

CHAPTER - III

PERFORMANCE REVIEWS

MEDICAL, HEALTH AND FAMILY WELFARE DEPARTMENT

3.1 INDIAN SYSTEMS OF MEDICINE AND HOMEOPATHY

3.1.1. Highlights

- *Five out of eleven District and State Sector schemes under the Tenth Five-Year Plan were not taken up at all while three schemes showed shortfalls ranging from 82 to 97 per cent.*

[Paragraph 3.1.8.3]

- *Against the requirement of 54 and 57 teaching staff at State Ayurvedic College, Gurukul Kangri, Hardwar and Rishikul State Postgraduate Ayurvedic College, Hardwar respectively, only 12 and 14 teaching staff were actually in position.*

[Paragraph 3.1.8.5]

- *Bed occupancy rate in hospitals attached to the two State Ayurvedic Colleges ranged from seven to nine per cent and in Ayurvedic and Unani Hospitals from one to 18 per cent during 2001-04.*

[Paragraphs 3.1.8.6 and 3.1.8.12]

- *Herbal Research and Development Institute, Gopeshwar did not implement the approved action plan for conservation, cultivation and marketing of medicinal and aromatic plants.*

[Paragraph 3.1.8.7]

- *101 out of 118 Ayurvedic and Unani drug manufacturers in the State did not hold drug manufacturing licenses and Good Manufacturing Practices Certificates.*

[Paragraph 3.1.8.10]

- *No drug samples from private manufacturers were being collected and tested at the State Ayurvedic Testing Lab, Rishikul Ayurvedic Postgraduate College, Hardwar during 2001-2005 as the drug testing laboratory was notified as "State Analyst" only on 21 March 2005.*

[Paragraph 3.1.8.11]

- ***The State Government did not release Rs. 2.57 crore out of grant of Rs. 7.45 crore released by the Government of India during 2001-2005.***

(Paragraph 3.1.8.2)

3.1.2. Introduction

Indian Systems of Medicines and Homeopathy (ISM&H) includes Ayurveda, Unani, and Homeopathy which have proven strengths in treating common and chronic diseases. The Directorate of Ayurveda and Unani Services, Dehradun (Ayurveda Directorate) and the Directorate of Homeopathy, Dehradun (Homeopathy Directorate) were established under the Medical Department in August 2001 and October 2004 respectively. The Ayurveda Directorate maintained 468 Ayurvedic and Unani hospitals with 1,657 beds in rural and urban areas and two Ayurvedic colleges namely Rishikul State Postgraduate Ayurveda College, Hardwar (Rishikul) and the State Ayurvedic College, Gurukul Kangri, Hardwar (Gurukul Kangri). The Homeopathy Directorate maintained 71 homeopathic dispensaries in rural and urban areas. The State Government also established a Herbal Research and Development Institute (HRDI) at Gopeshwar in 1993 to promote conservation, cultivation and marketing of medicinal and aromatic plants.

The Medical Department aims to promote good health and expand the outreach of health care through preventive and curative intervention, ensure affordable and efficacious services and drugs and integrate ISM&H in the National Health Care Delivery System.

Schemes implemented in the State addressed thrust areas like up-gradation of educational standards, research and development facilities, quality control and standardization of drugs etc.

3.1.3. Organizational Set-up

The Secretary, Medical Department and the Director, Ayurveda have under them thirteen Regional Ayurvedic and Unani Officers, one in each district. The Principals of Rishikul and Gurukul Kangri are responsible for management of the colleges. Likewise there are eleven District Homeopathy Officers under the Secretary, Medical Department and the Director, Homeopathy.

A governing body under the chairmanship of the Principal Secretary and Commissioner, Forest and Rural Development, Government of Uttaranchal, Dehradun was responsible for administrative and policy matters relating to the HRDI while its Director was responsible for day to day affairs.

3.1.4. Scope of Audit

Records relating to implementation of schemes of ISM&H for 2000-2005 were scrutinized between January and May 2005 in the offices of:

- the Director, Ayurvedic and Unani Services, Dehradun

- the Director, Homeopathy, Dehradun;
- the Rishikul and Gurukul Kangri colleges;
- five out of thirteen Regional Ayurvedic and Unani Officers and five out of eleven District Homeopathy officers at Almora, Chamoli, Hardwar, Pauri, and Pithoragarh and
- the Director, HRDI Gopeshwar.

3.1.5. Audit Objectives

The audit objectives were to examine and evaluate:

- utilization of and control over financial resources;
- planning and implementation of various programmes and schemes;
- achievement of educational and research standards;
- standardization and quality control of drugs;
- outreach of health care to public and utilization of infrastructure, and,
- integration of ISM&H into the National Health Care Delivery System.

3.1.6. Audit Criteria

The audit criteria aimed at examining whether:

- the financial resources were utilized and controlled properly;
- the prescribed education standards in ISM&H were followed;
- standardization and quality control of drugs were ensured;
- the outreach of health care under ISM&H has expanded and the infrastructure utilized optimally and
- ISM&H has been integrated with National Health Care Delivery System.

3.1.7. Audit Methodology

The samples for review were selected from Kumaon and Garhwal regions and two Ayurvedic Colleges at Hardwar and HRDI Gopeshwar. The data on physical and financial progress etc were collected from these offices.

3.1.8. Audit Findings

Financial Management

3.1.8.1 Non-utilization of budget allotments and grants-in-aid.

The Ayurveda and Homeopathy Directorates received funds amounting to Rs. 140.30 crore (130.40+9.90) during 2001-2005 for Ayurvedic, Unani and Homeopathic health care services against which expenditure incurred was Rs. 100.23 crore (93.40+6.83) only. Thus an amount of Rs. 40.07 crore (37.00+3.07) could not be spent which had an adverse impact on the delivery on health care services as is evident from the table below:

Table Number: 1

(Rs. in Crore)				
Year	Budget Provision/Allotment	Expenditure	Savings	Percentage of savings
Ayurvedic and Unani Services				
2000-01	NA	NA	NA	NA
2001-02	30.02	25.32	4.70	16
2002-03	31.53	27.95	3.58	11
2003-04	30.30	27.83	2.47	8
2004-05	38.55	12.30	26.25	68
Total	130.40	93.40	37.00	28
Homeopathy Services				
2000-01	NA	NA	NA	NA
2001-02	2.31	1.85	0.46	20
2002-03	2.88	1.89	0.99	34
2003-04	2.74	2.24	0.50	18
2004-05	1.97	0.85	1.12	57
Total	9.90	6.83	3.07	31

Similarly the Herbal Research Development Institute (which received grants through the State budget) also had unspent balances at the end of each year during 2001-2005, as shown in the table below:

Herbal Research Development Institute							
Year	Opening Balance	Receipts			Total Funds Available	Expenditure	Closing Balance
		State Govt.	Central Assistance	Other receipts			
2000-01	0.92	0.50	NIL	0.03	1.45	0.39	1.06
2001-02	1.06	0.05	0.10	0.05	1.26	0.36	0.90
2002-03	0.90	0.35	0.43	0.04	1.72	1.08	0.64
2003-04	0.64	1.70	0.47	0.04	2.85	2.15	0.70
2004-05	0.70	5.30	0.10	0.10	6.20	3.22	2.98
Total		7.90	1.10	0.26		7.20	

Source : Departmental figures

Reasons for the savings of Rs.37 crore and 3.07 crore and unspent balance of Rs.2.98 crore with the HRDI were not intimated though called for (May 2005). Scrutiny revealed the following:

3.1.8.2 Short releases of Central Assistance by the State Government

Government of India released Rs.7.45 crore during 2001-2005 for implementation of ten schemes in the State out of which the State Government did not release Rs.2.57 crore. Out of releases of Rs.4.88 crore, only Rs.3.26 crore had been spent as shown in table no. 2.

Table Number: 2

(Rupees in Lakhs)

Name of the Schemes	Periods	GOI releases	Released by State Government	Not released by State Government	Expenditure incurred
Strengthening of State Government Drug Testing Laboratory	2001-05	81.05	81.05	nil	46.60
Strengthening of Pharmacies	2001-05	256.00	176.00	80.00	48.72
Strengthening of Undergraduate Colleges	2001-05	72.00	60.00	12.00	60.00
Supply of Essential Drugs	2001-05	104.25	65.00	39.25	65.00
Home Remedies Kit	2001-05	5.57	5.57	nil	5.57
Reorientation Training Programmes	2001-05	8.14	Nil	8.14	Nil
Renovation and Strengthening of Hospital Wards	2001-05	40.00	Nil	40.00	Nil
State Model Institute	2001-05	175.00	100.00	75.00	100.00
Continuing Medical Education	2004-05	1.02	Nil	1.02	Nil
Reorientation Training Programmes	2004-05	2.10	Nil	2.10	Nil
Total		745.13	487.62	257.51	325.89

Source: Departmental figures

Audit scrutiny revealed a lack of detailed planning for implementation of these schemes. The Ayurveda Directorate had not sent proposals to the Government for release of funds amounting to Rs. 167.50 lakh in respect of three schemes viz., Strengthening of Pharmacies (Rs.80 lakh), Supply of Essential Drugs (Rs.37.50 lakh) and State Model Institute for Ayurveda (Rs. 50 lakh) even four months after the release of funds by the Government of India. Proposals sent by the Director for release of Rs.73.14 lakh in respect of three other schemes viz, Re-orientation Training Programme: Rs.8.14 lakh, Renovation and Strengthening of Hospital Wards of Government Teaching Hospitals: Rs.40 lakh and State Model Institute for Ayurveda: Rs.25 lakh were pending with the State Government for more than six months. Reasons for lack of timely action were not on record.

Planning and monitoring of Centrally Sponsored Schemes was thus deficient. Although funds were available with the State Government implementation was lagging behind.

3.1.8.3 Non- implementation of State and District Sector Schemes

The Government approved 11 District and State Sector Schemes (outlay: Rs.107.92 crore) under the Tenth Five Year Plan (2002-2007). Out of 11, five schemes had not been implemented at all till the date of audit (March 2005). Out of six schemes that were implemented, only three schemes had been completed (March 2005) and the other three showed negligible achievements with shortfalls ranging between 82 to 97 per cent. Details are given in the table below:

Table Number: 3

Sl. No.	Name of the Schemes	Approved Outlay (Rupees in lakh)	Target	Achievement	Shortfall (Percentage)
1	Establishment of new Ayuvedic and Unani Dispensaries/Hospitals in rural areas	886.60	130	07	123 (95)
2	Establishment of new Ayurvedic and Unani Hospitals in urban areas	471.80	10	Nil	10
3	Upgradation/strengthening of running Ayurvedic and Unani dispensaries/hospitals	615.00	80	02	78 (97)
4	Strengthening/Upgradation of Ayurvedic and Unani Directorate	92.70	01	01	nil
5	Building construction of Ayurvedic and Unani hospitals/dispensaries	3250.00	130	24	106 (82)
6	Upgradation/strengthening of Ayuvedic and Unani offices	71.00	04	04	Nil
7	Training for Ayurvedic and Unani nurses and technicians at State Ayurvedic College, Hardwar	30.00	01	Nil	1
8	Establishment of Herbal garden and upgradation of running Herbal gardens at Ayurvedic and Unani College, Hardwar	50.00	02	Nil	2
9	Establishment/upgradation of Drug Testing Laboratory	125.30	01	Nil	1
10	Building construction for Ayurvedic Colleges	200.00	02	02	nil
11	Establishment of Ayurvedic University	5000.00	01	Nil	1

Source: Departmental figures

Up-gradation of Educational Standards and Research Development

3.1.8.4 Auditorium and pathology laboratory were not constructed and equipment and library books not purchased

Government of India released grants of Rs.72 lakh (Rs. 10 lakh in September 2002 and Rs. 62 lakh in December 2003) for construction of an auditorium (Rs.50 lakh), purchase of equipment (Rs.10 lakh) and library books (Rs.2 lakh) and for construction of a pathology laboratory (Rs.10 lakh) at Gurukul Kangri. The conditions *inter alia* provided for utilization of grants during the same financial year. It was noticed that the State Government released Rs.62 lakh in March 2004 of which Rs.12 lakh lapsed due to non-availability of sufficient time for the purchase of equipment and library books. Rs.50 lakh to be utilized for construction of auditorium was transferred to the construction agency in March 2004 but only ten *per cent* work had been completed by January 2005. The construction of a pathology laboratory at a cost of Rs.10 lakh also remained incomplete even after the lapse of twenty seven months from the date of release of the amount by the Government of India.

Thus, the upgradation of educational standards could not be achieved as planned despite funds being available.

3.1.8.5 Lack of minimum standards in the Ayurvedic Colleges

Ayurvedic colleges have to attain the minimum standards prescribed by the Central Council of Indian Medicine in respect of library books, laboratory equipment and building infrastructure by November 2006. Gurukul Kangri and Rishikul, however, had 12 and 14 teaching staff only against a requirement of 54 and 57 respectively as shown in the tables below:

Table Number: 4

State Ayurvedic College, Gurukul Kangri, Hardwar

Faculty Members	Requirement as per norms	Sanctioned by the State Government	Actual	Shortfall
Professors	14	11	Nil	14
Readers	16	8	3	13
Lecturers	24	11	9	15
Total	54	30	12	42

Rishikul State Post-Graduate Ayuvedic College, Hardwar

Professors	15	11	2	13
Readers	18	9	6	12
Lecturers	24	10	6	18
Total	57	30	14	43

Source: Departmental figures

The colleges had not achieved the prescribed minimum standards in respect of library books, laboratory equipment and building infrastructure etc also. As against the prescribed minimum standards, there was a shortage of 1,500 library books in Gurukul Kangri, a shortage of 69,773 square feet covered area (Rishikul 26,771 square feet and Gurukul Kangri 43,002 square feet) and shortage of laboratory equipment worth Rs. 65.07 lakh (Gurukul Kangri, Rs. 55.07 lakh and Rishikul Rs. 10 lakh). Against the requirement of 14 teaching faculties, a prerequisite for accord of recognition by the Central Council of Indian Medicine, there was a shortage of seven faculties in each of these colleges.

Thus, the requisite educational standards prescribed by the Central Council of Indian Medicine had not been achieved by the Ayurvedic Colleges.

3.1.8.6 Poor bed occupancy rate in the hospitals attached with the colleges

The table below brings out the overall position of indoor patients treated and bed occupancy in hospitals attached to Gurukul Kangri and Rishikul colleges (total 234 beds).

Table Number: 5

Particulars	2000-01	2001-02	2002-03	2003-04	2004-05
Number of bed days (234 x 365)	85,410	85,410	85,410	85,410	85,410
Indoor patients treated	NA	6,354	7,666	7,557	NA
Bed occupancy rate	NA	7.35%	8.97%	8.85%	NA

Source: Departmental figures

The rate of bed occupancy ranged from 7.35 to 8.97 *per cent* implying that beds remained vacant for 91 out of 100 days. Reasons for the low bed occupancy were not intimated though called for (December 2005). Scrutiny revealed that meagre amounts ranging from Rs.0.87 to Rs.3.58 per patient in Gurukul Kangri and from Rs.2.54 to Rs.7.62 in Rishikul during 2000-2005 were spent on medicines for the treatment of patients.

Thus, the infrastructure of the hospitals was not utilized optimally.

3.1.8.7 Insignificant achievement in Conservation, Cultivation and Marketing of Medicinal and Aromatic Plants

Against an outlay of Rs. 78.95 crore for the Medicinal Plant Development Action Plan (2003-2008) for conservation, cultivation and marketing of medicinal and aromatic plants, the State Government had released Rs. 7.90 crore and an expenditure of Rs. 7.08 crore was incurred. The Director, HRDI was responsible for coordinating the implementation of the action plan. Scrutiny revealed that no activity was undertaken for policy and environment issues[♦] and research and development[▲]. The activities for conservation and cultivation were insignificant as is evident from the table below:

Table Number: 6

Component	Details of activities targeted	Activities performed	Audit findings
Conservation	Survey for identification of the species including rare and endangered species, study for determining sustainable harvest from forest, documentation of information collected, <i>in situ</i> and <i>ex situ</i> conservation, establishing herbal gardens.	481 officials were trained and 86,173 hectare land was identified for <i>in situ</i> conservation. Two herbal gardens one each at Chamoli and Hardwar were established.	No survey for identification of species in any of the 13 districts was carried out. No activity on 86,173 hectare identified land was taken up and only two out of 100 herbal gardens were established. Reasons for lack of activity were not available.
Cultivation	Forest Department and HRDI were to hold consultative workshops/meetings for identification of species, survey for location of 750 nursery-sites, mobilization and registration of farmers, their training and production of medicinal plants.	Only two consultative workshops and one meeting were held and 16,597 farmers were trained.	No district-wise targets were fixed for work shops/meetings, registration and mobilization, training of farmers. Sites for establishing any of the 750 nurseries planned were not surveyed.
Marketing	Establishment of 13 herbal collection and storage centres. Establishment of 3 main herbal mandis. Raising turnover herbal trade to Rs. 10.00 crore.	3 herbal collection and storage were established. 3 main herbal mandis were established. Turnover of herbal trade was Rs. 5.31 crore	Delays were noticed in the taking up of marketing activities.

Thus, very few activities were undertaken for conservation, cultivation and marketing of medicinal and aromatic plants.

3.1.8.8 Unfruitful expenditure of Rs. 28 lakh

• **Failure of Big Bush Plan after an expenditure of Rs.21.56 lakh**

Chief Secretary, Uttaranchal Government launched (July 2003) the Aromatic Big Bush Plan whereby 1000 cuttings of *geranium aromatic* grass were to be distributed free of cost to 20 identified willing farmers belonging to one identified block in each district. Seven oil-extracting machines were also to be set up at seven centres so that farmers could bring the leaves of *geranium aromatic* grass for oil extraction. The oil so extracted was to be sold under the name of Uttaranchal Essence. The farmers were to return double the number of plant cuttings received by them to the Herbal Research and Development Institute (HRDI) six months after distribution, for further distribution to other

[♦] Traditional knowledge of herbal medicines was to be compiled, infrastructure for communication was to be developed, awareness about ayurvedic medicines among the patients was to be developed etc

[▲] Agro-technique and quality control methods were to be developed, clinical trials of medicines were to be conducted and scientific literature and tools for medicinal plants were to be developed.

farmers. It was noticed that the Director, HRDI purchased 2.50 lakh cuttings of *geranium aromatic* grass at a cost of Rs.6.87 lakh of these, 1.94 lakh cuttings were distributed to 156 farmers belonging to eight blocks of eight districts and 0.50 lakh were planted in two nurseries of HRDI; 0.06 lakh cuttings were reportedly damaged. It was also noticed that five oil extracting machines were purchased (August 2004) from a private firm at a cost of Rs.13 lakh and Rs.1.20 lakh (a part of the cost of 2 machines) was advanced to the same firm (August 2004) for purchase of another two machines. Out of five machines installed, four were not put to use for reasons not on record. Details of production of oil from the one machine which was put to use were not available with HRDI.

Thus, the scheme failed to achieve the objectives, as envisaged, and the expenditure of Rs.21.56 lakh proved unfruitful.

Director HRDI while admitting the facts stated that the scheme was launched under the orders of the Chief Secretary of the State Government.

- ***Agri-Export Zone failed to come up after an expenditure of Rs.6.44 lakh***

Government set up an Agri-Export Zone for medicinal and aromatic plants in the State covering seven districts viz. Chamoli, Uttarkashi, Dehradun, Pithoragarh, Nainital, Udham Singh Nagar and Hardwar in 2003. Uttaranchal Infrastructure Development Company Ltd. was appointed to examine and give its recommendations to HRDI on proposals for exports of herbs received from the firms for setting up of commercial units for herbs and aromatic plants. The HRDI was to make available one scientist to the company for day to day work. The Government also constituted a committee consisting of (i) Director, HRDI, (ii) Chief Executive Officer UDEC Company, (iii) Van Sanrakshak, Muni Ki Reti and (iv) Pramukh Bhesaj Specialist, Co-operative Department to execute the work relating to exports and report the progress regularly to the HRDI/ Medicinal Plant Board. HRDI paid Rs.6.44 lakh to the company between March 2003 and June 2004. It was noticed that proposals for exports of herbs and aromatic plants were not received and the company could not therefore examine the same. The committee did not meet even once to evaluate the progress, as envisaged.

Thus, the expenditure of Rs.6.44 lakh remained unfruitful.

Standardization and Quality Control over Drugs

3.1.8.9 Pharmacies at Rishikul and Gurukul Kangri not strengthened

Under the Centrally Sponsored scheme of Strengthening of Pharmacies, Government of India released Rs.76 lakh (2000-01) for Rishikul and Rs.80 lakh (2004-05) for Gurukul Kangri for purchase of materials. The State Government did not release Rs.80 lakh for more than eight months after its release by the Government of India, as mentioned in table no. 2 below paragraph 3.1.8.2. Out of Rs.76 lakh, Rs.27.01 lakh remained unspent as of January 2005 and was retained by the Principal, Rishikul in an interest bearing fixed deposit account in a bank without the sanction of the competent

authority. A proposal for the purchase of six machines viz. automatic packing unit, central rotary tablet machine, generator, powder pouch packing machine, dust extraction plant and de-duster machine was pending with the Department since October 2004.

Thus, although funds were available, strengthening of pharmacies had not been carried out as envisaged.

3.1.8.10 Drug manufacturing without licenses

To ensure that drug manufacturers maintain standards by using certified raw drugs in the manufacturing process, Government of India amended the Drug and Cosmetic Rules 1940 in August 2002, effective from January 2003. In terms of the amendment, the Director, Ayurvedic and Unani Services, Dehradun was to issue Good Manufacturing Practices (GMP) Certificates valid for two years to ayurvedic and unani drug manufacturers in the State.

It was noticed during test-check of records that there were 118 ayurvedic and Unani drug manufacturers at the time of creation of the State of Uttaranchal in November 2000, holding drug manufacturing licenses valid for two years only issued by the Director Ayurvedic and Unani Services of the combined State of Uttar Pradesh. After creation of the State of Uttaranchal in November 2000, only 17 drug manufacturers were issued renewed licenses along with GMP certificates and applications of 11 drug manufacturers were pending with Director Ayurveda, Dehradun.

Thus, 101 ayurvedic and unani drug manufacturers whose drug manufacturing licenses had expired continued production during the period from January 2003 to December 2004 without valid drug manufacturing licenses and GMP certificates.

3.1.8.11 Drug Testing Laboratory not upgraded despite expenditure of Rs.54.13 lakh

Government of India New Delhi launched a Centrally Sponsored Scheme in 2001 to strengthen government testing laboratories in States to ensure quality of ayurvedic and unani drugs. The objectives were to strengthen existing Drug Testing/ Analysis Laboratories for quality and to meet the requirement of Drugs and Cosmetic Act 1940 and Rules made thereunder, to improve access to drug testing facilities and expand the services and support system and to cater to the needs of private drug manufacturers to test their products for quality assurance.

Against a prescribed limit of Rs. 1 crore, Government of India released Rs.81.05 lakh to State Ayurvedic Testing Laboratory at Rishikul during 2000-01 for buildings (Rs.21.05 lakh), equipment (Rs.50 lakh) and wages (Rs.10 lakh). Audit scrutiny revealed that out of this, Rs.54.13 lakh had been spent, Rs. 21.05 lakh on buildings: Rs.26.19 lakh on equipment and Rs. 6.89 lakh on wages by December 2004. The balance amount of Rs.26.92 lakh was kept as a fixed deposit in a bank at the rate of 5 *per cent* per annum interest by the Principal of the College without sanction of the competent authority. An

Atomic Absorption Spectrum Photometer to be used in the laboratory for drug testing had not been purchased even three years after the release of funds.

Scrutiny further revealed that the declaration of a 'State Analyst' under the Drugs and Cosmetic Act, 1940 was effected only on 21 March 2005. As a result, no drugs samples from the private drug manufacturers were collected and tested in the laboratory during 2001-2005.

Delay in the appointment of the "State Analyst" and non-completion of upgradation work of the laboratory resulted in lack of drug testing facilities and inadequate control over the manufacture of drugs in the State.

Expanding the outreach of Health Care to Public under AYUSH and integrating it with the Health Care Delivery System

3.1.8.12 Low bed occupancy rate in the Ayurvedic and Unani hospitals

The State Government maintained 468 Ayurvedic and Unani hospitals with 1,657 beds in the rural and urban areas in the State. Bed occupancy rate in these hospitals ranged between 1.02 to 17.93 *per cent* during 2001-2004. Reasons for low rate of bed occupancy were not intimated to Audit by the Director, Ayurvedic and Unani Services. However, test check of records of 5 hospitals with 42 beds under Regional Ayurvedic and Unani Officer, Hardwar revealed shortages of infrastructural facilities in the hospitals, as of December 2004. Against a requirement of 42 beds, mattresses and pillows each, only 15 serviceable beds, mattresses and 11 pillows were available. On this being pointed out, Regional Ayurvedic and Unani Officer Hardwar stated that these items could not be arranged because of non-availability of funds. The reply is not tenable as no demand for funds was made to the Director during the period.

To provide services of ISM&H to the people along with modern medicine, the State Government issued instructions in July 2004 under which the Regional Ayurvedic and Unani Officers and District Homeopathy Officers were to provide ayurvedic and homeopathic treatment to the people in all the District Hospitals. During test-check it was found that no treatment of Ayurveda and Homeopathy were provided in District Hospitals in Almora, Hardwar, Pauri, Chamoli and Pithoragarh districts. Thus, ISM&H was not integrated with the Health Care Delivery System.

The low bed occupancy rate in the hospitals indicated little utilization of available infrastructure and apathy towards patient care. The target of expanding the outreach of health care to the public under ISM&H and integrating it with the Health Care Delivery System was not achieved.

3.1.8.13 Irregular purchase of medicines

The purchase committee of the Ayurveda Directorate placed orders (March 2005) on two black-listed firms for supply of ayurvedic medicines (Rs.5.34 lakh). The firms supplied the medicines to the thirteen Regional and Ayurvedic and Unani Officers of the State, as ordered. Test check of records revealed that three out of five Regional Ayurvedic and Unani Officers did not

make the payments (Rs.1.67 lakh) to the firms for the supplies as they were black-listed firms and retained Rs.1.67 lakh after drawing it from the treasury, in the form of bank drafts. The medicines so received were lying unutilised till the date of audit.

Purchase of medicines from black-listed firms violated the rules and lacked justification.

3.1.8.14 Other Points of Interest

- HRDI advanced (2000-2005) funds to its employees and to other agencies such as G.B. Pant University, Uttaranchal State Co-operative Dehradun etc. Scrutiny revealed that Rs. 2.45 crore out of Rs. 2.97 crore advance was not adjusted (March 2005).
- The State Government did not submit utilization certificates of Rs.3.26 crore to the Department of Indian Systems of Medicine and Homeopathy, New Delhi, as required.

3.1.9. Conclusion

Services available in the State under ISM&H were minimal. The available financial resources were not utilized fully. The State Government did not release the central assistance for infrastructure development in a timely and complete manner. Gurukul Kangri and the Rishikul lacked the prescribed teaching staff and the basic infrastructure. The bed occupancy in ayurvedic hospitals was negligible. Research and development for conservation, cultivation and marketing of medicinal and aromatic plants was not done. Drugs were being manufactured without licence. Samples of the drugs were not tested. Appointment of "State Analyst" was notified only on 21 March 2005. ISM&H had not been integrated into the Health Care Delivery System.

3.1.10. Recommendation

- ISM&H should be integrated with the Health Care Delivery System to enable the people to exercise their choice in accessing health care.
- The Drug Testing Laboratory should be strengthened for quality assurance regarding drugs being manufactured in the State.
- The provisions of the Drugs and Cosmetics Act regarding the issue of licenses and GMP certificates to ayurvedic drug manufacturers should be strictly enforced in the manufacture of drugs.
- The Action Plan for conservation, cultivation and marketing of medicinal and aromatic plants should be implemented.
- The infrastructure of the State Ayurvedic Colleges should be improved in order to meet the prescribed minimum standards and optimise utilization of hospitals attached to these colleges.

The matter was referred to the Government (December 2005); reply has not been received (February 2006).

RURAL DEVELOPMENT DEPARTMENT

3.2 PRADHAN MANTRI GRAM SADAK YOJANA (PMGSY)

3.2.1. Highlights

There was significant shortfall in the achievement of targets fixed for completion of roads under Phase I (2000-01) and Phase II (2001-02 and 2002-03) of PMGSY. Substantial amounts of funds remained unutilized. PMGSY guidelines were not followed while executing the works. Significant audit findings are given below.

- *Against a requirement of 1,299 kms of all weather roads for connecting 171 habitations having a population of 1,000 persons and above by March 2003, only 49.26 kms of road had been constructed by March 2005 connecting 21 habitations.*

[Paragraph 3.2.8.1]

- *Against an amount Rs. 201.04 crore sanctioned and released for Phase I and Phase II works, Rs. 117.38 crore only (58.39 per cent) had been utilized as of March 2005.*

[Paragraph 3.2.8.2]

- *The Government of Uttaranchal unauthorizedly appointed a consultant for Phase II of the programme to whom Rs. 1.86 crore (Rs. 1.21 crore from State fund and Rs 65 lakh from PMGSY fund) was paid.*

[Paragraph 3.2.8.7]

- *Late clearance for the use of forest land delayed the completion of 15 out of 20 works/packages by 4 to 37 months.*

[Paragraph 3.2.8.9]

- *Expenditure of Rs. 2.37 crore on upgradation of a Major District Road (MDR) violated the PMGSY guidelines which covered Village Roads (VR) and Other District Roads (ODR) only.*

[Paragraph 3.2.8.10]

- *On-line management and monitoring system remained inoperative due to misutilisation of computer hardware.*

[Paragraph 3.2.8.15]

3.2.2 Introduction

Rural road connectivity plays an important role in rural development and the alleviation of poverty. It leads to increase in agricultural incomes by promoting access to economic and social services and also provides productive employment opportunities. To provide connectivity to habitations in the country which were not connected by all weather roads, Government of India (GoI) launched (December 2000) the Pradhan Mantri Gram Sadak Yojana (PMGSY) as a 100 *per cent* Centrally Sponsored Scheme. Fifty *per cent* of the cess on High Speed Diesel (HSD) is earmarked for this programme.

PMGSY aimed to connect villages through all weather roads (with culverts and cross-drainage structures wherever necessary). Rural habitations in hill states with population of 1,000 persons and above were to be covered in three years (2000-2003) and all unconnected habitations with population of 250 persons and above by the end of the Tenth Plan (2007). PMGSY also covered the upgradation of existing roads, in districts where all habitations of the designated population size had already been provided all weather road connectivity, limited to 20 *per cent* of the total funds allocated to the state.

A Core Network Survey of the State of Uttaranchal showed that 171 habitations with a population of 1,000 persons and above, 667 habitations with a population of 500 persons and above and 1,767 habitations with a population of 250 persons and above were to be covered under PMGSY. This required construction of 10,430 km of all weather roads. Of these, 1,299 km were to be completed by March 2003 to connect 171 habitations with population of 1,000 and above. The remaining 9,131 km for connecting 2,434 habitations with population of 250 persons and above are to be completed by the end of the Tenth Plan i.e. 31 March 2007.

A period of 18 months from the date of issue of the work order was allowed to the executing agencies to complete the projects cleared by the Ministry of Rural Development under Phase I (2000-01), Phase-II (2001-02, 2002-03) and Phase III (2003-04) of PMGSY.

3.2.3 Organisational Structure

The State Government set up a State level standing committee headed by the Chief Secretary to scrutinise the Core Networks and project proposals to ensure that they have been formulated in accordance with the guidelines. The committee was also responsible for close and effective monitoring of the programme and overseeing the timely and proper execution of road works. The Rural Development Department (RDD) of the State Government was nominated as the nodal department for the implementation of PMGSY in the State. Under the RDD the Uttaranchal Rural Road Development Agency (URRDA) was the nodal agency and also acted as Programme Implementation Agency for receiving the funds released by Ministry of Rural Development, Government of India. Public Works Department (PWD) was designated as the executing agency and Public Works Division headed by Executive Engineers, as the Programme Implementation Units (PIUs).

3.2.4 Scope of Audit

Phase-I (2000-01), Phase-II (2001-02 and 2002-03) and Phase-III (2003-04) of PMGSY were covered through test check (November 2004 to June 2005) of the records of the nodal agency viz the Uttaranchal Rural Road Development Agency (URRDA) and nine PIUs (Public Works Divisions) of seven districts - Almora, Bageshwar, Dehradun, Hardwar, Pauri Garhwal, Tehri Garhwal and Uttarkashi out of 24 PIUs (13 districts) in the State. In these nine PIUs, 17 packages/36 road works were test checked out of 43 packages/69 road works taken up in the State for Phase I. Besides, six packages/six works of Phase II executed by URRDA were also test checked in respect of four districts*.

3.2.5 Audit objectives

The performance audit of the Pradhan Mantri Gram Sadak Yojna aims to ascertain whether:

- the scheme was implemented as proposed,
- the targets were consistent with the over all scheme objectives,
- the scheme was executed efficiently for achieving the objectives of providing rural road connectivity,
- resources were efficiently managed to derive optimum benefit from the scheme, and,
- adequate monitoring and evaluation was carried out.

3.2.6 Audit Criteria

The following criteria were set up with reference to the audit objective and sub-objectives to arrive at the audit findings:

- whether the targets were realistic and achievable.
- whether physical progress was commensurate with the financial outlay.
- whether funds were properly managed.
- whether the works were completed on time.
- whether works were completed within sanctioned cost.
- whether the monitoring and quality control mechanisms were effective.

* Dehradun, Bageshwar, Tehri and Uttarkashi.

3.2.7 Audit Methodology

Test check of the district-wise packages of Phase-I, II and III of PMGSY, selected on random basis for coverage in the performance review, was conducted by scrutiny of detailed project reports (DPRs), contracts, payment vouchers and measurement books etc. The data on habitations to be benefited, habitations actually benefited, physical and financial progress etc. were collected from the nodal agency and the PIUs.

3.2.8 Audit Findings

A review of PMGSY revealed the following audit findings:

Planning

3.2.8.1 Fixing of reduced targets

The annual targets for providing road connectivity to habitations with population of 1,000 persons and above were too low to achieve the objectives of the scheme. As per the Core Network Survey, 1,299 km of all weather roads were required to be constructed in the State for connecting 171 habitations having population above 1000 by March 2003. The target fixed for Phase-I (2000-01) and Phase-II (2001-02, 2002-03) covering habitations of 1000+/500+/250+ was 797.02 kms only, including upgradation. This meant that even if the target was achieved the objectives of the scheme would not have been met.

Even the reduced targets were not met. A length of 409.48 kms only providing new connectivity to 21 habitations with population of 1,000 persons and above (49.26 km) and 33 habitations with population of 250 persons and above (90.71 km) had been constructed by March 2005. In addition, 269.51 km of roads had been upgraded by March 2005.

Financial Management

3.2.8.2 Under-utilization of funds

The financial progress as of March 2005 is tabulated below:

(Rs. in crore)					
Sl. No.	Phase/Year of sanction	Cost sanctioned by GoI	Amount received from GoI	Expenditure	Percentage
1.	Phase-I (2000-01)	60.63	60.63	55.83	92.08%
2.	Phase-II (2001-02 & 2002-03)	140.41	140.41	61.55	43.84%
3.	Phase-III (2003-04)	59.53	-	-	
	Total	260.57	201.04	117.38	58.39%

While progress in the utilization of funds was 92.08 *per cent* for Phase I (2000-01), it fell to 43.84 *per cent* for Phase II (as of March 2005).

Government of India has not released any fund for Phase-III (as of March 2005).

The slow progress resulted in utilization of Rs. 117.38 crore only (58.39 per cent) out of Rs. 201.04 crore received from Government of India as of March 2005.

3.2.8.3 *Loss due to not keeping funds in interest bearing accounts*

According to PMGSY guidelines (December 2000 and January 2003), the funds were to be kept in interest bearing accounts in public sector banks. Money accruing as interest was to be added to the PMGSY Fund.

Test check (May 2005) of the records of the Executive Engineer (EE), Temporary Division, PWD, Sahiya (Kalsi), Dehradun, revealed that the first and second instalments of Rs. 75 lakh and Rs.3.57 crore received in September 2001 and January 2002 respectively from the District Rural Road Development Agency (DRDA), Dehradun for Phase-I (2000-01) were not deposited in interest bearing bank accounts. The total fund of Rs. 4.32 crore was placed in a Government Deposit Account. After utilization of Rs. 4.15 crore on PMGSY works, the balance of Rs. 17.07 lakh was refunded (November 2003) to DRDA Dehradun. Rs. 5.33* lakh could have been added to the PMGSY funds as interest upto October 2003 had the funds been kept in an interest bearing bank account.

Similarly in the Construction Division (CD), PWD, Srinagar (Garhwal) the first and second instalments of Rs. 0.75 crore and Rs. 5.38 crore received in October 2001 and March 2002 respectively for Phase-I (2000-01) were initially deposited by the EE in the Treasury and were transferred to a current account, on which no interest was payable, opened by the PIU in State Bank of India in August 2002. Interest of Rs. 23.09* lakh could have accrued to the PMGSY fund had the money been kept in an interest bearing account.

Similarly scrutiny of records of Provincial Division, Hardwar also revealed that the funds received for PMGSY work were not kept in an interest bearing account and were placed in a Government Deposit Account.

On this being pointed out (November 2004 and May 2005), the EEs stated that instructions had not been received for keeping the fund in interest bearing accounts.

The replies were not tenable as PMGSY guidelines provided for keeping the funds in interest bearing bank account.

3.2.8.4 *Unauthorised utilization of accrued interest*

PMGSY guidelines envisaged that any cost over-runs, due either to time over-runs or any other reason, would be borne by the State Government.

* Calculated on monthly balances @ 4 per cent and 3.5 per cent per annum simple interest for varying periods.

Test check (May 2005) of the records of the EE, Construction Division, PWD, Chamba (Tehri) revealed that the Government of India sanctioned (March 2001) and released (February/March 2002) a sum of Rs. 4.91 crore for upgradation works of Phase-I (2000-01). Against this, an expenditure of Rs. 4.99 crore was actually incurred, the excess of Rs. 8 lakh being met out of the interest accrued, in contravention of the PMGSY guidelines.

On this being pointed out (May 2005), the EE stated that excess expenditure was incurred from the interest of the fund with the approval of the higher authorities.

The reply is not tenable as any excess over the sanctioned cost was to be borne by the State Government.

Implementation

3.2.8.5 Physical performance

(As of March, 2005)

Sl. No.	Phase/Year of Sanction	Road works sanctioned		Target (length in Km.)	Achievement (length in Km.)	Road works completed	
		Nos.	Length (Km)			Nos.	Length (Km)
1.	Phase-I (2000-01)	69	300.96	New Connectivity - 24.20 Upgradation - 276.76 300.96	20.50 <u>269.51</u> 290.01	05+61 = 66	290.01
2.	Phase-II (2001-02 & 2002-03)	99	496.06	New Connectivity – 496.06	119.47	42	119.47
3.	Phase-III (2003-04)	52	430.37	New Connectivity – 430.37	Nil	-	-
	Total	220	1227.39			108	409.48

Against the target of 797.02 km fixed for Phase-I and Phase-II only 409.48 km of road length (51.38 per cent) had been achieved by March 2005. Against the 168 works sanctioned for Phases I and II, 108 works (64.28 per cent) had been completed by March 2005.

The work of Phase III has not been started as of March 2005 as Government of India had not released any funds due to non-completion of works of Phase-I (2000-01) and Phase-II (2001-02 & 2002-03).

3.2.8.6 Connectivity of habitations

The position regarding the number of villages to be connected and the achievement was as under.

(As of March 2005)

Sl.No.	Population	1000+	500+	250+	Total
1.	Total unconnected habitations to be connected	171	667	1767	2605
2.	Habitations covered in Phase I (2000-01)	0	3	2	5
3.	Habitations covered in Phase II (2001-02 & 2002-03)	21	20	8	49
4.	Balance unconnected as of March 2005	150	644	1757	2551

The intended objective of connecting all rural habitations with a population of 1,000 and above in the State by the end of 2002-03 was thus far from being

achieved. Against 171 habitations to be connected, 21 habitations only had been connected by all weather roads by March 2005. Further, against 2,434 habitations with populations of 250 and above, 33 habitations only had been connected by March 2005. The progress of the work was thus too slow to achieve the objective.

3.2.8.7 Unauthorised appointment of consultant

According to PMGSY guidelines no agency/consultant was to be created by the States for implementation of the programme.

Scrutiny of the records of the Superintending Engineer (SE), URRDA revealed that Secretary, Rural Development, Government of Uttaranchal entered into two agreements in June 2002 and July 2002 with M/s Magot Engineering Consultant Pvt. Ltd., New Delhi appointing them as consultant (Programme Implementation Agency) for providing technical & managerial assistance in implementing PMGSY in Garhwal Division and Kumaon Division of Uttaranchal State. The Phase II works were taken back from the PWD (June 2002) and awarded to the consultant. This was contrary to the provisions of the PMGSY guidelines. The consultant completed only 42 (119.47 km) out of 99 sanctioned works (496.06 km) for which a sum of Rs.1.86 crore was paid (Rs. 0.65 crore from PMGSY funds and Rs. 1.21 crore from State funds).

Test check of the records of URRDA revealed that the rates of supervision of construction work agreed upon (June 2002 & July 2002) by the Secretary, Rural Development, (RD), Government of Uttaranchal and the Consultant (M/s Magot Engineering Consultant Ltd.) for Phase-II were increased from 1.2 *per cent* to 2 *per cent* from 27 June 2003 and 18 July 2003 respectively by supplements to the contract agreement. The consultant was paid Rs.62.92 lakh for supervision of construction work during August 2004 to December 2004 resulting in an avoidable payment of Rs.22.08 lakh.

On this being pointed out, the SE stated that it was the prerogative of the State Government to appoint a Programme Implementation Agency. Due to shortage of engineers in the PWD the decision for appointment of consultant was taken by Government of Uttaranchal to complete the work in time. The payment to the consultant was made in accordance with the instructions of the Government of India.

The reply is not tenable as the appointment of consultant is against the provision of PMGSY guidelines which was reiterated (December 2002) by Government of India with the instruction that no payment be released to consultants from PMGSY funds. The consultant's bonafides were also suspect as he drew payment for a work which was actually executed by the Mandi Parishad under its own scheme (as mentioned in para 3.2.8.12). Hence, the payment to the consultant was unjustified and avoidable.

3.2.8.8 Delay in finalisation of tenders

PMGSY guidelines provide that issue of tender notices, finalisation of tenders and award of works should be completed within 120 days of the clearance of the project proposals.

Test-check of PIUs revealed that the tenders were not finalized in time. The delays ranged from one to nine months as shown in the table below.

Phase/Year	Delayed by over 1 to 3 months		Delayed by over 3 to 6 months		Delayed by over 6 to 9 months		Reason for delay
	No. of Tenders	Value (Rs. in crore)	No. of tenders	Value (Rs. in crore)	No. of tenders	Value (Rs. in crore)	
Phase I 2000-01	13	18.15	22	29.07	7	8.55	Due to negotiation of rates and late clearance of forest land
Phase II 2001-02 & 2002-03	-	-	32	45.88	20	38.64	

The delays adversely affected the financial and physical progress of PMGSY works in the state.

3.2.8.9 Delay in completion of works

Test check of selected packages of Districts – Almora, Bageshwar, Dehradun, Tehri, Pauri and Uttarkashi revealed delays in the completion of works as shown below.

District	Package No.	Sanction Year	Due date of completion	Actual date of completion	Period of delay
Almora	UT-0101	2000-01	07.08.2002	31.10.2003	15 months
	UT-0102	2000-01	29.07.2002	31.07.2003	12 months
	UT-0103	2000-01	29.07.2002	31.07.2003	12 months
Bageshwar	UT-0202	2000-01	25.07.2002	30.09.2004	26 months
	UT-0203	2000-01	25.07.2002	30.09.2004	26 months
	UT-0204	2001-02	16.01.2004	Under progress	14 months
	UT-0205	2001-02	06.01.2004	Under progress	14 months
Dehradun	UT-0501	2000-01	12.02.2002	12.06.2002	4 months
	UT-0502	2000-01	27.02.2002	Under progress	37 months
	UT-0503	2001-02	28.05.2003	31.03.2005	22 months
	UT-0505	2001-02	15.05.2003	31.03.2005	22 months
	UT-0506	2001-02	11.10.2003	Under progress	16 months
Tehri	UT-1101	2000-01	16.07.2002	15.01.2003	6 months
	UT-1102	2000-01	16.07.2002	30.04.2003	9 months
	UT-1103	2000-01	16.07.2002	31.05.2003	10 months
	UT-1104	2000-01	16.07.2002	10.04.2003	9 months
Pauri	UT-0802	2000-01	18.10.2002	31.12.2003	14 months
Uttarkashi	UT-1302	2000-01	03.10.2002	31.03.2004	18 months
	UT-1303	2000-01	05.07.2002	20.07.2003	12 month
	UT-1305	2001-02	26.07.2003	Under progress	19 months

The delays in completion of 15 out of 20 works/packages ranged from four months to 37 months. The reasons for delay were stated by PIUs to be late clearance for the use of forest lands.

3.2.8.10 Unauthorized expenditure on upgradation of Major District Roads

The PMGSY guidelines (December 2000 and January 2003), stipulated the inclusion of only rural roads i.e. Other District Roads (ODR) and Village

Roads (VR) in PMGSY. Major District Roads (MDR), State Highways (SH) and National Highways (NH) could not be included in PMGSY even if they happen to pass through rural areas. This applied to new roads as well as existing roads proposed for upgradation works.

Test check of the records of EE, Provincial Division, Bageshwar revealed that under PMGSY Phase-I (2000-01) upgradation of Kapkote-Sama-Tejam (KST) Motor Road in km 53 to 58 (Package No. UT-0201) and KST Motor Road in km 59 to 62 (Package No. UT 0202) both of which were carried out in contravention of PMGSY Guidelines, at a cost of Rs. 2.37 crore (March 2005).

On this being pointed out (April 2005), EE stated that this was a temporary road which was proposed for upgradation to a black top (BT) road which was sanctioned by Government of India.

The reply is not tenable as PMGSY did not permit the upgradation of MDRs. The expenditure of Rs. 2.37 crore was thus unauthorised.

3.2.8.11 *Incomplete construction of road due to non-clearance of forest land*

PMGSY guidelines entrusted State Governments with the responsibility of ensuring that lands were available for taking up the proposed road works. A certificate of land availability was to accompany each proposal.

Test check of the records of the EE, Temporary Division, PWD, Rishikesh, Dehradun, revealed that upgradation of Mothorola Dudhi (MD) road (package UT-0502 of Phase-I) in a length of 5.00 km at a cost of Rs. 97.85 lakh was sanctioned by Government of India. The road alignment of 5.00 km, passed through 3.48 hectare (km 2.50 to 5.00) of forest land which had not been transferred by the Forest Department as of March, 2005. Thus the upgradation of road work involving widening of road remained incomplete even after incurring an expenditure of Rs. 71.46 lakh.

3.2.8.12 *Inflation of achievement*

Construction of Sisaikhera Sadhunagar km 13 to Nalai Bajrata motor road (length 1.00 km) in Udham Singh Nagar district was sanctioned by Government of India at a cost of Rs.34 lakh under Phase-II (Package No. UT 1203). M/s Magot Consultants, however, supervised the construction of Sisaikhera-Sadhunagar km 13 to Paisaini road instead and obtained payment (during May 2003 to December 2003) of Rs.14.42 lakh by presenting bills and measurement books for the sanctioned work which was actually constructed by the Mandi Parishad under its own schemes. The URRDA recovered (August 2004) the amount of Rs.14.42 lakh from M/s Magot Consultant, but, showed the sanctioned work as having been completed under PMGSY (Phase-II).

3.2.8.13 *Change of specification*

As per PMGSY guidelines, work was to be executed as per the detailed project reports (DPRs) scrutinized by the State Technical Agency (STA) in the light of IRC specifications and approved by the Ministry. No changes were permissible subsequently.

Test check of the records of the EE, Construction Division, Barkot (Uttarkashi) revealed that the DPR of upgradation of Rajstar- Rajgarhi motor road km 5.812 to 11.625 (Package No. UT 1302) approved (March 2001) by the MoRD, Government of India and scrutinized by Central Road Research Institute (CRRI), New Delhi at a cost of Rs. 99.43 lakh contained a provision of seal coat type 'A' over the 20 mm thick open graded premix carpet. Although the Superintending Engineer, 13th Circle, Uttarkashi entered into the agreement* (January 2002) with a contractor for the execution of upgradation work using seal coat type 'A'♥, in execution this was changed to seal coat type 'B'•. Seal coat type 'A' being of richer specifications (bitumen 9.80 kg/10 sqm) than type 'B' (bitumen 6.8 kg/10 sqm), the change in specifications resulted in substandard work.

On this being pointed out (April 2005), the EE stated that seal coat type 'B' was executed on the instruction and approval of the SE. The reply is not tenable as the change was contrary to the PMGSY guidelines.

3.2.8.14 *Non-observance of Procedure for competitive bidding*

As per PMGSY guidelines, well established procedures for tendering were to be followed. Financial rules provide that tenders be invited only after the sanction of detailed estimates.

Scrutiny of records of Provincial Division, Hardwar (PIU) revealed that contrary to the above provision, tenders for execution of work of three packages were invited before sanction of the detailed estimates. This resulted in sanction of six to 12 extra items for each package for which no tenders were invited. These extra items included supply and laying of stone wire crates, clearing of roads, brick lining, construction of cement concrete road in *abadi* areas, excavation in ordinary soil, brick on edge pavement on *patri* etc. The cost of such extra items of two packages amounted to Rs. 22.50 lakh. Besides the quantity of work was also revised at the time of awarding the contract.

On being pointed in audit the EE stated that due to delayed technical sanction the decision on tenders was delayed, quantity of work revised and extra items had to be sanctioned. The reply was not tenable as the invitation of tenders prior to sanction of detailed estimates was contrary to the guidelines and financial rules.

* C.B. No. 04/SE-13/2001 dated 4.1.2001 Rs. 98.75 lakh

♥ Seal Coat Type 'A' a liquid seal coat comprises stone chips of size 6.7 mm @ 0.09 cum/10 sqm with bitumen @ 9.8 kg/10 sqm.

• Seal Coat Type 'B' a liquid seal coat comprises coarse sand or stone chips of 2.36 mm @ 0.06 cum/10 sqm with 6.8 kg/10 sqm of bitumen.

3.2.8.15 *Monitoring and Quality Control*

On-line Management and Monitoring System remained inoperative

According to PMGSY guidelines, the On-line Management & Monitoring System (OMMS) was to be the chief mechanism for monitoring. Executive Engineers / Heads of PIUs were required to furnish on-line all the data and information relating to the progress of road works, records of quality control tests as well as the payments made.

For development, implementation and management of OMMS, Ministry of Rural Development, Government of India decided (March 2002) that two client system, one Laserjet Printer, one UPS, two external modems would be provided to each District. At the State level, two servers, two client systems, two Laserjet printers, one UPS and one CD writer were to be provided. Secretary, Rural Development (RD), Uttaranchal placed (May 2002 & June 2002) purchase orders to firms for 28 client systems, 15 HP laserjet, 1 CD writer, 26 Modem and 13 UPS. The computer systems supplied (August 2002) by the firms at a cost of Rs.22.19 lakh were, however, installed (November 2002) in the offices of the Chief Development Officers (CDO) in each of the 13 Districts. The remaining 15 computer systems were installed at places not related to PMGSY. This was in contravention to the PMGSY guidelines as the PIU for Phase I and III programme/works was the PWD.

On this being pointed out, the URRDA stated (December 2004) that as the Phase II work was being executed through a consultant, the systems were installed in the CDOs offices for coordination and monitoring. CDOs had now been asked (December 2004) to hand over these computers to PIUs (PWD). The remaining systems installed at places not related to PMGSY were also being received back.

The reply showed that the computers system procured for OMMS were misutilised. These computers had not been handed over to PIUs (PWD) as of March 2005. As such, the chief mechanism for monitoring the programme-OMMS remained inoperative.

3.2.8.16 *Unsatisfactory Quality Control*

A three-tier Quality Control Mechanism was envisaged under the PMGSY. The PIU or the EE was the first tier to ensure quality, workmanship and specification. The State Quality Coordinator (SQC) at the State level was the second tier and was responsible for overseeing the functioning of the quality control mechanism within the State as well as follow up action on the reports of National Quality Monitors (NQM) engaged as Independent Monitors by NRRDA and functioning at the apex as the third tier of the Quality Control Structure. The State Government was also to set up Quality Control Units to carry out random tests.

The prime responsibility of NQM was to inspect the road works with particular reference to quality, to record their rating and to submit its report to NRRDA. The reports of the NQM were to be sent to the State Government for taking appropriate action within the specified time. The State Government was

to ensure that all the PMGSY road works are rated at least good during implementation and very good when completed.

Scrutiny of records revealed that State Government appointed SQC in August 2004 i.e, about three and half years after the start of PMGSY (December 2000). State Quality Monitors (SQM) were also appointed in April 2003 and March 2004. Delay in appointment of SQC and SQM affected inspection of road works of PMGSY adversely.

It was also seen during audit that although 433 road works had been rated below very good (out of 485 inspected) Action Taken Reports (ATRs) were submitted by the State Government in respect of 69 road works only. The remaining ATRs were not submitted by the PIUs/State Government.

3.2.9 Conclusion

PMGSY, launched in December 2000, failed to achieve the intended objective of connecting all rural habitations with a population of 1000 persons and above by the end of 2002-03 and its implementation in the State was beset with various shortcomings as is evident from the following:

- Annual targets were fixed too low. Against a requirement of 1,299 kms of all weather road for connecting 171 habitations having a population of 1,000 persons and above by March 2003, the target fixed for Phase I (2000-01) & Phase II (2001-02 & 2002-03) was 797.02 km only for covering habitations of 1000+/500+/250+, including upgradations. The achievement (409.48 km) against even this reduced target was 51.38 *per cent* only as of March 2005. Non-achievement of the programme targets deprived the targeted beneficiaries of the benefits like increase in agriculture incomes and productive employment opportunities.
- The slow progress resulted in utilization of Rs. 117.38 crore only (58.39 *per cent*) out of Rs. 201.04 crore received from Government of India as of March 2005.
- Change in the Programme Implementing Agency from PWD (Phase I) to URRDA for Phase II works (through a consultant) led to poor performance. Out of 99 sanctioned works, 42 only had been completed by March 2005.
- Appointment of a private agency as consultant was against the PMGSY guidelines and Government of India instructions. This led to avoidable payment of Rs. 1.86 crore and poor performance i.e. completion of only 43.43 *per cent* of Phase II work as of March 2005.
- Improper installation of computer systems for on-line management and monitoring of the programme at the District and State level resulted in insufficient monitoring of the programme implementation.

3.2.10 Recommendations

- Annual targets were too low and should be increased in order to achieve the objectives of the scheme.

- Delays in the award and execution of work should be reduced.
- Work should be executed in accordance with the approved provisions and specifications.
- Works should be awarded only after sanction of detailed estimates.
- Funds should be properly managed and utilized in accordance with PMGSY guidelines.
- On-line Monitoring and Management System and Quality Control Mechanism should be made more effective to ensure the desired output in the prescribed time-frame.

The matter was referred to the Government (December 2005); reply has not been received (February 2006).