

## CHAPTER - I

### PERFORMANCE AUDIT

#### FOREST AND ENVIRONMENT DEPARTMENT

##### 1.1 Afforestation and working of Compensatory Afforestation Fund Management and Planning Authority

###### Highlights

*The Department of Forests and Environment, Government of Jharkhand is responsible for implementation of the National Forest Policy, 1988 through various schemes. Though schemes for maintenance and development of natural forests were undertaken through afforestation activities, they met with limited success in the State due to irregularities in implementation. While sizeable areas of forest land were transferred for non-forest purposes, there was no concerted effort to compensate the loss through formulation and implementation of compensatory afforestation schemes, for which funds were available. The internal control system and monitoring were ineffective. The main audit findings are given below:*

Working Plans of only 18 out of 32 territorial divisions were prepared and approved by the Government of India. Delays in preparation/approval of Working Plans ranged between two and 14 years. Afforestation activities undertaken during 2004-09 by 11 divisions for Rs 51.67 crore without approved Working Plans, indicated unplanned implementation of afforestation programmes.

*[Paragraph 1.1.6.2]*

During 2004-09, out of the total allotment of Rs 927.84 crore, Rs 119.01 crore remained unutilised. Despite persistent savings under the Plan head, provision of supplementary grants of Rs 60.48 crore were made.

*[Paragraph 1.1.7.1]*

Expenditure of Rs 2.35 crore was incurred on sites and plots not approved by Government.

*[Paragraph 1.1.8.1]*

Plantations in 10,918.29 hectares, shown to have been executed at a cost of Rs 14.58 crore, were doubtful.

*[Paragraph 1.1.8.2]*

Non/delayed handing over of plantations to the respective territorial divisions by Social Forestry/Afforestation divisions resulted in loss of Rs 5.30 crore. Further, in one forest division, 883.85 hectares of plantations was handed over to territorial divisions without any survival report, rendering the expenditure of Rs 1.73 crore incurred thereon, doubtful.

*[Paragraph 1.1.8.4]*

**Plantations schemes taken up during 1997-2007 in 12,000 hectares and 16.52 km (linear plantations) for Rs 20.82 crore failed as the survival percentage of the plants ranged between zero and 59.60.**

*[Paragraph 1.1.8.5]*

**Remittances into the Compensatory Afforestation Fund Management and Planning Authority accounts were short by Rs 127.53 crore. Further, Rs 38.44 crore was still to be realised for diversion of forest land for non-forest purposes.**

*[Paragraph 1.1.9.1]*

**In three forest divisions, unauthorised use of 4,655.819 hectares of forest land for non-forest purposes resulted in non-recovery of Rs 368.41 crore in the form of Net Present Value, cost of Compensatory Afforestation and Penal Compensatory Afforestation.**

*[Paragraph 1.1.9.2]*

**In eight forest divisions, Rs 65.14 crore could not be realised due to non/short raising of demand or part-realisation of Net Present Value.**

*[Paragraph 1.1.9.3]*

**Though Rs 183.30 crore was realised between April 2004 and March 2009 on account of the cost of Compensatory Afforestation, no scheme for Compensatory Afforestation had been taken up by the department as of March 2009.**

*[Paragraph 1.1.9.4]*

**In two forest divisions, the cost of catchment area treatment and plantations on canal banks amounting to Rs 134.12 crore, had not been realised, though stipulated by the Government of India.**

*[Paragraph 1.1.9.7]*

### **1.1.1 Introduction**

The National Forest Policy, 1988, envisages forest and tree coverage of 33 *per cent* of the total geographical area of the country by 2012, for maintaining environmental stability. The State of Jharkhand, spanning over an area of 79,714 square kilometres (sq Km), has a forest cover of 23,605.47 sq Km, (29.61 *per cent*) of its geographical area. Afforestation is taken up in the State under various State and Centrally sponsored schemes with the objective of improving the productivity of forests, preserving areas rich in biodiversity, motivating the local community to plant more trees and optimising the use of land resources. The Department of Forest and Environment (DoF&E), Government of Jharkhand is responsible for management of forests, checking soil erosion, water conservation, conservation of wild life and pollution control, including restoration of ecological balance.

With a view to conserve the forests, minimise adverse environmental impact of developmental activities and threats to ecological stability, the Central Government enacted the Forest (Conservation) Act, 1980. The Act aims to regulate the indiscriminate diversion of forest land for non-forest uses and to maintain a logical balance between the developmental needs of the country and the conservation of natural heritage. The cost of conservation measures, realised in the form of Net Present Value (NPV), cost of Compensatory

Afforestation (CA) *etc.* are borne by the user agencies. The amounts so realised are to be placed under the Compensatory Afforestation Fund Management and Planning Authority (CAMPA).

### **1.1.2 Organisational set up**

The Secretary is the administrative head of the DoF&E. There are three Principal Chief Conservators of Forests (PCCsF) who are the technical advisors to the State Government. They are assisted by three Additional Principal Chief Conservators of Forests (Additional PCCsF), seven Chief Conservators of Forests (CCsF) and five Regional Chief Conservators of Forests (RCCsF). In addition, there are 32 Conservators of Forests (CsF) and 62 Divisional Forest Officers (DFOs) to assist in efficient management and control. A forest division is subdivided into ranges which are headed by Range Officers. The ranges are divided into beats which are headed by Foresters while beats are further divided into sub-beats headed by Forest Guards.

### **1.1.3 Audit objectives**

The audit objectives were to assess whether:

- the planning process was in consonance with the objectives of afforestation and guidelines thereof;
- the funds allocated for execution of afforestation schemes were utilised economically and effectively;
- financial management under the CAMPA Fund was effective;
- mandatory conservation measures such as Compensatory Afforestation, Catchment Area Treatment *etc.* were carried out efficiently and effectively;
- the provisions of the Forest (Conservation) Act regarding afforestation were implemented efficiently and effectively and the conditions imposed by the Government of India were followed by the State Government and
- the internal controls in the department were adequate and effective.

### **1.1.4 Audit criteria**

The performance of the afforestation programme and the management of funds under CAMPA in the State were assessed with reference to the following:

- National Forest Policy, 1988, Indian Forest Act, 1927, Bihar Forest Rules and Forest Compendium;
- Bihar Financial Rules (as adopted by the Government of Jharkhand);
- Working Plans and Annual Plans of Operation of forest divisions; and
- Forest (Conservation) Act, 1980 and Rules and Guidelines issued thereunder.

### 1.1.5 Scope and methodology of audit

Performance audit was conducted between August 2008 and March 2009 in 33<sup>1</sup> out of 62 Forest Divisions, two<sup>2</sup> out of 32 offices of Conservators of Forest, one<sup>3</sup> out of three offices of Additional PCCsF and one out of three offices of the PCCsF for the period from 2004-05 to 2008-09. Samples with respect to the divisions were selected on random basis. Data/information collected through proforma and questionnaires from all test-checked divisions and other offices were also analysed. An entry conference was held with the Secretary, DoF&E on 9 January 2009. The Secretary, DoF&E was apprised of the audit objectives, scope and methodology of the review. Audit findings were reported to the Government in June 2009. An exit conference was held on 18 November 2009 with the Secretary, DoF&E, who agreed with the observations made in the review and assured that appropriate corrective measures in respect of the deficiencies pointed out therein would be taken.

#### *Audit findings*

### 1.1.6 Planning

Afforestation activities aim to increase tree plantations schemes to ensure ecological balance and meet the requirements of local people for forest produce. Plantations schemes<sup>4</sup>, under afforestation activities comprised Rehabilitation of Degraded Forest (RDF), Quick Growing Species (QGS), Soil Conservation (SC), Minor Forest Produce (MFP), Lac Development and Fuelwood and Fodder Project (FFP). These schemes were to be completed in four years<sup>5</sup> after which the plantations were required to be handed over to the respective territorial divisions for further maintenance and protection.

#### 1.1.6.1 Forest areas in the State

The status of forest areas in Jharkhand from 2001 to 2007 since the creation of the State is given in **Table-1**:

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<sup>1</sup> **Territorial Divisions:** Bokaro, Chaibasa, Chatra South, Daltonganj North, Deoghar, Dhalbhum, Dhanbad, Dumka, Garhwa North, Giridih, Godda, Gumla, Hazaribag West, Jamtara, Khunti, Kolhan, Latehar, Pakur, Porahat, Ranchi West, Saraikela and Simdega; **Social Forestry Divisions:** Adityapur, Chaibasa, Deoghar, Dumka, Garhwa, Hazaribag, Koderma and Simdega; **Wild Life Division:** Ranchi and **Afforestation Divisions:** Chaibasa and Chatra.

<sup>2</sup> Conservators of Forests, Core Area, Daltonganj and Conservator of Forest-cum-Director, Palamu Project Tiger, Daltonganj.

<sup>3</sup> Additional PCCF, Development, Jharkhand.

<sup>4</sup> **RDF:** Planting operations in degraded forests to increase the density/tree cover in degraded forest areas; **QGS:** Planting operations in open forests to meet commercial, industrial and domestic requirements; **SC:** Planting operations in open forests to check soil erosion; **MFP:** Planting operations in open forests by planting species of bamboo, sisal, tasar *etc.*; **Lac Development:** Planting operations in open forests by planting lac host plants and **FFP:** Planting operations in open forests to meet the requirement of fuelwood and fodder for people dwelling in villages.

<sup>5</sup> **1<sup>st</sup> year: advance work** - survey, demarcation, pit digging, fencing etc for plantations; **2<sup>nd</sup> year: completion work** - planting saplings grown in temporary/permanent nurseries, weeding, hoeing *etc.*; **3<sup>rd</sup> and 4<sup>th</sup> years: maintenance of plants** - weeding, hoeing, replacement of dead plants *etc.*

**Table-1: Status of forests in Jharkhand**

*(in square km)*

Year	Recorded Forest Area#	Dense Forest			Open Forest	Total (5+6)	Scrubs
		Very Dense Forest	Moderately Dense Forest	Total (3+4)			
1	2	3	4	5	6	7	8
2001	23605	11681	*	11681	10850	22531	976
2003	23605	2544	9076	11620	10949	22569	807
2005	23605	2544	9078	11622	10969	22591	733
2007	23605	2590	9899	12489	10405	22894	683

*Source: Reports of Forest Survey of India.*

*\* This classification was not there in survey of 2001.*

*# Details of differences between total recorded forest areas and areas of dense forest, open forest and scrubs were not available in the reports of the Forest Survey of India*

As compared to 2001, total dense forests showed a declining trend till 2003 and an increasing trend thereafter (in 2005, there was an increase of two sq Km and in 2007, 808 sq Km).

#### **1.1.6.2 Non/delayed preparation of Working Plans**

Afforestation schemes are guided by Working Plans (WPs) which are fundamental documents for execution of afforestation activities, drawn for each territorial division for a period of 10 years by the four Working Plan Circles<sup>6</sup> under Conservators of Forests (CsF) after undertaking field surveys. The WPs contain Annual Plans for conservation/protection of forest areas, improvement of degraded forests and reclamation of mined areas are to be approved by the Government of India (GOI). These also outline 'working areas' for afforestation in blank areas, degraded areas and 'protection and improvement' in areas with specific requirements. Further, the National Working Plan Code Procedure<sup>7</sup> provides for finalisation of a WP two years in advance of expiry of the existing plan and for management of forests, it provides for submission of control forms<sup>8</sup> by DFOs annually to the respective CsF within two months of the close of the control year<sup>9</sup>.

- Information collected from the Additional PCCF on WPs revealed that out of the 32 territorial divisions, WPs for only 18 divisions for various periods had been approved by GOI. In the remaining 14 divisions<sup>10</sup>, the preparation of new WPs was pending at various stages though WPs of these divisions had expired between 1994-95 and 2006-07. The delays in

**There were delays ranging between two and 14 years in preparation/approval of Working Plans**

<sup>6</sup> Conservators of Forests, Working Plan Circle, Chaibasa, Daltonganj, Hazaribag and Ranchi.

<sup>7</sup> A procedure which standardises the preparation and revision of Working Plans in order to provide Working Plan Officers a set of instructions and standing orders in a compact and convenient form.

<sup>8</sup> **Control Form 1:** List of deviations from prescriptions of Working Plans; **Control Form 2:** Felling provisions of the Working Plan for volume yield; **Control Form 3:** Detailed figures of volume yield and results of felling; **Control Form 4:** Control for area yield; **Control Form 5:** Control for cultural operations; **Control Form 6:** Record of cultural operations suggested but not prescribed and left to the discretion of the territorial staff; and **Control Form 7:** Plantations control.

<sup>9</sup> Control year is reckoned from July to June.

<sup>10</sup> Bokaro, Chaibasa North, Chaibasa South, Chatra North, Chatra South, Dhalbhum, Garhwa South, Giridih, Giridih Afforestation, Hazaribag East, Hazaribag West, Latehar, Ramgarh and Saranda.

Rupees 51.67 crore was spent on afforestation activities without Working Plans

preparation/approval of WPs ranged between two and 14 years.

- In six<sup>11</sup> out of 33 test-checked divisions, control forms, essential for preparation of the Working Plans, were not prepared.
- In 11<sup>12</sup> out of 33 test-checked forest divisions, afforestation activities were undertaken between 2004-05 and 2007-08, after incurring expenditure of Rs 51.67 crore without any WPs. The WPs of these divisions expired between 1994-95 and 2006-07.

The efficacy of the WPs of these divisions, prepared in the absence of control forms, was in doubt and execution of afforestation activities, without approved WPs, indicated unplanned implementation of afforestation schemes.

The Government, while accepting the audit observation, stated (November 2009) that for divisions having no approved WPs, action was being taken for preparation and approval of the same. Further, short term WPs were being formulated for the intervening period.

### 1.1.6.3 Non-demarcation of forest areas

According to Rule 11 of the Bihar Forest Rules, notified forest areas should be demarcated with the cadastral<sup>13</sup> map of the area.

In three<sup>14</sup> out of 33 test-checked forest divisions, out of 2.25 lakh hectares of notified forest land, only 1.81 lakh hectares were demarcated, leaving 44,095.39 hectares of such land non-demarcated and exposing these areas to unauthorised occupation.

The Government, while accepting the audit observation, stated (November 2009) that demarcation was under progress.

## 1.1.7 Financial Management

### 1.1.7.1 Financial position of the Department

The allocation of funds and expenditure incurred during 2004-09 were as given in **Table-2**.

**Table-2: Budget provisions and expenditure**

*(Rupees in crore)*

Year	Budget provisions (Plan + Non-Plan)	Supplementary grant	Total	Expenditure	Savings (Col. 4-5)	Percentage of savings
1	2	3	4	5	6	7
2004-05	176.75	5.73	182.48	159.63	22.85	13
2005-06	172.96	10.33	183.29	162.64	20.65	11
2006-07	196.57	8.77	205.34	176.27	29.07	14
2007-08	184.73	9.67	194.4	169.93	24.47	13
2008-09	196.83	25.98	222.81	200.84	21.97	10
<b>Total</b>	<b>927.84</b>	<b>60.48</b>	<b>988.32</b>	<b>869.31</b>	<b>119.01</b>	

Source: Budgets of the State Government and Finance Accounts.

<sup>11</sup> Bokaro, Core Area, Daltonganj, Deoghar, Giridih, Godda and Simdega.

<sup>12</sup> Chaibasa South, Chatra North, Chatra South, Dhalbhum, Garhwa South, Giridih, Hazaribag East, Hazaribag West, Latehar, Saraikela and Saranda.

<sup>13</sup> A village-wise map showing plot-wise status of forests.

<sup>14</sup> Giridih, Gumla and Jamtara.

Audit observed the following:

- The department could not spend the grants during 2004-09 and there were persistent savings ranging between 10 and 14 *per cent*. Despite this, provision of supplementary grants of Rs 60.48 crore were made, which was undesirable and showed laxities in budgetary control.
- The area covered (*Appendix-1.1*) under various afforestation schemes *viz.* Rehabilitation of Degraded Forest (RDF), Quick Growing Species (QGS), Soil Conservation (SC), Minor Forest Produce (MFP), Lac Development, and Fuel wood and Fodder Project (FFP) and the expenditure incurred on them during 2004-08 were as given in **Table-3**.

**Table-3: Area covered and expenditure incurred under various afforestation schemes**

(Area covered in hectares and amount in Rupees in crore)

Year	RDF		QGS		Soil Conservation		MFP		Lac Development		FFP		Total area covered	Total expenditure
	Area covered	Exp	Area covered	Exp	Area covered	Exp	Area covered	Exp	Area covered	Exp	Area covered	Exp		
2004-05	25030.90	40.07	6891.30	19.18	2546.82	6.27	7575.83	11.63	678.44	1.67	0.00	0.00	42723.29	78.83
2005-06	16789.73	39.50	2098.92	15.75	733.21	4.72	4716.82	11.62	115.44	1.27	0.00	0.00	24454.12	72.86
2006-07	11262.45	31.76	2935.83	11.97	4665.60	10.28	4985.19	11.09	2291.01	4.16	1522.50	4.16	27662.59	73.42
2007-08	0.00	15.46	0.00	6.37	0.00	4.92	8193.80	16.59	1200.48	5.37	344.15	3.22	9738.43	51.94
<b>Total</b>	<b>53083.08</b>	<b>126.79</b>	<b>11926.05</b>	<b>53.27</b>	<b>7945.63</b>	<b>26.19</b>	<b>25471.64</b>	<b>50.93</b>	<b>4285.37</b>	<b>12.47</b>	<b>1866.65</b>	<b>7.38</b>	<b>104578.43</b>	<b>277.05</b>

Source: Annual, physical and financial achievement reports prepared by DoF&E

#### 1.1.7.2 Funding of Centrally assisted schemes

Centrally assisted schemes, which include schemes for afforestation activities, wild life conservation *etc.*, are operated under two categories, *viz.* Centrally sponsored schemes with 100 *per cent* Central assistance and Central Plan schemes funded by both the Central and State Governments in ratios of 75:25 or 50:50. Details of funding in respect of Centrally sponsored schemes, are given in **Table-4**.

**Table-4: Allotment and expenditure under Centrally sponsored schemes**

(Rupees in crore)

Year	Centrally sponsored schemes			Central Plan schemes		
	Budget Allocation	Expenditure	Saving	Budget Allocation	Expenditure	Saving
2004-05	2.75	2.34	0.41 (15)	10.63	5.97	4.66 (44)
2005-06	2.55	0.65	1.90 (74)	9.83	4.42	5.41 (55)
2006-07	6.90	5.12	1.78 (26)	11.00	Nil	11.00 (100)
2007-08	5.45	2.50	2.95 (54)	10.30	2.67	7.63 (74)
2008-09	4.65	2.27	2.38 (51)	8.90	3.18	5.72 (64)
<b>Total</b>	<b>22.30</b>	<b>12.88</b>	<b>9.42 (42)</b>	<b>50.66</b>	<b>16.24</b>	<b>34.42(68)</b>

Source: State Budgets and Finance Accounts (Figures in bracket indicate percentage)

**The department failed to utilise Rs 43.84 crore under Centrally sponsored schemes during 2004-09**

From the tables it may be seen that during 2004-09, the department failed to utilise Rs 43.84 crore and there were savings ranging between 15 and 74 *per cent* under Centrally sponsored and Central Plan schemes. During 2006-07, the entire allotment of Rs 11 crore under Central Plan schemes, sanctioned for an elephant project, a sanctuary, a biological park *etc.* was not utilised due to stated reason of delayed release of Central grants. This indicated lack of commitment towards the objectives of the scheme.

### 1.1.7.3 Financial performance of divisions

Of 33 test-checked divisions, three divisions<sup>15</sup> failed to furnish complete information regarding allotment and expenditure during 2004-08. Out of Rs 355.53 crore (Plan: Rs 214.30 crore and Non-Plan: Rs 141.23 crore) allotted to 30 test-checked divisions<sup>16</sup>, Rs 346.89 crore (Plan: Rs 207.96 crore and Non-Plan: Rs 138.93 crore) was spent during 2004-08, resulting in surrender/lapse of Rs 8.64 crore (Plan: Rs 6.34 crore and Non-Plan: Rs 2.30 crore).

### 1.1.7.4 Non-utilisation of funds

Instances of failure to spend the available funds are discussed in the succeeding paragraphs.

- As per instructions of the State Government issued time to time, allotments to the divisions for plantations schemes are to be based on proposals submitted by the divisions after conducting surveys of the proposed sites as per the approved WPs of the divisions.

In four<sup>17</sup> out of 33 test-checked forest divisions, a total allotment of Rs 58.88 lakh was made during 2006-08, based on proposals of the divisions for plantations under various schemes covering 465 hectares. However, after receipt of the allotments, plantations sites covering 312 hectares were found to be unsuitable and Rs 41.60 lakh was surrendered. Thus, due to preparation of proposals without conducting proper surveys and ascertaining requirements, Rs 41.60 lakh could not be utilised.

- In two (Khunti and Social Forestry division, Dumka), out of 33 test-checked forest divisions, Rs 60.85 lakh, allotted between March 2005 and March 2008 for various plantations and other related development works during 2004-08, lapsed due to presentation of cheques at the fag end of the financial year.

Presentation of cheques at the fag end of the financial year resulted in lapse of allotment of Rs 60.85 lakh

**1.1.7.5** The system of Letter of Credit (LOC) was introduced (April 1984) as a measure of financial control over expenditure. LOCs were to be issued by their concerned Conservators of Forests on receipt of allotments to the divisions. In violation of the above system, in two forest divisions (Khunti and Simdega), LOCs for Rs 10.95 crore were issued between March 2006 and July 2007 by the Regional Chief Conservator of Forests, Ranchi, who were not authorised by the State Government to do so. Thus, it led to unauthorised drawal of money and defeated the purpose of introducing system of LOC.

Utilisation certificates for Rs 14.20 lakh, disbursed to 142 committees, were neither demanded by the divisions nor submitted by the committees

**1.1.7.6** Under the Integrated Forest Protection Scheme (75:25), fire protection measures were to be executed with the assistance of *Van Suraksha Samiti/Village Forest Management and Protection Committee/Eco-Development Committees* on payment of Rs 10,000 per committee. In seven

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<sup>15</sup> Territorial divisions: Dhalbhum and Khunti and Social Forestry, Simdega.

<sup>16</sup> **Territorial divisions:** Bokaro, Chaibasa South, Chatra South, Daltonganj North, Deoghar, Dhanbad, Dumka, Garhwa North, Giridih, Godda, Gumla, Hazaribag West, Jamtara, Kolhan, Latehar, Pakur, Porahat, Ranchi West, Saraikela, Simdega and Wildlife, Ranchi; **Social Forestry divisions:** Adityapur, Chaibasa, Deoghar, Dumka, Garhwa, Hazaribag and Koderma; **Afforestation divisions:** Chatra and Singhbhum.

<sup>17</sup> Chaibasa South, Hazaribag West, Kolhan and Porahat.



forest divisions<sup>18</sup>, during 2007-08, Rs 14.20 lakh was disbursed at the rate of Rs 10,000 per committee to 142 committees. However, utilisation certificates were neither demanded by the divisions nor submitted by the committees. In the absence of utilisation certificates, the genuineness of the advances and the actual work done could not be ascertained.

**Rupees 15.58 lakh was diverted for other purposes without obtaining orders of the competent authority**

**1.1.7.7** In four<sup>19</sup> test-checked forest divisions, it was noticed that during 2007-08, Rs 27.88 lakh was allotted for various plantations schemes/activities. Out of Rs 27.88 lakh, Rs 4.18 lakh and Rs 11.40 lakh were diverted for items not covered by the scheme by DFOs and the Additional PCCF respectively, without obtaining orders of the competent authority. Thus, expenditure of Rs 15.58 lakh was unauthorised.

**In violation of the financial rules, liability of Rs 13.17 lakh was created**

**1.1.7.8** Rule 8 of the Bihar Financial Rules, Vol-I prohibits any expenditure or creation of liability unless provided for in the budget. However, in three forest divisions, it was noticed that during 2007-09, liability of Rs 13.17 lakh in respect of afforestation works was created by spending more than the allotted funds (*Appendix-1.2*).

## **1.1.8 Plantations activities**

### **1.1.8.1 Unauthorised execution of plantations activities**

**Plantations involving an expenditure of Rs 2.35 crore were taken up on sites not approved by the Government**

- In 12 out of 33 test-checked forest divisions, plantations under different schemes, involving an expenditure of Rs 2.35 crore, were taken up on sites/plots other than those approved by the Government<sup>20</sup> (*Appendix-1.3*). The Forest Department stated that execution of the work was done as per actual site conditions. The reply is not acceptable as the sites on which the works were executed had not been approved by the Government.

**Expenditure of Rs 4.69 crore was incurred without preparation and approval of site specific plan**

- According to instructions issued by the Chief Conservator of Forests (Development), Jharkhand, Ranchi, (May and November 2002) execution of plantations schemes and entry point activities<sup>21</sup> were to be taken up only after obtaining approval of site-specific estimates by the respective Conservators of Forests. In violation of the above instructions, in six<sup>22</sup> forest divisions, during 2004-08, entry point activities and plantations schemes in 3,368.54 hectares, involving expenditure of Rs 4.69 crore, were taken up without preparation and approval of site-specific estimates.

The Government, while accepting the audit observation, stated (November 2009) that action was being taken to obtain *ex-post facto* sanction wherever site-specific estimates were not forwarded to the competent authority.

<sup>18</sup> Bokaro, Chaibasa South, Dhanbad, Latehar, Porahat, Ranchi West and Wildlife Ranchi.

<sup>19</sup> Dumka, Gumla, Jamtara and Porahat.

<sup>20</sup> Government's approval is accorded only after it is certified that (a) the proposed scheme was as per approved working plan; (b) the proposed sites/plots are as per approved working plan and (c) no afforestation has been carried out on the proposed sites during the last ten years.

<sup>21</sup> Entry point activities have been made an integral part of all plantations schemes to ensure people's co-operation in forestry activities and include creation of community assets and imparting training to improve the financial status of the local populace.

<sup>22</sup> Chatra (Afforestation), Chaibasa (S), Deoghar, Godda, Saraikela and Simdega.

**During 2005-07, expenditure of Rs 1.82 crore was incurred on plantations of banned species**

- With a view to conserving the environment, PCCF, Bihar and PCCF, Jharkhand imposed (March 1998 and December 2006 respectively) ban on plantations of acacia<sup>23</sup> trees in the State. Further, stern action was to be taken against the officers responsible for violating the orders. However, it was found that in violation of the above orders, in seven<sup>24</sup> forest divisions, during 2005-07, expenditure of Rs 1.82 crore was incurred on plantations of 10.98 lakh plants, purchase of 26.28 Kg of seeds and 1.24 lakh plants of acacia species under various afforestation schemes. No action was, however, taken against the erring officials.

#### **1.1.8.2 Doubtful execution of work**

As per instructions of the State Government issued time to time, allotments to the divisions for plantations schemes are to be based on proposals submitted by them after conducting surveys of the proposed sites as per the approved WPs of the divisions. Expenditure on maintenance of plants is to be limited to the number of plants surviving during the third and fourth year of plantations. Excess amounts, if any, are to be surrendered. Audit observed the following:

**An expenditure of Rs 4.02 lakh on plantations in 37.88 hectares land was doubtful**

- In Dumka forest division, during 2007-08, allotment of Rs 9.86 lakh was shown as spent on advance works under MFP (Bamboo) scheme in 92.94 hectares in Upperbaskia village. However, as per the Area Demarcation Register,<sup>25</sup> the total notified forest area under Upperbaskia village was only 55.06 hectares. Thus, the work shown as executed in remaining 37.88 hectares for Rs 4.02 lakh was doubtful.

The Government, in its reply, stated (November 2009) that in Upperbaskia village, only 56 hectares of forest land was demarcated but plantations was done in 92.94 hectares as specified in the WP. The reply of the Government is not acceptable as the notified forest area available for plantations was only 55.06 hectares and plantations in the forest area over and above notified forest area is not possible.

**During 2004-08, execution of plantations schemes in 10,046.08 hectares at an expenditure of Rs 14.58 crore was doubtful**

- In 19 forest divisions, Rs 15.97 crore was shown to have been incurred on plantations in 10,918.29 hectares of land during 2004-08. However, the WPs of these divisions disclosed that the blank/degraded land available for plantations under the schemes was only 872.21 hectares. Thus, expenditure of Rs 14.58 crore on plantations in 10,046.08 hectares was outside the scope of the envisaged WPs (*Appendix-1.4*).

The Government, in its reply, stated (November 2009) that the WPs were too old and plantations work was done as per the present site situation and availability of blank areas. The reply is not acceptable as the sites/plots for plantations were selected from the approved WPs and were certified by the divisions.

- As per the instruction (July 2004) of RCCF, Ranchi, maintenance was to be done only on the basis of survival of plants. In Forest Division, Dumka,

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<sup>23</sup> A tree or shrub found in warm climates

<sup>24</sup> **Territorial divisions:** Chatra South, Deoghar, Dhanbad, Hazaribag West and Jamtara  
**Social Forestry divisions :** Hazaribag and Koderma.

<sup>25</sup> The register shows the details of notified forest areas and demarcated areas.

expenditure of Rs 8.71 lakh was shown to have been incurred on fourth year maintenance of 5,79,550 plants during 2007-08. Audit observed that 5,12,584 plants, i.e. 88 *per cent* had survived in the fourth year of plantations. The expenditure of Rs 0.99 lakh shown incurred on the maintenance of the remaining 66,966 dead plants was thus, doubtful.

The Government, in its reply (November 2009), accepted the percentage of survival of the plants and stated that the savings out of the funds provided for maintenance were utilised in grass-cutting and fire protection works. The reply is not acceptable as the entire expenditure was shown to have been incurred on fourth year maintenance of plants, which did not cover grass-cutting and fire protection works.

#### 1.1.8.3 *Wasteful expenditure on plantations*

- Social Forestry division, Dumka, revised the scope of a work to only 25 hectares after completion work on 50 hectares had already been done under the Soil Conservation scheme. The scope was revised due to non execution of maintenance works by a Range Officer in remaining 25 hectares. Failure of the department to complete the work within 50 hectares resulted in wasteful expenditure of Rs 6.14 lakh incurred on completion work (2005-06) in 25 hectares as the saplings would not survive for want of maintenance work. Fresh advance work would, therefore, be needed for planting saplings on this site in future and the objective of soil conservation would also not be fulfilled.
- In three<sup>26</sup> forest divisions, advance work under the Clonal Seed Orchard Scheme (2007-08 to 2011-12) in eight hectares was taken up during 2007-08 for Rs 7.69 lakh but no funds were provided for completion work. Thus, expenditure of Rs 7.69 lakh on the advance work became wasteful.

**Non-provision of funds for completion work resulted in wasteful expenditure of Rs 7.69 lakh**

#### 1.1.8.4 *Non/delayed handing over of plantations*

Plantations activities in forest areas are carried out by Afforestation, Social Forestry and Research divisions. In order to ensure further maintenance, protection and management of the plantations, they are to be handed over to the respective territorial divisions along with details of surviving plants, as funds for maintenance (after fourth year) are provided to the territorial divisions only. The PCCF, Jharkhand, instructed (October 2005) all the CCsF/Regional CCsF to ensure timely handing over of plantations after completion of the fourth year. Test check revealed instances of failure/delays in handing over of plantations and associated losses as discussed below:

- In three<sup>27</sup> test-checked divisions, plantations completed in 9,731.59 hectares between 1986 and 2003 were not handed over to the territorial divisions even after the lapse of two to 19 years, for which there were no reasons on record. The impact of non-maintenance of plants on survival percentage due to non-transfer of plantations could not be ascertained in audit as survival reports were not furnished by the divisions.

**Even after the lapse of two to 19 years, 9,731.59 hectares of plantations were not handed over to the territorial divisions**

<sup>26</sup> Bokaro, Giridih and Wild Life, Ranchi.

<sup>27</sup> **Social Forestry divisions:** Adityapur, Dumka and Simdega

**Delay in handing over of plantations resulted in avoidable loss of Rs 5.30 crore**

- In eight<sup>28</sup> test-checked forest divisions, 2.04 crore plants were planted in 14,312.52 hectares of forest land during 1997-2005. On the dates of completion of the schemes, the survival percentage ranged between 82 and 93. Though the plantations were required to be handed over to the respective territorial divisions between 2000 and 2008 for further maintenance and protection, they were actually handed over between January 2004 and November 2008, after delays up to seven years. The survival percentage, on the actual dates of handing over declined, ranging between 67 and 77 *per cent*. Due to delays in handing over of plantations, 31.40 lakh plants died on which Rs 5.30 crore had been spent (**Appendix-1.5**). This could have been avoided had the plantations been handed over on schedule to the territorial divisions for further maintenance after the fourth year.
- According to the instructions of the Department, plantations are to be handed over to the territorial divisions with the survival report. Scrutiny of records of the Simdega forest division revealed that the transfer of 2001-02 plantations on 1,007.50 hectares by the DFO, SF division, Simdega was refused (February 2006) by the DFO, Simdega Forest Division for want of a survival report. The survival report, when subsequently provided, showed that the plantations had failed. The same DFO, SF division, Simdega, while holding dual charge of both the Social Forestry and territorial divisions, handed over (October 2007) plantations of 883.85 hectares pertaining to periods between 1998 and 2004, without any survival reports. Handing over of plantations without any survival reports was in violation of the departmental instructions. In the absence of survival reports, it could not be ascertained whether the plantations survived or not. Given this backdrop, the transfer of plantations in the absence of survival reports was fraught with the risk of misappropriation of Rs 1.73 crore, incurred on the plantations.

#### **1.1.8.5 Failure of plantations**

**During 1997-2007, plantations carried out in 12,000 hectares and 16.52 km (linear plantations) at an expenditure of Rs 20.82 crore failed**

In 1998, survival of plants below 60 *per cent* was termed as failure of the plantations by CCF (Development) and responsibility was to be fixed for the same.

In 12<sup>29</sup> test-checked forest divisions, 1.74 crore plants were planted under various schemes in 12,000 hectares and 16.52 km (linear plantations<sup>30</sup>) during 1997-2007. The survival percentage of the plants, after completion of the schemes at an expenditure of Rs 20.82 crore ranged between zero and 59.60 (**Appendix-1.6**). In none of the cases was responsibility for failure of the plantations fixed by the department as of March 2009.

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<sup>28</sup> **Afforestation divisions:** Chaibasa and Chatra. **Social Forestry divisions:** Adityapur, Chaibasa, Dumka, Garhwa, Hazaribag and Koderma.

<sup>29</sup> **Territorial divisions:** Bokaro, Daltonganj (North) and Deoghar **Social Forestry divisions:** Adityapur, Chaibasa, Dumka, Garhwa, Hazaribag, Koderma and Simdega **Afforestation divisions:** Chaibasa and Chatra.

<sup>30</sup> Plantations along the roads.

**1.1.8.6 Status of permanent nurseries**

**Closure of 16 permanent nurseries due to incorrect assessment of requirements, resulted in infructuous expenditure of Rs 95.89 lakh besides loss of Rs 2.93 lakh on dead plants**

With a view to promote forestry, 156 permanent nurseries (PNs) in 176.108 hectares were established by the DoF&E under different forest divisions during 2000-03 at a cost of Rs 6.22 crore (Rs 3.53 lakh per hectare for 176.108 hectares).

In five<sup>31</sup> test-checked forest divisions, 18 PNs were established (2000-03) in 29.125 hectares at a cost of Rs 1.03 crore. Subsequently, from 2008-09, DoF&E made no provision of funds and decided (February 2008) to maintain these nurseries under the National Rural Employment Guarantee Scheme (NREGS). However, the district authorities accepted only two nurseries (four hectares) of rural areas under NREGS as the scheme was operative in rural areas only. The remaining 16 nurseries (25.125 hectares) in urban areas were closed due to improper site selection, adverse soil condition, non-availability of water and want of demand for plants. Incorrect assessment of requirement of PNs resulted in infructuous expenditure of Rs 95.89 lakh incurred on establishment of these nurseries. Further, due to non-maintenance, 1.87 lakh plants which were alive at the time of closure of nurseries, died, resulting in a loss of Rs 2.93 lakh.

**1.1.8.7 Fuelwood and fodder plantations not taken up for two years**

**Fuelwood and fodder plantations were not taken up for two successive years during 2004-06**

In Jharkhand, a large proportion of the population depends on forests for fuelwood and fodder. Plantations under the fuelwood and fodder scheme are carried out with the objectives of utilising the potential of forest resources for supplementing the source of subsistence of the people and minimising the cascading effect of population and cattle growth on forests.

Information furnished by PCCF, Jharkhand revealed that no funds had been provided for plantations under the fuelwood and fodder scheme during 2004-05 and 2005-06. However, Rs 9.18 crore was made available during 2006-08 for plantations in 1,866.65 hectares, of which, only Rs 7.38 crore was spent. Not taking up fuelwood and fodder plantations for two successive years reflected the department's apathy towards realisation of the objectives of the scheme.

The Government, while accepting the audit observation, stated (November 2009) that plantations had been taken up from 2006-07 onwards under the State Plan.

**1.1.8.8 Poor silvicultural operations**

Apart from execution of plantations schemes, one of the main objectives of the Forest Department is to create favourable conditions, by undertaking silvicultural activities<sup>32</sup> for progression of ecological succession<sup>33</sup> in areas where regression has set in and to improve the overall ecological succession. These activities also improve the general condition of health, growth and stocking of the principal species, augmenting the supply of timber and other

<sup>31</sup> **Territorial divisions:** Dhanbad and Giridih, **Social Forestry divisions:** Garhwa, Hazaribag and Simdega.

<sup>32</sup> Subsidiary felling, improvement felling, thinning, gridling of undergrowth, felling refuse, pruning etc. carried out for development of forest crops.

<sup>33</sup> The process by which a plant or animal community successively gives way to another until a stable climax is reached.

forest produce.

Scrutiny of annual progress reports revealed that during 2004-08, silvicultural activities on an area of 2,305.20 hectares were undertaken and expenditure of Rs 20 lakh was incurred (2005-06) on them, which was only 2.3 per cent of the total area covered (1,00,369.10 hectares) under plantations schemes during 2001-04. This indicated the department's lack of initiative towards undertaking silvicultural operations. Further, as per the existing plantations schemes, maintenance of plants was restricted to two years after completion work, whereas the compensatory afforestation schemes provided for maintenance for five years after completion work. The reasons for limiting the period of maintenance to only two years were not furnished by the department though called for by Audit. Non-maintenance of plants after two years and failure to undertake silvicultural operations could be one of the reasons for the low survival of plants (*paragraph 1.1.8.5 of this report*).

#### 1.1.8.9 Shortage of manpower

Shortage of manpower in the department *vis-à-vis* the sanctioned strength ranged between one and 54 per cent in various cadres during 2008-09 as given in the **Table-5**.

Compared to 2002-03, there was increased shortage of manpower during 2008-09 in lower formations

**Table-5: Sanctioned strength and men-in-position**

Designation	Sanctioned strength		Men-in-position		Shortage	
	2002-03	2008-09	2002-03	2008-09	2002-03	2008-09
Indian Forest Service	130	130	116	129	14 (11)	1 (1)
Jharkhand Forest Service	156	156	137	100	19 (12)	56 (36)
Range Officer of Forest	383	383	224	278	159 (42)	105 (27)
Forester	1056	1062	726	587	330 (31)	475 (45)
Forest Guards	3383	3883	2050	1788	1333 (39)	2095 (54)

Source: *Jharkhand at a Glance 2002-03 and 2008-09*

(Figures in bracket indicate percentage)

Further, the shortage, particularly in the lower formations in the field, increased in 2008-09 as compared to 2002-03. The shortage of manpower, especially in the field<sup>34</sup>, could be one of the reasons for failure of plantations and deficient management of forests in terms of protection and maintenance.

#### 1.1.9 Setting up of Compensatory Afforestation Fund Management and Planning Authority

The objective of the Forest (Conservation) Act, 1980, is to regulate the indiscriminate diversion of forest land for non-forest use and to maintain a logical balance between the developmental needs of the country and the conservation of natural heritage. In exercise of the powers conferred by the Environment (Protection) Act, 1986 and in pursuance of the Supreme Court's order of 30 October 2002, the Central Government constituted an authority known as the Compensatory Afforestation Fund Management and Planning Authority (CAMPA) to manage the flow of funds towards compensatory afforestation and to compensate the depletion of forests due to the diversion of

<sup>34</sup> Field staff comprising of Range Officers, Foresters and Forest Guards are primarily responsible for execution of plantations schemes, their maintenance and protection, silvicultural operations, prevention of grazing, encroachment and illicit felling of trees.

forest land for non-forest uses. Any money recoverable, in compliance of the conditions stipulated by the Central Government, while according approval<sup>35</sup> of diversion of forest land for non-forest purposes under Forest (Conservation) Act, 1980, would form part of the CAMPA Fund.

Approvals for diversion of forest land for non-forest purposes are accorded by GOI on fulfilment of stipulated conditions which include payment of net present value (NPV<sup>36</sup>), carrying out mandatory compensatory afforestation (CA), catchment area treatment (CAT<sup>37</sup>) in irrigation projects, creation of safety zones, reclamation of open areas in mining projects, strip plantations in case of highway projects etc. The cost of such measures are borne by the user agencies. It is the responsibility of DoF&E to ensure that no forest land is diverted in violation of the above mentioned procedure.

#### 1.1.9.1 Status of funds realised from user agencies to CAMPA

**Remittance to the CAMPA account was short by Rs 127.53 crore. Rupees 38.44 crore was still to be realised**

As per information furnished by DoF&E for the period from November 2002 onwards, 127 proposals for diversion of 8,749.13 hectares of forest land were approved by GOI. The position of land transferred, amounts of NPV, cost of CA etc. realisable from user agencies prior to November 2002 was not furnished by the department to Audit. The status of CAMPA Fund for the period prior to constitution of CAMPA and thereafter is given in the **Table-6**:

**Table-6: Status of CAMPA Fund**

Period	Area proposed for diversion	Amount realisable	Amount realised	Balance to be realised	Amount deposited in CAMPA Fund	Amount to be deposited in CAMPA Fund
	(in hectares)	(Rupees in crore)				
Prior to 15.11.2000	NA	NA	45.82	NA	Nil	45.82
15.11.2000 to 31.10.2002	NA	NA	6.83	NA	Nil	6.83
1.11.2002 to 31.3.2009	8749.13	993.84	955.40	38.44	880.52	74.88
<b>Total</b>				<b>38.44</b>		<b>127.53</b>

*Source: Department of Forest and Environment, Jharkhand*

Reasons for non-realisation of Rs 38.44 crore and non-remittance of Rs 127.53 crore were not furnished by the department, though called for by Audit.

Irregularities due to non-adherence to Government orders of November 1968, the Forest (Conservation) Act, 1980 and the guidelines of CAMPA, noticed in the test-checked divisions, are discussed in the succeeding paragraphs.

#### 1.1.9.2 Unauthorised utilisation of forest land for non-forest purposes

The Forest and Environment Department, Government of Bihar issued (November 1968) instructions for realisation of royalty and compensation at prescribed rates along with the price of land, as determined by the Revenue Department, in cases of transfer of forest land. Further, cases in which specific

<sup>35</sup> Government of India accords approval for diversion of forest land for non-forest purposes in two stages *i.e.* In-principle approval and Final approval.

<sup>36</sup> The present value of the land transferred.

<sup>37</sup> Catchment Area Treatment Plan: A plan for soil conservation measures in the catchment areas of an irrigation project to check soil erosion by taking up plantations and other measures.

Unauthorised use of 4,655.82 hectares of forest land for non-forest purposes resulted in loss of Rs 368.41 crore

orders for diversion of forest land were not issued by the State Government prior to October 1980, were also required to be referred to the GOI for approval.

In three<sup>38</sup> out of 22 test-checked territorial forest divisions, 4,655.82 hectares of forest land was taken up by the Irrigation Department and M/s Eastern Coalfields Ltd. between 1972 and 2003 for non-forest purposes without obtaining prior approval of GOI. The proposals for approval were either not submitted by the user agencies or submitted incomplete, with the result that 4,655.82 hectares of forest land was being utilised by the Irrigation Department and M/s Eastern Coalfields Ltd. without due authorisation. In the absence of GOI's approval, demands for dues could not be raised against the users of the said land, resulting in non-realisation of Rs 368.41 crore (NPV: Rs 334.83 crore, CA: Rs 31.41 crore and Penal CA: Rs 2.17 crore).

The Government, while accepting the audit observation, stated (November 2009) that demands would be raised after approval was accorded by GOI.

### 1.1.9.3 Non/short raising/realisation of Net Present Value

Under the provisions of the Forest (Conservation) Act, 1980, a Supreme Court judgement of October 2002 and orders issued by CAMPA in October 2006, NPV was to be determined between Rs 5.80 lakh and Rs 9.20 lakh per hectare depending upon the quality of forest, density of vegetation and types of species in the areas under diversion. These rates were applicable in cases where final approval<sup>39</sup> was granted on or after 30 October 2002, irrespective of the date of in-principle approval<sup>40</sup>. Accordingly, PCCF, Jharkhand worked out (February 2006) a formula<sup>41</sup> for calculating NPV which was prevalent as of March 2008. However, in the light of the Supreme Court's orders of March 2008, the rates were revised and fixed (varying from Rs 4.38 lakh to Rs 10.43 lakh per hectare) after classifying the forest land into six categories<sup>42</sup>. Irregularities noticed in respect of NPV are discussed in succeeding paragraphs.

- In two (Conservator of Forests, Core Area<sup>43</sup>, Daltonganj and Forest

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<sup>38</sup> Deoghar, Palamu (Tiger Project) and Simdega.

<sup>39</sup> Final approval is granted after fulfillment of the conditions stipulated under in-principle approval.

<sup>40</sup> In-principle approval is granted with imposition of certain conditions which includes realisation of NPV, cost of CA etc.

<sup>41</sup> NPV (per hectare) in Rupees = 5.8 + 1/3 [Quality (9.2-5.8) + Density (9.2-5.8) + Species (9.2-5.8)]. **Quality-** (a) Blank area with nil rootstock or exposed morrum/gravel: value-zero (b) Area supporting high forest: value-1 (c) Area other than falling in category (a) and (b): value- 0.5. **Density-** As per field inspection varying from 0 to 1. **Species standing on the land-** (a) For natural species-1 (b) For plantations- 0.5.

<sup>42</sup> **Eco-Class I:** Consisting of tropical wet evergreen forests, tropical semi-evergreen forests and tropical moist deciduous forests, **Eco-Class II:** Consisting of littoral and swamp forests, **Eco-Class III:** Consisting of tropical dry deciduous forests, **Eco-Class IV:** Consisting of tropical thorn forests and tropical dry evergreen forests, **Eco-Class V:** Consisting of sub-tropical broad-leaved hill forests, sub-tropical pine forests and sub-tropical dry evergreen forests and **Eco-Class VI:** Consisting of montane wet temperate forests, Himalayan moist temperate forests, Himalayan dry temperate forests, sub-Alpine forest, moist Alpine and dry Alpine scrub.

<sup>43</sup> Inviolable area in the Palamu tiger reserve for tiger habitat.



<p><b>Demands for NPV of Rs 61 crore were not raised even after the lapse of 10 to 11 years</b></p>	<p>Division, Gumla) out of 22 test-checked territorial forest divisions, GOI accorded in-principle/final approval<sup>44</sup> (between March 1997 and December 1999) for diversion of 883.30 hectares of forest land to three user agencies. However, even after lapse of 10 to 11 years, demands for NPV had not been raised. Thus, Rs 61 crore, due to the Government, remained unrealised.</p> <p>The Government, in its reply, stated (November 2009) that action was being taken for realisation of the dues in Gumla. However, no reply was furnished in the case of Core Area, Daltonganj.</p>
<p><b>Though demands were raised, Rs 1.33 crore for NPV and cost of CA remained unrealised</b></p>	<ul style="list-style-type: none"> <li>• In three<sup>45</sup> out of 22 test-checked territorial forest divisions, 173.41 hectares of forest land was diverted (March 2006 and February 2008) to three user agencies for non-forest purposes. Demands for Rs 2.27 crore on account of NPV and the cost of CA were raised between March 2006 and October 2008. However, Rs 1.33 crore remained unrealised as of March 2009.</li> </ul> <p>The Government, while accepting the audit observation, stated (November 2009) that Rs 75.64 lakh, pertaining to the Saraikela division, had since been realised and deposited into the CAMPA Fund while in other two cases, action was being taken for realisation.</p>
<p><b>Under-assessment of forest area and incorrect computation resulted in short-raising of demand by Rs 2.81 crore</b></p>	<ul style="list-style-type: none"> <li>• In five out of 22 test-checked territorial forest divisions, GOI accorded in-principle/final approval (between August 1998 and November 2008) for diversion of 264.186 hectares of forest land to six user agencies for non-forest purposes and demands of Rs 14.28 crore were raised between January 1999 and November 2008. Audit scrutiny revealed that under-assessment of forest areas and incorrect computations resulted in short-raising of demands by Rs 2.81 crore (based on the formula laid down by the PCCF) (<i>Appendix-1.7</i>).</li> </ul> <p>The Government, while accepting the audit observation, stated (November 2009) that revised demands had been issued to user agencies for realisation.</p>
<p><b>Though Rs 183.30 crore was realised, no scheme for compensatory afforestation had been taken up by the department</b></p>	<p><b>1.1.9.4 Compensatory afforestation</b></p> <p>In order to mitigate the adverse effects of diversion of forest land, the Central Government, while granting approvals under the Forest (Conservation) Act, 1980, stipulated carrying out of compensatory afforestation over equivalent land made available by the user agency or double the area of degraded forest land in case land was not made available by the user agency. The cost of such CA was to be borne by the user agency.</p> <p>Information furnished by PCCF, Jharkhand revealed that Rs 183.30 crore<sup>46</sup> was realised (between October 2002 and March 2009) on account of</p>

<sup>44</sup> In-principle approval: Upper Sankh Reservoir Scheme and Dhansing Toli Irrigation Scheme (Gumla Forest Division). Final approval: Horilong Underground Project (Core Area, Daltonganj).

<sup>45</sup> Gumla, Ranchi West and Saraikela.

<sup>46</sup> CA: Rs 65.81 crore, Penal CA: Rs 64.85 crore, safety zone plantations: Rs 5.11 crore, fencing and regeneration of safety zone: Rs 5.48 crore, wildlife: Rs 30.63 crore, strip plantations: Rs 9.18 crore and soil conservation: Rs 2.24 crore.

compensatory afforestation for diversion of 8,749.13<sup>47</sup> hectares of forest land (127 projects) but as of March 2009, not a single scheme for CA had been taken up by the department. No reply was received in this regard.

**Demand for cost of Compensatory Afforestation for Rs 1.84 crore was not raised even after lapse of 13 to 52 months**

**1.1.9.5 Non-raising of demand for compensatory afforestation**

Audit scrutiny revealed that in three<sup>48</sup> out of 22 test-checked territorial forest divisions, GOI accorded in-principle approval (between November 2004 and February 2008) for diversion of 144.152 hectares of forest land for non-forest purposes to three user agencies. The approval stipulated CA in 142.632 hectares of land and linear plantations in 15.21 km. However, demands for cost of CA for Rs 1.84 crore were not raised even after the lapse of 13 to 52 months.

The Government, in its reply, stated (November 2009) that Rs 1.22 crore pertaining to two cases (Godda and Saraikela) had since been realised.

**1.1.9.6 Loss of interest due to non-adherence to GOI's guidelines**

The Ministry of Environment and Forest (MoEF) issued (March 2004) a clarification that funds received from user agencies against CA, NPV, CAT plan etc. were to be kept as fixed deposits in nationalised banks in the name of the concerned Divisional Forest Officers or the Nodal Officers till CAMPA was constituted. Further, in May 2006, MoEF directed that the amounts lying with the DFOs/Nodal Officers should be deposited in the CAMPA Fund in a current account of Corporation Bank.

**Deposit of Rs 3.05 crore into the treasuries even after GOI's clarification resulted in loss of interest of Rs 3.98 lakh**

In two (Dhalbhum and Porahat) out of 22 test-checked territorial forest divisions, Rs 3.05 crore realised between March 1999 and March 2004 from four user agencies on account of NPV and CA was kept (April 2004) in the treasuries even after GOI's clarification. This resulted in loss of interest of Rs 3.98 lakh (calculated at the rate of six *per cent* for the period from April 2004 to May 2006).

The Government, while accepting the audit observation, stated (November 2009) that a proposal for withdrawal of the funds from the treasuries was under process.

**1.1.9.7 Non-raising of demand**

**Demand of Rs 129.04 crore could not be raised due to non-finalisation of Catchment Area Treatment plan**

While approving the proposals for transfer of forest land for non-forest purposes, GOI, apart from realisation of NPV/cost of CA, also imposes conditions for realisation of cost of Catchment Area Treatment (CAT), cess, canal bank plantations, roadside (avenue) plantations *etc.* from user agencies. However, in Saraikela forest division, GOI, while granting (August 2006) in-principle approval for diversion of 1,655.55 hectares of forest land to the Water Resources Department (WRD), Jharkhand for the Subernarekha Multipurpose Project, directed the State Government/user agency to submit a CAT plan. A CAT plan for Rs 129.04 crore was prepared by WRD and submitted to the DoFE in July 2007 for finalisation at their end. However,

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<sup>47</sup> Information regarding stipulated area on which CA was to be carried out was not furnished by the department. However, only the minimum area *i.e.*, total land diverted, had been taken into account.

<sup>48</sup> Bokaro, Godda and Saraikela.

even after the lapse of more than two years, the CAT plan was not finalised for onward submission to GOI for approval. Thus, due to non-finalisation of the CAT plan by DoFE, Government of Jharkhand, the demand for Rs 129.04 crore could not be raised.

**Demand for Rs 5.08 crore for plantations was not raised though stipulated by GOI**

The above approval of GOI also stipulated realisation of cost of plantations along the reservoir area and canal banks (656.82 hectares). However, even after the lapse of 34 months, no demand was raised for Rs 5.08 crore (calculated for QGS plantations at the rate of Rs 77,374 per hectare).

The Government, in its reply, stated (November 2009) that GOI, while granting Stage-1 approval, had only directed the department to submit the CAT plan and not to realise the cost of CAT while in case of the canal bank plantations, the excess amount (Rs 17.84 crore) deposited against NPV by the user agency was to be utilised for canal bank plantations. The reply is not acceptable as no reasons were given for the failure to submit the CAT plan to GOI for approval because of which the demand could not be raised.

### 1.1.10 Internal control

Every department is required to institute appropriate internal controls for its efficient and effective functioning by ensuring the enforcement of laws, rules and departmental instructions. Internal control helps in creation of reliable financial and management information systems for prompt and efficient services and adequate safeguards against deviations from organisational goals and objectives. The succeeding paragraphs bring out cases of non-observance of the prescribed internal controls.

#### 1.1.10.1 Non-maintenance of basic records

**Basic records like plantations journals, pit registers, quarterly reports etc. were not maintained**

- For proper verification of afforested areas and recording of the survival rates of the plants by the higher authorities, the department issued vague instructions in November 2000 to maintain plantations journals, pit registers *etc.* in range offices and details of plantations in the divisions. However, in seven test-checked divisions<sup>49</sup>, plantations details were not being maintained.
- According to departmental instructions issued in January 2008, quarterly reports regarding monitoring of the stipulated conditions<sup>50</sup> in respect of approvals made by GOI under the Forest (Conservation) Act, 1980 were to be prepared by the divisions for onward submission to the higher authorities. However, no such quarterly reports had been prepared in seven test-checked divisions<sup>51</sup>.

#### 1.1.10.2 Internal audit and vigilance mechanism

**During 2004-09, only seven offices were audited by the Finance Department. The Vigilance Section remained non-functional**

The department did not have an internal audit wing of its own. The internal audit wing of the Finance Department was responsible for internal audit of DoF&E. It was, however, noticed that no targets were fixed for audit of DoF&E and only seven out of a total of 112 offices were audited by the

<sup>49</sup> Bokaro, Dhanbad, Field Director, Project Tiger Circle, Palamu and Deoghar, Giridih, Gumla and Khunti.

<sup>50</sup> Conditions stipulated by GOI for realisation of NPV, cost of CA/ penal CA etc.

<sup>51</sup> Bokaro, Field Director, Project Tiger Circle, Palamu and Deoghar, Khunti, Project Area, Palamu and Godda and Simdega Core Area.

Finance Department during 2004-09. This indicated an ineffective internal audit mechanism in the department. Further, a Vigilance Section existed under the direct charge of the PCCF which was to look after personal complaints made against departmental officers. Scrutiny revealed that no work had been entrusted to this section, which remained non-functional during the period under review.

#### **1.1.10.3 Monitoring**

Monitoring by higher officials of the various schemes of afforestation and other allied activities undertaken by the divisions is essential for proper execution of plantations schemes and achievement of desired results. Non-maintenance of the required records, failure to monitor plantations and upkeep activities and inadequate functioning of internal audit and vigilance wings in the department indicated that the monitoring system in the department was not satisfactory.

#### **1.1.11 Conclusion**

Implementation of various afforestation schemes/activities met with limited success in the State due to non-preparation of Working Plans, non-adherence to the provisions made under Financial Rules, irregularities in implementation of afforestation schemes, improper selection of sites, plantations of banned species and high mortality rates in the plantations. The available funds were not being fully utilised and the supplementary grants remained totally unutilised. The fuelwood and fodder plantations scheme was a picture of neglect as no plantations was undertaken during 2004-05 and 2005-06. While a sizeable amount of forest land was transferred for non-forest purposes, there was no concerted effort to compensate the losses through formulation and implementation of compensatory afforestation schemes for which funds were available. Net Present Value and cost of compensatory afforestation were not always raised and realised. The internal control system and monitoring were not effective.

#### **1.1.12 Recommendations**

The Government may consider the following:

- Timely preparation, approval and adherence to Working Plans along with demarcation of forest land after conducting proper surveys;
- Preparation of budget estimates as per the provisions of the Budget Manual after due assessment of the requirement of afforestation activities and ensuring the utilisation of funds;
- Preparation of need-based and time-bound programmes for afforestation with particular emphasis on fuelwood and fodder plantations and silvicultural operations;
- Preparation of a proper data base for CAMPA Fund management, preparation of compensatory afforestation schemes and development of infrastructure to compensate for the loss of forest cover due to diversion of forest land; and
- Strengthening internal controls and the monitoring mechanism.

## HEALTH, MEDICAL EDUCATION AND FAMILY WELFARE DEPARTMENT

### 1.2 National Rural Health Mission

#### *Highlights*

*The National Rural Health Mission was launched by the Government of India in April 2005. It aimed at strengthening rural health care institutions by provision of infrastructure facilities and funds. A review of the implementation of the National Rural Health Mission in the State revealed improvements in flow of funds to rural health institutions and better health awareness among the rural population. However, deficiencies like absence of a Perspective Plan, lack of surveys, insufficient infrastructure, lack of community participation, inadequate budgetary provisions, insufficient medicines, equipment and human resources were noticed.*

**The State Health Mission was not constituted. The Jharkhand Rural Health Mission Society, though constituted, failed to integrate the five societies set up for implementation of various disease control programmes.**

*[Paragraph 1.2.6.1]*

**Baseline surveys, essential for identifying the health care needs of the people, were not conducted. The Perspective Plan and village, district and block level Annual Plans were not prepared, which defeated the aim of decentralised planning.**

*[Paragraphs 1.2.6.3, 1.2.6.4 and 1.2.6.5]*

**Twenty nine to 64 per cent of available funds remained unutilised during 2005-09.**

*[Paragraph 1.2.8.1]*

**Vaccine Deep Freezers and Portable Vaccine Carriers (PVCs) worth Rs 10.43 crore were purchased without ensuring the basic facilities required for operations.**

*[Paragraph 1.2.9.1]*

**Medicines worth Rs 2.66 crore were purchased without floating tenders while medicines costing Rs 6.20 crore were purchased from debarred firms.**

*[Paragraphs 1.2.9.3 and 1.2.9.7]*

**Inadequate infrastructure facilities at health centres ranged between three to 99 per cent.**

*[Paragraph 1.2.10.2]*

**In Primary Health Centres, the shortage of doctors, pharmacists and staff nurses was 49, 87 and 94 per cent respectively. Further, no training was imparted to medical and para-medical staff during 2005-07.**

*[Paragraphs 1.2.12 and 1.2.12.1]*

**Inflated data was furnished by the department, by reporting that 29.58 lakh and 26.40 lakh children were given BCG and measles injections respectively while the number of total live births was only 12.82 lakh children during 2005-09.**

*[Paragraph 1.2.16.1]*

**Internal audit and vigilance mechanism were not established by the department to examine and evaluate the performance of the programme.**

*[Paragraphs 1.2.18.4 and 1.2.18.5]*

### **1.2.1 Introduction**

The National Rural Health Mission (NRHM) was launched by Government of India (GOI) in April 2005 throughout the country with a special focus on 18 States. The Mission aimed at providing accessible, affordable, accountable, effective and reliable health care facilities in rural areas by reducing the infant and maternal mortality rates, stabilising the fertility rate of the population and preventing and controlling communicable and non-communicable diseases including locally endemic diseases by involving the community in planning and monitoring. The key strategy of the Mission was to bridge gaps in health care facilities, facilitate decentralised planning in the health sector, provide an overarching umbrella to the existing programmes of Health and Family Welfare including Reproductive and Child Health II and various disease control programmes. It sought to provide health to all in an equitable manner through increased outlays, horizontal integration of existing schemes, capacity building and human resource management. It addressed the issue of health in the context of a sector-wise approach encompassing sanitation and hygiene, nutrition etc. as basic determinants of good health and advocated convergence with related social sector departments such as Women and Child Development, AYUSH<sup>52</sup>, Panchayati Raj *etc.*

### **1.2.2 Organisational set up**

At the State level, NRHM was to function under the overall guidance of the State Health Mission (SHM), headed by the Chief Minister. The activities under NRHM were to be carried out through the State Health and Family Welfare Society (SHFS), to be formed by integrating all the five societies<sup>53</sup> set up for the implementation of various disease control programmes. The Secretary, Health, Medical Education and Family Welfare Department (HMFWD), Government of Jharkhand, was the Executive Head of the Jharkhand Rural Health Mission Society (JRHMS), constituted on 25 October 2007, which was assisted by five State level societies.

At the district level, Civil Surgeon-cum-Chief Medical Officers (CS-cum-CMOs) were the nodal officers, who were assisted by Additional Chief Medical Officers (ACMOs) and District Societies related to Reproductive and Child Health (RCH), Malaria, Leprosy, Tuberculosis (TB) and Blindness Control. Medical Officers in-charge of Primary Health Centres (PHCs) and Auxiliary Nursing Midwives (ANMs) were responsible for implementation of NRHM at the PHC and Health Sub Centre (HSC) levels respectively.

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<sup>52</sup> Ayurvedic, Yoga, Unani, Siddha and Homoeopathy.

<sup>53</sup> State Reproductive and Child Health (RCH) Society, State Leprosy Control Society, State Blindness Control Society, State Malaria Control Society and State TB Control Society.

### 1.2.3 Audit objectives

The objectives of performance audit were to assess whether:

- the planning at the village, block, district and State levels were adequate;
- the assessment, release and utilisation of funds were efficient and effective;
- capacity building and strengthening of physical and human infrastructure were as per the Indian Public Health Standards (IPHS);
- the systems and procedures of procurement and distribution of medicines and services were cost-effective and efficient and ensured improved availability of drugs and services;
- the performance indicators and targets fixed especially in respect of reproductive and child health care, immunisation and disease control programmes were achieved; and
- proper monitoring and evaluation procedures existed to ensure effective and reliable health care.

### 1.2.4 Scope and methodology of audit

The performance audit of the scheme for the period 2005-09, was conducted during May to September 2008 and June 2009. The coverage included test check of records of the Secretary, HMFWD, five State level societies, six districts<sup>54</sup> including five district level societies<sup>55</sup> in each district, three referral hospitals (RHs)<sup>56</sup>, 18 PHCs<sup>57</sup>, 27 Additional Primary Health Centres (APHCs)<sup>58</sup> and 72 HSCs<sup>59</sup> in selected districts (*Appendix-1.8*).

An entry conference was held with the Secretary, HMFWD on 25 March 2008, during which the audit objectives, audit criteria and methodology were discussed. An exit conference was held with the Secretary, HMFWD on 13 November 2009, during which the audit findings along with recommendations were discussed.

### 1.2.5 Audit criteria

The audit criteria adopted for arriving at the audit conclusions were the following:

- the GOI framework on implementation of NRHM,

<sup>54</sup> Dhanbad, Dumka, Gumla, Hazaribag, Ranchi and Sahebganj selected by using Probability Proportional to Size with Replacement (PPSWR) method with grants released to the District Reproductive and Child Health (RCH) Societies taken as a size.

<sup>55</sup> District RCH Society, District Malaria Control Society, District Leprosy Control Society, District TB Control Society and District Blindness Control Society.

<sup>56</sup> Barhait in Sahebganj, Jarmundi in Dumka and Sisai in Gumla.

<sup>57</sup> In each sampled district, two PHCs under rural blocks and one PHC under an urban block were selected using the Simple Random Selection without Replacement (SRSWOR) method. In Gumla, three rural PHCs were selected.

<sup>58</sup> In each sampled block, two APHCs, if existing, were selected.

<sup>59</sup> In each sampled PHC, four HSCs were selected using the SRSWOR method.

- Guidelines and instructions issued by GOI for various components, disease control programmes, financial aspects, etc.,
- Circulars issued by GOI, containing directions for NRHM activities,
- Orders and instructions issued by the State Government,
- IPHS norms for physical and human resource infrastructure development.

### 1.2.6 Planning

NRHM aimed at decentralised planning and implementing arrangements to ensure need-based and community-owned health Action Plans which would form the basis for intervention in the health sector. NRHM focused on the village as an important unit for planning. Deficiencies noticed in planning for implementation of NRHM are discussed in the succeeding paragraphs.

#### 1.2.6.1 State Health Mission and State Health Society

**The Jharkhand Rural Health Mission Society failed to integrate the five societies set up for implementation of various disease control programmes**

As stated earlier, at the State level, NRHM was to function under the overall guidance of the State Health Mission (SHM), headed by the Chief Minister. The activities under the Mission were to be carried out through the State Health and Family Welfare Society (SHFS), to be formed by integrating all the five societies set up earlier for the implementation of various disease control programmes. The committee for the SHM was not constituted in the State. The Jharkhand Rural Health Mission Society (JRHMS), though constituted and registered (October 2007) to function as the SHFS, failed to integrate these five societies.

#### 1.2.6.2 District Health Societies and District Health Missions

District Health Societies (DHS) were to be constituted in each district by merging all the existing district level societies. A District Health Action Plan (DHAP) was to be prepared annually by 30 October by the DHS and approved by the District Health Mission (DHM). Audit observed that DHSs had been set up in all the test-checked districts without merging the district level societies but DHMs had not been constituted in any of the test-checked districts as of March 2009.

#### 1.2.6.3 Baseline surveys

**Baseline surveys were not conducted to assess the health care needs of the rural people**

According to NRHM guidelines, 50 *per cent* of baseline surveys (household and facility surveys) were to be completed by 2007 and 100 *per cent* by 2008, to identify the health care needs of the rural people. Village Health Committees (VHCs) were required to validate the survey reports. However, it was found that

- household surveys essential to assess the health care requirements and identify underserved/unserved areas were not conducted in the State.
- in order to set up a benchmark for quality services, identification and utilisation of input needs, facility<sup>60</sup> surveys were to be conducted with the assistance of PHC/APHC/HSC, Anganwadi Worker (AWW) and Non Government Organisations (NGOs) selected for the purpose. The State Reproductive and Child Health Society collected (2006-08) information in

<sup>60</sup> Specialist services, manpower, investigating facilities, equipment, other infrastructure *etc.*



respect of the facilities directly from the concerned PHCs without involving AWWs and NGOs. Information was also not got validated by VHCs. Thus, the information collected was not reliable.

#### **1.2.6.4 Perspective Plan**

**Perspective Plan for the State was not prepared**

According to NRHM guidelines, DHS and SHS were responsible for preparation of Perspective Plans for the entire Mission period (2005-12) to identify the financial and physical targets for each year. Audit scrutiny revealed that though District Perspective Plans were prepared by all the test-checked districts (except Ranchi), the Perspective Plan for the State had not been prepared.

#### **1.2.6.5 Annual Plans**

**Programme Implementation Plans for 2005-07 were not prepared, though Rs 1.10 crore was provided by GOI for the purpose. Further, submission of PIP for 2008-09 was delayed by 95 days**

The NRHM framework stipulated that a Programme Implementation Plan (PIP) for the State should be prepared annually by 30 November by SHS, by consolidating the DHAPs, for submission to the National Programme Coordination Committee<sup>61</sup> (NPCC) for its approval.

Audit noticed that DHAPs were not prepared by the districts. The PIPs for 2005-07 were also not prepared although Rs 1.10 crore was made available (2006-07) by GOI for this purpose. SRCHS prepared a PIP for 2007-08 without DHAPs, following which, the NPCC pointed out serious deficiencies<sup>62</sup> in it. Submission of the PIP for 2008-09, scheduled for 15 December 2007, was delayed by 95 days.

Besides, Health Action Plans were also not prepared in any of the villages and blocks in the test-checked districts.

### **1.2.7 Community participations and involvement of NGOs**

#### **1.2.7.1 Planning and Monitoring Committees**

NRHM envisaged constitution of planning and monitoring committees at the PHC, block, district and State levels. However, these were not constituted at any level, leading to ad hoc interventions instead of planned ones under the Mission.

#### **1.2.7.2 Village Health Committees**

The village being an important unit for planning, Village Health Committees (VHCs) were required to be formed for analysing health problems, maintaining village health records, preparing village health plans, promoting intersectoral integration etc. Thirty *per cent* were to be set up by December 2007 and 100 *per cent* by December 2008, involving representatives from PRIs/Legislature, NGOs, CBOs.<sup>63</sup>

Against the requirement of 32,615<sup>64</sup> VHCs, 29,822 VHCs were formed in the

<sup>61</sup> A committee at national level to monitor the implementation of NRHM.

<sup>62</sup> (1) Outcome targets not provided for SC/ST, (2) Targets for post-partum care and children under five years receiving all doses of Vitamin A not fixed, (3) Quarter-wise targets for different maternal health trainings not set up, (4) Strategies not provided for scale up, resources and level of interventions for improvement in coverage of three ANCs, safe deliveries, TT immunisation, reproductive health morbidity *etc.*

<sup>63</sup> Community Based Organisations.

<sup>64</sup> Total number of villages in the State.

Village Health Committees could not utilise Rs 58 lakh

State during 2007-09. In six test-checked districts, 8,973 VHCs had been constituted in 11,629 villages as of December 2008. Further, representatives from PRIs/Legislature and NGOs/CBOs were not included in the VHCs. A total of 580 VHCs in five districts<sup>65</sup>, were found to be non-functional. As a result, Rs 58 lakh provided during 2007-08 to these VHCs (Rs 10,000 per VHC), as revolving funds, remained blocked.

### 1.2.7.3 ASHA/SAHIYA

Government introduced (April 2005) the SAHIYAs (female friends) in Jharkhand in line with "Accredited Social Health Activists" (ASHAs) who were to act as the interface between the community and the public health system, advise village population especially women and children about available health services and to escort patients to medical centres.

Audit observed that:

- against the requirement of 27,532 SAHIYAs in the State, 50,000 were sanctioned during 2007-08 and 40,758 were selected during 2005-08, resulting in excess selection of 13,226 SAHIYAs.
- neither District Nodal Officers (DNOs) nor Block Nodal Officers (BNOs) were appointed in any district who were to facilitate the selection of SAHIYAs with interaction with village community from women with formal education up to 8<sup>th</sup> class. In four test-checked districts<sup>66</sup>, verification of the SAHIYA profile disclosed that 1,757 SAHIYAs were selected during 2006-08 by relaxing the norms of formal education without interaction with the community.
- against the stipulated six modules of training to be imparted between December 2007 and April 2008 to SAHIYAs, only three modules of training<sup>67</sup> were imparted as of March 2009.
- Drug kits, though required to be distributed, were not procured and distributed as of March 2008. However, 27,134 drug kits were distributed in 2008-09.

Selection of ineligible persons, inadequate training and absence of drug kits would result in ineffective participation of SAHIYAs in health care for rural people.

### 1.2.7.4 Involvement of Non-Government Organisations

Sufficient participation of Non-Government Organisations was not ensured

Non-Government Organisations<sup>68</sup> (NGOs) were identified as vital participants in NRHM. Their services were to be utilised under various programmes<sup>69</sup>. Audit observed that though Rs 1.16 crore was provided (between September 2003 and March 2006) by GOI, selection of sufficient numbers of Mother NGOs, Service NGOs and Field NGOs for the various activities was not made. Details of the role of NGOs are given in **Appendix-1.9**.

<sup>65</sup> Bokaro, Chatra, Dumka, Lohardaga and Ranchi.

<sup>66</sup> Dumka, Hazaribag, Ranchi and Sahebganj.

<sup>67</sup> 1<sup>st</sup> module: 36,314, 2<sup>nd</sup> module: 36,526 and 3<sup>rd</sup> module: 5,238.

<sup>68</sup> Mother NGO (MNGO), Service NGO (SNGO) and Field NGO (FNGO).

<sup>69</sup> Reproductive and Child health, Information, Education and Communication, Revised National TB Control Programme, National Programme for Control of Blindness, National Vector-borne Disease Control Programme etc.

Thus, the contribution of NGOs in NRHM was limited and their potential remained unused.

### 1.2.8 Financial management

The funds for National Disease Control Programmes (NDCP) were to be routed through JRHMS. Scrutiny revealed that in violation of the above, funds were being released by GOI directly to the concerned five disease-control societies. Thus, the guidelines of NRHM were not being adhered to.

#### 1.2.8.1 Budget and expenditure

Government of India grants to the State were provided in two ways, *i.e.* through the State Finance Department and directly to the Societies.

Audit observed that:

- Out of Rs 708.74<sup>70</sup> crore available for the scheme during 2005-09, Rs 576.39 crore (81 *per cent*) was spent. The unspent balances ranged between 29 and 64 *per cent* (**Appendix-1.10**). Further, from 2007-08 onwards, Central and State Governments were to fund the Mission in the ratio of 85:15. However, only Rs 11.25 crore of Rs 17.27 crore (15 *per cent*) pertaining to 2007-08 was contributed in 2008-09 by the State Government.
- Scrutiny of detailed accounts revealed a total discrepancy of Rs 386.42 crore<sup>71</sup> between budgetary allotments and expenditure under the grants received from GOI and the Statement of Expenditure (SOE) of the department during 2005-08 (**Appendix-1.11**). This indicated deficient monitoring and budgetary control in the department.

**There was a total discrepancy of Rs 386.42 crore between budgetary allotments and expenditure incurred**

#### 1.2.8.2 Other financial irregularities noticed during test check

- According to the terms and conditions of the work order for installation of a hoarding, the State Leprosy Eradication Officer (SLEO) was required to make final payment after obtaining completion certificates from the concerned District Leprosy Eradication Officers (DLEOs). It was seen in audit that the SLEO irregularly made final payments of Rs 83.90 lakh (between June and July 2005), to an agency, for installation of a hoarding without obtaining a completion certificate from the concerned DLEOs.
- The Medical Officer in charge (MOIC), PHC Sadar, Dumka received (January 2008) an advance of Rs 1.95 lakh from the District Reproductive and Child Health (DRCH) Society for implementation of the pulse polio drive and the expenditure was booked without any supporting vouchers.
- Rupees 19.32 lakh provided to six private agencies for different purposes (**Appendix-1.12**) and temporary advances of Rs 8.82 lakh provided to officials of JRHMS (**Appendix-1.13**) remained unadjusted/unrecovered as of December 2008. In the District Blind Control Society (DBCS), Sahebganj, advance of Rs 19,400 provided (January 2006) to the Ex-District Programme Manager and Rs 42.97 lakh advanced (between

<sup>70</sup> Rs 8.47 crore+Rs 504.64 crore+Rs 195.63 crore = Rs 708.74 crore.

<sup>71</sup> Allotment: Rs 48726.10 lakh and Expenditure: Rs. 11019.88 lakh (as per GOI grant)  
Allotment : Rs 11548.43 lakh and Expenditure: Rs 9556.22 lakh (as per SOE)

2005 and 2009) under the Family Welfare Programme by ACOMO, Dhanbad to different PHCs (43 occasions) remained outstanding as of June 2009.

- In ACOMO, Sahebganj, while handing over charge, the then cashier did not hand over (January 2003) unadjusted vouchers for Rs 1.49 lakh and a temporary advance of Rs 0.88 lakh. The amount (Rs 2.37 lakh) remained outstanding/unadjusted as of June 2009.
- Under Information, Education and Communication (IEC) activities of NRHM, funds are provided for public awareness through advertisements. In violation of the provisions, SRCHS purchased 5,318 cycles for ANMs at Rs 1.28 crore<sup>72</sup> and the State Blindness Control Society (SBCS) purchased furniture worth Rs 6.11 lakh out of fund provided for IEC activities. Similarly, SLEO, Ranchi spent Rs 10.67 lakh towards payment for security provided for purchase of machinery and equipment.

### 1.2.8.3 Loss of interest

State Blindness Control Society kept Rs 5.87 crore in a current account

Grants-in-aid received were required to be kept in interest-bearing accounts of nationalised banks. The State Blindness Control Society, however, kept Rs 5.87 crore, received during 2005-08, in a current account, which resulted in loss of interest of Rs 15.79 lakh<sup>73</sup>.

Further, according to banking norms, the minimum balance remaining in savings bank accounts between 10<sup>th</sup> and 30<sup>th</sup>/31<sup>st</sup> of each month could only become eligible for earning interest. JRHMS transferred Rs 6.18 crore on different occasions from one bank to another between 19<sup>th</sup> and 27<sup>th</sup> of the months, resulting in loss of interest of Rs 18.04 lakh.

## 1.2.9 Purchase and store management

Portable Vaccine Carriers and Vaccine Deep Freezers worth Rs 10.43 crore were purchased without ensuring basic facilities required for the operation of these units

### 1.2.9.1 Purchase of technically deficient Portable Vaccine Carriers and Vaccine Deep Freezers

Government placed a proposal before GOI for purchase of Portable Vaccine Carriers (PVCs) with the justification that the equipment would strengthen the existing cold chain system in the State as the equipment was capable of functioning on multi-power sources including solar power and would not be dependent on electricity. Accordingly, GOI sanctioned and released Rs 10 crore (March 2005) for purchase of PVCs and Vaccine Deep Freezers (VDFs) to maintain the cold chain for carriage of potent vaccines as well as construction of rooms at the installation sites of the Vaccine Deep Freezers.

It was seen in audit that a laboratory test on the equipment conducted by the consultant, the Metallurgical and Engineering Consultants Ltd. (MECON), Ranchi, could not assess the life of the batteries and the length of time for which the temperature inside the unit could be maintained without power supply as the solar power pack was not made available to them for evaluation. Despite this, the Government purchased (May 2005) 130 VDFs and 268 PVCs from a private company, M/s Burke Products India, at a total cost of Rs 10.92 crore, including the cost of construction of 203 rooms for installation of VDFs

<sup>72</sup> Between November 2007 and June 2008.

<sup>73</sup> Interest calculated at the rate of 3.5 per cent per annum.

in 143 PHCs at the rate of Rs 98,500 each. Out of Rs 10.92 crore, the Agency was paid Rs 10.43 crore (between October and December 2005) and Rs 49.35 lakh was to be paid as of November 2009. It was seen that the VDFs did not work on solar power back up and the required temperature (-20° C) was also not achieved, resulting in formation of 40 ice packs against the capacity of 200 ice packs in 24 hours. Due to non-installation of VDFs, 72 sites developed at a cost of Rs 71 lakh, could not be utilised. It was also seen that 195 solar plates had been stolen from 53 PHCs during 2006-09 (up to May 2008). Besides, the Government did not enter into any Annual Maintenance Contract (AMC) for maintenance of these equipment in violation of GOI instructions.

Thus, the purchase of PVCs and VDFs without ensuring that they would work without electricity, the failure to enter into an AMC for maintenance and the failure to ensure security and safety of equipment at sites led to unfruitful expenditure of Rs 10.43 crore.

### **1.2.9.2 Injudicious purchases**

Without assessment of the requirements, on departmental instructions, State Leprosy Eradication Officer (SLEO) purchased 20 Tata Spacio vehicles, valuing Rs 69.25 lakh during 2005-06 from M/s Tata Motors. Similarly, SRCHS purchased 15 diesel generator (DG) sets costing Rs 26.70 lakh<sup>74</sup> during 2007-08, without any budgetary allocation<sup>75</sup>. Of these, nine DG sets were installed at PHCs where there was no requirement, resulting in unfruitful expenditure of Rs 16.02 lakh.

### **1.2.9.3 Purchase of medicines without tenders**

**Medicines/syringes worth Rs 2.66 crore were purchased without inviting tenders**

According to the procurement policy of the JRHMS, purchases should be made at Director General Supply and Disposal (DGS&D) rates or by floating tenders. It was noticed that in violation of the prescribed norms, SRCHS irregularly purchased medicines/syringes worth Rs 2.66 crore from six private firms between May and July 2005.

### **1.2.9.4 Unassessed, unauthorised, wasteful and infructuous purchases of medicines and stores**

In two (Dumka and Gumla) out of six test-checked districts, several instances of unassessed, unauthorised, wasteful and infructuous purchases of medicines and stores amounting to Rs 1.04 crore were noticed (*Appendix-1.14*).

### **1.2.9.5 Misappropriation of stores**

Instances of misappropriation of stores noticed during audit are discussed below:

- In four test-checked PHCs/APHCs<sup>76</sup>, several discrepancies in stores records were noticed like consumption of stores before issue/receipt, excess consumption and shortages worth Rs 0.54 lakh (*Appendix-1.15*).
- In Dumka, one Godrej almirah costing Rs 14,000 was supplied (September 2007) to APHC, Karamdih by Sadar PHC, Dumka. However, during joint

<sup>74</sup> At the rate of Rs 1.78 lakh per set.

<sup>75</sup> Funds were diverted from 'Sectoral Investment Plan Fund' meant for construction of warehouse and Untied Pool.

<sup>76</sup> PHC Sadar, Jama, Saraiyahat and APHC, Karmadih of Dumka district.

physical verification (August 2008) by Audit and the MO, PHC, Dumka, it was found that the centre had no building and was functioning under a tree. No almirah was found at the site.

- A computer supplied (April 2007) to Sadar PHC, Dumka by CS, Dumka, was stated (August 2008) to be missing. However, the MO, Sadar PHC neither lodged an FIR nor reported the matter to the higher authorities as of August 2008. However, at the instance of Audit, the matter was reported to higher authorities.
- Records of Referral Hospital, Sisai (Gumla) and Leprosy Training Hospital, Tetulmari (Dhanbad) revealed that medicine, stationery, furniture and furnishings worth Rs 14.83 lakh were purchased between March 2007 and March 2008 by the MO in-charge but were not taken into stock. This pointed towards doubtful purchase of the items.

#### **1.2.9.6 Non-imposition of penalty**

During 2006-07, supply of medicines to SRCHS was delayed by five to 80 days. However, penalty at the rate of one *per cent*, amounting to Rs 89.54 lakh, as per the purchase orders were not realised from the supplier.

#### **1.2.9.7 Purchase of medicines from a blacklisted firm**

Medicines valued at Rs 6.20 crore were irregularly purchased from a blacklisted firm

Medicines<sup>77</sup> valued at Rs 6.20 crore were purchased without quality testing by SRCHS during 2007-08, from M/s Endolabs Limited, Indore which had been blacklisted and debarred (between March 2006 and July 2007) by three States<sup>78</sup>.

#### **1.2.9.8 Supply of exposed drugs**

In the State Malaria/Filaria Control Society, 1.10 crore exposed DEC<sup>79</sup> tablets (100 mg) valuing Rs 54.75 lakh were supplied (March 2007) by M/s Carewell Pharma for Mass Drug Administration (MDA) and were not replaced, resulting in a loss to the Government. Further, in Sahebganj, 4.59 lakh exposed DEC tablets valued at Rs 2.29 lakh were supplied by an agency and accounts of 36,000 DEC tablets, valuing Rs 0.18 lakh, were not on record.

### **1.2.10 Capacity Building**

#### **1.2.10.1 Health care units**

There were shortfall in the number of CHCs/PHCs/HSCs in the State

Considering the rural population of Jharkhand (2.75 crore<sup>80</sup>), there were shortfalls in the number of CHCs/PHCs/HSCs, ranging between 45 and 100 *per cent* in comparison to NRHM norms<sup>81</sup> (*Appendix-1.16*).

<sup>77</sup> IFA and Mebendazole tablets.

<sup>78</sup> Gujarat, Rajasthan and Maharashtra.

<sup>79</sup> Diethyl carbamazine (DEC) tablets are given to the filaria patients under Mass Drug Administration

<sup>80</sup> According to the HMFWD Souvenir (*Swasthya ki Badalti Tasveer*, November 2007).

<sup>81</sup> One HSC for every 5,000 population (3,000 for tribal areas), one PHC/APHC for every 30,000 population (20,000 for tribal/desert areas) and one Community Health Centre (CHC) for every 1, 20,000 population (80,000 for tribal/desert population).

Audit further observed that:

- New PHCs/APHCs were not established during 2005-09. Further, as per the Jharkhand State Health Policy (June 2004), construction of 500 new HSCs each year and provision of Government buildings to all HSCs by the next seven years was prescribed. However, Government did not set up the required number of HSCs as of March 2009.
- On non-payment of house rent since 1999, the house owner seized the property and locked the APHC, Barapalasi, Dumka (June 2008). On being pointed out (August 2008) by Audit, an FIR was lodged against the owner (February 2009), but the seized materials were yet to be recovered (June 2009).
- In the absence of facilities like beds, medicines, equipment and personnel, the Referral Hospital, Tundi, Dhanbad remained non-functional since its construction.

### 1.2.10.2 Buildings

According to the timeline prescribed for NRHM, 30 *per cent* HSCs, PHCs and CHCs were to be strengthened/established up to IPHS standards by 2007. The Government did not frame any schedule for upgradation of the existing 3,947 HSCs, 515 PHCs/APHCs and 26 RHs. The Government proposed (February 2008) the construction of 7,910 new CHCs/PHCs/HSCs<sup>82</sup> during the Mission period (up to 2012). Of the above, 30 CHCs, 102 PHCs and 370 HSCs were to be constructed under NRHM. No new HSCs and PHCs were, however, constructed in the test-checked districts (March 2009), although Rs. 71 lakh was released to the districts during 2006-07, which remained unutilised as of March 2008.

Test check of three RHs, 45 PHCs/APHCs and 72 HSCs disclosed inadequate infrastructure facilities at health centres which ranged between two and 99 *per cent* (**Appendix -1.17**).

- In a joint physical verification, APHC and HSC, Karamdih in Dumka were found functioning on a cot and under a tree respectively with no doctor being present. No facility for storage of medicines and records was available (photographs below):



(APHC and HSC, Karamdih, Dumka were functioning with a cot and under a tree – L to R)

Deficient basic infrastructure posed serious challenges to the success of NRHM.

<sup>82</sup> CHC: 186, PHC: 1,005 and HSC: 6,719.

### 1.2.10.3 Medicines and Equipment

SRCHS and SLS failed to procure required medicines/equipment and hence, Rs 12.86 crore remained unutilised

As per IPHS norms, 55, 67 and 113 pieces of equipment were required for each HSC, PHC and CHC respectively (*Appendix-1.18*). GOI released (between April 2005 and March 2008) Rs 20.16 crore to SRCHS and the State Leprosy Control Society (SLCS) for procurement of drugs and equipment. Out of the amount released, Rs 12.86 crore (64 per cent) remained unutilised, reasons for which were not on record. Test check of RH/PHC/APHC/HSCs of selected districts revealed acute shortage of required equipment and non-availability of buffer stock of medicines. Failure to procure equipment and drugs defeated the objectives of NRHM.

### 1.2.11 Services and Facilities

#### 1.2.11.1 24 x 7 services

None of the PHCs/APHCs were providing 24 x 7 health services

As per NRHM guidelines, 24 x 7 services were to be provided in each PHC/APHC. It was observed that out of 515 PHCs/APHCs in the State, no PHC/APHC provided 24 x 7 health services except delivery services.

#### 1.2.11.2 In-Patient Services

During 2005-08, the bed occupancy rate was only 8 to 10 per cent and wards were in dilapidated condition

According to NRHM norms, PHCs/APHCs and Referral Hospitals were to have strength of six beds and 30 beds respectively. In six test-checked districts, indoor patient facilities were not available in the test-checked APHCs, whereas, in 18 PHCs, bed occupancy was 8 to 10 per cent between 2005-06 and 2007-08. In three<sup>83</sup> referral hospitals, bed occupancy was four to seven per cent during 2005-08. Further, there were no separate wards for men and women in any of the three test-checked RHs, 45 PHCs/APHCs.



(Inside view of dilapidated wards of PHC, Barharwa (Sahebganj), PHC, Bharno (Gumla) and APHC, Kenduadih (Dhanbad) L to R)

#### 1.2.11.3 Operation Theatres/Labour rooms

Health units lacked basic essential infrastructural facilities

- Out of 45 test-checked PHCs/APHCs, 67 per cent had no operation theatre (OT) facility and all the test-checked PHCs/APHCs lacked the equipment required for OTs.
- Out of 45 PHCs/APHCs and three RHs, labour rooms were available only in 38 per cent PHCs/APHCs. Labour rooms and minor OTs were not available in any of the test-checked HSCs.
- Joint physical verification (August 2008) of APHC, Kenduadih, Dhanbad revealed that the labour room constructed under the *Rashtriya Sam Vikas Yojana* was non-functional for want of a MO and facilities like water

<sup>83</sup> Barhait (Sahebganj), Jarmundi (Dumka) and Sisai (Gumla).



connection and electricity, despite expenditure of Rs 16.06 lakh having been incurred on the building, equipment and training of *Dai*<sup>84</sup>.

#### **1.2.11.4 Pathological/Blood storage facilities**

According to IPHS norms, pathological test facilities<sup>85</sup> were to be provided to rural people in each PHC and RH.

In 45 test-checked PHCs/APHCs, shortage of pathological test facilities<sup>86</sup> ranged between 56 and 98 *per cent* (**Appendix-1.19**). No blood storage facility was available in any of the test-checked RHs.

#### **1.2.11.5 Water Supply, Toilet and Waste Disposal**

Out of test-checked PHCs/APHCs and HSCs, 56 and 86 *per cent* respectively had no facility of water supply. In all the test-checked HSCs and 64 *per cent* of the test-checked PHCs/APHCs, there was no proper sewerage or waste disposal facility, thereby affecting the cleanliness of surroundings.

#### **1.2.11.6 Mobile Medical Units**

**Excess expenditure of Rs 9.94 crore incurred on purchase of Mobile Medical Units at higher rates**

Under NRHM, one Mobile Medical Unit (MMU) was to be provided in each district to serve outreach areas to make health care services available at the doorstep of rural people. The guidelines regarding MMUs had fixed the ceiling of capital cost as Rs 25.25 lakh<sup>87</sup> for each MMU.

Government purchased 24 MMUs with telemedicine facilities (vehicle model LP 1512, TC/59 of Tata Motors Ltd.) at a cost of Rs 16 crore (unit cost Rs 66.67 lakh) against the permissible cost of Rs 6.06 crore (Rs 25.25 lakh x 24 vehicles), resulting in excess expenditure of Rs 9.94 crore. Further, according to guidelines, MMUs were to contain two vehicles (one for staff and one for essential accessories). Instead, SRCHS purchased large single vehicle<sup>88</sup> which would not be able to ply in hilly, narrow and difficult areas.

Each vehicle was equipped with telemedicine facilities. In a meeting held (December 2007) for the telemedicine project<sup>89</sup>, the Government decided that telemedicine activities of the mobile vans would be finalised with the approval of Indian Space Research Organisation (ISRO). However, treatment through telemedicine facilities was yet to commence as approval of ISRO had not been obtained as of November 2009 for which no reasons were provided by the department.

<sup>84</sup> Female attendant helps in deliveries.

<sup>85</sup> 1) Routine urine, stool and blood tests, 2) Bleeding time, clotting time, 3) Diagnosis of RTI/ STDs with wet mounting, Grams stain, etc., 4) Sputum testing for tuberculosis (if designated as a microscopy centre under RNTCP), 5) Blood smear examination for malaria parasite, 6) Rapid tests for pregnancy / malaria, 7) RPR test for Syphilis/YAW surveillance, 8) Rapid diagnostic tests for Typhoid (Typhi Dot), 9) Rapid test kit for fecal contamination of water, 10) Estimation of chlorine level of water using ortho-toluidine reagent.

<sup>86</sup> Rapid test for pregnant women, diagnosis of reproductive tract infection (RTI)/sexually transmitted disease (STD), blood, urine, stool test *etc.*

<sup>87</sup> Vans for (1) staff (Rs 7.00 lakh), (2) Essential accessories (Rs 18.25 lakh).

<sup>88</sup> LP 1512 TC/59 of Tata Motors Limited.

<sup>89</sup> To introduce the facility of telemedicine by the medical experts irrespective of geographical location of the person in need.

### 1.2.12 Manpower Management

Efficiency and quality of health care services largely depend on the availability of an adequate number of qualified doctors, nurses and other categories of staff in health care institutions and their efficient management. The details of sanctioned strength, men-in-position and vacancies in the State, PHCs/APHCs and details of doctors who remained absent for long periods and were dismissed (June 2008) are given in *Appendices-1.20, 1.21 and 1.22* respectively.

#### 1.2.12.1 Training

According to the guidelines of NRHM, regular training to doctors, medical and para-medical staff was essential for upgradation of their skills.

**During 2007-08, training was imparted to only five and 39 per cent para-medical and medical staff respectively**

- No training was imparted to medical and para-medical staff during 2005-07. However, in 2007-08, training was imparted to only five *per cent* of para-medical staff and 39 *per cent* of MOs. During 2008-09, training to 31 *per cent* of the MOs was imparted.
- Government signed a Memorandum of Understanding (MOU) in March 2005, with the Xavier Institute of Tribal Education (XITE), Jamshedpur, for providing training to medical/para-medical staff from April 2005 to March 2008 and paid Rs 1.25 crore (between March and April 2005) for creating training facilities like residential facilities, training halls, computer rooms, conference halls, training schedules etc. for trainees. XITE also engaged the Tata Main Hospital (TMH), Jamshedpur to create training infrastructure. Accordingly, XITE and TMH, Jamshedpur created essential training infrastructure for providing trainings. However, despite requests (October 2006) from XITE and TMH, the SHS failed to send a single trainee up to June 2008. Meanwhile, the validity period of the MOU lapsed in March 2008, rendering the expenditure of Rs 1.25 crore wasteful.

### 1.2.13 Reproductive and Child Health

#### 1.2.13.1 Antenatal care

Under antenatal care (ANC), pregnant women were required to be provided three check-ups, TT doses and 100 IFA tablets besides regular monitoring of blood pressure, checking of weight (at least thrice during pregnancy), identification of high risk pregnancies, clinical assessment of anaemia and examination of urine. Shortcomings in providing ANC to registered pregnant women during 2006-09 were as given in **Table 7**:

**Table 7: Registered Pregnant women not provided ANC**

Year	Number of pregnant women registered for ANC	Registered pregnant women who received three check-ups	Pregnant women given TT2/booster doses	Pregnant women given 100 IFA tablets
2005-06	NA	NA	NA	NA
2006-07	98416	29971 (30)	38642 (39)	45793 (47)
2007-08	75485	47833 (63)	51601 (68)	80066 (106)
2008-09	508736	337191 (66)	493506 (97)	621791 (122)

*Source: Information from SRCHS. (Figures in bracket indicates percentage)*

There was a decreasing trend in women registered for antenatal care during

2006-08 but it increased during 2008-09.

### 1.2.13.2 Institutional deliveries

**Institutional deliveries of registered pregnant women decreased from 56 to 19 per cent during 2006-09**

NRHM provided for strengthening of maternal health services to ensure safe deliveries by promoting institutional deliveries. Institutional deliveries and skilled attendance at home deliveries, through services of HSCs, was to be encouraged in rural areas.

In the State, no targets were fixed for institutional deliveries during 2005-09. During 2006-09, institutional deliveries<sup>90</sup> decreased from 56 to 19 per cent in respect of registered pregnant women. This was in contrast to the increasing trend in institutional deliveries, before the launch of NRHM which ranged from 17.5 to 28.7 per cent from 1999 (NFHS<sup>91</sup>-II) to 2003 (NFHS-III). Further, during 2006-08, against 6.60 lakh child birth number of registered pregnant women was only 3.76 lakh, which indicated that objective of ensuring safe deliveries in rural areas was still to be encouraged.

In the test-checked districts, even three years after launch of NRHM, during 2005-09, the percentage of institutional deliveries against total deliveries was only 30 and of deliveries by untrained *Dais* about 13. Stillbirths also increased from 868 in 2005-06 to 1,811 in 2008-09.

The percentage of institutional deliveries in two districts,<sup>92</sup> Dumka and Sahebganj declined from 53 and 58 per cent (2005-06) to 39 and 37 per cent respectively as of March 2009.

The decreasing number of deliveries in HSCs and the increasing number of home deliveries without trained attendants was linked to the rate of maternal mortality. This was also confirmed in a report relating to the Maternal Mortality Rate (MMR) and Infant Mortality Rate (IMR) prepared (January 2009) by UNICEF, which stated that two-thirds of maternal deaths occurring in the State were due to inadequate neonatal/postnatal care and dependence of pregnant women on home deliveries.

### 1.2.13.3 Obstetric care

**In 36 PHCs/APHCs emergency obstetric care facilities were not available**

In the test-checked districts out of 39 PHCs/APHCs, emergency obstetric care facilities were not available in 36 due to absence of specialist doctors, non-functional operation theatres, lack of adequate infrastructure, supporting staff and blood storage facilities.

### 1.2.13.4 Janani Suraksha Yojana

To encourage institutional deliveries, the Centrally sponsored *Janani Suraksha Yojana* (JSY) scheme provided cash assistance to all rural pregnant women for undergoing institutional deliveries, immediately after registration and within 24 hours after their deliveries. In Jharkhand, JSY was renamed (2006) as

<sup>90</sup> 2006-07: Target:1,23,910 Institutional Deliveries: 68,900 (56 per cent)  
2007-08: Target: 2,51,867 Institutional Deliveries: 82,417 (33 per cent)  
2008-09: Target: 10,07,752 Institutional Deliveries: 1,92,926 (19 per cent)

<sup>91</sup> National Family Health Survey.

<sup>92</sup> For the period 2005-06 and 2007-08:  
Dumka – Total deliveries: 16704 and 20146, Institutional deliveries: 8789 and 7937  
Sahebganj - Total deliveries: 7238 and 18895, Institutional deliveries: 4174 and 7063.

*Mukhya Mantri Janani Shishu Swasthya Abhiyan (MMJSSA)*. Audit observed the following:

There were delays ranging between one and 671 days in payment of cash assistance

- Despite Rs 2.50 crore provided by GOI, JSY was not implemented in the State during 2005-06. During 2006-08, there were 6.60 lakh potential beneficiaries of MMJSSA in the State, of which only 3.76 lakh women were registered and only 2.09 lakh women belonging to BPL families were paid cash assistance. Denial of cash assistance to non-BPL women was a setback to the scheme.
- In Hazaribag, 12,744 registered pregnant women were denied payment of Rs 67.27 lakh despite the existence of an unspent balance of Rs 58.77 lakh under the scheme as of March 2009.

In four test-checked districts<sup>93</sup>, there were delays ranging between one and 671 days, in payment of cash assistance to 566 out of 666 beneficiaries.

The deficiencies and inadequacies of antenatal, delivery and other obstetric care services and ineffective implementation of JSY/MMJSSA adversely affected the extent and quality of maternal health care.

#### **1.2.14 Other aspects of Reproductive and child health care**

##### **1.2.14.1 Reproductive Tract Infection and Sexually Transmitted Infection services**

Reproductive Tract Infection (RTI) and Sexually Transmitted Infection (STI) services clinics were to be established at each district hospital to prevent RTI and STI, especially among women. According to records, there were 35,020 cases of RTI/STI in the State during 2006-09. However, in the test-checked districts, RTI/STI cases numbered 65,609 during the same period.

##### **1.2.14.2 Facilities for Medical Termination of Pregnancy**

Medical termination of pregnancy (MTP) was permitted in certain conditions under the MTP Act, 1971. Enhancing the number and quality of facilities for MTP was an important component of the Reproductive and Child Health programme. Of the 39 test-checked PHCs/APHCs of selected districts, facilities for MTP were available in only two PHCs. According to SRCH, there were 10,936 cases of MTP in the State during 2006-09, but during the same period, in the six test-checked districts, 22,755 MTP cases were reported.

#### **1.2.15 Family welfare**

Family planning includes terminal methods and spacing methods to control the total fertility rate and improving the couple protection ratio.

##### **1.2.15.1 Terminal methods**

A number of initiatives were launched (April 2005) under NRHM to achieve the goal of population stabilisation through reduction of the total fertility rate from 3.2 in March 2008 to 2.1 by 2012. However, the percentage of

<sup>93</sup> Dhanbad, Dumka, Gumla and Sahebganj.

There were huge shortfalls in achievements of vasectomies and tubectomies

achievement under vasectomy, tubectomy and laparoscopic tubectomy during 2005-09 remained at 49, 69 and three respectively. No target was fixed for laparoscopy operations for the period 2006-09. The proportion of vasectomies, even after launch of scalpel vasectomies, to total sterilisation, during 2005-09 was only nine *per cent*, which was a manifestation of gender imbalance (*Appendix-1.23*).

In the test-checked districts, the achievements of vasectomy and tubectomy during 2005-09 were 40 and 73 *per cent* respectively. In Dhanbad and Sahebganj, during 2005-09, there were huge shortfalls in the achievement of vasectomy targets ranging between 78 and 84 *per cent*.

#### 1.2.15.2 Spacing methods

Shortfalls in achievement under terminal and spacing methods of family planning reflected insufficient efforts towards population stabilisation

Oral pills, condoms and inter-uterine device (IUD) insertions are the three prevailing spacing methods of family planning to regulate fertility and increase the couple protection ratio. However, the percentage of achievement under IUD insertion and distribution of condoms during 2005-09 was 29 and 5 *per cent* respectively. Similarly, only 18 *per cent* oral pills (36.30 lakh) were distributed against the target of 1.95 crore (*Appendix-1.24*).

In the six test-checked districts, the achievements under IUD, oral pills and distribution of condoms during 2005-09 was 32, 26 and 5 *per cent* respectively. In Dumka and Sahebganj, distribution of condoms was only one and two *per cent* respectively against the target set for 2007-09.

The shortfalls in achievement under terminal and spacing methods reflected insufficiency of efforts towards population stabilisation.

### 1.2.16 Immunisation and Child Health

#### 1.2.16.1 Routine Immunisation

Correctness of reported figures of immunisation was doubtful

NRHM targeted to raise the immunisation level of children from 47.6 to 75 *per cent*. The target for immunisation was set on ad hoc basis, since it decreased in 2007-08 as compared to the targets for 2005-07, even though there was an increase in the population. Children fully immunised in the State during 2005-09 ranged between 55 and 78 *per cent* of the targets fixed. However, the achievement dropped from 78 *per cent* in 2005-06 to 62 *per cent* in 2008-09, even after the launch of NRHM (*Appendix-1.25 A*).

Bacillus Calmette-Guerin (BCG) immunisation was to be given to children once immediately after delivery. As per achievement reports of the State RCH Society, 29.58 lakh and 26.40 lakh children were given BCG and measles injections respectively, while the number of total live births during 2005-09 was only 12.82 lakh. Thus, immunisation under BCG and measles shown during 2005-09 ranged between 231 and 206 *per cent* of live births. This raises doubts over the correctness of reported figures of immunisation (*Appendix-1.25 B*).

#### 1.2.16.2 Pulse polio immunisation

Pulse polio immunisation was launched under RCH-II to eradicate polio and ensure zero transmission by the end of 2008. Eradication of polio cases by 2005 was a priority of the Government. It was seen that the target for 2008-09

**Target and achievement of pulse polio immunisation for 2008-09 increased conspicuously in comparison to 2005-07**

increased conspicuously (988 *per cent*) in comparison with the targets set for 2005-07. Two cases of polio were detected during 2005-07 (*Appendix-1.26*). In five test-checked districts<sup>94</sup>, the achievement under pulse polio immunisation was 98 *per cent* while in Dumka district no target was fixed.

### 1.2.16.3 Cold chain management

Availability of cold chain facilities was a pre-requisite for preserving the potency of vaccines. The status of the cold chain system in the State as of September 2008 was as per **Table 8**:

**Table 8: Status of cold chain system in the State**

Sl. No.	Name of equipment	Available	Functional	Defective (Percentage)	Equipment beyond repair	Remarks
1	Ice Line Refrigerator (ILR) Large	128	09	119 (93)	11	Targets for replacement of 81 pieces of equipment (DF large-50, DF small-15 and ILR large-16 were fixed for the year 2007-09 but State RCH Society failed to replace these as of October 2008.
2	ILR Small	467	16	451 (97)	122	
3	Deep Freezer (DF) Large	70	07	63 (90)	55	
4	DF Small	188	12	176 (94)	108	

(Source: Information from SRCHS)

No effort was made to get the defective cold chain equipment repaired as of September 2008.

In a joint physical verification carried out in Hazaribag, vaccines were found covered with ice packs containing water as DF/ILR were not working. Ad hoc fixation of targets, inconsistency in reporting and ineffective cold chain maintenance pointed towards inefficient implementation of the immunisation programme in order to achieve the target.

### 1.2.16.4 Adolescent health schemes

Under the schemes, adolescent health was required to be improved through awareness about reproductive health and family planning services with emphasis on late marriage, child bearing and improvement in micronutrient services. In six test-checked districts, no work was undertaken during 2005-09 for improvement of adolescent health in HSCs though required under NRHM.

## 1.2.17 National Disease Control Programmes

### 1.2.17.1 Revised National TB Control Programme

The main objective of the Revised National TB Control Programme (RNTCP) was to ensure that the cure rate of TB was at least 85 *per cent* of the number of Sputum Smear Positive cases detected, through following of the Direct Observe Treatment Short course (DOTS). The State Health Policy also set the goal of reducing deaths due to TB by 50 *per cent* by 2010.

The number of TB patients registered, cases evaluated, deaths on account of TB, failure and default cases during 2005-09 were as per **Table 9**:

<sup>94</sup> Dhanbad, Gumla, Hazaribag, Ranchi and Sahebganj.

**Table 9: Details of TB patients registered, cases evaluated, deaths on account of TB, failure and default cases**

Year	TB patients registered	No. of cases evaluated	Cured/ treatment completed	Died	Failures	Defaulters
2005-06	26,127	26,127	22,679	989	331	2,056
2006-07	33,040	33,040	29,177	1,195	368	1,926
2007-08	36,218	NA	NA	NA	NA	NA
2008-09	36,627	NA	32,513	1,211	347	2,308

The number of deaths due to TB increased from 989 in 2005-06 to 1,211 in 2008-09

There was a shortfall in sputum examinations (23 *per cent*) and in detection of new sputum positive cases (28 *per cent*) during 2005-09. The number of deaths due to TB, increased from 989 in 2005-06 to 1,211 in 2008-09. Further, in the test-checked PHCs, full services for treatment of TB still had not been started as of March 2009. During a joint



physical verification of APHC/HSC Karamdih with the MO, Sadar Dumka (August 2008), a patient<sup>95</sup> suffering from 'Cervical Gland Tuberculosis' was noticed. On enquiry, the ANMs stated that the patient was first diagnosed in March 2006 at the district TB centre but treatment was not initiated and the patient remained untreated for three years (August 2008).

The girl suffering from "Cervical Gland Tuberculosis"

The cure rate under RNTCP was below 85 *per cent* whereas the death rate and failure rate decreased marginally<sup>96</sup>, indicating the limited success of the programme.

### 1.2.17.2 National Vector-Borne Disease Control Programme

During 2005-08, there was a shortfall in residual spray of DDT in test-checked districts

The National Health Policy was committed to reduce mortality due to malaria by 50 *per cent* by 2010 and elimination of Lymphatic Filariasis by 2015. The State Health Policy also aimed at reduction of the mortality caused by malaria and other vector and water-borne diseases by 50 *per cent* by 2010.

In comparison with the programme's stipulated achievement<sup>97</sup>, the Annual Blood Examination Rate (ABER)<sup>98</sup> of the State ranged from 6.65 to 10.08 *per cent* during 2005-07, whereas low ABER was noticed in the six test-checked districts<sup>99</sup>. Slide Positivity Rate (SPR)<sup>100</sup> in the State increased from 6.78 in 2005 to 9.24 in 2007, which was much above the permissible norm of five. Annual Parasite Incidence (API) of the State declined from 6.84 in 2005 to 6.15 in 2007, as against the norm of less than two malaria cases per 1,000 population in a year.

<sup>95</sup> Six year old girl of Karamdih village.

<sup>96</sup> Death rate: 2005-06 (3.70 *per cent*) and 2006-07 (3.60 *per cent*). Failure rate: 2005-06 (1.20 *per cent*) and 2006-07 (1.10 *per cent*).

<sup>97</sup> High Annual Blood Examination Rate (ABER) of 10 *per cent* and Annual Parasite Incidence (API) of less than 0.5 per thousand for the country.

<sup>98</sup> ABER: (Blood slide collection X 100) / Total population.

<sup>99</sup> Dhanbad (7.62), Dumka (7.12), Gumla (13.74), Hazaribag (6.86), Ranchi (4.71) and Sahebganj (9.57).

<sup>100</sup> (Total malaria positive cases detected X 100)/Number of blood slides examined.

All the areas having API of two and above were required to be covered under compulsory indoor residual spray of DDT<sup>101</sup> and anti-larva solution. During 2005-08, in the villages of five test-checked districts<sup>102</sup>, the shortfalls in residual spray of DDT ranged between five and 77 *per cent*. Audit observed that spraying of DDT solution in Dhanbad remained 100 *per cent* during 2005-08 and API was also below two *per cent*. The incidence of various vector-borne diseases increased during 2006-07 in comparison to 2005-06, though it decreased in 2007-08. Cases of deaths increased in 2007-08 in comparison to 2006-07 (*Appendix-1.27*).

The high incidence of vector-borne diseases, non-achievement of targets of ABER and API for malaria and insufficient coverage under insecticide protection indicated that the measures taken by the Government towards control of vector-borne diseases were insufficient.

### **1.2.17.3 National Programme for Control of Blindness**

The National Programme for Control of Blindness (NPCB) aimed to reduce cases of blindness to 0.8 *per cent* by 2007, through various methods<sup>103</sup>. Deficiencies noticed under the programme were as under:

- The distribution of workload between the private and public sectors<sup>104</sup> for cataract operations was expected to be in the ratio of 1:1. During 2005-08, against the target of 2.15 lakh cataract surgeries, 1.80 lakh<sup>105</sup> were performed, in which participation of the public sector was only five *per cent*.
- In the test-checked districts, against 0.85 lakh of the total targeted cataract operations, the achievement was 0.76 lakh (89 *per cent*) during 2005-08. Year-wise achievements ranged between 15 and 143 *per cent*. In Hazaribag, despite having three eye surgeons, NGOs were engaged for cataract operation in 1138 cases, involving an expenditure of Rs 8.54 lakh, which was avoidable.
- In two test-checked districts (Dhanbad and Sahebganj), several surgical items<sup>106</sup> provided for cataract operations had expired (between July 2006 and January 2008) due to non-performance of targeted surgeries.
- There were 18 sanctioned posts of Eye Surgeons in the State/district societies, against which only 10 were posted as of March 2008. In five test-checked districts<sup>107</sup>, there was shortage of three Eye Surgeons. Besides, 44 Eye Surgeons were required to be trained during 2005-08, but only 26 were given training and in the case of ANMs/Health workers, neither was any target fixed nor training imparted during 2006-08.

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<sup>101</sup> Dichloro Diphenyl Trichloroethane.

<sup>102</sup> Dumka, Gumla, Hazaribag, Ranchi and Sahebganj.

<sup>103</sup> Cataract surgery, strengthening mobile units, training of surgeons and nurses, cataract operations/eye camps, fixing Intra Ocular Lenses (IOL), detection of refractive errors through school eye screening programmes and supply of spectacles, free of cost.

<sup>104</sup> Involvement of private hospitals and NGOs with the Government hospitals.

<sup>105</sup> Government: 0.09 lakh, NGOs and private: 1.71 lakh.

<sup>106</sup> Virgin silk sutures: 40 packets, IOL: 781 packets, Ethilion: 90 packets and Ethicon: 93 packets provided between May 2005 and March 2006.

<sup>107</sup> Dumka, Gumla, Hazaribag, Ranchi and Sahebganj.



- Development of eye banks was an important activity to address corneal blindness. As of October 2008, five (Government: 3 and Private: 2) eye banks were in operation in the State. Further, only three districts<sup>108</sup> had facilities for eye donation. According to the District Blindness Control Society, Gumla, 238 eyes were stated to have been donated during 2005-08, whereas the records of the State Blindness Control Society reflected only 10 eye donations during the same period, indicating unreliability of information and consequential incorrect assessment of the success of the programme.
- The programme envisaged training of teachers in Government and Government-aided schools for screening refractive errors among students and free distribution of spectacles to students having refractive errors. In 21,386 Government/Government aided schools in the State, only 2,664 teachers were trained (March 2008) for screening refractive errors. During 2005-08, only 15,280 (29 *per cent*) spectacles were provided against the detection of 53,508 refractive error cases. In Dhanbad and Hazaribag, 3.15 lakh school children were screened during 2005-09 (July 2008), of which 6,147 children were diagnosed with refractive errors requiring free spectacles. However, only 3,092 spectacles were provided in these districts.

The limited success of different activities for control of blindness indicated ineffective implementation of the programme which resulted in a higher prevalence rate of blindness of 1.4 *per cent* (March 2008) against the target of 0.8 *per cent* by 2007.

#### **1.2.17.4 National Iodine Deficiency Disorder Control Programme**

The aim of the National Iodine Deficiency Disorder (Goitre) Control Programme (NIDDCP) was to prevent the incidence of iodine deficiency disorders and to bring their incidence to below 10 *per cent* in the entire country. The State Health Policy also emphasised (June 2004) reduction in iodine deficiency disorders by 50 *per cent* by 2010. However, no funds were provided during 2005-07 for this purpose. During 2007-08, though Rs 11.50 lakh was allocated to the State RCH Society, no funds were released as of March 2008, for which reasons were not on record.

#### **1.2.17.5 National Leprosy Eradication Programme**

The National Leprosy Eradication Programme (NLEP), supported by World Bank, WHO and other international agencies, was under implementation in the State, with the objective of eliminating leprosy (bringing down the prevalence rate to below one per 10,000 population) by detecting all cases and bringing them under multi-drug therapy (MDT) by 2012.

As per information furnished (January 2009) by the State Leprosy Officer, new leprosy cases detected during 2005-08 were 21,828 and the prevalence rate reduced from 1.31 in 2005-06 to 1.11 in 2007-08. In two of the test-checked districts<sup>109</sup>, the prevalence rate was more than one as of March 2008.

<sup>108</sup> Dhanbad, East Singhbhum and Ranchi.

<sup>109</sup> Gumla (1.13) and Ranchi (1.55).

**Non-utilisation of funds reflected apathy towards controlling iodine deficiency disorder**

## **1.2.18 Internal Control, Monitoring and Evaluation**

### **1.2.18.1 Management Information System**

Monthly reports were not generated in the absence of MIS connectivity

NRHM guidelines envisaged the development of a computer based Management Information System (MIS) for monitoring its activities. According to information furnished by SRCHS, computers were installed in 22 districts as of March 2007 but were not connected through MIS (March 2008). The lack of MIS resulted in non-generation and non-furnishing of monthly reports as envisaged.

### **1.2.18.2 Integrated Disease Surveillance Project**

Surveillance of disease could not be ensured due to non-implementation of IDSP

The Integrated Disease Surveillance Project (IDSP) was launched (2006-07) to establish a State-based system of surveillance for communicable and non-communicable diseases. This included computerisation up to the block level. The project was still to be implemented in the State. Due to non-implementation of programme, surveillance of diseases for initiating timely and effective public health action could not be ensured.

### **1.2.18.3 Health Care Information Management System**

The Health Care Information Management System (HIMS) project was initiated in the PHCs of Ranchi in 2004-05 to avail of the benefits of Information Technology (IT) in health care services. An MOU was signed (December 2004) between the Jharkhand Health Society (JHS), Ranchi and 3Di System India Pvt. Ltd., Mumbai to install HIMS. The work was awarded to the agency without inviting tenders and an advance of Rs 3.15 crore was given to it between April and December 2005.

Scrutiny revealed that internet connections were either not provided or were out of order since the installation of HIMS, resulting in data/information being compiled manually. Further, the agency was to provide maintenance (up to October 2008) of the system but the department terminated the MOU and cancelled the work order midway (March 2008) without adjusting the advances, due to non-submission of financial and progress reports by the agency.

Thus, the entire amount of Rs 3.15 crore, which was given to the private company as advance in violation of norms proved wasteful. Besides, the objective of the HIMS project i.e. leveraging information technology for health care was defeated. No action was taken against the officials responsible for awarding the work to the private company without tenders and for failure to recover the advance of Rs 3.15 crore (November 2009), while cancelling the work orders.

### **1.2.18.4 Internal Audit**

Internal audit was not conducted regularly

Internal audit is an independent appraisal function established within an organisation to examine and evaluate its activities. The department did not have an internal audit wing of its own and its audit was being done by appointed Chartered Accountant firms.

**1.2.18.5 Vigilance**

A separate vigilance mechanism was required to be set up under NRHM in the State for transparent operations and transactions in public interest. However, no Vigilance wing was constituted. In the absence of a vigilance mechanism, the SRCHS/Government could not ensure prevention of cases of fraud and embezzlement.

**1.2.18.6 Inadequate documentation**

The maintenance and upkeep of the records by the PHCs/APHCs/HSCs was poor. Important documents<sup>110</sup> were not maintained properly. The reports sent to higher authorities were incomplete and also contained inaccurate data/information.

**1.2.18.7 Sensitivity to error signals**

The degree of sensitivity to error signals is a measure of the Management's alacrity and sincerity to recognise major causes of underperformance and to take immediate remedial measures. Despite instances pointed out in inspection Reports and periodical audit reports<sup>111</sup> of the Comptroller and Auditor General of India, the deficiencies were still persisting.

**1.2.19 Conclusion**

The goal of National Rural Health Mission for providing quality and adequate health services remained unrealised due to non-assessment of available and required health care services and facilities through proper baseline surveys; non-integration of programmes at the State and district levels; lack of effective community participation; insufficient infrastructure; inadequate budgetary provision; shortage of medicines, equipment and violation of norms of procurement and inadequate human resources. Non-functioning/inadequate functioning of mobile medical units affected the outreach of the programme and the goal of improving accessibility to health care services. Reproductive health care services were at a nascent stage in the State. The targets under the different national disease control programmes were achieved only partially due to incomplete coverage. The Integrated Disease Surveillance Project was yet to be implemented. The department did not have an internal audit wing and a vigilance wing. There was no mechanism for redressal of grievances and evaluation of feedback.

**1.2.20 Recommendations**

- The Jharkhand Rural Health Mission Society should undertake baseline surveys as per prescribed norms and prepare the State's Perspective Plan based on correct district level Plans;

<sup>110</sup> Returns/Reports, Cash Book, Stock Register of medicines, OPD Register etc.

<sup>111</sup> Stores Management System in Health Department (2002-03), Implementation of Welfare Schemes in Dumka District (2003-04), Performance Audit of Primary Health Care Services (2003-04) and Performance audit of Sadar and Sub-divisional hospitals (2005-06).

- Community monitoring should be put in place to plan and monitor health delivery and services;
- The State Government should ensure timely release and effective utilisation of its matching share of funds for NRHM;
- Community Health Centres should be established and essential services (outdoor/indoor *etc.*) should be strengthened at health centres to provide accessible and effective services;
- Instructions contained in the procurement policy of Jharkhand Rural Health Mission Society should be adhered to in the purchase of medicines;
- The State Government should provide adequate manpower and infrastructure facilities including equipment for quality health services;
- Interventions under Reproductive and Child Health may be stepped up to achieve improvements in the maternal mortality rate and total fertility rate. Grant of cash assistance under the '*Janani Suraksha Yojana*' may be streamlined;
- The monitoring system should be strengthened by implementing the Health Management Information System and ensuring timely reporting under the Integrated Disease Surveillance Project.

The matter was reported to the Government (July 2009); their reply had not been received (December 2009).

## HOME DEPARTMENT

## 1.3 Modernisation of Police Force

*Highlights*

*The scheme of Modernisation of Police Force was launched to augment the operational efficiency of the State police force to effectively face the emerging challenges to internal security. Implementation of the scheme in the State suffered mainly due to deficient planning and inadequate monitoring. The Perspective Plan was not prepared and Annual Action Plans were delayed. Construction of non-residential and residential buildings was not given adequate priority and funds were blocked with the Jharkhand Police Housing Corporation Limited. Inadequate infrastructure and facilities in police stations adversely affected field policing. There were large scale deficiencies in all sectors viz., housing, mobility, weaponry, communication, manpower management etc.*

**The Perspective Plan was not prepared by the State Government. Annual Action Plans were submitted and approved with delays up to 111 days, leading to interruption in Plan execution.**

*[Paragraphs 1.3.6.1 and 1.3.6.2]*

**The scheme funds could not be fully utilised in the years of sanction due to belated releases by the Government of India. Inflated utilisation certificates worth Rs 25.31 crore were sent to Government of India. In addition, there was a total diversion of Rs 9.57 crore from the approved Plans.**

*[Paragraphs 1.3.7, 1.3.7.1 and 1.3.7.2]*

**Priority was not given to construction of quarters and police station buildings. Against the requirement of 70 per cent, only 20 per cent of the total Plan outlay was provided for this purpose. The satisfaction level in respect of accommodation was merely 12 and five per cent in the case of upper and lower subordinates respectively.**

*[Paragraphs 1.3.8 and 1.3.8.1]*

**There was mobility deficiency of 46 per cent as in March 2009 which was more than the national average of 43 per cent assessed by the Bureau of Police Research & Development in the year 2000.**

*[Paragraph 1.3.9.1]*

**There was a 24 per cent shortage of main strike weapons with the police forces in the test-checked units. Besides, distribution of weapons was not rational and some units were overarmed.**

*[Paragraph 1.3.10.1]*

**Use of forensic science in crime investigation was not satisfactory. Mobile forensic vans, procured and equipped at Rs 1.80 crore, were underutilised.**

*[Paragraphs 1.3.11.1 and 1.3.11.2]*

**There were large scale vacancies in the police force ranging between 21 and 27 per cent in different cadres. Adequate training was not imparted to police personnel.**

*[Paragraphs 1.3.12.1 and 1.3.14.1]*

**Computerisation of police stations was ineffective and expenditure of Rs 9.31 crore on Police Communication Network/Common Integrated Police Application proved unfruitful. The State police was facing shortage of communication infrastructure and equipment.**

*[Paragraphs 1.3.15.2, 1.3.15.3 and 1.3.15.4]*

**The State Level Empowered Committee did not monitor the implementation of the scheme.**

*[Paragraph 1.3.16]*

### **1.3.1 Introduction**

Government of India (GOI) introduced the scheme of Modernisation of Police Force in 1969 to provide additional infrastructure to the State police for augmenting its operational efficiency to face the emerging challenges to internal security effectively. GOI reviewed the scheme from time to time and in February 2001, a revised scheme involving a substantial outlay of Central assistance was started for a 10-year period starting from 2000-01 to make good the deficiencies in basic police infrastructure as identified by the Bureau of Police Research and Development (BPR&D). The major components covered in the scheme were mobility, communication, weaponry, training, police housing and building, forensic science and computerisation.

### **1.3.2 Organisational set-up**

The Secretary to the Government of Jharkhand, Home Department is the administrative head and the Director General and Inspector General of Police (DG&IGP) is in charge of the implementation of the scheme. The DG&IGP is assisted for this purpose by an Additional Director General (ADG) of Police, an Inspector General (IG), a Deputy Inspector General (DIG), the Director of the Forensic Science Laboratory (FSL) and the Superintendent of Police (SP), Finger Print Bureau (FPB) at headquarters, besides SPs in the districts and other field formations. A State Level Empowered Committee (SLEC) under the chairmanship of the Chief Secretary has been set up to oversee the planning and the implementation of the scheme.

### **1.3.3 Audit objectives**

Performance audit was conducted to assess whether:

- the Perspective Plan and Annual Action Plans were prepared in accordance with BPR&D norms;
- the fund flow was timely and adequate and the funds were utilised for the intended purposes;
- the individual components of the scheme met the tests of economy and efficiency;

- the envisaged infrastructural upgradation was achieved to augment the operational efficiency of the police forces;
- the communication equipment aided better intelligence and investigation;
- the forces were adequately trained and proper facilities for training were created and
- the implementation of the scheme was monitored closely and effectively.

#### **1.3.4 Audit criteria**

The following audit criteria were used to evaluate the performance of the scheme:

- Government of India guidelines for the scheme and instructions issued from time to time;
- Norms prescribed by BPR&D;
- Annual Action Plans;
- Reports of committees on Police Reforms;
- Physical and financial progress reports and
- State Financial Rules, Works Code/Rules, Manual of the department and related instructions.

#### **1.3.5 Scope and methodology of audit**

The performance audit of the scheme for the period 2004-09 was conducted (February-July 2009) by test-checking the records in the offices of the Secretary, DG&IGP, ADG (Special Branch), IG (Provision), IG (Training), SP (Wireless) and Director (FSL). Besides, the records of SPs in six<sup>112</sup> out of 24 districts, one<sup>113</sup> out of four training centres, three<sup>114</sup> out of 10 Jharkhand Armed Police (JAP) battalions and one (IRB-2) out of three India Reserve Battalions (IRB) were also test-checked after selection through the simple random sampling method. An entry conference was held with the Secretary, Home Department and DG&IGP, Jharkhand on May 2009 during which the audit objectives, criteria and methodology were discussed. The audit findings, conclusions and recommendations were discussed with the Chief Secretary in an exit conference held in November 2009. However, response of the Government to the audit observations was not received (December 2009).

#### **Audit findings**

#### **1.3.6 Planning**

As per GOI guidelines, the State Government was to submit to the Ministry of Home Affairs (MHA), a five year Perspective Plan for modernisation, starting from 2001-02. Annual Action Plans (AAPs) were to flow from the Perspective Plan which was to be cleared first by SLEC before forwarding it to MHA by 15 May every year. The release of Central assistance was subject to approval of the AAPs by MHA.

<sup>112</sup> Deoghar, East Singhbhum, Hazaribag, Palamu, Ranchi and West Singhbhum.

<sup>113</sup> Police Training College, Padma, Hazaribag.

<sup>114</sup> JAP-1, JAP-5 and JAP-6.

### 1.3.6.1 Non-preparation of Perspective Plan

Perspective Plan was not prepared

Audit scrutiny revealed that while the department prepared a Perspective Plan for the period 2000-05, the Perspective Plan for 2005-10 was not prepared. The AAPs for 2004-09 were prepared and forwarded to MHA after being approved by the SLEC. Details of AAPs sent and approved by GOI are given in **Table 10**:

**Table 10: Status of Annual Action Plans**

(Rupees in crore)

Sl. No.	Year	AAPs approved by SLEC	AAPs approved by MHA	Curtailement in AAPs	Percentage of curtailements
1	2004-05	36.00	29.72	6.28	17
2	2005-06	40.04	36.04	4.00	10
3	2006-07	53.34	42.81	10.53	20
4	2007-08	50.67	50.67	Nil	-
5	2008-09	50.67	49.74	0.93	2
<b>Total</b>		<b>230.72</b>	<b>208.98</b>	<b>21.74</b>	

Source: DG&IGP, Jharkhand and letters of GOI

Due to limited allocation under the scheme made by Ministry of Finance, GOI, curtailment in the Plan size by MHA ranged between 10 and 20 per cent during 2004-07. However, the curtailment was recoupable by the State's own budgetary savings as shown in **Table 11**:

**Table 11: Budgetary savings of the Home Department**

(Rupees in crore)

Year	Home Department		Modernisation scheme (State Plan)	
	Provision	Savings	Provision	Savings
2004-05	795.90	160.71 (20)	84.35	31.64 (38)
2005-06	1216.53	278.45 (23)	Nil	Nil
2006-07	1175.10	260.38 (22)	Nil	Nil
2007-08	1235.11	173.53 (14)	128.46	80.97 (63)

Source: Appropriation Account; figures in bracket indicate per cent

Though there were savings in the Home Department and the State Plan of the modernisation scheme, the Secretary, Home Department failed to make good the curtailment in the AAPs through these savings.

### 1.3.6.2 Delayed submission and approval of AAPs

Annual Action Plans were submitted and approved with delays leading to interruptions in Plan execution

Audit scrutiny revealed that there were delays of up to 111 days in submission of AAPs by the State Government to MHA. There were delays of 13 to 90 days for approval of the Plans (**Appendix-I.28**) by MHA. Further delays in release of funds to the State Government resulted in overall delays of nine to 24 months in Plan implementation. As a result, the funds could not be fully utilised in the respective years. GOI had to revalidate the sanction of a total of Rs 11.74 crore pertaining to 2004-08 for utilisation during 2005-09.

## 1.3.7 Financial management

The scheme was to be funded by GOI and the State in the ratio of 75:25 based on approved AAPs. To expedite the modernisation process, GOI provided parts of its share directly to ordnance factories for supply of weapons and mine-protected vehicles and to executing agencies like the Jharkhand Police Housing Corporation Ltd. (JPHCL) and the Central Public Works Department



Belated releases of funds by GOI led to underutilisation and delay in execution of the approved Plans

(CPWD) for construction works. The balance share was released to the State Government. The details of Plans approved, funds released by GOI and the State and the expenditure incurred under the scheme including additional plan<sup>115</sup> for 2004-09 are given in **Table-12**:

**Table-12: Financial status of the Scheme including Additional Plan**

(Rupees in crore)

Year	Approved Plan	Central share due	Fund released by		Total available fund	Expenditure		Total expenditure	Utilisation in the year of sanction	
			GOI	State		GOI	State		Amount	Per cent (10 to 6)
2004-05	29.72	22.29	20.59	8.99	29.58	20.59	8.99	29.58	18.24	62
2005-06	36.04	27.05	26.58	8.80	35.38	26.58	8.80	35.38	35.38	100
2006-07	42.81	32.11	31.30	10.81	42.11	31.30	10.81	42.11	41.98	100
2007-08	50.67	38.00	37.45	12.60	50.05	37.32	12.30	49.62	41.65	83
2008-09	49.74	37.31	37.77	11.97	49.74	30.93	9.51	40.44	40.44	81
<b>Sub total</b>	<b>208.98</b>	<b>156.76</b>	<b>153.69</b>	<b>53.17</b>	<b>206.86</b>	<b>146.72</b>	<b>50.41</b>	<b>197.13</b>	<b>177.69</b>	<b>86</b>
<b>Additional Plan</b>										
2005-06	13.51	13.51	13.51	Nil	13.51	13.51	Nil	13.51	5.20	38
2006-07	21.70	16.63	16.63	5.07	21.70	14.18	4.88	19.06	17.43	88
2007-08	18.00	13.50	13.50	4.50	18.00	12.48	4.50	16.98	Nil	Nil
2008-09	20.00	20.00	20.00	Nil	20.00	20.00	Nil	20.00	Nil	Nil
<b>Sub total</b>	<b>73.21</b>	<b>63.64</b>	<b>63.64</b>	<b>9.57</b>	<b>73.21</b>	<b>60.17</b>	<b>9.38</b>	<b>69.55</b>	<b>22.63</b>	<b>31</b>
<b>G. total</b>	<b>282.19</b>	<b>220.40</b>	<b>217.33</b>	<b>62.74</b>	<b>280.07</b>	<b>206.89</b>	<b>59.79</b>	<b>266.68</b>	<b>200.32</b>	<b>72</b>

Source: DG&IGP, Jharkhand

It can be seen from the table that there was a short release of Rs 3.07 crore by GOI during 2004-09. Though 100 per cent funds were utilised during the period 2005-07, in the subsequent years, the utilisation was not adequate due to delay in release of funds by GOI. Further, the department failed to utilise the entire funds released under the Additional Plans during 2007-09 while for 2005-06, it could utilise only 38 per cent of the Additional Plan funds. As a result of less utilisation of fund implementation of the scheme was affected, especially for purchase of weapons, vehicles, communication equipment and construction of buildings.

### 1.3.7.1 Inflated utilisation certificates

As against Central assistance of Rs 217.33 crore for the scheme released during 2004-09, the State Government was able to issue utilisation certificates for Rs 206.89 crore to MHA. Audit scrutiny also disclosed that against Rs 27.93 crore transferred to JPHCL for construction of buildings, the agency was able to spend only Rs 2.62 crore on the housing sector. However, the entire amount transferred to JPHCL was reported as expenditure in the utilisation certificates issued during 2005-09. Thus, incorrect utilisation certificates for Rs 25.31 crore were reported to MHA.

<sup>115</sup> Plans approved in addition to Annual Plans of MOPF in a particular year under specific sectors viz. mobility, weaponry, housing and communication equipment etc.

### 1.3.7.2 *Diversion of funds*

**There was diversion of funds of Rs 9.57 crore**

It was seen in audit that during 2004-05 and 2006-07, Rs 9.57 crore was diverted for purposes other than those sanctioned by GOI without the approval of SLEC/MHA. Weapons valuing Rs 3.11 crore and general vehicles<sup>116</sup> valuing Rs 4.04 crore were purchased instead of security equipment and mine-protected vehicles respectively. Similarly, unspent balance of Rs 2.42 crore sanctioned for different purposes<sup>117</sup> pertaining to 2004-05 were utilised for construction of Common Integrated Police Application (CIPA) buildings after revalidation in 2006-07.

### 1.3.8 **Construction of residential and non-residential buildings**

**High priority was not given to the construction sector and accommodation for police personnel was ignored**

According to the scheme guidelines, high priority was to be given to the construction sector. BPR&D, in its Plan of 2000-01, projected 70 *per cent* of the total outlay for this sector. Audit scrutiny, however, revealed that provision for only Rs 55.23 crore (20 *per cent*) was made under the scheme during 2004-09 out of the total Plan outlay of Rs 282.19 crore. This indicated that the sector was not given due priority either by the State Government or GOI and the requirement of accommodation for police personnel was totally ignored as discussed in the succeeding paragraphs.

#### 1.3.8.1 *Low satisfaction level of housing*

**Satisfaction levels under housing was 12 and five *per cent* in case of upper and lower subordinates respectively**

The National Police Commission (NPC) recommended housing accommodation for all police persons with special emphasis for upper and lower subordinates<sup>118</sup>. In six test-checked districts, against the requirement of 16,312 quarters, the number of available quarters was only 1,007 (*Appendix-I.29*). Failure to construct the required number of quarters under the scheme showed the apathy of the department in achieving the desired satisfaction level in respect of housing, which could have a significant bearing on the morale of the police force in the State.

#### 1.3.8.2 *Non-construction of police lines*

**Construction of police lines could not be started due to non-availability of land and land disputes**

As per BPR&D norms, the State Government assessed the requirement of 10 police lines in 18 districts in 2005-06, which increased to 16 with the creation of six new districts in the State up to March 2008. Of this, construction of six police lines was approved by GOI in the modernisation Plans for 2005-09 and Rs 23.02 crore was released to three executing agencies<sup>119</sup> between March 2005 and September 2008. However, construction of these police lines could not be taken up as of March 2009 due to non-availability of land and pending land disputes. Thus, the intended purpose of providing residential/non-residential buildings to police personnel of these districts in police lines was defeated, besides blocking of funds amounting to Rs 23.02 crore.

<sup>116</sup> Mahindra Rakshak, Tata 207 Vajra, Tata Spacio, Motorcycle.

<sup>117</sup> Home Guard: Rs 0.32 crore, security equipment: Rs 0.43 crore, weapons: Rs 1.47 crore and mobility: Rs 0.20 crore.

<sup>118</sup> Upper Subordinate: Assistant Sub Inspector to Inspector and Lower Subordinate: Head Constable and Constable.

<sup>119</sup> CPWD for Giridih, Koderma, Latehar and Lohardaga police lines, BCD for Garhwa police line and JPHCL for Pakur police line.

### 1.3.8.3 *Improper infrastructure and security arrangements*

**Police stations/out posts/pickets did not have adequate infrastructural facilities and security arrangements**

Proper infrastructural facility and security arrangements at police stations (PS), out posts (OP) and pickets were essential for providing a better working environment to the police personnel. There were 339 PSs, 92 OPs and 86 pickets in Jharkhand. Audit scrutiny revealed that PS/OP/pickets were deficient in basic infrastructural facilities as well as security arrangements (*Appendix-1.30*). Even Naxal-affected PS/OP/pickets did not have adequate basic infrastructural facilities and security arrangements. Absence of adequate buildings/basic facilities and security arrangements especially in Naxal-affected PS/OP/pickets was fraught with the risk of dire consequences during extremist attacks.

### 1.3.8.4 *Irregularities in execution of works by JPHCL*

JPHCL was the main agency for executing construction works relating to the police department. Irregularities and deficiencies noticed in the execution of works by JPHCL are discussed below:

**There was non/ short imposition of penalty of Rs 5.14 crore**

- As against the target of 235 works taken up during 2004-09, only 161 works were completed. The remaining 74 works were incomplete/under progress. Further, 65 (40 *per cent*) out of the 161 completed works were not handed over to the department.
- According to the terms of the contracts, penalty at the rate of 10 *per cent* of estimated cost was to be levied on the contractors for delayed execution. However, there was a provision for granting extension of time by the competent authority within the due date of completion of work on a written request of a contractor. Test check of records of four<sup>120</sup> out of five divisions of JPHCL revealed that 129 works were completed with delays of three to 26 months. In these cases, time extensions were granted after the due date of completion of works by the Chief Engineer in contravention of the terms of contract. As a result, there was non/short imposition of penalty worth Rs 5.14 crore (*Appendix-1.31*), which was a loss to the department.
- Agency charges at the rate of three *per cent* of the estimated cost of work were admissible to JPHCL. Test check (May 2009) of the records of JPHCL revealed that during 2004-09, administrative costs of Rs 49.94 crore were given to JPHCL for 115 works against the estimated cost of Rs 47.24 crore. The remaining Rs 2.70 crore was retained by JPHCL as agency charges against the admissible agency charges of Rs 1.42 crore. Further, these works were completed at a cost of Rs 44.43 crore but JPHCL retained the savings of Rs 2.81 crore out of the estimated costs. Government took no action to recover the extra charges/savings of Rs 4.09 crore (November 2009), from JPHCL.
- Contrary to GOI's instructions, expenditure of Rs 45.83 lakh on seven repairs and maintenance works<sup>121</sup> was met from the funds of the scheme.
- According to GOI's instructions, interest earned on police modernisation

**Extra agency charges of Rs 1.28 crore was deducted by JPHCL**

<sup>120</sup> Hazaribag, Jungle Warfare, Palamu and Ranchi divisions.

<sup>121</sup> Repair of residential quarters, police stations and helicopter's hanger.

JPHCL earned interest, in violation of GOI's instructions

funds would be a part of the scheme funds to be used on modernisation scheme through supplementary plan after getting approval from GOI. Audit scrutiny (May 2009) revealed that the State Government released funds to JPHCL under the scheme for construction of residential and non-residential buildings. Out of total release of Rs 146.27 crore to JPHCL since its inception to 2007-08, JPHCL deposited Rs 106.01 crore in banks as term deposits with maturity period of two to 60 months and earned interest of Rs 11.79 crore during 2004-09. The interest was not used for the scheme but was shown as earnings in the profit and loss account of JPHCL.

### 1.3.9 Mobility

Police mobility is inextricably linked to police performance. Quick response to crime and law and order not only helps to preserve the lives of people but also ensures that the guilty are brought to justice.

#### 1.3.9.1 Mobility deficiency

There was mobility deficiency of 46 per cent.

According to BPR&D norms, mobility deficiency should be 'nil' in a well-equipped police force. BPR&D assessed the requirement of one heavy, one medium, five light vehicles and five motor cycles for smooth movement of a fleet of 100 police personnel. The position of vehicles in Jharkhand *vis-à-vis* their requirement as per BPR&D norms as on March 2009 is given in **Table 13:**

**Table 13: Shortage of vehicles with the State police force**

Particulars	Types of vehicles						
	Heavy	Medium	Light	Motor cycles	Sub total (col 2 to 5)	Special <sup>122</sup>	Others
1	2	3	4	5	6	7	8
Available as on April 2004	33	322	887	210	1452	31	117
Proposed for condemnation/off road	1	8	53	10	72	Nil	6
Net availability as on April 2004	32	314	834	200	1380	31	111
Addition during 2004-09	123	416	687	1242	2468	34	137
Total availability as on March 2009	155	730	1521	1442	3848	65	250
Requirement as on March 2009 (as per BPR&D norms)	596	596	2980	2980	7152	-	-
Shortage as on March 2009	441	Nil	1459	1538	3304	-	-

Source: DG&IGP, Jharkhand

There was shortage of drivers to the extent of 61 per cent

It can be seen from the table that there was a shortage of 3,304 (46 per cent) heavy and light vehicles and motor cycles as compared to BPR&D norms which was more than the national average of 43 per cent assessed by BPR&D in the year 2000 while formulating the modernisation plan. Against the available 2,721 four wheelers, the Police Directorate had a sanctioned strength of 1,947 drivers while the men-in-position were only 1,048, which indicated that planning for purchase of vehicles was not commensurate with the sanctioned strength/men-in-position of drivers. Thus, the objective of increasing the mobility of field policing, essential for performance of the police force, was not achieved.

<sup>122</sup> Medium Mine-Protective and Riot Control vehicles.

**Distribution of vehicles in districts was not rational and 53 per cent of vehicles were retained at district headquarters**

### 1.3.9.2 *Inadequate distribution of vehicles*

There were 888 vehicles in five out of six test-checked districts<sup>123</sup>. Of these, 419 vehicles (47 per cent) were deployed in police stations for policing purposes, 181 vehicles (21 per cent) were retained by senior officers and 288 vehicles (32 per cent) were kept as reserve in the police lines. In the backdrop of mobility deficiency of 46 per cent, retention of 53 per cent of vehicles with senior officers and in reserve was quite high. Audit scrutiny revealed shortage of vehicles in police stations as discussed below:

- There were 53 police stations (PSs) in these five districts which required 106 light vehicles and 159 motor cycles as per BPR&D norms. Against this, these PSs had only 67 light vehicles and six motor cycles with shortage of 39 light vehicles (37 per cent) and 153 motor cycles (96 per cent). It was further seen that eight PSs had no vehicle and 27 PSs had only one vehicle. Shortage of vehicles in PSs would have a negative impact on regular patrolling and responding to crime situations.
- In order to prevent casualties of policemen in extremist violence and to effectively counter the Naxal threat, the State Government planned to provide one Medium Mine Protective Vehicle (MMPV), one light and two medium bullet-proof vehicles and 10 motorbikes to each Naxal-affected police station. Against the above requirement, it was seen in audit that in 50 Naxal-affected police stations of the five districts, there were a total of nine MMPVs, two medium and 24 light bullet proof vehicles, 31 medium and 52 light general vehicles and 91 motor bikes. The shortage was mainly in respect of MMPVs, bullet-proof vehicles and motor bikes {41 MMPV (82 per cent), 124 bullet-proof vehicles (83 per cent) and 409 motor bikes (82 per cent)}. Thus, the objective of providing special vehicles to Naxal-affected police stations was not achieved which compromised the goal of countering the Naxal threat effectively.

### 1.3.9.3 *Response time*

**Average reaction and response time were high indicating lack of readiness of police**

Increasing mobility for field policing should result in reduction of response time<sup>124</sup>. The Saraf Committee<sup>125</sup> opined that fixing of maximum response delay time is necessary to induct a sense of purpose and direction and recommended a maximum response delay time of five minutes for police to reach the place of occurrence. Audit scrutiny of sensational reported<sup>126</sup> (SR) cases of five test-checked districts revealed average reaction time<sup>127</sup> of 166 minutes and average response time of 234 minutes during 2008 which were far from satisfactory (*Appendix-1.32*). Palamu, a Naxal-affected district recorded the highest average reaction time (346 minutes) as well as response time (386 minutes), indicating the lack of readiness of the police to combat the crimes/insurgency.

<sup>123</sup> Deoghar, East Singhbhum, Hazaribag, Palamu and Ranchi; West Singhbhum did not furnish this information.

<sup>124</sup> Duration between time of reporting of crime and time of reaching the place of occurrence of crime by police.

<sup>125</sup> A committee on police reforms.

<sup>126</sup> Cases of grievous nature of crimes *i.e.* dacoity, loot, murder *etc.* which are investigated under direct supervision of the Superintendent of Police.

<sup>127</sup> Duration between time of reporting of crime and time of movement of police.

Further, a random check of SR cases in four districts disclosed that in 55 out of 79 heinous crimes, police stations received information regarding the crimes after delays ranging between six hours and 105 days. This indicated that police patrolling, surveillance and intelligence gathering was weak.

### 1.3.10 Weaponry

After creation of the State, the weaponisation programme of the Jharkhand Police had progressed greatly due to exigencies arising out of increase in urban crime, rise of Naxalism etc. Jharkhand Police had phased out its outdated and old arms like .303 rifles and had planned to replace .303 and SLR rifles with modern firearms like AK-47 and Insas rifles. The scale of arms holding was fixed as a modern firearm or main strike weapon for each police personnel.

#### 1.3.10.1 Shortage of main strike weapons

There was large scale shortage of main strike weapons with the police force

Audit scrutiny (February to July 2009) revealed that the central store, responsible for maintaining the inventory of all weapons at the State level, did not maintain any inventory of weapons received from Bihar as a result of bifurcation of the States. It maintained inventories of only the weapons procured after creation of Jharkhand. However, in eight out of 10 test-checked units, it was seen that there was a huge shortfall of main strike weapons including area weapons<sup>128</sup> compared to the requirements as per the sanctioned strength of these units as given in **Table 14**:

**Table 14: Availability and shortage of weapons in test-checked units**

Sl No	Name of units	Sanctioned strength of manpower	All types of weapons		Main strike weapons including area weapons		
			Available	Shortfall	Available	Shortfall	
					Number	Per cent	
1	Deoghar	698	1547	Nil	684	14	02
2	Palamu	2412	3221	Nil	1712	700	29
3	Ranchi	4895	5001	Nil	1773	3122	64
4	E Singhbhum	2304	3440	Nil	1335	969	42
5	Hazaribag	1949	2501	Nil	1081	868	45
6	W Singhbhum	2177	1732	445	1161	1016	47
7	JAP-1 <sup>129</sup>	1929	3748	Nil	3410	Over armed by 1481 (77%)	
8	JAP-5	1263	3198	Nil	2292	Over armed by 1029 (81%)	
9	JAP-6	1238	1767	Nil	1194	44	4
10	IRB-2	940	477	Nil	477	463	49
<b>Total</b>		<b>19805</b>	<b>26632</b>		<b>15119</b>	<b>4686</b>	<b>24</b>

Source: SPs of the districts and Commandants of the battalions

It can be seen from the table above that against the requirement of 19,805 main strike weapons, only 15,119 (76 per cent) were available in these units. Deoghar, a non-Naxal district was adequately equipped with main strike weapons whereas five Naxal-affected districts (Palamu, Ranchi, East Singhbhum, Hazaribag and West Singhbhum) had shortfalls of main strike weapons ranging between 29 and 64 per cent. Two units of Jharkhand Armed Police (JAP-1 and 5) were found to be over-armed by 77 and 81 per cent

<sup>128</sup> Main strike weapons: 5.56 mm Insas rifle, AK- 47, 9 mm Sten gun, 9 mm Pistol, .38 revolver, V L Pistol and Area weapons: 5.56 mm LMG, 51 mm Mortar, Hand grenade tube launcher and 7.62 mm LMG.

<sup>129</sup> Jharkhand Armed Police, the main combat force of the State.

respectively whereas the India Reserve Battalion-2 was found to be underarmed to the extent of 49 *per cent*. Shortfall in strike weapons and their irrational distribution could lead to under-performance and casualties in anti insurgency operations, especially in Naxal-affected districts.

### **1.3.10.2 Weapons not in service**

In seven<sup>130</sup> out of 10 test-checked units, 2,433 weapons were not in service, including 2,123 repairable weapons. However, these could not be repaired for want of spare parts and inadequate numbers of armourers. Non-repair of usable weapons affected the weaponisation programme of the police force.

### **1.3.10.3 Inadequate security of weapons**

During joint physical verification of magazines of police lines held in May and June 2009, by Audit along with Sergeant Majors, it was seen that the magazines were lacking in infrastructural facilities like space for storage of weapons, damp-proof rooms, barracks, watch towers, morcha<sup>131</sup> etc. The security arrangements were also far from satisfactory despite the fact that extremists had looted 185 firearms from the magazine of Giridih district in 2005.

### **1.3.10.4 Short supply of arms and ammunition**

- Against purchase orders for 400 Insas LMG and 8,000 Insas rifles during 2006-08, the ordnance factory, Ichhapur, West Bengal supplied only 346 LMG and 7,222 Insas rifles as of March 2009. There was no reason on record for non-supply of 54 LMG and 778 Insas rifles.
- During 2006-07, a purchase order for 6,42,307 ball cartridges of 5.56 mm Insas rifles and 20,000 drill/HD cartridges of 7.62 mm SLRs was placed with the Ordnance Factory Board. Against this order, 7,00,000 ball cartridges and 1,18,283 drill/HD cartridges were supplied (an excess of 57,693 ball cartridges and 98,283 drill/HD cartridges), the stated reason being decreases in rates. Similarly, due to increases in rates, some items were supplied in less quantity than ordered (**Appendix-1.33**). Excess supply of ammunitions resulted in piling up of stock in the Central store. The receipt of arms and ammunitions less than the requirement might have an adverse impact on the preparedness of the police force.

### **1.3.10.5 Shortage of security equipment**

Security equipment like bullet-proof (BP) jackets, helmets, patkas<sup>132</sup> etc. were essential for the safety of the police force involved in anti-insurgency operations. Each person was to have one set of the above-mentioned security gadgets. It was seen in audit that in nine test-checked units<sup>133</sup>, against the sanctioned strength of 19,107 police personnel, there were only 2,305 BP jackets (12 *per cent*), 2,389 BP helmets (12 *per cent*) and 50 BP patkas (0.26

**Magazines of police lines lacked adequate infrastructure and security arrangements**

<sup>130</sup> Deoghar, East Singhbhum, Hazaribag, Palamu, Ranchi, JAP-1 and JAP-5.

<sup>131</sup> Fortified structures for sentries.

<sup>132</sup> A security gadget to protect head.

<sup>133</sup> Naxal-affected districts of East Singhbhum, Hazaribag, Palamu, Ranchi and West Singhbhum; JAP-1, JAP-5, JAP-6 and IRB-2.

*per cent*). Shortage of these security gadgets left the combat forces vulnerable to injury/death. Further, in an interview, conducted (May and June 2009) by the Audit in the presence of Sergeant Majors of districts, police personnel stated that the BP jackets were too heavy for them due to which smooth movement was not possible during operations. BP helmets provided to them were also stated to be uncomfortable. These aspects had not been taken into account prior to procurement of the security equipment.

### **1.3.11 Forensic Science**

The scheme envisaged provision of modern scientific aids to investigation and development of infrastructure for improving the quality of crime investigation. In Jharkhand, there was one Forensic Science Laboratory (FSL) at the headquarters which was in a stage of augmentation. Besides, 18 Mobile Forensic Vans were in operation in 18 districts (March 2009).

#### **1.3.11.1 Huge pendency in analysis of samples**

**There was huge pendency in analysis of samples**

The samples received in the FSL were required to be analysed as soon as possible. Audit scrutiny disclosed huge pendencies in analysis of samples received in the FSL and continuous increase in the number of pending cases over years. During 1998-2009 (up to March), out of 7,796 samples received, 5,154 were analysed and disposed off, leaving a balance of 2,642 samples pending for analysis. Further, out of 2,642 pending samples, 1,491 (56 *per cent*) samples were more than five years old and were thus fraught with the risk of deterioration, which could affect the test results.

#### **1.3.11.2 Mobile Forensic Vans**

The field of forensic science being a specialised job, BPR&D suggested provision of Mobile Forensic Science units to each district. The department provided (March 2004) 18 Mobile Forensic Vans, procured, fabricated and equipped at a cost of Rs 1.80 crore during 2003-05, to 18 out of 24 districts for improving the quality of crime investigation. It also sanctioned (December 2005) posts of one Senior Scientific Officer and one Scientific Assistant for each van.

Test check of records of six test-checked districts revealed that graduate constables were deployed in these vans as Senior Scientific Officers. Scientific Assistants had not been appointed as of March 2009. Audit scrutiny of log books of vans disclosed 166 visits by these vans between July 2007 and March 2009 in five districts<sup>134</sup>. Of these, 86 were for reaching crime sites to collect exhibits and 80 (48 *per cent*) visits were undertaken for private or other purposes like transporting patients, forces, dog squads and visits for official works. In the case of exhibit collection, the work was limited to taking photographs and fingerprints instead of scientific collection, preservation and packaging of physical clues from the site of crime and providing preliminary findings to Investigating Officers. Thus, the objective of improving the quality of crime investigation was not achieved and the vans were not utilised for the intended purpose. This was despite the fact that the matter was reported to the

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<sup>134</sup> Log book was not furnished by West Singhbhum.



Government through Paragraph 4.4.4 of CAG's Audit Report for the year ending 31 March 2007.

### 1.3.12 Manpower management

One of the principal areas of focus under the modernisation scheme was the expeditious filling up of vacancies. BPR&D had recommended an average of two *per cent* annual growth in police manpower in order to keep pace with the population growth.

#### 1.3.12.1 Large scale vacancies

There were vacancies in all the cadres of the police force

The sanctioned strength and men-in-position of the police force in Jharkhand during 2004-09 is given in **Table 15**:

**Table 15: Sanctioned strength and men-in-position in the State police**

Year (as on 1 January)	Officers (Inspector to Assistant Sub Inspector)		Constabulary (Head constable and constable)		Number of constables per officer as per	
	Sanctioned strength	Men-in- position	Sanctioned strength	Men-in- position	Sanctioned strength	Men-in- position
<b>General police force</b>						
2005	5020	3962 (79)	30324	20578 (68)	6.04	5.19
2006	5115	4440 (87)	32310	24991 (77)	6.32	5.63
2007	5468	4285 (78)	31719	23435 (74)	5.80	5.47
2008	5664	4379 (77)	35152	25415 (72)	6.21	5.80
2009	6393	4926 (77)	35944	26343 (73)	5.62	5.35
<b>Special police force (Armed battalions)</b>						
2005	763	627 (82)	11361	8485 (75)	14.89	13.53
2006	763	672 (88)	11402	8831 (77)	14.94	13.14
2007	772	720 (93)	11439	10515 (92)	14.82	14.60
2008	790	697 (88)	11840	10429 (88)	14.99	14.96
2009	1160	849 (73)	16087	12744 (79)	13.87	15.01

Source: DG&IP, Jharkhand; figures in bracket indicate per cent

Audit scrutiny revealed the following:

- There was significant increase in the sanctioned strength of the police force during 2004-09. The increase in the sanctioned strength of the general and the special police force was 6,993 (20 *per cent*) and 5,123 (42 *per cent*) respectively, whereas the men-in-position increased by 6,729 (27 *per cent*) and 4,481 (49 *per cent*) respectively. As a result, the police to public ratio of 9.22<sup>135</sup> increased to 18.89 (based on the sanctioned strength) as on January 2009.
- In spite of the increase in men-in-position in the last five years, vacancies were high, ranging between 21 and 27 *per cent* in officer and constabulary ranks. Further, vacancies in the officers' ranks during 2009 increased compared to the position obtaining in 2004.
- The Committee on Police Reforms, 2000 (Padmanabhaiah Committee) had suggested that the ratio of officers to the constabulary should be improved to 1:4. Against this, the ratio in the State varied from 1:5 to 1:15, which indicated that the State had failed to maintain the strength of the police force as per the suggested ratio.

<sup>135</sup> Assessed by BPR&D in 2000 as police per 10,000 population.

### 1.3.13 Increase in number of crimes

One of the objectives of modernisation of police was to reduce the commission of crimes. Year-wise number of registered crimes in six test-checked districts and the State is given in **Table 16**:

**Table 16: Number of registered crimes**

Sl. No.	Name of districts	Number of registered crimes				
		2004	2005	2006	2007	2008
1	Ranchi	4603	4757	5287	5337	5093
2	Hazaribag	3147	3425	3930	4332	3444
3	Palamu	1594	1894	1724	1802	2169
4	East Singhbhum	2797	3428	3635	3747	3464
5	West Singhbhum	883	1110	1126	1072	973
6	Deoghar	1542	1976	1839	1891	1634
<b>Total</b>		<b>14566</b>	<b>16590</b>	<b>17541</b>	<b>18181</b>	<b>16777</b>
<b>Position in the State</b>						
		<b>34022</b>	<b>37368</b>	<b>39359</b>	<b>41289</b>	<b>41421</b>

Source: Office of Director General & Inspector General of Police, Jharkhand

It can be seen from the table that the number of registered crimes increased by 22 per cent from 34,022 in 2004 to 41,421 in 2008 in the State whereas in the test-checked districts, the increase was 15 per cent despite the scheme being in operation for the last eight years.

### 1.3.14 Training

Training is necessary to address the changing needs of the police force in order to introduce modern technological applications and develop skills. There are four training institutions<sup>136</sup> in Jharkhand. The Jungle Warfare School, Netarhat was yet to be operationalised fully.

#### 1.3.14.1 Absence of planning and insufficient training

There was absence of planning for providing required training

Scrutiny of records of IG (Training) revealed that the department had not prepared any plans to train the police force at regular intervals during 2004-09. Though basic entry grade training was provided to all newly recruited police personnel, refresher and other courses were not given adequate importance as shown in **Table 17**:

**Table 17: Percentage of police force attending training courses**

Year	Men-in-position	Refresher course attended by		Other course attended by	
		Numbers	Per cent	Numbers	Per cent
2005	33652	138	0.41	897	2.67
2006	38934	457	1.17	1454	3.73
2007	38955	793	2.04	6140	15.76
2008	40920	306	0.75	2162	5.28
2009	44862	274	0.61	4645	10.35
<b>Total</b>		<b>1968</b>		<b>15298</b>	

Source: DIG, Personnel Training

During 2004-09, refresher training was given to only 1,968 (six per cent) police personnel against the strength of 33,652 as on January 2005. Similar

<sup>136</sup> Police Training College, Hazaribag; JAP Training College, Padma; Traffic Training School, East Singhbhum and Jungle Warfare School, Netarhat.

was the condition in respect of other courses. Moreover, against the available slot for 735 participants in the refresher course in the Police Training College Hazaribag, during 2004-08, only 494 trainees attended the course, resulting in a shortfall of 33 *per cent*.

#### 1.3.14.2 *Inadequate training infrastructure*

**Police training college did not have adequate infrastructure**

Audit scrutiny of the records of the Police Training College, Hazaribag revealed the following shortcomings:

- The infrastructure of the training college was inadequate. Out of two hostels with accommodation facilities for 195 trainees, one hostel having facility for 150 trainees was in bad condition. Further, the college had only two classrooms with seating capacity for only 120 trainees.
- Against the requirement of 266 weapons, there were only 102 weapons in the college, resulting in a shortfall of 38 *per cent*.
- During 2004-09, out of 183 training courses included in the Annual Plans, the college conducted only 134 (73 *per cent*) courses with a shortfall of 27 *per cent*. Moreover, it organised 93 courses beyond the scope of the Annual Plans which indicated that the Annual Plans were not prepared as per training needs of the police force.

#### 1.3.14.3 *Shortage in target practice*

Annual target practice in four<sup>137</sup> out of six test-checked districts was deficient and the shortfall ranged between 73 and 78 *per cent* during 2004-09 as given in **Table 18**:

**Table 18: Shortfall in target practice by the police force**

Sl. No.	Name of Weapon	Number of personnel trained	Total rounds to be fired as per BPR&D norms	Total rounds fired	Average rounds fired by each person	Shortfall in rounds each person ( <i>per cent</i> )
1	7.62 mm SLR	1505	40 rounds every four years	15515	10	30 (75)
2	9 mm carbine	132		1282	10	30 (75)
3	.38 revolver/9 mm pistol	145		1548	7	33 (83)
4	5.56 mm Insas rifle	1710		18064	11	29 (73)
5	AK-47 rifle	399		3465	9	31 (78)

Source: Superintendents of Police

### 1.3.15 **Computerisation and communication**

#### 1.3.15.1 *Computerisation at headquarters offices*

The computerisation programme of the Jharkhand Police was taking shape from 2004-05 onwards. Networking at the Police Headquarters and in the offices of IGs, DIGs and SPs had been done. As a part of the National e-Governance Plan, a Data Centre in the Special Branch had been started from 2008-09.

<sup>137</sup> Deoghar, East Singhbhum, Palamu and Ranchi.

**Objective of transfer of data from PSs to headquarters was not achieved**

### **1.3.15.2 Common Integrated Police Application**

The Common Integrated Police Application (CIPA) was introduced (2003-04) by GOI with a view to record data of crimes and criminals by computerising the Headquarters office, Range offices, SP offices, SDPO offices and all PSs in the State with online connectivity so as to access/transfer data to/from each other. For this project, Rs 5.40 crore was sanctioned during 2003-04 and 2006-07. The project was to be completed by October 2006.

In the first phase, out of 156 computers with accessories supplied by NIC, only 71 were installed in 27 PSs (September 2007) out of 38 PSs of Ranchi district. In the remaining 11 PSs, systems could not be installed for want of site preparation (March 2009). Meanwhile, GOI excluded the implementation of CIPA from the modernisation scheme from 2008-09 with the introduction of the Crime and Criminal Tracking Network System. Further scrutiny revealed that the Police Stations, equipped with computers under CIPA, were doing only data entry in regard to FIRs and Case Diaries for the year 2000 onwards. Moreover, networking was not provided to PSs. Thus, the basic objective of access/transfer of crimes and related data from the PS level to the police Headquarters level was defeated, even after incurring expenditure of Rs 4.86 crore (March 2009).

### **1.3.15.3 Inadequacy of wireless sets and accessories**

Audit scrutiny revealed that the shortfall in the required number of VHF, HF and hand-held sets were 30, 57 and six *per cent* respectively. The available sets included 331 (five *per cent*) defective or damaged sets. The number of batteries, needed for smooth operation of these sets, was short by 63 *per cent*. Further, out of 2,792 batteries, 1,914 (69 *per cent*) batteries procured prior to December 2006 had almost outlived their normal life of two years.

As per BPR&D norms, each armed battalion required 100 wireless sets<sup>138</sup>. It was, however, seen in audit that out of three test-checked JAPs, JAP-6 had no set and JAP-5 had only one VHF set, indicating the poor quality of operational preparedness of armed battalions.

### **1.3.15.4 Police Communication Network**

Police Communication Network (POLNET), a satellite based network to provide nationwide voice, data and message communication, was to be completed by the Directorate of Co-ordination Police Wireless (DCPW) by November 2006 at a cost of Rs 4.45 crore, sanctioned by GOI.

Audit scrutiny revealed that:

- equipment for Very Small Aperture Terminals (VSAT) and Multi-Access Radio Telephony (MART) were installed in 17 out of 24 districts (between September 2004 and September 2005) but were not functioning;
- the Hybrid station installed in the State capital was defective and
- Basic Subscriber Units (BSUs) located at VSAT sites in districts and Remote Subscriber Units (RSUs) at PSs were not functioning except in

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<sup>138</sup> Two HF (100 watt), 14 HF (15 watt), 20 VHF (20 watt) and 64 VHF (5 watt) sets.

one district as in maximum cases, the BSU antennae were broken.

Non-functioning of POLNET was attributed to non-repair of systems by the vendor and lack of trained manpower required for its operation. Thus, the objective of POLNET to provide nationwide communication was not achieved and the expenditure incurred on it was rendered largely unfruitful.

**SLEC did not monitor the implementation of the scheme**

### **1.3.16 Monitoring and evaluation**

State Level Empowered Committee was responsible for monitoring the progress of implementation of the approved Annual Plans by holding one meeting every month and by deputing teams of officers who would visit fields and make periodic assessments regarding implementation of the scheme. It was, however, noticed that the SLEC met only five times just for approving Annual Plans during 2004-09 against the required 60 meetings. Mid-term reviews, to be conducted after every two years, as per the guidelines of GOI issued in 2001, were not conducted. Further, the physical targets and status of achievement were also not being reported to GOI. Thus, monitoring was poor both at the department and Government level.

### **1.3.17 Conclusion**

The pace of implementation of the modernisation scheme for the State Police Force was far from satisfactory. The Perspective Plan was not prepared. Ad hoc Annual Plans were prepared and submitted late, leading to delays in implementation. Housing facilities for police personnel were not adequate. Police stations/out posts/pickets lacked basic infrastructural facilities and security arrangements. Mobility deficiency was high. Average reaction and response time was unsatisfactory. The striking ability of the police force was compromised due to dependence on outdated weapons and shortage of security equipment. In crime investigation, the role of forensic science was minimal. Adequate training was not provided to police personnel. Computerisation and communication network was ineffective. There was absence of monitoring. All the above indicated that the main objective of 'Modernisation of Police Force' scheme was far from being achieved.

### **1.3.18 Recommendations**

- The State Government should prepare a roadmap including a long-term Perspective Plan for modernisation of its police force, after analysing the gaps and requirement, based on Bureau of Police Research and Development norms.
- Financial management should be streamlined to ensure timely utilisation of funds for the intended purpose.
- Quantifiable targets and specific timelines should be fixed for upgradation of weapons, mobility, computerisation and communication systems and progress monitored.
- Civil works like construction of residential buildings, police lines, police stations/outposts should be taken up and completed on a war footing.

- Adequate training should be planned and ensured to police personnel for addressing the changing needs of police force.
- The monitoring mechanism should be strengthened to ensure the implementation of the scheme in an effective and time bound manner.

The matter was reported to the Government (September 2009). Their reply had not been received (December 2009).

## ENERGY DEPARTMENT

### 1.4 Working of Jharkhand Renewable Energy Development Agency

#### 1.4.1 Introduction

The Jharkhand Renewable Energy Development Agency (JREDA) was set up in February 2001 under the Energy Department, Government of Jharkhand to explore, exploit, promote and popularise new and renewable energy sources through planning, investigation, research and development, field testing and demonstration. The objective of JREDA was to encourage the use of renewable energy sources by offering incentive, to users in the form of subsidy.

Exploring of renewable sources of energy in the State assumes importance as only 10 and 24.3 *per cent* of rural and other households respectively are electrified in the State<sup>139</sup>. Besides, villages are spread far and wide and fall in hilly and inaccessible regions where non-conventional sources of energy emerge as a viable alternative to meet the energy requirements.

For promoting the use of non-conventional and renewable energy, Government of India set up the Department of Non-Conventional Sources of Energy in 1982 which was subsequently made the Ministry of New and Renewable Energy (MNRE) in October 2006. MNRE implements its programmes through various State agencies. Out of the various programmes of MNRE, JREDA was implementing the programmes like Solar Photovoltaic, Remote Village Electrification, Solar Thermal, Biogas etc.

A review of the working of JREDA for the period 2002-09, was conducted during January to April 2008 and February 2009 through test check of its records to examine its performance and financial management. In order to verify certain aspects of the working of JREDA, joint field verification in seven villages of two<sup>140</sup> districts was also carried out.

#### 1.4.2 Organisational Structure

JREDA was created with a 13 member Managing Committee (the Committee) comprising of the Energy Secretary as ex-officio Chairman, Secretaries of six departments<sup>141</sup>, heads of four institutions<sup>142</sup> and two internal members<sup>143</sup>. The Committee had the power to approve the policies, programmes, budgets, annual reports etc.

<sup>139</sup> Economic Survey of Government of Jharkhand for 2007-08.

<sup>140</sup> Dumka: Fulsari, Paharidih and West Singhbhum: Baida, Dhubila, Jatarma, Nilchakrapada and Tunga.

<sup>141</sup> Agriculture, Finance, Forest & Environment, Industry, Planning and Rural Development Departments.

<sup>142</sup> 1. Chairman, Jharkhand State Electricity Board, 2. Director, Mines, Jharkhand, Ranchi, 3. Director, Birla Institute of Technology, Mesra, Ranchi and 4. Principal, National Institute of Technology, Jamshedpur.

<sup>143</sup> Director and Project Director.

### 1.4.3 Planning

JREDA did not prepare any long term Plan and Annual Action Plans were prepared on ad hoc basis

Though the JREDA was committed to the objective of meeting the energy requirements of the State for domestic and irrigation use by generating additional power through the use of new and renewable sources of energy, audit scrutiny revealed that JREDA had not prepared any long term plan to explore, exploit and promote new and renewable energy sources. Annual Action Plans were prepared for promoting and popularising solar and bioenergy sources through installation/sale of solar photovoltaic systems, solar water heating systems, biogas plants and improved ovens but these were framed on ad hoc basis only. There was no confirmed basis for fixation of targets and there were no targets for previous years. Further, Annual Action Plans were not prepared for geothermal, wind, biomass and hydel energy.

### 1.4.4 Financial management

JREDA's financial resources and its utilisation during 2002-09 were as shown in Table 19 below:

**Table 19: Funds received, expenditure and savings**

*(Rupees in crore)*

Sl. No.	Year	Funds received			Expenditure			Savings			Saving (In per cent)
		GOI	State	Total	GOI	State	Total	GOI	State	Total	
1	02-03	0.30	3.00	3.30	0.23	1.54	1.77	0.07	1.46	1.53	46.36
2	03-04	6.57	6.10	12.67	5.74	1.72	7.46	0.83	4.38	5.21	41.12
3	04-05	6.13	5.17	11.30	5.26	3.18	8.44	0.87	1.99	2.86	25.30
4	05-06	5.73	28.73	34.46	5.59	23.18	28.77	0.14	5.55	5.69	16.51
5	06-07	9.40	41.04	50.44	9.40	27.09	36.49	0.00	13.95	13.95	27.65
6	07-08	10.61	40.00	50.61	7.32	36.49	43.81	3.29	3.51	6.80	13.44
7	08-09	NIL									
<b>Total</b>		<b>38.74</b>	<b>124.04</b>	<b>162.78</b>	<b>33.54</b>	<b>93.20</b>	<b>126.74</b>	<b>5.20</b>	<b>30.84</b>	<b>36.04</b>	<b>22.14</b>

Source: Financial statement made available by JREDA

Audit noticed the following:

Though JREDA was to arrange its resources in the form of loans, subsidies, grants-in-aid and financial assistance from Government, semi-Government organisations and other institutions to finance its activities, no initiative to mobilise additional resources from non-governmental sources was taken by it, leaving it totally dependent on funds received from Government of India and the State Government.

Instances of financial irregularities, noticed in audit, are discussed in the succeeding paragraphs.

- As stated, Rs 36.04 crore (22.14 per cent) was not utilised.
- Para 19 of the Articles of Association of JREDA envisaged that the Controller of Finance would negotiate cheques and other such instruments jointly with the Director. However, no Controller of Finance was appointed in the JREDA and expenditure of Rs 126.74 crore was incurred during 2002-09.
- Rupees 10.60 crore, deposited (November 2007) in a Personal Ledger Account (PLA) of the Director, JREDA lapsed on 1 April 2008 due to non-renewal of PLA. Further scrutiny revealed that JREDA created an

JREDA spent money without appointing a Controller of Finance



interest liability of Rs 5.14 crore up to March 2009, as this fund was sanctioned in March 2002 by GOI as a loan at a compound rate of interest of 13 *per cent* per annum payable in 10 instalments, besides blocking the fund for more than two years.

**Defalcation of Rs 21.18 lakh, paid for works not supported by documents, could not be ruled out**

- MNRE provided (April 2004) Rs 1.38 crore for electrification (through solar photovoltaic systems) of 88 schools and hostels for Schedule Castes. An equivalent amount was to be provided by the State. However, as the State could not provide its share on time, JREDA returned (July 2007) Rs 1.54 crore, with the interest earned, to MNRE. Thus, the purpose for which GOI sanctioned the fund *i.e.* benefit of Scheduled Caste students, was defeated.
- During 2003-06, Rs 21.18 lakh was paid to executing agencies for printing of pamphlets/leaflets, publication of tender notices, press notes etc. but evidence of execution of works like stock entries and paper cuttings of tender notices, press notes etc. were not on record. Further, payment of Rs 7.70 lakh in six cases was made without the required sanction of the Director. Thus, the possibility of defalcation of Rs 21.18 lakh could not be ruled out.
- Perusal of the Chartered Accountant's report revealed that during 2005-06, 650 Solar Street Lighting Systems (SLS) and 221 Domestic Home Lighting Systems (DLS) were sold for Rs 43.72 lakh by the then storekeeper of the JREDA without the required issue order. Out of Rs 43.72 lakh, only Rs 12.58 lakh was taken into the account while Rs 31.14 lakh was defalcated. No action was initiated by JREDA against the storekeeper as of March 2009.
- During 2005-06, the stock of JREDA was short by 73 DLS and 23 SLS worth Rs 7.47 lakh. No responsibility was fixed for this shortage/pilferage as of March 2009.

**Annual accounts and reports were neither approved by the Managing Committee nor submitted to the Government**

#### **1.4.4.1 Annual Accounts and Reports**

According to paras 12, 22 and 23 of the Articles of Association, the Annual Accounts of JREDA were to be audited by a Chartered Accountant followed by supplementary audit by the Comptroller and Auditor General of India or his authorised Chartered Accountant. Annual Accounts and Reports, duly approved by the Managing Committee were to be submitted to the State Government every year by the end of June.

Though, the accounts for the period 2002-06 were prepared by Chartered Accountants, approval of the Managing Committee and submission to the Government was not ensured. This resulted in denying the Government access to the accounts, an important management aid to control and monitor the performance of JREDA. No accounts had been prepared thereafter.

#### **1.4.5. Programme implementation**

The State has immense scope for meeting its energy needs from sources like biomass, solar, geothermal, wind, water etc. due to large scale availability of barren and unutilised land, numerous waterfalls, presence of geothermal sites (60 out of 340 sites in India), abundant sunlight, water and wind. Although in

**JREDA has not taken up any projects on new and renewable sources of energy**

its ninth year of establishment<sup>144</sup>, JREDA is yet to take up on geothermal, wind, hydel and biomass projects. Out of the various programmes<sup>145</sup> of MNRE, JREDA was mainly implementing solar photovoltaic, solar water heating systems, biogas plants and improved oven programmes even though it was the nodal agency of MNRE in the State.

#### **1.4.5.1 Remote Village Electrification Programme**

**The shortfall in achievement of targets was 99.76 per cent in 2006-07**

The programme aimed to electrify villages not taken up for electrification by the Jharkhand State Electricity Board (JSEB). The entire expenditure for the programme was borne by GOI in the form of subsidy.

JREDA, on receipt of the list of such villages from JSEB, was to install solar photovoltaic systems like Domestic Home Lighting Systems (DLS) and Solar Street Lighting Systems (SLS) at selected sites in villages after carrying out field surveys. During 2004-09, the physical targets and achievements under the programme were as given in **Appendix-1.34**.

JREDA did not fix any targets for 2004-05 and 2007-08 for which there was no reason on record. The shortfall in achievement of target was 99.76 per cent during 2006-07. In 2008-09, JREDA did not undertake any activity as funds were not released by GOI. Absence of targets/activities during 2004-05 and 2007-08 and major shortfalls, indicated an unplanned and inadequate implementation of the programme.

Deficiencies noticed in programme implementation are discussed below:

**Installation of 493 DLSs at Rs 73.90 lakh was doubtful**

- During 2004-06, Central Electronics Limited was paid Rs 5.60 crore for supply and installation of 3,730 DLSs. However, as per the entries in invoice, supply was of only 3,237 DLSs. Further, transporters' challans, consignees' notes and receipts of consignees were not available on record. Thus, the possibility of non-installation of 493 systems worth Rs 73.90 lakh could not be ruled out.
- Rajasthan Electronics and Instruments Limited was paid (December 2004) Rs 19.83 lakh for supply and installation of 10 SLSs and 204 DLSs on submission of a photocopy of an invoice (No. 4418 dated 25.10.2004) by overwriting the details. Audit scrutiny revealed that Rs 1.60 lakh had already been paid (November 2004) on the original invoice (No.4418 dated 25.10.2004) for supply and installation of eight SLSs. (**Appendix-1.35** and **1.36**) Thus, the installation of 10 SLSs and 204 DLSs was doubtful.
- The inventory of 67 out of 103 test-checked villages of nine districts<sup>146</sup> revealed that 842 out of 9,935 DLS (stated to be installed during 2002-04) were recorded without modules and battery numbers and 1,504 systems were recorded as not available/not received. Thus, the possibility of

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<sup>144</sup> Earlier Bihar Renewable Energy Development Agency was responsible for the area under Jharkhand of undivided Bihar.

<sup>145</sup> Bioenergy (Biogas plants, Energy from biowastes, Biomass energy, Improved Ovens), Geo-thermal Energy, Hydro Energy (Small/mini/micro Hydel projects), Solar Energy (Solar Thermal and Solar Photovoltaic Programmes) Wind Energy (Wind Mills and Pumps, Aero Generators), etc.

<sup>146</sup> Bokaro, Deoghar, Dumka, Garhwa, Giridih, Godda, Palamu, Ranchi and West Singhbhum.

non-installation of 2,346 DLS (23.61 per cent) valuing Rs 2.91 crore could not be ruled out.

- As per the provision contained in para 2.2 of the Articles of Association, JREDA was required to plan, promote, undertake, co-ordinate, finance and execute projects which permitted field applications of non-conventional energy. Audit scrutiny revealed that JREDA identified 3,011 villages with population of less than 100 only in 2008-09 where electrification through non-conventional sources only was viable. However, no plan for electrification of these villages was prepared by JREDA as of March 2009. These villages were also not taken up by Jharkhand State Electricity Board (JSEB) under any ongoing rural electrification programme.

#### 1.4.5.2 Solar Photovoltaic Programme

**Shortfalls in achievement up to 92 per cent reflected the inability of the JREDA to extend the reach of the programme**

Under this programme, solar photovoltaic systems like solar lanterns (SL), DLS and SLS were sold to beneficiaries at subsidised rates (between Rs 1,000 and Rs 21,000 per system during 2002-09). Physical targets and achievements of the programme during 2002-09 are as shown in **Appendix-1.37**.

It can be seen that there were shortfalls of 79 per cent (2002-03), 92 per cent (2003-04), 63 per cent (2004-05) and 25 per cent (2005-06). Due to non-release of funds by GOI there was no activity during 2008-09. The shortfall reflected the failure of the JREDA to reach the targeted villages/people.

Deficiencies in programme implementation are discussed in the succeeding paragraphs.

**The sale of solar lanterns valuing Rs 1.53 crore to beneficiaries was doubtful**

- JREDA paid (December 2005) Rs 1.53 crore to M/s Ritika Systems Private Limited for supply (October to December 2005) of 4,000 SL without obtaining documents (transporters' challans and consignees' notes) as proof of supply. Stock entries were also not authenticated by the Project Officer, as stipulated. Of these, 3,800 systems were shown as issued (December 2005) to three districts<sup>147</sup> and 200 systems as sold by the JREDA. However, acknowledgements of the concerned district authorities/issue orders and acknowledgement of beneficiaries were not available on record. Further, a supply order was placed on 16 September 2005 while the agreement with the supplier was entered into on 4 October 2005 on non-judicial stamp paper dated 6 October 2005.
- District authorities are required to send ration cards/voter identity cards of the beneficiaries to the JREDA in support of sale of systems. Further, MNRE prohibits issue of more than one system to an individual/private body. However, against the stated sale of 45,229 SL, 556 DLS and 1,056 SLS to beneficiaries of 14 districts<sup>148</sup> during 2005-06, evidence in support of sale of 22,681 SL, 427 DLS and 1,043 SLS was not available on record. Further, in contravention of MNRE's guidelines, 1,619 SL were issued in bulk to seven Village Energy Committees<sup>149</sup> (VEC) and three individuals during 2004-05. The details of distribution of these systems and receipts of

<sup>147</sup> Godda, Jamtara and Pakur.

<sup>148</sup> Chatra, Deoghar, Dhanbad, Giridhi, Godda, Gumla, Hazaribag, Jamshedpur, Latehar, Pakur, Palamu, Sahebganj, Saraikela-Kharsawan and West Singhbhum.

<sup>149</sup> A committee of beneficiaries (villagers) for security, operation etc. of installed systems.

beneficiaries were also not obtained. Thus, sale of 24,300 SL, 427 DLS and 1,043 SLS valuing Rs 13.21 crore at subsidised rates to the intended beneficiaries was doubtful and the possibility of sale of the systems in the open market could not be ruled out.

- During 2002-06, 15,174 SL, 1,609 DLS and 782 SLS worth Rs 9.07 crore were shown as sold to beneficiaries by the JREDA. However, issue orders and acknowledgements of the beneficiaries were not on record.
- As per MNRE guidelines, manufacturers of at least one component of solar systems were eligible for supply of solar systems. During 2005-06, though no documentary evidence (transporters' challans, consignees' notes and receipts of consignees) were submitted by the suppliers, the JREDA paid Rs 11.35 crore to six suppliers dealing in confectioneries, cosmetics, electrical cable and wires, steel and aluminum sheets, glass works etc for supply of 20,000 SL and 1,250 SLS, though they were not eligible.
- During 2005-06, the JREDA paid Rs 76.50 lakh for supply of 2,000 SLs against two invoices bearing handwritten numbers and without stamp/seal of the authorised signatory.
- An agency was paid (January 2006) Rs 19.13 lakh for supply of 500 SL to JREDA. However, the challan submitted (16 January 2006) with the invoice mentioned supply of only 400 SL. Thus, the stated supply of 100 SLs worth Rs 3.83 lakh was fictitious.
- Seven<sup>150</sup> suppliers were paid (2002-06) Rs 1.80 crore for supply of 2,759 SL, 691 DLS and one SLS, which were not recorded in the stock register of the JREDA. Similarly, M/s SG Enterprises was paid (December 2005) Rs 88.80 lakh for supply of 300 SLS to Aditya Solar Shop (GOI approved retail outlet) but no entry on this account was available in the stock register of Aditya Solar shop.
- The module and battery numbers of systems received or sold and details of beneficiaries though required were not recorded in the stock register of Aditya Solar Shop. Further, the owner of Aditya Solar Shop was also a supplier of solar systems to the JREDA. Given the fact that the supplier was also the owner of a retail outlet, misappropriation of stores, especially the sales not supported by necessary documents, could not be ruled out.

#### **1.4.5.3 Solar Thermal Programme**

JREDA took up the installation of solar water heating systems, offering a subsidy of Rs 50 per litre<sup>151</sup> to beneficiaries. Physical targets and achievements of the programme during 2002-09 were as shown in **Appendix-1.38**.

The shortfall was 83 per cent in 2005-06, 76 per cent in 2006-07 and 27 per cent in 2008-09. Due to non-achievement of targets fixed for 2005-07 which were higher as compared to the previous years and were fixed without assessing the actual requirements, the targets were reduced during 2007-09.

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<sup>150</sup> M/s Kamla, Mellinium Enterprises, PPS Enviro, REIL, Sungrace Enterprises, SG Enterprises, SEL

<sup>151</sup> Subsidy decided on the basis of the volume of the system measured in litre.

Payment of Rs 13.91 lakh was made without sanction/work order and certificate of installation

Audit scrutiny revealed that subsidy of Rs 13.91 lakh was paid to a firm for installing solar water heating systems of the capacity of heating 27,825 litres of water in houses of 31 beneficiaries during 2004-09. However, in 21 cases, subsidy of Rs 10.01 lakh for 20,025 litres was paid without sanction/work order and in 10 cases, subsidy of Rs 3.90 lakh for 7,800 litres was paid without obtaining certificates of installation from beneficiaries, thus indicating the possibility of misappropriation of subsidy.

#### 1.4.5.4 Biogas Programme

JREDA could not utilise the biogas potential in an agrarian State

JREDA was to implement a biogas programme for the rural populace by releasing subsidy of Rs 4,000 up to 2005-06 and Rs 5,700 during 2006-07 per biogas plants. Physical targets and achievements of the programme during 2002-09 were as shown in *Appendix-1.39*.

Though, the shortfall in achievements was 94 per cent (2002-03), 96 per cent (2003-04), 90 per cent (2004-05) and 35 per cent (2005-06), JREDA did not make any effort to popularise the potential of biogas in a predominantly agrarian State where the second most important source of livelihood was cattle raising.

#### 1.4.5.5 Improved ovens (Unnat chullahs)

JREDA made negligible efforts towards providing smokeless *chullahs* to the people of remote villages

*Unnat chullahs*<sup>152</sup> were designed with the objective of offering pollution-free environment, reducing cooking time, reducing cutting trees for fuelwood and reducing human drudgery in villages. The physical targets and achievements of the programme during 2002-09 were as shown in *Appendix- 1.40*.

The shortfall was 100 per cent in 2002-04, 45 per cent in 2004-05 and 85 per cent in 2008-09. Further, the targets were drastically reduced from 2003-04 onwards as compared to the targets for 2002-03, without assigning any reason. The JREDA failed to achieve the objective of providing pollution-free and convenient cooking technology to the poor.

#### 1.4.5.6 Hydel energy

JREDA failed to construct hydel projects despite availability of resources and funds

The significant number of waterfalls in the State offers immense potential for small and mini hydel power projects at about 83 sites with estimated capacity of 1.34 lakh kilo watts<sup>153</sup>.

Audit scrutiny revealed that in undivided Bihar, 14 mini/micro hydel power projects<sup>154</sup>, within the geographical area of Jharkhand, were taken up between 1982-83 and 2000-01 by the Bihar State Hydroelectric Power Corporation (BHPC). All these projects were incomplete as of March 2009.

Further, despite availability of other suitable sites in the State, JREDA was still to take up a new hydel power project.

<sup>152</sup> An oven in which biomass waste is used as fuel in place of firewood and it does not emit smoke.

<sup>153</sup> Economic Survey of Jharkhand for 2007-08.

<sup>154</sup> Chandil, Gautamghagh (portable micro), Jalimghagh (portable micro), Jalimghagh (demo project), Kanhar, Lowerghaghri, Mandal, Nindighagh (portable micro), Nindighagh (demo project), Netarhat, Sadni, Shankh, Tilaiya Ghaghar and Tenu-Bokaro.

#### 1.4.6 Research and Development

**JREDA failed to undertake research and development work in the field of renewable technology**

Although JREDA was required to sponsor and co-ordinate research and development, establish research laboratories and experimental workshops, standardise design and provide technical know-how to users and manufacture systems and devices of new and renewable energy sources, it did not undertake any of these activities.

Audit scrutiny revealed that JREDA did not make any provision in its annual plans for research and development. Further, it did not undertake any research and development programme in the field of renewable technology or establish laboratory and experimental workshops to promote advances in renewable technology suitable for the State. Its activities were confined to purchase, sale and installation of systems available in the market, with the result that a core object for setting up of JREDA was not achieved.

#### 1.4.7 Manpower management

**JREDA did not plan for its expansion though its scope of work increased manifold over the last eight years**

- As per para 2.15 of the Articles of Association, JREDA was to be initially manned by officials on deputation. With the expansion of scope of work, it was to appoint officials and set up regional offices within the State.

Audit scrutiny revealed that the Committee approved (February 2003) the creation of 35 regular posts for the functioning of JREDA. However, these posts were not sanctioned by the Finance Department as of March 2009 and JREDA was functioning with only 23 officials<sup>155</sup>, all on deputation. Further, JREDA did not plan for its expansion though its scope of work increased manifold over the last eight years. The possibility of shortage of manpower adversely affecting the performance of JREDA could not be ruled out.

- As per para 19.1 of the Articles of Association, the Director as the chief executive officer was to exercise general control over administration. An officer of the Indian Administrative Service, not below the rank of Deputy Development Commissioner or any technical officer of repute, having a minimum experience of five years in the field of renewable energy, was to be appointed as the Director. Audit scrutiny revealed that none of the Directors appointed during April 2004 to March 2009 fulfilled the prescribed criteria.

**No training was imparted or advance studies arranged for achievement of the objectives of JREDA**

- Training of officials and staff, granting of aid and scholarship to officers for advance studies and training workshops were integral to the objects of JREDA.

Audit scrutiny revealed that neither was any provision for funds were made nor were schedules for training and advance studies drawn up. In the absence of training, the JREDA could not augment its resource/skill base which would have helped it to popularise the use of renewable energy in the State.

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<sup>155</sup> Two Project Officers, one Accounts Assistant, one Administrative Officer and 19 Technicians.

### 1.4.8 Other interesting issues

**Detailed Project Reports of villages, already prepared under the electrification programme of JSEB, could not be used and expenditure on them was rendered wasteful**

**Installed systems were not maintained even after payment of Rs 11.70 lakh as comprehensive maintenance charges**

**Eighty plants involving subsidy of Rs 3.39 lakh were not working due to minor technical defects and non-maintenance**

**Expenditure of Rs 30.68 lakh on non-established energy parks was rendered wasteful**

- During 2004-07, four<sup>156</sup> agencies were engaged for survey and preparation of Detailed Project Reports (DPR) for electrification of 13 police stations/pickets in Hazaribag and 332 villages in other five<sup>157</sup> districts. The expenditure of Rs 56.94 lakh on these DPRs was rendered wasteful as all these villages were already covered under the Rajiv Gandhi Gramin Vidyutikaran Yojana (RGGVY) and the DPRs of police stations/pickets were not used as of March 2009.
- M/s Central Electronics Ltd., Sahibabad was paid (March and July 2007) Rs 11.70 lakh as comprehensive maintenance charge (CMC) for maintenance of systems for five years after installation under RVE. Joint physical verification (April 2008) by Audit with the officials of JREDA revealed that out of 955 DLS and 79 SLS installed in eight villages during 2004-05, 494 DLS (52 per cent) and 17 SLS (22 per cent) were out of order. As complaint registers were not maintained, the period since when these were out of order could not be determined. The villagers, including the Chairperson and Secretaries of VECs stated that the defective systems were not repaired by the technicians of the company responsible for maintenance.  
JREDA could not sell 83 SLS and 170 DLS worth Rs 16.96 lakh, procured under the market mode programme<sup>158</sup> during 2005-06. The systems, lying in the stores, became (April 2008) unserviceable and resulted in a loss to JREDA.
- Scrutiny of inventory of biogas plants revealed that 80 out of 688 plants, involving subsidy of Rs 3.39 lakh, commissioned during 2002-07 were not working due to minor technical defects and non-supply of pipes, gas ovens etc. These were not rectified despite availability of services of 14 biogas technicians in districts and four at headquarters. This indicated inadequate follow up/maintenance of installed systems.
- MNRE provided (June 2003) Rs 49.27 lakh to establish energy parks<sup>159</sup> in nine districts. Of this, Rs 30.68 lakh was paid to two agencies during 2003-05 for consultancy and establishment of the parks at Ranchi and Latehar. However, the parks could not be established due to change of the site at Ranchi and failure/theft of the installed systems at Latehar. The JREDA was not able to utilise balance funds of Rs 18.59 lakh and refunded (August 2007) Rs 15.53 lakh to MNRE. Thus, the objective of establishment of energy parks could not be achieved though funds were available and the expenditure of Rs 30.68 lakh was rendered wasteful.

<sup>156</sup> M/s CEL, Sahibabad; M/s GR associates, Ranchi; M/s Steel Industrial Limited, Kerala and M/s Vikashonmukh, Ranchi.

<sup>157</sup> Bokaro, Giridih, Ranchi, Saraikela-Kharsawan and West Singhbhum.

<sup>158</sup> Under this programme SLSs and DLSs are sold on subsidized rates.

<sup>159</sup> Parks where solar photovoltaic systems are installed for practical demonstration to the public.

#### **1.4.9 Internal control mechanism**

**Monitoring and evaluation was deficient. Feedback analysis was not done**

##### **1.4.9.1 Monitoring and evaluation**

JREDA was to monitor and evaluate various programmes with a system of feedback in place. The Managing Committee failed to monitor the programmes through regular meetings as the committee met only 12 times against the stipulated 28 times during 2002-09. Schedules of inspections by the officials of JREDA were not formulated. Involvement of the district administration in monitoring was never ensured, though approved by the Managing Committee. A system of feedback was not developed to ensure the usefulness of the systems and redressal of complaints of the beneficiaries.

**Internal Audit was never carried out and there was no manual for the same**

##### **1.4.9.2 Internal Audit**

Internal audit is generally defined as the control of all controls as it is a means for an organisation to assure itself that the prescribed systems were functioning reasonably well. By an order of May 1960 of the Finance Department, internal audit parties were required to conduct *cent per cent* audit of all transactions of the entity. Internal audit of JREDA was never carried out by the Finance Department. Further, there was no provision for internal audit in the Articles of Association of JREDA. JREDA also did not frame any manual detailing rules and regulations to be followed by it. In the absence of internal audit and the manual, the management had no means of knowing the areas of malfunctioning of systems and, did not have the opportunity of taking remedial action at the appropriate time.

**There was no vigilance mechanism**

##### **1.4.9.3 Vigilance mechanism**

There was no vigilance mechanism in place in JREDA. In the absence of a vigilance mechanism, JREDA could not ensure that all the operations and transactions were transparent and in public interest. Cases of fraud and embezzlement could have gone unnoticed and the guilty unpunished, which would be against the interest of the Government.

#### **1.4.10 Conclusion**

JREDA failed to achieve its main objective of exploring and exploiting new and renewable energy sources available in the State. Its activities were limited only to purchase, sale and installation of systems available in the market. JREDA did not prepare any long term Plan and Annual Plans, though prepared, were on ad hoc basis. There were huge savings of funds. Non-adherence to financial rules led to financial mismanagement and financial irregularities. Though required, Annual Accounts and Reports were never sent to the State Government. There were serious deficiencies in programme implementation including major shortfalls in achievement of targets and irregularities in installation and supply of solar systems. JREDA failed to undertake research and development work in the field of renewable technology. No training was imparted nor were any advanced studies arranged for achievement of its objectives. JREDA was manned by officials on deputation. It did not plan for expansion though its scope of work increased manifold. The monitoring mechanism for programme implementation was



also deficient as the Managing Committee failed to monitor the programmes through regular meetings.

#### **1.4.11 Recommendations**

- JREDA should develop systems and devices suitable for Jharkhand through research and development, advanced studies, field testing and training of officials;
- JREDA should ensure a workable co-ordination with the State Government for effective implementation of programmes. Involvement of the district administration in programme implementation should be ensured;
- JREDA should strictly adhere to financial rules and provisions. The cases of financial irregularities are serious in nature and should be investigated from a vigilance angle. A Controller of Finance should be appointed to strengthen its financial management;
- Maintenance of records and their due authentication should be ensured;
- A suitable monitoring and reporting mechanism with a feedback analysis system should be developed. The Managing Committee should meet regularly to monitor and analyse the working of JREDA;

The matter was reported (June 2009) to the Government. Their reply had not been received (December 2009).

## HOUSING DEPARTMENT

### 1.5 Din Dayal Awas Yojna

#### 1.5.1 Introduction

The Government of Jharkhand launched (June 2004) the Din Dayal Awas Yojana (DDAY) as per the guidelines of the Centrally sponsored Indira Awas Yojana (IAY). DDAY aimed at construction of five lakh houses (two lakh in 2004-05 and three lakh in subsequent years) for all categories of rural people below the poverty line (BPL). DDAY was financed by availing a loan of Rs 500 crore from the Housing and Urban Development Corporation (HUDCO) at a floating rate of interest of seven *per cent* per annum. Houses were to be constructed by the beneficiaries on their own land with financial assistance of Rs 25,000 for each beneficiary and were to be completed within three months. Allottees of IAY were not eligible for DDAY.

The Jharkhand State Housing Board (JSHB) was to function as the nodal agency in the case of DDAY. Block Development Officers were made responsible for implementation of the scheme.

#### 1.5.2 Scope and methodology of Audit

In order to assess the achievement of objectives, records of the Rural Development Department, the Housing Department, the Jharkhand State Housing Board (JSHB), four<sup>160</sup> out of 22 districts and 13 blocks<sup>161</sup> out of 59 blocks in the four test-checked districts and four DRDA offices were scrutinised for DDAY (2004-09) between April and June 2009. The audit findings are discussed in the succeeding paragraphs.

#### *Audit findings*

#### 1.5.3 Perspective Plan/Annual Plans

According to the *sankalp*<sup>162</sup> of the Housing Department for implementation of DDAY, each district was to prepare a block-wise list of beneficiaries to assess the requirement of houses within one month. Audit scrutiny revealed that this was not done in any district. Though DDAY was being implemented as per the guidelines of IAY, no Perspective Plan and Annual Plans were prepared prior to commencement of the financial years at the State, district or block levels.

##### 1.5.3.1 Financial Performance

As stated above, the DDAY scheme was started with a loan of Rs 500 crore from HUDCO. The scheme, which was to be implemented as per the guidelines of IAY, with the objective of providing houses to BPL families, was to be implemented using this amount.

<sup>160</sup> Dumka, Garhwa, Ranchi and West Singhbhum.

<sup>161</sup> Bandgaon, Burmu, Chaibasa Sadar, Chakradharpur, Dumka, Garhwa, Jama, Jarmundi, Kanke, Majhiaon, Meral, Namkum and Shikaripara.

<sup>162</sup> Resolution of the State Government.

List of beneficiaries, Perspective Plan and Annual Plans were not prepared

**Government could not construct even a single house during 2004-05**

The scheme could not start during 2004-05 as the first instalment of the loan of Rs 125 crore was released by HUDCO to JSHB on 31 March 2005 and subsequently by JSHB to the districts in August 2005. Delay in releasing the amounts to the implementing agencies led to denial of the envisaged benefits to the BPL families. JSHB could spend only Rs 458.64 crore up to 2008-09.

### 1.5.3.2 Physical Performance

- Construction work was started in 2005-06 instead of 2004-05 with a target of two lakh houses. Construction of the remaining three lakh houses had not been taken up (May 2009) without any recorded reason. Out of the aforesaid two lakh units, only 1,82,630 (91.18 per cent) units were completed (March 2009) and 17,370 houses are still under construction (May 2009).
- Records of three test-checked DRDAs<sup>163</sup> revealed that the number of incomplete houses in these three districts was 155, whereas a test-check of block records indicated that 1,647 houses were incomplete in these districts. Details of incomplete houses are shown in **Table-20** below:

**Table 20: Comparative statement of DRDAs and Blocks**

District	Block	Incomplete units as per DRDA record	Incomplete units as per the record of block	Difference
Ranchi	Kanke	Nil	759	759
Garhwa	Majhiaon	64	247	183
	Grahwa	16	89	73
	Meral	02	372	370
Dumka	Jama	45	126	81
	Sikaripara	28	54	26
<b>Total</b>		<b>155</b>	<b>1647</b>	<b>1492</b>

Source: Cash book of concerned DRDAs and scheme register of concerned blocks

Further examination by Audit revealed that the available balance amounts reported by the blocks to the DRDA under Dumka and Garhwa districts were not proportionate with the reported figures of incomplete houses. These districts reported 480 units as incomplete. Presuming that no amount was spent against these incomplete houses, the available balance should have been Rs 1.20 crore. However, the blocks reported the available balance as Rs 2.40 crore. The DRDA also did not detect this false reporting by blocks.

### 1.5.3.3 Selection of beneficiaries against the provisions of the *sankalp*

- According to the *sankalp* of the Housing Department, beneficiaries were to be selected through Gram Sabhas. However, this provision was not followed anywhere.
- Beneficiaries of IAY were not entitled for houses under DDAY. However, the *sankalp* did not provide any safeguards in respect of allotment of houses under the Birsa Awas Yojna (BAY)<sup>164</sup> to the beneficiaries of DDAY and *vice-versa*. Scrutiny revealed that five beneficiaries of Jama, Jarmundi and Raneshwar blocks availed of the benefits of both DDAY and

**Five beneficiaries availed of both the benefit of DDAY and BAY and 109 beneficiaries whose names were not in the BPL list availed of benefits of DDAY**

<sup>163</sup> Dumka, Garhwa and Ranchi.

<sup>164</sup> Government of Jharkhand launched BAY in 2001-02 to provide houses to families of Primitive Tribe Group.

BAY whereas one beneficiary of Kutilodag *panchayat* of Chakradharpur block was allotted houses under both IAY and DDAY. In another case, two beneficiaries of the same block were allotted houses under DDAY on the same BPL number. Further, 109 beneficiaries of Meral and Chakradharpur blocks, whose names were not in the BPL list, availed of the benefit of the DDAY scheme.

#### **1.5.3.4 Payment of interest due to delay in release of funds**

**JSHB delayed the release of funds to the implementing agencies, resulting in avoidable payment of interest of Rs 3.32 crore to HUDCO**

Under the scheme, JSHB was required to obtain the loan from HUDCO and transfer it to the implementing agencies (Deputy Commissioners/DRDAs) who in turn, were required to release the funds to the blocks. Audit scrutiny revealed that without ascertaining the district-wise requirements of funds, JSHB borrowed Rs 500 crore between March 2005 and March 2006 from HUDCO at an interest rate of seven *per cent* per annum. The Board delayed the release of Rs 125 crore to the implementing agencies (DRDAs) for want of district-wise targets and Rs 9.01 crore for want of progress reports from the implementing agencies. The delays ranged between 33 and 132 days, resulting in avoidable payment of interest of Rs 3.32 crore to HUDCO.

**Unutilised loan from HUDCO attracted interest of Rs 0.52 crore**

Further, Rs 2.49 crore received by one implementing agency, *viz.* DRDA, Dumka between October 2005 and October 2006 remained unutilised at the block level either as cash balance or kept in a bank account up to April 2009 which led to additional liability for payment of interest of Rs 0.52 crore. Thus, the total avoidable payment of interest worked out to be Rs 3.84 crore.

#### **1.5.3.5 Irregular grant of centage and supervision charges**

**JSHB irregularly deducted Rs 7.28 crore against centage and supervision charges**

JSHB, the nodal agency for implementation of DDAY, claimed 12 *per cent* of the total funds as centage and supervision charges. The Housing Department agreed to pay five *per cent* subject to approval of the Government. Further, the monitoring committee<sup>165</sup> of DDAY decided (September 2005) to grant three *per cent* of the total funds (Rs 15 crore) as centage and supervision charges to JSHB subject to the initiation of the Housing Department. Though, there was no approval of the Government for payment of centage and supervision charges to the board, the JSHB irregularly deducted Rs 7.28 crore against centage and supervision charges from the fund allotted for repayment of loan. In addition, Rs 37.12 lakh was also adjusted on account of application money, service tax, front end fees and research and development fund. The Housing Department took no action to recover the amount from JSHB.

#### **1.5.3.6 Diversion of funds**

According to IAY guidelines<sup>166</sup>, diversion of funds from one scheme to another was not permissible and a certificate to that effect was required to be furnished before release of funds.

Audit scrutiny revealed that in one block<sup>167</sup>, Rs 10.54 lakh was diverted (May 2006) for purchase of cement for SGRY, IAY and Member of Parliament

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<sup>165</sup> Comprising Development Commissioner, Finance Commissioner, Secretary, Rural Development Department, Secretary, Housing Department, Secretary, Institutional Finance and Managing Director, JSHB.

<sup>166</sup> Para 4.2.(vii).

<sup>167</sup> Kanke Block of Ranchi district.

Local Area Development Scheme which had not been recouped as of May 2009.

### **1.5.3.7 Avoidable payment of interest**

The Housing Department sanctioned (May 2006) Rs 86 crore to JSHB for repayment of principal and interest to HUDCO. JSHB drew (June 2006) the amount, kept (June 2006) in a savings bank account and made payments to HUDCO in four instalments between June 2006 and February 2007 as per the agreed interest rate. It was noticed that there was an amended provision of the agreement (August 2005) under which the rate of interest was negotiable on advance payment of loan and interest.

**JSHB failed to invoke the provisions of the agreement and created an interest liability of Rs 1.51 crore**

JSHB failed to prepay the principal amount and negotiate the rate of interest with HUDCO to reduce the interest liability. In the meantime, the amount kept in the savings bank account earned interest at 3.5 *per cent* per annum against the borrowing rate of interest of Government of 9.5 *per cent* per annum. Thus the failure of JSHB to invoke the amended provisions of the loan agreement created an interest liability of Rs 1.51 crore.

### **1.5.3.8 Payment of penal interest**

**Delayed repayments led to penal interest of Rs 19.21 lakh**

According to the loan agreement with HUDCO (August 2005), in the event of default in payment of instalment of loan and/or interest in respect of loan or different components of the loan on the due dates, the borrower was to pay to HUDCO in addition to the compounded interest, additional interest at the penal rate of three *per cent* per annum for delayed periods. Records of HUDCO revealed that JSHB had paid penal interest of Rs 19.21 lakh between June 2005 and May 2009 as delayed repayments were made on 23 occasions as given in **Appendix-1.41**. This depicted failure on the part of JSHB/State Government to pay the instalments of loan and interest in time.

### **1.5.3.9 Interest earned on DDAY funds remained idle**

**Interest earned remained idle in the absence of any specific order**

The loan amount of Rs 500 crore received from HUDCO in four instalments (between March 2005 and March 2009) was kept by JSHB in a bank,<sup>168</sup> and which earned Rs 2.60 crore as interest during the period 2005-09. However, for want of any specific order from the Government, the amount remained unutilised.

### **1.5.3.10 Unfruitful expenditure on incomplete houses**

**Houses were not complete. This led to unfruitful expenditure of Rs 1.23 crore**

In five blocks,<sup>169</sup> houses for 959 beneficiaries<sup>170</sup> were to be constructed at a cost of Rs. 2.40 crore during 2005-06. The houses were to be completed within three months of the release of the first instalments. The beneficiaries were paid Rs 1.23 crore<sup>171</sup> during 2005-06 and 2006-07 (ranging from Rs 6,000 to Rs 20,000 per beneficiary) but due to non-release of subsequent instalments in spite of availability of funds, the houses remained incomplete

<sup>168</sup> UTI Bank, Ranchi.

<sup>169</sup> Bero and Burmu in Ranchi, Chakradharpur in Chaibasa, Dumka, Majhiaon in Garhwa.

<sup>170</sup> Bero-363, Burmu-364, Chakradharpur-30, Dumka-27 and Majhiaon-175.

<sup>171</sup> Bero-Rs 40,83,330, Burmu-Rs 46,26,300, Chakradharpur-Rs 5,13,000, Dumka-Rs 2,68,750 and Majhiaon-Rs 27,90,000.

even after the lapse of four to 40 months from the due dates of completion. This resulted in unfruitful expenditure of Rs 1.23 crore. Moreover, it also indicated lack of monitoring and inspection by departmental authorities.

**1.5.3.11 Non- maintenance of inventory of completed houses**

**Inventory of completed houses with details of beneficiaries was not maintained**

As per DDAY guidelines, the implementing agencies were required to maintain inventories of houses constructed, giving details of dates of initiation and dates of completion, names of villages, blocks and occupations and categories of beneficiaries. Scrutiny revealed that none of the test-checked DRDAs and blocks had maintained such inventories.

**1.5.3.12 Lack of inspection, monitoring and evaluation**

According to the *sankalp* of July 2005, the monitoring of the scheme was to be done by the Housing Department. Responsibility for timely completion of the scheme was with the concerned Deputy Commissioners. A Committee was also constituted for monitoring and evaluation of the scheme but it neither prepared any schedule of inspection nor did it visit any site. DDAY was not evaluated even after a lapse of more than four years of the scheme.

**1.5.4 Conclusion**

No Perspective and Annual Plans were prepared. A loan of Rs 500 crore from HUDCO was availed of without assessing the requirement of houses for BPL families. The execution was also tardy as the houses to be completed within 2004-05, with the loan remained incomplete.

**1.5.5 Recommendations**

- The scheme should be assessed regularly at the district and State levels.
- There should be co-ordination between various implementing agencies so as to avoid overlapping in selection of beneficiaries.
- Strict financial control and monitoring should be ensured.
- Regular inspection and monitoring should be done to ensure implementation of the work according to the orders and guidelines of the scheme.

The matter was reported to the Government (August 2009). Their reply had not been received (December 2009).