipt of accounts, wanting physical verification of works, pending departmental enquiries and court cases, etc. The possibility of loss to Government due to cases of misutilisation, etc. of funds and other malpractices remaining undetected due to non-submission of DC bills cannot be ruled out.

3.1.5. Scheme/Programme management

The Department is responsible for implementation of 5[#] major Centrally sponsored and 13 Central Schemes merged to form the Macro Management Scheme (inclusive of 2 of 5 major Schemes transferred) as given in **Appendix XXXI**. The schemes comprising of components like distribution of seeds, mini-kits, pesticide, insecticide, educating farmers through demonstration, training etc.

All major Centrally sponsored schemes are funded on 75:25 sharing and the Macro Management Scheme is shared in ratio of 90:10 comprising of 80 per cent grant and 20 per cent loan. The scheme-wise financial releases by GOI, provision in the State budget and expenditure during 2000-03 were as per details given in **Appendix XXXII** and the targeted and actual area, production and yield of major crops in the State during last five years were as detailed in **Appendix XXXIII**.

The targets of production were required to be fixed in such a manner so as to achieve the ultimate target of doubling the food production within 10 years. The targets of area coverage as well as production, fixed during 2000-03 were far below the levels required for doubling the production in 10 years.

Further, the production of pulses, oilseeds and cereals instead of increasing, never touched the level achieved during 1998-99 and had come down sharply by 35 to 37 per cent during 2002-03 as compared to 1998-99 as per details given below:-

Significant reduction in production of food grains during 2000-03.

(Production-In lakh tonnes)

| Crop | Yearwise production | | | | Percentage of shortfall in production in comparison to 1998-99 | | |
|--------------|---------------------|---------------|---------------|---------------|--|-----------|-----------|
| | 1998-99 | 2000-01 | 2001-02 | 2002-03 (FFC) | 2000-01 | 2001-02 | 2002-03* |
| Pulses | 33.74 | 22.81 | 32.17 | 21.91 | 32 | 5 | 35 |
| Oilseeds | 55.47 | 40.97 | 45.69 | 34.86 | 26 | 18 | 37 |
| Cereals | 119.34 | 79.09 | 103.70 | 75.22 | 34 | 13 | 37 |
| Total | 208.55 | 142.87 | 181.56 | 131.99 | 31 | 13 | 37 |

* Final forecast

The shortfall in coverage of area of major crops ranged between 18 and 23 per cent. The shortfall in yield was also significant due to shortfall in production.

[#] (i) National Pulses Development Project (NPDP), (ii) Oilseeds Production Programme (OPP), (iii) Intensive Cotton Development Programme (ICDP), (iv) Integrated Cereals Development Programme-coarse cereals (ICDP-CC) and (v) Integrated cereals Development Programme-Rice (ICDP-Rice)

The Director attributed the shortfall to drought, flood and irregular rains in different areas of the State. There was no doubt that bad monsoon played a big role in the low production of the main crops during 2002-03 but it also indicates that the Government has not done enough to reduce the dependence of farmers on vagaries of monsoon in last five decades. Further it is also a fact that not only poor monsoon was responsible for low production but the lackadaisical performance in the fields of soil surveys, soil testing, supply of certified high yielding varieties of seeds, fertilizers, lack of assured irrigation facilities, training, supportive extension activities etc were also responsible for low production and still lower productivity of the major crops.

The component-wise implementation of Centrally sponsored (NPDP, OPP, ICDP, ICDP-CC and ICDP-Rice) schemes were as under:

(a) Seed production and distribution

The breeder seed is multiplied into foundation seed and subsequently into certified seed. The requirement of breeder seed is indented by the Director to GOI on demand by seed producing agencies and government agriculture farms. The scheme-wise targets of purchases and distribution and achievements/shortfalls during 2000-03 were as per details given in **Appendix XXXIV**.

It was observed that the procurement of seed was erratic, the cultivators were not paid assistance at enhanced rates and payment of assistance to the selected beneficiaries was not ensured as discussed below :-

(i) The shortfalls under various schemes, in procurement of breeder seeds ranged from 27 (ICDP-Rice-2002-03) to 82 (OPP-2001-02) per cent, production of foundation seed from 36 (NPDP-2000-01 and ICDP-Rice-2002-03) to 91 (OPP 2001-02) per cent, production of certified seed from 30 (NPDP 2000-01) to 98 (OPP 2001-02) per cent and distribution of certified seed from 6 (ICDP-Rice-2002-03) to 78 (ICDP-2000-01) per cent. The targets fixed for procurement of seeds were unrealistic and as a result the achievements there against were highly erratic. The seed is a vital input and its shortage could not but have adversely affected the agricultural production. No reasons for shortfall in production and distribution of seeds were assigned.

(ii) It was also noticed that GOI enhanced the rates of assistance on production of foundation seed, certified seed (under seed village programme) and distribution of certified seed under NPDP and OPP from the year 2000-01 and sanctioned financial assistance accordingly. The State Government, however, continued the payment of assistance at old rates. Thus the cultivators were deprived of the benefit of the enhanced assistance of Rs.33.01 crore during 2000-03. Director stated (January 2003) that enhanced rates were not made applicable with a view to extend the area of coverage by the schemes and for giving the benefit of assistance to maximum number of beneficiaries.

The reply was not consistent with the directions of the GOI, and the assistance short disbursed remained unutilised.

(iii) As per orders (December 2000) of State Government, certified seed was to be distributed at subsidised rates to the beneficiaries selected by

Cultivators
deprived of
assistance of
Rs.33.01 crore.

RAEOs and approved by Janpad Panchayats. The lists of such approved beneficiaries were to be sent by SADOs to DDAs for payment of the assistance to seed supplying agencies.

Adhoc payment of assistance of Rs.1.38 crore to seed supplying agencies.

Test-check of records of Chhindwara, Dhar, Hoshangabad and Khargone districts, revealed that the assistance under the schemes was paid to the seed supplying agencies by DDAs without ensuring the distribution of seeds to the approved beneficiaries. Lists of beneficiaries were neither available with the DDAs nor were found attached with the invoices of seed supplying agencies. It was, therefore, doubtful whether the assistance of Rs.1.38 crore on 46512.42 quintals of seed during 2000-03 actually reached the targeted beneficiaries.

While DDAs Chhindwara, Hoshangabad and Khargone assured that payments would not be made on adhoc basis in future, the DDA, Dhar, replied (June 2003) that selection of beneficiaries was not possible as seed was received in the peak time for sowing. The reply of DDA, Dhar indicates that the Department needs to ensure that selection of beneficiaries is done before sowing season.

(iv) The subsidy was admissible on seeds of latest varieties notified within 10 years. It was observed that subsidy of Rs.2.97 lakh was paid in Chhindwara (151.20 quintals) and Khargone (1331.07 quintals) districts during 2001-03 under ICDP-CC on varieties of seeds, which were more than 10 years old.

The DDA, Khargone, replied that subsidy was paid as the seed supplying agency had certified the variety as notified within 10 years. The reply was not tenable as the varieties of seeds mentioned in the invoices Wheat RAJ-3077, Mangla-HI-1077 were notified in November 1989 and Gujarat Wheat-496 notified in August 1990. No reply was forthcoming from DDA, Chhindwara.

(b) Distribution of seed minikits

With a view to popularise the latest high yielding varieties of seeds, minikits containing good quality seeds together with seed treating chemicals, rhizobium culture and literature on agriculture practices printed thereon were distributed to identified farmers free of cost under NPDP and OPP. GOI decided to supply the seed minikits direct to the States through the Technology Mission on Oilseeds, Pulses (TMOP), National Seed Corporation (NSC) and State Farms Corporation of India (SFCI) from 2000-01. The payment of the cost of seed minikits to NSC and SFCI was made by TMOP.

Actual date of receipt of seed minikits by SADOs/RAEOs and distribution to farmers with dated acknowledgements of the latter were not on record in Chhindwara, Dhar, Hoshangabad, Gwalior, Khargone and Ratlam districts, with the result that it could not be verified whether the distribution of seed minikits was done prior to the sowing season. However, 7536 seed minikits were distributed after the sowing period was over as these were received in the districts when sowing period was already over as per details given below:

7536 seed minikits were distributed after normal sowing period and results not collected.

| District | Year | Seed | Normal sowing period | Date of receipt of minikits in district office | No. of minikits distributed | Actual sowing period reported by SADOs |
|----------------|---------|---------------|--|--|-----------------------------|--|
| 1. Chhindwara | 2002-03 | Urad T-9 | Between last week of June and first week of July | 14 August | 1000 | 26-8-2002 to 22.9.2002 |
| | | Urad TAU-1 | | 19 August | 600 | |
| | | Til GT-1 | First week of July | 19 August | 900 | |
| | | | | Total | 2500 | |
| 2. Dhar | 2001-02 | Castor | --do-- | 8 August | 10 | NMA |
| | 2002-03 | -do-- | --do-- | 7 August | 30 | |
| | | | | 4 October | 46 | |
| | | | | 21 October | 50 | |
| | | | | Total | 136 | |
| 3. Hoshangabad | 2002-03 | Gram - RSG-44 | Between 15 October and 15 November | 13 November 4 December | 500 1000 | NMA |
| | | | | Total | 1500 | |
| 4. Ratlam | 2002-03 | Urad TAG-1 | Between last week of June and first week of July | 13 August | 600 | NMA |
| | | Urad T-9 | | 24 August | 1900 | |
| | | Urad TU-94-2 | | 24 August | 200 | |
| | | Til GT-1 | First week of July | 25 August | 700 | |
| | | | | Total | 3400 | |
| | | | | Grand Total | 7536 | |

NMA - Not made available

The distribution of seed minikits after the sowing period did not serve the objective. Delayed distribution resulted in low production and it adversely affected the objective of popularising the new varieties.

The DDAs, Chhindwara and Ratlam, agreed (May and June 2003) that low yield was due to belated receipt and distribution of seed minikits.

Results of distribution of minikits were not compiled and published by the Director due to which its impact could not be demonstrated to beneficiaries. The Director replied (March 2003) that the results were maintained at block/district levels. Verification of records in Chhindwara, Dhar, Hoshangabad, Gwalior and Khargone districts, however, revealed that the results were not maintained except in a few cases.

(c) Distribution of sprinkler sets

The sprinkler mode of irrigation was introduced to provide life-saving irrigation with most economical use of available water for coverage of maximum area. The assistance on distribution of sprinkler sets to farmers was based on the category of the beneficiary and cost of the sprinkler set subject to a ceiling.

In six* test-checked districts, 6977 sprinkler sets were distributed and subsidy of Rs.6.04 crore was paid during 1998-2003. However, no physical verification was conducted by the SDOAs and DDA in Betul and Chhindwara

* *Betul, Chhindwara, Dhar, Gwalior, Hoshangabad and Khargone.*

and by DDAs in Dhar, Gwalior, Hoshngabad and Khargone districts to ensure actual installation of sprinkler sets in the fields of the farmers.

The beneficiaries were required to furnish an affidavit to the effect that the sprinkler set would be used for irrigation only and would not be sold out/transferred during the next five years, failing which amount of subsidy was recoverable with interest. No follow up to ensure the installation of sprinkler set till five years was done.

(d) Extension of technology

To boost production of agricultural crops, the schemes envisaged transfer of technology by imparting training to farmers. Training was to be imparted through Government Training Centres, with help of subject matter specialists of the Department and Regional Research Centres of Agriculture University; study tours were also required to be conducted for field training.

Against 2613 groups of farmers to be provided training, only 2318 groups were covered during 2000-03 under all the schemes. Moreover, the impact of the training programmes organised was not evaluated.

(e) Non-setting up of cotton seeds extraction plant and bio-agent lab facility

(i) GOI sanctioned (May 2000) assistance of rupees one crore under ICDP for setting up a plant in the State during 2000-01 to help farmers for extraction of their own cotton seeds. The plant was not, however, established even as of March 2003. Thus the State Government failed to create this important item of infrastructure during the last three years with the result that the growers of cotton were deprived of the benefits envisaged of the plant. Director did not intimate the reasons for not setting up the plant.

(ii) GOI sanctioned (January 2000) under ICDP the establishment of bio-agent laboratory for the production of different kinds of bio-agents used primarily in cotton crop on actual cost basis limited to Rupees one crore per laboratory on 75:25 sharing basis between GOI and State Government during 1999-2000. The assistance of Rupees one crore drawn in March 2001 was released to MP State Agriculture Marketing Board (Board) for setting up the laboratory in Ratlam district. The Board reported expenditure of Rs.80 lakh up to October 2002, but actual physical progress of the work was not available with the Director. The Director stated (January 2003) that progress of the work was awaited from the Board. The plant had not been erected and commissioned so far (January 2003).

(f) Field demonstrations

Schemes envisaged demonstrations of use the latest varieties of seeds on the fields of farmers to popularise adoption of new technologies for obtaining high yields. The demonstration plots were to be visited by departmental officers and supervised by agricultural scientists. Results obtained in comparison to those on adjoining fields (control plots) using conventional methods were to be compiled and notified/published to assess and disseminate the impact of improved technologies. Subsidy for seeds and other inputs was admissible at different rates, cropwise.

Non-erection/
commission of
plant/laboratory

The scheme-wise targets, achievements and shortfall of demonstrations during 2000-03 were as per details given in **Appendix XXXV**.

(i) The average scheme-wise shortfall in demonstrations ranged between 12 and 52 per cent of the targets during 2000-03.

(ii) The results of the demonstrations were not received in the Directorate and were not compiled and publicised. The Director claimed (May 2003) that the results were maintained and published at block and district levels. However, records of Chhindwara, Dhar, Hoshangabad and Khargone districts revealed that this was not done by the DDAs.

(iii) Demonstration plots were not visited by the departmental higher officers to ensure that the demonstrations were laid as per the recommended package of practices. They were not supervised by Agricultural Scientists too, as envisaged.

(iv) More than 10-year old variety of seed was used in demonstrations under ICDP-CC during 2000-01 in Dhar (4 quintal) and during 2001-03 in Khargone (12 quintal) and under NPDP during 2002-03 in Dhar (15.60 quintal) districts.

The above findings highlight the fact that adequate attention was not paid to the demonstration component of the scheme, involving subsidy of Rs.2.12 crore during 2000-03. The expenditure on this component, therefore, appeared to have proved largely unfruitful.

(g) Excess payment of subsidy under Macro Management (MM) Scheme

GOI approved (July 2002) the continuance of the MM scheme during Tenth Plan subject to the condition that the subsidy per farmer or per activity should not exceed 25 per cent of cost or the present subsidy level, whichever is lower. The notification regarding this ceiling was circulated by State Government in November 2002.

Test-check of records in four districts revealed that the subsidy under MM was paid without restricting it to 25 per cent of the cost. This resulted in excess payment of subsidy amounting to Rs.24.37 lakh in 10531 cases on agriculture implements, plant protection equipments, sprinkler sets, etc. after November 2002. The DDAs replied that the cases were sanctioned prior to receipt of said State Government orders. Reply was not tenable as subsidy was released after issue of orders (November 2002) by State Government.

(h) Quality control

To ensure availability of good quality inputs (seeds, fertilizers and pesticides) Government had established one seed laboratory (Gwalior), four fertilizer laboratories (Bhopal, Gwalior, Indore and Jabalpur) and one pesticide laboratory (Jabalpur) in the State under the Seed Act, Fertilizer Control Order and Pesticides Act respectively. The laws empower SADOs to draw samples of inputs and get them tested in the laboratories (labs).

The details of samples targeted to be drawn, actually drawn and tested and those found substandard during 2000-03 were as under:-

Older variety of seed was used in demonstrations and results not ascertained.

Excess payment of subsidy of Rs.24.37 lakh.

| Input | Year | Number of samples | | Percentage of shortfall | No. of samples tested | No. of samples cancelled* | No. of samples found | | Percentage of sub standard samples |
|------------------|--------------|----------------------|----------------|-------------------------|-----------------------|---------------------------|----------------------|--------------|------------------------------------|
| | | Targeted to be drawn | Actually drawn | | | | Standard | Sub-standard | |
| (I) Seed | 2000-01 | Not fixed | 2918 | NA | 2918 | -- | 2745 | 173 | 6 |
| | 2001-02 | 3500 | 2438 | 30 | 2438 | -- | 2141 | 297 | 12 |
| | 2002-03 | 3500 | 2929 | 16 | 2893 | 36 | 2473 | 420 | 15 |
| | Total | 7000 | 5367 | 23 | 8249 | 36 | 7359 | 890 | 11 |
| (II) Fertilizer | 2000-01 | 9145 | 6146 | 33 | 5830 | 316 | 4470 | 1360 | 23 |
| | 2001-02 | 7575 | 5550 | 27 | 4536 | 1014 | 3191 | 1345 | 30 |
| | 2002-03 | 7600 | 5936 | 22 | 5330 | 606 | 3913 | 1417 | 27 |
| | Total | 24320 | 17632 | 28 | 15696 | 1936 | 11574 | 4122 | 26 |
| (III) Pesticides | 2000-01 | 3000 | 634 | 79 | 624 | 10 | 518 | 106 | 17 |
| | 2001-02 | 1500 | 591 | 61 | 581 | 10 | 481 | 100 | 17 |
| | 2002-03 | 1500 | 721 | 52 | 718 | 3 | 625 | 93 | 13 |
| | Total | 6000 | 1946 | 68 | 1923 | 23 | 1624 | 299 | 16 |

It would be evident from the table above that:

- (i) Targets for drawing samples for seeds were not fixed during 2000-01.
- (ii) Shortfalls in drawing samples ranged between 16 and 30 per cent (in respect of seeds), 22 and 33 per cent (fertilizer) and 52 and 79 per cent (pesticides); during 2000-03.
- (iii) Of the samples analysed, 6 to 15 per cent, 23 to 30 per cent and 13 to 17 per cent samples of seeds, fertilizer and pesticides respectively were found to be sub-standard.

Three months' period was provided for carrying out tests (60 days) and communication of results (30 days). However, it was observed that during this long period of 3 months, the inputs used to be sold to cultivators even without waiting for results. In the test-checked (excluding Jabalpur and Satna) districts, the DDAs issued orders to stop sale of the stocks whose samples were found sub-standard. SADOs were instructed to report the quantity of sub-standard stock after conducting physical verification. The requisite reports from SADOs were not found received. Thus, the 'stop the sale' orders were not implemented. The quantities in stock on the date of taking samples, subsequently found sub-standard during 2000-03 was as follows:

| Sl. No. | District | Seed (quintals) | Fertilizer (tonnes) | Pesticides | |
|---------|--------------|-----------------|--|---------------|-----------------|
| | | | | Dust (tonnes) | Liquid (litres) |
| 1. | Betul | 244.10 | 1196.100 | 0.086 | 17.150 |
| 2. | Chhindwara | 315.60 | 3200.850 | -- | 48.200 |
| 3. | Dhar | 938.35 | 3454.250 | 9.201 | 131.900 |
| 4. | Gwalior | NA | 778.800 | 1.044 | 6.000 |
| 5. | Hoshangabad | 5184.63 | 2868.251 | 35.157 | 934.750 |
| 6. | Jabalpur | -- | 1016.000 | NA | NA |
| 7. | Khargone | 1223.29 | 4618.450 | 0.098 | 440.750 |
| 8. | Morena | NA | 7183.600 | 0.040 | 0.100 |
| 9. | Satna | 1471.10 | NA | NA | NA |
| 10. | Sehore | 862.80 | 814.989+ 7872 bags | 17.300 | 97.200 |
| | Total | 10239.87 | 25131.29 tonnes+7872 bags | 62.926 | 1676.05 |

Sub-standard seeds, fertiliser and pesticides were sold to cultivators.

* As the samples taken did not conform to the laws.

Thus the DDAs failed to stop the sale of aforesaid quantities of sub-standard stock, which defeated the very purpose of collecting and analysing the samples. The DDA, Gwalior, agreed (June 2003) that the stock was sold out by the time the analysis reports were received.

(i) Undue financial aid

Advance payment of Rs.1.52 crore not recovered.

Rupees 1.52 crore were outstanding against M.P. State Cooperative Oilseed Growers' Federation Limited (Oilfed) against the advance payment of subsidy made to it during 1990-2000 for production of foundation and certified seeds under OPP. The yearwise details of subsidy paid in advance, adjusted and balance at the end of year were not made available to Audit by the Director. He also did not effect recovery or adjust the outstanding subsidy when further payment of subsidy of Rs.52.59 lakh on production of foundation and certified seeds under OPP was made to Oilfed during 2002-03.

Director, however, stated in June 2003 that outstanding amount would be adjusted at the earliest.

3.1.6 Implementation of National Watershed Development Project for Rainfed Areas (NWDPR)

The NWDPR was launched in the State from 1990-91 with the objective to conserve, improve and utilise the natural resources like land, water, plant, animal and human resources in a harmonious and integrated manner in rainfed areas. It aimed at development of natural resource base, sustaining its productivity and improving the standard of living of poor and landless farmers and endeavoured towards restoration of ecological balance. The scheme was modified by GOI from 14 November 2000 as Watershed Area Rainfed Agricultural System Approach (WARASA)-Jan Sahbhagita with thrust on community participation in planning, implementation, monitoring and maintenance of watersheds.

(a) Targets and achievements: Physical and financial targets and achievements during IX Plan and 2002-03 were reported as under:

Financial-Rs. in lakh Physical-ha

| Year | Targets | | Achievements | | Percentage of shortfall in physical achievement. |
|--------------------|---------------|-----------------|---------------|----------------|--|
| | Physical | Financial | Physical | Financial | |
| 1997-98 | 60000 | 3325.00 | 53836 | 1208.00 | 10 |
| 1998-99 | 100000 | 2499.56 | 90230 | 1819.89 | 10 |
| 1999-00 | 100000 | 2500.00 | 90082 | 2622.37 | 10 |
| 2000-01 | 75000 | 1750.00 | 62158 | 1541.14 | 17 |
| 2001-02 | 75000 | 1750.00 | 38044 | 1079.30 | 49 |
| 2002-03 | 55500 | 1100.00 | 32797 | 1097.98 | 41 |
| Grand Total | 465500 | 12924.56 | 367147 | 9368.68 | 21 |

The shortfalls in physical achievements during IX Plan ranged between 10 (1997-2000) and 49 (2001-02) per cent and 41 per cent during 2002-03. The Director attributed the shortfalls to short release of funds by GOI.

The reply was not tenable as against available Central assistance of Rs.3547.89 lakh (including unspent balance of Rs.17.78 lakh as on 1 April

2000, Rs.3465.85 lakh were utilised during 2000-03 leaving unspent balance of Rs.82.04 lakh as of March 2003.

(b) **Faulty execution:** Execution of each component of the scheme was to be done as per prescribed norms. Expenditure of Rs.91.62 crore was incurred on the scheme during 1997-2003. The component-wise norms fixed, amount actually spent and its percentage to total expenditure during 1997-2003 were as follows:

| Component | Prescribed norms (in terms of percentage to total expenditure) | Expenditure incurred (Rs. in lakh) | Percentage of expenditure |
|--|--|------------------------------------|---------------------------|
| Basic activities | 35 | 2714.04 | 30 |
| Soil and water conservation measures | 40 | 5391.04 | 59 |
| Production system and vegetative works | 20 | 743.11 | 8 |
| Household production system | 5 | 313.60 | 3 |
| Total | 100 | 9161.79 | 100 |

Thrust was on construction of structures at the cost of other activities benefiting rural masses.

Thus, major emphasis was laid on construction of structures under soil and water conservation measures and other components like basic activities i.e. training, community organisation, research support, establishment of project nurseries, agro forestry, pasture development, livelihood support for landless and marginal farm households etc. were only partially covered with the result that income-earning opportunities, fuel, fodder, fibre, etc. could not be made available to rural masses, as envisaged.

(c) **Excess expenditure:** Assistance of Rs. 7.50 per plant under agro-forestry, Rs.15 per plant under dryland horticulture and Rs.250 per family under homestead garden was to be provided to the beneficiaries. Physical and financial targets and achievements thereagainst, expenditure incurred and expenditure in excess of prescribed unit cost were as follows:

| Sub-component | Physical | | Financial | | Approved unit cost (Rs.) | Expenditure as per approved unit cost | Excess expenditure |
|-------------------------|----------|--------------|-----------|---------------|--------------------------|---------------------------------------|--------------------|
| | Targets | Achievements | Targets | Achievements | | | |
| 1. Agroforestry | 786683 | 759223 | 59.00 | 67.72 | 7.50 per plant | 56.94 | 10.78 |
| 2. Dryland horticulture | 285714 | 387332 | 41.00 | 60.29 | 15.00 per plant | 58.10 | 2.19 |
| 3. Homestead garden | 32480 | 26704 | 87.68 | 79.64 | 250.00 per family | 66.76 | 12.88 |
| | | | | 207.65 | Total | 181.80 | 25.85 |

Thus the expenditure under the above sub-components exceeded that as per the approved norms by Rs.25.85 lakh.

3.1.7. Implementation of State Schemes

The Directorate has implemented State sponsored schemes. Results of test-check of these schemes are as under:

(a) Management of departmentally owned farms:

The department owns 43 agriculture farms to provide qualitative seeds to farmers. Test-check of 4 farms revealed that shortfall in achievement of target

of production of seeds during 2000-2003 ranged from 26 (AETC Pawarkheda, Hoshangabad) to 60 (Delakhedi, Chhindwara) per cent as per details given in **Appendix XXXVI**. The shortfall was attributed to scanty and irregular rains.

Recovery of cost of seed of Rs.1.83 crore not effected from State Seed Corporation.

Further, seeds produced in farms was sold to M.P. State Seed and Farm Development Corporation (SSFDC) but sale proceeds amounting to Rs.1.83 crore were outstanding for recovery/realisation from SSFDC as of March 2003. No effective action for recovery of outstanding amount or its adjustment against subsidy paid to SSFDC under the schemes was taken by the Director.

(b) Soil surveys

Soil surveys are essential for knowing the characteristics of soil, its behaviour and adaptability to various uses as also the productivity under defined sets of management practices.

Against the target of 5.56 lakh ha fixed for soil survey by eight* Soil Survey Units (SSUs) in the State, each headed by an Assistant Soil Survey Officer (ASSO), only 3.27 lakh ha were surveyed during 2000-03 and the shortfall ranged from 35 to 46 per cent of the targets fixed.

Non conducting of soil surveys resulted in infructuous expenditure of Rs.1.04 crore.

Test-check of records of Gwalior, Hoshangabad and Jabalpur units revealed that no soil survey was conducted by Gwalior unit during 2000-03, rendering the entire expenditure of Rs.71.52 lakh on the unit infructuous. Similarly in Hoshangabad unit, where the extent of shortfall in surveys during 2000-03 was 52 per cent, there was no achievement at all during 2000-01 rendering the expenditure of Rs.32.23 lakh on the unit during that year, infructuous. The ASSO, Hoshangabad, agreed (December 2001) that the staff remained idle.

The Director and ASSOs, Gwalior and Hoshangabad, attributed the shortfall to delays in release of and/or paucity of funds and non-availability of vehicles.

(c) Soil testing

The objective of the soil testing was to recommend the balanced and integrated use of fertilizers for increasing agriculture production. Six (Chhindwara, Dhar, Hoshangabad, Khargone, Morena and Sehore) out of the 16** soil testing labs in the State were test-checked during the present review. It was noticed that each lab was allotted two or more districts for coverage. The targets for drawing soil samples were fixed districtwise, by the Director, and blockwise, by the DDAs. Though the Director issued (May 2002) instructions for stoppage of one increment of the officials failing to achieve the targets, the shortfalls in collection of samples ranged between 43 (Khargone) and 64 (Chhindwara) per cent which was indicative of poor implementation of the programme and under-utilisation of infrastructures and manpower. Action against the officials responsible for shortfalls was not found taken by the DDAs, Chhindwara, Dhar, Hoshangabad, Gwalior,

* 1. Chhatarpur (Nowgaon) 2. Gwalior 3. Hoshangabad, 4. Indore, 5. Jabalpur, 6. Khandwa, 7. Rewa, 8. Sagar

** 1. Balaghat, 2. Bhind, 3. Bhopal, 4. Chhatarpur (Nowgaon), 5. Chhindwara, 6. Dhar, 7. Hoshangabad, 8. Khandwa, 9. Khargone, 10. Mandsaur, 11. Morena, 12. Narsinghpur, 13. Rewa, 14. Sagar, 15. Sehore, 16. Ujjain

Khargone, Morena and Sehore. The yearwise targets, achievements and shortfalls in the six test-checked labs during 2000-2003 are detailed in **Appendix XXXVII**.

(d) Training centres

Nineteen (19) training centres (Farmers' Training Centres-FTC, Agriculture Extension Training Centres-AETC, Soil Conservation Training Centres-SCTC) were established for imparting training to extension staff and farmers. Training was imparted for sessions of one day to three months. The targets, achievements and shortfalls during 2000-2003 in the 8[⊗] test-checked training centres were as per details given in **Appendix XXXVIII**.

It was noticed that of the total 273 working days in a year, the centres were idle on an average for 135 (SCTC, Betul and AETC, Pawarkheda, Hoshangabad) to 256 (AETC, Antari Gwalior) working days. The shortfall in imparting training to staff ranged between 12 (SCTC, Gwalior) and 34 (SCTC, Betul) per cent and to farmers between 2 (FTC, Morena) and 54 (AETC, Pawarkheda, Hoshangabad) per cent.

The training centres (except Jabalpur) attributed the shortfalls to non-availability of trainees, insufficient amount of honorarium to farmers and paucity of funds. The fact, however, remains that the training infrastructure on which further recurring expenditure of Rs.5.18 crore was incurred during 2000-03 remained largely under-utilised

3.1.8 Manpower management

(a) Sanctioned strength and persons-in-position

After the creation of Chhattisgarh State, the persons-in-position under the control of the Director were 15,115 against the sanctioned strength of 15,747. Out of total shortage of 632, shortage of technical staff was 623. (DDAs:13 (16 per cent), ADAs:190 (31 per cent), and ADOs:416 (34 per cent)) which perhaps adversely affected the implementation of various schemes and programmes in the field.

(b) Infertuous expenditure on pay and allowances of idle staff

(i) A Centrally sponsored Pilot Project for Reclamation of Ravine Lands launched during 1987-88 with the objective to eradicate dacoits in Chambal division and implemented by Executive Engineer (EE), Ravine Reclamation Scheme (RRS), Morena, was discontinued by State Government in January 1992. Government also directed the Director and Forest Department to adjust the staff thus rendered idle elsewhere. The Director, however, sanctioned transfer of staff along with equipment and workshop to Agriculture Engineer, Gwalior, only five years later, in February 1997. These orders too were not implemented even as of May 2003.

Government sanctioned (April 1997) transfer of 11 officials to Sagar division under the control of Director of Agriculture Engineering but only two officials (an Executive Engineer and an Assistant Engineer) were relieved. Twenty-

Rs.5.18 crore spent on the training centres which were largely under utilised.

Infertuous expenditure of Rs.2.18 crore incurred on pay and allowances of idle staff of defunct Ravine reclamation scheme and drivers.

⊗ 1. Betul 2. Gwalior (AETC and SCTC) 3. Hoshangabad (FTC and AETC) 4. Jabalpur 5. Khargone 6. Morena

seven (27) officials were still in-position at the defunct Morena office. Of which 15 officials were attached to other offices like Collectorate, Zila Panchayat, local bodies, etc. but their pay and allowances were being drawn by the ASCO incharge of the defunct office.

The expenditure of Rs.1.62 crore incurred on pay and allowances of the defunct office during 1997-2003 was infructuous. Further, equipment like trucks, tractors, drilling machines, diesel pumps, etc. numbering 30 in all (cost not available), had also been lying idle since 1997.

The EE replied (May 2003) that the staff were not relieved for want of individual transfer orders and the equipment was not accepted by Agriculture Engineer, Gwalior.

(ii) Director was not having information about drivers-in-position against the vehicles actually on road. However, in 6 test-checked districts (Betul, Chhindwara, Dhar, Gwalior, Hoshangabad and Sehore), 53 drivers as against 16 on road vehicles were in position. Thus, 37 drivers were idle due to non-availability of vehicles rendering the expenditure of Rs.55.85 lakh on their pay and allowances during 2000-03 infructuous.

(c) Irregular secondment of staff to other departments

Government in General Administration Department issued (January 2000) instructions for termination of the practice of attachment of staff elsewhere. Scrutiny revealed that in nine (Betul, Chhindwara, Dhar, Gwalior, Jabalpur, Khargone, Morena, Ratlam, and Sehore) test-checked districts, 34 officials were attached to other departments, but their pay and allowances continued to be drawn by the Agriculture department. Total expenditure on pay and allowance on the staff amounted to Rs.50.24 lakh. Their continued attachment for long periods calls for re-assessment of staff requirement in the aforesaid districts.

(d) Monitoring and Evaluation

(i) **Internal controls:** With a view to exercising a watch over proper working of subordinate offices, Government in General Administration Department (GAD) issued instructions (May 1999) for preparing a roster each year for inspection of subordinate offices. The roster was prepared by the Director during 2000-03. The yearwise number of inspections targeted, actually carried out and the shortfalls were as follows:

| Year | No. of inspections due | No. of inspections carried out | Shortfall | Percentage of shortfall |
|---------|------------------------|--------------------------------|-----------|-------------------------|
| 2000-01 | 493 | 253 | 240 | 49 |
| 2001-02 | 910 | 374 | 536 | 59 |
| 2002-03 | 664 | 477 | 187 | 28 |

Thus the shortfall ranged between 28 (2002-03) and 59 (2001-02) per cent. It was further noticed that 22, 13 and 10 officers, who were required to inspect 200, 118 and 108 offices, respectively, did not conduct any inspections at all during 2000-01, 2001-02 and 2002-03.

It was stated that show cause notices and warnings were issued to the defaulters. The facts, however, remains that the functioning of the internal

Irregular expenditure of Rs.0.50 crore on the staff attached to other departments.

audit wing working under direct control of the Director left much to be desired.

(ii) Systematic and result-oriented monitoring necessary for effective implementation of schemes/ programmes, was generally poor. Guidelines issued by Government from time to time envisaging intensified field monitoring of activities through visits by district officers and supervision by scientists were not being followed. Impact of transfer of latest production technologies to farmers through training was not assessed and results of seed minikits and field demonstrations for disseminating these technologies among the cultivators were not assessed and publicised.

3.1.9. Conclusion

The Government of India had set the target (1998) of doubling the production within 10 years. However, the average growth rate during 1998-2003 reduced under all the major crops by 5.94 (Pulses), 15.41 (Oilseeds), 4.16 (Cereals) and 22.79 (Cotton) per cent in comparison to that during 1997-98 primarily due to severe drought conditions, which gripped the state during 2002-03. It indicated continued dependence of the agricultural crops on the monsoon. The performance in the fields of soil surveys, soil testing, training, supportive extension and increasing production and productivity was far below the set targets. In a number of cases, sub-standard inputs were provided in test checked districts, affecting production adversely. The crop development schemes and programmes failed to boost production and productivity as there was decrease in production and productivity of pulses, oilseeds and cereals during 2000-03 as compared to 1998-99.

3.1.10. Recommendations

- ⇒ Indenting of breeder seeds, production of foundation seeds and certified seeds and their distribution require accurate planning to ensure availability of certified seeds to farmers well before the crop season. The distribution network should be strengthened to ensure timely supply of quality seeds to all intending farmers.
- ⇒ Public awareness should be generated by giving publicity to holding of demonstrations and training camps.
- ⇒ Tests reports of inputs should be obtained well in advance of their distribution to farmers.
- ⇒ The training centres should be strengthened by providing sufficient funds and farmers should be motivated to join training; enhancing honorarium payable to them could be considered.

PUBLIC HEALTH AND FAMILY WELFARE DEPARTMENT

3.2 Implementation of Drugs and Cosmetics Act

Highlights

The Drugs and Cosmetics Act, 1940 is an important social legislation and is very effective tool for safeguarding the consumer's interest. Public Health

and Family Welfare Department was responsible for enforcing the implementation of the provisions of the Drugs and Cosmetics Act, 1940, and Rules framed there under, to ensure availability of standard and safe drugs and cosmetics, at fair and affordable prices to the consumers. The department, however, did not have adequate skilled manpower to enforce effectively the regulatory functions. There was near-total absence of effective action to discharge this vital responsibility, resulting in supply and distribution of sub-standard, fake and adulterated drugs by manufacturers and retail sellers. The supply and distribution of these sub-standard drugs remained un-checked also due to acute shortage of inspectorate and laboratory staff as well as very limited capacity of the existing drug testing laboratory in the State.

The Controller, Food and Drug Administration was working with less than one third of the inspectorate staff required.

(Paragraph 3.2.4)

The licences for manufacturing/ selling units were not renewed timely and positive action against the defaulting units was not taken properly and promptly.

(Paragraph 3.2.5 B)

Shortfalls in inspection of manufacturing and sales premises during 1998-2003 ranged from 40 to 66 per cent and 24 to 78 per cent respectively.

(Paragraph 3.2.5 D & E)

Shortfalls in collection of samples of drugs vis-a-vis the targets ranged between 23 and 39 per cent. No targets for sampling of Ayurvedic and Unani drugs were fixed. Collection of samples from rural areas did not receive adequate attention.

(Paragraphs 3.2.5 F and G)

Samples of sera, vaccine and blood products were not being collected and tested at all for want of storage facilities in districts offices; this exposed the patients to risks of serious infections like HIV, hepatitis, etc.

(Paragraph 3.2.5 H)

Register of court cases filed against manufacture or sale of fake/spurious/adulterated drugs was not maintained; the pace of launching of prosecution and the follow-up was slow and poor.

(Paragraph 3.2.5 J)

Inordinate delays were noticed in issue of test reports; in 72 per cent cases, the test reports were issued after 45 days. Of these, 40 per cent reports were issued after 200 days to over one year.

(Paragraph 3.2.6)

Action was not taken to curb sale of scheduled drugs at prices higher than those fixed by National Pharmaceutical Pricing Authority, defeating the very objective of the Drugs (Price Control) Order, 1995.

(Paragraph 3.2.7)

3.2.1. Introduction

i) **Background:** At the beginning of the twentieth century, pharmaceuticals were being imported from abroad. After the First World War manufacturing concerns, both Indian and Foreign, sprang up to produce pharmaceuticals at cheaper rates to compete with imported products. Some of these products were of inferior quality and harmful. Government, therefore, decided to introduce legislation to control the manufacture, distribution and sale of drugs and medicines. A Select Committee appointed by the Central Legislative Assembly in 1937 recommended various measures, providing for the uniform control of manufacture and distribution of drugs as well as of import and finally the Drugs Act[‡] was enacted on 10 April 1940.

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

ii) Main features of the Act

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

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

The main functions of the State Government are (a) licensing of drug manufacturing and sales units, (b) licensing of drug testing laboratories,

[‡] *Drugs Act, 1940 was amended in December 1961 to provide for regulation of the manufacture of cosmetics and prohibition of import and sale of sub-standard and misbranded cosmetics.*

(c) approval of drug formulations for manufacture, (d) monitoring of quality of Drugs and Cosmetics manufactured and (e) investigation and prosecution in respect of contravention of legal provisions, (f) regulation of the standards of imported drugs, (g) inspection and (h) recall of sub-standard drugs.

The Drugs (Prices Control) Order, 1995 (amendment of 2002 awaiting approval), a subordinate legislation mainly lays down the criteria for identifying the drugs to be kept/brought under price control and fixing of ceiling prices.

The Act is implemented through issue of licences for import of drugs and for manufacturing and selling units, periodical inspections, taking samples and testing the drugs and cosmetics and launching prosecutions in cases of drugs found to be not of standard quality (NSQ) or spurious or adulterated.

3.2.2. Organizational arrangements

The Act is administered at the Government level by the Principal Secretary in the Public Health and Family Welfare Department (Department) with the assistance of Drug Controller at State level. The Chief Medical and Health Officers who are ex-officio Deputy Directors, Food and Drugs Administration at district level, assisted by Senior Drug Inspectors, are responsible for inspection of manufacturing units and Drugs Inspector for inspection of sales premises. The Sr. Inspector/Inspectors are required to collect samples and get them tested at State Drugs Testing Laboratory (SDL), Bhopal and launch prosecutions in respect of sub-standard, spurious or misbranded drugs and cosmetics.

3.2.3. Audit coverage

A test-check of records of the Controller, Food and Drugs Administration (Controller) and Deputy Directors, Food and Drugs (Deputy Directors) in 10 districts* out of 45 for the period 1998-99 to 2002-03 was conducted during December 2002 to November 2003 to assess the effectiveness of the implementation of the Act and the Rules. Deficiencies noticed in implementation of provisions of Act are discussed in succeeding paragraphs.

3.2.4 Acute shortage of manpower

The Food and Drugs Administration in the State was functioning with skeleton staff and facilities that it inherited from the Public Health Department in 1978. With the fast development of pharmaceutical industry in the State, the number of manufacturing units had increased from a little more than 200 in 1982 to 693 in 2002-03 with total available sale premises of 14,741 as at end of March 2003. The strength of the staff sanctioned 25 years back however, remained same and was totally inadequate to handle the present workload. Even the posts sanctioned were not fully manned.

As per norms prescribed by Central Council of Health and Family Welfare, 36 Sr. Drugs Inspectors and 130 Drugs Inspectors were required in the State

Shortage of field staff was 68 per cent

* Betul, Dhar, Gwalior, Indore, Jabalpur, Khargone, Mandsaur, Ratlam, Satna, Ujjain

before its re-organisation with effect from November 2000 whereas only 7 Sr. Drugs Inspectors and 46 Drugs Inspectors were in position prior to re-organisation and 4 and 41 respectively thereafter. Shortage of staff adversely affected the implementation of the Act.

3.2.5. Implementation of the Act

The implementation of provisions of Act suffered from number of deficiencies such as non-renewal of licences timely, inadequate inspection of manufacturing and sales premises, short collection of samples, non-confiscation of spurious and adulterated drugs and non-launching of prosecution etc.

A. Infirmities in the Act

There were many infirmities in the Act itself due to inadequate provisions in respect of licensing, loopholes, absence of time-frame for prosecution etc.

Inadequate provision for renewal

Under Rule 72 of the Rules a licence or a renewal certificate issued shall be valid for a period of 5 years from the date of issue. But once a renewal application is submitted either before the expiry of the original licence or within six months from the date of its expiry, the original licence shall continue to be in force until orders are passed on the application by the licensing authority. No time frame has however, been prescribed in the Act for renewal of licences. As such, in cases where the inspection of the premises is delayed for some reason and subsequently the licence is found unfit for renewal, the concerned unit can function with immunity during the interval.

Non-differentiation of minor and major offences

There is no differentiation of minor and major offences in the Act/Rules. As such, decision on departmental action or prosecution is left to the discretion of the DC or DIs. As such they are amenable to outside pulls and pressures.

Lack of provision for free surrender of samples

According to existing provisions, drug samples are required to be collected by the DI only on payment of cost thereof. In view of financial stringency, the funds allotted for this purpose are generally inadequate. As such the provision in the Rules acts as a hindrance in the collection of adequate number of samples for quality analysis.

Absence of time frame for prosecution

No time frame has been prescribed in the Act to file the complaint by the department in the court of law with the result that action against the offenders get delayed.

No time frame for drug analysis

No time frame has been prescribed to analyse the drugs samples due to which substandard/ spurious drugs continue to be sold in the market.

B. Licensing procedures

Year wise details of renewal of licences not maintained

As per Rule 72 of Drugs and Cosmetics Rules 1945, the licences of manufacturers are to be renewed before expiry of their validity. However, if a licensee applies for renewal within six months of expiry, the licence shall continue to be valid. The validity of a licence for manufacturers was up to 31 December of the following year (five years from the date of application from August 2001).

Records of Controller revealed that the master licence register was neither maintained year-wise, category-wise and in alphabetical order nor was it's format standardised to serve as an effective control mechanism for ascertaining the number of units due for renewal each month/year and those actually applying for renewal. The year-wise details of number of applications for renewal of license received, disposed off and pending were also not available with the Controller.

On this being pointed out, the Controller replied (May 2003) that the register would henceforth be maintained systematically.

The year-wise position of issue and renewal of licences as furnished by the Controller was as under:

| Description | 1998-99 | | 1999-2000 | | 2000-2001 | | 2001-02 | | 2002-03 | |
|--------------------------------|---------|-----|-----------|-----|-----------|-----|---------|-----|---------|-----|
| | A | B | A | B | A | B | A | B | A | B |
| 1.No. of manufacturing units | 567 | 434 | 685 | 431 | 634 | 483 | 667 | 502 | 693 | 539 |
| 2.Licences renewed | 247 | 72 | 327 | 289 | 232 | 157 | 361 | 170 | 273 | 179 |
| 3. New licences granted | 75 | 46 | 85 | 39 | 101 | 52 | 96 | 44 | 63 | 40 |
| 4.Licences cancelled | 1 | 28 | 30 | 36 | 13 | -- | 18 | 8 | 11 | -- |
| 5.Licences pending for renewal | 198 | 119 | 53 | 76 | 27 | 23 | 33 | 38 | 85 | 80 |

A---Allopathy/Homeopathy medicines and Cosmetics B--- Indian systems of medicine

Note: No record in support of above information was made available by the Controller for verification of the information supplied.

It would be seen from above details that out of 1232 manufacturing units 165 units were working without renewal of licences at the end of 2002-03.

Licences were cancelled after 3 to 5 years from date of expiry of validity

Records of Controller revealed that the position of receipt of applications for renewal of licences was not assessed every year in time and licences were cancelled for various reasons after period of 3 to 5 years from the date of expiry of validity of licences. Analysis of 50 such cases indicated that licences were cancelled due to non-receipt of renewal applications (31), withdrawal of consent by Principal units (5), changes in constitution of the firms (4) and closure of firms (10). The Senior Inspector's reports available in cancellation files indicated that inspections were carried out after 3 to 5 years of expiry of licences. On being pointed out the Controller did not furnish his comments.

Thus the provision relating to submission of applications for renewal within six months after expiry of licence period has provided leverage to administrative staff for not taking timely action for renewal of licence, which in turn, enabled the manufacturers to continue production and sale beyond period of valid licence.

C. Lack of check over retail sales premises

Rules 65(2) of the Drugs & Cosmetics Rule 1945 provide that retail sales of drugs on the prescription of a registered medical practitioner shall be made only under supervision of a registered pharmacist. The State Pharmacy Council was the competent authority to issue registration certificates to pharmacists. It was observed that the list of registered pharmacists was never obtained by the Controller to check that retail sellers hold valid pharmacist certificate.

Verification of validity of registration of pharmacists was not done

On being enquired about how many licences were checked and cancelled due to bogus registration certificates, the Controller stated (March 2003) that no list of persons holding bogus registrations was received from the Pharmacy Council. The reply was disturbing because (i) the Controller was required to exercise necessary checks after collecting lists of pharmacists registered by the Council and (ii) the State Economic Offence Wing was investigating the issue of fake registration numbers (6924 to 14463) issued during 1997-98. The Controller had thus failed to take any action to curb unauthorised retail drugs selling activities.

However, the Controller called for the list of registrations cancelled during the period 1998-2003 in May 2003 after the omission was pointed by Audit. Further developments were awaited.

D. Inspection of manufacturing premises

Short fall in inspection of Manufacturing premises ranged between 40 to 66 per cent

Report of Inspections from DAOs were not obtained

Rule 52 and Rule 162 of Drugs & Cosmetics Rules 1945 provide that all manufacturing premises of modern medicines and cosmetics shall be inspected by the Senior Drugs Inspectors and those of ayurvedic and Unani manufacturing units by the Superintendent-cum-District Ayurveda Officer (DAO). Inspectors were authorised to inspect the manufacture of Allopathic or Ayurvedic (including Siddha) or Unani drugs twice every year up to 27 September 2001 and once every year thereafter. Inspection was mandatory at the time of grant or renewal of licences to ensure that the manufacturers fulfill the conditions stipulated in the licences and maintained good manufacturing practices as prescribed in the Rules.

It was, however, observed that against 5799 inspections due, only 3225 inspections were carried out during 1998-2002 resulting in shortfalls ranging from 40 to 66 per cent (**Appendix XXXIX**). Shortfalls declined to nil during 2002-03 only after the number of inspections prescribed was reduced by 50 per cent. The data regarding inspection of units manufacturing Ayurvedic and Unani drugs were not collected by the Controller from DAOs.

The Controller attributed (July 2003) the shortfalls in inspections to shortage of field staff.

The reply of Controller was not relevant in respect of inspections of ayurvedic and Unani units because for these even yearwise details of inspections were

not collected by him. Failure to conduct regular inspections of manufacturing premises could lead to production and supply of fake and adulterated drugs.

E. Inspection of sales premises

Shortfall in inspection of sales premises ranged between 24 to 78 per cent.

Under Rule 51 of Drugs & Cosmetics Rules 1945, a Drugs Inspector was required to inspect the drugs sales premises twice a year up to 27 September 2001 and once a year thereafter to satisfy himself that conditions of licences were being complied with including maintenance of records. The information regarding inspections conducted for the years 1998-99 to 2002-03 as intimated by the Controller indicated large scale shortfall as brought out here under:

| Year | Number of licensed sales units | No. of inspections required to be done | Inspections done | Licensee not fulfilling conditions of licences | Percentage of sales premises inspected | Percentage shortfall |
|---------|--------------------------------|--|------------------|--|--|----------------------|
| 1998-99 | 17250 | 34500 | 9000 | 700 | 26 | 74 |
| 1999-00 | 17691 | 35382 | 11360 | 359 | 32 | 68 |
| 2000-01 | 15531 | 31062 | 6814 | 327 | 22 | 78 |
| 2001-02 | 13206 | 26412 | 9064 | 416 | 34 | 66 |
| 2002-03 | 14741 | 14741 | 11218 | 519 | 76 | 24 |

Note: Sale premises of Ayurveda and Unani drugs do not require licencing and inspection.

Inspections of sale premises were not conducted even once a year and shortfall ranged from 66 to 78 per cent during 1998-2000; the shortfall during 2002-03 when the quantum of inspections was halved too was 24 per cent. The Controller attributed (March 2003) the shortfall to shortage of field staff. Failure to conduct prescribed inspections leaves scope for unauthorised persons to indulge in selling of spurious, fake and adulterated drugs.

F. Collection of drug samples

Shortfall in collection of samples ranged between 23 to 39 per cent.

As per the norms fixed (May 1999) by the Controller, each Senior Drugs Inspector/Drugs Inspector was required to collect 10 samples of different categories of drugs per month including two samples of such drug for which laboratory testing facility was not available at SDL and which were required to be sent to Central Drugs Laboratory, Calcutta. It was observed that required number of samples were not collected and samples required to be sent to Central Drugs laboratory Calcutta were not sent. No norms for checking of Ayurveda and Unani drugs were fixed.

The year-wise details of samples of allopathic and homeopathic medicines collected were as under:-

| Year | Working strength of SDIs/DIs | Annual norms for collection of samples | Samples required to be collected | Samples collected * | Shortfall | Percentage of shortfall |
|---------|------------------------------|--|----------------------------------|---------------------|-----------|-------------------------|
| 1998-99 | 53 | -- | Target not fixed | 2380 | -- | -- |
| 1999-00 | 53 | 120 | 6360 | 3974 | 2386 | 38 |
| 2000-01 | 47 | 120 | 5640 | 3437 | 2203 | 39 |
| 2001-02 | 45 | 96 | 4320 | 3180 | 1140 | 26 |
| 2002-03 | 45 | 96 | 4320 | 3334 | 986 | 23 |

Note: SDIs= Senior Drugs Inspectors; DIs= Drugs Inspectors

The Controller stated (March 2003) that capacity of the laboratory at Bhopal was very limited and hence the collection of samples as per the prescribed norms was not insisted upon. The CDL Calcutta too was facing the same problem and had requested not to send samples (November 1999) and accordingly the department had stopped sending samples to Calcutta too. Government had not initiated any action either to increase the capacity of SDL or to set up other laboratory(ies) to cope with the requirement.

In respect of Ayurvedic and Unani drugs the Udupa Committee Report^{\$} had disclosed that costly raw materials such as gold, musk, pearl, saffron, etc., which are component ingredients in various Ayurvedic and Unani drugs were either not used or were substituted by imitation products.

The Controller confirmed (August 2003) that the targets for collection of samples of Ayurvedic and Unani preparations were not fixed and samples containing costly raw materials were also not collected. Thus in absence of specific norms and directions to collect category-wise samples containing costly raw materials, the consumers were left at the mercy of manufacturers, dealers and practitioners.

G. Short collection of samples from retailers in rural areas

Required proportion of samples collection from rural areas was not achieved

As per directions issued (May 1999) by the Controller, collection of samples of drugs/cosmetics was to be 2/3rds from urban areas and 1/3rd from rural areas. However, details of rural retailers were not available with him. The following data indicates that the prescribed proportion of samples was not collected from rural areas, generally more susceptible to supply of sub-standard, misbranded and adulterated drugs & cosmetics:

* In addition a negligible number of 16, 12, 19, 74 and 22 samples of Ayurvedic and Unani medicines was also collected during these years.

\$ As referred to in Preamble to the Drugs and Cosmetics Act

| Year | Total samples collected from retailers | 2/3 rd of total samples (urban areas) | 1/3 rd of total samples (Rural areas) | Actual samples collected from rural areas | Shortfall number of samples | Percentage of shortfall |
|---------|--|--|--|---|-----------------------------|-------------------------|
| 1998-99 | 1654 | 1103 | 551 | 249 | 302 | 55 |
| 1999-00 | 3159 | 2106 | 1053 | 551 | 502 | 48 |
| 2000-01 | 2668 | 1779 | 889 | 531 | 358 | 40 |
| 2001-02 | 2308 | 1539 | 769 | 400 | 369 | 48 |
| 2002-03 | 1504 | 1003 | 501 | 283 | 218 | 44 |

On this being pointed out, the Controller stated (May 2003) that required quantity of samples were not available in rural areas due to small/lesser number of shops. The reply was not supported by records and was in contradiction of spirit of his own orders.

H. Non-conducting of tests of sera, vaccine and blood and blood products

Non collection of samples of blood and blood products, Vaccines, Sera.

As per Section 23 of Drugs & Cosmetics Act, 1940, if the samples of a drug or cosmetics be such that it is likely to deteriorate or otherwise be damaged by exposure, the Drugs Inspector shall take three or four samples of the drug in the container of the manufacturer. The containers of samples of sera, vaccine, blood and blood products are required to be kept under specific storage conditions so that they do not deteriorate. The position of licences issued to manufacturers of large volume parenterals (LVPs), sera, vaccine and blood banks and samples collected for the period 1998-2003 was as under:

| Year | No. of LVPs manufacturers | No. of samples collected | No. of Vaccines & sera manufacturers | No. of samples collected | No. of Blood products manufacturers | No. of samples collected |
|---------|---------------------------|--------------------------|--------------------------------------|--------------------------|-------------------------------------|--------------------------|
| 1998-99 | 10 | 31 | 01 | Nil | 76 | Nil |
| 1999-00 | 09 | 15 | 01 | Nil | 78 | Nil |
| 2000-01 | 10 | 37 | 01 | Nil | 84 | Nil |
| 2001-02 | 12 | 46 | 01 | Nil | 90 | Nil |
| 2002-03 | 12 | NA | 01 | Nil | 97 | Nil |

The non-collection of samples of blood and blood products and vaccines and sera and consequently non-testing of these products could lead to exposure of patients being administered such products to risks of such serious infections as that of HIV, hepatitis B/C, AIDS, etc.

On being pointed out in audit, the Controller stated (March 2003) that the samples were not collected due to non-availability of storage facility with district offices. It is unfortunate that such an important facility of storage has not been provided by Department inspite of the fact that the blood product are categorised as drugs under the Act.

I. Non-confiscation of substandard and spurious drugs

Section 18 of the Drugs & Cosmetics Act 1940 prohibits manufacture or sale of or stock for sale or distribute any drug which is not of standard quality (NSQ) or is misbranded, adulterated or spurious. The Act also provides that

where court is satisfied on the application of the Inspector or otherwise that the drug/cosmetics are of sub-standard quality, such drugs and cosmetics are liable to be confiscated. It was observed that in 722 cases (241 in 1998-99, 170 in 1999-2000, 125 in 2000-01, 96 in 2001-02 and 90 in 2002-03) drugs were found to be NSQ in laboratory tests. Further, the following drugs were found to be spurious with names of the manufacturers noted against each:

| Sl. No. | Names of drugs and batch numbers | Manufacturers |
|---------|---|-----------------------------|
| 1. | Analgin (B No.01), Paracetamol IP (B. No. 01) | M/s D of Gwalior |
| 2. | Premethazine IP (B. no. 99019) | M/s B of Indore |
| 3. | Analgin-IP 500 mg (B. No. 11) | M/s S of Bhind |
| 4. | Brufen Plus (B. No. R 21) | M/s P of Sambalpur (Orissa) |
| 5. | Chloroquine Inj. (B.No. CH-12) | M/s. G of Indore |
| 6. | Amoxiline Trihydrate (B. No. 190) | M/s. S of Ujjain |

No action, however, was found to have been initiated to move the courts to confiscate the drugs found to be spurious/ of sub-standard quality.

On being pointed out, the Controller stated (December 2002) that action for confiscation could be taken only after conviction by courts. The reply was not tenable as the Controller ignored the provision of Sec.31(ii) whereunder, confiscation of sub-standard/adulterated/spurious drugs could be ordered by Court on specific application of Inspector but no such application was found submitted before court(s). As a result spurious and sub-standard drugs continued to be sold in the market against the provisions of the Act.

J. Poor performance in launching of prosecutions

Section 18 of the Act provides that any person stocking or exhibiting for sale, any drug, which is not of standard quality or is misbranded/spurious is liable to be prosecuted. Scrutiny of records of the Controller revealed that the register of court cases filed/list of cases pending in various courts prior to 1997-98 was not maintained. The year-wise details of court cases filed, decided and pending for the years 1998-2003 were as under:

Delayed prosecution resulted in discharge/dismissal of 78 percent cases

| Year | Cases pending at beginning of the year | Fresh prosecutions ordered during the year | Cases actually filed during the year | Total number of cases | Cases decided during the year leading to | | | Cases pending at the end of the year |
|--------------|--|--|--------------------------------------|-----------------------|--|----------|-----------|--------------------------------------|
| | | | | | Imprisonment | Fines | Acquittal | |
| 1998-99 | 425 | 19 | 9 | 434 | 3 | 1 | 25 | 405 |
| 1999-00 | 405 | 19 | 22 | 427 | 1 | -- | 10 | 416* |
| 2000-01 | 341 | 20 | 17 | 358 | 5 | -- | 3 | 350 |
| 2001-02 | 350 | 14 | 13 | 363 | 3 | -- | 4 | 356 |
| 2002-03 | 356 | 6 | 10 | 366 | -- | -- | 3 | 363 |
| Total | | 78 | 71 | | 12 | 1 | 45 | |

* 75 cases were transferred to Chhattisgarh

It was observed that pace of launching prosecutions was very slow. The follow-up of cases was also poor. The progress of pending court cases was not being reported by the field offices. The Controller stated (May 2003) that delays occurred due to delay in obtaining original documents from manufacturers and dealers. The delayed prosecution and poor follow-up resulted in discharge/ dismissal of as many as the 78 per cent of the 58 cases in courts.

K. Non-establishment of intelligence-cum-legal cell and anti-spurious drugs squads

Under Rule 51 of Drugs and Cosmetics Rules 1945, the Drugs Inspectors are required to investigate complaints about sale of spurious/fake drugs received by the Controller. For this purpose, a committee to suggest remedial measures to combat the menace of manufacture and sale of spurious drugs/fake medicines set up by GOI had recommended (July 2002) that each State should have an intelligence-cum-legal cell and anti-spurious squads under the supervision of senior officers for investigation, co-ordination and follow-up of cases of spurious drugs. It was observed that no intelligence and surveillance wing was set up with the result that reports of complaints about fake drugs/cosmetics manufacturers were not being investigated. A list of serious nature of complaints/news items received in Controller's office during 2000-03 but not investigated is given in **Appendix XL**. Year-wise details of complaints received and investigated were neither maintained by the Controller nor at district level.

Though the Controller confirmed (May 2003) that raids were conducted by district police authorities and huge quantity of drug stocks was seized by them, the fact remained that these cases could not be departmentally detected; no intelligence cell was setup as required.

L. Dissemination of information about banned drugs

The GOI prohibited manufacture, sale, distribution of certain drugs involving risk to human beings or animals. The Controller was required to circulate the fact to all trade associations, district hospitals, nursing homes, medical associations etc. so that the use of banned drugs could be stopped forthwith. It was observed that no action had been taken by the Controller to circulate the GOI notifications thereby helping prolonged use of banned drugs in the State.

On being pointed out, the Controller issued a circular in May 2003.

M. Ineffective action for circulation of information on sub-standard drugs

The main purpose of the Act was to see that no sub-standard drug is sold or administered. The Act also required every manufacturer to have each batch of his product lab-tested in his own lab or the one appointed by Food and Drugs Administration (FDA). Test-check of cases of "drugs found sub-standard, detected by Drugs Controllers of other States and reported to the Controller FDA, Madhya Pradesh for withdrawal of batches", revealed that notices for withdrawal were issued after delays of two to fifteen months. No action was

Non calling batches of fake, adulterated and misbranded drugs from market.

taken by the manufacturers to call back the batches of sub standard drugs from the market and destroy them. Thus whole stocks sold were consumed by hospitals and other institutions. A few instances are detailed in **Appendix XLI**.

The Controller replied (November 2002) that batches of the drugs reported as NSQ were fully exhausted by the manufacturers and hence could not be confiscated. The reply was not tenable as his own failure to take timely action facilitated distribution and sale of NSQ drugs by the manufacturers.

N. Non-collection of data on deaths occurring in hospitals and nursing homes due to spurious drugs

The annual reports of activities sent to GOI by the Controller during 1998-99 to 2002, indicated that no death had occurred in the State due to intake of fake/spurious drugs. Audit scrutiny revealed that neither any returns/reports in this regard were collected from district hospitals and nursing homes nor was any such report/return prescribed by the Controller. However, the news paper (Dainik Bhasker dated 28 December 2002) reported a case of death due to use of spurious drugs in Gwalior district. The reports thus sent to GOI were without obtaining the factual position from the Hospitals.

3.2.6. Working of the State Drugs Testing Laboratory

(a) **Inadequate capacity:** Testing of the samples of drugs and cosmetics collected from manufacturing and sales premises is crucial to ensure proper implementation of the Act. The State Drugs Testing Laboratory (SDL) at Bhopal had a capacity to analyse 1,800 to 2,000 samples per year. The SDL did not have its own separate building and lacked modernization. Even the facility of simple tests for sterility and pyrogen was not available due to lack of equipments like HPLC/FTIR*, with the result that 57 vital drugs of different categories could not be tested. The Central Drugs Testing Lab, Calcutta, which was expected to test samples of these 57 drugs had expressed its inability to carry out the tests owing to its own workload. As such, the drug testing facilities in the State were grossly inadequate. The FTIR/HPLC equipments received in July 2001 and July 2002 respectively were not installed as of May 2003.

(b) **Shortage of staff:** The laboratory was working with a skeleton technical staff, who were not able to test even few samples collected by SDIs/DIs during the year. The year-wise position of samples received and tested was as follows:

15 per cent samples collected could not be tested due to inadequate facilities in laboratory.

*

High Performance Liquid chromatograph/ Fourier Transform Infrared Spectrophotometer

| Year | No. of samples received in the laboratory | | No. of samples tested | | | | No. of samples rejected | | No. of samples pending | |
|---------|---|-------------------------|-----------------------|-----|-------------------------|-----|-------------------------|-------------------------|------------------------|-----------------------|
| | Allopathy /Homeopathy | Ayurvedic/ Unani, Sidha | Allopathy/ Homeopathy | | Ayurvedic, Unani, Sidha | | Allopathy, Homeopathy | Ayurvedic, Unani, Sidha | Allopathy Homeopathy | Ayurvedic Unani Sidha |
| | | | STD | NSQ | STD | NSQ | | | | |
| 1998-99 | 2380 | 16 | 1926 | 241 | 16 | -- | 213 | -- | -- | -- |
| 1999-00 | 3974 | 12 | 1834 | 170 | 3 | -- | 539 | 9 | 1431 | -- |
| 2000-01 | 3437 | 19 | 1916 | 125 | 18 | -- | 1137 | 1 | 259 | -- |
| 2001-02 | 3180 | 74 | 1859 | 96 | 45 | -- | 377 | 5 | 848 | 24 |
| 2002-03 | 3334 | 22 | 1846 | 90 | -- | -- | 218 | 1 | 1180 | 21 |
| Total | 16305 | 143 | 9381 | 722 | 82 | -- | 2484 | 16 | 3718 | 45 |

Thus, 2500 (15 per cent) of 16,448 samples collected were not tested either due to non availability of testing facilities or the samples becoming time-expired before they could be taken up for testing.

Inordinate delay ranging from 45 to 365 days was observed in reporting of test reports.

(c) **Delayed communication of test results:** As per directions issued (October 2001) by the Controller, test reports of samples of food items should be sent to field offices within 40 days from the date of its receipt but no time schedule was specified for samples of drugs. Test-check of the samples register maintained in SDL revealed that test results of samples of drugs received and analysed by it during 1998-99 to 2002-03 were reported to the field offices, with delays ranging from 46 days to more than 365 days as indicated below:

| Year | Total no of NSQ samples | Reported within 45 days | 46-100 days | 101-200 days | 201-365 days | More than 365 days |
|---------|-------------------------|-------------------------|-------------|--------------|--------------|--------------------|
| 1998-99 | 241 | 50 | 88 | 85 | 14 | 4 |
| 1999-00 | 170 | 3 | 20 | 67 | 58 | 22 |
| 2000-01 | 125 | 32 | 5 | 23 | 38 | 27 |
| 2001-02 | 96 | 39 | 7 | 10 | 25 | 15 |
| 2002-03 | 90 | 76 | 4 | 5 | 4 | 1 |
| Total | 722 | 200 | 124 | 190 | 139 | 69 |

Thus 72 per cent test reports were reported after 45 days, out of which 40 per cent were reported after 200 days.

3.2.7 Sale of scheduled formulations at prices higher than those fixed by GOI

Sale of scheduled drugs at higher rates

In order to make available scheduled drugs at reasonable prices to public, GOI promulgated the Drugs (Price Control) Order, 1995 (DPCO) and reserved the right to fix from time to time the retail price/ceiling price of drugs. The retail price once fixed under DPCO was not to be increased by any manufacturer except with prior approval of Government. Copies of approved rate lists were to be provided to State FDAs by the manufacturers to enable the Drugs Inspectors to check the prices fixed by GOI.

The GOI informed (January 2001) the Controller that products manufactured by M/s Russel India Limited and M/s Hoechst Marrion Russel Limited were

being sold at rates higher than those fixed by National Pharmaceutical Pricing Authority (NPPA) as follows:

| Name of product | Pack size | Price fixed (Rs.) | MRP charged (Rs.) |
|---------------------------|---------------|-------------------|---------------------|
| Avil - Inj. | 10 ml. Amp. | 7.11 | 10.95 |
| Avil - Inj. | 10x2 ml. Amp. | 27.59 | 39.94 |
| Sofradex - F Cream | 15 gm. Tube | 17.03 | 28.00 |
| Sofradex - F Cream | 20 gm. Tube | 20.13 | 27.65 (15 gm. tube) |

MRP= Maximum retail price as required to be indicated.

Audit observed that apart from the above cases, rates of drugs as fixed by NPPA were not being checked with market prices and no details of cases if any, booked under DPCO were available. Even the approved rate lists of GOI were not available with the Controller or his field officers.

On being pointed out, Deputy Directors Drugs Administration, Indore and Gwalior, stated (May 2003) that action regarding price fixation and over-charging by manufacturers was the responsibility of the Controller.

The replies were not tenable as the Controller had forwarded copy of the NPPA communication to all field officers to ensure compliance of the said order. The Controller too however, did not follow up the matter. Year-wise details of number of cases if any, booked under DPCO were however, awaited (December 2003) from him. Thus the Controller and his field officers has failed to check the overpricing of drugs by manufacturers even when brought to their notice, thereby defeating the very objective of DPCO.

3.2.8 *Refresher courses and training*

Refresher courses and training for field and technical staff are necessary to keep them abreast of the modern technological advances. It was observed that no refresher courses/training for field/ laboratory staff were organised by the Controller, who stated (November 2002) that field/technical staff already possessed necessary qualification and as such no training was organised. The reply was not tenable in the context of continuous modernisation in technology underlining the need to continuously update the knowledge of field and technical staff.

3.2.9 *Other topics of interest*

(a) **Purchase of sub-standard injectable drugs through Madhya Pradesh Laghu Udyog Nigam**

The DHS placed an order (March 1999) for supply of injectable drugs* for Rs.54.86 lakh with Madhya Pradesh Laghu Udyog Nigam (MPLUN), which in turn placed orders with four firms. Audit scrutiny revealed that (i) one of the suppliers M/s. Karnataka Antibiotics Pvt. Ltd. (KAPL) Bhopal, from whom the drugs were purchased and distributed through Regional Joint

* *Injection Benzazyle Pencillin- 5 lakh units: Injection Benzazyle Pencillin- 10 lakh units
Procain Pencillin-4 lakh units and Injection Steptomycin-0.75 gm.*

Directors (RJD), Health Services was found to be a non-existent dealer and (ii) The samples of the drugs taken by Drug Inspector, Narsinghpur from the District Hospital, Narsinghpur were found to be sub-standard. The Inspector demanded copies of supply vouchers and the details of quantities of drugs supplied by the firms from RJD Jabalpur so as to establish link between the manufacture and total production and supply thereof in the State for initiating necessary investigations. The RJD did not furnish the requisite vouchers (June 2003) in utter disregard of the provisions of the Act resulting in non-withdrawal of batches of sub-standard drug. No punitive action was taken against the RJD under provisions of the Act or otherwise.

(b) Purchase of drugs and medicines in contravention of the provisions of the Act

Irregularities in purchase of medicines for seasonal epidemic control

The Act, provides that all bills and vouchers for supply of drugs should contain name of manufacturer, batch number, manufacturing date, expiry date etc.

Test-check of records of CMHO, Indore revealed that the DHS had placed orders with MPLUN for supply of medicines worth Rs.1.13 crore for control of seasonal epidemics during 2000-01. These were to be supplied to district hospitals. Scrutiny of stock register of the CMHO, Indore, Jabalpur, Mandasaur and Ujjain revealed that the prescribed details, viz. manufacturing date, expiry date etc. were not found recorded therein. In absence of full details, samples of the drugs could not be collected by drugs inspectors.

On being pointed out in audit, CMHOs stated (May 2003) that required details were not supplied by manufacturers. The CMHO also confirmed that samples were also not collected by Drug Inspectors. Thus the possibility of procurement of spurious/fake misbranded and even time-expired drugs could not be ruled out.

3.2.10. Monitoring and evaluation

Non-monitoring and evaluation of over all performance of drug control administration

The Controller was the chief regulatory authority at State level. The various regulatory functions entrusted to him required close monitoring to ensure that the objectives of the organisation are achieved effectively. The scrutiny of annual returns prescribed by GOI regarding collection of samples, inspection of sale premises, progress of court cases and investigation of cases of drugs found to be sub-standard, adulterated or spurious revealed that the monitoring was practically non-existent as information on various points prescribed in the returns, like, number of sale premises as on 31 March, number of cases pending in courts etc. were not furnished by the district officers. The Controller had mentioned in each report that information was awaited from the districts and would be supplied on receipt. This indicated poor monitoring of the implementation of the Drugs and Cosmetics Act in the State.

Periodical State level meetings under the chairmanship of the Controller were not held regularly to evaluate the work done vis-à-vis the targets nor were any reports/returns prescribed by the Controller for collection of information from hospitals/nursing homes about casualties occurring due to administration of spurious drugs thereby failing to evaluate the extent of usage of fake and substandard drugs.

3.2.11. Conclusion

The implementation of Act suffered from major shortcomings such as inordinate delay in the cancellation of licences wherever renewal of licences was not approved, huge shortfalls in the inspection of manufacturing/selling units, delays in testing of samples collected, lack of prompt action to stop the manufacturing /sale of NSQ drugs. Although the Act provided for confiscation of substandard, fake and adulterated drugs, no specific departmental instructions exist for making field staff incumbent for approaching the court for obtaining confiscation order. No provision was made in the rules and procedures for dissemination of information of drugs found spurious/fake and adulterated by Government analyst to other States to ensure effective control over sale of such drugs throughout the country.

3.2.12. Recommendations

- ⇒ Provision should be made to ensure renewal of licences before expiry of validity of licence.
- ⇒ Notices to the manufacturers/dealers, where products are found substandard or fake/spurious need to be communicated promptly so as to ensure timely withdrawal of such drugs from the market.
- ⇒ It is very crucial to complete laboratory analysis within a fixed time frame; shorter time span between sampling and test analysis is a paramount need to curb production and circulation of substandard/spurious/fake/ misbranded drugs.
- ⇒ The state drug testing laboratory needs to be modernised with proper personnel and their training at regular intervals to update knowledge & skills.
- ⇒ A master control register should be maintained to watch issue/renewal of licences to manufacturers/dealers as well as submission of regular returns from District offices, effective monitoring and control on periodical renewal of licences.

Public Health and Family Welfare Department

3.3 National AIDS Control Programme

Highlights

National AIDS Control Programme (NACP) launched in 1987 as a cent per cent Centrally sponsored scheme has since moved through three phases. To reduce the spread of HIV infection and to strengthen the country's capacity to respond to the HIV/AIDS on a long term basis, NACP-II was launched in 1999 in the third phase (1999-2004). Due to faulty implementation, the programme failed to make much of a dent even after spending Rs.19.18 crore during 1998-2003.

MP State Aids Control Society (MPSACS) at the apex could utilise only 36 to 64 per cent of funds available with it for the implementation of the AIDS control programme during 1998-2003. Rupees 4.10 crore were lying unutilised as of March 2003 with 90 different implementing agencies.

(Paragraph 3.3.4)

Number of AIDS patients in the State increased from 303 to 1011 registering a growth of 234 per cent during the period from 1998 to June 2003.

(Paragraph 3.3.5)

Survey to identify the location and number of persons forming part of high risk group had not been completed so far. NGO participation in implementing projects relating to targeted interventions for groups at high risk was negligible.

(Paragraph 3.3.6 (i)(a))

Condom promotion programme was highly deficient. Testing and treatment facilities at STD clinics were not provided to 52 per cent of patients.

(Paragraph 3.3.6 (i)(b) & (c))

Only 46 per cent of the 22,400 health care workers in the State were provided training in syndromic case management and counselling in condom use.

(Paragraph 3.3.6 (ii))

Out of 8383 Secondary and Senior Secondary schools in the State, AIDS education programme was taken up for the first time only in 2002-03 and that too only in 1360 schools (16 per cent) of 11 districts.

(Paragraph 3.3.6 (iii)(c))

3.3.1 Introduction

In order to combat and control the spread of Acquired Immuno Deficiency Syndrome (AIDS) disease, National Aids Control Programme was launched in 1987 and has since moved through three phases: the first phase (1986-92), was marked by the denial threat of HIV to India; the second phase (1992-99), called National AIDS Control Programme-I (NACP-I) was implemented with financial support extended by World Bank. To encourage and enable the States themselves to take on the responsibility of responding to the epidemic on a long term basis, NACP-II was launched in 1999 for a period of 5 years (1999-2004) in the third phase. This project is expected to be completed by October 2004.

The key objectives of NACP-II were (a) to reduce the spread of HIV infection, and (b) to strengthen the country's capacity to respond to the HIV/AIDS on a long term basis.

3.3.2 Organisational set-up

Madhya Pradesh State AIDS Control Society (MPSACS) was registered on 14 July 1998 under the chairmanship of Principal Secretary, Public Health and Family Welfare Department. For day-to-day working an executive committee was constituted at State level with a Project Director as its Secretary.

District AIDS Control Societies were responsible for implementing the Programme at district level under the chairmanship of District Collector through the Chief Medical and Health Officer (CMHO) of the district.

3.3.3. Audit coverage

Records of the Project Director, MPSACS, 9[§] out of 45 CMHOs and 3[@] out of 5 medical colleges for the period 1998-03 were test-checked between December to June 2002 and December 2003. Significant points noticed are mentioned in the succeeding paragraphs.

3.3.4. Financial arrangements

The project is a cent per cent Centrally sponsored scheme.

Grants were released by National AIDS Control Organisation (NACO) directly to MPSACS from July 1998 onwards. The position in respect of grants released and expenditure incurred was as under:

(Rupees in crore)

| Year | Annual plans approved by NACO | Opening balance | Grants received from NACO | Miscellaneous receipts | Total funds available | Expenditure | Closing balance | Expenditure as percentage of available funds |
|--------------|-------------------------------|-----------------|---------------------------|------------------------|-----------------------|--------------|-----------------|--|
| 1998-99 | 6.47 | 0.00 | 3.15 | 1.58 | 4.73 | 1.77 | 2.96 | 37 |
| 1999-00 | 7.14 | 2.96 | 3.55 | 0.65 | 7.16 | 4.55 | 2.61 | 64 |
| 2000-01 | 5.30 | 2.61 | 5.42 | 0.01 | 8.04 | 3.61 | 4.43 | 45 |
| 2001-02 | 12.38 | 4.43 | 7.80 | 0.08 | 12.31 | 4.71 | 7.60 | 38 |
| 2002-03 | 10.03 | 7.60 | 4.82 | 0.01 | 12.43 | 4.54 | 7.89** | 36 |
| Total | 41.32 | | 24.74 | 2.33 | | 19.18 | | |

1. Component-wise position of utilisation of funds under NACP-I (1998-99) and NACP-II (1999-2003) is summarised in **Appendix XLII**.

2. Miscellaneous receipts includes drawals relating to NACP-I: Rs.1.58 crore; receipts in kind (vehicles, scanners, etc.): Rs.31.27 lakh; funds transferred from State AIDS Cell: Rs.14.87 lakh; interest receipts: Rs.15.91 lakh; miscellaneous adjustment and receipts: Rs.13.28 lakh.

3. Of the unutilised amounts, Rs.4.10 crore were with 90* different implementing agencies (March 2003).

**29 per cent
funds remained
unutilised**

It was noticed that separate expenditure accounts for family health awareness campaigns (FHACs) were not maintained by the State/district level AIDS Control Societies, despite instructions issued by NACO. Separate bank accounts were not maintained by DACSSs, Chhindwara and Shahdol. Instead the funds received under the programme were kept mixed up with other programme funds.

§ Barwani, Bhopal, Chhindwara, Dhar, Gwalior, Indore, Satna, Shahdol and Ujjain

@ Bhopal, Gwalior and Indore

** It includes Rs.0.86 crore which belongs to Chhattisgarh State

* Collectors:29; CMHOs:45; Deans Medical Colleges:5 RHFWTC:3; Civil Surgeons:2; RMRC, Jabalpur, Surgical Specialist, Burhanpur, Superintendent M.Y.Hospital, Indore, and Medical College, Rewa, Principal, SMS Medical College, Jaipur and Principal Controller, Dean Medical College, Jabalpur.

29 per cent funds were lying unadjusted in account.

In test checked units, the accounts were not found maintained properly. Expenditure of Rs.3.54 crore was shown as incurred by 8 CMHOs* and Dean, Medical College, Indore. MPSACS, however, adjusted only Rs.2.51 crore in its books of accounts during 1998-2003 leaving a difference of Rs.1.02 crore as detailed in **Appendix XLIII**.

Project Director, MPSACS stated (November 2003) that the funds remained unutilised during initial years due to formation of new State/district level AIDS control societies, new plan of action, non-availability of staff and late receipt of annual budget and guidelines. It was further stated that due to non-availability of eligible NGOs as per NACO guidelines, limited schemes were taken up under targeted intervention for high risk groups. Funds provided for salary of 14 VCTCs staff sanctioned in 2002-03 also could not be utilised due to their non-posting.

47 per cent AIDS cases were in two districts only.

3.3.5. Position of AIDS cases in the State

As at the end of 2002 there were 45.80 lakh (estimated) HIV/AIDS patients in the country. Of which, 1011 confirmed AIDS cases were found in Madhya Pradesh as of May 2003 as against 303 cases reported in the state by end of December 1998. The prevalence of HIV/AIDS was found to be concentrated in 12[⊗] districts of Malwa-Nimar region contributing 70 per cent cases. 47 per cent of cases (477) were reported in two districts of Ujjain & Indore.

Of these, 836 cases (83 per cent) were in the age group of 21-45 years and in 593 cases (59 per cent) HIV occurred through sexual route and in 208 (21 per cent) cases through blood transfusion.

Year-wise position of cases registered and death cases was as under:

| Year | No. of AIDS cases registered | No. of death cases |
|-----------------------|------------------------------|--------------------|
| Up to 1997 | 201 | 42 |
| 1998 | 102 | 2 |
| 1999 | 211 | 1 |
| 2000 | 127 | 4 |
| 2001 | 156 | 6 |
| 2002 | 156 | 3 |
| 2003 (up to May 2003) | 58 | 2 |
| Total | 1011 | 60 |

3.3.6. Programme implementation

(i) Priority targeted intervention for groups at high risk

The programme aimed at reducing spread of HIV in high risk groups by identifying target population and providing peer counselling, condom

* Barwani, Bhopal, Chhindwara, Gwalior, Dhar, Indore, Satna and Ujjain

⊗ Barwani, Dewas, Dhar, Indore, Jhabua, Khandwa, Khargone, Mandsaur, Neemuch, Ratlam, Shajapur and Ujjain.

promotion, treatment of sexually transmitted infections (STIs) and client[#] programmes. Rupees 8.53 crore were provided by NACO to the MPSACS during 1999-2003, which incurred only Rs.3.93 crore (46 per cent) on this component.

(a) Identification of target population

Commercial sex workers, truck drivers, industrial migrant labour, street children and slum community were classified as groups at high risk in the State. It was observed that survey to identify the locations and number of persons at high risk was not conducted by MPSACS. Project Director, MPSACS, stated (November 2003) that the agency to whom the work was assigned had submitted its draft report on 20 February 2003; further action was to be taken by NACO.

In the absence of a survey, the MPSACS planned 57 projects for targeted interventions on the basis of information available with Regional Transport Officer, Women and Child Welfare, Labour and Police Departments, to cover 61,200 persons during 1998-2003 as per details in **Appendix XLIV**. (truck drivers: 40,000; slum community: 16,000; commercial sex workers: 3,200 and street children: 2000).

Against these 57 projects, only 12 projects covering 6795 persons (slum community:5129; commercial sex workers: 410 and street children: 1256) 11 per cent could be taken up. Ten NGOs were appointed since 1999-2000 for targeted intervention for 7 high risk groups and Rs.63.38 lakh were disbursed to them as of March 2003. As per GOI guidelines, the NGOs were required to complete project within one to three years and submit utilisation certificates together with audited statements of accounts and full project reports within one month of completion of the project.

The test-check revealed that against Rs.26.85 lakh disbursed as grant-in-aid to 6 NGOs up to March 2002, utilisation certificates for Rs.15.40 lakh only were received by March 2003. It was further observed that work done by 3^s of these (six) NGOs was not found satisfactory by MPSACS and it was decided to place them under independent evaluation.

When the matter of providing grant-in-aid for conducting TIs in fewer Projects was pointed out in audit, NGO Adviser of MPSACS, attributed (July 2003) it to lengthy process of selection of NGOs and non-availability of required number of eligible NGOs.

(b) Promotion of condoms

The main objective of containing spread of HIV was to be achieved through promoting the use of condoms up to not less than 90 per cent among high risk groups. To achieve this goal, condoms were to be distributed free of cost through various channels. It was observed that during 1998-2000 condoms were not distributed under this programme.

Survey for the identification of persons at high risk was not completed.

NGOs participation in targeted intervention was only 11 per cent.

Deficient condom promotion programme.

[#] Persons coming in contact with commercial sex workers

^{\$ 1} B.R.Ambedkar Social Welfare and Research Society, Bhopal,

2. Malwanchal Vikas Parishad, Bhopal and

3. Arambh, Bhopal

However, during 2000-03, out of 23 lakh condoms received for distribution by CMHOs (8 lakh from NACO and 15 lakh from State Government) only 18.96 lakh were distributed. Project Director, MPSACS, Bhopal stated (November 2003) that during 1998-2000 condoms were already distributed by the State Health and Family Welfare Department under National Family Welfare programme. The reply was not satisfactory as under the programme condoms were required to be distributed among high risk groups through NGOs.

(c) STD clinics

As sexually transmitted diseases (STD) increase the chance of HIV infection, STD control was assigned a major role in programme strategy. The main focus was to provide treatment to STD patients and ensure their protection from AIDS since STD can be cured while AIDS cannot.

In order to achieve this goal, STD clinics were to be opened in each district hospital and medical college hospitals. While all the 5 medical colleges were having STD clinics, 4 district hospitals (Dindori, Harda, Sheopur and Umaria) were not having these clinical facilities. Department's failure to open STD clinics in these 4 districts had resulted in non-detection of STD patients from that area, their treatment and counselling.

The State level position of number of patients who attended STD clinics and the numbers treated was as under:

| Year | No. of patients who attended STD clinics | Number of patients reported and treated | Number of patients not treated |
|--------------|--|---|--------------------------------|
| 1998 | 5204 | 4108 | 1096 |
| 1999 | 11606 | 11107 | 499 |
| 2000 | 15069 | 8827 | 6242 |
| 2001 | 19209 | 9129 | 10080 |
| 2002 | 49242 | 15205 | 34037 |
| Total | 1,00,330 | 48,376 | 51,954 |

Further, 51,954 patients did not take up the treatment after registration and expressed their unwillingness to undergo tests and treatment. Project Director stated in November 2003 that these patients were referred to other specialists as they were suffering from diseases other than STD.

According to the guidelines, seven essential equipments were prescribed for each STD clinic. Scrutiny of records revealed that a number of STD clinics were not having these equipments (microscope-8 clinics; hot air oven with rotating fan; 11 clinics; water bath-serological: 8 clinics; timer clock-8 clinics; VDRL[⊕] rotator-9 clinics; refrigerator-20 clinics; and autoclave-45 clinics).

Project Director, MPSACS, stated (July 2003) that Rs.7.50 lakh were sanctioned for the purchase of these equipments in 2002-03 but the tenders were not issued due to technical reasons. Thus, these clinics were not fully

STD clinics were devoid of essential equipments.

[⊕] Venereal Diseases Reference Laboratory (syphilis test)

functional even as of October 2003 with the result that STD patients were deprived of proper investigation facilities for their treatment.

(ii) Training to health care workers

Primary Health Care Providers were to be trained in syndromic case management and counselling in condom use and medical staff / para-medical staff were to be trained in quality control of VDRL tests.

Out of 22,400 health care workers in the State, only 10,283 (46 per cent) were trained in syndromic case management and counselling in condom use as of March 2003.

The shortfall in training was attributed by MPSACS to the large number of vacancies, as a result of which medical officers and para-medical staff could not be spared for training; conducting of too many training courses every year; emergency duties in hospitals and lack of interest due to over-work.

MPSACS did not however, specify the steps taken or proposed to be taken to overcome these constraints.

(iii) Preventive intervention for general community (Prevention among low risk groups)

Under this component, activities to be undertaken were (i) Information, education and communication (IEC) and Family Health Awareness Campaigns (FHAC); (ii) providing voluntary testing and counselling; and (iii) reducing transmission by blood transfusion and occupational exposure.

Against grants of Rs.18.14 crore received from NACO during 1999-2003 under this component, only Rs.8.40 crore (46.29 per cent) were utilised. Reasons for short utilisation were not intimated.

(a) IEC and awareness campaigns

IEC activities included general awareness and social mobilisation through mass media, press advertisements, hoardings, glowshine boards, advertisements on AIR/Doordarshan, wall writing etc.

Audit observed that only 22 per cent (Rs.46.04 lakh) of the funds allocated (Rs.2.14 crore) for this component were spent during 2001-2002.

(b) Family health awareness campaigns

To raise the level of awareness on re-productive track infections (RTI)/sexually transmitted diseases (STD) and HIV/AIDS in rural areas and other vulnerable groups of the urban population and to facilitate early detection and prompt treatment of RTI/STD and to promote use of condoms, Family Health Awareness Campaigns (FHACs) were to be organised by CMHOs annually in each district for a period of 7-15 days, covering the population in 15-49 years age group.

The period-wise details of FHACs conducted, number of persons who actually attended the camps, the number of persons referred to treating units and RTI/STD cases actually treated are given below:

Only 46 per cent health care workers were trained in syndromic case management.

(In lakh numbers)

| | 1999 1-12 to 15-12 | 2000 (1-6 to 15-6) | 2001 (1-6 to 15-6) | 2002 (11-2 to 28-2) | Total |
|--|-----------------------|-----------------------|-----------------------|------------------------|--------|
| 1. Total estimated target population | 186.61 | 285.64 | 190.27 | 198.45 | - |
| 2. Number of persons who actually attended camps | 22.41 | 57.32 | 32.16 | 33.88 | 145.77 |
| 3. Percentage of persons who actually attended camps | 12.01 | 20.07 | 16.90 | 17.07 | -- |
| 4. Number of patients referred to treating units | 1.59 | 3.84 | 2.61 | 3.01 | 11.05 |
| 5. Number of patients actually treated | 1.32 | 2.14 | 1.39 | 1.81 | 6.66 |
| 6. Percentage of persons actually treated | 83.01 | 55.72 | 53.25 | 60.13 | -- |

Follow up action was not taken in respect of patients attended FHACs.

Neither the remedial action taken in respect of 4.39 lakh (11.05 lakh –6.66 lakh) patients who were not treated, nor the information as to how many of 11.05 lakh patients referred to RTI/STD clinics were HIV positive, was made available by the MPSACS.

For conducting these FHACs, NACO released separate funds over and above those approved under the annual action plan. Though no diversion of funds from the approved annual action plan for the FHAC was permissible, it was observed that the expenditure incurred by the CMHOs against the allotment for FHAC was mixed up with the general programme component/activities. As a result, the expenditure on FHAC was not distinctly verifiable.

(c) School education

Late start of school AIDs education programme in the state.

According to National plan for school AIDS education guidelines, all schools, preferably higher secondary schools, were to be covered at the rate of 20 per cent per year so that all were covered in 5 years. School AIDS education was to be taken up in IX and XI classes to make the students aware of the growing threat of HIV/AIDS. All principals/head-masters and identified teachers and students (2 teachers and 2 peer educators from each school) were to be provided training at district level by a master trainer. Rupees 1100 were to be provided to each school for conducting school level activities. Regular monitoring was to be carried out by NGOs implementing the programme.

Scrutiny of records revealed that due to non-receipt of action plan and funds, school AIDS education programme was not taken up during the first three years (1998-2001) of the project. In 2001-02, Rs.25.90 lakh were provided by NACO and the programme was taken up on experimental basis in 18 schools of 8 districts utilising Rs.0.61 lakh only. The programme was taken up on large scale for the first time during 2002-03 when 1360 schools in 11 districts, against the target of 2718 schools, were selected. Rupees 78.41 lakh were allotted to these 11 districts against Rs.80 lakh provided by NACO. Information about expenditure actually incurred was not available with MPSACS as of November 2003.

Thus out of total 8383 Secondary and Senior Secondary schools in the State, School AIDS education programme was taken up for the first time only in 2002-03 and that too in 1360 schools (16 per cent). As against 2720 teachers

and 2720 students required to be trained only 1745 teachers (64.15 per cent) and 1767 students (64.96 per cent) were actually trained during 2002-03.

(d) Voluntary testing and counselling

14 voluntary testing and counselling centers not made operational.

This activity involved (i) increasing availability of and demand for voluntary testing, specially joint testing of couples, (ii) training of grassroot level workers in HIV/AIDs counselling, and (iii) providing counselling services through all blood banks in the State and through STD clinics.

The position of setting up of voluntary counselling and testing centres (VCTC) and their performance was as under:

| Year | No. of VCTC sanctioned | No. of operational sites (cumulative) | Year | Performance | | | | Counselling provided to |
|-----------|------------------------|---------------------------------------|------|---|---------------------------|------------------------------|-------------------|-------------------------|
| | | | | Blood testing | | Number found positive out of | | |
| | | | | For clinically suspected HIV/AIDs cases | For voluntary HIV testing | Clinically suspected | Voluntary testing | |
| 1998-99 | 3 | 3 | 1998 | 6334 | 9239 | 258 | 26 | 1852 |
| 1999-2000 | -- | 3 | 1999 | 4693 | 10342 | 376 | 31 | 1864 |
| 2000-01 | -- | 3 | 2000 | 4865 | 9714 | 462 | 30 | 1970 |
| 2001-02 | 16 | 19 | 2001 | 3695 | 9143 | 527 | 29 | 2207 |
| 2002-03 | 14 | 19 | 2002 | 4800 | 1447 | 496 | | 3552 |

It was observed that 14 VCTCs established in 2002-03 could not be made operational as required staff was not appointed and the necessary equipment were also not provided by SACS.

(e) Reduction of transmission of HIV through blood transfusion and occupational exposure

According to the National Blood Safety Policy, testing of every unit of blood is mandatory for detecting infectious diseases like hepatitis, syphilis, malaria and HIV/AIDs. To carry out such tests, assistance was being provided by NACO to blood banks for purchase of necessary equipment, consumables and for salaries of lab technicians. Under this activity, setting up of new modern blood banks, upgrading of existing major blood banks and setting up of new district level blood banks was to be taken up.

The position of setting up of modern blood banks was as under:

| | At district level | Medical hospitals | College | Major blood banks |
|---|-------------------|-------------------|---------|-------------------|
| Number of blood banks existing in the State as on 1-4-1998. | 39 | 06 | | 03 |
| Number transferred to Chhattisgarh | 5 | 1 | | 1 |
| Number of new blood banks established during 1998-2002 | 1 | -- | | -- |
| Total number of modernised blood banks as on December 2002 | 35 | 5 | | 2 |

Scrutiny of records revealed that:

(1) Out of 42 blood banks, 5 (District Hospitals Datia, Hoshangabad, Panna, Raisen and Rajgarh) were functioning without a valid licence from the State Controller, Food and Drugs during 2002-03. Project Director, MPSACS

stated (November 2003) that action was being taken to get the licences revalidated from the competent authority.

5 district level Blood Banks not having valid licence.

(2) Although project implementation plan envisaged that every district would have at least one modernised blood bank by 2002, 5 districts (Dindori, Harda, Neemuch, Sheopur and Umariya) in the State were not having any blood bank as of March 2003.

(3) 35 district level and 2** major blood banks were not having some of the essential equipment (airconditioner:25; refrigerator:17; refrigerated water bath:36; ELISA reader:20 and tube sealer:35) as of March 2003.

(4) Of the 50 sanctioned posts of lab technicians, 24 (48 per cent) were lying vacant as of March 2003, for periods ranging from one year to 2 years.

(f) Establishment of blood separation units

To promote rational use of blood and blood products by establishing component separation facilities and blood fraction facilities, 3 blood component separation units (BCSU) were established (1998-99) in 3 medical colleges of the State at Bhopal, Gwalior and Indore.

It was observed that though the equipment were provided by NACO during July 1995 to July 2000 and recurring grants of Rs.16 lakh during 2000-03 by MPSACS to each of the 3 blood component separation units, all the units were functioning without obtaining valid license from State Controller of Food and Drugs as of June 2003. While the units at Bhopal and Indore stopped functioning from December 2002 and June 2001 respectively, the Gwalior unit continued to function even as of June 2003 without a valid licence, a pre-requisite condition for establishing blood bank under the Drugs and Cosmetics Rules 1945 and GOI Gazette notification dated 5 April 1999.

Project Director, MPSACS stated (November 2003) that while Bhopal and Indore units had been granted licence by the State Controller, Food and Drugs, Gwalior unit was in the process of obtaining it.

Equipment provided by NACO remained idle in 2 blood separation units.

Equipment worth Rs.55.38 lakh (27.69 x 2) were lying idle at BCSUs Indore and Bhopal since July 2001 and January 2003 respectively. Thus, the facilities created for rational use of blood products for patients at large continued to be unused even after spending Rs.87.38 lakh on their creation.

(iv) Low cost AIDS care

The objectives of the activities under low cost AIDS care were to provide funding for home-based and community-based care, including increasing the availability of cost effective interventions for common opportunistic infections, usually encountered by AIDS patients. Specific activities to be taken up were (i) providing appropriate drugs for treating common opportunity infection at district hospitals, (ii) training at selected State level hospitals to medical officers for providing referral services.

** District Hospital, Ujjain and J.P. Hospital, Bhopal.

Home based care not provided to AIDS patients.

(1) It was observed that no such hospital/centre was established in the State as of March 2003. Project Director, MPSACS stated (November 2003) that Madhya Pradesh being low prevalence State, home based programme were not started.

(2) Against Rs.32.10 lakh approved by NACO for providing appropriate drugs for treating opportunistic infections at district hospitals during 1999-2003, Project Director, MPSACS stated that Rs.8.19 lakh were allotted to district hospitals in 2001-02 for purchasing appropriate drugs but the UCs were not received as of November 2003.

(3) Training at selected State level hospitals for the provision of referral services was not organised by MPSACS.

(v) Results of sentinel surveillance

In order to provide critical data on the progression of the epidemic geographically among various sections of the population and to plan appropriate strategies, sentinel surveillance was carried out by establishing sentinel surveillance centres. The data so collected was to be extrapolated to the large population of the State for arriving at the extent of HIV infection.

During 1998-2002, five rounds of surveillance were conducted on mothers attending antenatal centres (ANC) and patients attending STD clinics situated in 10 districts in 1998-99 which were gradually raised to 23 districts in 2002-03, of the State covering each region. Results of the surveillance are given below:

| Period | Sentinel group | No. of sites | Targets to be tested | Actually tested | Number positive | State level HIV prevalence rate |
|----------------|----------------|--------------|----------------------|-----------------|-----------------|---------------------------------|
| August 1998 to | STD | 4 | 1000 | 665 | 15 | 2.25 |
| September 1998 | ANC | 6 | 2400 | 1807 | 2 | 0.11 |
| August 1999 to | STD | 4 | 1000 | 1000 | 6 | 0.60 |
| October 1999 | ANC | 6 | 2400 | 2400 | 6 | 0.25 |
| August 2000 to | STD | 8 | 2000 | 1569 | 26 | 1.65 |
| October 2000 | ANC | 6 | 2400 | 2400 | 4 | 0.16 |
| August 2001 to | STD | 6 | 1500 | 1170 | 24 | 2.05 |
| November 2001 | ANC | 10 | 4000 | 4000 | 13 | 0.32 |
| August 2002 to | STD | 10 | 2500 | 1784 | 39 | 2.18 |
| November 2002 | ANC | 13 | 5200 | 5200 | 6 | 0.11 |

The table showed that the trend of prevalence of HIV in high risk group in STD cases was on the increase.

(vi) Inter-sectoral collaboration

With the object of promoting collaboration among the public, private and voluntary sectors, activities were to be coordinated with other programmes within the Union Ministry of Health and Family Welfare and other Central/State Ministries and Departments. Collaboration would focus on (i) learning from the innovative HIV/AIDS programmes that existed in other

sectors, and (ii) sharing in the work of generating awareness, advocacy at delivering interventions.

It was observed that even detailed plans for promoting inter-sectoral collaboration were not prepared by MPSACS although an amount of Rs.36.80 lakh was sanctioned and provided by the NACO for undertaking this activity during 1999-2003. Rupees 2.10 lakh (5.70 per cent) only were spent during 1999-2003 on this activity. Project Director, MPSACS stated (November 2003) that due to non-receipt of guidelines, the funds provided by the NACO could not be utilised.

(vii) Capacity building for monitoring and evaluation of programme

Evaluation of the programme not done.

As per guidelines, monitoring and evaluation were to be conducted by an outside agency at baseline, interim and final year. Scrutiny of records revealed that information regarding conducting baseline, mid term and final evaluations was not available with MPSACS as these activities were to be conducted by NACO.

3.3.7. Conclusion

Implementation of the AIDS control programme was still at a nascent stage; Targeted intervention is based on unscientific data and NGOs' participation in targeted intervention was negligible. Spouses of STD patients were not examined although envisaged under the guidelines. Rs.7.89 crore out of Rs.24.74 crore released, remained unutilised both at the level of MPSACS and with various implementing agencies. Appropriate drugs for treating common opportunistic infections were not provided. Small community based hospitals, drop-in centers and home-based care were not provided to persons living with AIDS. A number of blood banks/ blood component separation units had failed to obtain licences from the State Controller of Drugs. School AIDS education programme was started late, only from the fourth year of NACP-II. Thus, the impact of the programme is still to be felt.

3.3.8. Recommendations

- ⇒ Survey to identify the locations and number of persons at high risk should be completed on priority so as to identify higher risk groups for targeted intervention.
- ⇒ Systematic and sustained campaigns for general awareness and social mobilisation by associating mass media, press advertisements, hoardings, AIR and Doordarshan need to be organised.
- ⇒ Efforts should be made to obtain valid license from State Controller of Food and Drugs for all the blood banks/blood separation units established in the State and to fill up vacant posts of lab technicians and counsellors.
- ⇒ NGOs' participation in implementing the AIDS control programme needs to be enhanced.
- ⇒ District Hospitals, Community and Primary Health Centres need to be associated and well equipped to provide proper care to HIV/AIDS patients.

Urban Administration and Development Department and Home (Police) Department

3.4 Prevention and control of fire

Highlights

Fire services in the State are provided by municipalities under Local Self Government for rural as well as urban areas except in respect of seven major fire stations at Indore (5), Bhopal (1) and Malanpur (1). For these the services are provided by Home (Police) Department (Chief superintendent, Police fire Brigade, Indore). Out of 336 urban local bodies and 11 industrial areas, Fire services were available only in 102 urban local bodies and 4 industrial towns. However, the details of fire stations and fire vehicles available in the state were not available with Urban Development Directorate. Fire Force Bill regulating prevention of fire and adoption of safety measures has not been enacted in the State. Further, risk hazard analysis was not done and maximum response time for attending to fire incidents was not prescribed.

In 26 local bodies test checked, against the norms of 164 fire stations and 210 fire vehicles, only 31 fire stations and 122 fire vehicles were available. Of these, fire station buildings were not available at five places while source of water was not available in the fire station premises at 7 fire stations.

(Paragraph 3.4.5 (i)(a),(b))

Building for fire station Dewas was not handed over even after its completion and Rs.60 lakh advanced for construction of building at Urla (Raipur) in March 2000 were not got refunded from the executing agency though the work was not taken up.

Twelve fire vehicles were purchased for these fire stations in March 2000 though fire stations were not yet functional

(Paragraphs 3.4.5 (ii))

Fire services training centre was not established and an amount of Rs.77.98 lakh released under Tenth Finance Commission was diverted for fabrication of bodies of fire vehicles.

(Paragraph 3.4.5 (iv))

3.4.1. Introduction

Fire prevention and related safety measures are an integral part of town planning and building construction. To combat any fire related calamities, fire services are organised as first responder to save life and property. 'Fire Services' has been included as a municipal function in Schedule XII of the Constitution of India. Government of India (GOI) felt that any departure from this could be justified only where municipal authorities are found unable to provide fire fighting facilities on a scale which the State Government considers necessary. GOI had accepted the recommendations of the Expert Committee that there should be a uniform fire legislation in all States but State Government is still to accept them. The Standing Fire Advisory Committee

(SFAC) also recommended that every State should have a Fire Advisor or a State Fire Chief with authority to inspect and direct fire services. However, in absence of fire legislation no Fire Advisor or State Fire Chief was appointed.

3.4.2. Organisational set-up

Home (Police) Department was required to provide fire services in Indore City, Mantralaya (Vallabh Bhawan) at Bhopal, and 11 industrial areas of the State. Principal Secretary, Home (Police) Department was the head at State level and Director General of Police (DGP), and Additional Director General of Police (Fire Services), Indore, were executive heads of the fire services managed by Police. The Chief Superintendent, Police Fire Brigade, Indore (Superintendent) was in overall charge of police fire services. Fire services in remaining urban areas were provided by Urban Administration and Development (UAD) Department, headed by a Principal Secretary at State level. He was assisted by the Director, Urban Administration and Development (Director) at the apex of the local bodies and 7 Deputy Directors at divisional level. Similarly, out of 336 urban local bodies in the State, fire services were being provided by 102, while Home (Police) Department was providing fire services at 4 industrial towns[⊗].

3.4.3. Audit coverage

Test-check of the records was carried out during November 2002 to November 2003 of Director, Superintendent, Police Fire Station, Indore, and Vallabh Bhawan and 26 urban local bodies* for the period 1998-2003 with a view to examine efficacy of the fire fighting facilities available. The results of test check are as follows.

3.4.4. Finance

Position of budget allotment, expenditure and grants received from Government of India (GOI) and utilised during 1998-2003 was as under:

(Rupees in lakh)

| Year | Department | Pay and allowances and other expenditure | | Grants received from GOI | | Savings (-) / Excess (+) | Scheme which received GOI under grants from |
|--------------|---------------|--|-------------|--------------------------|-------------|--------------------------|---|
| | | Allotment | Expenditure | Allocation | Expenditure | | |
| 1998-99 | Home (Police) | 179.91 | 167.57 | 200.00 | 200.00 | (-) 12.34 | Tenth Finance Commission (TFC) |
| | Urban Admn | -- | -- | -- | -- | -- | |
| 1999-2000 | Home (Police) | 423.75 | 160.21 | 200.00 | 200.00 | (-) 263.54 | (TFC) |
| | Urban Admn | -- | -- | -- | -- | -- | -- |
| 2000-01 | Home (Police) | 520.00 | 203.55 | -- | -- | (-)316.45 | -- |
| | Urban Admn | -- | -- | 826.40 | 415.48 | (-)410.92 | Eleventh Finance Commission (EFC) |
| 2001-02 | Home (Police) | 257.58 | 219.82 | -- | -- | (-)37.76 | -- |
| | Urban Admn | -- | -- | 413.20 | 413.20 | -- | EFC |
| 2002-03 | Home (Police) | 592.97 | 284.25 | Nil | Nil | (-)308.72 | -- |
| | Urban Admn | -- | -- | 412.00 | 412.00 | -- | EFC |
| Total | Home (Police) | 1974.21 | 1035.40 | | -- | (-)938.81 | -- |
| | Urban Admn. | -- | -- | 1651.60 | 1240.68 | (-)410.92 | -- |

⊗ Indore, Malanpur (Bhind), Pithampur (Dhar) and Vallabh Bhawan (Bhopal).

* Bhopal, Burhanpur, Betul, Barwani, Damoh, Dewas, Dhar, Guna, Gwalior, Harda, Hoshangabad, Jabalpur, Jaora, Jhabua, Katni, Khargone, Multai, Mandasaur, Raisen, Ratlam, Shivpuri, Sagar, Shahdol, Sehore, Satna and Umaria.

Savings under the head Urban Administration was stated to be due mainly to non-posting of staff. The reply indicated that the provision was being made in the budget for vacant posts in contravention of state financial rules.

Following shortcomings were noticed in management of finances:

(a) Parking of funds in Civil Deposits/Bank accounts

Of Rs.14.41 crore parked in Civil Deposit/banks Rs.4.12 crore were still lying in Civil Deposit.

Rules* provide that no money shall be drawn from treasury unless required for immediate disbursement. However, funds amounting to Rs.14.41 crore meant for upliftment of fire services were drawn during 1998-2003 and kept in Civil Deposits and banks to avoid lapse of budget allocations. Of this only Rs.10.29 crore could be utilised/dispensed in subsequent year of the drawal with delays of 7 to 13 months and remaining amount of Rs.4.12 crore was still lying unutilised in Civil Deposits (January 2004).

Director and Superintendent admitted (December 2002, April 2003 and January 2004) that amounts were kept in Civil Deposits and banks but stated that it was done as per directions of the State Government and due to delayed finalisation of action plan as per recommendations of Eleventh Finance Commission.

(b) Loss of interest

Keeping of Rs.4.15 crore in bank suspense resulted in loss of interest of Rs.31.58 lakh.

The Director drew Rs.4.15 crore (meant for purchase of vehicles) from treasury in March 2001 and kept it in State Bank of Indore, Bhopal. The amount was disbursed to local bodies in May 2002. The amount remained in Bank's suspense account from April 2001 to April 2002, which resulted in loss of interest of Rs.31.58 lakh, computed at the rates applicable for overdraft by State Government.

The Director stated (January 2004) that the amount was kept in suspense account as there was no bank account in the name of the department. The reply was not tenable as the drawal itself, not being required for immediate disbursement was irregular and resulted in the loss of interest.

(c) Non-utilisation of assistance by urban local bodies

Of the assistance of Rs.8.29 crore disbursed to local bodies, Rs.7.94 crore were lying unutilised.

An amount of Rs.8.29 crore was disbursed to 95 local bodies by the Director in May 2002 (Rs.4.16 crore) and October 2002 (Rs.4.13 crore) for purchase of fire vehicles within 6 and 3 months respectively. In case of non-utilisation within the stipulated period, the amount was to be refunded but only 3 local bodies had intimated utilisation of Rs.35.07 lakh as of January 2004. Abnormal delay in utilisation/refund by remaining 92 urban local bodies, would deprive the citizens at large of the envisaged benefits of improved fire services.

3.4.5. Programme Management

The SFAC had recommended certain scales for establishing fire stations, provision of appliances and manpower depending upon population coverage and risk hazards. The number of fire stations set-up and equipments and manpower available in urban and rural sector is discussed below:-

* Rule 284 of Madhya Pradesh Treasury Code, Volume I

(i) Creation of Infrastructure

(a) SFAC had suggested establishment of a fire station for 10 Sq.km. of area and maintenance of pumping and rescue vehicles with manpower resources depending upon the size of population covered. Information relating to fire stations setup and fire vehicles available with urban local bodies vis-à-vis actually required for the State as a whole was not available with the Director. The actual availability of fire stations and fire vehicles with Home (Police) Department and test-checked urban local bodies vis-à-vis their requirement was as under:

| Name of Department | Fire Stations | | | Fire Vehicles | | |
|------------------------------|---------------|-----------|------------|---------------|------------|-----------|
| | Requirement | Actual | Shortfall | Requirement | Actual | Shortfall |
| Urban Admn (26 local bodies) | 101 | 24 | 77 | 109 | 74 | 35 |
| Home (Police) | 63 | 7 | 56 | 101 | 48 | 53 |
| Total | 164 | 31 | 133 | 210 | 122 | 88 |

Local bodies intimated (September 2003) that they could not establish the fire stations and acquire fire vehicles as per requirement due to their adverse financial position. Home (Police) Department intimated (January 2004) that fire station and fire vehicles could not be maintained due to paucity of funds and staff. The reply was not tenable as GOI funds to extent Rs.7.94 crore remained unutilised with department.

(b) Though fire vehicles were available with local bodies of Damoh, Jhabua, Multai, Sagar and Umaria, buildings for fire stations were not constructed. As a result, fire vehicles were being parked near office buildings. Similarly, source of water was not available in the premises of fire stations at Fatehgarh and Pulbogada (Bhopal), Shivpuri, Gwalior (2 stations), Malanpur and Timber market (Indore). Non-provision of fire station buildings by local bodies for want of funds and non-availability of source of water in the premises adversely affected delivery of service to public.

(c) Rent-free accommodation was required to be provided to all members of the service within the premises of the fire stations for ensuring immediate availability to attend emergent situation. However, as against 233 employees working in the Police Fire Services, only 97 were provided with rent-free accommodation. As regards urban local bodies test-checked, out of 119 employees 7 employees were provided rent free accommodation within the premises of fire stations deployed on fire fighting services.

(d) As regards communication facility in test checked units, only telephones were available at all fire stations. Walkie-Talkie Sets and Mobiles sets were provided only at Gwalior, Jabalpur, Bhopal and Dewas to the fire officers as contemplated in the SFAC guidelines. Fire fighting teams of Home (Police) were not well equipped with Mobiles etc. at all the stations. Reasons for not providing Walkie-Talkie and Mobile Sets to all fire fighting teams throughout the State were stated to be due to adverse financial position of the urban local bodies.

Rent free accommodation could not be provided to 248 employees.

(ii) Non establishment of fire stations and diversion of vehicles

Additional Director General of Police (Fire Services), Indore, paid Rs.1.20 crore to the M.P Police Housing Corporation (Corporation) for construction of fire station, garage, office building and staff quarters at Dewas and Urla (Raipur) in March 2000. Though the works were required to be completed within 3-4 months, the Corporation had not handed over the building constructed at Dewas as of January 2004 due to non-payment of the additional amount of Rs.12.85 lakh. Besides, the Corporation which had not started the construction work at Urla, had not refunded the amount of Rs.60 lakh advanced to it for the works at Urla. The Superintendent stated (January 2004) that it would be recovered from the Corporation.

The Home (Police) Department simultaneously initiated purchase of 12 fire vehicles and 2 Gypsy vehicles in March 2000 for police fire stations at Dewas and Urla at a total cost of Rs.1.53 crore (Dewas:Rs.83 lakh and Urla: Rs.70 lakh). As fire stations could not be established, the vehicles were diverted to Police Fire Station, Indore which is Headquarters of Police fire services.

Abnormal delay of three years in completion of buildings resulted in non-establishment and non commissioning of fire station at Dewas besides undue financial assistance of Rs.60 lakh to the Corporation. The purchase of vehicles without immediate requirement did not serve the purpose for which they were procured.

(iii) Fire management

(a) Information regarding fire accidents reported, attended to, human lives lost, property lost and saved, in respect of urban local bodies was not monitored by the Director. Out of 26 urban local bodies test checked, 24 units did not maintain the records containing above details. In Bhopal and Gwalior, the property lost, property saved and lives lost during the years 1998-2003 were Rs.20.46 crore, Rs.55.44 crore and 26 respectively in 7233 fire incidents, the corresponding position of fire stations under control of Home (Police) department was Rs.95.69 crore, Rs.382.75 crore and 162 in 4044 fire incidents during 1998-2002.

Accuracy of the amounts of property reported and claimed respectively as lost and saved could not be verified in audit in absence of prescribed method of valuation. While the Home (Police) Department records value of property on the basis of "Panchanama" with multiple of four for recording property saved, the local bodies record the value as per information supplied by property owners and estimates made by firemen. Thus two separate methods are adopted for the purpose. On enquiry about the quantum of insurance claims made and settled it was replied (December 2002) that the information was not being compiled separately.

(b) Scrutiny of the records of police fire station, Indore, Vallabh Bhawan (Bhopal) and Municipal Corporation, Gwalior, further revealed that the amounts of property reported as lost and saved included the amounts of Rs.1.33 crore and Rs.4.61 crore respectively (Indore: Rs.73.03 lakh and Rs.2.92 crore, Vallabh Bhawan: Rs.29.59 lakh and Rs.1.18 crore, and

Non handing over/non commencement of construction of buildings resulted in non establishment of fire station besides diversion of vehicles.

There was no uniform procedure of recording values of property lost and saved.

Gwalior: Rs.30.46 lakh and Rs.51.00 lakh) pertaining to incidents of fire where the fire had already been extinguished before the arrival of the fire station teams and without any contribution in fire fighting operations.

In reply, it was stated that the loss in fire accident was a 'national loss' and hence included to ascertain the national loss.

(c) As per the recommendations of the SFAC, risk hazard analysis was to be made and accordingly a town was required to be divided into 3 major groups depending upon the risk hazard analysis and maximum response time fixed for attending to the fire incidents. However, neither the towns were so divided as per risk hazard analysis nor was the maximum response time fixed. No reasons were forthcoming for this failure.

(iv) Training and awareness

(a) No fire services training centre was working under either Home (Police) Department or UAD Department. In March and May 2000 Government released Rs.77.98 lakh as per Tenth Finance Commission's recommendations and placed the amount at the disposal of Police Headquarters for Fire Services Training Centre. However, the amount was diverted for fabrication of bodies of fire vehicles and paid to Madhya Pradesh Laghu Udyog Nigam. Only 39 firemen of urban local bodies were imparted training from other training institutions while no firemen working under Home (Police) Department was imparted such training.

(b) Neither were any special courses for high rise buildings fire hazard, chemical fire, fire in industrial/factory sheds, were conducted, nor was any training/awareness programme for use of latest available appliances and technology to public /other agencies including groups exposed to heavy fire risk such as residents of congested localities/multistoreyed/offices/ commercial areas, organised.

3.4.6. Manpower

As per SFAC norms, the operational staff required per shift per vehicle was one driver, four fire men, one leading fire man, and one officer plus 25 per cent for leave reserve against staff and 50 percent against officer cadres. The total number of vehicles in Home (Police) and Urban local bodies was 48 and 74 respectively.

The position of staff required and persons-in-position for fire stations and fire vehicles in urban local bodies was not available with the Director. Audit observed that no staff was provided exclusively for fire stations by urban local bodies and fire stations were managed by the staff meant for fire vehicles.

However, position of staff required as per SFAC norms and that available in Home (Police) Department and test-checked urban local bodies for fire vehicles as available was as under:

Non-establishment of training centre due to diversion of funds

Large number of posts were lying vacant against the requirement as per SFAC norms.

| Sl. No. | Department | Post | No. of posts required | Persons in position | Shortage | Percentage of shortage |
|---------|--------------------|-----------------|-----------------------|---------------------|----------|------------------------|
| 1 | Home (Police) | Driver | 180 | 46 | 134 | 74 |
| 2. | --do-- | Firemen | 720 | 185 | 535 | 74 |
| 3 | --do-- | Leading Firemen | 180 | -- | 180 | 100 |
| 4 | --do-- | Officer | 216 | -- | 216 | 100 |
| 5 | Urban Local Bodies | Driver | 283 | 154 | 129 | 46 |
| 6 | --do-- | Firemen | 1002 | 268 | 734 | 73 |
| 7 | --do-- | Leading Firemen | 373 | 28 | 345 | 92 |
| 8 | --do-- | Officer | 341 | 18 | 323 | 95 |

The shortages were attributed to (a) adverse financial position of urban local bodies and (b) non-sanction of posts as per norms by the Government in Home (Police) Department.

The mismatch of manpower in various categories has mainly arisen as the Government was still in the process of examining the SFAC norms and are yet to adopt the scale.

3.4.7. Other point of interest

Test-check revealed that the six urban local bodies (Guna, Harda, Hosahangabad, Sagar, Shahdol and Gwalior) fire vehicles were being utilised for supply of water to the officers' residences and watering of playgrounds, etc. Diversion/misutilisation of fire vehicles resulted in avoidable burden of Rs.6.74 lakh (diesel) on fire services, apart from the avoidable wear and tear of fire vehicles etc.

It was stated (April 2003) that watering of grounds was done and water supplied to officers and other non-government officials as per the orders of higher authorities due to scarcity of water.

3.4.8 Conclusion

Due to non-enactment of Fire Force Bill in the State, no statute/rules/departmental instructions were in place for prevention of fire and adoption of safety measures in respect of high-rise buildings, warehouses, cinema halls, railway stations, public halls, offices, explosives manufacturing units, major oil installations, power plants, workshops etc. The licences were not issued to builders/owners/users of the public premises/high-rise buildings/industrial establishments regarding adequacy of fire fighting measures. No fire prevention wing was established to periodically inspect the vulnerable buildings, cinema halls, industrial estates and other premises with high fire risk. There was no system in place for providing training in fire drill to school children, employees/workers of industrial establishments, offices and residents of high-rise buildings. Walkie-talkie and mobiles sets were not provided to fire staff.

3.4.9 Recommendations

- ⇒ The recommendations of the SFAC should be examined and norms devised by the State Government on priority basis. There was an urgent need to fill-up the vacant posts, establish new fire stations, upgrade the existing fire stations by supplying adequate fire tenders and thus reduce the response time/damages to property/lives.
- ⇒ Implementation of the recommendations regarding enactment of Fire Force Bill and Rules there under should be ensured in the State.
- ⇒ A separate Fire Prevention wing needs to be established to create awareness among the general public for adopting fire safety norms. Precautionary measures for high rise buildings, cinema hall, industrial buildings and public places should be prescribed and effectively followed.
- ⇒ Local bodies should be provided sufficient funds to setup Fire Stations.

Water Resources & Narmada Valley Development, Departments

3.5 Accelerated Irrigation Benefit Programme (AIBP)

Highlights

With a view to develop the irrigation potential (IP) from on-going projects which were at an advanced stage of construction, a scheme "Accelerated Irrigation Benefit Programme (AIBP)" was launched (1996-97) by the Government of India (GOI). Eleven projects were selected (1996-2001) to create an additional irrigation potential of 4.84 lakh ha within two years from the date of inception of the project, at an estimated cost of Rs.3565.74 crore. Even after lapse of seven years and incurring an expenditure of Rs.1764.79 crore (49.49 per cent of estimated cost), an additional IP of only 39888 hectare (8 per cent of projected potential) was created as of March 2003. Dismal performance was mainly due to incorrect selection of projects, poor planning, improper utilisation of funds and lack of monitoring.

Shortfall in matching share to the tune of Rs.222.21 crore by GOMP resulted in disqualification of projects for CLA sanctioned during the year.

(Paragraph 3.5.4)

An expenditure of Rs.125.06 crore beyond the scope of AIBP was incurred on work charged and daily wages staff and was charged to earth/masonry work during 1996-03. Another Rs.3.41 crore were diverted to procurement of vehicles and other inadmissible items.

(Paragraph 3.5.4 (b)(i))

In Bansagar project, against the CLA of Rs.203.59 crore based on the entire expenditure of Rs.317.82 crore including the share of UP and Bihar States the GOMP incurred only Rs.174.69 crore during 1996-2002. The remaining amount of Rs.28.90 crore along with its share of Rs.75.48 crore was diverted for other purposes. An expenditure of Rs.49.19 crore incurred on canal system of Bansagar project during 1996-2001 was also beyond the scope of AIBP.

(Paragraph 3.5.4 (a)(i), 3.5.4 (b)(i) & 3.5.7(d))

Rs.52.99 crore towards advance for land acquisition and shifting of HT/LT line, were lying with Land Acquisition Officers (LAO) and MPSEB as of March 2003.

(Paragraph 3.5.4 (c)(i)& (ii))

During the three years (1999-2002), the actual utilisation of created potential ranged between 37 per cent and 46 per cent.

(Paragraph 3.5.6)

Expenditure of Rs.20.47 crore upto March 2003 on right bank canal (RBC) Sindh Phase-II and Samoha pick-up weir beyond Barua aquaduct for which agency was not fixed (August 2002) proved to be unfruitful till the completion of Barua aquaduct.

(Paragraph 3.5.6 (ii))

Injudicious and irregular award of work of earthen and masonry dam at Madikheda without forest clearance led to time extension of 7 years and avoidable cost of Rs.57.82 crore.

(Paragraph 3.5.7(a))

Rs.5.18 crore additional security deposit was not deducted from the contractors bills under Bargi Diversion project (BDP) in terms of contracts to safeguard the interest of Government.

Due to Failure in implementation of programme for Bargi Diversion Project – “Fast Track”, CLA of Rs.50.34 crore could not be utilised, the amount was diverted to other purposes which created an additional liability of interest of Rs.5.79 crore.

(Paragraph 3.5.7(e))

3.5.1 Introduction

GOMP failed to complete the projects even after lapse of 7 years as against the stipulated period of 2 years.

At the end of 8th Plan (1992-97), there were 19 Major and 22 Medium on-going projects in State of Madhya Pradesh at various stages of construction. Of these, 8 major and 16 medium projects with spilled over cost of Rs.1308.43 crore for creation of 4.52 lakh ha irrigation potential were identified for completion by the end of the 9th Plan. Despite huge investment having already been made on these projects, the projected benefit could not be derived. To accelerate the completion of these irrigation and multipurpose on-going projects which had spilled over from Plan to Plan mainly because of financial constraints faced by the State Governments, “Accelerated Irrigation Benefit Programme” (AIBP) was introduced by Government of India (GOI) during 1996-97 to provide Central Loan Assistance (CLA) to the State Governments

with the main objective of realising the irrigation potential of these projects over the next four working seasons, i.e. two years.

Eleven projects (10 major and 1 medium) were selected during 1996-97 to 2000-01 for construction under the programme to create 4.84 lakh ha additional irrigation potential at an estimated cost of Rs.3565.74 crore. As against the projected irrigation potential, only 39888 ha (8 per cent) had been created by incurring an expenditure of Rs. 1764.79 crore (49.49 per cent) as on March 2003. The GOMP failed to complete the projects (except one major and one medium) even after lapse of 7 years as against the stipulated period of 2 years.

3.5.2 Organizational Set up

Water Resources Department (WRD) and Narmada Valley Development Department (NVDD) of the state headed by the Principal Secretaries, were executing nine and two projects, respectively. The Engineer-in-Chief (E-in-C) of WRD and NVDA (a high power body, with a Chairman, Vice Chairman and 4 full time members) had the overall responsibility for planning and implementation of the schemes falling under their respective jurisdiction. At the field level, Executive Engineers (EE) were responsible for execution of the works under the direction and control of Superintending Engineer (SE) and Chief Engineer (CE).

3.5.3 Scope of Test Audit

The review is based on the test check of records of Six[§] out of 11 projects, accounting for 94 per cent of total expenditure of Rs.1764.79 crore of the programme relating to the period from 1996-97 to 2002-03, in the offices of E-in-C, one CE, one SE and 12 Divisions of WRD and NVDD, conducted during December 2002 to June 2003. The information and data were also collected from Water Resources Department, & Narmada Valley Development Authority (NVDA) of the State and CWC.

The audit objective in this review was to make an assessment of the methodology of selection of projects for CLA under AIBP, efficacy of the implementation process and effectiveness of expenditure as demonstrated by the key factor of completion of the projects. The points noticed during audit are discussed in succeeding paragraphs.

3.5.4 Financial Outlay and Expenditure

Central assistance under the scheme was to be given in the form of loan on matching share basis. According to guidelines modified from time to time, the ratio of share between GOI and GOMP was 1:1, 2:1 and 4:1 during 1996-99, 1999-2002, and 2002-2003 respectively. Under Fast Track Project CLA for entire expenditure was admissible. The CLA was to be released quarterly during 1996-97 and from 1997-98 onwards in two equal instalments. The second instalment was to be released only after incurring more than 70 per cent expenditure together with state share. No CLA for establishment cost was considered during the period 1999-2002. However, the establishment cost upto

GOMP could get CLA of Rs.936.60 crore only as against sanctioned CLA of Rs.1326.81 crore due to non-contribution of required matching share.

[§] 6 Projects:- Bansagar, Upper Wainganga, Sindh Phase- II, Bariyarpur, Indira Sagar and Bargi Diversion (Fast Track)

15 per cent subject to adjustment of the State share, except for fast track projects was admissible for CLA during the year 2002-2003.

It was observed in audit that CLA was demanded by the GOMP on the basis of budget provision deducting the balance CLA of previous year. The demand had been considered and recommended by the CWC for release of first instalment. However, the expenditure was not commensurate with budget provision.

Project-wise financial status during 1996-03 as detailed below:

(Rupees in Crore)

| Name of project | Budget Provision (1996-03) | CLA sanctioned | Central Share | State Share | Total | Expenditure | | Shortfall in matching share |
|-----------------|----------------------------|----------------|---------------|---------------|----------------|----------------|----------------|-----------------------------|
| | | | (CLA) | | | Actual | Admissible | |
| 1 | 2 | 3 | 4 (a) | 4 (b) | 4 (c) | 5 (a) | 5 (b) | 6 [4 (c)-5 (b)] |
| Bansagar | 483.99 | 256.34 | 203.59 | 150.42 | 354.01 | 463.31 | 229.88 | 124.13 |
| Upper Wainganga | 113.44 | 68.02 | 49.09 | 31.90 | 80.99 | 106.46 | 79.31 | 1.68 |
| Rajghat | 46.05 | 45.40 | 27.81 | 19.65 | 47.46 | 46.00 | 46.00 | 1.46 |
| Sindh-Ph I | 14.06 | 12.90 | 6.82 | 2.83 | 9.65 | 12.63 | 12.63 | 0 |
| Sindh-Ph II | 246.25 | 142.57 | 105.96 | 42.31 | 148.27 | 214.40 | 202.67 | 0 |
| Bariyarpur | 30.28 | 21.87 | 12.06 | 4.27 | 16.33 | 28.30 | 25.78 | 0 |
| Urmil | 7.25 | 3.20 | 1.93 | 0.82 | 2.75 | 7.24 | 3.84 | 0 |
| Banjar | 2.64 | 2.80 | 1.40 | 0.60 | 2.00 | 2.45 | 2.45 | 0 |
| Mahi | 42.61 | 53.62 | 21.87 | 6.48 | 28.35 | 37.87 | 37.87 | 0 |
| Indra Sagar | 1023.53 | 394.01 | 343.01 | 216.00 | 559.01 | 798.41 | 705.37 | 0 |
| Bargi Diversion | 259.93 | 326.06 | 163.06 | 0 | 163.06 | 47.72 | 47.72 | 115.34 |
| Total | 2270.03 | 1326.81 | 936.60 | 475.28 | 1411.88 | 1764.79 | 1393.52 | 222.21 |

GOMP's matching share was short by Rs.222.21 crore even against the curtailed CLA of Rs.936.60 crore received from GOI.

Due to failure in contribution of matching share, the GOMP could get only Rs.936.60 crore as against sanctioned CLA of Rs. 1326.81 crore. As a result, three projects – Sindh Phase-I (2000-01), Bariyarpur and Banjar (2001-02) were disqualified for full amount of sanctioned CLA. Besides this, all the projects were disqualified for second instalment of CLA at least in two or more financial years during 1996-03.

(a) Excess receipt of CLA

Audit scrutiny revealed that the GOMP demanded CLA on the expenditure other than what it was admissible for, as below:

(i) CLA of Rs.203.59 crore instead of admissible amount of Rs.99.21 crore, was obtained for Bansagar Project by reporting incorrect expenditure of Rs.317.82 crore during 1996-02 including Rs.143.13 crore share of UP and Bihar State, resulting in receipt of excess CLA of Rs.104.38 crore.

(ii) There were no clear-cut guidelines for CLA on account of establishment cost during the years 1996-99. However, 15 per cent of work expenditure which worked out to Rs.51.92 crore, was taken in to account by the State Government for CLA.

(b) Diversion and Under-Utilisation of funds

The guidelines, inter-alia, stipulated that the CLA and matching share of the state should solely and exclusively be utilised only on those AIBP components of the project for which it was sanctioned and would not be diverted to any other project/ purposes.

An amount of Rs.299.75 crore was diverted to other projects/ purposes.

Test check of records, however, revealed that CLA and matching share of State of Rs.299.75 crore was diverted to other projects/purposes and Rs.68.14 crore was under utilised as detailed below:

(i) Diversion

- Huge expenditure of Rs.125.06 crore** beyond the scope of AIBP, was incurred on work charged and daily wages staff by charging to the earth and masonry work during 1996-2003 on 9 projects. Besides this, an amount of Rs.3.41 crore had been diverted and utilised on the procurement of vehicles (Rs.0.94 crore) and on other inadmissible items (Rs.2.47 crore) in Upper Wainganga, Sindh Phase-II, Bariyarpur and Bansagar projects during May 1999 to May 2003.
- CLA of Rs.98.06 crore (1st instalment) was released for Bargi Diversion Project (BDP), Phase-I in March 2002, of which only Rs.60 crore were allotted to the project. However, only Rs.47.72 crore could be utilised on works during the year 2002-03. The remaining amount of Rs.50.34 crore was utilised on other projects/purposes during the year.
- In Bansagar Project, against total CLA of Rs.203.59 crore, an expenditure of Rs.174.69 crore (MP State Share) was incurred by GOMP during 1996-2002. Thus Rs.28.90 crore CLA was diverted to other purposes, besides withholding its matching share to the tune of Rs.75.48 crore.
- Rs.15.50 crore out of CLA of Rs.54 crore released for Bansagar project during 1997-98 was handed over to MPSEB for construction of head regulator and common water carrier for power generation, which was beyond the scope of AIBP.

(ii) Non/ Under Utilisation

- CLA of Rs.65 crore for BDP, Phase-II was released (March 2003) under “Fast Track” by the GOI without scrutinising the plan for its utilization, as the project was at survey stage and even agencies for work were not fixed. Consequently, released CLA could not be utilized.
- Though the matching share of Rs.1.68 crore was lying with the GOMP and the project was incomplete, upper Wainganga Project was withdrawn (March 2003) from AIBP. Hence, the pre-mature withdrawal of the project from AIBP was not justified.

** Ban Sagar-Rs.65.17 crore, Bariyarpur –Rs.2.79 crore, Upper Wainganga –Rs.20.19 crore, Sindh Phase-I- Rs.0.44 crore, Sindh Phase-II –Rs.7.77 crore, Banjar-Rs.0.40 crore, ISP-Rs.27.02 crore Bargi Diversion –Rs.0.17 crore and Mahi-Rs.1.11 crore.

- The matching share of Rs.1.46 crore was not released to Betwa River Board (BRB) during 1999-2003 as of March 2003.

The above shortcomings and diversion of AIBP funds indicate Government's failure in pursuing the true spirit of the programme.

(c) Advance payment

(i) Codal provisions stipulated that advance payments to Land Acquisition Officer (LAO) for acquisition of private land was to be accounted for under suspense head "Land Acquisition" which was to be cleared on receipt of the account from LAO.

An amount of Rs.52.99 crore was lying with the LAOs and MPSEB as of March 2003

Notwithstanding the above provisions, the advance payments for Rs.65.63 crore were made to the LAOs for acquiring 5493.297 ha private land and charged to final head of account instead of suspense head during 2001-03. Out of this only Rs.13.47crore was paid to the landowners and remaining amount of Rs.52.16^{††} crore was lying with the LAOs as of March 2003. No prompt action was taken by the project authorities and LAOs for timely land acquisition, and only 1756.031 ha land was acquired finally out of 5493.297 ha of land.

Further scrutiny of records also revealed that there was an apparent lack of realistic assessment while working out the requirements of funds for land acquisition. Some of the instances noticed in audit are summarised below:

(1) An advance payment of Rs.3.62 crore was made by the EE ND Division No.24 Khargone, to the LAOs against the actual requirement of Rs.2.17 crore resulting in excess payment of Rs.1.45 crore.

(2) In BDP, as against the provisions of Rs.1.53 crore for land acquisition an amount of Rs.15.72 crore was advanced to the LAO.

(ii) Similarly, an advance payment of Rs.82.50 lakh^{‡‡} was also made to the Madhya Pradesh State Electricity Board (MPSEB) for shifting of high tension (HT) and low tension (LT) lines by the EEs during 2002-2003 against which the account was awaited from MPSEB as of May 2003.

On this being pointed out, the EEs admitted the facts and stated that the payments were made on the demand of LAOs and MPSEB; and cases were in process as of March 2003. EE ND DN No-24, Khargone, however, stated that

††

| | |
|--|------------------------|
| Indira Sagar project (ND DN No-14 Sanawad and ND DN No 24, Khargone) | Rs. 8.99 Crore |
| Bargi diversion project (ND DN No.4, DN No.7 and RBC DN No.1) | Rs. 14.02 Crore |
| Bariyarpur | Rs. 13.54 Crore |
| Sindh Phase-II | Rs. 15.61 Crore |
| Total | Rs. 52.16 Crore |

‡‡

| | |
|---|----------------------|
| Indira Sagar project (ND DN No-14 Sanawad) | Rs.55.93 Lakh |
| Bargi diversion project (ND Division No.4, No.7 and RBC No.1) | Rs.26.57 Lakh |
| Total | Rs.82.50 Lakh |

the excess payment would be adjusted in acquiring the remaining land of other villages.

3.5.5 Project Selection

Selection of projects was in contravention of the laid down criteria. The selected projects failed to achieve the projected benefit.

Criteria for selection of projects for CLA under AIBP envisaged that:

- (a) Only those Major/medium projects were to be identified which had investment clearance of the Planning Commission and were in advance stage of completion i.e. expenditure to the extent of 75 per cent of projected cost or more had been incurred thereon. The limit was relaxed to 50 per cent or more from 1999-2000;
- (b) Projects which could be completed with little additional resources to get projected irrigation benefit in one of the next four agricultural seasons (i.e. 2 years);
- (c) Phased completion of large projects to derive benefit with comparatively smaller investment which were languishing for want of funds;
- (d) Project with larger irrigated area per unit of additional investment; and
- (e) Projects which were already receiving assistance from domestic agencies were not to be considered.
- (f) Projects which were in advanced stage and could be completed in one year be selected under "Fast Track" with 100 per cent central assistance.

It was, however, seen that projects were selected in total disregard to the laid down criteria. Five projects viz Indira Sagar Phase-I, Bansagar, Mahi, Bariyarpur and Sindh Phase-II were in preliminary stages of construction and expenditure incurred was 35 per cent, 38 per cent, 21 per cent, 34 per cent and 18 per cent respectively of the projected cost at the time of their selection were considered against the prescribed stage of 75/50 per cent.

The physical progress of these projects at the time of selection was as under:

- (i) **Sindh Project Phase-II:** Dam and canals of the project were in the initial stages, even the final forest clearance from the GOI was not obtained.
- (ii) **Indira Sagar Project:** Dam was at a preliminary stage of foundation work which could not be raised due to non completion of rehabilitation and resettlement (R&R) work. Alignment of ISP main canal beyond km 58 was not approved and even the control structure, without which irrigation was not possible, was not started.
- (iii) **Bansagar Project:** Although, the dam was cleared by the Planning Commission in 1978, the canal system, without which irrigation was not possible, could be got cleared from the Planning commission as late as in October 2001. However, the dam was selected for CLA without canal system. Moreover, both dam and canal were in preliminary stages of construction.
- (iv) **Rajghat Project:** The construction of dam of Rajghat, an interstate (MP&UP) Project, was entrusted to Betwa River Board (BRB) constituted by Government of India. It was included (1998-99) under AIBP for CLA to contribute the share of expenses on remaining work of dam and land and property acquisition, though the dam (Civil Work) was not cleared by the Planning Commission.

(v) Two projects namely **Bawanthadi** and **Mahan** with balance cost of Rs.89.03 crore and Rs.71.78 crore to create 29412 ha and 19740 ha Irrigation potential respectively had been recommended for inclusion under AIBP in the financial year 2003-04. Such small projects which could yield greater irrigation benefit with comparatively smaller investment could have been selected at an earlier stage.

(vi) **Bargi Diversion Project:** Right Bank Canal (km 16 to 63) of Bargi dam (constructed in 1988) was the only project selected (March 2002) for CLA under AIBP - "Fast Track" for completion within one year (upto May 2003). The project was approved (July 1998) by the Planning Commission for Rs.1101.23 crore. The RBC with its distribution system in initial reaches upto km 16 taken under loan assistance from NABARD was planned to be completed within 2 years upto March 2004. Thus, the desired irrigation benefit would not be derived till the completion of initial reaches up to km 16. Bargi Diversion Project is one project which had already been funded by NABARD upto km 16, selection and inclusion of such project was an infringement of the laid down criteria. Moreover, on expiry of the prescribed period of completion only 25 per cent work was completed and has been recommended by the CWC under normal AIBP for next financial year 2003-04. The selection of the project under "Fast Track" was incorrect.

Thus, the selected projects *prima-facie* did not fulfill the prescribed stipulations and laid down criteria under AIBP. As a result, projected benefit could not be achieved in the prescribed time frame.

Table-1

(Rs in Crore/ Irrigation Potential in ha.)

| Sl. No. | Name of project | Estimated cost/ Year | cost of AIBP components | Year of sanction under AIBP | Stipulated date of completion of the AIBP portion | Revised date of completion of the AIBP portion | Additional Irrigation potential (designed) | Actual irrigation potential | | | Utilisation |
|-----------------------------------|-----------------------------|----------------------|-------------------------|-----------------------------|---|--|--|-----------------------------|--------------|-------|-------------|
| | | | | | | | | Before AIBP | Through AIBP | Total | |
| 1 | 2 | 3 | 4 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 |
| Water Resources Department | | | | | | | | | | | |
| 1 | Bansagar Project | 1281.00 (1991) | 794.33 | 1996-97 | Unit-I 3/98 Unit-II 6/05 | Unit-I-6/04 Unit-II Phase-I 6/04 Phase II 6/06 | 193359 (193359) | 0 | 350 | 350 | 350 |
| 2 | Upper Wainganga (Withdrawn) | 207.57 (4/96) | 56.62 | 1996-97 | 6/2000 | 6/2003 | 35253 (105253) | 70000 | 28253 | 98253 | 40810 |
| 3 | Sindh Phase I | 56.42 (11/91) | 17.97 | 1999-00 | 6/2002 | 6/2004 | 10577 (13627) | 3050 | 0 | 3050 | 0 |
| 4 | Sindh Phase II | 607.67 (11/91) | 329.29 | 1998-99 | 3/2005 | 6/2005 | 83084 (162100) | 4162 | 8998 | 13160 | 8000 |
| 5 | Bariyarpur LBC Project | 190.87 (8/2002) | 144.90 | 2000-01 | 3/2005 | 3/2005 | 43850 (43850) | 0 | 0 | 0 | 0 |
| 6 | Urmil Project (Completed) | 27.62 (2000) | 3.00 | 2000-01 | 6/2002 | 3/2003 | 1192 (7692) | 6500 | 1192 | 7692 | 4090 |
| 7 | Banjar Project (Completed) | 8.55 (1998) | 3.00 | 2000-01 | 6/2002 | 3/2003 | 1095 (2024) | 1334 | 1095 | 2429 | 1133 |
| 8 | Mahi Project | 265.75 (1998) | 179..36 | 2000-01 | 3/2003 | 3/2006 | 26429 (26429) | 0 | 0 | 0 | 0 |

| | | | | | | | | | | | |
|---|--|---------------------|------------------|--------------------|-------------------|--------|----------------------------|-------|-------|--------|-------|
| 9 | Rajghat project | N.A | 46.21 | 1998-99 | 6/2001 | 3/2003 | 0 | 0 | 0 | 0 | 0 |
| Narmada Valley Development, Department | | | | | | | | | | | |
| 1 | Indira Sagar Project phase I | 2167.67 (11/90) | 1500.00 | 1996-97 | 3/2001 Phase-I | 6/2005 | 36100 (123000) | 0 | 0 | 0 | 0 |
| 2 | Bargi Diversion Project Phase I Phase II | 2604.50 (4/2001) | 196.06 295.00 | 2001-02 2002-03 | 5/2003 3/2004 | 3/2004 | (245010) 21194 31900 | 651 | 0 | 651 | 651 |
| | Total | 7417.62 | 3565.74 | - | - | - | 484033 (922344) | 85697 | 39888 | 125585 | 55034 |

3.5.6 Planning and Implementation

Eleven incomplete irrigation projects at balance estimated cost of Rs.3565.74 crore were sanctioned by GOI, MOWR for CLA, under AIBP during 1996-97 to 2001-02, with the aim to realise additional IP of 4.84 lakh ha within one/two years. Target and achievement of the projects as of March 2003 are shown in Table-1.

Two projects (Urmil and Banjar) were completed in March 2003, after three years from their sanction against the prescribed period of one year. One incomplete project (Upper Wainganga) was withdrawn (March 2003) after creating 80 per cent of projected IP by the GOMP with a view to include another new project.

Even after incurring an expenditure of Rs.1764.79 crore (49.49 per cent), irrigation potential of only 39888 ha. (8 per cent) could be created.

The GOMP kept revising its targets for projected IP every year. The expenditure of Rs.1764.79 crore (49.49 per cent) over a period of 7 year was not commensurate with the created IP of only 39888 ha. (8 per cent).

Audit noticed that reasons for non achievement of targets included incorrect selection of projects, faulty planning, delay in clearance of forest land, delay in R & R work, delay in fixing of agencies, frequent changes of engineers and inadequate budget outlay resulting in creation of liability of loan and interest thereon without yielding projected irrigation benefit and depriving the farmers from irrigation facility, as discussed in succeeding paragraphs.

Further the actual utilisation of over all created potential of 20 lakh ha, 20.31 lakh ha and 20.59 lakh ha during the years 1999-2000 to 2001-2002 was only 9.25 lakh ha (46.25 per cent), 7.37 lakh ha (36.85 per cent) and 9.91 lakh ha (44.63 per cent) respectively up to March 2002. The shortfall in utilization was attributed by the department to reluctance of cultivators to take water from Government sources due to sufficient rains which fulfilled their need, and less rainfall leading to the administration reserving water for drinking and other purpose and shortage of power.

The contention of the department is not acceptable as the project were conceived and constructed only on the basis of irrigation requirement of their respective command area. The inability to utilise even partly created potential of less than 50 per cent on grounds of low or no demand from cultivators was thus an alarming situation and would bear a question mark on the very utility of the project when completed.

Audit further observed that there was poor planning and heavy slippages in the implementation of the programme as discussed below:

(i) Bansagar Project was planned to create 13500 ha IP through its 5 canals by June 2000. Though the dam was completed (June 2000), the construction of the canal system was not started simultaneously because of non clearance by Planning Commission. As a result the department was forced to re-plan the completion of the canal by June 2004.

Looking at the slow progress of work, CWC suggested (July 1998) development of one canal at a time to achieve some benefit instead of the original 5 canals. This was not reviewed by the departmental authorities and work on all five canals continued; and only 350 ha irrigation potential could be created as of March 2003.

On this being pointed out the CE did not offer (May 2003) any specific comment.

Expenditure of Rs.20.47 crore on the construction of RBC beyond Barua Aquaduct did not serve the purpose.

(ii) Construction of structures in reaches of Right Bank Canal of Sindh Phase-II beyond Mahuar river and Samoha Pick up Weir which were beyond the Barua Aquaduct (12.75 km) had been taken up while the agencies for the balance work of Barua Aquaduct had not been fixed upto August 2002. As the water cannot reach beyond Barua Aquaduct unless it is completed, expenditure to the tune of Rs.20.47 crore incurred as of March 2003 on RBC beyond Mahuar river (Rs.4.71 crore) and Samoha pick up weir (Rs.15.76 crore) was unfruitful and did not serve any purpose.

GOMP failed to create irrigation potential even after incurring an expenditure of Rs.1546.67 crore.

(iii) The targets and completion schedules of Indira Sagar Project dam^{§§} up to crest level and canal system up to 81 km under phase I to provide irrigation in an area of 36100 ha were revised from time to time due to failure to achieve the specified targets of those years and finally planned to be completed by March 2001. Canal system inter-alia envisaged the construction of control structure of main canal, lining of canals, other structures and tunnels. These works had not been taken up in a planned manner and their progress was negligible as of March 2003.

Thus, despite incurring an aggregate expenditure of Rs.1546.67 crore (Rs.705.37 crore under AIBP), the department failed to implement the programme for creation of IP of 36100 ha even after lapse of 7 years.

3.5.7 Execution

Projects were to be planned for their phased completion in such a way that benefit could start flowing easily, and priority was to be given to those components which quickly create more irrigation potential with lesser investment.

It was, however, noticed that not only were the objectives of AIBP ignored while submitting the proposals of projects and planning for their implementation, but the execution also suffered owing to lackadaisical approach, such as, the construction of distribution system was not synchronized with dam work and vice-versa. Huge amount was incurred on dam work only, leaving the construction of their canals without which irrigation was not possible.

Some illustrative instances noticed by Audit are brought out below:

(a) Sindh Phase-II

⇒ In 1998-99, project components with an objective to create IP of 40838 ha up to 2000-01 at the cost of Rs.62.72 crore were included under AIBP. Subsequently (2000-01), Madikheda dam upto crest level and balance reaches of canals with additional IP of 42248 ha at an estimated cost of Rs.266.57 crore were also taken under AIBP.

^{§§} (Transferred to Narmada Hydro Electric Development Corporation Ltd, a joint venture of National Hydro Power Corporation and GOMP from September 2000)

- ⇒ As against the target of additional IP of 83086 ha upto 2002-03, only 8998 ha (11 per cent) potential could be created as of March 2003, after incurring an expenditure of Rs.214.40 crore (65 per cent).
- ⇒ Non-achievement of target was due to slow progress in canal work, greater concentration on dam work, award of dam work without clearance of forest land and delay in fixing of agencies for canal system.
- ⇒ 14272 ha IP could have been created (by investing only Rs.15.10 crore) for completing the balance work of left bank Doab canal (12548 ha) and Ukaila canal (1724 ha) with sufficient available water in Mohni Pick up Wier and Ukaila Anicut, which were already constructed. Though these works were part of AIBP, priority was not given to complete these cost-effective works despite specific recommendation (March 2001) by CWC. Lackadaisical approach of the department in construction of Canals deprived the farmers from irrigation facility.
- ⇒ Work of Madikheda earthen and masonry dam was awarded (January 1994 and November 1993) to two contractors at a cost of Rs.25.91 crore and Rs.122.87 crore respectively to be completed within stipulated period of 5 years including rainy season, without prior final clearance of forest land from GOI as required under Forest (Conservation) Act 1980. The final forest clearance by GOI was given in February 2000. Besides, private land for the dam axis was acquired after 7 years from the date of award of work.

Avoidable cost
over-run of
Rs.57.82 crore
due to poor
planning

As a result, the progress of earthen and masonry dam was a meagre 0.5 per cent and 2 per cent, respectively upto their stipulated period of completion (January 1999 and October 1998). Both the contractors were granted time extension of 7 years, which was more than the stipulated period. Thus, award of work without forest clearance and the lack of proper planning by the department resulted in avoidable cost of Rs.57.82 crore (masonry dam Rs.43.23 crore, earthen dam Rs.14.59 crore) payable on account of escalation beyond the stipulated period due to unwarranted time over-run.

On this being pointed out, the EE stated (December 2002) that tenders were called for in anticipation of forest clearance from GOI. The reply is however not tenable in the light of codal provisions.

(b) Bariyarpur Left Bank Canal Project

Bariyarpur left bank canal (LBC) 49 km in length, taking off from the old Bariyarpur pick up weir (Constructed in 1906) across river Ken was sanctioned under AIBP during 2000-01 by GOI for balance cost of Rs.144.90 crore to create IP of 43850 ha. with the target to complete the project by 2004-05.

Scrutiny of records revealed that the department failed to plan for completion of the project in specified period. Actually there was no sound planning as the

target for creation of IP were revised*** every year for continuation under AIBP. Even after lapse of 3 years and an expenditure of Rs.28.30 crore, the achievement was nil as of March 2003. This was mainly due to delay in fixation of agencies for execution of works and delay in land acquisition. Despite repeated reporting by CWC to Department/ GOMP no effective steps were taken for timely completion of work.

(c) Upper Wainganga Project

The project with an estimated cost of Rs.207.57 crore (April 1996), had incurred an expenditure of Rs.150.98 crore by 1996-97. Thereafter the project with its balance cost of Rs.56.62 crore was taken up under AIBP to create an additional IP of 35253 ha by June 2000. This target could not be achieved due to insufficient allotment of matching funds during 1997-2001 by the State.

Further, as against the approved balance cost of Rs.56.62 crore under AIBP, an expenditure of Rs.106.46 crore was incurred as of March 2003 on the incomplete project. The project was withdrawn from AIBP after creation of additional IP of 28253 ha as of March 2003. The increase in cost was mainly attributable to slow progress of work in initial years. Consequently the project cost was revised to Rs.243.48 crore but the investment clearance from Planning Commission was not obtained despite considerable increase (481 per cent) in the cost of the project.

(d) Bansagar Project

Bansagar Project, was included under AIBP during 1996-97 with an aim to create 193359 ha IP with balance cost of Rs.794.33 crore (Dam- Rs.526.25 crore and canal-Rs.268.08 crore) which was revised to Rs.1665.29 crore (Dam-Rs.1054.96 crore and canal-Rs.610.33 crore) at 1998 price level. The revised cost was however, not approved by Planning Commission as of March 2003.

Cost over-run of Rs.384.29 crore with respect to estimated cost of Rs.1281 crore at price level of 1990-91 was due to time over run as a result of delay in getting environmental clearance, consequently delay in seeking investment clearance of Unit-II canal from Planning Commission, inadequate budget provision, delay in floating and finalising the tenders and slow progress of work by contractors. Thus, after incurring an expenditure of Rs. 463.31 crore (28 per cent) and lapse of 7 years, an IP of 350 ha could only be created. The expenditure of Rs.49.19 crore under AIBP on canal system of the project during 1996-2001 without clearance of Planning Commission was beyond the scope of AIBP.

| Year of proposal | Target (Fig. in ha) | | | | Total |
|------------------|---------------------|---------|---------|---------|-------|
| | 2001-02 | 2002-03 | 2003-04 | 2004-05 | |
| 2000-01 | 1000 | 15850 | 22350 | 4650 | 43850 |
| 2001-02 | | 10000 | 25000 | 8850 | 43850 |
| 2002-03 | | | 25000 | 18850 | 43850 |
| 2003-04 | | | 13920 | 29930 | 43850 |

(e) Bargi Diversion Project

The construction of Right Bank Canal (RBC), 194 km in length with CCA of 2.45 lakh ha taking off from right bank of Bargi dam completed in 1987-88 identified as "Bargi Diversion Project", was taken up under Fast Track programme (March 2002) by a Memorandum of Understanding (MOU) signed between GOMP and GOI.

An amount of Rs.196.06 crore was sanctioned (March 2002) by GOI for completion of RBC in km 16 to 63 to create an IP of 21194 ha. According to the MOU, the works under Fast Track Programme were to be completed by 31 May 2003. The agencies for various works were fixed as late as upto May 2003. As a result, the department could utilise only Rs.47.72 crore as against released first instalment of Rs. 98.06 crore and the Government was put to a loss of Rs.5.79 crore on account of interest on unutilized CLA of Rs.50.34 crore, besides depriving the farmers from irrigation benefit.

According to the construction programme, the works of lining and canal structures were to be executed simultaneously with earth work. It was, however, seen that the earth work of canal section was done in a haphazard manner in the entire reaches without completing the designed canal section. The tender rates of the contractor were unbalanced and the progress of work indicated that the contractors were interested only in execution of excavation and earth work for which quoted rates were more beneficial to them whereas the rates for the items of CC lining (Rs.800-900 per Cum against ruling USR rates of Rs.1393 to Rs.1633 per Cum) and structures were unworkable. The contractor was not advised to follow the scheduled programme. The department failed to monitor and synchronize the progress in terms of construction schedule specified in the MOU.

Undue financial aid of Rs.5.18 crore to contractor due to non implementation of contractual provisions.

Further scrutiny revealed that clause 3.26 of the agreement was not invoked for making payments of running bills of the contractors from time to time. According to the clause, in case, the quoted rates for some items are disproportionately high or the tender is unbalanced, the payment of such items shall be limited to the estimated rates plus or minus overall percentage as the case may be. The balance payment of such items was to be retained as additional security to safeguard the interest of Government, which was to be released only after completion of entire work. If the contractors were to leave the work incomplete for any reason, the additional security so deducted was to be 'stand forfeited' to the Government. The EEs however, failed to deduct additional security to safeguard the interest of Government resulting in irregular/undue financial aid to contractors amounting to Rs.5.18 crore^{†††}.

On this being pointed out the EE stated (June 2003) that there were no specific orders of tender accepting authority. Hence the clause was not applied. The reply is not tenable in the light of contractual provisions.

^{†††} RBC Division No. 1 Bargi Hills , Jabalpur, - Rs.2.46 crore
ND Division No. 4 Jabalpur - Rs.0.79 crore
ND Division No.7 Bargi Hills , Jabalpur - Rs.1.93 crore

3.5.8 Monitoring

As per the guidelines the overall monitoring of programme was to be done by MOWR, Planning Commission with comprehensive physical and financial periodical monitoring by CWC. The release of instalments of sanctioned CLA was to be based on the recommendation of CWC.

At the State level, the implementation of the programme was required to be monitored by the E-In-C and CEs of the projects with a view to ensure that the various targets relating to time, cost, quality, social and economic benefit were achieved.

It was, however, seen that although the prescribed status reports were regularly submitted by the EEs, effective steps for expediting the execution of the project and removal of bottlenecks particularly in planning the activities of construction and progress thereof by CPM/PERT^{###} chart were not taken by the E-In-C and CE.

Further, though CWC pointed out shortcomings in implementation and planning, yet the projects were recommended for release of CLA without ensuring the compliance thereof. As a sequel the monitoring by CWC remained ineffective and the works were executed in unplanned manner without achieving the required targets.

3.5.9 Conclusion

Out of 11 projects taken up under AIBP (Normal/ Fast Track), in 6 projects against a targeted additional IP of 1.70 lakh ha, no IP could be created as of March 2003 despite an investment of Rs.970.93 crore, thus considerably overshooting the completion period. In the remaining 5 projects, against targeted IP of 3.14 lakh ha, the additional created IP under AIBP was only 39888 ha, despite expenditure of Rs.793.86 crore. If additional IP of 28253 ha of Upper Wainganga project taken up under AIBP at nearly completion stage is ignored, the additional IP created in the rest 10 projects was dismal.

No impact assessment study was undertaken by GOMP to assess the productivity. The extent of enhancement of socio-economic benefit with reference to prescribed indicators, especially benefits accrued to small farmers is not known.

3.5.10 Recommendations

- ⇒ The GOMP should ensure provision and release of the required matching share timely to optimize the CLA and to achieve the objectives of the programme.
- ⇒ The GOMP should take appropriate action to motivate cultivators to utilise the created IP.
- ⇒ Project wise accounts of CLA and its repayment with interest should be maintained and reconciled by the Finance Department to ensure fiscal discipline.

^{###} Critical Path Method/ Project Evaluation Review Technique

- ⇒ The implementation of the programme, which lacks effective monitoring at the moment, needs to be toned up.
- ⇒ Finance department should keep a close watch to ensure proper utilisation of funds and prevent the diversion.

The mater was reported to Government (August 2003); reply was awaited (August 2003).