



**Report of the  
Comptroller and Auditor General of India  
on  
General & Social Sector  
for the year ended March 2016**



**Government of Telangana**  
*Report No. 1 of 2017*



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## Preface

This Report pertaining to the State of Telangana for the year ended March 2016 has been prepared for submission to Governor of Telangana under Article 151 of the Constitution of India.

This Report contains significant results of the performance audit and compliance audit of the Departments of the Government of Telangana under the General and Social Sector including Departments of Health, Medical and Family Welfare; Higher Education; Home; Municipal Administration & Urban Development; Revenue; School Education; Women, Children, Disabled and Senior Citizens; and Youth Advancement, Tourism and Culture. However, Departments of Backward Classes Welfare; Consumer Affairs, Food and Civil Supplies; Finance; General Administration; Housing; Labour, Employment, Training and Factories; Law; Minorities Welfare; Panchayat Raj and Rural Development; Planning; Scheduled Castes Development and Tribal Welfare are not covered in this Report.

The instances mentioned in this Report are those which came to notice in the course of test audit during the period 2015-16, as well as those which came to notice in earlier years, but could not be reported in the previous Audit Reports; instances relating to the period subsequent to 2015-16 have also been included, wherever necessary.

The audit has been conducted in conformity with Auditing Standards issued by Comptroller and Auditor General of India.



# Chapter I

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## Overview

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## 1.1 About this Report

This Report of the Comptroller and Auditor General (CAG) relates to matters arising from performance audit of selected programmes and Departments of Government of Telangana, compliance audit of transactions of its various Departments, Central and State plan schemes and audit of autonomous bodies of the State pertaining to General and Social Sectors.

The primary purpose of this Report is to bring to the notice of the State Legislature significant results of audit. Auditing Standards require that the materiality level for reporting should be commensurate with the nature, volume and magnitude of transactions. Findings of Audit are expected to enable the Executive to take corrective action, to frame appropriate policies as well as to issue directives that will lead to improved financial management of organisations and contribute to better governance.

Compliance audit refers to the examination of transactions of audited entities to ascertain whether provisions of the Constitution of India, applicable laws, rules, regulations and various orders and instructions issued by competent authorities are being complied with. On the other hand, performance audit, besides including compliance audit, also examines whether objectives of programme/activity/Department are achieved economically, efficiently and effectively.

This Chapter, in addition to explaining planning and coverage of audit, provides a synopsis of important achievements and deficiencies in the implementation of selected schemes, significant audit observations made during audit of transactions and follow-up action on previous Audit Reports.

## 1.2 Profile of General and Social Sector

A summary of the expenditure incurred by Departments of Government of Telangana falling within General and Social Sector (with effect from 2<sup>nd</sup> June 2014 i.e., after the State came into existence) is given below.

**Table-1.1**

(₹ in crore)

Sl. No.	Name of the Department	2014-15 <sup>#</sup>	2015-16
<b>A</b>	<b>General Sector</b>		
1	Finance and Planning	13396.77	26251.70
2	General Administration	212.91	553.45
3	Home	3032.41	4638.29
4	Law	339.52	488.17
5	Revenue	1346.41	2316.21
6	State Legislature	42.40	62.12
	<b>Total (A)</b>	<b>18370.42</b>	<b>34309.94</b>

Sl. No.	Name of the Department	2014-15 <sup>#</sup>	2015-16
<b>B</b>	<b>Social Sector</b>		
1	Backward Classes Welfare	1090.51	1073.98
2	Consumer Affairs, Food and Civil Supplies	817.49	1000.13
3	Health, Medical and Family Welfare	2439.02	3294.76
4	Higher Education	1146.48	1684.68
5	Housing	402.18	2527.48
6	Labour, Employment, Training and Factories	217.12	516.56
7	Minorities Welfare	332.31	555.69
8	Municipal Administration and Urban Development	2248.41	4813.49
9	Panchayat Raj <sup>\$</sup>	3033.38	6050.61
10	Rural Development <sup>\$</sup>	3712.02	5610.97
11	School Education	5938.81	8987.31
12	Scheduled Castes Development	1254.77	2936.33
13	Tribal Welfare	701.75	2148.84
14	Women, Children, Disabled and Senior Citizens	820.06	1127.86
15	Youth Advancement, Tourism and Culture	230.79	250.66
	<b>Total (B)</b>	<b>24385.10</b>	<b>42579.35</b>
<b>Grand Total (A+B)</b>		<b>42755.52</b>	<b>76889.29</b>

Source: Appropriation Accounts of Government of Telangana for relevant years

<sup>#</sup>with effect from 2 June 2014 after the State came into existence; <sup>\$</sup>under one Secretariat Department 'Panchayat Raj and Rural Development'

### 1.3 Office of Principal Accountant General (G&SSA)

Under directions of the CAG, Office of the Principal Accountant General (General & Social Sector Audit), Andhra Pradesh & Telangana conducts audit of 20 Departments and local bodies/public sector undertakings/ autonomous bodies thereunder in the State of Telangana.



Offices of the Accountants' General

### 1.4 Authority for audit

Authority for audit by the CAG is derived from Articles 149 and 151 of Constitution of India and Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971 (DPC Act). CAG conducts audit of expenditure of General and Social Sector Departments of Government of Telangana under Section 13<sup>1</sup> of the DPC Act. CAG is the sole auditor in respect of autonomous bodies/local bodies which are audited under Sections 19(2)<sup>2</sup> and 20(1)<sup>3</sup> of the DPC Act. In addition, CAG also conducts audit under

<sup>1</sup> Audit of (i) all transactions from Consolidated Fund of State, (ii) all transactions relating to Contingency Fund and Public Account and (iii) all trading, manufacturing, profit & loss accounts, balance sheets & other subsidiary accounts kept in any Department of a State

<sup>2</sup> Audit of accounts of Corporations (not being Companies) established by or under law made by State Legislature in accordance with provisions of the respective legislations

<sup>3</sup> Audit of accounts of any body or authority on request of Governor, on such terms and conditions as may be agreed upon between CAG and Government

Section 14<sup>4</sup> of the DPC Act, of other autonomous bodies which are substantially funded by the Government. Principles and methodologies for various audits are prescribed in Auditing Standards and Regulations on Audit and Accounts, 2007 issued by the CAG.

## 1.5 Planning and conduct of audit

The Audit process commences with assessment of risk in respect of Departments/organisations/autonomous bodies/schemes etc., based on expenditure incurred, criticality/complexity of activities, priority accorded for the activity by Government, level of delegated financial powers, assessment of internal controls and concerns of stakeholders. Previous audit findings are also considered in this exercise. Based on this risk assessment, frequency and extent of audit are decided and an annual audit plan is formulated to conduct audit.

After completion of audit of each unit, Inspection Report (IR) containing audit findings is issued to head of the unit with a request to furnish replies within one month of receipt of IR. Whenever replies are received, audit findings are either settled or further action for compliance is advised. Significant audit observations pointed out in these IRs, which require attention at the highest level in Government, are processed for inclusion in Audit Reports which are submitted to the Governor of Telangana under Article 151 of the Constitution of India for causing them to be laid on the Table of State Legislature.

## 1.6 Response of Departments to Audit findings

Heads of offices and next higher authorities are required to respond to observations contained in IRs and take appropriate corrective action. Audit observations communicated in IRs are also discussed in meetings at district/State levels by officers of the AG's office with officers of the concerned Departments.

As of 30 September 2016, 2412 IRs containing 16,493 paragraphs pertaining to the previous years were pending settlement as detailed below. Of these, first replies have not been received in respect of 246 IRs (3,902 paragraphs). Department-wise details are given in *Appendix-I.1*.

**Table-1.2**

Year	Number of IRs/Paragraphs pending settlement as of 30 September 2016		IRs/Paragraphs where even first replies have not been received	
	IRs	Paragraphs	IRs	Paragraphs
2011-12 and earlier years	2037	10515	77	554
2012-13	41	1012	14	516
2013-14	46	693	16	312
2014-15	140	2098	48	928
2015-16	148	2175	91	1592
<b>Total</b>	<b>2412</b>	<b>16493</b>	<b>246</b>	<b>3902</b>

<sup>4</sup>Audit of all (i) receipts and expenditure of a body/authority substantially financed by grants or loans from Consolidated Fund of State and (ii) all receipts and expenditure of any body or authority where grants or loans to such body or authority from Consolidated Fund of State in a financial year is not less than ₹ one crore

Lack of action on audit IRs and paragraphs is fraught with the risk of perpetuating serious financial irregularities pointed out in these reports, dilution of internal controls in process of governance, inefficient and ineffective delivery of public goods/services, fraud, corruption and loss to public exchequer.

As per instructions issued by Finance and Planning Department in November 1993, administrative Departments are required to submit Explanatory Notes on paragraphs and performance audit reports included in Audit Reports within three months of their presentation to Legislature, without waiting for any notice or call from Public Accounts Committee, duly indicating action taken or proposed to be taken. Explanatory Notes with regard to the issues exclusively pertaining to the State of Telangana are yet to be received from six<sup>5</sup> Departments in respect of six paragraphs/performance audit reports that featured in the Audit Report for the year 2014-15. Explanatory Notes are also yet to be received from nine<sup>6</sup> Departments of Government of Telangana in respect of 21 paragraphs/performance audit reports that featured in Audit Reports for the years 2006-07 to 2013-14 i.e., relating to the period prior to bifurcation of the erstwhile State of Andhra Pradesh. Details are given in *Appendix-1.2*.

As per Finance Department's Handbook of Instructions and their U.O. dated 3 November 1993, all Departments are required to send their responses to draft audit paragraphs proposed for inclusion in Report of Comptroller and Auditor General of India, within six weeks of their receipt. During 2016-17, one draft Performance Audit report and 13 draft compliance audit paragraphs were forwarded to Special Chief Secretaries/Principal Secretaries/Secretaries of Departments concerned of the State Government of Telangana, drawing their attention to audit findings and requesting them to send their response within six weeks. It was brought to their personal attention that in view of likely inclusion of these paragraphs in the Report of Comptroller and Auditor General of India, which would be placed before State Legislature, it would be desirable to include their comments/responses to the audit findings. Despite this, seven<sup>7</sup> Departments did not furnish reply to the draft Performance Audit Report and 11 draft compliance audit paragraphs as on the date of finalisation of this Report. Responses of Departments, where received, have been appropriately incorporated in the Report.

## **1.7 Significant Audit observations**

This Report contains findings of Audit from a test-check of accounts and transactions of eight Departments of Government of Telangana during 2015-16. Audit focus during the year has been primarily on evaluating implementation of specific Government programmes and initiatives in Departments covering mainly Health, Medical and Family Welfare; School Education; Women, Children, Disabled and Senior Citizens; Youth

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<sup>5</sup>Backward Class Welfare; Information Technology, Electronics and Communications; Minority Welfare; Scheduled Castes Development; School Education; and Tribal Welfare

<sup>6</sup>Finance; Health, Medical and Family Welfare; Home; Housing; Minority Welfare; Panchayat Raj and Rural Development; Tribal Welfare; Youth Advancement, Tourism & Culture; and Women, Children, Disabled & Senior Citizens

<sup>7</sup>Health, Medical and Family Welfare; Higher Education; Home; Revenue; School Education; Youth Advancement, Tourism & Culture; and Women, Children, Disabled & Senior Citizens

Advancement, Tourism and Culture; Home; Revenue; Higher Education and Municipal Administration & Urban Development under General and Social Sectors so as to aid Government in taking necessary corrective action to improve service delivery levels to citizens with special focus on procurement, availability of medicines and medical equipment at health facilities and also on children & welfare of senior citizens. Towards this end, one Performance Audit report and 13 draft compliance audit paragraphs have been issued to the Government.

The Performance Audit included in this Report is on ‘Procurement and Distribution of Drugs and Equipment’ pertaining to Health, Medical and Family Welfare Department.

Significant results of audit featured in this Report are summarised below:

### **1.7.1 Procurement and Distribution of Drugs and Equipment**

The Health, Medical and Family Welfare Department (Department) provides health and medical services to the public through various health facilities including hospitals and health care centres. The procurement and distribution of drugs, medicines, surgical items, consumables, etc., required by these health facilities had been entrusted to the Andhra Pradesh/Telangana State Medical Services and Infrastructure Development Corporation (APMSIDC/TSMSIDC - Corporation) which finalises procurement through tenders and ensures distribution to various health facilities through Central Medicine Stores (CMS) located in each district of the State. The Corporation has also been meeting the requirement of medical equipment by procuring and arranging to install them directly at the health facilities.

A Performance Audit was carried out covering the five year period 2011-16 to evaluate the effectiveness of procurement and distribution system in the State in respect of medical supplies and its impact on the timely availability of drugs, medicines and medical equipment at various health facilities. Significant findings of this Performance Audit are summarised below.

#### ***Provision and utilisation of funds***

While the budgeted funds were not being released in full (short release ranged between 4 per cent to 35 per cent during 2014-16) for procurement and distribution of medicines and equipment, the amounts released were not fully utilised by the Corporation. In the case of procurement of drugs, medicines and equipment in 2014-15, the non-utilisation was almost 40 per cent.

*(Paragraph 2.3)*

#### ***Estimation and indenting of drugs and surgical items***

The Corporation has been procuring drugs, medicines and surgical items without considering the need-based requirement of health facilities. As a consequence, there were instances of non-supply/inadequate supply of essential drugs and surgical items to hospitals, compelling them to procure such drugs and surgical items locally at higher prices and that too tapping the meagre budget allocated to them for emergency local purchases of drugs.

*(Paragraph 2.4.1)*

### ***Procurement process of drugs and surgical items***

- Against 635 items of essential drugs identified in the State, no arrangements were made for procurement of 237 items. Further, 197 purchase orders (cost: ₹12.17 crore) placed during 2014-16 were not executed by the supplier firms. As a consequence, a number of essential drugs were not supplied/belatedly supplied to health facilities, thereby depriving the patients of the timely availability of essential medicines.

*(Paragraphs 2.4.2.1 and 2.4.2.2)*

- Central Medicine Stores (CMSs), Adilabad, Hyderabad and Warangal had accepted drugs and medicines (cost: ₹1.27 crore), having less than 80 per cent of shelf-life and drugs and medicines (Adilabad and Hyderabad/cost: ₹1.28 crore) having active ingredients below the stipulated optimal level, disregarding the Procurement Policy as well as the conditions of bids with regard to ensuring potency of drugs.

*(Paragraphs 2.4.2.4 and 2.4.2.5)*

- In the five test-checked hospitals, although a significant volume of drugs and surgical items (cost: ₹8.30 crore) had been procured through decentralized procurement system, the hospital authorities had neither obtained proper confirmation/acknowledgement of non-availability of items of drugs/surgical items from the Central Medicine Stores, nor did they adopt the rate contract for transparency in procurement.

*(Paragraph 2.4.2.6)*

### ***Distribution of drugs and surgical items***

- Against 635 listed items of essential medicines, only 303 (48 per cent/2014-15) and 335 (53 per cent/2015-16) items of drugs and medicines were available with Central Medicine Stores in the State and this had defeated the prime objective of making available the essential drugs to all the health facilities when needed. As for the essential surgical items, against 360 listed items, 289 (80 per cent/2014-15) and 272 (76 per cent/2015-16) surgical items only were available with CMSs.

*(Paragraph 2.4.3.1)*

- Several items of drugs went out of stock repeatedly and there were delays in replenishing exhausted stock. Cases of stock remaining un-replenished in Central Medicine Stores, Adilabad, Hyderabad and Warangal were observed, resulting in critical medicines getting out of stock at hospitals, thereby compelling hospitals/patients to source them from the market on their own.

*(Paragraph 2.4.3.2)*

### ***Storage of drugs and surgical items***

- Provision of space and storage arrangements for large quantities of various drugs/medicines and surgical items were inadequate at all the three sampled Central Medicine Stores. There was also no assurance that FEFO (First Expiry First Out) system as stipulated in the Procurement Policy had been followed.

*(Paragraph 2.4.5.1)*

- Although certain medicines were required to be stored in controlled environment, there were no proper arrangements in Central Medicine Stores, Adilabad, Warangal and many of the test-checked hospitals, exposing medicines to the risk of degradation.

*(Paragraph 2.4.5.2)*

### ***Quality of drugs and surgical items***

- Due to inadequate pre-despatch quality testing of drugs (even in case of vital medicines) and surgical items through empanelled laboratories, there was no assurance that all the batches of all drugs and surgical items procured were undergoing Quality Control (QC) testing before they were distributed to health facilities and that standard/quality medicines were being issued to patients as stipulated in the Procurement Policy.

*(Paragraph 2.4.6.1)*

- There were delays in acquiring Quality Control test reports from the empanelled laboratories. During the year 2015-16, only 29 per cent (Tablets, Capsules, etc.), 47 per cent (I.V. fluids & injections) and 56 per cent (surgical items) of samples could get QC test reports within the stipulated period, leaving QC test reports for the remaining samples either being received after extended periods of delays or remaining to be analysed by the laboratories.

*(Paragraph 2.4.6.2)*

### ***Supply and utilisation of medical equipment***

- Due to the absence of Procurement Policy for purchase of medical equipment, there were deficiencies relating to need-assessment, indent mechanism, technology options, specification of equipment, delays in installation and maintenance of equipment, etc.

*(Paragraph 2.5.1.1)*

- Audit observed deficiencies such as delays in supply of equipment (ranging from 74 to 153 days) and delays (ranging from 30 to 224 days) in installation of 383 items of equipment (value: ₹10.67 crore) and equipment lying idle due to non-availability of consumables/facilities to install/utilise the equipment.

*(Paragraphs 2.5.2 and 2.5.3)*

## **1.7.2 Compliance Audit Observations**

### **1.7.2.1 Functioning of Residential Educational Institutions**

Government had established (1972) ‘Andhra Pradesh Residential Educational Institutions Society (APREIS)’ with the objective of providing quality education to the rural talented children from economically backward families in the combined State of Andhra Pradesh. Post-bifurcation, the Telangana Residential Educational Institutions Society (TREIS) came into existence (June 2014) for the administration of Residential Educational Institutions in the State. As at the beginning of the academic year 2015-16, there were 47 Residential Schools (Classes V to X) with 17,054 students and four Junior Colleges (offering two year Intermediate course) with 826 students, functioning in the State for providing free quality education with boarding and lodging facilities to the students.

Audit scrutiny showed that although Residential Educational Institutions were established with the aim of imparting quality education to the targeted children with the aspiration of achieving 100 *per cent* success rate in public examinations, the academic performance of the institutions showed declining trend during the years 2013 to 2016, which was mainly attributable to significant shortages in facilities and faculty, both in quantitative and qualitative terms. A majority of the Residential Institutions in the State lacked adequate accommodation and infrastructure facilities in terms of classrooms, dormitories, kitchens, dining halls, toilets & bathrooms, staff quarters, furniture, safe drinking water, etc. Inspection of schools was not given adequate attention and, as such, these factors have been responsible to a significant extent for the decline in academic performance of the students/institutions.

*(Paragraph 3.1)*

### **1.7.2.2 Welfare of Senior Citizens**

In recent times, due to stress on the joint family system and other factors, a large number of parents are being neglected by their families exposing them to the lack of emotional, physical and financial support. In the absence of adequate social security, these older persons face a number of problems. As per the Census 2011, the population of senior citizens (persons aged 60 years and above) in Telangana State was 32.70 lakh, which was 9 *per cent* of the total population.

While the initiative taken in terms of old age pensions disbursement was commendable, Audit scrutiny showed that the overall implementation of the various programmes emanating from the Maintenance and Welfare of Parents and Senior Citizens Act, 2007 and the Rules framed thereunder were deficient in many aspects/components. These included lack of efforts in raising the awareness levels of older persons about the provisions of various welfare measures under the Act and Rules, non-establishment of the prescribed number of Government old age homes (at least one in each district) to accommodate senior citizens who were indigent, non-monitoring of old age homes run by NGOs to ensure suitable accommodation and non-enforcement of the minimum standards of care and services for the welfare of senior citizens, deficient provision of priority health care services to senior citizens, non-implementation of comprehensive action plan for protection of life and property of senior citizens, etc. The chief underlying factor of the shortcomings in implementation was the lack of creating awareness and action required on the part of civil societies and Government stakeholders like the Health, Police Departments, etc.

*(Paragraph 3.2)*

### **1.7.2.3 Centre of Excellence in Institute of Mental Health not established**

Government of India (GoI) had identified (June 2009) the Institute of Mental Health (IMH), Hyderabad for upgradation under the Centre of Excellence scheme (Manpower Development component) of “National Mental Health Programme (NMHP)”. Inaction on the part of the IMH to utilize the GoI grant led to the objective of establishing the “Centre of Excellence” not being achieved, besides resulting in foregoing of the Central assistance to the extent of ₹25 crore.

*(Paragraph 3.5)*

#### **1.7.2.4 Finance Commission Grants foregone**

The upgradation works of Police Training Centres (PTCs) at Warangal, Karimnagar and Medchal (Medak), intended to provide training to in-house and newly recruited policemen, sanctioned by GoI under the Thirteenth Finance Commission (TFC) grants in 2012, had remained incomplete even after four years of sanction. This was attributable to the indecision of the Government with regard to the number of PTCs to be established and the consequential delays in preparation of action plans/identification of works, coupled with the failure to utilize the TFC grant in time. This had resulted in foregoing of the TFC grant of ₹38 crore due from GoI, putting an avoidable burden upon the State Government to that extent.

*(Paragraph 3.7)*

#### **1.7.2.5 Faulty planning and shortcomings in execution of Sewerage Master Plan**

Faulty planning and shortcomings in execution of Sewerage Master Plan by the Hyderabad Metro Water Supply and Sewerage Board in Project Divisions VII and VIII (expenditure: ₹96.73 crore) resulted in the primary objective of sewage treatment not being achieved even after seven years of commencement of the project, resulting in cost overruns, besides contributing to environmental degradation.

*(Paragraph 3.8)*

#### **1.7.2.6 Unfruitful expenditure on Quli Qutub Shah Deccan Park**

Failure of Quli Qutub Shah Urban Development Authority (QQSUDA) to resolve the issue of renaming of the “Quli Qutub Shah Deccan Park” (completed in the year 2006) had rendered the entire expenditure of ₹2.70 crore incurred on the development of the Park unfruitful, besides denying recreational facilities to the general public.

*(Paragraph 3.9)*

#### **1.7.2.7 UGC sponsored infrastructure development works**

Non-release of matching State share by the Government and diversion of UGC funds (given as one-time catch-up grant intended for improving the infrastructure and quality) resulted in non-completion of the envisaged infrastructure development works in the Mahatma Gandhi University in Nalgonda District even after the lapse of over five years, besides loss of UGC assistance of ₹2.25 crore.

*(Paragraph 3.6)*

#### **1.7.2.8 Unfruitful outlay on establishment of a Training facility**

With the objective of catering to the needs of the general public, as well as to create a training facility for the students of Hospitality, Dr. Y.S.R. National Institute of Tourism and Hospitality Management (NITHM), Hyderabad, had proposed (August 2013) setting up a restaurant to be managed by the students of the Institute. Failure to assess commercial viability of the restaurant resulted in the facilities, created at a cost of ₹1.33 crore, remaining unutilised, rendering the entire expenditure unfruitful.

*(Paragraph 3.12)*

### **1.7.2.9 Implementation of 'Indira Gandhi Matritva Sahyog Yojana'**

The Ministry of Women and Child Development (MWCD), Government of India (GoI) had formulated (November 2010) the Indira Gandhi Matritva Sahyog Yojana (IGMSY) – a Centrally sponsored Conditional Maternity Benefit Scheme for pregnant and lactating mothers. Audit scrutiny showed that delays and failure in timely release of funds on the part of the State Government, coupled with non-compliance with prescribed procedures for payment of incentives, resulted in denial of targeted benefits to the intended beneficiaries, besides negating the primary objective of compensating wage loss at the time of pregnancy and child care.

*(Paragraph 3.3)*

### **1.7.2.10 Non-resumption of alienated land despite non-utilisation**

Allotment of land by the State Government in an arbitrary manner to a Trust at a rate far lower than the market value resulted in loss of revenue to the Government. This, coupled with the failure of the District Collector, Medak District to resume the land despite its non-utilisation, led to the land valued at ₹75 lakh being locked up with the Trust for over eight years.

*(Paragraph 3.10)*

### **1.7.2.11 Stoppage of infrastructure expansion works due to non-compliance with provisions of Building Rules**

Lack of planning on the part of Dr. Y.S.R. National Institute of Tourism and Hospitality Management (NITHM) coupled with the violation of Government orders/building rules before embarking on the infrastructure expansion works led to stoppage of construction works midway and consequent locking up of ₹1.13 crore, for over two years.

*(Paragraph 3.11)*

### **1.7.2.12 Payments to food suppliers without receipt of stock**

Under the State sponsored scheme of 'Indira Amrutha Hastam', payments were made by the Project Director, District Women & Child Development Agency (DW&CDA), Karimnagar and Director, Women Development and Child Welfare Department for stock worth ₹1.02 crore of food supplies without the actual receipt of stock (consisting of provisions for One Full Meal programme, Snack Food/Weaning Food, for children, etc..) at the Child Development Project Offices (CDPOs), contrary to the Codal provisions.

*(Paragraph 3.4)*

# Chapter II

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## **Performance Audit**

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## Health, Medical and Family Welfare Department

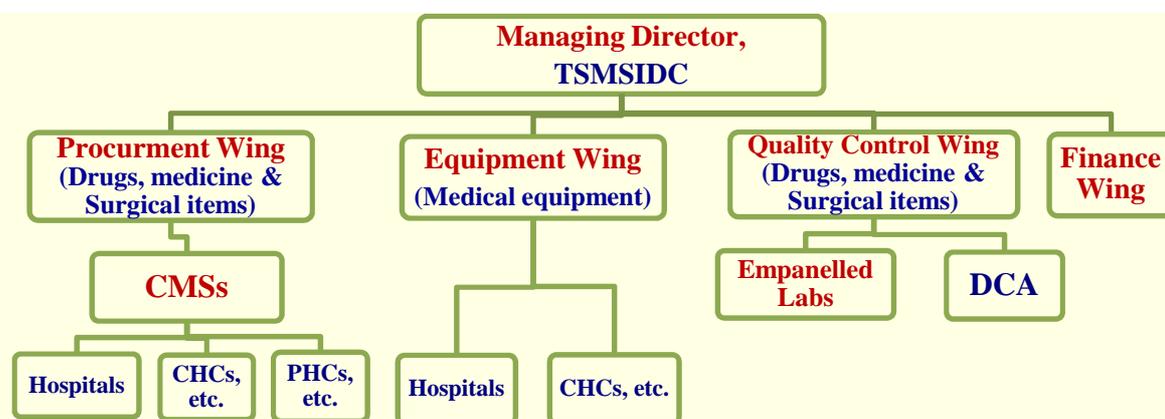
### 2 Procurement and Distribution of Drugs and Equipment

#### 2.1 Introduction

Health, Medical and Family Welfare Department (Department) provides health and medical services to the public through various health facilities including hospitals and health care centres under the control of Director of Health (DoH), Director of Medical Education (DME), Vaidya Vidhana Parishad (VVP) and Institute of Preventive Medicine (IPM). The procurement and distribution of drugs, medicines, surgical items, medical equipment, etc., to the health facilities in the State is entrusted to State Medical Services and Infrastructure Development Corporation (Corporation). In the Combined State of Andhra Pradesh, the Andhra Pradesh Medical Services and Infrastructure Development Corporation (APMSIDC) had performed the assigned task. After formation of Telangana State, the Telangana State Medical Services and Infrastructure Development Corporation (TSMSIDC - Corporation) has been procuring the drugs, medicines, surgical items, consumables, etc., and distributing them to various health facilities functioning under the control of the Department through Central Medicine Stores (CMS) located in each district of the State. The Corporation has also been meeting the requirement of medical equipment by procuring and arranging to install them directly at health facilities.

#### 2.1.1 Organisational Setup

The Managing Director (MD) being functional head of the Corporation performs his duties directly under the supervision of the Principal Secretary of the Department.



**PHCs:** Primary Health Centres; **CHCs:** Community Health Centres; **DCA:** Drugs Control Administration

Procurement wing, headed by Executive Director, processes/finalises Rate Contracts (RC) for supply of drugs, medicines, surgical items, etc., and their distribution to CMSs; Equipment wing, headed by Executive Director, deals with procurement and installation process of medical equipment at health facilities; Quality Control wing, headed by General Manager, supervises the quality of the drugs, medicines and surgical items; and Finance wing, headed by Finance Officer, supervises financial management of the Corporation. At the district level, CMSs headed by Executive Engineers (assisted by Pharmacist) receives medicines and surgical items from supplier firms and distributes them to health facilities, on the basis of indents.

## **2.2 Audit Frame work**

### **2.2.1 Audit Objectives**

A Performance Audit was carried out with the objective of evaluating the effectiveness of the procurement and distribution system and its impact on timely availability of drugs, medicines and medical equipment at various health facilities on the basis of:

- Evaluation of the system of assessment and procurement including tender evaluation and finalisation of contracts of drugs, medicines, surgical items and medical equipment
- Assessment of efficiency and effectiveness of storage, distribution, availability, usage of drugs, medicines and surgical items; and supply and installation of medical equipment; and
- Adequacy of quality control measures

### **2.2.2 Audit Criteria**

Audit findings were benchmarked against criteria sourced from the following:

- Procurement Policy guidelines issued (October 2009 and July 2012) by the Government and approved list of Essential Medicines and Surgical items (December 2013, February and May 2014)
- Relevant orders, notifications, circulars, instructions issued by the State Government
- Tender conditions, quality evaluation reports, etc.
- AP Financial Code

### **2.2.3 Scope, Audit sample and Methodology of Audit**

The Performance Audit was carried out during June - September 2016 covering five year period 2011-16. Audit methodology involved scrutiny of records relating to procurement and distribution at State Secretariat and TSMSIDC (Corporation) for the period 2014-16 and at Central Medicine Stores and 28 sampled hospitals/health centres in three selected districts<sup>1</sup> for the period 2011-16.

Three districts and ten major hospitals were selected, based on quantum of expenditure on medicines for the period 2011-16. In each district, three Primary Health Centres (PHCs) and three Community Health Centres (CHCs) were selected, based on Simple Random sample without Replacement method. Details of sampled units are given in *Appendix-2.1*.

An Entry Conference was held with the Managing Director, TSMSIDC in June 2016 wherein audit objectives, methodology, scope, criteria and audit sample were explained. Audit Enquiries were issued, discussions were held with the Corporation authorities at various levels and photographic evidence was taken to substantiate audit findings where necessary. Responses of the Corporation and hospital authorities have been incorporated at appropriate places in the report. An Exit conference was held with Government

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<sup>1</sup>Adilabad, Hyderabad and Warangal districts

representatives in December 2016 to discuss audit findings and the responses of Government during the Exit Conference have been incorporated at appropriate places in the report.

## 2.2.4 Acknowledgement

We acknowledge the cooperation and assistance rendered by the officials of the Health, Medical and Family Welfare Department during the conduct of the Performance Audit.

### Audit Findings

## 2.3 Provision and utilisation of funds

For procurement and distribution of drugs, surgical items and equipment, Government released funds to Director of Health (in respect of drugs/surgical items) and to Director of Medical Education (in respect of both surgical items and equipment) who in turn adjusted it to Personal Deposit (PD) account of the Corporation. As and when the amount was credited/adjusted to the PD Account, the amount was booked as expenditure in the Government accounts.

The amounts released were apportioned<sup>2</sup> as per the provisions contained in Government orders<sup>3</sup> and were utilised by Corporation towards provision of drugs, surgical items and equipment through centralised purchases. Further, under the decentralised procurement system to facilitate emergency and/or local purchases by health facilities, out of the total budget allotted to each health facility, 10 *per cent* was to be earmarked to health facilities under the control of Director of Health, Commissioner of Telangana Vaidya Vidhana Parishad and 20 *per cent* in respect of the health facilities under the control of Director of Medical Education.

During the period 2011-14, against ₹1,451.56 crore released (Budget provision: ₹1,770.82 crore) by the erstwhile Government of Andhra Pradesh to APMSIDC (Corporation), an amount of ₹1,306.49 crore had been utilised by the Corporation, leaving ₹145.07 crore unutilised. Post-bifurcation, during the period 2014-16, against ₹304.64 crore released (Budget provision: ₹400.80 crore) to TSMSIDC (Corporation), an amount of ₹342.38 crore had been utilised by Corporation.

While the expenditure of the Department as a whole ranged from ₹4,980 crore to ₹5,737 crore during the years 2011-12 to 2013-14, i.e., prior to bifurcation of the erstwhile State of Andhra Pradesh, the expenditure<sup>4</sup> on drugs, surgical items and equipment constituted 7 to 8 *per cent*. Post-bifurcation, the funds released for drugs, surgical items and equipment amounted to ₹166.94 crore (10 *per cent*) in 2014-15 and ₹137.70 crore (5 *per cent*) in 2015-16. The actual expenditure incurred by APMSIDC/ TSMSIDC during the period was still less (Table-2.1 refers).

The year-wise details of Budget provision and the releases made to APMSIDC/ TSMSIDC *vis-à-vis* the expenditure incurred towards procurement and distribution of drugs, surgical items and equipment during the period 2011-12 to 2015-16 were as given in the Table-2.1.

<sup>2</sup> DME: 40 *per cent*; DoH: 40 *per cent*; TVVP: 18 *per cent*; and IPM: 2 *per cent*

<sup>3</sup> GO Rt. No.1357, Health, Medical & Family Welfare (M1) Department, dated 19 October 2009

<sup>4</sup> as booked in Government accounts after crediting/adjusting to PD Account

**Table-2.1**

(₹ in crore)

Year	Budget provision			Releases to APMSIDC/TSMSIDC			Expenditure by APMSIDC/TSMSIDC		
	Drugs & Surgical	Equipment	Total	Drugs & Surgical	Equipment	Total	Drugs & Surgical	Equipment	Total
2011-12	355.50	69.63	425.13	355.25	26.60	381.85	246.31	4.42	250.73
2012-13	389.20	93.72	482.92	388.83	60.36	449.19	443.79	41.57	485.36
2013-14	392.30	105.05	497.35	368.65	51.53	420.18	479.07	27.58	506.65
2014-15 <sup>^</sup>	277.53	87.89	365.42	196.05	4.29	200.34	60.99	2.76	63.75
2014-15 <sup>#</sup>	134.56	122.43	256.99	83.29	83.65	166.94	82.47	17.80	100.27
2015-16	141.89	1.92	143.81	136.13	1.57	137.70*	172.59	69.52	242.11*

Source: Appropriation Accounts of respective years and data provided by the Corporation

<sup>^</sup>up to 1 June 2014; <sup>#</sup>from 2 June 2014 to 31 March 2015; \*Excess expenditure in the year 2015-16 was met from the opening balance of the previous years and additional funding of ₹41.03 crore provided to TSMSIDC consequent upon bifurcation of the State

It may be seen from the above details that while the budgeted funds were not being released in full (shortage: 4 per cent in 2015-16 to as high as 35 per cent in 2014-15) the amount released were not fully utilised, especially in the case of procurement of drugs, medicines and equipment in the year 2014-15 (non-utilisation was up to 40 per cent).

Audit scrutiny of the relevant records in the sampled institutions/health facilities also showed the following:

- (i) For meeting emergency local requirements, funds are released by the Corporation to the health facilities after approval of the Government.

Audit observed that for the year 2015-16, decentralized budget funds for 3<sup>rd</sup> and 4<sup>th</sup> quarter, intended for emergency/local purchases of materials and supplies, were not released (by the Corporation) to any of the hospitals in the State, forcing the hospitals to procure emergency drugs/surgical items on credit basis.

The Corporation, while accepting the audit observation, stated (November 2016) that although a proposal was submitted to the Government for release of ₹1.31 crore intended for local purchases, approval was not received.

Non-release of funds intended for emergency purchases of materials and supplies raises serious concern.

- (ii) District Medical & Health Officer (DM&HO), Hyderabad had not released any funds intended for procurement of emergency drugs (decentralised purchases) to Urban Public Health Centres (UPHCs of Hyderabad district) during 2011-15. Audit observed that an amount ₹48.32 lakh available in the bank accounts of DM&HO was seized by the Provident Fund Commissioner due to default in payment of mandatory dues by the DM&HO. However, DM&HO had not initiated action to retrieve the seized amount and took up the matter with the Commissioner, Health & Family Welfare in this regard only in January 2015 i.e., two years after the seizure.

Due to non-release of funds, the PHCs had been deprived of the provision made for emergency drugs during the period 2011-15.

- (iii) Institute of Preventive Medicine (IPM) had not been able to utilise<sup>5</sup> its budget provision during the years 2013-14 to 2015-16 (utilisation: 6 to 16 *per cent* only) as the vaccines indented<sup>6</sup> by it, were not supplied by CMS. Audit observed that despite the item (Yellow Fever) indented by IPM figuring in the list of Additional Medicine List (AML), CMS was restricting the supply of vaccine only to anti-rabies. The other indented items were not included in either the Essential Medicine List (EML) or AML. As a result, the Institute was forced to buy the vaccines from its own departmental budget burdening the Institute to that extent.
- (iv) Four test-checked hospitals<sup>7</sup> had diverted the decentralised budget of ₹1.08 crore intended for drugs and surgical items during 2014-16 for purposes such as purchase of electrical items, repairs and purchase of lab kits and towards payment of Aarogyasri arrears bills (on recoupment basis). Hospitals attributed the diversion of funds to non-allocation of sufficient budget from Government under those heads.
- (v) Central Medicine Stores (CMS), Hyderabad and CMS, Warangal had supplied drugs to Nizam's Institute of Medical Sciences (NIMS) (value: ₹27 lakh) and Prisons Department, Warangal (value: ₹5 lakh). Although the amounts were remitted by both the authorities, the Corporation, instead of remitting the same into PD account, held back the same.

## 2.4 Drugs, medicines and surgical items

Government had introduced (October 2009) a new Procurement Policy to improve the existing system of procurement and supply of medicines in the health institutions/facilities with the objective of making available essential medicines of good quality, at all health facilities in the State at all times, procuring the same at competitive prices in a transparent manner and promoting rational use of medicines.

Essential medicines<sup>8</sup> are the medicines that address the priority health care requirements of a given population. A Standing Expert Committee<sup>9</sup> is to prepare an Essential Medicines List (EML) which must be available at all the health facilities as per need, besides an Additional Medicines List (AML) to take care of specific requirements of hospitals. The Corporation and all health institutions under the control of the Department were to procure and supply only those medicines listed in the EML/AML, based on their requirements.

<sup>5</sup> 2013-14: Budget released - ₹6.20 crore/utilized - ₹0.36lakh (6 *per cent*); 2014-15: Budget released - ₹2.18 crore/utilised - ₹0.34lakh (16 *per cent*); 2015-16: Budget released - ₹2.18 crore/utilised - ₹0.26lakh (12 *per cent*) (figures based on original allocation at 2 *per cent* to IPM)

<sup>6</sup> Vaccine - Yellow Fever and Sera (Anti A, Anti B, Anti AB), etc.

<sup>7</sup> Osmania General hospital, Hyderabad: ₹0.02 crore; Gandhi hospital: ₹0.91 crore (Payment of Aarogyasri arrears bills); SRRIT&CD hospital: ₹0.06 crore (Repairs & purchase of lab kits); and GMH, Petlaburj: ₹0.09 crore (Purchase of stationery items)

<sup>8</sup> The medicines are selected through an evidence based process with due regard to public health relevance, quality, safety, efficacy and comparative cost effectiveness

<sup>9</sup> DME (Chairperson), DoH, Commissioner, TVVP, Director of IPM, MD, TSMSIDC (Member Convener), Director General, Drugs Control Administration, etc., as members and three Professors of Surgery, Professor of Pharmacology, three Professors of Medicine, Medical Officers/Superintendents of hospitals, etc., as nominated members

Government had approved (December 2013) a new EML and AML consisting of 509 items and subsequently accepted (May 2014) to include 126 additional new items in the existing EML and AML. Besides, a new Essential Surgical list (ESL) and Additional Surgical list (ASL), including 360 items, were approved by the Government in February 2014.

### 2.4.1 Estimation and indenting

As per the Procurement Policy (2009) guidelines, the Medical Officer or the Superintendent in-charge of health facility should estimate the annual requirement of various medicines from the Essential Medicines List (EML) and Additional Medicines List (AML) as per the prescribed methodology<sup>10</sup> and submit it to HoD by 31<sup>st</sup> March of each year, in respect of the next procurement year (i.e. 1<sup>st</sup> July to 30<sup>th</sup> June of the next year). The individual indents of the PHCs and hospitals should be scrutinised and consolidated by the HoD in the month of April every year to enable the Corporation to initiate procurement process of the ensuing procurement year. The HoD should take steps to maintain the required proportion between the essential categories of medicines, based on the degree of essentiality, criticality for health care and disease burden. The HoD should also indicate quarterly delivery schedule to enable effective inventory management at the Corporation level.

Audit observed that during the post bifurcation period i.e. 2014-16 there was no evidence to show that the HoDs had either obtained requirements from various health facilities functioning under their control or submitted consolidated requirement to the Corporation. In 19<sup>11</sup> out of the 28 test-checked PHCs/CHCs and hospitals, annual requirement of drugs and medicines were not submitted to the concerned HoDs during 2011-16. Consequently, the Corporation has been procuring drugs, medicines and surgical items based on the consumption during the previous quarter by the health facilities, instead of considering the requirement on the basis of degree of essentiality, criticality for health care and disease burden.

Audit scrutiny of records at test-checked Central Medicines Stores (CMSs) and hospitals/health centres further showed that there were several instances of the required drugs and medicines not being supplied or short supplied (in some cases) or excess supplied without any requirement. Due to non-supply of essential drugs/medicines and surgical items by CMSs, the hospital authorities were forced to procure medicines and surgical items (value: ₹40.57 lakh) locally, at comparatively higher rates<sup>12</sup>, incurring excess expenditure of ₹18.32 lakh<sup>13</sup> during 2014-16 in the sampled hospitals alone. On the other hand, in CMSs, Adilabad, Hyderabad and Warangal, 81 items of drugs and surgical items (cost: ₹2.54 crore<sup>14</sup>) were lying idle without utilisation for more than one year.

<sup>10</sup> as contained in Annexure-III of Procurement Policy (2009)

<sup>11</sup> Adilabad (7): RIMS, Adilabad; CHCs, Jainoor, Khanapur and Mudhole; PHCs, Dahegaon, Kunthala and Thanoor; Hyderabad (5): Niloufer hospital; UPHCs, Bagh Amberpet, Karwan-II and Panjasha-II; Civil Dispensary, Old MLA quarters; Warangal (7): GMH, Hanamkonda; CHCs Cherial, Mulugu and Wardhannapet; PHCs, Inavole, Raghunadhapalli and Tadvai

<sup>12</sup> more than 140 *per cent* (maximum permissible limit for local purchases) of rates adopted by the Corporation

<sup>13</sup> Gandhi hospital: ₹7.96 lakh (drugs); Osmania General hospital: ₹2.25 lakh (drugs) and ₹1.32 lakh (surgical); GMH, Petlaburj: ₹3.76 lakh (drugs) and ₹2.92 lakh (surgical); CHC, Jangammet: ₹0.11 lakh (drugs)

<sup>14</sup> Adilabad: ₹0.27 crore, Hyderabad: ₹2.18 crore and Warangal: ₹0.09 crore

Thus, due to absence of an effective need-assessment system and indenting procedure, the patients were deprived of accessibility to required drugs or medicines, apart from certain drugs lying idle in CMSs/hospitals without utilisation.

The Corporation confirmed (June 2016) that due to non-receipt of indents from various HoDs, procurement was made, based on the previous consumption of CMSs, to ensure timely procurements and to retain buffer stocks at CMSs to avoid any inconvenience to the hospitals/patients. While the DoH and DME did not respond, the Commissioner, TVVP replied (September 2016) that none of the hospitals under its control had submitted indents during 2014-15, whereas certain hospitals had furnished the indents which were forwarded to the TSMSIDC for procurement during 2015-16.

During Exit Conference, it was stated (December 2016) that Government was proposing to implement 'e-aushadhi' from Corporation to CMS level which would resolve the problem of consolidation of indents in future.

## **2.4.2 Procurement process**

As per the Procurement Policy (2009), procurement should be effected according to a prescribed calendar for ensuring timely availability. The Corporation should formulate a bid document for procurement (through e-procurement platform) of medicines to cover both centralised and decentralised procurement with a view to enhancing the efficiency and transparency of procurement, to ensure an effective contract management and above all to guarantee quality of medicines procured.

In this connection, Audit observed the following.

### **2.4.2.1 Procurement of all essential medicines**

The Procurement Policy (2009) had emphasised that all essential medicines should be available at all the health facilities as per need. During 2014-16, the Corporation had procured drugs and medicines worth ₹186.18 crore and surgical items & consumables worth ₹51.27 crore from various firms under centralised procurement.

It was however, observed that although 635 items of drugs and medicines were included in EML/AML, tenders were invited (February 2015) for 513 items only and, of these, Rate Contract (RC) for 2015-16 was approved for 207 items with 97 firms. Further, arrangements for procurement of 191 items were made by extending validity of old rate contracts (2013-14 and 2014-15) up to July 2016, leaving 237 items without any arrangement for supply to health facilities.

Thus, the fundamental objective of the Procurement Policy, to make available all the essential medicines at all the health facilities as per need, was not fulfilled by the Corporation. As a consequence, the hospitals had to tap the meagre budget intended for decentralised local purchases of emergency drugs and medicines at higher prices.

During Exit Conference, Government stated (December 2016) that the non-procurement of 237 items was due to non-response of suppliers to Rate Contract. Government further stated that the Corporation was directed to address the issue of non-procurement of items for supply to health facilities.

### 2.4.2.2 Delay in extension of RC agreements

Although validity of old rate contracts for 2013-14 and 2014-15 for supply of 191 items of drugs and medicines had expired by January (86 items), April (45 items) and November (60 items) 2015, permission for extension of the validity periods (up to July 2016) was not accorded till January 2016. In the meantime, though the validity of tenders did not exist, the Corporation had issued purchase orders to suppliers.

Consequently, 197 purchase orders placed during 2014-16 for supply of drugs and surgical items (cost: ₹12.17 crore) had not been executed by 85 supplier firms on the plea that costs, prices and rates have increased which would result in loss to them. The year-wise details are given in the Table below.

**Table-2.2**

Year	No. of Purchase Orders not acted upon by the supplier firms during 2014-16							
	Drugs and medicines				Surgical items			
	No. of POs	No. of items	No. of firms	Value (₹ in crore)	No. of POs	No. of items	No. of firms	Value (₹ in crore)
2014-15	69	58	28	5.10	18	18	12	0.34
2015-16	82	70	35	6.26	28	27	10	0.47
<b>Total</b>	<b>151</b>	<b>128</b>	<b>63</b>	<b>11.36</b>	<b>46</b>	<b>45</b>	<b>22</b>	<b>0.81</b>

Source: Records of Corporation PO: Purchase Order

The Corporation responded (November 2016) that since the validity of rate contract had lapsed it was unable to initiate the action against the defaulters.

Thus, ineffective contract management resulted in a number of essential drugs not being supplied (refer paragraph 2.4.3.1 *infra*)/belatedly supplied to health facilities, thereby depriving the patients of timely availability of essential medicines.

During Exit Conference, Government attributed (December 2016) the delay in extending the old contracts to bifurcation of the State in June 2014.

### 2.4.2.3 Communication of rate contract details

As per the Procurement Policy (2009) guidelines, the details of award of contract/rate contract should be communicated to all the HoDs, Superintendents of all hospitals, Director General, Drugs Control Administration, etc., besides publishing the same on the website of the Corporation.

It was however, seen in Audit that details of rate contract were neither communicated to hospitals nor published on the Corporation website during 2014-16. Specific reply was not forthcoming from the Corporation in this regard.

### 2.4.2.4 Shelf-life of drugs and medicines

As per the Procurement Policy (2009) guidelines, for the products with a shelf-life of three years or more, shelf-life of two years upon arrival was to be stipulated in bid document whereas for products with a shelf-life of less than three years, the remaining shelf-life upon arrival must be at least 80 per cent.

Audit scrutiny of records at CMSs, Adilabad, Hyderabad and Warangal, however, showed that nine items of drugs and medicines (cost: ₹1.27 crore), having less than 80 per cent of shelf-life, had been received.

Table-2.3

CMS	Period	No. of items of drugs	Cost (₹lakh)	Shelf-life (range)
Adilabad	2012-16	5	5.32	75% - 46%
Hyderabad	2014-15	3	107.18	73% - 51%
Warangal	2015-16	1	14.94	72%
<b>Total</b>		<b>9</b>	<b>127.44</b>	

Source: Records of CMSs

The EEs, CMSs, Hyderabad and Warangal replied (August/October 2016) that shorter shelf-life drugs were accepted after receipt of permission from the Corporation and issued to hospitals. It was further stated that since the drugs were life saving and of emergency nature, the shorter shelf-life drugs were accepted.

The fact remained that, the intent of guidelines to ensure potency of drugs (at the time of issue) had been flouted.

#### 2.4.2.5 Acceptance of drugs without maximum permissible level of active ingredients

As per the tender condition (Inspection and Quality test certificate) of bid document (February 2015) for rate contract for 2015-16, the drugs procured should be composed of the active ingredients at a prescribed optimal level, so as to ensure that the required level of the active ingredient is retained throughout the shelf-life.

From the in-house Quality Control (QC) reports furnished by 14 firms, it was observed that 16 items of drugs and medicines (costing ₹1.28 crore) were accepted by the CMSs Adilabad and Hyderabad even though the level of active ingredients was below the stipulated level.

In reply (September 2016) the Corporation stated that the medicines were within a specific range of percentage and were permissible. The reply was not acceptable as the drugs should have active ingredients at the prescribed optimal levels, as per the tender conditions, so as to maintain the required potency throughout the shelf-life.

During Exit Conference, Government accepted the audit observation and stated that the Corporation had been directed to address the issue by modifying the tender conditions as per Drugs and Cosmetics Act, 1940.

#### 2.4.2.6 Decentralized Procurement of drugs/medicines and surgical items

As per the Procurement Policy (2009 and 2012) guidelines, out of the total budget allotted to each health facility, 10 per cent (drugs) and 5 per cent (surgical) were to be earmarked for the various health facilities under the control of Director of Health; 10 per cent (drugs) and 20 per cent (surgical) in respect of Vaidya Vidhana Parishad and 20 per cent (both for drugs and surgical items) in respect of Director of Medical Education, for meeting emergency local requirements in a decentralised procurement system to overcome deficient supply of essential medicines and surgical items under centralised procurement (by the Corporation). The procurement procedure should be transparent to ensure effective contract management and to guarantee the quality of medicines procured.

Audit scrutiny of records of test-checked hospitals showed the following findings:

- (i) In three test-checked hospitals, although significant volume of drugs and surgical items (cost ₹1.58 crore<sup>15</sup>) had been procured through decentralised procurement system during 2011-16, the hospital authorities did not adopt the rate contract. Thus, transparency of procurement and guarantee of quality of medicines procured was not ensured.

Hospital authorities accepted the audit observation and assured (July – August 2016) that, in future, the rate contract system would be followed for all the drugs and surgical items included in the EML/AML.

- (ii) Government stipulated (September 2013) that before purchasing the essential drugs under decentralised procurement, non-availability certificate should be obtained by the hospital authorities from the CMS concerned.

In three test-checked hospitals, although significant expenditure was incurred towards purchase of drugs/medicine (₹5.25 crore<sup>16</sup>) and surgical items (₹1.47 crore<sup>17</sup>) through the decentralised procurement system during 2011-16, there was no proper system of confirming/acknowledging the non-availability of items of drugs/surgical items with the CMS concerned before procurement of such essential items locally.

Hospital authorities accepted that specific non-availability certificates were not issued and stated (July/September 2016) that in the event of any item of drug not being available with CMS, the CMS would indicate the same by impressing a cross mark/stamp on the indents.

In the absence of proper system of ascertaining non-availability of drugs from CMSs, the contention of the hospitals/other health facilities that procurement (made at rate comparatively higher than the rates adopted by the Corporation) was made to overcome supply deficiencies of essential medicines under centralised procurement, was not tenable.

- (iii) As per the Commissioner's instructions (May 2011), Civil Dispensaries<sup>18</sup> functioning under Vaidya Vidhana Parishad were to obtain medicines in generic form from Jeevandhara/CMSs and in case of non-availability with the source, medicines were to be procured from the approved local pharmacy.

Contrary to the stipulation, Civil Dispensary at Old MLA quarters, Hyderabad had procured (2011-16) branded medicines (cost: ₹4.61 crore) from the various notified firms for distribution to VIPs. In the absence of original invoices/receipts, the loss on this account could not be assessed and quantified in Audit.

<sup>15</sup>RIMS, Adilabad: ₹1.09 crore; AH, Manchiryal: ₹0.16 crore; and GMH, Petlaburj: ₹0.33 crore

<sup>16</sup>Osmania General hospital: ₹4.90 crore and Niloufer hospital: ₹0.35 crore

<sup>17</sup>Osmania General hospital: ₹1.14 crore and GMH, Petlaburj: ₹0.33 crore

<sup>18</sup> Civil Dispensaries with clinical speciality of Medical Officer in General Medicine are located in Old & New MLA Quarters, High Court and Secretariat to cater the medical needs of the Ministers, MLA's and MLC's (including ex-MLA's and ex-MLC's), High Court Staff and All India Service Officers including Secretariat Staff. The said dispensaries provides medicines to all the eligible beneficiaries through supplying agencies selected by the DCHS Hyderabad through tender system

Medical Officer (MO) of the Dispensary replied (September 2016) that the VIPs were not accepting generic drugs and were insisting only on branded medicines. The contention of the MO was, however, not in consonance with the extant Government instructions.

- (iv) Contrary to the Procurement Policy (2009), TVVP had entered into an agreement with firms/suppliers who offered discount on the Maximum Retail Price (MRP). As per the terms and conditions, the contractor/supplier was to bear all taxes, VAT, etc., as required under law, on aforesaid supplies.

Contrary to these conditions, the Civil Dispensary authorities at Secretariat and Old MLA quarters had paid the amounts as per the invoice (basing on the consolidated monthly invoice) after deducting the prescribed discount. The invoice amount paid included the taxes to be borne by the supplier. Thus, an amount of ₹45.45 lakh pertaining to taxes was also paid to suppliers.

Further, the medicines received were immediately issued to the patients and there was no noting of MRP in the stock registers. It was further observed that there was no attestation or certification of the entries in the stock register by the Medical Officer and the MRP stated by the supplier in the invoices was taken as final.

In the absence of original invoices/receipts the element of payment of tax by the supplier to the respective authorities could not be ascertained, even though the same was paid by Government.

#### **2.4.2.7 Procurement of reserve items from Small Scale Industries**

Government had stipulated (July 2012) that reserve items such as I.V. sets, absorbent cotton, bandage cloth, glaze cloth, roller bandages should be procured from Small Scale Industries (SSI), based on the Government instructions issued from time to time.

Audit, however, observed that in Osmania General hospital, contrary to Government instructions, I.V. sets, absorbent cotton, roller bandage, etc., were procured (2011-16/ cost: ₹13.18 lakh) by the hospital from supplier firms instead of from SSI units.

Superintendent of the hospital accepted the Audit observation and stated (August 2016) that in future the hospital would place the purchase orders on SSI units which were ready to supply as per the Government norms.

#### **2.4.3 Distribution of drugs, medicines and surgical items**

The principal objective of the Procurement Policy (2009) was to ensure timely availability of required medicines at all health facilities. The Corporation was responsible for ensuring that adequate quantities of medicines were available at all the hospitals and health centres in the State at all times. On the basis of purchase orders placed by the Corporation, the supplier firms directly supplied the requisitioned drugs and surgical items to CMSs in each district. The drugs and surgical items were stored in the warehouses and were issued to the health facilities as per the indents placed by them.

Audit scrutiny of records showed the following.

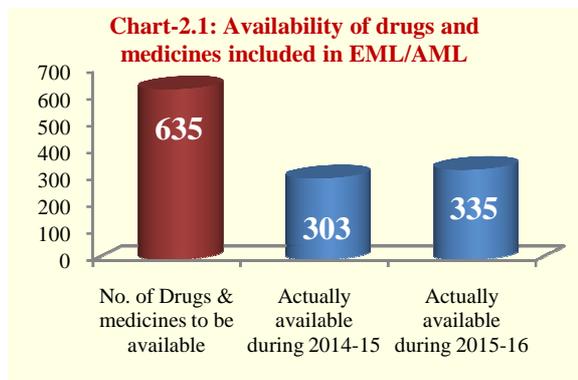
### 2.4.3.1 Availability of drugs, medicines and surgical items

All items of drugs and medicines included in the EML were to be available at all the health facilities as per need and those included in AML were to take care of specific requirements of certain specialities and super-specialities.

#### (i) Drugs and medicines

In all the 10 CMSs in the State, against 635 items of essential drugs included (December 2013 and May 2014) in the EML and AML only 303 (48 per cent/2014-15) and 335 (53 per cent/2015-16) items of drugs and medicines were available.

Audit further observed that during 2015-16, out of 635 listed items of essential drugs, no arrangements were made for procuring 237 items. For the remaining 398 items of drugs, even though the rate contract (RC) existed (new RCs: 207 and extension of old RCs: 191), only 335 items were available in the State. The short availability of drugs was attributed by the Corporation to non-execution of purchase orders by the supplier firms, especially whose rate contracts were extended for supply of drugs (refer para 2.4.2.2 also).



Source: Records of Corporation

**Table-2.4**

CMS	No. of items of drugs actually available at the end of the year		No. of items of drugs showed 'Nil' stocks at the end of the year	
	2014-15	2015-16	2014-15	2015-16
Adilabad	177	198	126	137
Hyderabad	221	255	82	80
Karimnagar	146	157	157	178
Khammam	126	164	177	171
Mahabubnagar	144	169	159	166
Medak	131	160	172	175
Nalgonda	160	158	143	177
Nizamabad	155	179	148	156
Ranga Reddy	161	163	142	172
Warangal	209	209	94	126

Source: Records of Corporation

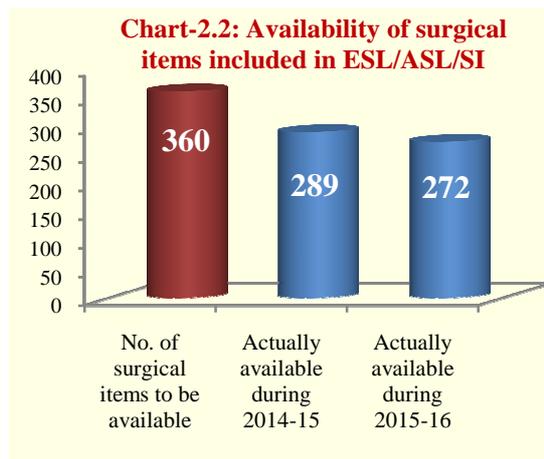
In the CMSs, even out of the 303 (2014-15) and 335 (2015-16) items of drugs available in the State, a number of essential items of drugs were not actually available with them as shown in Table-2.4.

It can be seen from the Table that although three months' buffer stock was to be maintained at CMS level, they reported 'Nil' stocks in respect of as many as 80 to 178 items of drugs at the end of the years 2014-15 and 2015-16.

#### (ii) Surgical and Consumable items

Audit analysis of data furnished by the Corporation showed that all the 360 essential surgical items included in the ESL and ASL were not available with all the CMSs in the State as detailed in the Chart-2.2.

It could be seen from the Chart alongside that in all the 10 CMSs in the State, 289 (80 per cent/ 2014-15) and 272 (76 per cent/2015-16) of surgical items were available out of 360 items included (February 2014) in the ESL and ASL. Among the districts, the availability ranged from 148 items (Warangal) to 202 items (Hyderabad) during 2014-16. Nil stocks were reported at CMS level in respect of 75 items (Hyderabad) to 140 items (Medak) at the end of the years 2014-15 and 2015-16. District-wise details are shown in *Appendix-2.2*.



Source: Records of Corporation

The Corporation attributed (October 2016) the non-availability/non-maintenance of buffer stock of essential medicines to the suppliers not providing certain items of drugs, besides over consumption of drugs due to seasonal outbreaks and unforeseen diseases in the State. The Corporation had not, however, indicated the steps taken by it to ensure supply of all the medicines.

### (iii) Availability of drugs and surgical items at hospital/health centres

Government had stipulated (December 2013) that as per the accessibility criteria of the medicines by the health facilities specified in the EML/AML all essential drugs should be available at all health facilities in the State at all times of the year.

Audit scrutiny of stock records at 11<sup>19</sup> test-checked CHCs and PHCs in Adilabad and Hyderabad districts showed that a significant number of essential drugs were not available during 2011-16 as shown in Table below:

**Table-2.5**

CHCs	Against 283 items of drugs to be available, actual no. of items of drugs available (Range)	PHCs	Against 157 items of drugs to be available, actual no. of items of drugs available (Range)
Khanapur	81 – 104	Thanoor	29 – 42
Mudhole	29 – 132	Kunthala	55 – 65
Jainoor	39 – 94	Dahegaon	36 – 62
Jangammet	32 – 87	Panjasha-II	79 – 88
CD, Secretariat	44 – 56	Bagh Amberpet	73 – 77
CD, Old MLA quarters	29 – 40		

Source: Records of test-checked PHCs/CHCs

CD: Civil Dispensary

Thus, the objective of the Procurement Policy to make available all the essential drugs at the right time in the hospital remained unachieved, thereby forcing the patients to purchase medicines on their own.

<sup>19</sup> Details were not available for UPHC, Karwan-II, Hyderabad (where services of Medical Officer were absent since February 2014) and six test-checked CHCs and PHCs in Warangal district

During Exit Conference, Government, while accepting the audit observation with regard to the gap between availability of drugs and surgical items, assured that the availability would be suitably increased as per requirement of hospitals and that the problem would be resolved in future.

#### 2.4.3.2 Maintenance of minimum stock levels

Procurement Policy stipulated that stocks required for at least three months (at CMSs level), one month (at Hospital level) and one week (Pharmacy level) should be maintained at all times. Whenever the stocks went below the aforesaid levels, it was the responsibility of the Corporation to replenish the same either by cross movement or by fresh procurement. The Corporation was to design and establish an appropriate system of forecasting demand for each medicine in each health facility in advance to enable timely replenishment.

In this connection, Audit observed the following:

- (i) In three test-checked CMSs, although three months' buffer stock was to be maintained, several items of drugs and medicines went out of stock repeatedly and there were delays in replenishing of the exhausted stock/cases of stock remaining unrefilled during the period 2011-16 in CMSs Adilabad (21 items), Hyderabad (40 items) and Warangal (13 items). The status of replenishment of exhausted items of drugs and medicines was as shown in Table below.

Table-2.6

CMS	Period	No. of items went out of stock	No. of instances where the items of drugs went out of stock	No. of instances where there was delay in supply of exhausted items		No. of instances where exhausted items had not been replenished
				< 3 months	> 3 months	
Adilabad	2011-15	21	57	33	18	6
Hyderabad	2011-15	40	102	67	19	16
Warangal	2014-16	13	25	4	15	6

Source: Records of CMSs

Executive Engineer (EE), CMS, Hyderabad replied (July 2016) that due to demand of the drugs and medicines by the hospitals, the buffer stock of those items could not be maintained.

In the absence of requisite buffer stock at CMSs, either the hospitals had to procure them locally at higher prices or critical medicines went out of stock at hospitals, forcing patients to source them from the market at higher price.

- (ii) In 27 (i.e., except UPHC<sup>20</sup>, Karwan-II) out of 28 test-checked hospitals and health centres, although one month's buffer stock was to be maintained, several items of drugs were exhausted during the period 2011-16.

Hospital authorities replied (July – September 2016) that due to non-supply of all the essential items of drugs and medicine included in EML and AML by CMSs, the hospitals could not maintain buffer/minimum stock of all essential drugs as stipulated.

<sup>20</sup>Where no medical officer was available since February 2014

- (iii) In CMSs, Adilabad and Hyderabad, stocks of 12 items<sup>21</sup> of drugs (Cost: ₹3.76 crore) were maintained at higher than required levels (i.e. three months' buffer stock) during 2014-16.

CMS, Adilabad replied (August 2016) that the Corporation had placed purchase orders and supplied nine items of drugs without any indent and action would be taken to maintain the required stocks in future.

### 2.4.3.3 Supply of drugs without/over and above indents

Table-2.7

(₹ in lakh)

- (i) The Corporation had specifically instructed (September 2014) all the CMSs to submit the requirement of 39 items of surgical and consumable items for 2014-15, duly obtaining clear indents from concerned hospitals under the control of DoH, DME and TVVP. In the three test-checked CMSs,

CMS	Indented value	Supplied by Corporation	Excess supply
Adilabad	4.88	9.79	4.91
Hyderabad	188.15	325.85	137.70
Warangal	39.39	65.09	25.70
<b>Total</b>	<b>232.42</b>	<b>400.73</b>	<b>168.31</b>

Source: Records of CMSs

Audit observed that although the CMSs had submitted the indents for the same, the Corporation had supplied more surgical items (cost: ₹4.01 crore) than the indenting quantity (cost: ₹2.32 crore) i.e., even without considering the indents of the CMSs. As a result, various surgical items (cost: ₹1.69 crore) were lying with CMSs as of August 2016 without being supplied to health facilities.

EEs, CMSs confirmed (August 2016) that the excess surgical items had been supplied by the Corporation over and above the requirement projected by them.

- (ii) The Corporation procured (October 2015) 110 injections (Rituximab – 'r-DNA origin' which was included in AML) intended for Cancer treatment (cost: ₹20.56 lakh) without any need assessment and without requisition from super-speciality and advanced speciality institutions and the same was supplied to CMS, Hyderabad.

The Corporation, while accepting the audit observation, stated (October 2016) that due to non-receipt of indents by CMS, Hyderabad from the hospitals the injections could not be used during 2015-16. It was further stated that out of the above, injections worth ₹12 lakh had been transferred to CMS, Khammam in May 2016 and the Corporation had been apprised about the remaining stock.

### 2.4.3.4 Improper supply of essential medicines and surgical items

As per the Government stipulation (December 2013), supply of medicines to PHCs and UPHCs should be limited to those listed as 'Universal' (U) and CHCs and Area Hospitals, Urban Dispensaries (UCHCs) should utilise those medicines listed in the EML as 'Universal' (U) and 'Secondary' (S). The tertiary hospitals such as teaching, district and super-speciality hospitals would, however, have access to all medicines included in the EML while the medicines included in AML would be for the exclusive use of super-speciality and advanced speciality institutions.

<sup>21</sup>Hyderabad: three items of drugs (Cost: ₹3.50 crore) and Adilabad: nine items of drugs (Cost: ₹0.26 crore)

Audit observed improper supply of medicines and surgical items at three test-checked CMSs as discussed below.

- (i) CMS, Adilabad, contrary to the Procurement Policy (2009), had issued medicines and surgical items (cost: ₹20.84 lakh) included in the AML, ASL, T (Tertiary) and S (Secondary) category in EML to PHCs; to CHCs (AML, ASL, T); Area hospital, Manchiryal (AML); and RIMS, Adilabad (AML/ASL) during 2014-16.
- (ii) In CMS, Warangal, 34 items of medicines included in S category of EML were issued to PHCs and 14 items included in T category of EML were issued to PHCs, CHCs and Area hospitals during 2014-16 (cost: ₹48.97 lakh). Further, medicines (cost: ₹41.43 lakh) included in AML were issued to various health facilities without any requirement for super-speciality or advanced speciality health care services.

EEs, CMSs replied (July/August 2016) that, based on the indent and prescription of the Medical Officers/doctors of the PHCs/CHCs/hospitals, the medicines beyond the eligible categories were issued. It was further stated that the Corporation had procured and supplied medicines (cost: ₹41.43 lakh) included in AML without any indent. The reply of the EEs was not acceptable as drugs and medicines could only be issued to the health facilities by taking into consideration the health services being provided by them as specified in the approved medicines list.

The above points were indicative of the fact that the Corporation had failed to monitor availability of stocks on real-time basis and to ensure cross movement of stocks in response to the requirement of other CMSs/health facilities.

#### **2.4.3.5 Real-time Inventory Management System**

Procurement Policy guidelines had envisaged that a Real-time Inventory Management System would be established by the Corporation, to indicate the availability of stocks of medicines at all the hospitals and PHCs on a real-time basis for use by both the officials of the Corporation as well as the health facilities. Besides, the system should also enable a two-way communication and/or work flow system to assess and communicate the requirement in the event of medicines getting exhausted earlier than the estimated time due to heavy demand, over stocked medicines due to slow movement/demand, etc.

Audit, however, observed that Real-time Inventory Management System, as envisaged, had not been established by the Corporation as of October 2016. In the 27 test-checked hospitals, Audit observed instances of non-availability of essential medicines and surgical items (as discussed in para 2.4.3.2 *supra*) and in three test-checked CMSs, there were 81 items of drugs and medicines lying idle without utilisation/movement to other required CMSs for over a year (as discussed in para 2.4.1 *supra*).

The Corporation replied (October 2016) that a Real-time Inventory Management System linking the Corporation, CMSs and peripheral health facilities for online consolidation of indents and inter-store/inter-hospital transfer of drugs was under implementation stage.

Thus, even after the lapse of over seven years since the implementation of revised Procurement Policy, the Corporation was unable to assess the availability and requirement of stocks of drugs/medicines and surgical items at various health facilities on real-time basis.

### 2.4.3.6 Transportation of medicines and surgical items to health facilities

Procurement Policy (2009) had stipulated that the Corporation should arrange to supply medicines systematically to all the health facilities through a specified route on pre-specified dates for each hospital/PHC. Further, the Corporation should establish appropriate transportation and logistics arrangements to deliver the medicines indented by each health facility at its door step.

Audit scrutiny of records at three test-checked CMSs showed that there was no system of delivery of medicines indented by each health facility at its door step until 2015<sup>22</sup>. The hospitals were making their own arrangements to transport medicines and surgical items from CMSs. Even after covering all the hospitals under the system of distribution of drugs and surgical items through Postal vehicles during 2015, in 15<sup>23</sup> out of 28 hospitals, the hospital authorities had to make their own arrangements for obtaining required medicines and surgical items from the CMS concerned by incurring expenditure.

During Exit Conference, Government, while accepting (December 2016) non-availability of sufficient arrangements to transport medicines and surgical items from CMSs to health facilities, stated that the Corporation had been advised to increase the number of vehicles for CMSs.

### 2.4.4 Usage and supply of drugs and medicines in health facilities

Procurement Policy (2009) stipulated that all the doctors should adopt rational prescription method while treating patients and conducting procedures and surgeries. They should also adhere to the EML and AML to the extent consistent (except in specific cases for valid reasons) with the requirement of patient care. The drugs and medicines would be issued for Out Patient Departments (OPD) and hospital wards by the sub-store of the hospital, based on the doctors' prescription.

#### 2.4.4.1 Doctor's prescription slips

- (i) Audit scrutiny of records at OPD of 21<sup>24</sup> test-checked hospitals, however, showed that the doctor's prescription/issue slips tendered by the patients at sub-store of the hospital did not contain OPD number, details of patient and quantity of medicines to be issued and even doctor's signature in many instances. The prescription/issue slip (being a small piece of paper) did not have uniform format, size and hospital logo/details.

Due to absence of detailed doctor's prescription/issue slip, the issue register maintained at OPD did not contain any details of patients to whom medicines were issued and the details/quantity of medicines issued to patients, etc. After issue of

<sup>22</sup>Hyderabad: Up to June 2015, Warangal: August 2015 and Adilabad: December 2015

<sup>23</sup>Adilabad: AH, Manchiryal; CHCs, Jainoor, Khanapur and Mudhole; PHCs, Dahegaon, Kunthala and Thanoor; Hyderabad: Osmania General hospital; CHC, Jangammet; UPHCs, Bagh Amberpet, Karwan-II and Panjasha-II; Warangal: CHCs Cherial and Wardhannapet; PHC, Raghunadhapalli

<sup>24</sup>Adilabad: RIMS, Adilabad; AH, Manchiryal; CHCs, Khanapur, Jainoor and Mudhole; PHCs, Kunthala and Dahegaon; Hyderabad: Osmania General hospital; Gandhi hospital; GMH, Petlaburj; Niloufer hospital; SRRIT&CD hospital; CHC, Jangammet; Civil Dispensary, Old MLA quarters; UPHC, Bagh Amberpet; Warangal: MGM hospital, Warangal; GMH, Hanamkonda; CKM Maternity hospital, Warangal; CHCs, Cherial, Mulugu and Wardhannapet

medicines the prescription/issue slips were being returned to patients without any noting on it indicating 'drugs were issued'. Evidently, in the absence of details and proper system of distribution, issue of medicines only to the intended patients with prescribed quantity was not ensured by the hospitals.

Hospital authorities attributed (July – September 2016) the non-maintenance of proper details of issues/register of drugs and medicines to shortage of Pharmacists/ other staff and heavy rush of patients. It was further stated that action would be taken for maintenance of the proper format of doctor's prescription and issue register, duly noting thereon the details of patients and drugs issued to them.

- (ii) As per the instructions (October 2015) of Commissioner, TVVP no medical indent was to be entertained without proper legible prescription from the Medical expert. Further, indent for medicines depending on prescriptions duly attested by the Medical Officer-in-charge should be recorded and the same should be projected in the order copy prepared by the pharmacist for indent.

A test-check of indents sent by staff for supply of medicines for the month of December 2015 in the Civil Dispensary, Secretariat showed that the Dispensary was supplying medicines without medical prescription of beneficiary and based on the indent given by sub-ordinate officials on behalf of the patient. On the issue being pointed out in Audit, Medical Officer assured (September 2016) that, henceforth, the dispensary would insist on prescriptions from doctors.

- (iii) Commissioner, TVVP had instructed (October 2015) that Medical Officers (MOs) of the Civil Dispensaries should maintain the names of the beneficiaries with their ID and display the same in the dispensaries.

Contrary to the instructions, the Civil Dispensaries (at Secretariat, Old & New MLA quarters, Hyderabad) were not maintaining the database of beneficiaries and their dependents i.e., the particulars of employees (including All India Service Officers).

The MOs and Civil Surgeon at Old MLA quarters replied (September 2016) that the relevant data was not made available by the Commissioner/Government. It was further stated that, they were honouring the indents based on the identity card and covering letters.

There was also no recorded evidence of the Medical Officer having addressed the Commissioner/Government in this regard. In the absence of the database, the genuineness of issue of medicines to genuine beneficiaries could not be assessed.

#### **2.4.4.2 Irrational prescription of medicines**

Coagulation testing is intended for diagnosis of haemostasis system to measure blood's ability to clot, as well as the extent of time it takes. Laboratory testing helps doctors to assess blood coagulation factor I to XIII and the risk of excessive bleeding or developing clots. Based on such test reports, required doses of medicines are administered to patients.

Audit scrutiny of records at the Osmania General hospital and Gandhi hospital (both in Hyderabad) showed that neither any coagulation laboratory facility was available at the

hospitals nor was there any evidence to the claim (August 2016) of hospital authorities that requisite doses were being administered based on the reports (on coagulation factor levels) obtained by the patients from outside labs. However, the doses of factor VII to IX (cost: ₹9.31 crore) were stated to have been utilised for patient care in the two hospitals during the period 2013-16.

Further, it was observed that in Gandhi hospital, nine doses of factor VII (cost: ₹3.91 lakh) were administered within two succeeding days (29<sup>th</sup> and 30<sup>th</sup> October 2015) to a lone patient who left the hospital against medical advice (LAMA) on the same day and was admitted the next day on different registration number and had again left (LAMA) the hospital on the same day.

In the absence of proper mechanism to insist on test reports based on which requisite doses of factor were to be administered, there was no assurance that the medicines were utilised for intended patients.

During Exit Conference, Government stated that the Corporation had been asked to address the issue to the concerned Heads of Department in this regard.

#### **2.4.5 Storage of drugs, medicines and surgical items**

The Procurement Policy (2009) had stipulated that the Corporation should take steps to establish a scientific storage system by constructing professionally designed warehouses in all the districts. It should also develop and adopt good warehouse management practices and internal supervising system.

Audit conducted joint physical verification (along with Pharmacist concerned) of warehouses maintained at three test-checked CMSs, Adilabad, Hyderabad and Warangal and observed the following:

##### **2.4.5.1 Insufficient storage space**

- (i) In all the three test-checked CMSs, Audit noticed that the provision of space and storage arrangements for large quantities of various drugs/medicines and surgical items were inadequate. Due to insufficient space, cartons/boxes containing drugs which were supposed to be accommodated in properly arranged racks in the concerned units, however, were being dumped in corridors (even in toilets at CMS, Warangal as shown in the photograph alongside).



**Stock of drugs and medicines being accommodated in toilet at CMS, Warangal**

There were no proper arrangements of racks for storage in warehouses and, as a result, eight to ten cartons/boxes were kept in a vertical row (sometimes up to roof level) thereby causing damage to the drugs kept in the bottom row. Further, since drugs and medicines supplied in previous batches were being mixed with fresh stocks, there was no assurance that FEFO (First Expiry First Out) system as stipulated in the Procurement Policy, was being followed. In CMS, Warangal, expired drugs were accommodated along with regular supply drugs in freezing.



**Inadequate storage arrangements at CMS, Warangal**



**Drugs damaged due to insufficient storage facilities at CMS, Warangal**

The EEs, CMSs accepted the audit observation and stated (July/August 2016) that TSMSIDC was apprised of the fact and action would be taken for proper storage of drugs and surgical items.

- (ii) In 16<sup>25</sup> out of 28 test-checked hospitals, the space provided for storage of drugs and surgical items was insufficient, due to which many cartons of drugs received from CMS had been lying in the corridors. Hospital wards were also being utilised for storage purpose (Manchiryal). In eight<sup>26</sup> test-checked hospitals, it was observed that stocks of medicines which were not to be issued/temporarily prohibited as per the instructions of the Quality Control Wing and not of standard (NS) quality medicines were not kept away separately and such stocks were being stored along with other regular injections/medicines, leading to the risk of mixing up the same with regular medicines being utilised for patient care.

Hospital authorities replied (July – September 2016) that action would be taken to arrange the drugs and surgical items in a systematic/controlled environment and keep the temporarily prohibited injections away.

#### **2.4.5.2 Cold storage facilities**

Cold storage facilities are critical for maintaining the reliability of medicines as improper storage temperature and humidity levels may cause degradation of medicines.

- (i) In CMS, Warangal, due to non-functioning of all the four ACs in cold storage, drugs including life saving drugs, which were required to be kept in controlled temperature, were being stored at normal temperature. In CMS, Adilabad, there was no system of recording hourly temperatures maintained in walk-in cooler to ensure preservation of medicines at the right temperature. There was no power backup system for uninterrupted power supply to cold storage facilities and walk-in cooler.

The EE, CMS, Warangal replied (August 2016) that action would be taken for restoring the AC systems in the cold storage.

<sup>25</sup> Adilabad: RIMS, Adilabad; AH, Manchiryal; CHCs, Khanapur, Mudhole and Jainoor; PHCs Kunthala and Dahegaon; Hyderabad: Gandhi hospital; GMH, Petlaburj; Niloufer hospital; SRRIT&CD hospital; Warangal: MGM hospital, Warangal; GMH, Hanamkonda; CKM Maternity hospital, Warangal; CHCs Wardhannapet and Cherial

<sup>26</sup> Adilabad: RIMS, Adilabad; AH, Manchiryal; CHCs, Khanapur and Mudhole; PHC, Dahegaon; Warangal: GMH, Hanamkonda; CKM Maternity hospital, Warangal; and CHC, Cherial

- (ii) In 13<sup>27</sup> out of 28 test-checked hospitals, although certain medicines were required to be stored in controlled environment, there were no adequate arrangements for cold storage, exposing medicines to the risk of degradation.

Hospital authorities replied (July – September 2016) that action would be taken to maintain adequate controlled environment for storage of medicines.

### 2.4.5.3 Arrangement of Fire fighting equipment

In three test-checked CMSs, although huge stocks of drugs and surgical items were being maintained at warehouse by CMS for supplying to various health facilities, there was no arrangement for smoke/fire alarms and fire extinguishers for detecting and initiating immediate action in case of fire accidents. As a result, essential and valuable drugs and surgical items intended for patient care were exposed to risk.

### 2.4.5.4 Physical verification of stock

As per Government instructions (November 1992), physical verification was to be done for each item of stores and stock at least once in a year before close of the financial year and 100 *per cent* verification should be done as precisely and as correctly as possible.

Audit observed the following:

- (i) In the three test-checked CMSs, a committee consisting of District Medical & Health Officer, District Coordinator of Hospital Services and Superintendent of DME hospital/EE, TSMSIDC had conducted (2011-16) random physical verification of stocks instead of 100 *per cent* verification. It was observed in CMS, Adilabad, that the inspecting committee had verified (December 2015 and February 2016) only five out of 185 items of drugs and medicines available at CMS.
- (ii) In 11<sup>28</sup> out of 28 test-checked hospitals and health centres, annual physical verification of stock of drugs/medicines and surgical items had not been conducted during the entire period (2011-16) covered in Audit.

In Osmania General hospital and Gandhi hospital the verification of stock was done up to 2013-14 only and it could not be conducted further due to shortage of staff.

- (iii) Although the Financial Code prescribed obtaining of security/fidelity bonds from the Government servants handling office cash/stores, in three test-checked CMSs and 15<sup>29</sup> out of 17<sup>30</sup> test-checked hospitals, such security bonds had not been obtained.

<sup>27</sup>Adilabad: RIMS, Adilabad; CHCs, Khanapur, Mudhole and Jainoor; PHC, Kunthala; Hyderabad: Gandhi hospital; GMH, Petlaburj; Niloufer hospital; SRRIT&CD hospital; Warangal: MGM hospital, Warangal; CKM Maternity hospital, Warangal; CHCs Wardhannapet and Cherial

<sup>28</sup>Adilabad: CHCs, Khanapur, Mudhole and Jainoor; PHCs Thanoor, Kunthala and Dahegaon; Hyderabad: Niloufer hospital; GMH, Petlaburj; UPHC, Bagh Amberpet; Osmania General hospital (2014-16); and Gandhi hospital (2014-16)

<sup>29</sup>Adilabad: RIMS, Adilabad; CHCs, Jainoor, Khanapur and Mudhole; PHCs, Dahegaon, Kunthala and Thanoor; Hyderabad: Gandhi hospital; Niloufer hospital; GMH, Petlaburj; Warangal: GMH, Hanamkonda; CKM Maternity hospital, Warangal; CHCs Cherial, Wardhannapet and Mulugu

<sup>30</sup>Details were not made available to Audit in respect of 11 test-checked hospitals and health centres

## 2.4.6 Quality of drugs and medicines

The Procurement Policy (2009) had emphasised that ensuring quality of medicines was one of its prime objectives. The samples of drugs from each batch should be sent for quality control (QC) checks through the QC wing of the Corporation. The analytical laboratory should furnish the test reports within 15 days (Tablets, Capsules, Ointments, etc., – non-sterile products), 28 days (I.V. fluids and injection, etc., – requiring test for sterility and surgical items) from the receipt of the sample. Only after it was cleared in the quality testing, the batch should be released for distribution.

The Corporation had deployed (July 2014) six quality testing laboratories for undertaking QC tests of drugs and surgical items for an initial period of one year, which was subsequently extended for another year i.e., up to July 2016. The following are the audit observations.

### 2.4.6.1 Non-acquisition of QC test reports

Audit scrutiny of records at QC wing of the Corporation showed that there was no recorded evidence to show that samples from all the batches of all drugs procured had undergone QC testing before they were distributed to health facilities. Details of items of drugs and surgical items procured during 2015-16 *vis-à-vis* the samples sent for QC testing are given in the Table below.

**Table-2.8**

	Drugs	Surgical items
Total number of items of drugs and surgical procured during 2015-16	259	85
Total number of items of drugs and surgical for which samples sent to the empanelled laboratories for QC test	193 (75%)	76 (89 %)
Total number of items of drugs and surgical for which samples sent to Drugs Control Administration for QC test	14 (5%)	NIL
Total number of items of drugs and surgical not sent for QC test	52 (20%)	9 (11%)

Source: Details furnished by TSMSIDC

Note: The records relating to QC testing of drugs/medicines and surgical items for the period 2014-15 were not made available to Audit

It could be seen from the above table that samples of all the items of drugs, medicines and surgical were not being sent for QC testing (shortfall: 20 per cent/drugs; 11 per cent/ surgical items) for quality assurance.

Audit further observed that in the three test-checked CMSs, Adilabad, Hyderabad and Warangal, all the batches of drugs and medicines were distributed (2015-16) as received from suppliers to health facilities i.e., even before acquiring QC reports from empanelled laboratories and solely relying on the in-house reports. The details of QC reports pertaining to drugs and medicines procured and distributed during 2011-15 were, however, not made available though called for by Audit.

The EEs, CMSs, replied (August 2016) that since drugs were essential for patient care, they were distributed to various health facilities without waiting for QC reports as per the instructions of the Corporation.

Audit, however, observed that even certain life saving drugs and vital medicines could not be tested for quality assurance before they were distributed to various health facilities, as illustrated below.

The Corporation had procured (March 2016) 24,456 bottles (in three batches<sup>31</sup>) of Compound Sodium Lactate Injection IP 500ml (Ringer Lactate solution/cost: ₹2.83 lakh) from a firm and the same were issued by CMS, Hyderabad to various hospitals (including Sarojini Devi Eye Hospital, Hyderabad), based on the in-house QC report of the supplier firm, without ensuring QC report from empanelled laboratories. It was seen in Sarojini Devi Eye Hospital that the medicine was utilised during the surgeries performed on 13 patients on 30 June 2016 and the patients were suspected to have been infected on the next day. Although hospital authorities had provided immediate treatment for all the 13 patients, only six of them had recovered reasonable good vision and the rest of the patients were still under treatment for restoring vision (August 2016). The final analysis report showed that the infection was due to usage of contaminated Ringer Lactate solution during the operations.

The above case is only illustrative. During the two-year period, the Corporation had procured drugs, medicines and surgical items worth ₹237.45 crore and these were distributed (2014-16) by CMSs to various health facilities in the State. Although these are findings emanating from a test-check, it can be concluded that there was no assurance that all the drugs and surgical items were distributed only after acquiring QC reports from the empanelled laboratories as stipulated in the Procurement Policy and that there was no potential risk to patients. Government need to initiate urgent action in order to ensure distribution of medicines to health facilities only after acquiring QC reports.

#### 2.4.6.2 Delay in acquiring QC test reports

As discussed in para 2.4.6, time limit (15/28 days) has been prescribed for acquiring QC test reports from empanelled laboratories. Audit scrutiny of records (2015-16) of QC wing of Corporation showed that there were delays in acquiring QC test reports from the empanelled laboratories as detailed in Table 2.9.

**Table-2.9**

	Tablets, Capsules, Ointments, etc.		I.V. fluids & Injections		Surgical items	
Stipulated period for receipt of QC report	15 days		28 days		28 days	
No. of samples sent for QC test	1955		678		304	
QC reports received within stipulated period	570	29%	321	47%	170	56%
QC reports received beyond stipulated period	1281	66%	261	39%	51	17%
No. of samples yet to be analysed by laboratories	104	5%	96	14%	83	27%

Source: Records (August 2015 to March 2016) of Corporation

It could be seen from the above Table that less than 50 per cent of samples of medicines (Tablets, capsules, ointments, I.V. fluids, injections) and 56 per cent of samples of surgical items could only get QC test reports within the stipulated period.

<sup>31</sup> Batch no (s). 16385, 16386 and 16387

Audit scrutiny of records at CMS, Hyderabad showed that only 515 (87 per cent) samples out of 594 batches of drugs and surgical items received during 2015-16 were sent for QC test by empanelled laboratories; of which QC report for 358 (60 per cent) batches only were received by the CMS, leaving QC reports of 157 (27 per cent) samples yet to be received as of July 2016. The EE, CMS, Hyderabad replied (August 2016) that due to non-receipt of QC reports in time the drugs were distributed to various health facilities as per the instructions of the Corporation.

The Corporation replied (October 2016) that keeping in view the delays in acquiring QC reports from empanelled laboratories and timely availability/essential usage of drugs and medicines in various hospitals, the drugs and medicines were issued before acquiring QC reports, solely relying on the in-house reports of the supplier firms. It was further stated that if any deviation in QC report was observed after issue of drugs, the batch of the relevant drugs would be immediately stopped from usage and penalty/action would be imposed/initiated on the supplier firm.

The contention of the Corporation could not be accepted as Audit observed in certain cases that the drugs were issued and consumed by the hospitals for patient care before communicating the adverse QC report of drugs to the CMSs/hospitals and, at times, the drugs and medicines were accepted by CMSs even without in-house QC test reports, as illustrated below.

<p><b>Ondonsetron 4mg tablets</b></p>	<p>Corporation procured (January 2015) 1,12,500 Ondonsetron 4mg tablets (₹0.11 lakh) from a firm and the same had been distributed to various health facilities during January – March 2015 before acquiring QC report. However, the drug was declared (October 2015) as Not of Standard Quality (NSQ) as per the QC report issued by Government Drug Control Laboratory.</p> <p>Although the Corporation instructed (December 2015) all the health facilities (to whom the drug was supplied) not to use the drug and return to CMS, Audit observed that the drug had already been utilised/issued by most of the hospitals.</p>
<p><b>Enalapril Maleate 5mg tablets</b></p>	<p>In Gandhi hospital, Hyderabad, 51000 Enalapril Maleate 5mg tablets were supplied by CMS, Hyderabad during April – November 2015 before acquiring QC test report. However, the communication with regard to declaration of tablets as NSQ medicine was received (from the Corporation) in the hospital during April 2016. By that time the hospital had already utilised 44,400 tablets for patient care and only 6,600 tablets could be returned to CMS.</p>
<p><b>Acceptance of medicines without in-house QC test reports</b></p>	<p>Although as per clause 15 (Quality Analysis) of purchase order, the supplier should get each medicine tested by its in-house quality control wing and provide a certificate of analysis, in CMS, Adilabad, the medicines (cost: ₹5.43 lakh) were accepted without in-house report from the supplier during the period 2014-16.</p>

Thus, supply of quality medicines for patient care, being one of the prime objectives of the Procurement Policy, was not always ensured by the Corporation.

### 2.4.7 Disposal of expired drugs

As per Rule 4 & 5 of 'The Bio-Medical Waste (Management and Handling) Rules, 1998', it was the duty of every occupier of an institution generating bio-medical waste to take all steps to ensure that such waste was handled without any adverse effect on human health and the environment. Bio-medical waste such as outdated, contaminated and discarded medicines should be disposed off through incineration/destruction/disposal of drugs in secured landfills.

Audit, however, observed that expired drugs (cost: ₹1.21 crore) during the period 2012-16 were lying at all the 10 CMSs in the State without disposal as of March 2016 causing space constraints in the warehouses at CMSs.

In CMS, Warangal, it was observed that due to non-disposal of expired drugs and the existing space constraint the expired drugs were kept along with other regular drugs and medicines and hence the possibility of mixing up the expired drugs and medicines with the regular medicines (intended for distribution to various health facilities), impacting adversely on patient healthcare, could not be ruled out.

## 2.5 Medical Equipment

### 2.5.1 Procurement of Medical Equipment

Indents for purchase of equipment were placed by the respective HoDs as per requirements made by the field units. Orders for supply were to be finalised and placed by Corporation and payments made by it. Specifications of the equipment were prepared by HoDs and submitted to the Corporation along with the necessary administrative approvals. Corporation invited tenders for procurement of the equipment and, after scrutiny by the technical committee<sup>32</sup>, the purchase was finalised and acceptance of tenders issued to successful tenderers. Supply of equipment was made directly to the indenting units and payments made by the Corporation on receipt of supply and installation reports from indenting Hospitals. After formation of the State of Telangana, TSMSIDC had procured equipment worth of ₹87.32 crore during the two year period 2014-16.

Audit scrutinised 37 purchase orders<sup>33</sup> (Purchase Order value: ₹17.53 crore) placed (selected on the basis of the highest purchase values in respect of sampled hospitals) on the supplying firms during the years 2014-16 and observed the following:

#### 2.5.1.1 Lack of Procurement Policy for procurement of equipment

Before embarking on procurement process involving huge expenditure, Government should have a Procurement Policy. Government had, however, not formulated any Procurement Policy in respect of equipment as of October 2016.

<sup>32</sup> Consisting of Principal Secretary of HM&FW Department, Commissioner of Health & Family Welfare, Director of Medical Education, Commissioner, Telangana Vaidya Vidhana Parishad and a nominee from Finance Department

<sup>33</sup> 2014-15: 18 (Value: ₹9.14 crore); 2015-16: 19 (Value: ₹8.39 crore)

Audit observed deficiencies/shortcomings relating to need-assessment, indent mechanism, technology options, specification of equipment, delays in installation and maintenance of equipment, etc., as enumerated in the subsequent paragraphs.

During Exit Conference, Government assured (December 2016) of examining the issue of formulation of Procurement Policy for equipment.

### **2.5.1.2 Non-inclusion of assessed market rate in tender documents**

Superintendent, Gandhi hospital, Secunderabad had indented 50 ventilators (Bellavista 1000) for use in Swine Flu and other cases in September 2015. The Corporation had finalised this indent (approved by Bid Finalization Committee in November 2015) by accepting the unit rate quoted by M/s Seasons Healthcare Ltd. i.e., ₹11.01 lakh and procured 50 ventilators in all from M/s Seasons Health care in February 2016.

Scrutiny of tender documents relating to the purchase of this equipment showed that the Department had assessed the market rate of the equipment as ₹6.50 lakh on the basis of earlier tenders. This rate was, however, not reflected by the Department in the tender document. It was further observed that M/s. Schiller had supplied the same Bellavista 1000 make ventilator to M/s. Astra Ortho and Spine Hospital, Chennai, at a cost of ₹8.50 lakh in May 2015.

When the issue of payment of higher rate was pointed out in Audit, the Corporation stated (June 2016) that the Bellavista 1000 quoted by the bidder was a configurable product and that the pricing of the product would differ depending on the features offered. The Department had not, however, furnished the details of the additional features provided by the supplying firm to justify the payment of ₹11.01 lakh per unit. Incidentally, the rate of the equipment (in question), imported (by the supplier firm<sup>34</sup>) from Switzerland on 22 December 2015 and supplied to the Gandhi hospital, was \$9625.44 (equivalent to ₹6.38 lakh). Hence payment of ₹11.01 lakh for the same equipment was questionable as no specific grounds were quoted in terms of additional features, etc., to justify the cost difference.

Thus, due to not taking into account the market rate in the tender document, Corporation incurred an avoidable expenditure of ₹1.26 crore. Taking into account the total procurement of equipment worth ₹87.32 crore by the Corporation during the period 2014-16, the risk of leakage of a considerable quantum of Government money is flagged by Audit.

During Exit Conference, Government stated that the system followed in other States in this regard would be reviewed and action taken accordingly.

### **2.5.1.3 Renewal of Performance Guarantee**

Clause 4.1 of Special Conditions of the Contract stipulated that Performance Security of 5 per cent of the Contract Value was to be collected by TSMSIDC and it would be valid up to 60 days after the date of completion of performance obligations including warranty

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<sup>34</sup> M/s Seasons Health Care Limited

obligations and maintenance obligations, as applicable. Further, as per clause 7.4, 50 per cent of Performance Security was to be retained towards maintenance services to be provided for four years after the three years warranty period and this 50 per cent was to be discharged after completion of performance obligations under maintenance services after seven years.

Of the Performance Security worth ₹1.39 crore (being 5 per cent of cost of POs), obtained in the form of Bank Guarantee (BG) for purchase orders placed for the years 2012-13 and 2013-14, Performance Security worth ₹69.96 lakh should be valid up to seven years of completion of performance obligation (i.e., up to 2018-19/2019-20, respectively) as per the aforementioned clauses.

However, the Bank Guarantees<sup>35</sup> which were under the custody of the Corporation, were allowed to lapse during the year 2015 and 2016, respectively, and the same were not revalidated so far and equipment have had no security during the maintenance period.

In its reply, the Corporation stated (November 2016) that the revalidation and renewal of expired Bank Guarantees (BGs) of the old tenders were postponed from time to time and were not revalidated in anticipation of floating of new tenders. It was also stated that, in view of fluctuation of market prices of medicines, firms were reluctant to enter into agreements with old rates or provide BG. In the absence of renewal of BG, there was no safeguard regarding satisfactory performance of the equipment procured at a cost of ₹27.99 crore during 2012-14.

#### **2.5.1.4 Non-supply of equipment by suppliers in respect of repeat orders**

Tender conditions stipulate that the Purchase Order (PO) has to be cancelled and EMD forfeited if the delay in supply is more than 90 days. During the years 2012-13 and 2015-16, Corporation had issued nine POs for supply of equipment worth ₹92 lakh. The same were however, cancelled due to non-supply of the equipment by the suppliers.

Audit scrutiny of the records pertaining to cancelled purchase orders showed that the Corporation had delayed cancelling the POs (delays ranging from five months to as high as three years) and, as a result, the Hospitals could not get the indented equipment. Further, performance guarantees to ensure supply of the equipment taken in the form of security deposit (@ 5 per cent) on the cost of equipment was not also forfeited.

On the issue being pointed out in Audit, the Corporation replied (November 2016) that the purchase orders in question were repeat purchase orders placed on the basis of previously approved rates including those under Director General of Supplies & Disposal (DGS&D) and that the Corporation did not retain/obtain either any EMD or any performance security and hence the question of forfeiture of EMD did not arise.

Issue of repeat purchase orders to firms without having the requisite controls such as extension of EMD beyond the supply of agreement quantity to ensure performance of the purchase order is fraught with the risk of non-supply of equipment by the firms as observed in the aforementioned cases.

<sup>35</sup> 137 BGs pertaining to the year 2012 and 90 BGs pertaining to the year 2013

## 2.5.2 Supply and installation of Medical Equipment

As per the tender conditions, the equipment requisitioned in Supply Order has to be delivered within a period of 60 days from the date of receipt of Purchase Order. Further, installation/commissioning of the equipment should be completed within 30 days after delivery of the equipment.

Audit scrutiny of data provided by the Corporation in respect of 7,310 equipment valued at ₹25.12 crore, showed that there were delays in supply of equipment (ranging from 74 to 153 days) and delays (ranging from 30 to 224 days) in installation of 383 equipment (value: ₹10.67 crore).

A few cases of delay in installation/commissioning of the equipment are illustrated below.

- (i) Anaesthesia Work Station (cost: ₹2.91 crore) purchased in April 2014 was installed in Gandhi hospital, Secunderabad in March 2015 after a delay of 11 months.

The Corporation attributed (November 2016) the delay in installation of the equipment by the supplier to non-provision of site by the concerned hospital authorities.

- (ii) Digital Mammography Unit (cost: ₹1.24 crore), purchased in May 2014 was installed in Osmania Medical College, Hyderabad in February 2015 after a delay of eight months.

The Corporation stated that the hospital had given the work order in respect of civil and electrical works and due to delay in completion of these works, the installation of the equipment had been delayed. The firm could actually complete the installation/test process and hand over the equipment only in February 2015.

- (iii) Ultra-sound Color Doppler System (cost: ₹15.49 lakh), purchased in May 2014 was installed in GMH, Petlaburj, Hyderabad in December 2014 after a delay of six months.

- (iv) Defibrillator (cost: ₹13.50 lakh), purchased in May 2014 was installed in Niloufer hospital, Hyderabad in December 2014 after a delay of five months.

While the Corporation attributed (November 2016) the delay in installation of the equipment to unavailability of site in the concerned hospital, the hospital authorities attributed (November 2016) it to non-supply of trolley along with defibrillator (as provided in the purchase order) and subsequent delay on the part of the supplier.

- (v) Nebulizer Ultrasonic (cost: ₹7.60 lakh), purchased in May 2014 was installed in MGM hospital, Warangal in April 2015 after a delay of 10 months.

Scrutiny showed that the equipment supplied was kept in observation and during that period, the equipment underwent repairs. As a result, there was delay in issue of the necessary certificate regarding satisfactory performance of the installed equipment.

Audit scrutiny of the records of the sampled hospitals relating to installation of the procured machinery showed the following.

- (i) X-ray machine 500MA (cost: ₹18.14 lakh), supplied during March 2013, was not commissioned in Niloufer hospital, Hyderabad for more than three years, though testing was completed. Scrutiny showed that the X-ray machine could not be commissioned due to lack of required power supply, as the transformer had reached the maximum capacity.



**Non-commissioned X-ray machine in Niloufer hospital, Hyderabad**

Superintendent of the Hospital stated that the equipment was not indented by the Hospital and that the Corporation had not informed the hospital before actual supply of the machine and, hence, power supply arrangements could not be made.

He further stated that the process for enhancement of the transformer capacity was underway. The Hospital had not, however, explained as to why the process for enhancement of transformer capacity could not be initiated for over three years.

Incidentally, one of the two X-ray machines available with the Hospital had already been condemned. It was therefore not clear as to how the patients were being provided X-ray facilities in the absence of installation of the procured X-ray machine.

- (ii) Government had accorded administrative sanction (October 2014) of ₹7.50 crore for procurement of 12 blood component separators to be installed at important hospitals<sup>36</sup> across the State.

Scrutiny of records in Niloufer hospital showed that a Blood Component Separation Unit, worth ₹32.30 lakh supplied in March 2016, was not installed as of August 2016 due to space constraints.



**Non-commissioned Blood Component Separation Unit machine in Niloufer hospital, Hyderabad**

Scrutiny further showed that the equipment, which was originally ordered (April 2015) for District Hospital, Tandur, based on the requisition sent by Commissioner, TVVP, was rejected (May 2015) by the Hospital since blood bank was not functioning in District Hospital, Tandur. The same equipment was later transferred to Niloufer hospital in February 2016.

The hospital authorities replied that the equipment would be utilised after commissioning of the upgraded Blood Bank.

- (iii) The equipments relating to Blood Component Separation Unit viz., Platelet Agigator with incubator, Haematology Analyser, Deep freezer, Blood bank Refrigerator etc., supplied during April 2015 and November 2015 to Area Hospitals at Jagityal, Kamareddy, Janagaon; District Hospital, Nalgonda and Tandur (Total cost: ₹28.06 lakh) were not installed till September 2016. Due to non-installation of these equipment, blood separators and other equipment essential in treatment of dengue fever, etc., could not be put to use, thereby depriving the patients of vital healthcare.

<sup>36</sup> Three district hospitals and nine Area hospitals

The Corporation stated (September 2016) that the HoDs<sup>37</sup> placed indents after assessing the need for the equipment, accommodation for installation and staff required for operation of the equipment and that the HoDs were being informed by the Corporation to keep the sites ready for installation before placing the purchase orders.

### 2.5.3 Idle Equipment

Audit observed that the following equipment remained idle.

- (i) Scrutiny of records of Area Hospital, Manchiryal, showed that the 300 MA X-ray machine with Mamo compatibility (cost: ₹11.93 lakh), which was received and installed during March 2016, remained unutilised as of August 2016 due to non-supply of digital X-ray film by the Corporation.

On this being pointed out in Audit, the Corporation stated (November 2016) that the systems were procured, based on the indent given by the Commissioner, TVVP. As for supply of Digital X-ray films, it was stated that although the Corporation had communicated the rates (as finalised in July 2016) to the Commissioner, no indents had been furnished either by the Commissioner or by the Hospital.

- (ii) An Endoscopic Video Recording system (cost: ₹13.15 lakh) was supplied (December 2009) to GMH, Petlaburj. Scrutiny showed that, even after the lapse of nearly seven years (including the warranty period), the equipment was lying idle (August 2016).

Superintendent of the Hospital stated (July 2016) that, although the item was not indented and was not required by the hospital, the erstwhile APMSIDC had supplied the equipment. It was further stated that facilities to install/utilise the equipment were not also available in the hospital. However, the hospital authorities had failed to transfer the same to other hospital in need of such equipment or to address the Corporation in this regard rendering the whole expenditure wasteful, besides depriving the public of the intended diagnostic services.

During Exit Conference Government, while accepting (December 2016) the idling of certain equipment, assured of utilisation of the equipment in future.

## 2.6 Conclusion

Although the Procurement Policy existed for drugs, medicines and surgical items, the principal objective of making available all the essential drugs at the right time to the hospitals and other health facilities in the State largely remained unachieved due to deficiencies in the system of assessment, procurement, storage and distribution of drugs and medicines in terms of degree of essentiality, criticality for health care and disease burden. The budgeted funds had not been released in full for procurement and distribution of medicines and equipment. Ineffective contract management of TSMSIDC (Corporation)

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<sup>37</sup> include Director of Health (DoH), Director of Medical Education (DME), Commissioner, Telangana Vaidya Vidhana Parishad and Director, Institute of Preventive Medicine

had resulted in many essential drugs not being supplied/belatedly supplied to health facilities. As a consequence, the hospitals had to tap the meagre budgets allocated to them for decentralized local purchases of emergency drugs and medicines, thereby depriving the patients of accessibility to essential medicines. Further, non-supply of adequate quantities of medicines to field units resulted in the need for local procurement, which was invariably at higher prices. Shorter shelf-life drugs were also accepted by the Corporation. There was no Real-time Inventory Management System to assess the availability and requirement of stocks of drugs, medicines and surgical items at various health facilities and to ensure cross movement of stocks to other needy health facilities. Equipment procured to provide better healthcare facilities to patients remained unutilised due to non-procurement of consumables/accessories. Due to inadequate pre-despatch quality testing through empanelled laboratories and shortfalls in sampling of medicines, the standard and quality of medicines issued to patients could not be ensured in many instances.

## **2.7 Recommendations**

- (i)** Government should ensure need-based procurement of drugs, medicines and surgical items based on actual requirements projected by HoDs/health facilities.
- (ii)** Comprehensive Real-time Inventory Management System should be established to assess the availability and requirement of stocks of drugs/medicines and surgical items at various health facilities and to ensure cross movement of stocks to other needy CMSs/health facilities.
- (iii)** A system of pre-despatch sampling and prompt receipt of results of samples analysed should be evolved to ensure that the patients are administered standard and quality medicines.

During Exit Conference, Government assured of remedial action on the points raised by Audit. The recommendations made by Audit were also discussed and accepted by Government.



# Chapter III

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## **Compliance Audit Observations**

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## School Education Department

### 3.1 Functioning of Residential Educational Institutions

#### 3.1.1 Introduction

Government had established (1972) ‘Andhra Pradesh Residential Educational Institutions Society (APREIS)’ with the objective of providing quality education to the rural<sup>1</sup> talented children from the economically backward families<sup>2</sup> in the combined State of Andhra Pradesh. After formation of Telangana State, the Telangana Residential Educational Institutions Society (TREIS) came into existence<sup>3</sup> (June 2014) for the administration of Residential Educational Institutions in the State for imparting quality education to targeted children with an yardstick of 100 *per cent* success rate in public examinations.

As at the beginning of the academic year 2015-16, there were 47 Residential Schools<sup>4</sup> (Classes V to X) with 17,054 students and four<sup>5</sup> Junior Colleges (offering two year Intermediate course) with 826 students, functioning in the State for providing free quality education with boarding and lodging facilities to the students. Admissions into Class V and Intermediate first year are being made as per the merit and reservation based on the admission tests conducted by TREIS every year. During 2014-16 an average annual expenditure of ₹75 crore was incurred on maintenance of the Society and Institutions.

#### 3.1.2 Audit Framework

Audit of TREIS was carried out between December 2015 – May 2016 covering the period 2013-16<sup>6</sup> to assess adequacy of infrastructure, basic amenities/facilities, teaching staff in the residential institutions and to analyse academic performance of the institutions. Audit methodology involved examination of records of the TREIS, 16 out of 47 Residential Schools and two out of four Junior Colleges in the State. Besides, Audit team (along with the Principals of the Institutions concerned) conducted physical verification of test-checked residential institutions. Details are given in *Appendix-3.1*. Audit findings were benchmarked against the criteria sourced from Memorandum of Association, Bye-laws of the Society, infrastructural requirement for Residential Schools projected by TREIS and Government instructions from time to time. The results of audit are discussed below.

#### 3.1.3 Infrastructure facilities

To improve the enrolment and retention of students and to provide improved quality of education at the high school level in the residential schools in the State sector, as a part of Millennium Development Goals, Government had issued orders in February 2008 stipulating that all the residential schools in the State should be strengthened through

<sup>1</sup> The rural concept is not applicable to SC/ST/Minority students and students of Hyderabad and Ranga Reddy districts

<sup>2</sup> whose parental annual income does not exceed ₹60,000 per annum up to AY 2015-16 and ₹1,50,000 per annum (Rural) and ₹2,00,000 per annum (Urban) since AY 2016-17

<sup>3</sup> The Society was registered (June 2014) under the Andhra Pradesh Societies Registration Act, 2001

<sup>4</sup> Residential General Schools: 35 (Boys:15 and Girls: 20) and Residential Schools for Minorities (including six Urdu): 12 (Boys: nine and Girls: three )

<sup>5</sup> Residential Junior Colleges: 2 (Boys: one and Girls: one) and Residential Junior Colleges for Minorities (Boys: 2)

<sup>6</sup> Records of the TREIS for the period June 2014 – March 2016 and records of Residential Schools and Junior Colleges for the period 2013-16 were scrutinised in Audit

various initiatives like provision of adequate infrastructure facilities viz., buildings, laboratory, library, sports & games, hostels and dining arrangements, staff quarters, etc., in a phased manner over a period of four to five years.

The results of Audit scrutiny of records of the TREIS and physical verification of 16 schools showed the following.

### 3.1.3.1 Buildings

Although 41 out of 47 Residential Schools in the State had their own buildings, majority of school buildings were not equipped with adequate infrastructure facilities. There was more than 50 per cent shortage of (i) classrooms, laboratory, etc., in 17 schools (including five<sup>7</sup> test-checked schools), (ii) dormitories in 35 schools (including all the 16 test-checked schools) and (iii) toilets and bathrooms in 31 schools (including 12<sup>8</sup> test-checked schools) in the State. Majority of the schools did not have provision of quarters for Principal (18 schools including 7<sup>9</sup> test-checked schools), teaching staff (29 schools including 9<sup>10</sup> test-checked schools), non-teaching staff quarters (39 schools including 15<sup>11</sup> test-checked schools) and compound wall (33 schools including 12<sup>12</sup> test-checked schools).

Six schools which were functioning in rented accommodation also had significant shortage of classrooms, laboratory, etc., (44 to 78 per cent), dormitories (up to 60 per cent), toilets and bathrooms (70 to 83 per cent). None of the schools (except Kamareddy) had provision for staff quarters. The details are discussed in paragraphs 3.1.3.2 to 3.1.3.8 *infra*.

#### **Deficient execution of construction works**

Every year TREIS submits budget proposals for construction of Residential school buildings including additional classrooms, dormitories, kitchens, dining halls, toilets, staff quarters, water facility, furniture, compound wall, etc., to the user Departments viz., School Education, Intermediate Education and Minorities Welfare. After sanction by the user Departments, the construction works are executed through Andhra Pradesh Education and Welfare Infrastructure Development Corporation (APEWIDC).

Against the budget requirement of ₹327.69 crore (2014-15) and ₹391.67 crore (2015-16) submitted by TREIS for construction works in 41 schools to School Education Department, construction works in six schools<sup>13</sup> (cost: ₹14.02 crore) only were sanctioned. Of this, works pertaining to two schools<sup>14</sup> were in progress (expenditure: ₹1.76 crore) and the works in the remaining four schools were at initial stage. Further, the construction works sanctioned (cost: ₹47.32 crore) in 30 schools during 2015-16 under NABARD (RIDF - XXI)<sup>15</sup> assistance were yet to be commenced as of July 2016.

<sup>7</sup> Borabanda (Girls), Nirmal, Thatipalli, Bandarupalli and Sarvail

<sup>8</sup> Beechupalli, Balanagar, Borabanda (Boys) & (Girls), Medak, Thatipalli, Bandarupalli, Nekkonda, Wyra, Choutuppal, Thungathurthy and Ramannapeta

<sup>9</sup> Beechupalli, Balanagar, Medak, Bandarupalli, Nekkonda, Sarvail and Choutuppal

<sup>10</sup> Borabanda (Boys) & (Girls), Medak, Hasanparthy, Nekkonda, Enkoor, Sarvail, Choutuppal and Ramannapeta

<sup>11</sup> All the sampled schools (except Thungathurthy)

<sup>12</sup> Beechupalli, Balanagar, Borabanda (Girls), Medak, Thatipalli, Hasanparthy, Nekkonda, Enkoor, Thungathurthy, Wyra, Sarvail, and Ramannapeta

<sup>13</sup> Keesaragutta (Ranga Reddy): ₹ one crore, Sarvail (Nalgonda): ₹1.67 crore, Siddipeta (Medak): ₹5.62 crore, Nerella (Karimnagar): ₹4.16 crore, Vangara (Karimnagar): ₹1.01 crore and Medak: ₹0.56 crore

<sup>14</sup> Sarvail: ₹99.60 lakh and Vangara: ₹76.01 lakh

<sup>15</sup> National Bank for Agriculture and Rural Development (NABARD) - Rural Infrastructure Development Fund (RIDF)

As for Minority schools, the construction works in three out of four<sup>16</sup> schools sanctioned (cost: ₹36 crore) during 2012-13 were also not completed (expenditure: ₹16.74 crore) as of May 2016.

A few specific cases of poor progress of works despite the immediate necessity of infrastructure facilities are illustrated below:

- (i) Residential School, Sarvail has been functioning in Asbestos Cement Sheet sheds without permanent buildings since its inception in 1971. For upgradation of the school to Regional Centre of Excellence (RCE) by bringing talented children of the State at one place for providing them quality education, Government sanctioned (July 2012) provision of additional infrastructure (estimated cost: ₹5.82 crore) *viz.*, dormitories, staff quarters, kitchen, dining hall, toilets, furniture, lab equipment, library books, water facility, etc., with a stipulation to provide the infrastructure within a period of six years.

It was however, observed that during the four-year period 2012-16, only ₹1.67 crore was allocated against ₹3.88 crore, intended to be released for construction of additional buildings and providing amenities. The utilisation was still less (₹99.60 lakh) and, as a result, except for a dormitory block, dining hall and a semi-finished dormitory, none of the additional infrastructure sanctioned under the upgradation programme was provided to RCE even after the lapse of four years from sanction. Consequently, the RCE has been experiencing acute shortage<sup>17</sup> of infrastructure (June 2016).

- (ii) With a view to resolving accommodation problem in Residential School, Keesaragutta which did not have permanent buildings, Government sanctioned (February 2014) ₹3.06 crore for construction of dormitories, kitchen and dining hall, Principal's quarter, staff quarters, compound wall, etc.

It was however, observed that the funds were not utilised for the intended purposes during 2013-15 due to sanction of funds at the fag end of the financial year (2013-14) and delay in finalisation of estimates and tenders by APEWIDC (2014-15). After revalidation of funds (₹3.06 crore) in November 2014, Government sanctioned (October 2015) only ₹ one crore by restricting the construction work to dormitory, kitchen, dining hall, etc., the construction of which was taken up only in February 2016. The other works such as staff quarters, community hall and compound wall were deferred.

The accommodation problem in the school was thus not resolved leaving a significant shortage<sup>18</sup> of infrastructure facilities even after expiry of two years of the Government sanction.

- (iii) For the Residential Schools, Siddipeta and Nerella, TREIS had submitted (January 2014 and August 2014) proposals for additional infrastructure such as additional

<sup>16</sup>Warangal: Cost: ₹9 crore/Expenditure: ₹5.45 crore; Kamareddy: Cost: ₹9 crore/Expenditure: ₹6.56 crore; Zaheerabad: Cost: ₹9 crore/Expenditure: ₹4.73 crore; Wanaparthy: Cost: ₹9 crore/Work not commenced

<sup>17</sup> Classrooms (shortage of 21 against 27 required), dormitories (shortage of 6 against 10), toilets & bathrooms (shortage of 20 against 60) and non-provision of Principal, teaching and non-teaching staff quarters

<sup>18</sup> Classrooms (shortage of 17 against 27 required), dormitories (shortage of 5 against 10), toilets/bathrooms (shortage of 35 against 60) and non-provision of kitchen, dining halls, teaching and non-teaching staff quarters, compound wall, etc.

classrooms, dormitories, staff quarters, toilets, compound wall, etc. However, due to sanction of funds (₹9.78 crore<sup>19</sup>) at the fag end of the financial year 2014-15 works were not commenced and the funds lapsed.

Further, the construction works proposed in 2014-15 along with some other additional works taken up (2015-16) at Siddipeta and Nerella with the NABARD (RIDF - XX) assistance (with 7.25 per cent interest) were at initial stage as of July 2016, despite the acute shortage<sup>20</sup> of infrastructure in the Residential Schools.

- (iv) With a view to providing own buildings with adequate living space and amenities to Minority Residential Schools, which had been functioning in rented accommodation, Government had sanctioned (January 2013) ₹9 crore each to four schools at Kamareddy, Wanaparthy, Warangal and Zaheerabad.

As of May 2016, out of four schools, buildings of only one school (Warangal) were partially completed (expenditure: ₹5.46 crore). It was however, observed that non-provision of approach road (2.5 km) from newly constructed school buildings to the nearby village was causing hardship to students and the staff. In two schools (Kamareddy and Zaheerabad) the delay in completion of works was attributed to the delay in handing over of site to contractor, site disputes, etc. In Wanaparthy, construction work was not commenced due to land dispute.

Thus, the minority Residential Schools continued to suffer from the shortage<sup>21</sup> of accommodation and infrastructure despite the provision of funds.

### **Major repairs to school building**

Audit scrutiny of records and physical verification of Residential School (Girls) at Medak showed that one of the school buildings was in a dilapidated condition. The Municipal authorities had inspected (July 2013) the building as a part of Demolition & Dilapidated and Dangerous buildings survey and identified it as one that required major repairs.

It was observed in Audit that although the Commissioner, Medak Municipality had informed twice (July 2013 and September 2016) the Principal of the school that major repairs were required to be undertaken immediately as it might collapse at any time, the Principal did not bring the issue to the notice of the TREIS until September 2016 for getting the building repaired, exposing the children and staff to high risk.

### **3.1.3.2 Classrooms, laboratory, library, etc.**

Government had stipulated that all residential schools should be provided with adequate classrooms, well equipped laboratory, full-fledged library, etc. There should be rooms for Principal/Vice-Principal/Office/Teaching and Non-teaching Staff, etc.

<sup>19</sup> Siddipeta: ₹5.62 crore and Nerella: ₹4.16 crore

<sup>20</sup> Classrooms (shortage of 12 (Siddipeta) & 14 (Nerella) against 27 required), dormitories (shortage of 10 (Siddipeta) & 10 (Nerella) against 10), toilets & bathrooms (shortage of 36 (Siddipeta) & 50 (Nerella) against 60), staff quarters (shortage of 24 (Siddipeta) & 24 (Nerella) against 24)

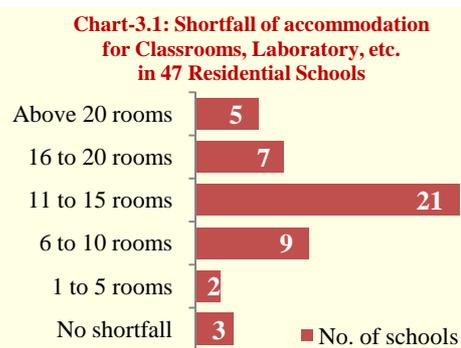
<sup>21</sup> Classrooms (shortage of 15 (Wanaparthy) & 12 (Kamareddy) against 27 required), dormitories (shortage of 4 (Wanaparthy) against 10), toilets and bathrooms (shortage of 50 (Wanaparthy) & 42 (Kamareddy) against 60) and Staff quarters (shortage of 24 (Wanaparthy), 20 (Kamareddy), 20 (Warangal) and 20 (Zaheerabad) against 24)

As per the data furnished by the Engineering Wing of TREIS, each residential school is required to be provided with 27 rooms for accommodating classes, laboratories, library, etc. Audit scrutiny/physical verification showed the following:

- (i) In 44 out of 47 Residential Schools in the State, there was a shortage of 576 rooms (48 per cent) against the requirement of 1,188 rooms intended for classrooms, laboratory, library, etc. The shortage<sup>22</sup> was 41 per cent in 16 test-checked schools.

In 33 (including nine<sup>23</sup> test-checked schools) out of 44 schools, the shortfall was more than 10 rooms as shown in Chart-3.1 alongside.

The shortage was very high in five<sup>24</sup> Residential Schools, where only six rooms were available against 27 rooms in each school.



Source: Data furnished by TREIS

- (ii) Although the sanctioned strength of each residential school in Class V was 80 students with two sections, the actual student strength during three academic years 2013-14 to 2015-16 were restricted to 40 students with one section, attributing it to insufficient accommodation in 28 (2013-14), 13 (2014-15) and 8 (2015-16) schools. In Residential Schools, Barkas, Ibrahimpatnam, Kamareddy, Nagaram and Nalgonda (Boys), the student strength was restricted to 40 students in three consecutive academic years. Consequently, aspiring students were deprived of the opportunity to get admission into the residential schools.
- (iii) In Residential Schools, Hasanparthy, Medak and Thatipalli, although there was a shortage of 7, 10 and 15 classrooms respectively, two classrooms constructed for each school (2010 and 2015) with the Rajiv Vidya Mission (RVM) funds (₹7.36 lakh, ₹7 lakh and ₹9.56 lakh) were not put to use due to lack of approach road between dormitories and the classrooms (Hasanparthy and Medak) and non-execution of electrical works (Thatipalli).

The Principals replied (January - April 2016) that efforts were being made to resolve the issues and to utilise the two additional classrooms.

- (iv) In 46 out of 47 Residential Schools (i.e., except Enkoor), there was acute shortage of 5,584 dual desks (76 per cent) against the requirement of 7,360 (160 desks per school). The shortage was 65 per cent<sup>25</sup> in 15 test-checked schools. In 15<sup>26</sup> Residential schools (including test-checked school at Medak), dual desks were not provided to students and the students needed to sit on the floor as no alternate arrangements were made.

<sup>22</sup> Shortage of 176 rooms against the requirement of 432 rooms

<sup>23</sup> Borabanda (Girls), Nirmal, Thatipalli, Bandarupalli, Nekkonda, Wyr, Sarvail, Choutuppal and Thungathurthy

<sup>24</sup> Hyderabad: Barkas; Ranga Reddy: Vanasthalipuram; Nalgonda: Nalgonda (Girls) and Sarvail; Nizamabad: Pochampad (Girls)

<sup>25</sup> Shortage of 1,556 dual desks against the requirement of 2,400 dual desks

<sup>26</sup> Mahabubnagar: Wanaparthy; Ranga Reddy: Tandur; Medak: Medak and Zaheerabad (Boys); Nizamabad: Pochampad (Boys) & (Girls), Bodhan and Kamareddy; Adilabad: Bellampalli; Karimnagar: Peddapur Camp, Thatipalli, Vangara, Medaram and Nerella; Nalgonda: Nalgonda (Boys)

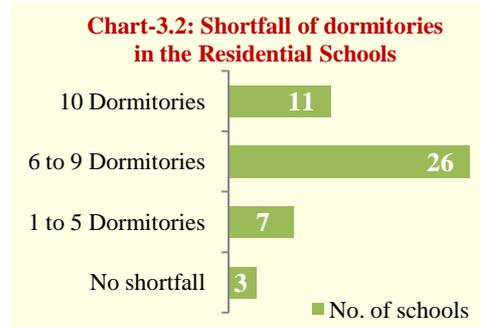
### 3.1.3.3 Dormitories

Government had stipulated (February 2008) that all residential schools should be provided with adequate dormitories, recreation hall, etc., for the students.

As per the Engineering Wing of TREIS, each residential school is required to be provided with 10 dormitories to accommodate the children. Audit scrutiny/physical verification showed the following:

- (i) In 44 out of 47 Residential Schools in the State, there was a shortage of 325 dormitories (74 per cent) against the requirement of 440 dormitories to accommodate the children. The shortage was 78 per cent<sup>27</sup> in 16 test-checked schools.

In 11<sup>28</sup> (including three test-checked schools) out of 44 schools, dormitories were not provided (Shortage: 100 per cent) and in 26 schools (including 13<sup>29</sup> test-checked schools), the shortage was more than 5 (50 per cent) against 10 dormitories required as shown in Chart-3.2 above.



Source: Data furnished by TREIS

- (ii) In five test-checked Residential Schools, due to non-availability of dormitories (Borabanda (Boys) and Nekkonda)/shortage of dormitories (Ramannapeta, Wyra and Choutuppal), the students were housed in the classrooms, laboratory, etc.

The Principals stated (April 2016) that despite several requests to TREIS and Government, dormitories/furniture were not provided and accepted that the students were facing a lot of inconvenience, being accommodated in the classrooms where there was no provision of cots.



**Shortage of dormitories in the Residential School, Ramannapeta (Nalgonda) compelled the girl students to stay and sleep in the classroom (April 2016)**

- (iii) The 47 Residential Schools in the State, faced acute shortage of 10,132 cots (90 per cent) against the requirement of 11,280 (240 per school). The shortage<sup>30</sup> was 79 per cent in 16 test-checked schools. In 28<sup>31</sup> (including four test-checked schools) out of 47 schools, cots were not at all provided to children.

<sup>27</sup> Shortage of 125 dormitories against the requirement of 160 dormitories

<sup>28</sup> Hyderabad: Borabanda (Boys); Ranga Reddy: Ibrahimpatnam; Medak: Toopran and Siddipeta; Nizamabad: Madnoor; Karimnagar: Nerella; Warangal: Hasanparthy, Velair, Kodakandla and Nekkonda; Nalgonda: Nalgonda

<sup>29</sup> Beechupalli, Balanagar, Borabanda (Girls), Medak, Nirmal, Thatipalli, Bandarupalli, Enkoor, Wyra, Sarvail, Choutuppal, Thungathurthy and Ramannapeta

<sup>30</sup> Shortage of 3,015 cots against the requirement of 3,840 cots

<sup>31</sup> Mahabubnagar: Wanaparthi & Mahabubnagar; Hyderabad: Barkas; Ranga Reddy: Ibrahimpatnam, Tandur & Vanasthalipuram; Medak: Lingampalli, Medak, Sangareddy, Siddipeta & Zaheerabad (Boys); Nizamabad: Pochampad (Boys) & (Girls), Madnoor, Bodhan & Kamareddy; Adilabad: Bellampalli & Nirmal; Karimnagar: Peddapur Camp, Medaram & Nerella; Warangal: Bandarupalli, Velair, Nekkonda & Warangal; Khammam: Burgampahad; Nalgonda: Nalgonda (Boys) & (Girls)

### 3.1.3.4 Dining Halls, Kitchen and Stores

Government had stipulated that all residential schools should be provided with adequate dining halls, kitchen, stores, etc.

As per the Engineering Wing of TREIS, each residential school is required to be provided with three dining halls and one kitchen. Audit scrutiny/physical verification showed the following:

- (i) In 45 out of 47 Residential Schools, there was a shortage of 101 dining halls (75 per cent) against the requirement of 135 halls. The shortage<sup>32</sup> was 75 per cent in 16 test-checked schools. In 11 schools<sup>33</sup> (including four test-checked schools) there was no dining hall facility.
- (ii) Audit team observed in five test-checked schools that due to the shortage of space for dining the students were having their meal on the floor (Nekkonda, Medak and Balanagar)/verandah (Enkooor)/open ground (Hasanparthy) and the situation was even worse in these schools during rainy season.
- (iii) In the Residential Schools, Beechupalli and Ramannapeta meal was being served to about 400 students in a single dining hall (against the requirement of three) in two batches which could have an adverse affect on stipulated daily routine of the Residential Schools.
- (iv) In 11<sup>34</sup> (including three test-checked schools) out of 47 Residential Schools, kitchen was not provided. In Residential Schools, Borabanda (Girls) and Keesaragutta, due to non-provision of adequate kitchen, cooking was being done in temporary sheds/ dilapidated buildings.



**Shortage of dining halls in the Residential School, Hasanparthy (Warangal) compelled the girl students to have their meal in open ground (February 2016)**

### 3.1.3.5 Water Supply

Government had stipulated that all residential schools should be provided with adequate water supply facilities. Advisor to State Government (Welfare) had emphasised (January 2015) the need of RO/UV<sup>35</sup> plants in the residential schools to ensure safe drinking water to the boarders.

As per the Engineering Wing of TREIS, each residential school is required to be provided with two RO plants. Audit scrutiny of records and physical verification of schools showed the following.

<sup>32</sup> Shortage of 36 dining halls against the requirement of 48 dining halls

<sup>33</sup> Hyderabad: Borabanda (Boys) and (Girls); Ranga Reddy: Keesaragutta and Tandur; Nizamabad: Nagaram and Bodhan; Adilabad: Bellampalli; Karimnagar: Thatipalli and Medaram; Nalgonda: Nalgonda and Choutuppal

<sup>34</sup> Hyderabad: Borabanda (Girls); Ranga Reddy: Keesaragutta; Medak: Siddipeta; Nizamabad: Pochampad (Girls) and Bodhan; Adilabad: Bellampalli; Karimnagar: Thatipalli and Medaram; Nalgonda: Nalgonda (Boys) & (Girls); Warangal: Bandarupalli

<sup>35</sup> Reverse Osmosis/Ultra Violet

- (i) In 44 out of 47 residential schools in the State, either RO plants were not provided (in 12 schools<sup>36</sup> including four test-checked schools) or adequate number of RO plants were not provided (in 32 schools including 10<sup>37</sup> test-checked schools) for safe drinking water.
- (ii) In Residential School, Wyra, RO plant was not provided for safe drinking water and the students had to use borewell water for drinking purpose that contains fluoride, due to which many students would fall ill at regular intervals. In Residential School, Hasanparthy, due to non-functioning of RO plant and lack of municipal water supply, water laden with fluoride contents was being supplied from a bore well at a distance of half kilometre.
- (iii) In Residential School, Borabanda (Girls), since the existing water connection to the school was not sufficient and the bore wells were also not working, water had to be purchased from outside incurring substantial expenditure viz., ₹47,000 (2013-14), ₹7.57 lakh (2014-15) and ₹16 lakh (2015-16).

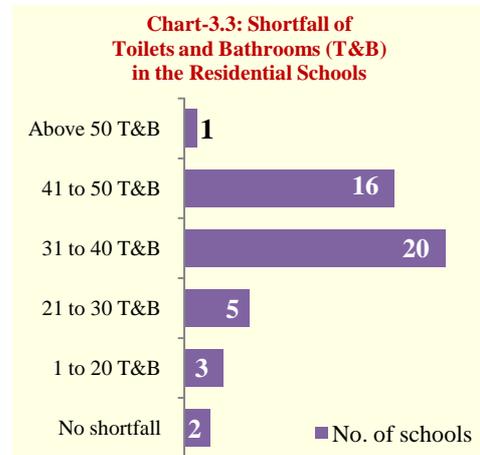
### 3.1.3.6 Toilets and Bathrooms

Government had stipulated that all residential schools should be provided with adequate toilets and bathrooms, etc., for the students.

As per the Engineering Wing of the TREIS, each residential school is required to be provided with 60 toilets and bathrooms. Audit scrutiny/physical verification showed the following:

- (i) In 45 out of 47 Residential Schools in the State, there was shortage of 1,765 toilets and bathrooms (65 per cent) against the requirement of 2,700 toilets and bathrooms. The shortage<sup>38</sup> was 61 per cent in 16 test-checked schools.

In 37 (including 12<sup>39</sup> test-checked schools) out of 45 schools, the shortfall was more than 30 (50 per cent) against 60 toilets and bathrooms required as shown in Chart-3.3 alongside. The shortfall was very high in seven<sup>40</sup> Residential Schools, where only 10 toilets and bathrooms against the requirement of 60 were provided.



Source: Data furnished by TREIS

<sup>36</sup> Mahabubnagar: Beechupalli, Balanagar, Mahabubnagar and Wanaparthy; Medak: Siddipeta, Zaheerabad (Boys) & (Girls); Nizamabad: Madnoor; Warangal: Kodakandla and Warangal; Khammam: Wyra; Nalgonda: Thungathurthy

<sup>37</sup> Borabanda, Medak, Nirmal, Thatipalli, Bandarupalli, Hasanparthy, Nekkonda, Enkoor, Sarvail and Ramannapeta

<sup>38</sup> Shortage of 584 toilets and bathrooms against the requirement of 960 toilets and bathrooms

<sup>39</sup> Beechupalli, Balanagar, Borabanda (Boys) & (Girls), Medak, Thatipalli, Bandarupalli, Nekkonda, Wyra, Choutuppal, Thungathurthy and Ramannapeta

<sup>40</sup> Mahabubnagar: Wanaparthy & Mahabubnagar; Ranga Reddy: Vanasthalipuram; Medak: Sangareddy & Tooproan; Karimnagar: Nerella; Nalgonda: Nalgonda (Boys)

- (ii) In Residential School, Borabanda (Girls), about 400 girl students have access to 15 toilets and bathrooms against the requirement of 60. The students were compelled to wake up early in the morning (sometimes by 2 AM) to finish bathing, etc. In Beechupalli, since the existing toilets and bathrooms were not in working condition, students were required to use open space.

### 3.1.3.7 Staff Quarters

Government had stipulated that all residential schools should have adequate staff quarters for Principal, Vice-Principal, teaching and non-teaching staff. As per daily routine of the Residential Schools prescribed by TREIS, the children were to be supervised round the clock by the teachers where they were treated as *in loco parentis* of the students. Hence, staff quarters are very essential.

As per the Engineering Wing of the TREIS, each residential school is required to be provided with a Principal's quarter along with 24 teaching and 15 non-teaching staff quarters. The availability of quarters to Principal, teaching and non-teaching staff *vis-à-vis* the requirement is shown in Table-3.1.

**Table-3.1**

Quarters intended for	All 47 residential schools			Test-checked 16 residential schools		
	Requirement	Available	Shortage	Requirement	Available	Shortage
Principal	47	24	23	16	9	7
Teaching Staff	1128	45	1083	384	21	363
Non-teaching Staff	705	5	700	240	1	239

Source: Data furnished by TREIS

Audit scrutiny showed that out of 47 Residential Schools, quarters were not provided to Principals in 23 schools (including seven<sup>41</sup> test-checked schools); to teaching staff in 34 schools (including nine<sup>42</sup> test-checked schools); and to non-teaching staff in 45 schools (including 15<sup>43</sup> test-checked schools). In the remaining schools, there was acute shortage in providing quarters to Principal/teaching and non-teaching staff.

In Residential School, Wyra, it was observed that due to shortage (only two quarters available against requirement of 24) of staff quarters, staff needed to reside outside the school campus and women staff members were experiencing difficulty in attending night study hours.

### 3.1.3.8 Compound wall

As per the Government's stipulation, all residential schools should have a compound wall all around the school. Advisor to State Government (Welfare) had also emphasised (March 2015) the need of provision of compound wall with adequate height and proper fixing of barbed wire and iron-angular in the girls hostels to ensure safety and security of the students.

<sup>41</sup> Beechupalli, Balanagar, Medak, Bandarupalli, Nekkonda, Sarvail and Choutuppal

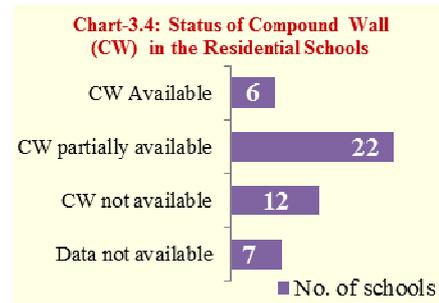
<sup>42</sup> Borabanda (Boys) & (Girls), Medak, Hasanparthy, Nekkonda, Enkoor, Sarvail, Choutuppal and Ramannapeta

<sup>43</sup> All the test-checked schools except Thungathurthy

Audit scrutiny/physical verification by Audit team showed the following:

- (i) In 12<sup>44</sup> (including four test-checked schools) out of 47 Residential Schools, compound wall was not provided while in 22 schools (including eight<sup>45</sup> test-checked schools), compound wall was partially available as shown in Chart-3.4 alongside.

In 18 out of 19<sup>46</sup> girls' Residential Schools in the State, compound wall was not provided in four schools and partially provided in 14 schools.



Source: Data furnished by TREIS

- (ii) In eight test-checked Residential Schools, due to non-provision/partial compound wall facility, there were instances of entering wild pigs, bears, etc., into the school campus which was adjacent to hills and thickly forested area, leaving the girl students as well as the staff members at risk (Thatipalli); trespassing by unauthorised persons (Nekkonda and Borabanda (Girls)); animals entering into school premises (Wyra); theft (Enkooor); and encroachment of school land (Zaheerabad (Boys), Medak and Beechupalli).

Although the Principal of the Residential School (Girls), Thatipalli reported the matter (August 2011 and September 2012) to TREIS, compound wall has not been provided as of May 2016.

### 3.1.3.9 Infrastructure in Residential Junior Colleges

Three out of four Residential Junior Colleges (i.e., except Hyderabad), were functioning in their own buildings. Audit scrutiny of data/details furnished by TREIS and physical verification of two out of four Junior Colleges (Hasanparthy and Sarvail) showed that adequate infrastructure facilities were not provided in the four Junior Colleges.

There was shortage of classrooms (30 against 76 required), dormitories (14 against 18 required, except in Hyderabad), toilets & bathrooms (172 against 220 required) besides non-provision of dormitories in Hasanparthy, kitchen (Hasanparthy and Sarvail), dining hall (except Hyderabad), quarters for Principal (except Nagaram), quarters for teaching and non-teaching staff in all the four Junior Colleges. In three out of four Junior Colleges (except Hasanparthy) the shortage of desks and cots was as high as up to 89 *per cent* and 100 *per cent* respectively.

In Junior College, Hasanparthy, meal was being served to about 400 students in a single dining hall (against the requirement of three) in two batches. As a result, the students could not attend the classes in time. Further, despite PHC Medical Officer's advice to avoid serving meals on the floor, it was not being complied with due to non-provision of dining halls.

<sup>44</sup> Hyderabad: Borabanda (Girls); Ranga Reddy: Keesaragutta; Medak: Lingampalli, Sangareddy and Zaheerabad (Boys) & (Girls); Nizamabad: Nagaram; Karimnagar: Vangara (Girls); Warangal: Nekkonda (Girls); Khammam: Enkooor; Nalgonda: Nalgonda and Thungathurthy

<sup>45</sup> Beechupalli, Balanagar, Medak, Thatipalli, Hasanparthy, Wyra, Sarvail and Ramannapeta

<sup>46</sup> Status in respect of four out of 23 girls Residential schools was not made available to Audit by TREIS

### 3.1.4 Teaching Staff

As per the Bye-laws of the Society, the Standing Committee for Academic matters should determine the qualifications of the candidates to be recruited to the academic staff of the Society subject to the general approval of the Board of Governors.

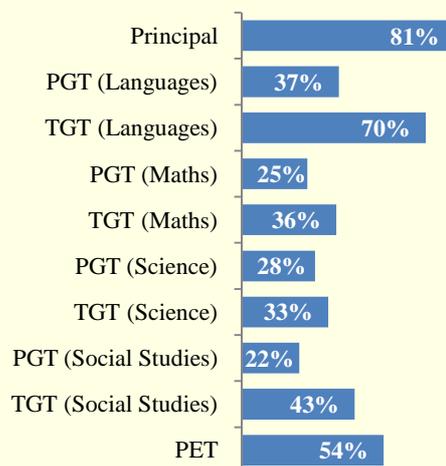
In the residential institutions, highly qualified and talented Post Graduate Teachers (PGT) and Trained Graduate Teachers (TGT) are appointed for imparting quality education. As of June 2016, against 747 sanctioned posts in 47 Residential Schools, 237 (32 per cent) posts were filled up on regular basis and 164 (22 per cent) posts were on contract basis leaving 346 (46 per cent) posts vacant.

As per the TREIS, the prescribed teacher-pupil ratio (TPR) in the residential institutions is 1:20. Audit scrutiny of sanctioned strength *vis-à-vis* the existing teaching staff in the residential institutions showed the following:

- (i) Each Residential School having sanctioned strength of 440 students was required to have 22 teachers.

Against this, only 16 teacher posts were sanctioned to each school. During the academic year 2015-16, in 40 out of 41 schools<sup>47</sup> (i.e. except Ibrahimpatnam where there was low enrolment) the TPR was more than stipulated, ranging from 1:22 (Barkas) to 1:94 (Zaheerabad (Girls) where there were only four teachers available for 376 students). In Residential Schools at Thatipalli and Thungathurthy, the TPR (1:69) was high (six teachers available for 411 students) among other test-checked schools.

**Chart-3.5: Shortage of teaching staff in the Residential Schools (%)**



Source: Data furnished by TREIS

- (ii) There were significant vacancies in key posts such as Principal, TGT (Languages), TGT (Social Studies), PGT (Languages), TGT (Maths), TGT (Science) and Physical Education Teachers as shown in Chart-3.5 above. Details are shown in Appendix-3.2. In four Residential Junior Colleges, as against 70 sanctioned posts, 37 posts were filled on regular basis and four teachers on contract basis leaving 29 posts vacant.
- (iii) In Six<sup>48</sup> Minority Residential Schools, no regular teaching staff (except Principal) was sanctioned and all the posts were being operated on outsourcing/guest faculty basis since their inception (July 2007). This adversely affected the student pass percentage and grading in SSC examinations (Para 3.1.5 *infra* refers).
- (iv) Although Government had sanctioned (March 2013) six new TGT posts<sup>49</sup> to RCE, Sarvail as a part of upgradation, these posts were not filled up as of June 2016. At present, 12 out of 25 teaching posts including Principal were vacant in RCE.

<sup>47</sup> No regular teaching staff in six minority Residential Schools

<sup>48</sup> Nalgonda (Girls), Vanasthalipuram, Wanaparthy, Warangal, Kamareddy and Zaheerabad (Boys)

<sup>49</sup> TGT Telugu, Hindi, Science, Maths, English and Social Studies

- (v) In the six<sup>50</sup> test-checked Residential Schools, the vacant teaching posts were operated by engaging contract teachers (33) and guest faculty (48). It was however, observed that 11 out of 48 persons engaged as guest faculty for imparting classes did not have requisite qualification/training. Thus, the objective of providing quality education to students was compromised.

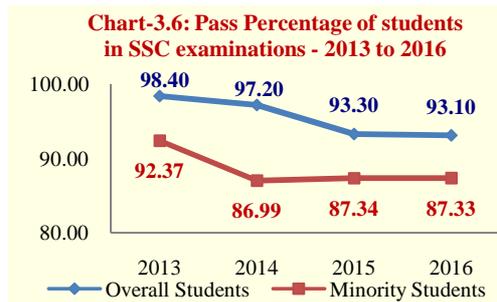
Non-availability of required number of teaching staff had adverse impact on imparting quality education to students in terms of pass percentage and grading in SSC examinations as discussed in succeeding paragraph.

Secretary, TREIS while accepting the significant shortage (less than 50 per cent of its cadre strength) of teaching staff which had adversely affected the academic performance of students, stated (June 2016) that no teacher recruitment was undertaken during the past 20 years. It was further stated that Government had permitted (April 2016) recruitment of staff on regular basis and the process was on.

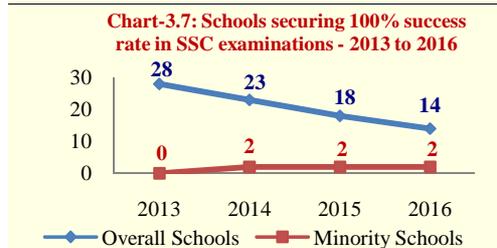
### 3.1.5 Academic performance

TREIS emphasised (August 2015) that since Residential Schools were meant for quality education, 100 per cent student pass in SSC examinations was a minimum yardstick for Residential Schools. Audit scrutiny however, showed the following:

- (i) In 47 Residential Schools, the pass percentage of the students in SSC examinations displayed decreasing trend during the years 2013 to 2016. The pass percentage of 98.40 (2013) came down to 93.10 by 2016. In Minority Residential Schools, the pass percentage declined from 92.37 (2013) to 87.33 (2016).



- (ii) The number of schools securing 100 per cent SSC results also declined from 28 (2013) to 14 (2016) out of 47 schools. In Minority Residential Schools, only two out of twelve schools could get 100 per cent success rate during the period.



- (iii) In 47 Residential Schools, the percentage of students securing Grade point 9 and above in SSC examinations declined from 34 per cent (458 out of 1,347 students) in 2013 to 14 per cent (374 out of 2,633 students) in 2016. Only two to four students could get Grade point 10 during the period.
- (iv) In RCE, Sarvail, the number of students securing Grade point 9 and above has declined from 20 out of 44 students (2013) to 10 out of 73 students (2016) and only one student could get Grade point 10 (2015). In Minority Schools, only up to six per cent students secured Grade point 9 and above and none of the students could get Grade point 10 during the period.

<sup>50</sup> Karimnagar: Thatipalli; Mahabubnagar: Beechupalli; Nalgonda: Ramannapeta and Thungathurthy; Warangal: Nekkonda and Bandarupalli

Secretary, TREIS attributed (June 2016) the shortfall in academic results of students to considerable shortage (50 *per cent* and above) of teaching staff especially that of senior and experienced teachers. It was further stated that the services of able and efficient teachers could not be secured.

### **3.1.6 Monitoring**

#### **3.1.6.1 Board of Governors and Standing Committees**

The management of the affairs of the Society is vested in a Board of Governors consisting of 17 members headed by a Chairman (Minister in charge of Education), Vice-Chairman (Principal Secretary to Government, Education Department), Member Secretary (responsible for the proper functioning of the Society), other Ex-Officio<sup>51</sup> and nominated members. The Board of Governors performs the functions *inter alia* to prepare and execute detailed plans and programmes for furtherance of the objectives of the Society; to administer the funds of the Society; to sanction and appoint the personnel required for efficient management of the affairs of the Society, etc. Standing Committees for Administrative and Financial matters; and Academic matters discharge these functions assigned by the Board.

Bye-laws of the Society stipulated that the Board should meet at least once in a year and, if necessary, more than once. Audit scrutiny however, showed that since inception (June 2014) of the Society, General Body meetings of the Board of Governors were not being conducted by the TREIS (July 2016). Nomination of members to Board of Governors had been made by Chairman of the Board only in March 2016. Further, Standing Committees for Administrative & Financial matters and Academic matters did not meet as stipulated in the Bye-laws of the Society since inception of the Society (June 2014).

Consequently, provision of adequate accommodation/infrastructure and teaching staff in the residential institutions for imparting quality education to the targeted children was not reviewed and ensured at prescribed meetings of Board of Governors. This adversely affected the provision of adequate basic facilities and teaching staff in the schools, as discussed in foregoing paragraphs.

#### **3.1.6.2 Inspections of Residential Schools**

With a view to strengthening Residential Schools as centres of excellence by providing academic support to the teachers, motivating students, resolving concern of school/staff, and providing a congenial atmosphere for learning, TREIS issued (October 2014) instructions to conduct periodical inspections of schools. Inspection Officers were required to visit each school three times as per annual calendar with special attention to Minority Residential Schools.

Audit scrutiny however, showed that annual calendar for conducting inspections of schools was not being prepared by the Inspection Officers. Against 141 visits to be made per annum to the 47 Residential Schools as stipulated, only 36 (26 *per cent*) and 76 (54 *per cent*) visits were made during 2014-15 and 2015-16 respectively by the Inspection Officers. In 25 (2014-15) and nine (2015-16) schools, inspections were not

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<sup>51</sup> Secretary to Government, Finance Department, Director of Higher Education, Director of Intermediate Education, Director of School Education, Managing Director, State Education and Welfare Infrastructure Development Corporation, etc.

conducted; and in 18 (2014-15) and 26 (2015-16), though inspections were conducted, they were below the stipulated number of inspections. In 11 (2014-15) and 10 (2015-16) out of 12 minority schools, either inspections were not conducted<sup>52</sup> or inspections were below par<sup>53</sup>. It was further observed that inspection reports had not been communicated to the concerned schools.

### **3.1.7 Conclusion**

Although Residential Educational Institutions were established with the aim of imparting quality education to the targeted children with the aspiration of achieving 100 *per cent* success rate in public examinations, the academic performance of the institutions showed declining trend during the years 2013 to 2016, which was mainly attributable to significant shortages in facilities and faculty, both in quantitative and qualitative terms. A majority of the Residential Institutions in the State lacked adequate accommodation and infrastructure facilities in terms of classrooms, dormitories, kitchens, dining halls, toilets & bathrooms, staff quarters, furniture, safe drinking water, etc. Inspection of schools was not given adequate attention and, as such, these factors have been responsible to a significant extent for the decline in academic performance of the students/institutions. The above points were referred to Government in August 2016; their reply has not been received (November 2016).

## **Department for Women, Children, Disabled and Senior Citizens; Revenue; Home; and Health, Medical & Family Welfare Departments**

### **3.2 Welfare of Senior Citizens**

#### **3.2.1 Introduction**

The traditional norms and values of the Indian society laid stress on showing respect and providing care for the aged. However, in recent times, society have witnessed a gradual but definite withering of the joint family system, as a result of which a large number of parents are being neglected by their families exposing them to lack of emotional, physical and financial support. These older persons are left with a number of problems in the absence of adequate social security. Moreover, there has been a steady rise in the population of older persons in India. As per the Census 2011, the population of senior citizens (persons aged 60 years and above) in Telangana was 32,69,579 which was 9.29 *per cent* of the total population.

#### **3.2.2 Maintenance and Welfare of Parents and Senior Citizens Act**

GoI enacted 'The Maintenance and Welfare of Parents and Senior Citizens Act, 2007' (Act) to provide for more effective provisions for the maintenance and welfare of parents and senior citizens guaranteed and recognised under the Constitution and for matters connected therewith or incidental thereto. In exercise of the powers conferred by

<sup>52</sup> 2014-15: 5 schools and 2015-16: 5 schools

<sup>53</sup> 2014-15: 6 schools and 2015-16: 5 schools

sub-section (1) read with sub-section (2) of Section 32 of the Act, the erstwhile Government of Andhra Pradesh promulgated (December 2011) the Rules for the Maintenance and Welfare of Parents and Senior Citizens (Rules) in the State. After formation of the Telangana State, the Government adopted (May 2016) these Rules for implementation in the State.

The provisions of Act and Rules are being implemented in the State through the Department for Women, Children, Disabled and Senior Citizens (WCD&SC) with the coordination of other line Departments *viz.*, Home, Health, Medical and Family Welfare; Revenue; Local bodies; Information and Public Relations and Non-Government Organizations (NGOs).

### 3.2.3 Audit Framework

Audit was carried out between December 2015 to June 2016 covering the period 2013-16 to assess the adequacy of implementation of the Act and Rules in the State with regard to maintenance of parents and senior citizens, establishment of old age homes, protection of life and property of senior citizens. Audit methodology involved examination of records and analysis of data obtained from the Offices of Principal Secretary, Department for Women, Children, Disabled and Senior Citizens (WCD&SC) and Director, Welfare of Disabled and Senior Citizens (WD&SC) at State level; District Collectors, Assistant Directors (ADs), WD&SC, Revenue Divisional Officers (RDOs), Commissioner/Superintendents of Police in the three sampled districts<sup>54</sup> *viz.*, Hyderabad, Ranga Reddy and Mahabubnagar; and Osmania, Gandhi Hospitals at Hyderabad and District Hospitals at Mahabubnagar and Ranga Reddy districts.

The Audit team also conducted joint physical verification of all the three Government old age homes located at Ranga Reddy, Karimnagar and Warangal districts and all the nine old age homes run by NGOs<sup>55</sup> with the financial assistance under Integrated Programme for Older Persons (IPOP) in Ranga Reddy and Mahabubnagar districts (details are given in *Appendix-3.3*). Audit findings were benchmarked against the criteria sourced from Act, Rules, IPOP guidelines and Government instructions from time to time. Replies of the HoDs/Government to the Audit observations have been suitably incorporated in the Report.

#### *Audit Findings*

### 3.2.4 Allocation and Utilisation of funds

State Government has been implementing various welfare programmes intended for senior citizens in the State such as sanction of old age pensions under Indira Gandhi National Old Age Pension (IGNOAP) Scheme; provision of houses under INDIRAMMA<sup>56</sup> Housing Scheme; ensuring equal rights and dignity under AASARA<sup>57</sup> programme; and various priority services in Government Hospitals and Telangana State Road Transport Corporation buses, etc. During the period 2014-16, Government sanctioned

<sup>54</sup> Hyderabad (being the Capital district) and Mahabubnagar and Ranga Reddy districts based on more number of old age homes run by NGOs with IPOP assistance were selected

<sup>55</sup> In Hyderabad, no old age homes are functioning either in Government sector or run by NGOs

<sup>56</sup> Integrated Novel Development in Rural Areas and Model Municipal Areas

<sup>57</sup> A Telugu term meaning support

old age pensions<sup>58</sup> of ₹613 crore to 6.13 lakh persons (2014-15) and ₹568 crore to 4.74 lakh persons (2015-16). However, the contribution made by the State Government with regard to establishment of old age homes and their maintenance was meagre.

During the years 2014-15 and 2015-16 the Directorate of WD&SC submitted proposals to the State Government for allocation of funds under National Policy for Older Persons (NPOP) programme for establishment of seven Government old age homes in the uncovered districts of the State and three additional homes in the districts where there was more demand and for organising International Day of Older Persons. The details of funds proposed, allocated, released *vis-à-vis* the expenditure incurred during the period 2014-16 for implementation of NPOP are given in Table-3.2.

**Table-3.2**

(₹ in lakh)

Year	Funds proposed	Funds allocated	Releases	Utilisation
2014-15	76.60	45.00	45.00	44.99
2015-16	405.49	95.19	71.37	70.17

Source: Records of the Directorate of WD&SC

It was noted in Audit that out of ₹45 lakh released during 2014-15, an amount of ₹43.44 lakh was deposited in the PD Account of Telangana Vikalangula Co-operative Corporation (TVCC) of which ₹30 lakh was subsequently released (June 2015) to the ADs of Warangal, Medak and Adilabad districts for establishment of old age homes (at ₹10 lakh per each district), leaving a balance amount of ₹13.44 lakh unutilised with TVCC as of October 2016. AD, Warangal had utilized the released funds for maintenance of the newly taken over<sup>59</sup> (March 2015) old age home at Warangal while ADs, Medak and Adilabad districts did not utilise the amounts for establishment of envisaged old age homes, attributing it to non-receipt of guidelines for establishment of new old age homes. Similarly, out of ₹71.37 lakh released during 2015-16, an amount of ₹63.67 lakh was not utilised and the amount was deposited in the PD Account of TVCC to avoid budget lapse.

Thus, the funds released for establishment of old age homes were neither commensurate with the proposals made by the Directorate of WD&SC nor have they been utilised for intended purpose due to absence of specific guidelines. This resulted in the envisaged old age homes not being established as discussed in *paragraph 3.2.7.1*.

### **3.2.5 Implementation of MWP&SC Act and Rules**

Effective implementation of the provisions of the Act requires active co-ordination among the Department for Women, Children, Disabled and Senior Citizens and various line Departments *viz.*, Revenue; Home; Health, Medical and Family Welfare Departments including District Collectors, Revenue Divisional Officers (RDOs), Non-Government Organisations etc. The Andhra Pradesh Maintenance and Welfare of Parents and Senior Citizens Rules, 2011 were stated to be made after examining all the sections of the Act duly conducting series of discussions with the line Departments.

<sup>58</sup>@₹1,000 p.m. to the BPL senior citizens aged 65 years and above and who fulfil the other stipulated eligibility criteria

<sup>59</sup> An old age home at Seetharamapuram in Warangal district had been taken over (March 2015) from an NGO

Audit however, observed that the line Departments had not taken adequate initiatives for implementation of Act and Rules in the State in terms of creating the awareness levels of older persons about the provisions of various welfare measures under the Act and Rules, establishment of prescribed number of Government old age homes (at least one in each district) to accommodate senior citizens who are indigent, provision of priority health care services to senior citizens, implementation of comprehensive action plan for protection of life and property of senior citizens, etc. Audit findings with regard to shortcomings in implementation of Act and Rules in the sampled districts are discussed in the succeeding paragraphs.

Although the Department for WCD&SC had distributed (May 2016) booklets containing Act and Rules among all the line Departments and the District Collectors, the Police authorities in the sampled districts had attributed (March – July 2016) the non-implementation of provisions of the Act and Rules to absence of specific instructions/guidelines from the higher authorities for implementation. On being approached by Audit, the Commissioner, Information and Public Relations (I&PR) Department stated (November 2016) that no publicity campaign had been carried out through public media including TV and Radio with regard to the implementation of Act and Rules.

### 3.2.6 Maintenance of Parents and Senior Citizens

As per the Section 4 of the Act, a senior citizen including parent who is unable to maintain himself from his own earning or out of the property owned by him, shall be entitled to make an application under Section 5 of the Act in case of (i) parent or grandparent, against one or more of his children not being a minor; and (ii) a childless senior citizen, against such of his relative referred in clause (g) of Section 2 of the Act.

State Government constituted (August 2008) the Tribunals for each sub-division headed by Sub/Revenue Divisional Officer (RDO) with Assistant Director, WD&SC as Member Convener for the purpose of adjudicating and deciding upon the order for maintenance under Section 5 of the Act.

The Status of maintenance claims received *vis-à-vis* resolved at the maintenance Tribunals in the State during period 2013 - 2016 (up to October 2016) are given in Table-3.3.

**Table-3.3**

	2013	2014	2015	2016	Total
<b>Claims pending at the beginning of the year</b>	<b>15</b>	<b>11</b>	<b>20</b>	<b>21</b>	
<b>Maintenance claims received during the year</b>	<b>25</b>	<b>44</b>	<b>50</b>	<b>33</b>	<b>152</b>
Claims settled through Conciliation Officers	6	10	13	2	31
Claims in which maintenance awarded by the Tribunals	19	23	36	24	102
Claims rejected by the Tribunals	4	2	0	0	6
<b>Total claims disposed off during the year by Tribunals</b>	<b>29</b>	<b>35</b>	<b>49</b>	<b>26</b>	<b>139</b>
<b>Claims pending at the end of the year</b>	<b>11</b>	<b>20</b>	<b>21</b>	<b>28</b>	

Source: Records of the Directorate of WD&SC

Audit scrutiny of records of Directorate of WD&SC revealed the following.

- (i) In the State, 139 (83 *per cent*) out of 167 claims made before the Maintenance Tribunals had been disposed off by the Tribunals during the period 2013 - 2016. The age-wise break-up of pending cases and the reasons thereof were however, not forthcoming from the Directorate.

In five<sup>60</sup> districts, it was further observed that no applications for maintenance claims had been received at Tribunals during 2013 - 2016 which itself raises doubts on awareness levels of older persons about the provisions of the Act/Rules.

- (ii) As per the stipulations of Rule 10 (1) & (2), on willingness of the applicant and opposite party on the matter to be referred to a Conciliation Officer included in the panel or to any other person, the Tribunal shall appoint such person as Conciliation Officer to try and work out a settlement acceptable to both parties within a period not exceeding one month from the date of receipt of the reference.

Audit observed that, in Karimnagar, Khammam and Hyderabad districts, maintenance claims had been referred to Conciliation Officers for settling the claims. During the period 2013 - 2016, 31 (32 *per cent*) out of 98 maintenance claims in these districts had been disposed off by the Conciliation Officers. In Adilabad, Medak, Nizamabad and Ranga Reddy districts, none of the 69 maintenance claims received at the Tribunals had been disposed off through Conciliation Officers. In the remaining three districts viz. Mahabubnagar, Nalgonda and Warangal, no applications for maintenance claims had been received during the period 2013 - 2016.

Thus, the intended process of quick and amicable settlement as envisaged in the Act/ Rules remains to be elusive either due to not referring the maintenance claims to the Conciliation Officers or due to non-disposal of the claims referred, by the Conciliation Officers within the stipulated time.

### **3.2.7 Functioning of Old Age Homes**

#### **3.2.7.1 Establishment of Government Old Age Homes**

As per Section 19 (1) of the Act, the State Government may establish and maintain such number of old age homes at accessible places, as it may deem necessary, in a phased manner beginning with at least one in each district to accommodate in such homes a minimum of 150 senior citizens who are indigent.

It was noted in Audit that there were only three Government old age homes (total number of inmates: 111<sup>61</sup>) functioning in Karimnagar, Ranga Reddy and Warangal districts leaving the remaining seven districts in the State without the establishment of Government old age home. Moreover, the old age homes at Ranga Reddy and Karimnagar were not exclusively for Senior Citizens where persons with disabilities were also accommodated.

<sup>60</sup>Mahabubnagar (2013 - 2016), Nalgonda (2013 - 2016), Warangal (2013 - 2016), Medak (2013 & 2014) and Nizamabad (2013 - 2015)

<sup>61</sup>Karimnagar: 30, Ranga Reddy: 54 and Warangal: 27

The Director, WD&SC attributed (April 2016) the under achievement of establishment of old age homes in the State to the paltry provisions made by Government in the budget under NPOP Scheme. It was further stated that proposals had been submitted (2014-15 and 2015-16) to establish one old age home in each uncovered district in a phased manner and that the draft guidelines for establishment of old age homes which was submitted (June 2015) to Government for approval was awaited. Audit however, observed that the allocation of funds was meagre as compared to the requirements projected by the Directorate (Para 3.2.4 also refers).

### **3.2.7.2 Registration of Old Age Homes run by NGOs**

As per Rule 19 (1), the old age homes in the State whether already in existence or proposed to be established, other than those run by the State Government, shall register, with the Assistant Director, WD&SC of each District i.e., the Registration Authority under the Rules, and obtain a Registration Certificate to run the institution. Further, as per Rule 19 (4), the Registration Authority shall, on receipt of application for registration, inspect the institution and verify all conditions and minimum standards of care prescribed under Rules 19 (3). If the Registration Authority is, upon verification satisfied, Registration Certificate shall be issued.

It was however, observed in Audit that out of 32 old age homes run by the NGOs in the State, only 12 homes were registered with the concerned Assistant Director (Registration Authority) leaving 20 homes unregistered. Audit observed instances (as illustrated in sub-para 3.2.7.3 (ii) below) of non-maintenance of minimum standards of care and services for senior citizens in an unregistered old age home at Kucherkal (Mahabubnagar district).

Thus, due to lack of effective monitoring of old age homes, there was no assurance that the old age homes run by NGOs in the State were adhering to all the conditions and minimum standards of care and services for the welfare of senior citizens prescribed by Act and Rules.

The Director, WD&SC responded (August 2016) that all the ADs in the State were instructed (April 2016) to take up immediate necessary action for registration of old age homes under their jurisdiction. It was further stated that all the District Collectors in the State were requested (April 2016) to issue instructions for conducting special drive for registration of old age homes run by NGOs under their jurisdiction irrespective of source of funding.

### **3.2.7.3 Maintenance of Old Age Homes**

As per Rule 19 (3), all old age homes in the State shall ensure suitable accommodation in secured premises with proper protection, basic facilities, amenities with hygienic and sanitary conditions in entire premises including kitchen, bathrooms, toilets, etc.; adequate number of toilets and bathrooms; adequate supply of water for drinking and ancillary purposes; arrangements for washing clothes; supply of daily needs; news papers, library, TV; first-aid, primary health care facilities and periodic medical check-ups/counselling and follow up thereon, recreation and entertainment, a redressal mechanism, etc.

On scrutiny of records and joint physical verification of all the three Government old age homes functioning in Ranga Reddy, Karimnagar and Warangal districts and the nine old age homes run by NGOs, the following deficiencies/shortcomings were noted:

- (i) In Government old age home, Karimnagar, there was no provision made for a separate accommodation for senior citizens where they were housed along with the disabled persons. There was no separate room for visitors and reception facility. None of the rooms were having attached bathrooms and toilets for the convenience of the elderly persons. Doors of the bathrooms and toilets were badly damaged and required immediate replacement. Out of six toilets, only one western toilet was available. There was no arrangement for supply of hot water. Electrical wiring was in decrepit condition and windows were not provided with the mosquito meshes. Recreation activities were not facilitated. Since the home was maintained for both senior citizens and disabled persons, no separate menu/diet was provided to old age people.

AD, Karimnagar replied (March 2016) that the Directorate had been apprised of the requirement of minor repairs and instructions were awaited in this regard.

- (ii) In old age home (unregistered with Assistant Director, WD&SC) run by Sandhya Rural Welfare Society (NGO), Kucherkal (Mahabubnagar district), all the old age people (25) were accommodated in seven small rooms in a private kutch house with asbestos sheet roof. Four to five wooden beds were arranged in each room. There were only two toilets and bathrooms available in the home. As the bathrooms were located around 40 yards away from the living rooms, these posed a serious problem for the elderly inmates. The water from a bore in a nearby field, which was intended for cultivation purpose, was being utilised for drinking and cooking purposes. There was no running water facility in the home and the water storage tub provided was placed at a distance away from the reach of the elderly.

Despite the above deficiencies, the District level Committee comprising the District Collector, Revenue Divisional Officer (RDO) and Assistant Director continued to endorse and recommend the NGOs claims for sanctioning of grants-in-aid under IPOP scheme year after year during the period 2011-15.

The Director, WD&SC replied (April 2016) that instructions would once again be issued to all the ADs for thorough verification of the required basic infrastructure facilities and to ensure the availability of facilities before recommending the proposal for grants-in-aid.

- (iii) In four<sup>62</sup> out of 12 sampled old age homes, counselling facility was not provided to old age people in a constructive manner by mobilizing support from Government and Non-Government agencies and other Philanthropic/Civil Society Members as stipulated in Rule 19 (3) (ii) of the Rules *ibid*.

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<sup>62</sup>Government Orphan Old Age Home, Seetharamapuram (Warangal district); Government Home for Aged and Disabled, Karimnagar; two Old Age Homes maintained by NGOs viz., Venkateswara Social Service Association, Mirjalaguda; St. Anthony's Education Society, Mirjalaguda

- (iv) In four<sup>63</sup> out of 12 sampled old age homes, Home Committees had not been established as stipulated in Rule 19 (3) (viii) to sort out the problems of all residents in a speedy and systematic manner.
- (v) In eight<sup>64</sup> out of 12 sampled old age homes, website of the Old Age Homes containing the details of the home such as objectives of old age home, details of name, address, occupation, qualification of the Director/Board Members and staff/employees working in the institution, details of inmates, etc., as prescribed in Rule 19 (3) (x), was not maintained.

Thus, suitable accommodation with prescribed standards and various types of services as envisaged in the Rules remained to be provided to the inmates in the sampled old age homes.

### 3.2.8 Medical Support for Senior Citizens

Audit scrutiny of details of implementation of provisions of the Act as furnished by the Gandhi and Osmania Hospitals at Hyderabad and District Hospitals at Mahabubnagar and Tandur (Ranga Reddy district) showed the following.

Provisions of the Act	Audit findings
As per Section 20 of the Act the State Government shall ensure that	In Gandhi Hospital and District Hospital, Tandur, beds were separately provided for senior citizens whereas in Osmania and District Hospital, Mahabubnagar, beds were provided to senior citizens along with other patients.
(i) the Government hospitals or hospitals funded fully or partially by Government, shall provide beds for all senior citizens as far as possible;	
(ii) separate queues be arranged for senior citizens;	Out of four test-checked hospitals, arrangements for separate queues were not made for senior citizens in District hospital, Mahabubnagar.
(iii) facility for treatment of chronic, terminal and degenerative diseases is expanded for senior citizens;	In District hospital, Mahabubnagar, the facility for treatment of chronic, terminal and degenerative diseases was not available to senior citizens.
(iv) research activities for chronic elderly diseases and ageing is expanded; and	Except in Gandhi hospital, research activities for chronic elderly diseases and age expansion were not conducted.
(v) there are earmarked facilities for geriatric patients in every district hospital, duly headed by a Medical Officer with experience in geriatric care.	Special geriatric ward was not available in any of the four sampled hospitals.

<sup>63</sup> Government Orphan Old Age Home, Seetharamapuram (Warangal district); and three Old Age Homes maintained by NGOs viz., SAV Gupta Educational Society, Achampet; Sandhya Rural Welfare Society, Kucherkal; and Rural Social Welfare Association, Jadcherla

<sup>64</sup> Government Orphan Old Age Home, Seetharamapuram (Warangal district); Government Home for Aged and Disabled Women, Amberpet (Ranga Reddy district); Government Home for Aged and Disabled, Karimnagar (Karimnagar district); and five Old Age Homes maintained by NGOs viz., SAV Gupta Educational Society, Achampet; Rural Social Welfare Association, Jadcherla; Sandhya Rural Welfare Society, Kucherkal; Venkateswara Social Service Association and St. Anthony's Education Society, Mirjalaguda

Audit further observed that in District Hospital, Mahabubnagar, no separate priority was being given to senior citizens in terms of provision of beds, separate queues, research activities for chronic elderly diseases and ageing, etc., on the plea that no specific instructions had been received from the higher authorities for implementation of the Act.

In its reply (May 2016) Government stated that the provision for facilities meant for senior citizens were required to be implemented by the Health, Medical and Family Welfare Department and that Department was reminded (May 2016) to issue instructions to all hospitals in the State for implementation of the provisions of the Act.

### **3.2.9 Protection of Life and Property of Senior Citizens**

As per Rule 21 (1), the District Superintendent of Police and in the case of cities having a Police Commissioner, the Police Commissioner shall take all necessary steps, subject to such guidelines as the State Government may issue from time to time, for the protection of life and property of senior citizens. The following are the Audit observations.

#### **3.2.9.1 Annual Comprehensive Action Plan and allocation of funds**

As per Section 22 (2) of the Act, the State Government shall prescribe a comprehensive action plan for providing protection of life and property of senior citizens.

Audit however, observed that the Directorate of WD&SC had neither formulated specific annual plans for protecting life and property of senior citizens nor have they submitted any budget requirements for the purpose.

#### **3.2.9.2 Public awareness programmes**

As per Section 21 (i) of the Act, the State Government shall take all measures to ensure that the provisions of Act are given wide publicity through public media including the television, radio and the print at regular intervals. As per Rule 21 (2) (vii), the District Superintendent of Police or the Commissioner, as the case may be, with the assistance of District Committee, Assistant Director, WD&SCs and District Public Relations Officer, shall cause wide publicity in the media and through the Police Stations, at regular intervals, about the steps being taken for protection of life and property of senior citizens. Further, list of Do's and Don'ts to be followed by senior citizens in the interest of their safety are to be widely publicized.

Audit however, observed that no such public awareness/publicity activities with regard to protection of life and property of senior citizens had been undertaken by the Police authorities in Mahabubnagar and Ranga Reddy districts. The Authorities attributed this to absence of specific instructions, guidelines, etc., from their higher authorities for implementation of the Act/Rules. The details were not available with the Commissionerate, Hyderabad.

Government replied (May 2016) that on the occasion of World Elders Day (i.e., on 1<sup>st</sup> October) every year, awareness programmes on the Act/Rules were being conducted in every district through distribution of pamphlets and books. It was further stated that Information and Public Relations (I&PR) Department was requested (May 2016) to cause wide publicity. However, on being approached by Audit, the Commissioner, I&PR stated

(November 2016) that no publicity campaigns had been carried out by the Department through public media including TV and Radio with regard to the implementation of Act and Rules.

### **3.2.9.3 Sensitization and awareness training**

Section 21 (ii) of the Act provides that the Central Government and the State Government Officers, including the Police Officers and the members of the Judicial Service are given periodic sensitization and awareness training on the issues relating to the Act.

The meeting conducted (November 2015) by District Committee of Senior Citizens (Hyderabad) recorded the lack of awareness among the police personnel in Hyderabad district on the provisions and implementation of the Act. It was decided in the said meeting to arrange separate sensitization programme to all the Police personnel in association with Directorate of WD&SC.

Government replied (May 2016) that the Home Department had been requested (May 2016) to sensitize the Police Officers and conduct training programmes.

### **3.2.9.4 Database of Senior Citizens**

Rule 21 (2) (i) stipulated that each Police Station shall maintain an up-to-date list of senior citizens living within its jurisdiction, especially those who are living by themselves with the assistance of Volunteers Committee<sup>65</sup> formed for each Police Station.

Audit however, observed that no Police Station under the jurisdiction of Commissioner of Police, Hyderabad, Superintendents of Police, Mahabubnagar and Ranga Reddy districts were maintaining details of senior citizens within their jurisdiction on the plea that no specific instructions in this regard had been received from their higher authorities.

The reply of Police authorities was not in conformity with the affirmation made by the Government in WCD&SC Department which stated that the Andhra Pradesh Maintenance and Welfare of Parents and Senior Citizens Rules, 2011 were framed duly involving all the line Departments in terms of all the sections of the Act.

### **3.2.9.5 Protection of Senior Citizens**

As per Rule 21 (2) (ii), (iv) & (v), a representative<sup>66</sup> of the Police Station shall visit the senior citizens living on their own at regular intervals or at least once a quarter and shall, in addition, visit them as quickly as possible on receipt of a request for assistance from them. Volunteers Committee shall ensure regular contact between the senior citizens especially those living by themselves on the one hand and the Police and the district administration on the other. Complaints and problems of senior citizens shall be promptly attended to by the local Police.

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<sup>65</sup>Consisting of a respectable senior citizen, a member of an accredited NGO, a women member who could be a member of any one of the Government Committees like Child Welfare Committee, a retired person who has served in uniform service

<sup>66</sup> together, as far as possible with an office bearer of senior citizens, organization or social worker or volunteer

It was noted in Audit that no comprehensive action plan or programmes for protecting life and property of senior citizens as stipulated in the Act/Rules had been implemented by the Police authorities in the sampled districts, attributing it to non-receipt of specific guidelines from their higher authorities.

It was further observed that Volunteers Committee as stipulated in the Rule was not formed in any of the Police Stations under the jurisdiction of Superintendents of Police, Mahabubnagar and Ranga Reddy districts. Similar information was not available with the Commissioner of Police, Hyderabad.

The Commissioner of Police, Hyderabad replied (March 2016) that no separate programmes were conducted for protection of the senior citizens except organising People Friendly Police programmes periodically for protecting life and property of all the citizens including senior citizens.

### **3.2.9.6 Periodical reporting on offences committed against Senior Citizens**

- (i) As per Rule 21 (2) (viii) & (ix), each Police Station shall maintain a separate register containing all important particulars relating to offences committed against senior citizens including the names of their children, relatives or legal heirs. Such register shall be kept available for inspection to the members of Volunteers Committee, State Council and District Committee formed under the Rules.

Audit however, observed that the details with regard to offences committed against senior citizens including number of cases settled, nature of punishment given/ quantum of penalty levied, etc., had not been maintained in any of the Police Stations under the jurisdiction of Superintendents of Police, Mahabubnagar and Ranga Reddy districts on the ground that no specific instructions in this regard were received from their higher authorities. No specific details in this regard were furnished by Commissioner of Police, Hyderabad. Number of offences against senior citizens during 2011-12 to 2015-16 was shown as nil.

- (ii) As per Rule 21 (2) (x) to (xiii), each Police Station shall send, by 10<sup>th</sup> of every month, a report about the status of crimes against senior citizens to the District Superintendent of Police or the Police Commissioner, as the case may be, who in turn shall submit a report by 20<sup>th</sup> of every month to the Director General of Police (DGP) and to the District Magistrate while indicating progress of investigation and prosecution of registered offences and preventive steps taken during the month. The District Magistrate shall cause the report to be placed before the District Committee of Senior Citizens constituted under the Rules. The DGP shall cause the reports to be compiled, once in a quarter, and shall submit them to the State Government every quarter as well as every year for placing them before the State Council of Senior Citizens constituted under the Rules.

Audit observed that none of the Police Stations under the jurisdiction of Commissioner of Police, Hyderabad and Superintendents of Police, Mahabubnagar and Ranga Reddy districts had submitted periodical reports on crimes against senior citizens to the concerned Commissionerate/SP Office.

Thus, there was no periodical reporting by the District level Police authorities in the sampled districts on offences committed against senior citizens, progress of investigation, prosecution of registered offences and preventive steps taken during the month to DGP as stipulated in the Rules.

Overall, the objective of providing protection of life and property of senior citizens, as envisaged in the Act/Rules, had been defeated.

### **3.2.10 Advisory Council/Committees**

#### **3.2.10.1 State Council of Senior Citizens**

As per Rule 22, the State Government may, by order, establish a State Council of Senior Citizens consisting of a Chairman (Minister in charge of Welfare of Senior Citizens), Member Secretary (Commissioner/Director in charge of Welfare of Senior Citizens), ex-officio and other nominated members<sup>67</sup> to advise the State Government on effective implementation of the Act and to perform such other functions in relation to senior citizens as the State Government may specify. The Council shall meet at least once in six months.

Audit however, observed that State Council of Senior Citizens was yet to be constituted by the Government as of October 2016.

Government replied (May 2016) that the Directorate of WD&SC was requested (May 2016) to send a detailed proposal for constitution of State Council and that on receipt of the proposal, it would be constituted.

#### **3.2.10.2 District Committee of Senior Citizens**

As per Rule 23, the State Government may, by order, establish a District Committee of Senior Citizens for each district headed by Chairperson (District Collector), Member Secretary (Assistant Director, WD&SC), ex-officio members (Commissioner/Superintendent of Police, District Medical & Health Officer, District Coordinator, Hospital Services, Revenue Divisional Officers, etc.) and other nominated members<sup>68</sup> to advise on effective and coordinated implementation of the Act at the district level and to perform such other functions in relation to senior citizens as the State Government may specify. The Committee shall meet once in every three months.

Audit observed that although the District Committees were constituted in all the three sampled districts there was no recorded evidence in support of conducting of the meetings.

In reply (May 2016) Government stated that all the District Collectors in the State were requested (May 2016) to conduct the meetings of District Committee of Senior Citizens to coordinate the services of Health, Welfare, Rural Development, Police Departments, etc.

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<sup>67</sup>Ex-Officio members: Secretaries to Departments dealing with Disabilities, Senior Citizens Welfare, Health, Home, Publicity, Pension, etc. Nominated members: Specialists and activists in the field of welfare of senior citizens and eminent senior citizens

<sup>68</sup>NGOs, Specialists and activists in the field of welfare of senior citizens and eminent senior citizens

### 3.2.11 Conclusion

While the initiative taken in terms of old age pensions disbursement was commendable, the overall implementation of the various programmes emanating from the Maintenance and Welfare of Parents and Senior Citizens Act, 2007 and the Rules framed therein was seen to be deficient in particularly all fronts of its implementation be it infrastructure viz., old age homes and their component provisions as well as the protective measures to ensure the prevention of atrocities and crimes against the aged. The chief underlying factor of the shortcomings in implementation was the lack of creating awareness and action required on the part of civil societies and Government stakeholders like the Health, Police Departments, etc.

### 3.2.12 Recommendations

- (i) Government should give adequate publicity to create awareness levels of senior citizens about their legitimate rights and facilities available to them under the Act and Rules.
- (ii) Establishment of old age homes at least one in each district should be ensured to accommodate senior citizens.
- (iii) Comprehensive action plan for providing protection of life and property of senior citizens as stipulated in the Act/Rules should be implemented.

The above points were referred to Government in September 2016; their reply has not been received (November 2016).

## Department for Women, Children, Disabled and Senior Citizens

### 3.3 Implementation of 'Indira Gandhi Matritva Sahyog Yojana'

**Delays and failure in timely release of funds on the part of the State Government, coupled with non-compliance with prescribed procedures for payment of incentives, resulted in denial of targeted benefits to the intended beneficiaries, besides negating the primary objective of compensating wage loss at the time of pregnancy and child care**

#### 3.3.1 Introduction

The Ministry of Women and Child Development (MWCD), Government of India (GoI) had formulated (November 2010) the Indira Gandhi Matritva Sahyog Yojana (IGMSY) – a Centrally sponsored Conditional Maternity Benefit Scheme for pregnant and lactating mothers. The scheme is being implemented in 52 selected districts across the country. In Telangana State, Nalgonda district was selected by GoI (in November 2010 in the erstwhile combined State of Andhra Pradesh) for the purpose. The scheme is implemented using the platform of Integrated Child Development Services (ICDS) scheme, the focal point being the Anganwadi Centre (AWC) at village level. At district level, the scheme is

implemented through Child Development Project Offices (CDPOs), ICDS under the control of Project Director, District Women and Child Development Agency<sup>69</sup>.

IGMSY scheme was initially started with 100 *per cent* funding by GoI up to 2014-15 and from 2015-16 onwards in the ratio of 50:50 by GoI and the State Government. The main objective of the scheme was to improve the health and nutritional status of pregnant and lactating women and their young infants. The scheme aimed to provide compensation for the wage loss so that the women were not under compulsion to work till the last stage of their pregnancy and could take adequate rest before and after delivery. Under the scheme, a cash incentive of ₹4,000 (₹6,000 from July 2013) was provided (in two<sup>70</sup> instalments, from the second trimester of pregnancy till the infant completed six months of age) directly to women of 19 years and above<sup>71</sup> for the first two live births, subject to the woman fulfilling specific conditions relating to maternal child health and nutrition.

Audit was carried out (May - June 2016) covering the district level office in Nalgonda including five<sup>72</sup> (out of 18 CDPOs) ICDS Project Offices based on highest number of beneficiaries covered in the district and all the 50 Anganwadi Centres (AWCs) in the selected CDPOs with the objective of assessing the implementation of IGMSY during the period 2013-16. The results of the Audit are discussed in the succeeding paragraphs.

### *Audit findings*

#### **3.3.2 Releases and expenditure**

Against an amount of ₹78.18 crore (being the GoI releases) made available by State Government during 2010-16 for implementation of the scheme under Nalgonda district, an amount of ₹70.55 crore was expended during the period.

Audit observed that the State Government had not released its matching share of ₹9.39 crore during the year 2015-16. Further, due to freezing of funds by the State Government, an amount of ₹7.63 crore remained unutilised and the same was returned to the State Government (by the Project Director). Audit also observed considerable delays of up to 10 months<sup>73</sup> in release of funds by the State Government.

Further, as per para 3.9 of scheme guidelines, a *flexi-fund* amounting to 2.5 *per cent* of the total annual expenditure under the scheme had to be created for innovative activities *viz.*, promotion of maternal and child healthcare, etc. Scrutiny of records of Project Director, District Women & Child Development Agency (PD, DW&CDA), Nalgonda showed that the *flexi-fund* as envisaged was not created and, as such, no innovative activities and promotion of maternal and child healthcare etc., could be taken up by the Department.

<sup>69</sup> henceforth known as District Welfare Officer, Department for Women, Children, Disabled & Senior Citizens after the reorganization (October 2016) of districts in State of Telangana

<sup>70</sup> in three instalments prior to 5<sup>th</sup> July 2013

<sup>71</sup> all Government/PSUs (Central and State) employees would be excluded from the scheme as they are entitled to paid maternity leave

<sup>72</sup> Nalgonda – Kodada, Suryapet, Peddavoora, Devarakonda and Munugodu

<sup>73</sup> ₹10.21 crore sanctioned in January 2011 (for the year 2010-11) was released in May 2011 (delay: 4 months); ₹4.69 crore sanctioned in September 2015 (for the year 2014-15) was released in July 2016 (delay: 10 months)

The Project Director, attributed (November 2016) the non-creation of flexi-fund to non-release of funds in time and stated that the entire releases were utilized for sanction of incentives to the beneficiaries on account of stronger demand.

### 3.3.3 Enrolment and coverage of beneficiaries

During the period from 2010-11 to 2015-16, a total of 2,38,105 beneficiaries were enrolled in Nalgonda district under the IGMSY. The year-wise enrolment of beneficiaries is given in Table-3.4.

Out of the 2,38,105 beneficiaries enrolled, only 1,73,561 beneficiaries were covered during the period 2010-16, leaving 64,544 beneficiaries (27 per cent) uncovered. Against the total requirement of ₹117.22 crore<sup>74</sup> towards incentives, an amount of ₹78.18 crore only was released by the State Government and even

this amount was not fully utilised (expenditure: ₹70.55 crore) towards payments of incentives to beneficiaries.

PD, DW&CDA attributed (June 2016) the shortfall in coverage to short release of (budgeted) funds.

Further, as per the norms, details of every beneficiary had to be uploaded in the software as provided in the website of Ministry of Women and Child Development, consisting of Bank Account number and Aadhaar Card number.

GoI had issued (June 2013) instructions for digitizing of beneficiary data in the software provided and for uploading of database onto the website. Scrutiny however showed that, due to non-functioning of the software since January 2015, the beneficiary details were not being uploaded onto the website. Despite PD, DW&CDA, Nalgonda taking up the matter with State Government in July 2015 and May 2016, the deficiency was not rectified as of November 2016. This resulted in the database not being uploaded and updated leading to double payments, as discussed in para 3.3.5 (iv).

### 3.3.4 Payment of incentives to beneficiaries

(i) Para 3.5 of the scheme guidelines envisaged that the beneficiary would receive cash incentive of ₹4,000 (₹6,000 from 5 July 2013 onwards), subject to fulfilment of the conditions.

In the 50 AWCs test-checked in Audit, 1628 out of 2,111 beneficiaries (77 per cent) did not receive even a single payment of incentive during the period 2013-16 (as of June 2016) due to short release of budget. Thus, the benefit of incentives was denied to them.

(ii) As per para 3.4 of the guidelines, to avail of benefit under the scheme, the women had to register themselves at the AWC. Every registered beneficiary under the scheme

**Table-3.4**

Year	Number of beneficiaries enrolled
2010-11	28262
2011-12	43744
2012-13	44508
2013-14	43985
2014-15	38820
2015-16	38786
<b>Total</b>	<b>238105</b>

Source: Records of Project Director, DW&CDA, Nalgonda

<sup>74</sup> as assessed based on number of beneficiaries: 1,28,232 @ ₹4,000 and 1,09,873 @ ₹6,000

was to receive a Mother and Child Protection (MCP) card, either from the Anganwadi Worker (AWW) or the Auxiliary Nurse-cum-Midwife (ANM). The MCP card was to be used as means of verification of the conditions for payment. The AWW and ANM were to ensure that MCP card was provided to every beneficiary and the required information was filled in.

Test-check of records of the 50 AWCs showed that although MCP cards were not issued to 424 (out of 2111) beneficiaries (20 per cent), they were enrolled (2013-14 to 2015-16). Audit observed that payments were made to 58 (out of 424) beneficiaries without ascertaining that the beneficiaries possessed the MCP cards.

- (iii) As per Para 3.5.2 of the guidelines, before payment of second instalment of the cash incentive, the beneficiary had to register the child birth at the end of three months of delivery.

Scrutiny of records of the 50 AWCs showed that Child Birth Registration Certificate was not obtained from any of the 2111 beneficiaries enrolled. Despite this, payment of incentive was made to 483 (out of 2111) beneficiaries, even in the absence of the requisite certificates (as per PD, DW&CDA, Nalgonda (June 2016) payments to the remaining 1628 beneficiaries could not be made due to non-receipt of sufficient funds). As a result, the genuineness of the beneficiary receiving the cash incentive could not be ascertained, leaving scope for fictitious/irregular payment of incentives.

- (iv) As per para 3.7 of the guidelines, the cash incentive had to be credited to the beneficiary through Post Office/Bank by online transfer. The CDPO/Project Director had to submit the list of beneficiaries along with the details of bank accounts and other information to the PO/Bank for crediting the amount to the respective beneficiaries.

Scrutiny of Bank Statement<sup>75</sup> of PD, DW&CDA, Nalgonda showed that an amount of ₹96.64 lakh pertaining to 2416 beneficiaries was returned (January 2015 to May 2016) by the bank due to wrong bank accounts/inoperative accounts. This resulted in denial of benefits to concerned beneficiaries as no payments were made.

The Project Director, DW&CDA, Nalgonda in reply (November 2016) stated that out of the amount of ₹96.64 lakh an amount of ₹18.60 lakh was credited to 369 beneficiaries, who had activated their accounts. Thus, an amount of ₹78.04 lakh (which also included ₹60.12 lakh pertaining to 1184 beneficiaries whose names were included twice in the list of payments as discussed in para 3.3.5 (iv)) pertaining to the beneficiaries has been still lying in the banks undisbursed (as of November 2016).

### 3.3.5 Violation of prescribed payment procedures

- (i) As per para 3.1 of the guidelines, the scheme aimed to provide partial compensation for the wage loss so that the women were not under compulsion to work till the last stage of Pregnancy.

Audit scrutiny, however, showed that during the period 2011-16, in all 18 CDPOs of the district, the incentive payments were made to the beneficiaries with delays

<sup>75</sup>bearing account no.913010054776047 - IGMSY Account, Axis Bank

ranging from six months to over one year after delivery. While the payment of first instalment was made with a delay of over one year after delivery in respect of all the 1,73,561 beneficiaries, the payment of second instalment was made with delays ranging from six months to over one year in respect of 1,68,831 beneficiaries, thereby defeating the primary objective of the scheme.

The PD, DW&CDA, Nalgonda attributed (June 2016) the delay to short release of funds.

- (ii) Para 3.5 of the guidelines envisaged that the beneficiary would receive cash incentive of ₹4,000 (₹6,000 from 5 July 2013 onwards) subject to fulfilment of the conditions.

Audit scrutiny showed the following:

- Under the scheme, a cash incentive was to be provided to beneficiaries for the first two live births in two instalments. Apart from delays in making payment of incentives for want of funds, the payments were being made in one lumpsum for one/two deliveries. Further, to cover all the beneficiaries enrolled, priority had to be accorded to those enrolled for the first delivery. It was however, observed that in 714 cases, payment of ₹4,000/₹6,000 was made twice/thrice with consecutive serial numbers, indicating that the beneficiaries were enrolled on the same day and payment was made twice/thrice to the same account. Audit observed that lumpsum payments were being made to beneficiaries for two live births even though payments to beneficiaries for the first delivery were still pending.
- With regard to the payments amounting to ₹18.77 crore (out of ₹59.07 crore) made during the period 2013-16, the records did not contain the Dates of Enrolment (DoE) in beneficiaries' database. Due to absence of the DoEs, Audit could not ascertain instances of double payments, if any, made since DoE was the only criteria to check double payments.

- (iii) As per para 3.6 of the guidelines, the Anganwadi Worker and Anganwadi Helper were to receive a cash incentive of ₹200 and ₹100, respectively, per beneficiary after all the cash transfers to the beneficiary were completed. The cash incentive was to act as a catalyst to motivate the AWW and AWH to serve the beneficiaries efficiently and also encourage more women to participate in the scheme.

Test-check of records of 50 AWCs under the control of five ICDS Projects in the district showed that cash incentives aggregating to ₹1.44 lakh<sup>76</sup> (in respect of 483 cases out of 2,111) for the period 2013-16 were, however, not credited to the AWWs and AWHs along with the beneficiaries' incentives. Further, for the period 2010-16, incentives amounting to ₹5.21 crore<sup>77</sup> were also due to be paid to AWWs and AWHs.

PD, DW&CDA, Nalgonda again attributed (June 2016) this to short release of funds. Thus, the objective of cash incentives to motivate the AWWs/AWHs was not ensured.

<sup>76</sup>2013-16: incentives due at the rate of ₹200 x 483 (for AWW) and ₹100 x 483 (for AWH)

<sup>77</sup>2010-16: incentives due at the rate of ₹200 x 1,73,561 (for AWW) and ₹100 x 1,73,561 (for AWH)

- (iv) As per the normal procedure, the beneficiaries list and bank account numbers of the beneficiaries had to be submitted to Treasury along with the proceedings for drawal of amount. Payment to the beneficiaries was to be made by crediting the amount to the respective Bank accounts.

PD, DW&CDA, Nalgonda had drawn (March 2015) an amount of ₹60.12 lakh from the District Treasury Office by including the names of beneficiaries twice in the list in respect of 1,184 beneficiaries. Audit scrutiny also brought out the fact that although this issue was brought to the notice of the District Collector, Nalgonda (September 2015), the amount was neither remitted back to the District Treasury (Nalgonda) nor was it paid to other eligible beneficiaries; the same, was however, deposited in a Private Bank account (Axis Bank Ltd.) held by the PD, DW&CDA, Nalgonda and was still lying there as of November 2016, which was in clear breach of the prescribed guidelines. This meant denial of benefits to other eligible beneficiaries to that extent.

### **3.3.6 Conduct of IGMSY Steering and Monitoring Committee meetings**

As per para 4.2 of the guidelines, Steering and Monitoring Committees had to be formed at District and Project level and meetings were to be conducted once in a month for effective implementation of the Scheme.

Scrutiny, however showed that, steering and monitoring committee meetings were not conducted as stipulated. The shortfall at Project level ranged from 47 to 56 *per cent*, while no meetings were conducted at district level during 2013-16, which could adversely affect the implementation of the scheme overall.

Overall, delays and failure in timely release of funds on the part of the State Government, coupled with non-compliance with prescribed procedures for payment of incentives, resulted in denial of targeted benefits to the intended beneficiaries, besides negating the primary objective of compensating wage loss at the time of pregnancy and child care.

The matter was reported to Government in September 2016; their reply has not been received (November 2016).

## **3.4 Payments to food suppliers without receipt of stock**

**Payments were made by the Project Director, District Women & Child Development Agency (DW&CDA), Karimnagar and Director, Women Development and Child Welfare Department for stock worth ₹1.02 crore of food supplies without actual receipt of stock at the CDPOs contrary to the Codal provisions**

Under the Supplementary Nutrition Programme (SNP), which is the main component of Integrated Child Development Scheme (ICDS), “One Full Meal” is provided (introduced in January 2013 as part of SNP) under ‘Indira Amrutha Hastam’<sup>78</sup>, to the target groups of pregnant & lactating (P&L) women at the Anganwadi Centres (AWCs). The required

<sup>78</sup> termed as ‘Arogya Laxmi programme’ in January 2015

provisions<sup>79</sup> under this scheme are centrally procured by Project Directors<sup>80</sup>, District Women Development and Child Welfare Agency (PDs), based on indents placed by the respective Child Development Project Officers (CDPOs). The stock is directly delivered at the offices of the CDPOs and payments are made by PDs based on the stock entry certificates to be issued by the CDPOs.

Codal provisions<sup>81</sup> stipulate that payment should be made only after ensuring that the stores have been received and examined. Audit scrutiny (March - April 2016) of relevant records of the PD, Karimnagar however, showed that in March 2013, the PD had issued orders directing 11 (out of 16) CDPOs to issue advance Stock Entry Certificate for the provisions indented and billed (during the period February - March 2013) with the objective of drawing the amounts from the district Treasury to avoid lapse of budget. It was stated (in the said orders) that the payment would, however, be made after receipt of stock in the respective CDPOs project godowns. The above instructions of PD notwithstanding, the PD made payments (March 2013/March 2014)<sup>82</sup> to the suppliers on receiving the stock entry certificate from the CDPOs, without insisting on the actual receipt of the goods/stock procured (February/March 2013). Cross-check by Audit of the payments made by the PD with the stock registers maintained at CDPOs showed that in five (out of 11) CDPOs, despite the stock having not been actually received and the stock entry not been made to that effect, it was acknowledged in delivery challans to the contrary by the then CDPOs and payments to the extent of ₹59.19 lakh were made to the supplier firms (*Appendix-3.4 refers*). All the incumbent CDPOs confirmed (August 2016) that no stock was received and PD stated (August 2016) that the amounts were yet to be recovered from the firms. In response to Audit enquiry, the Director, Women Development and Child Welfare Department (WD&CWD), stated (September 2016) that necessary action in the matter was being initiated.

Similarly, under SNP, a Weaning Food<sup>83</sup> named 'Balamrutham' (as Take Home Ration for children aged between 7 months and 3 years) and a proprietary Snack Food named 'Kurkure' (for spot feeding children aged between 3 and 6 years) were introduced (February 2014) under ICDS with an aim to providing improved supplementary nutrition to children through AWCs. Telangana Foods, a State Government firm, has been supplying the Weaning Food and Snack Food to all the ICDS projects in the State. While the supplies were made directly to CDPOs, the payments were made by the Director, WD&CWD, based on the stock entry certificate to be submitted by the CDPOs. Audit scrutiny (May 2016) of the delivery challans acknowledged by the then CDPO, Metpally (Karimnagar district) *vis-à-vis* the payments made by the Director showed that goods worth ₹30.99 lakh were neither actually received nor accounted for at CDPO, Metpally i.e. no entries to this effect were made in the Stock Register (details given in *Appendix-3.4*). Payments for the items of stock were made (January to November 2015) by the Director,

<sup>79</sup> Red gram dal, Oil, Rice, Jeera, Salt, Chillies, etc.

<sup>80</sup> each District headed by a Project Director

<sup>81</sup> Article 128 of Financial Code, Volume-I

<sup>82</sup> of the four bills, some payments were made (March 2013) by the same PD in violation of his own instructions and some payments were made (March 2014) by his successor

<sup>83</sup> a preparation of wheat, chana dal, milk powder, oil and sugar

relying solely on the acknowledgement in delivery challans without ensuring whether the stock was actually received and entries to that effect made by the recipient CDPOs. The fact of non-receipt of stock (even as of August 2016) was confirmed by the incumbent CDPO, Metpally.

Further, CDPO, Metpally, based on examination of stock, had returned (June 2013) stock worth ₹11.56 lakh to supplier firm on the ground of inferior quality. Although CDPO, Metpally had apprised this aspect (May 2013) to PD, Karimnagar and specifically requested him not to make any payments to the firm, PD went ahead and made payments for the above stock in March 2014. On scrutiny it was seen that there was neither any replacement of stock by the supplier nor were any recoveries made from the firm as of September 2016. In response to Audit enquiry, the Director, WD&CWD, stated (September 2016) that necessary action was being initiated by his office against the individual in the matter.

Thus, payments aggregating to ₹1.02 crore<sup>84</sup> were made without verification of stocks having been actually delivered and received. Such payments made, which were contrary to the codal provisions, were rendered possible consequent to the PD's grossly irregular instructions of calling for advance stock entry certificates from the respective CDPOs without insisting on the actual receipt of stock. As these findings emerged only from a test-check by Audit, it is unlikely that these instances were isolated in nature and confined to the above mentioned CDPOs only. Therefore, the whole issue calls for detailed investigation by Government.

The matter was reported to Government in September 2016; reply has not been received (November 2016).

## Health, Medical and Family Welfare Department

### 3.5 Centre of Excellence in Institute of Mental Health not established

**Inaction on the part of the IMH to utilize the GoI grant led to the objective of establishing the 'Centre of Excellence' not being achieved, besides resulting in foregoing of the Central assistance to the extent of ₹25 crore**

Government of India (GoI) had identified (June 2009) the Institute of Mental Health (IMH), Hyderabad for upgradation under Centre of Excellence scheme (Manpower Development component) of 'National Mental Health Programme (NMHP)' and sought detailed proposals from the State Government (by 30 June 2009) in respect of (a) existing infrastructure in Psychiatry, Clinical Psychology, Psychiatric Social Work and Psychiatric Nursing including space, manpower and equipments available, (b) requirement for starting/increasing PG seats in the four specialities, and (c) gaps to be filled up for starting/increasing PG seats in the four specialities, accompanied by estimated outcomes and

<sup>84</sup>=(₹59.19 lakh + ₹30.99 lakh + ₹11.56 lakh)

timelines for the activities. IMH was also required to apply to the regulatory bodies/ University/State Government for necessary sanctions so that the courses could start from 2010.

Proposals for various components i.e., Capital works (₹18 crore), Technical equipment (₹5 crore), Non-technical equipment (₹3 crore), Library (₹1 crore) and Faculty & Technical Support Staff (₹3 crore) were accordingly submitted (August 2009) by IMH through State Government with an undertaking to bear the cost of continuing the staff beyond three years. The State Government had also proposed to complete the various components during the period of four years i.e., 2008-09 to 2011-12. GoI approved the proposals and released (March 2010) an amount of ₹5.28 crore as first instalment for incurring expenditure on components i.e., Capital works (₹3 crore), Non-technical equipment (₹1 crore), Library (₹0.5 crore) and Faculty & Technical Support Staff (₹0.78 crore). The amount was deposited (April 2010) in the identified bank account (with SBI) by IMH.

Audit scrutiny (January 2016) of the records in IMH showed that, although the erstwhile APMSIDC<sup>85</sup> (now TSMSIDC<sup>86</sup>) was specifically requested (June 2009) by the Government to survey the premises of IMH and identify suitable place to build the necessary infrastructure as per the plans/requirement of the scheme, it had submitted the estimates (for ₹3.25 crore) only by February 2014 i.e., with a delay of over five years for construction of PG Hostel block for Females (Ground floor) and Academic block (Ground floor) in the premises of IMH. Further, although administratively sanctioned in November 2014, the civil works were yet to commence and, in fact, tenders were not even called for (June 2016). As such, as of June 2016, the entire Central assistance (₹6.72 crore including interest accrued) has been lying idle with IMH for over six years.

When the non-commencement of works/activities relating to establishment of 'Centre of Excellence' was pointed out by Audit, IMH replied (August 2016) that the works relating to Centre of Excellence at IMH were delayed/could not commence as there were several litigations pending in various Courts against the identified land and that suitable alternative land could not be readily identified.

Scrutiny of the records of IMH, however, showed that the IMH/Government was aware of the fact that the identified land was under litigation even at the time of submission of proposals to GoI in August 2009. Despite this, IMH had not taken steps to identify an alternative land in the area for the purpose of establishing the Centre of Excellence. Thus, due to the inaction on the part of IMH, the work of establishing the Centre of Excellence had not commenced, thereby depriving the State of the establishment of Centre of Excellence and its objective of producing specialised manpower, besides resulting in foregoing of the Central assistance to the extent of ₹25 crore.

The matter was reported to Government in July 2016; their reply has not been received (November 2016).

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<sup>85</sup> Andhra Pradesh Medical Services and Infrastructure Development Corporation

<sup>86</sup> Telangana State Medical Services and Infrastructure Development Corporation

## Higher Education Department (Mahatma Gandhi University)

### 3.6 UGC sponsored infrastructure development works

**Non-release of the matching State share by Government and diversion of UGC funds resulted in non-completion of the envisaged infrastructure development works in the University even after the lapse of over five years, besides loss of UGC assistance of ₹2.25 crore**

Mahatma Gandhi University (University), established (March 2007) in Nalgonda district of Telangana State (erstwhile Andhra Pradesh), was selected (July 2010) as one of the Universities for providing one-time catch up grant<sup>87</sup> by University Grants Commission (UGC) for improving the infrastructure and quality so as to make them eligible for regular financial assistance under Section 12(B) of the UGC Act. The University had submitted (November 2010) a proposal along with Detailed Project Report (DPR) for four items, viz., (a) Construction of administrative block (₹2.98 crore) (b) Construction of library building (₹4.09 crore) (c) Infrastructure and furniture of seminar halls (2 Nos.) (₹1.05 crore) and (d) Purchase of laboratory equipment (₹0.88 crore) to UGC through the State Government. The State Government had also furnished (November 2010) an undertaking to UGC for providing assistance of ₹5 crore to the University towards State Matching Grant for development of infrastructure and a commitment to meet the recurring expenditure. The DPR was approved (March 2011) by UGC with a total outlay of ₹9 crore, of which ₹4.50 crore i.e., 50 per cent was to be met by UGC and the remaining 50 per cent by the State/University.

UGC had released (March 2011) ₹2.25 crore to the University out of their share of ₹4.50 crore. While releasing the grant, UGC had stipulated that (a) all infrastructural deficiencies (identified at the time of sanction of one-time catch up grant) were to be removed within one year of release of UGC grant, failing which the University would be declared ineligible for financial support from UGC (b) financial assistance under the scheme would be available only up to the end of the XI plan period (2007-12) and (c) expenditure out of the UGC grant should be only on the approved items of expenditure.

Administrative sanction for the project was accorded (May 2011) by the University and the works were entrusted (May 2011) to Central Public Works Department (CPWD). The University had deposited an amount of ₹2 crore<sup>88</sup> with CPWD for execution of the works and requested (October 2011) the CPWD to start one of the buildings, preferably the library building, to ensure that requisite funds could be duly claimed from the UGC. The CPWD accordingly awarded<sup>89</sup> the work of construction of library building in February 2012 with a stipulation to complete it within a period of 12 months i.e., by February 2013.

<sup>87</sup> New universities and colleges which are technically under the purview of UGC but do not get assistance under Section 12(B) of UGC Act as they do not meet the minimum eligibility requirements in terms of physical facilities and human resources

<sup>88</sup> ₹50 lakh each in September 2012 and April 2013 and ₹1 crore in November 2013 respectively

<sup>89</sup> at 26.95 per cent above the estimated cost of ₹2.67 crore (for ₹3.39 crore) to M/s Amaleswari Constructions, Hyderabad

Audit scrutiny (January 2016/July 2016) of the records of University, however, showed that of the four items approved by UGC, the works of providing infrastructure and furniture of seminar halls and purchase of laboratory equipment were completed; only 60 per cent of the work (expenditure: ₹1.24 crore) of library building had been completed and the work of construction of administrative block had not commenced as of June 2016. In fact, the work of library building was foreclosed midway in September 2014 due to non-availability of funds with the CPWD and reluctance of the contractor to continue with the work. Further, the University could not provide funds to the CPWD as the State Government had not released its matching share as promised, in spite of pursuance (February/October 2011 and April 2015) by the University. In the meantime, as the XI plan period had come to a close in 2012, the request by the University for release of subsequent instalment of ₹2.25 crore due from the UGC was not acceded to. Apart from this, the UGC funds to the extent of ₹0.66 crore were also diverted (by CPWD) towards execution of unapproved (non-UGC) items<sup>90</sup>, contrary to the UGC norms, and the amount had remained un-recouped.

Thus, non-release of the matching State share by Government and diversion of UGC funds resulted in non-completion of the envisaged infrastructure development works in the University even after the lapse of over five years, besides, the assistance of ₹2.25 crore due from UGC was also foregone by the University.

The matter was reported to Government in July 2016; their reply has not been received (November 2016).

## Home Department

### 3.7 Finance Commission Grants foregone

**Due to the indecision of the Government with regard to the number of Police Training Centres (PTCs) to be established and consequential delays in preparation of action plans/identification of works, coupled with the failure to utilize the Thirteenth Finance Commission (TFC) grant in time, the balance TFC grant of ₹38 crore due from GoI was foregone, thus putting an avoidable burden upon the State Government to that extent**

For upgradation of various infrastructural facilities in the Police Training Centres (PTC - intended to provide training to in-service and newly recruited policemen) under 13<sup>th</sup> Finance Commission (TFC) grants, Government of India (GoI) had sanctioned (June 2012<sup>91</sup>) ₹80.80 crore for upgradation of PTC at Warangal (₹15.95 crore), establishment of PTC at Karimnagar (₹32.43 crore) and for shifting the old PTC Amberpet to Medchal, Medak (₹32.42 crore) pertaining to Telangana region. The infrastructural facilities included viz., construction of administrative and faculty blocks, barracks, kitchens, Computer Labs, Accommodation for faculty, laying of CC Roads, WBM Roads, multipurpose grounds with obstacles, bell of arms, etc. Telangana State Police Housing Corporation Limited (Corporation) was the assigned nodal agency for construction works.

<sup>90</sup> Construction of Science building

<sup>91</sup> Based on the proposals submitted by the State Government in July 2010 in terms of Thirteenth Finance Commission Report (December 2009)

As per the terms and conditions of sanction, the TFC grant was to be released in four instalments in four years<sup>92</sup> viz., 2<sup>nd</sup> instalment was to be released after at least 2/3<sup>rd</sup> utilization of the 1<sup>st</sup> instalment, 3<sup>rd</sup> instalment after 100 per cent utilization of the 1<sup>st</sup> instalment and at least 2/3<sup>rd</sup> utilization of the 2<sup>nd</sup> instalment and 4<sup>th</sup> instalment was to be released in two tranches. The first tranche was to be released when 90 per cent of the grant amount released so far was certified to have been utilized and the second tranche comprising the remaining 10 per cent was to be released when completion certificate was provided by the State, wherever required, for construction activity. Against ₹80.80 crore sanctioned, GoI had released an amount of ₹42.84 crore (₹20.35 crore as 1<sup>st</sup> instalment in December 2011 and ₹22.49 crore being the 2<sup>nd</sup> instalment in May 2014).

Scrutiny (January/February 2016) of the records of PTCs and information obtained (October – November 2016) from the Offices of Inspector General of Police (Training) and Telangana State Police Housing Corporation relating to execution of works of PTCs showed that although the works were scheduled to be completed during the 13<sup>th</sup> Finance Commission period 2010-15, only 22 per cent (8 out of 37 works) of the works had been completed even as of November 2016 after incurring an expenditure of ₹54.62 crore (including the release (February 2016) of ₹15 crore by the State Government). In fact, at PTC Medchal, none of the 16 works proposed were completed. The PTC-wise details are given below.

Table-3.5

(₹ in crore)

Sl. No.	Name of PTC	No. of works sanctioned	Estimated cost of works	No. of works completed	No. of works in progress	Expenditure incurred	Funds required for completion of works
1	Karimnagar	16	32.43	6	10	21.63	10.80
2	Medchal	16	32.42	0	16	21.32	11.11
3	Warangal	05	15.95	2	03	11.67	4.27
	<b>Total</b>	<b>37</b>	<b>80.80</b>	<b>8</b>	<b>29</b>	<b>54.62</b>	<b>26.18</b>

Source: Information furnished by Department

Audit analysed the reasons for non-completion of PTC works even after four years of sanction. The analysis showed that while the original sanction (₹100 crore) of GoI was for three PTCs located in Telangana Region, viz., Karimnagar, Warangal and Amberpet (Hyderabad), Government had later proposed (June 2011) to include two other PTCs viz., Vizianagaram and Anantapur pertaining to Andhra and Rayalaseema regions in the erstwhile combined State of Andhra Pradesh. The proposal was accepted (June 2012) by GoI on the condition of reallocation of the amount to the newly proposed PTCs within the original allocation of ₹100 crore. This necessitated revision of Action plans. Secondly, certain ineligible items such as provision for vehicles, computers, hospitals and ATM centres were proposed in the initial plans, which were, however, not accepted by GoI necessitating submission of revised proposals. Further, there were frequent changes in the proposed nature of works components involving revision of work estimates a number of times by the Corporation. The revised action plans were submitted (by the State Government) to GoI only in April 2013. While the Corporation could initiate the tendering process in January 2013, the works were awarded to contractors belatedly, i.e., between February 2013 and November 2014.

<sup>92</sup> 2011-12: ₹25 crore; 2012-13: ₹25 crore; 2013-14: ₹15 crore and 2014-15: ₹15.80 crore

Consequently, the Department could not utilize the first instalment of TFC grant (released during 2011-12) till March 2014. Since the envisaged expenditure norms were not adhered to, GoI could release the second instalment (for the year 2012-13) of ₹22.49 crore belatedly, only in May 2014. Further, as the plan period of 13<sup>th</sup> Finance Commission grants came to a close in March 2015, there was no further release of funds thereafter by GoI and hence the upgradation works sanctioned in 2012 and scheduled to be completed by 2015 remained incomplete (November 2016) in all the three PTCs (details are given in *Appendix-3.5*). In fact, at PTC, Medchal, certain major works<sup>93</sup> had to be stopped for want of funds. This was indicative of the fact that the required fund flow for the project was not also ensured. Non-completion of the PTC works as per schedule thus deprived the Department of utilization of the improved training facilities for police personnel.

In reply (December 2016), Director General of Police (DGP) confirmed the audit observation with regard to foregoing (₹38 crore) of 13<sup>th</sup> Finance Commission grants. It was further stated that the matter was being pursued with State Government to obtain the balance funds required for completion of the works and that a further amount of ₹20.50 crore had been released (June 2016) by the State Government. DGP further stated that 98 *per cent* works had been completed and that the three PTCs were ready to commence basic training for new Police recruits in January 2017.

Thus, due to initial indecision of the Government with regard to number of PTCs to be established and consequential delays in preparation of action plans/identification of works coupled with the failure to utilize the TFC grant in time, the balance TFC grant of ₹38 crore due from GoI was foregone, thus putting an avoidable burden upon the State Government to that extent.

The matter was reported to Government in November 2016; reply has not been received (November 2016).

## Municipal Administration and Urban Development Department

### 3.8 Faulty planning and shortcomings in execution of Sewerage Master Plan

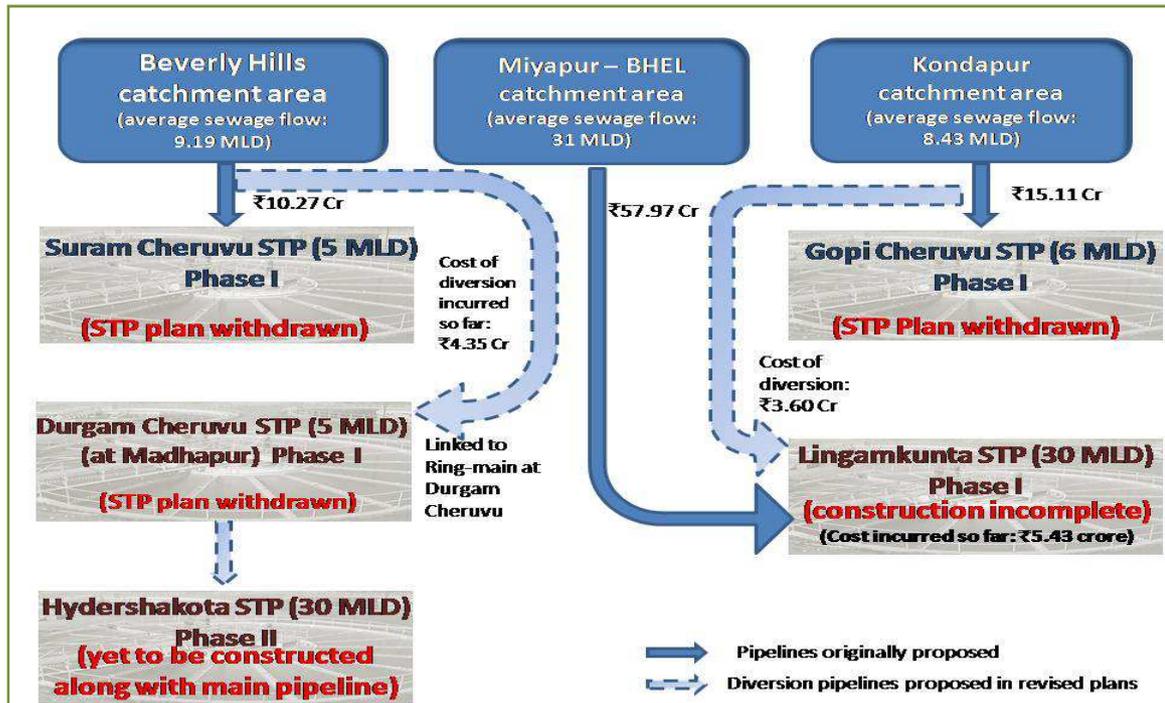
**Faulty planning and shortcomings in execution of Sewerage Master Plan by Hyderabad Metro Water Supply and Sewerage Board resulted in the primary objective of sewage treatment not being achieved even after seven years of commencement of the project resulting in cost overruns and contributing to environmental degradation**

As part of implementation of Sewerage Master Plan in Serilingampally municipality of Hyderabad Urban Agglomeration with an aim to providing 100 *per cent* sewerage network coverage and collection system, the Hyderabad Metro Water Supply and Sewerage Board had proposed (as per Detailed Project Report (DPR) prepared in

<sup>93</sup>Administrative building, Bell of Arms and Quarter Guard, construction of barrack with G+2 floors, MT park, construction of Model Police Station and construction of outdoor faculty block & stores for sports equipment

November 2007) to construct six<sup>94</sup> Sewage Treatment Plants (STPs) (one existing STP of 5 MLD capacity at Durgam Cheruvu was incorporated into the plan) to cover seven<sup>95</sup> sewage catchment areas respectively in Serilingampally Municipal Circle with JNNURM assistance<sup>96</sup>. Administrative sanction was accorded (July 2008) by Municipal Administration and Urban Development (MAUD) Department for ₹200.38 crore<sup>97</sup> and the project was to be completed in 36 months.

Audit scrutinised the records (May 2015) of offices of the Project Divisions No.VII and VIII, HMWS&SB with regard to STP works relating to the three catchment areas of Beverly Hills, Miyapur-BHEL and Kondapur as depicted in the diagram below.



Pictorial representation of the sewage flow and STPs in Serilingampally Municipality

However, due to non-cooperation from the local residents around the STP locations and Court interventions/litigations, the execution of STPs was delayed. Further, in view of high cost of land acquisition, it was decided (January 2012) to construct Ring Drain around Durgam Cheruvu<sup>98</sup> (by connecting the sewer mains originating from Beverly Hills catchment area to the Ring Drain), by-passing the lake to prevent the entry of sewage flow into it and in turn to be connected with Trunk Sewer main from downstream of Durgam Cheruvu to another proposed STP at Hydershakota (proposed to be taken up with 30 MLD capacity in Phase II of the project). Thus, a revised DPR (for the same cost of original sanction) was approved (August 2012) for construction of the six STPs to collect and treat the sewage of the respective catchment areas.

<sup>94</sup>Lingamkunta (30 MLD), Suram Cheruvu (5 MLD), Khajaguda Talab (7 MLD), Gopinagar Cheruvu (6 MLD), Durgam Cheruvu (5 MLD), Gopannapally Cheruvu (4.5 MLD) and Nanakramguda Cheruvu (4.5 MLD)

<sup>95</sup> Miyapur-BHEL, Beverly Hills, Gachibowli, Kondapur, Madhapur, Gopannapally and Nanakramguda

<sup>96</sup> Funding pattern: 35 per cent from JNNURM grant; 15 per cent from State Government and 50 per cent from Internal resources and Institutional funding

<sup>97</sup> GO Rt. No.1090 dated 26 July, 2008 of MAUD(UBS) Department, Government of Andhra Pradesh

<sup>98</sup> 'Cheruvu' colloquially means a lake

Scrutiny of records however, showed that the construction of STP at Ligamkunta (under Phase I - which commenced in August 2009) suffered delays (expenditure incurred as of August 2016: ₹5.43 crore) on account of Court cases (in AP High Court/AP Lokayukta) relating to public petitions on alienation of land as well as cases pending with National Green Tribunal. Despite the Court cases having been settled in July 2015, the contractor did not resume the work as of October 2016 citing huge cost and time overruns<sup>99</sup>. Further, the two STPs at Suram Cheruvu and Gopi Cheruvu were later withdrawn (September 2013) in view of prohibitive costs involved in the acquisition of land for the purpose. Further, the construction of proposed STP at Hydershakota has not yet been taken up by the Board.

According to the Manual of Sewerage and Sewage Treatment issued (December 1993) by the Government of India, Ministry of Urban Development, while designing wastewater collection, treatment and disposal systems, planning is to generally begin from the final disposal point (tail-end) going backwards to give an integrated and optimum design to suit the topography and the available hydraulic heads, supplemented by pumping if essential. Further, as was enunciated in the DPR, keeping in view the ultimate land requirement for accommodating ever increasing flow of sewage, it is necessary to reserve the land at the very outset as it would become difficult to acquire the additional land needed at a later stage.

It was observed that in contravention of the GoI/DPR guidelines referred to above, the tail-end approach i.e. construction of the STPs prior to laying of sewer pipelines, was ignored. The Board went ahead with the laying of sewer pipelines for bringing in sewage generated in the three catchment areas up to the proposed STPs at Suram Cheruvu, Gopi Cheruvu and Lingamkunta incurring a cost of ₹83.35 crore<sup>100</sup> during the period November 2007 to March 2014, even before acquiring the land necessary for construction of STPs (at Suram Cheruvu and Gopi Cheruvu which were later withdrawn in September 2013) and in advance of completion of STP at Lingamkunta.

It was also seen that the Board incurred an additional expenditure of ₹7.95 crore<sup>101</sup> (as of September 2016) towards laying of diversion sewer mains for diversion of sewer flow from the Suram Cheruvu and Gopi Cheruvu STPs to the proposed STPs downstream at Hydershakota (via Trunk Sewer main at Durgam Cheruvu) and Lingamkunta, respectively.

Further, the catchment-wise flow in respect of Miyapur-BHEL area itself (which is to flow into Lingamkunta STP) had an estimated average flow of 31 MLD (as of horizon year 2011) and was estimated to go up to 64 MLD (by the year 2041). Considering the fact that the sewage from Kondapur catchment area was also to flow into Lingamkunta STP whose capacity has been limited to only 30 MLD, planning of the STP with such a low capacity and the plan to divert further sewage flow into Lingamkunta STP was faulty and improper.

<sup>99</sup> Escalation of ₹8.38 crore over a span of 6 years on account of increase in price of raw materials, finished goods, interest charges, etc.

<sup>100</sup> Miyapur-BHEL: ₹57.97 crore; Beverly Hills: ₹10.27 crore; Kondapur: ₹15.11 crore

<sup>101</sup> Gopi Cheruvu diversion: ₹3.60 crore and Suram Cheruvu diversion: ₹4.35 crore

Thus, faulty planning and shortcomings in execution of Sewerage Master Plan by the Board in deviation of the stipulated norms resulted in the primary objective of sewage treatment not being achieved even after seven years of commencement of the project and incurring a cost of ₹96.73 crore<sup>102</sup>, besides leading to cost overruns. This also led to flow of untreated sewage into open drains and lakes, contributing to environmental degradation.

In its reply (October 2016), Government accepted the Audit observation and assured of compliance while executing Sewerage Master Plan proposals in future. Government however, maintained that the sewerage infrastructure at Serilingampally Circle had been carried out as per the standard norms of GoI's Manual. It was further stated that the tenders for sewer network to be connected to the STPs were called for simultaneously along with the tenders for construction of the six STPs in order to avoid time delays and that the works were entrusted to the agencies assuming that land would be provided by the District Collector, Ranga Reddy. The contention of the Government was not in conformity with the provisions of the Manual which clearly stipulated the adoption of tail-end approach i.e., commencement of planning from the final disposal points prior to the laying of pipelines. Further, commencement of STP works prior to acquisition of land required for the master plan – for which the Board had little or no control of, was an indicator of faulty planning of the Sewerage Master Plan.

### **Municipal Administration and Urban Development Department (Quli Qutub Shah Urban Development Authority, Hyderabad)**

#### **3.9 Unfruitful expenditure on Quli Qutub Shah Deccan Park**

**Failure of QQSUDA to resolve the issue of renaming of the Park rendered the entire expenditure of ₹2.70 crore incurred on development of the Park unfruitful besides denying recreational facilities to the general public**

Quli Qutub Shah Urban Development Authority (QQSUDA) had developed an amusement park named 'Quli Qutub Shah Deccan Park' for the benefit of general public, the work of which was completed in 2006. It was projected that an income of ₹53.40 lakh per annum could be generated from the Park by leasing out various facilities developed in the Park viz., boating pond, kiddy pool, lazy pool, toy train, swimming pool, musical fountain, computer huts, canteen, conference hall, etc.

Audit scrutiny of records and information obtained from the Authority (May 2014/June, July and September 2016) showed that though the development of the Park was completed (at a cost of ₹2.15 crore) in the year 2006, it was not thrown open to the public as of September 2016. It was also observed in Audit that the legal disputes which persisted over the title of the land, which was cited as being one of the reasons for the delay in opening the Park, were resolved by September 2011 through a judgement of High Court and the title of the land was settled in favour of QQSUDA.

<sup>102</sup> =(₹83.35 + ₹5.43 + ₹7.95) crore

As per Rule 19(c) of Memorandum of Association, the Managing Committee (of QQSUDA) may meet once in three months or more often, if necessary. However, as the Managing Committee meetings were not held after June 2011, as of August 2016 a decision of the Managing Committee was pending on renaming of the Park based on a representation (May 2012) of a Member of Legislative Assembly (MLA) and, as such, the Park could not be opened to public. The recreational facilities created in the Park which had remained idle for a prolonged period of time were now in unserviceable condition as was found in a joint physical inspection conducted (July 2016) by Audit with the officials of QQSUDA.

The Authority had spent an amount of ₹54.89 lakh during 2008-13 on fixing of tiles, de-silting of lake, chain link fencing, repairs and servicing of lake fountain, etc., besides spending ₹26.90 lakh<sup>103</sup> towards maintenance of the Park during the period 2010-16.

When the inordinate delay in opening of the Park was pointed out by Audit, QQSUDA responded (August 2016) that a proposal had been submitted (January 2014 and May 2016) to State Government for convening the Managing Committee meeting for resolving the issue of renaming of the Park and opening of the Park to general public on 'pay and use' basis, and that Government orders were awaited.

In its reply (October 2016) Government accepted the fact that the delay on the part of QQSUDA to resolve the issue of renaming of the park had rendered the entire expenditure of ₹2.70 crore<sup>104</sup> on the project unfruitful. Government however, sought to justify the delay stating *inter alia* that no decision was taken to open the Deccan Park during the period of agitation for formation of separate State of Telangana. It was however, stated that efforts were being made to open the park at an early date for the benefit of the public.

The reply was not acceptable as more than two years had elapsed after the formation (2 June 2014) of Telangana State.

Thus, failure of QQSUDA to resolve the issue of renaming of the Park, rendered the entire expenditure of ₹2.70 crore incurred on development of the Park unfruitful. Not only has the expected returns on this investment not accrued, the objective of providing recreational space and facility to general public remains unrealised.

## Revenue Department

### 3.10 Non-resumption of alienated land despite non-utilisation

**Land valued at ₹75 lakh alienated to a Charitable Trust in June 2008 remained unutilized and locked up with the Trust un-resumed for over eight years**

Standing Orders of the erstwhile Board of Revenue (BSO), 1955, mandate that the alienee to whom government land has been alienated should use the land expressly for the purpose for which it was alienated. Further, the Andhra Pradesh (Telangana Area) Alienation of State Lands and Land Revenue Rules, 1975 authorise the Government to

<sup>103</sup> excluding expenditure on wages of Non Muster Rolls (NMRs), which was not furnished to Audit

<sup>104</sup> ₹2.15 crore (for development of Park up to 2006-07) plus ₹0.55 crore (for additional works during 2008-13)

alienate land to a company/private individual or institutions for any public purpose against collection of its market value and subject to the terms and conditions prescribed therein.

Mother Teresa Charitable Trust and Cancer Foundation, Hyderabad (Trust) had requested (June 2007) the District Collector, Medak for allotment of 8.00 acres of Government land<sup>105</sup> at Pocharam village for construction of a 180 bedded Hospice, a facility for taking care of terminally ill cancer patients. Based on the proposals submitted (June 2007) by the District Collector, Medak, Chief Commissioner of Land Administration (CCLA) recommended (July 2007) to the Government to alienate the said land on payment of market value<sup>106</sup>.

Audit scrutiny (June 2016) of the records of District Collector, Medak, however showed that Government had overruled the suggestions/recommendations of the established levels of hierarchy in deciding the cost at which the land was to be alienated and issued orders (March 2008) for alienation of 5.00 acres of the said land to the Trust at a nominal rate of ₹1,000 per acre instead of the market value of ₹4 – 5 lakh. This was despite the fact that the Trust itself had initially expressed its willingness (June 2007) to pay the market value of the land. Possession of the land was handed over to the Trust in June 2008.

Audit scrutiny further showed that the aforesaid land (present market value<sup>107</sup>: ₹75 lakh) remained unutilised by the allottee for the purpose for which it was alienated, thus flouting the norms of BSO. Despite non-utilisation of the land by the Trust, the land was not resumed by the District Collector even as of June 2016 (a lapse of over eight years). Although the Government had specifically directed the District Collector, while issuing the orders for alienation, to ensure utilisation of the alienated land for the stated purpose and to resume it on failure of the Trust to comply with the conditions of alienation, this stipulation was not acted upon by the District Collector. The show-cause notice issued to the Trust in December 2013 was also not monitored/pursued further by the District Collector, resulting in the land valued at ₹75 lakh remaining locked up with the Trust for over eight years.

Thus, allotment of land by the State Government in an arbitrary manner to the Trust at a rate far lower than the market value resulted in loss of revenue to the Government. This, coupled with the failure of the District Collector to resume the land despite its non-utilisation, led to the land valued at ₹75 lakh being locked up with the Trust for over eight years.

The matter was reported to Government in June 2016; their reply has not been received (November 2016).

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<sup>105</sup> in Survey no.69/2

<sup>106</sup> ₹4 - 5 lakh as per the report submitted (23 June 2007) by Revenue Divisional Officer, Sangareddy

<sup>107</sup> ₹15 lakh per acre as per online records of the Registration and Stamps Department, Government of Telangana

**Youth Advancement, Tourism and Culture Department  
(Dr. Y.S.R. National Institute of Tourism and  
Hospitality Management - NITHM)**

**3.11 Stoppage of infrastructure expansion works due to non-compliance with provisions of Building Rules**

**Lack of planning on the part of NITHM coupled with the violation of Government orders/building Rules before embarking on the infrastructure expansion works led to stoppage of works midway and consequent locking up of ₹1.13 crore, for over two years**

With a view to undertaking infrastructure expansion works, Dr. Y.S.R. National Institute of Tourism and Hospitality Management (NITHM<sup>108</sup>), Hyderabad had approved<sup>109</sup> the work 'Construction of additional blocks (class rooms & lecture theatre) at NITHM' and entrusted it to Andhra Pradesh Tourism Development Corporation<sup>110</sup> (APTDC). APTDC awarded the work to a Hyderabad based firm<sup>111</sup> and an agreement was concluded (September 2013) for a contract value of ₹1.84 crore for completion within nine months i.e., by June 2014. The work was stopped midway in March 2014 after completion of only certain portions of the works<sup>112</sup> (expenditure: ₹1.13 crore).

Audit scrutiny (April 2016) of relevant records at NITHM showed the following:

- (i) Rule 5 (f) (xviii) of the Andhra Pradesh Building Rules 2012 stipulates the requirement of sanction for every building constructed by submission of requisite documents specified therein including the construction plan. Contrary to these provisions, the buildings in question did not have the required statutory approvals (reasons not forthcoming from NITHM) from Greater Hyderabad Municipal Corporation (GHMC). The work of construction of additional blocks had to be stopped following the notices issued (February/March 2014) by GHMC invoking Section 636 (1) of Hyderabad Municipal Act. In fact, NITHM sought *post facto* approvals for the buildings only in November 2014 i.e., after issue of Notice by GHMC and there was no response from GHMC as of August 2016.
- (ii) Rule 3 of the Andhra Pradesh Building Rules 2012 imposes restrictions on building activity in the vicinity of certain areas *viz.*, water bodies, Railway properties, electrical transmission lines, airports, defence establishments, heritage structures, etc. Despite an undertaking given (November 2001) to Government at the time of taking possession of the land from Government, that the water body (known locally as

<sup>108</sup> An Institute established jointly by the Ministry of Tourism, Government of India and AP Tourism, Government of Andhra Pradesh as a sector-specific "Centre of excellence" in Tourism & Hospitality Management education to provide qualified professionals and registered as an autonomous non-profit educational society under AP Societies Registration Act

<sup>109</sup> in its 33<sup>rd</sup> Governing Council meeting held in October 2012

<sup>110</sup> Telangana State Tourism Development Corporation (TSTDC) was formed on bifurcation of composite State of Andhra Pradesh in August 2014

<sup>111</sup> M/s Sri Siva Ram & Co., Hyderabad

<sup>112</sup> (i) laying of foundations (ii) RCC columns for Ground floor and 1<sup>st</sup> floor (iii) lintels, beams, roof slab and brick work of ground floor etc.

Ramamma Kunta - forming part of the alienated land in which NITHM was set up) would be maintained by NITHM, this was ignored and it undertook the construction activity in the recreational/Green Buffer Zone within nine metres from the existing water area. GHMC observed that the constructions were being made in the recreational/Green Buffer Zone within nine metres of the existing water area, which were clearly in violation of Government orders<sup>113</sup> and directed NITHM (February/March 2014) to remove the unauthorised constructions within 24 hours.

It was further seen in Audit that the construction of additional blocks was initiated without any survey of the likely demand for Post Graduate Diploma course in Tourism Management (PGDM) proposed to be introduced in 2014 and for accommodating the students of the course. In fact, the diploma course was a non-starter (as of May 2016) due to poor response from the students. This indicated that NITHM had embarked upon the works of infrastructure expansion without any perspective planning, based on a reasonable need-assessment.

When the issue of unauthorised constructions was pointed out in Audit, Director, NITHM, replied (April 2016) that Full Tank Level (FTL) and buffer zone for the lake was not fixed by Irrigation Department and that the plans of the building had since been submitted to GHMC and the same would be followed up. It was further stated that, initially the construction of building was taken up leaving the buffer zone. The bunds of the lake were also strengthened and as a result of strengthening the bunds, the water level had increased and the new construction appeared to have raised the water level of the lake. The reply of the Director was not acceptable as it was contrary to the findings of the Principal District Judge, Ranga Reddy (nominated by the High Court) which had confirmed that the constructions were made in the Recreational/Green Buffer Zone within nine metres from the existing water area in violation of Government orders. Further, while disposing of a Public Interest Litigation (of 2014) regarding the unauthorised construction in buffer zone of 'Ramamma Kunta', the High Court had ordered that NITHM should not proceed with any construction until a decision was taken by GHMC on the issue. The *post facto* approval sought for the building plans was not also forthcoming from GHMC (August 2016). The reply of NITHM did not also address how it had embarked on construction work of additional blocks without first obtaining clearances from the appropriate authorities.

Thus, lack of planning on the part of NITHM, coupled with the violation of Government orders/building Rules before embarking on the infrastructure expansion works, led to stoppage of construction works midway and consequent locking up of ₹1.13 crore, for over two years.

The matter was reported to Government in June 2016; their reply has not been received (November 2016).

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<sup>113</sup> GO. Ms. No. 363, MA&UD Department dated 21 August 2010 and GO Ms. No. 33 MA&UD (II), dated 24 January 2013

### 3.12 Unfruitful outlay on establishment of a Training facility

**Failure to assess commercial viability of the restaurant resulted in the facilities, created at a cost of ₹1.33 crore, remaining unutilised rendering the entire expenditure unfruitful**

With the objective of catering to the needs of the general public, as well as to create a training facility for the students of Hospitality, Dr. Y.S.R. National Institute of Tourism and Hospitality Management (NITHM<sup>114</sup>), Hyderabad had proposed (August 2013) setting up a restaurant to be managed by the students of the Institute.

The Restaurant project 'Construction of Food Kiosk in the premises of NITHM', initially estimated (August 2013) at ₹25 lakh, was executed through a contractor nominated by the Institute. Later, the original estimate was revised (October 2013) to ₹70.26 lakh including the additional works<sup>115</sup> suggested by the experts in Hospitality sector and the Chairperson, NITHM, and the supplementary agreement concluded (November 2013) with the same contractor, even though it was beyond the financial powers<sup>116</sup> of the Chairman. The approval of the Governing Council for the upward revision was also not taken. The construction of restaurant was completed (March 2014) at a total cost of ₹1.01 crore (including the expenditure on kitchen equipment, furniture, painting and shifting of electrical transformer).

Audit scrutiny (April 2016) of records showed that the restaurant commenced its commercial services in April 2014, but stopped functioning from October 2014 onwards on the ground that it was sustaining losses. It was observed that NITHM had embarked on setting up a restaurant without conducting any demand survey to assess the commercial viability of the Project. Although the Special Chief Secretary (Tourism) and Chairman, NITHM had decided (November 2013) to hand over the operations of the restaurant to the Divisional Manager, Andhra Pradesh Tourism Development Corporation (APTDC) on profit sharing terms, the same did not materialize. This forced NITHM, which has no expertise in such commercial activities, to shoulder the responsibility. Further, the proposal to lease out the restaurant did not also fructify, as no steps were initiated by Director, NITHM in this direction.

When the non-functioning of the restaurant was pointed out in Audit, Director, NITHM replied (April 2016) that although it was initially managed by students, running of the restaurant was found unviable due to locational disadvantages, and that efforts would be made to lease it out.

<sup>114</sup> established under the provisions of Andhra Pradesh Societies Registration Act - 2001

<sup>115</sup> (i) Laying of MS trusses, instead of thatched roof, originally planned (ii) raising of platform for the restaurant with granite flooring and SS railing (iii) to clear the site of sturdy rocks and leveling and providing RCC structure for further strengthening the building (iv) construction of retaining wall (v) separate toilet block for ladies/gents (vi) electricity and sanitary provisions of water supply

<sup>116</sup> The Chairman is competent to award works costing up to ₹25 lakh on nomination basis. Wherever the powers are not specified up to the level of the Chairman, such matters are to be placed before the Governing Council

Audit scrutiny further showed that, an amphitheatre, envisaged as part of the curriculum of Post Graduate Diploma in Hotel Management (PGDHM) and constructed (March 2014) at a cost of ₹32.45 lakh was also not put to use for training purpose, since PGDHM course introduced in 2014 remained a non-starter due to poor response from the students. Though it was decided to lease out the facility, no income could be generated on hiring the premises since no one evinced any interest in the facility as the restaurant itself had remained non-functional, as confirmed by NITHM. For this also, no prior assessment of demand was made.

Thus, failure to assess commercial viability of the restaurant resulted in the facilities, created at a cost of ₹1.33 crore, remaining unutilised, rendering the whole expenditure unfruitful.

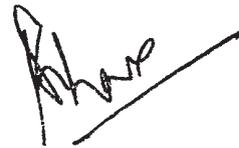
The matter was reported to Government in June 2016; their reply has not been received (November 2016).

Hyderabad  
The



(L. TOCHHAWNG)  
Principal Accountant General (G&SSA)  
Andhra Pradesh & Telangana

Countersigned



New Delhi  
The

(SHASHI KANT SHARMA)  
Comptroller and Auditor General of India



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## **Appendices**

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**Appendix-1.1**  
**(Reference to paragraph 1.6 page 3)**

**Department-wise break-up of outstanding Inspection Reports and Paragraphs**

Department	Number of IRs/Paragraphs pending as of 30 September 2016	
	IRs	Paragraphs
Backward Classes Welfare	59	369
Consumer Affairs, Food and Civil Supplies	21	118
Finance	5	37
General Administration	12	37
Health, Medical and Family Welfare	388	2786
Higher Education	542	2762
Home	106	599
Labour, Employment, Training and Factories	76	317
Law	33	71
Minorities Welfare	12	42
Municipal Administration and Urban Development	203	2427
Panchayat Raj and Rural Development	284	2434
Planning	7	70
Revenue	46	334
Scheduled Castes Development	83	810
School Education	121	1256
Tribal Welfare	90	638
Women, Children, Disabled and Senior Citizens	279	1078
Youth Advancement, Tourism and Culture	45	308
<b>Total</b>	<b>2412</b>	<b>16493</b>

**Appendix-1.2**  
**(Reference to paragraph 1.6 page 4)**

**Explanatory Notes to be received**  
**(issues exclusively pertaining to the State of Telangana)**

Department	2014-15	Total
Backward classes Welfare	1	1
Information Technology, Electronics and Communications	1	1
Minorities Welfare	1	1
Scheduled Castes Development	1	1
School Education	1	1
Tribal Welfare	1	1
<b>Total</b>	<b>6</b>	<b>6</b>

**Explanatory Notes to be received**  
**(issues common to both the States of Andhra Pradesh and Telangana)**

Department	2006-07	2009-10	2010-11	2011-12 (G&SSA)	2012-13 (G&SSA)	2013-14 (G&SSA)	Total
Department for Women, Children, Disabled & Senior Citizens	-	-	-	-	-	1	1
Finance	-	1*	-	1	1	-	3
Health, Medical and Family Welfare	-	-	-	-	-	2	2
Home	1*	-	-	1	1	1	4
Housing	-	-	-	-	3	-	3
Minorities Welfare	-	-	-	1	-	1	2
Panchayat Raj and Rural Development	-	-	-	1	1	-	2
Tribal Welfare	-	-	1	1	-	1	3
Youth Advancement, Tourism and Culture	-	-	-	-	-	1	1
<b>Total</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>5</b>	<b>6</b>	<b>7</b>	<b>21</b>

\* in respect of Audit Report on Revenue Receipts

**Appendix-2.1**  
**(Reference to paragraph 2.2.3 page 12)**

**List of sampled hospitals and health centres**

<b>Adilabad district</b>	Rajiv Gandhi Institute of Medical Sciences (RIMS), Adilabad
	Area Hospital, Manchiryal
	CHC, Khanapur
	CHC, Mudhole
	CHC, Jainoor
	PHC, Thanoor
	PHC, Kunthala
	PHC, Dahegaon
<b>Hyderabad district</b>	Osmania General hospital, Hyderabad
	Gandhi hospital, Secunderabad
	Niloufer hospital, Hyderabad
	Government Maternity hospital, Petlaburj, Hyderabad
	SRRIT&CD (Fever) hospital, Nallakunta, Hyderabad
	Civil Dispensary, Old MLA quarters, Hyderguda, Hyderabad
	Civil Dispensary, Secretariat, Hyderabad
	CHC, Jangammet
	UPHC, Karwan-II
	UPHC, Panjasha-II
	UPHC, Bagh Amberpet
	<b>Warangal district</b>
Government Maternity Hospital, Hanamkonda	
CKM Maternity hospital, Matwada, Warangal	
CHC, Wardhannapet	
CHC, Cherial	
CHC, Mulugu	
PHC, Raghunadhapalli	
PHC, Inavole	
PHC, Tadvai	

**Appendix-2.2**

(Reference to paragraph 2.4.3.1 page 23)

**District-wise details of availability of essential surgical items at CMSs  
(against 360 items to be available as per ESL/ASL/SI)**

CMS	No. of items of ESL/ASL/SI actually available at the end of the year		No. of items of ESL/ASL/SI showed 'Nil' stocks at the end of the year	
	2014-15	2015-16	2014-15	2015-16
Adilabad	194	172	95	100
Hyderabad	202	197	87	75
Karimnagar	162	157	127	115
Khammam	177	169	112	103
Mahabubnagar	168	166	121	106
Medak	149	150	140	122
Nalgonda	195	169	94	103
Nizamabad	163	183	126	89
Ranga Reddy	189	172	100	100
Warangal	180	148	109	124

**Appendix-3.1**

(Reference to paragraph 3.1.2 page 43)

**List of test-checked Residential Institutions**

	District	Residential School
1	Mahabubnagar	Beechupalli
2		Balanagar
3	Hyderabad	Borabanda (Boys)
4		Borabanda (Girls)
5	Medak	Medak
6	Adilabad	Nirmal
7	Karimnagar	Thatipalli
8	Warangal	Bandarupalli
9		Hasanparthy
10		Nekkonda
11	Khammam	Enkoor
12		Wyra
13	Nalgonda	Sarvail
14		Choutuppal
15		Thungathurthy
16		Ramannapeta
	<b>District</b>	<b>Residential Junior Colleges</b>
1	Warangal	Hasanparthy
2	Nalgonda	Sarvail

**Appendix-3.2**  
**(Reference to paragraph 3.1.4 page 53)**

**Sanctioned vis-à-vis existing teaching posts in 47 Residential Schools**

Subject	Sanctioned posts	Existing		Vacancies	
		Regular posts	Contract posts	No. of posts	Percentage
Principal	47	9	0	38	81
PGT Telugu	40	20	7	13	33
PGT Sanskrit	3	2	0	1	33
PGT Urdu	6	1	5	0	0
PGT Hindi	36	13	9	14	39
PGT English	76	31	14	31	41
PGT Maths	81	43	18	20	25
PGT Physical Science	41	14	9	18	44
PGT Biological Science	39	27	8	4	10
PGT Social Studies	41	21	11	9	22
TGT Telugu	41	8	7	26	63
TGT Sanskrit	32	10	3	19	59
TGT Urdu	6	0	3	3	50
TGT Hindi	1	0	0	1	100
TGT English	42	2	4	36	86
TGT Maths	42	11	16	15	36
TGT Science	42	9	19	14	33
TGT Social Studies	42	3	21	18	43
Physical Director	1	1	0	0	0
Physical Education Teachers	41	9	10	22	54
Art, Craft & Music Teachers	47	3	0	44	94
<b>Total</b>	<b>747</b>	<b>237</b>	<b>164</b>	<b>346</b>	<b>46</b>

*Note: PGT- Post Graduate Teachers and TGT - Trained Graduate Teachers*

**Appendix-3.3**  
**(Reference to paragraph 3.2.3 page 57)**

**List of sampled Old Age Homes**

<b>Government Old Age Homes (3)</b>
Government Orphan Old Age Home, Seetharamapuram, Warangal District
Government Home for Aged and Disabled Women, Amberpet, Ranga Reddy District
Government Home for Aged and Disabled, Karimnagar
<b>Old Age Homes run by NGOs (9)</b>
Navodaya Seva Sangam, Shadnagar, Mahabubnagar District
SAV Gupta Educational Society, Achampet, Mahabubnagar District
Sandhya Rural Welfare Society, Kucherkal, Mahabubnagar District
Rural Social Welfare Association, Jadcherla, Mahabubnagar District
Anurag Human Services, Tolichowky, Ranga Reddy District
Sai Seva Sangh, Moosapet, Ranga Reddy District
St. Anthony's Education Society, Mirjalaguda, Ranga Reddy District
Venkateswara Social Service Association, Mirjalaguda, Ranga Reddy District
Old age Welfare Centre, Miyapur, Ranga Reddy District

**Appendix-3.4**  
**(Reference to paragraph 3.4 page 74)**

**A. Details of payments made without receipt of stock (food provisions) in CDPOs**

(₹in lakh)

	Invoice No./date	Name of the firm	Recipient	Amount paid
1	6566/13-3-2013	HACA Ltd.	CDPO, Peddapalli	6.26
2	477/21-3-2013	National Coop. Consumers Federation of India Ltd.	CDPO, (Rural)	5.99
3	6569/16-03-2013	HACA Ltd.	CDPO, Bheemdevarapally	17.58
4	6568/04-03-2013	HACA Ltd.	CDPO, Bheemdevarapally	13.73
5	6567/27-02-2013	HACA Ltd.	CDPO, Bheemdevarapally	8.37
6	475/21-3-2013	National Coop. Consumers Federation of India Ltd.	CDPO, Sultanabad	7.26
			<b>Total</b>	<b>59.19</b>

**B. Details of payments made without receipt of stock (Weaning/Snack Food) in CDPO, Metpally**

(₹in lakh)

	Type of Food	Bill No & Date	Delivery Challan No	Quantity (MTs)	Amount
1	Weaning Food	311 Dt 05.09.2015	565 Dt 13.07.2015	24.50	10.69*
2	Weaning Food	405 Dt 30.10.2014	2345 Dt 16.08.2014	19.50	8.51
3	Weaning Food	302 Dt 22.05.2015	9703 Dt 28.04.2015	20.50	8.94
4	Snack Food	107 Dt 24.08.2015	566 Dt 13.07.2015	1.50	0.59
5	Snack Food	102 Dt 22.05.2015	9704 Dt 28.04.2015	1.50	0.59
6	Snack Food	210 Dt 18.03.2015	4380 Dt 31.01.2015	0.50	0.20
				<b>Total</b>	<b>29.52</b>
				Add VAT (5%)	1.47
				<b>Total</b>	<b>30.99</b>

\* Bill was sent to PAO in March 2016 and payment was yet to be made (October 2016)

**Appendix-3.5**  
**(Reference to paragraph 3.7 page 80)**

**Incomplete works at Police Training Centres (as on 31 August 2016)**

Location	Name of work
PTC, Karimnagar	Accommodation for faculty building
	Formation of Parade Ground and Multipurpose ground with obstacles for PTC
	2 Nos Sentry posts
	Administrative Building at PTC Karimnagar
	Bell of Arms, PTC, Karimnagar
	Class Room complex, Lab, Library complex FSL Computers books etc., PTC, Karimnagar
	Compound wall on north east side at the main entrance PTC, Karimnagar
	Indoor Firing Range
	Laying of internal Roads at PTC
	MT Park
Medchal (PTC, Kandlakoya)	Administrative Building at PTC Kandlakoya
	Bell of Arms and Quarter guard at PTC Kandlakoya
	Construction of Class Room complex, Lab & Library, FSL and computer books at PTC Kandlakoya (STN)
	Construction of compound wall on South West side at the main entrance at PTC Kandlakoya
	Construction of Dhobi, Barber, Laundromate, Mocha and accommodation for supporting staff with (G+1) floors
	Construction of Barrack with G+2 floors at PTC Kandlakoya
	Kitchen and Dining building at PTC Kandlakoya
	MT Park
	2 Nos Sentry Posts
	Accommodation for faculty building
	Construction of Indoor firing range for PTC Kandlakoya near Medchal
	Construction of Model Police Station for PTC Kandlakoya near Medchal
	Construction of Out Door faculty Block & Stores for Sports Equipment for PTC Kandlakoya near Medchal
	Construction of Security room for PTC Kandlakoya near Medchal
Parade Ground	
Providing Internal Roads	
Warangal (PTC, Mamnoor)	Administrative Building
	Construction of Class Room complex
	Kitchen



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## **Glossary**

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AD	:	Assistant Director
AML	:	Additional Medicine List
APEWIDC	:	Andhra Pradesh Education and Welfare Infrastructure Development Corporation
APMSIDC	:	Andhra Pradesh Medical Services and Infrastructure Development Corporation
APREIS	:	Andhra Pradesh Residential Educational Institutions Society
BG	:	Bank Guarantee
CHC	:	Community Health Centre
CMS	:	Central Medicine Store
DCA	:	Drugs Control Administration
DGP	:	Director General of Police
DGS&D	:	Director General of Supplies & Disposal
DM&HO	:	District Medical & Health Officer
DME	:	Director of Medical Education
DoH	:	Director of Health
DW&CDA	:	District Women & Child Development Agency
EE	:	Executive Engineer
EMD	:	Earnest Money Deposit
EML	:	Essential Medicine List
FEFO	:	First Expiry First Out
HoD	:	Head of Department
I&PR	:	Information and Public Relations Department
IGNOAP	:	Indira Gandhi National Old Age Pension Scheme
INDIRAMMA	:	Integrated Novel Development in Rural Areas and Model Municipal Areas Scheme
IPM	:	Institute of Preventive Medicine
IPOP	:	Integrated Programme for Older Persons
I.V. sets	:	Intravenous sets
LAMA	:	Left the Hospital Against Medical Advice
MD	:	Managing Director
MRP	:	Maximum Retail Price
MWP&SC Act	:	Maintenance and Welfare of Parents and Senior Citizens Act
NABARD	:	National Bank for Agriculture and Rural Development
NGO	:	Non-Government Organization

NPOP	:	National Policy for Older Persons Programme
NSQ	:	Not of Standard Quality
OPD	:	Out Patient Department
PD Account	:	Personal Deposit Account
PET	:	Physical Education Teacher
PGT	:	Post Graduate Teachers
PHC	:	Primary Health Centre
PO	:	Purchase Order
QC checks	:	Quality Control checks
RC	:	Rate Contract
RCE	:	Regional Centre of Excellence
RDO	:	Revenue Divisional Officer
RVM	:	Rajiv Vidya Mission
SI	:	Surgical Instruments
SSI	:	Small Scale Industries
TGT	:	Trained Graduate Teachers
TPR	:	Teacher-Pupil Ratio
TREIS	:	Telangana Residential Educational Institutions Society
TSMSIDC	:	Telangana State Medical Services and Infrastructure Development Corporation
TVCC	:	Telangana Vikalangula Co-operative Corporation
UPHC	:	Urban Public Health Centre
TVVP	:	Telangana Vaidya Vidhana Parishad



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