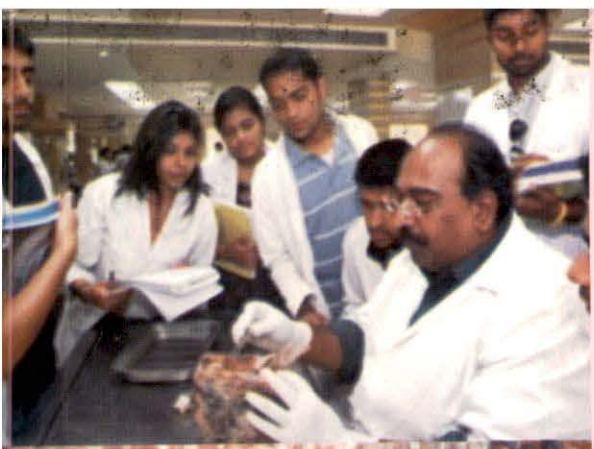


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Report of the Comptroller and Auditor General of India



Union Government (Civil)
Autonomous Bodies
Performance Audit
No.20 of 2010-11

00025

**Report of the
Comptroller and Auditor General
of India**

for the year ended March 2009

**Union Government (Civil)
Autonomous Bodies
Performance Audit
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CONTENTS

	Page	
Preface	<i>iii</i>	
Executive Summary	<i>v</i>	
CHAPTER I :	Medical Council of India (Ministry of Health and Family Welfare)	1
CHAPTER II :	Functioning of Council for Advancement of People's Action and Rural Technology (Ministry of Rural Development)	41
CHAPTER III :	Catalytic Development Programme of Central Silk Board (Ministry of Textiles)	69
CHAPTER IV :	Role of National Centre for Jute Diversification in Promotion of Jute Diversified Products (Ministry of Textiles)	101
CHAPTER V :	Functioning of Brahmaputra Board (Ministry of Water Resources)	123

EXECUTIVE SUMMARY

This Report contains results of performance audit of (i) Medical Council of India (ii) "Functioning of Council for Advancement of People's Action and Rural Technology" (iii) "Catalytic Development Programme" of Central Silk Board (iv) Role of National Centre for Jute Diversification in Promotion of Jute Diversified Products and (v) Functioning of Brahmaputra Board.

MINISTRY OF HEALTH AND FAMILY WELFARE

Medical Council of India

The Medical Council of India (Council) was established in February 1934 under an Act of Parliament - the Indian Medical Council Act 1933 repealed in 1956 by the Indian Medical Council Act, 1956 (*Act*). It aims to establish uniform standards of medical education and recognition of medical qualifications granted by universities/medical institutions in India and abroad. Performance audit of the Council revealed instances of Ministry having granted permissions for establishment of new medical colleges, increase of seats, renewal of permission for admissions and starting of post graduate courses against the recommendations of the Council and norms prescribed in the *Act*. There were also instances of variations in Inspection Reports of the Council and the Ministry. During the period 2007-08 to 2008-09, 59 medical colleges countrywide admitted 326 students in post graduate courses in excess of their intake capacity in violation of provisions of Indian Medical Council Act. The Ministry did not take any action for de-recognition in the case of nine medical colleges whose withdrawal of recognition was recommended by the Council due to persistent irregularities noticed by the Council in many inspections. The Council had not drawn up any schedule for periodical inspection of each medical college though its norms provided for such inspection once in every five years. Of the total colleges inspected by the Council during 2004-05 to 2008-09, 73 *per cent* were inspected after the prescribed period of five years. During the periodical inspections of 62 medical colleges, the Council noticed that there was a shortage of faculty beyond the permissible limits in 29 government and 19 private medical colleges and shortage of residents in 21 government and 18 private medical colleges. The Council did not have a mechanism to check whether doctors whose names were struck off the Indian Medical Register continued the practice nor did it publicize the names of doctors found guilty of professional misconduct in local press etc. as required under its regulations.

(Paragraph 1)

MINISTRY OF RURAL DEVELOPMENT

Functioning of Council for Advancement of People's Action and Rural Technology

The Council for Advancement of People's Action and Rural Technology (CAPART) was set up in 1986, with a mandate to encourage, promote, and assist rural action and propagate appropriate rural technologies for the benefit of the rural poor. This was to be achieved mainly by promoting voluntary action through funding support for innovative, need-based projects, encouraging collaboration amongst voluntary organisation, and selecting, encouraging and disseminating innovative technologies.

A performance audit of CAPART, covering the period 2003-09 and involving scrutiny of records at the Headquarters and three regional offices (Ahmadabad, Bhubaneswar and Jaipur) and field visits to selected project sites, was conducted in spells between April 2009 and July 2010.

The performance audit revealed that CAPART was not achieving its objective of promoting voluntary action through funding support as execution of projects had been poor, with most projects either ongoing with huge time overruns or were terminated. The process for approval, management, and monitoring of projects was flawed, as the majority of the projects falling within the audit sample were improperly appraised and approved, funded and monitored. Field visits to the sites of the selected projects also revealed irregularities in delivery of the intended project benefits.

In the context of overlap of CAPART's activities with other flagship programmes of the Government of India, the Ministry may consider its restructuring.

(Paragraph2)

MINISTRY OF TEXTILES

Central Silk Board

Catalytic Development Programme

Sericulture, a technique of silk production is an agro industry, playing an eminent role in the rural economy in India. The major activities of sericulture comprise food plant cultivation to feed silkworms which spin silk cocoons and reeling the cocoons for unwinding the silk filament for processing and weaving. The Central Silk Board(CSB) implements various schemes for development of sericulture and silk industry with the involvement of State Governments. These schemes are collectively described as Catalytic Development Programme (CDP) which is a Centrally Sponsored Scheme. The

CSB is responsible for formulating the schemes and getting them approved by the Government of India. It releases central share of funds in the prescribed ratio to the State covered by CDP and monitors implementation

The performance audit of implementation of CDP during the period 2004-05 to 2008-09 revealed significant deficiencies in planning, utilisation of funds and implementation. Audit also noticed extension of assistance in contravention of scheme guidelines. In Karnataka, which is one of the major silk producing states, majority of beneficiaries after availing subsidy for construction of rearing houses for production of Bivoltine cocoons for producing higher quality raw silk, discontinued rearing in contravention of the terms and conditions signifying monitoring deficiencies.

(Paragraph3)

National Centre for Jute Diversification

Role of National Centre for Jute Diversification in Promotion of Jute Diversified Products

The National Centre for Jute Diversification (NCJD) was established in 1994 as an autonomous body under the Ministry of Textiles to give focused attention to the diversification efforts in jute sector. The major objectives of NCJD included consolidation of R&D results of various institutes in jute and textiles and transfer to the entrepreneurs for commercial production, to provide training and technical guidance to entrepreneurs/artisans/craftsmen, to plan and execute market promotion strategies and media campaigns and to provide financial assistance by way of subsidy or seed capital. NCJD implemented the schemes without proper planning and monitoring. NCJD focused its efforts mainly in organising awareness workshops/training programmes, providing subsidised jute raw material and participating in fairs. NCJD did not maintain any database on trainees of different training programmes. In the absence of required database, the impact assessment of schemes implemented by NCJD was not feasible. There were deficiencies in selection of Cluster Development Agencies. NCJD could not develop a single jute park as envisaged under Jute Technology Mission. NCJD has been merged in the National Jute Board, which commenced its operation from 1 April 2010. The National Jute Board was required to strengthen its control and monitoring mechanism to ensure proper survey, availability of database in respect of all activities under schemes implemented and outcome thereof.

(Paragraph4)

MINISTRY OF WATER RESOURCES

Functioning of Brahmaputra Board

The Brahmaputra Board was established in 1980 under an Act of Parliament as an autonomous body under the aegis of the erstwhile Ministry of Irrigation (now Ministry of Water Resources), Government of India for planning and integrated implementation of measures for control of floods and bank erosion in Brahmaputra Valley and Barak Valley. The Board was required to prepare Master Plan for the control of floods and bank erosion and improvement of drainage and implement the projects as per approved Master Plans. The Board did not prescribe any time frame for preparation of the Master Plans resulting in non-completion of this main activity till date. There was also lack of coordination between the Board and the States in preparation of Master Plans. The Board could complete preparation of Detailed Project Reports (DPRs) for 34 projects against 64 projects. Approval of Central Water Commission could be obtained for 12 DPRs only against 29 DPRs submitted up to January 2010. The Board took up 20 projects under different schemes for execution, but it could complete only seven projects. There were deficiencies in financial management. Delay in completion of projects had resulted in loss of Rs.243.72 crore in the form of non- achievement of perceived cost benefits under the schemes. Project monitoring mechanism was not effective. The fact that the Board could complete only seven projects during its existence for 27 years proved that it failed to achieve its objectives.

(Paragraph 5)

**MINISTRY OF HEALTH AND FAMILY
WELFARE**

MEDICAL COUNCIL OF INDIA

MINISTRY OF HEALTH AND FAMILY
WELFARE

MINISTRY OF HEALTH

CHAPTER I: MINISTRY OF HEALTH AND FAMILY WELFARE

Medical Council of India

Highlights

- Of the total 299 medical colleges, 188 medical colleges (63 per cent) were in the six States of Maharashtra, Karnataka, Andhra Pradesh, Tamilnadu, Kerala and Uttar Pradesh indicating skewed distribution of medical colleges across the country.

(Paragraph 1.1.1)

- Permission for establishment of four government medical colleges was granted without ensuring fulfillment of the prescribed medical standards relating to faculty, residents, infrastructure, clinical material and para medical nursing staff.

(Paragraph 1.3.1)

- Despite wide variations noticed in the Inspection report of the Council and the Ministry in case of two medical colleges permission for their establishment was granted simply on submission of compliance of deficiencies by the applicants without getting the same verified through compliance verification inspection.

(Paragraph 1.3.1.1)

- Despite non-adherence to required minimum standards of medical education, permission was granted for (i) renewal of permission for yearly admissions to 11 medical colleges (ii) starting of post graduate course in two medical colleges and (iii) increase of seats in three medical colleges.

(Paragraphs 1.3.1.2. and 1.3.2)

- The shortage of faculty and residents beyond the permissible limits were noticed in 29 and 21 medical colleges respectively in the periodical inspection of 42 government medical colleges. Similarly, shortage of faculty and residents beyond the permissible limits were noticed in 19 and 18 medical colleges respectively in the periodical inspection of 21 private medical colleges.

(Paragraph 1.4)

- 59 medical colleges were found admitting 326 students in excess of their intake capacity in 126 post graduate courses.

(Paragraph 1.5)

- Recognition of nine medical colleges imparting medical education of undergraduate (MBBS) courses and nine medical colleges imparting medical education in post graduate courses was not withdrawn despite persistence of major deficiencies noticed since many years.

(Paragraphs 1.6.1 and 1.6.2)

- Out of 128 delinquent medical teachers whose names were deleted from the Indian Medical Register (IMR), 38 medical teachers were found to be working in medical colleges during the period of deletion of their names from IMR. 18 medical teachers were found working in more than one medical college on the same date of inspection thus implying that some other persons had impersonated them in any of the colleges. Besides, 102 medical teachers were found working in both dental and medical colleges simultaneously.

(Paragraph 1.7.1)

- The recommendation of the Parliamentary Committee (Tenth Lok Sabha) for mandatory re-registration/renewal of registration of every medical practitioner remained unimplemented due to inaction on the part of the Ministry.

(Paragraph 1.8)

Summary of Recommendations

- *In order to adhere to the minimum standards of medical education, Ministry, while according permission, should ensure the fulfillment of all conditions/norms required for establishment of new medical colleges, increase of seats, introducing new course of study and renewal of permission for yearly admission.*
- *The Council should lay down the schedule for periodical inspection once in a block of five years to identify the medical institutions due for periodical inspection after their recognition.*
- *The Council should adhere to its own norms of conducting periodical inspection of the recognized medical institutions once in every block of five years.*
- *The Council should review the desirability of application of discriminatory norms for government and private medical colleges.*
- *The Council should fix a time limit for the medical institutions to rectify the deficiencies noticed in the periodical inspections and conduct compliance verification inspection immediately thereafter instead of giving them ample time by giving opportunity time and again for rectification of the deficiencies. After the due date, if the deficiency still persists, the Council should take prompt action as per the Act against the medical institutions.*

- *Necessary facilities should be created to accommodate the increase in sanctioned intake.*
- *The Ministry should take prompt action to derecognize such medical colleges/medical qualifications which do not conform to the prescribed standards of medical education as per recommendation of the Council.*
- *The Council should have an appropriate mechanism to check whether doctors whose names are struck off the Indian Medical Register continue the practice.*
- *Names of doctors found guilty of professional misconduct should be widely publicized as prescribed in Indian Medical Council (Professional Conduct, Etiquette and Ethics) Regulations, 2002 to inform the general public.*
- *The Ministry may like to amend the IMC Act for implementation of the recommendations for compulsory re-registration/renewal of registration of medical practitioner.*

1.1 Introduction

The Medical Council of India (Council) was established in February 1934 under an Act of Parliament - the Indian Medical Council Act 1933 repealed in 1956 by the Indian Medical Council Act, 1956 (*Act*). The Act was further amended in the years 1964, 1993 and 2001. The major amendment introducing Sections 10A, 10B and 10C was made in the year 1993 called the Indian Medical Council (Amendment) Act 1993 now referred to as Act in this review. In exercise of the powers conferred on it under Section 33 of the Act, the Council makes regulations with the previous sanction of the Central Government.

The Council functions as an advisory body on medical education. It aims to establish uniform standards of medical education and recognition of medical qualifications granted by universities/medical institutions in India and abroad as per mandate given in Box-1 below:

Box-1: Mandate of the Council

- Maintenance of uniform standards of medical education - both at undergraduate and postgraduate levels.
- Recommendation for starting new medical colleges, new courses including postgraduate or higher studies and increase of seats.
- Recommendation for recognition and de-recognition of medical qualifications of medical institutions within and outside the country.
- Grant of provisional and permanent registration, and registration of additional qualification as applicable to persons holding recognized medical qualifications.
- Maintenance of Indian Medical Register (IMR)
- Prescribing and enforcing ethical conduct of medical profession by the registered medical practitioners and invoking disciplinary action in cases of breach thereof.

1.1.1 Status of medical colleges

There were 299 medical colleges (comprising 141 government and 158 private medical colleges) in the country as of July 2009 of which, 149 medical colleges were established after the commencement of Indian Medical Council (Amendment) Act 1993. Of the 141 government medical colleges and 158 private medical colleges, 120 and 100 medical colleges respectively have been recognized as of July 2009. The remaining medical colleges are in the process of recognition as on that date. Out of the 100 private medical colleges, 47 colleges had been recognized during the period 2004-09.

Of the 299 medical colleges, 188 Colleges (63 *per cent*) were in the six states of Maharashtra, Karnataka, Andhra Pradesh, Tamilnadu, Kerala and Uttar Pradesh indicating skewed distribution of medical colleges across the country.

1.1.2 Organizational structure

The Council functions under the administrative control of the Ministry of Health and Family Welfare (Ministry). Section 3(1) of the *Act* provides for constitution and composition of the Council. During the period of report the Council was headed by a President and Vice-President, both honorary members elected by the members of the Council from amongst themselves. The day to day working of the Council was supervised by a Secretary assisted by one Additional Secretary, one Joint Secretary and two Deputy Secretaries looking after different departments.

1.1.3 Procedure of establishment and recognition of new medical colleges

A new medical college is established under the provisions of Section 10 A of the Act. As per the Act, the Central Government may grant permission to set up a new medical college on the recommendations of the Council. For that purpose, any person (University or Trust) who intends to establish a new medical college would apply in the prescribed format to the Central Government which will be forwarded to the Council for evaluation and recommendation. The Council, in turn, would evaluate the application in terms of desirability and prima facie feasibility of setting up the medical college in accordance with the norms set out in the Act and concerned regulations relating to the each element of infrastructure, equipment, hospital facilities, accommodation, financial resources and training to students etc. After examining the application by conducting physical inspection, the Council makes its recommendations to the Central Government, which in turn, would issue letter of intent to set up a new medical college with such conditions or modifications as it may consider necessary. After the above conditions are accepted and upon furnishing of a bank guarantee of required amount by the applicant, the Central Government may grant formal permission to establish a medical college and admit students as per the sanctioned intake capacity for an initial period of one year. The permission is then renewed on yearly basis subject to achievements of annual targets. This process continues till such time the establishment of the medical college and expansion of hospital facilities are completed and formal recognition of the medical college is granted by the Central Government.

Similar procedure is to be adopted in the case of applicants for increase in intake capacity of students and starting of a new/higher course of study (post graduate courses) in various fields.

1.1.4 Finances

During the years 2004-05 to 2008-09, the Council received grants amounting to ₹ 7.25 crore from the Ministry. It also generated its own receipts amounting to ₹ 112.90 crore. Details are given in Table -1 below:-

Table -1

Year	Grant		Own receipts	Total	Expenditure		Total Exp.	Savings
	Plan	Non Plan			Plan	Non-plan		
2004-05	0.60	0.55	11.83	12.98	0.60	7.98	8.58	4.40
2005-06	1.00	0.60	9.08	10.68	0.56	8.68	9.24	1.44
2006-07	1.00	0.60	14.61	16.21	1.11	8.82	9.93	6.28
2007-08	1.00	0.60	28.07	29.67	4.10	12.00	16.10	13.57
2008-09	1.00	0.30	49.31	50.61	1.97	17.45	19.42	31.19
TOTAL	4.60	2.65	112.90	120.15	8.34	54.93	63.27	56.88

It may be seen from the above table that although the Council's own receipts have increased over the years resulting in increase in savings every year indicating a degree of self sufficiency, it continued to draw grants from the Government for its Plan and Non Plan expenditure.

1.2 Audit Approach

The audit of the Council is conducted by the Comptroller and Auditor General of India under Section 20(1) of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971.

1.2.1 Audit objectives

The performance audit was conducted to verify whether:

- the Council met the principal objective of keeping uniform standards² of medical education while recommending for establishment and recognition of a new medical college - both at undergraduate and postgraduate levels.
- the Council maintained uniform standards of medical education by conducting periodical inspections of existing medical colleges.
- the Council was maintaining and updating regularly the Indian Medical Register (IMR) and took appropriate action against physicians found delinquent as per professional conduct.

¹ Inspection/registration fee for inspection and registration of medical colleges and persons holding recognized medical qualifications respectively.

² Establishing curriculum, standards, methods for examination and internships to ensure maintenance of uniform standards of medical education and conducting inspection/visitation with a view to ensure maintenance of proper standard of medical education.

1.2.2 Audit scope

The performance audit covered the period from 2004-05 to 2008-09 and involved the examination of all the records in the Council and the Ministry relating to establishment of 71 new medical colleges established during the above period. The scope of audit also covered examination of records of all 63 medical colleges periodically inspected by the Council during the period of report. The audit was conducted from 8 June 2009 to 25 September 2009.

1.2.3 Audit criteria

The following audit criteria were adopted:-

- Provisions of the Indian Medical Council Act, 1956
- Regulations of the Indian Medical Council
- Guidelines/Instructions issued by the Government

1.2.4 Audit methodology

The performance audit of the Council commenced with an entry conference with the Secretary, Council in August 2009, in which audit objectives, criteria, scope of audit and methodology were discussed. The Council was dissolved in May 2010, and a Board of Governors was constituted to perform the functions of the Council. Audit findings were discussed in detail with the Board of Governors during exit conference held in October 2010. Most findings were accepted by the Board.

1.2.5 Acknowledgment

We acknowledge the cooperation and assistance rendered by the Council and the Ministry during the course of this performance audit.

Audit findings

Performance audit of the Council revealed non-adherence to uniform standards in medical education in cases of (1) establishment of new medical colleges, (2) increase of seats in existing medical colleges, (3) renewal of permission for yearly admissions, (4) periodical inspection of recognized medical colleges and (5) continuance of recognition of recognized medical colleges. The Council also failed to take action against the delinquent doctors/medical teachers. Audit findings highlighting the non-achievement of objectives by the Council/Ministry are discussed in the succeeding paragraphs.

While examining the Inspection Reports of the Council in connection with the establishment and recognition of medical colleges, Audit noted that the letter forwarding the Reports to the Council were signed by all three inspectors. However, the detailed Report was signed only by the whole time inspector. These Reports were subsequently reviewed and accepted by the Council.

1.3 Non-adherence to uniform standards of medical education in the establishment of new medical colleges, renewal of permission for yearly admissions and increase in seats in existing medical colleges:

1.3.1 Non-maintenance of norms in establishment of new medical colleges

During the years 2004-05 to 2008-09, the Council, through the Ministry, received 255 applications for evaluation and assessing desirability and prima facie feasibility of setting up of the new medical colleges. The details of applications recommended by the Council and approved by the Ministry are given in Table-2 below:

Table-2

Year/academic year	No. of applications for establishment of new medical college		
	Received	Recommended by the Council	Approved by the Ministry
2004-05/2005-06	40	13	13
2005-06/2006-07	46	18	20
2006-07/2007-08	44	7	9
2007-08/2008-09	63	19	19
2008-09/2009-10	62	10	10
TOTAL	255	67	71

Out of the 71 cases approved by the Ministry, Audit noticed that in four cases of government medical colleges³ (details given in **Annexure I**), Council noticed the following major deficiencies:

- shortage of faculty and residents beyond the permissible limits of 10 per cent,
- infrastructure like college building, hostels, lecture theatres, wards, teaching area in out patient departments (OPD) etc. was not complete
- clinical material in terms of radiological investigations, laboratory investigations, OPD attendance and Operation theatre equipments etc. were grossly inadequate and
- inadequate para medical and nursing staff etc.

Accordingly, Council recommended to the Central Government for disapproval of the establishment of these medical colleges. Three of the above colleges (Sl No. 1-3 of the footnote) submitted their compliance reports during September 2006 to July 2007 to the Ministry. The Ministry, granted permission for their establishment without getting the compliance reports verified from the Council. Audit, therefore observed that in the absence of verification inspection of compliance reports by the Council, it could not be ensured that the medical colleges, which the Ministry permitted to establish, conformed to the prescribed standards of medical education.

³ (i) Shimoga Institute of Medical Sciences, Shimoga, Karnataka, (ii) Raichur Institute of Medical Sciences, Raichur, Karnataka, (iii) Hassan Institute of Medical Sciences, Hassan, Karnataka and (iv) NDMC Government Medical College, Jagdalpur, Orissa

In case of fourth college, Ministry sent the compliance report of the medical college to the Council and the Directorate General of Health Services (DGHS) for their comments. Both the institutions inspected the college in the 1st week of July 2006. Inspection reports of both the institutions were found at great variance specifically in the status of teaching faculty. DGHS recommended for establishment of the college whereas Council denied the recommendation. Ignoring the Council's recommendations, Ministry permitted establishment of the medical college with reduced intake from 100 to 50 students on the basis of the recommendations of the DGHS. In this case also, audit observed that due to variances in the inspection reports, it could not be ensured whether the medical college met the prescribed minimum standards of medical education.

1.3.1.1 Variance in inspection reports of Council and the Ministry

During the period under review, the Ministry conducted inspection of 18 medical colleges⁴ to verify the facilities as reported to have been available at these colleges as per recommendations of the Council. Audit observed wide variations in the findings of the inspection team of the Council and the Ministry in respect of the following two medical colleges (Case Study 1 and Case Study 2) which were granted LOI/LOP by the Ministry for establishment of new medical colleges.

⁴ (i) Santosh medical college and hospital, Ghaziabad, UP, (ii) Bhaskar medical college, Yenkapally, Andhra Pradesh (iii) Shadan Institute of medical sciences and research, Peerancheru, Andhra Pradesh, (iv) Konoseema Institute of medical sciences and research foundation, Amlapuram, Andhra Pradesh (v) Santhiram medical college, Nandayal, Andhra Pradesh (vi) Muzaffarnagar medical college and hospital, Muzaffarnagar, Uttar Pradesh, (vii) Rohilkhand medical college and hospital, Barielly, Uttar Pradesh (viii) Index medical college, hospital and research centre, Indore, Madhya Pradesh (ix) Ram Murthi Samarak medical college and hospital, Barielly, Uttar Pradesh (x) Hind Institute of medical sciences, Barabanki, Uttar Pradesh (xi) Kasturba medical college, Manipal Karnataka (xii) Kasturba medical college, Bangalore, Karnataka (xiii) Government medical college, Madhepura, Bihar (xiv) Government medical college, Bettiah, Bihar (xv) Government medical college, Pawapuri, Bihar (xvi) Geetanjali medical college and hospital, Udaipur, Rajasthan (xvii) National Institute of medical sciences, Jaipur, Rajasthan (xviii) People's college of medical sciences, Bhopal, Madhya Pradesh.

Case Study-1 Geetanjali Foundation, Udaipur, Rajasthan (private)

The Ministry forwarded (February 2008) the compliance report to the Inspection Report of the Council of Geetanjali Foundation, Udaipur, Rajasthan for establishment of a new medical college. The Council conducted compliance verification inspection (April 2008) and found adequate infrastructural facilities and recommended (June 2008) grant of LOP. Subsequently, the Ministry conducted (July 2008) inspection of the said college. There were wide variations in respect of the following parameters in the inspection reports as shown below:-

Parameter	Council's inspection	Ministry's inspection
Infrastructure	Adequate	The medical college building, hostels and staff quarters were under construction.
Clinical material	Adequate	Grossly inadequate i.e. most of the patients admitted from OPD for investigations to increase the bed occupancy and investigations.

The Ministry, in its inspection report, also pointed out that the building, in its current state (Photo-1), could pose different kinds of hazards to students and may lead to fatal accidents and injuries. Accordingly, Ministry asked (August 2008) the applicant to rectify the deficiencies and furnish the compliance. After receipt of compliance (September 2008), the Ministry issued LOI and LOP (September 2008). The Ministry granted permission on the basis of compliance reported by the college without re-inspection which was not justified.

The Ministry stated (November 2009) that permission was granted in view of the detailed compliance report by the college, shortage of time due to Hon'ble Supreme Court order dated 3 September 2008 giving a week's time to decide the issue and positive recommendations of the Council. The reply is not justified as the compliance reported by the college was not verified by the Ministry and the Council recommendation stood superseded by the adverse subsequent inspection report of the Ministry.



Photo: Work in progress of college building at Udaipur, Rajasthan (July 2008)

Case Study-2 Fateh Chand Charitable Trust, Muzaffarnagar, Uttar Pradesh (private)

As per norms of the Council, shortage up to five *per cent* of the total required number of faculty and residents was condonable while considering the Inspection Reports of the private medical colleges. It was seen in audit that the Ministry forwarded (September 2005) the application of Fateh Chand Charitable Trust, Muzaffarnagar for establishment of new medical college to the Council. The Council, after conducting (2-3 June 2006) inspection, recommended (15 June 2006) issue of LOP. The Ministry, however, after a gap of 26 days, carried out (29 June 2006) an inspection and found wide variations in respect of the following parameters in the inspection report submitted by the Council.

Parameter	Council's inspection	Ministry's inspection
Shortage of teaching faculty	Less than 5 <i>per cent</i>	57.6 <i>per cent</i>
Shortage of residents	Nil	68.4 <i>per cent</i>
Clinical material-Bed occupancy	84 <i>per cent</i>	21.33 <i>per cent</i>

The inspection by the Ministry revealed significantly higher deficiencies than that noticed by the Council in its inspection. The reason for wide variations in the inspection report carried out after a gap of 26 days was not available on record. The Ministry, however, issued LOI on 12 July 2006 and LOP on 14 July 2006 after the college clarified (11 July 2006) that half of the faculty was on vacation and cited incessant rains for deficiency in clinical material.

The Ministry replied (November 2009) that permission was granted on the basis of specific recommendations of the Council. The reply is not acceptable as the inspection carried out by the Ministry subsequently (29 June 2006) superseded the earlier inspection of the Council (2-3 June 2006).

Thus, despite wide variances in the inspection reports of the Ministry and the Council, permission was granted by the Central Government for the establishment of new medical colleges simply on submission of compliance of the deficiencies by the applicant without getting the same verified through compliance verification inspection by the Council.

1.3.1.2 *Non-adherence to uniform standards of medical education in renewal of permission for yearly admissions*

Audit observed in 11 cases⁵ of renewal of permission for yearly admissions and two cases⁶ of starting Post graduate (PG) courses (details given in **Annexure II**), that the Council did not recommend renewal of permission for

⁵ (i) Hassan Institute of Medical Sciences, Hassan, Karnataka, (ii) Shri Guru Ram Rai Institute of Medical Sciences, Dehradun, Uttarakhand, (iii) Theni Medical College, Theni, Tamilnadu, (iv) Belgaum Institute of Medical Sciences, Belgaum, Karnataka, (v) Mandya Institute of Medical Sciences, Mandya, Karnataka, (vi) Tripura Medical College & B.R.A.M Teaching Hospital, Agartala, Tripura, (vii) Raichur Institute of Medical Sciences, Raichur, Karnataka, (viii) Agartala Government Medical College, Agartala, Tripura, (ix) Government Medical College, Vellore, Tamil Nadu, (x) Kanyakumari Medical College, Asaripallam, Tamil Nadu, (xi) SCB Medical College, Cuttack, Orissa

⁶ Command Hospital, Kolkata, Institute of Mental Health and Hospital, Agra, Uttar Pradesh

admission due to major deficiencies noticed during inspection of the college as shown below:

- shortage of faculty and residents beyond the permissible limits of 10 *per cent*,
- infrastructure like examination hall, hostels, operation theatres, lecture theatres, laboratory, demonstration rooms, wards, library books, etc. was not adequate,
- clinical material in terms of radiological investigations, laboratory investigations, bed occupancy, and microbiological services, equipments, etc. were inadequate and
- inadequate para Medical and Nursing staff etc.
- No training courses conducted.
- Non-availability of facilities required for basic sciences

Accordingly, Council recommended to the Central Government for disapproval of the renewal of permission/starting of PG courses in these medical colleges. Despite non-fulfillment of minimum standards of medical education in these medical colleges, the Ministry granted renewal of permission for yearly admissions in these medical colleges as these were government medical colleges and on the basis of assurances/replies given by the State Governments. Further, audit could not verify as to whether these deficiencies had been rectified in the absence of compliance verification inspection by the Council.

In order to have full appreciation of the case, out of 11 cases cited above, one case of Tripura Medical College & B.R.A.M. Teaching Hospital Agartala, where the audit had found persistence of deficiencies in renewal for 2nd and 3rd batch of students is discussed below:

Tripura Medical College & Dr. B.R.A.M. Teaching Hospital, Agartala

During inspection (June 2007) of Tripura Medical College & Dr. B.R.A.M. Teaching Hospital, Agartala for renewal of permission for admission of 100 students for 2nd batch of MBBS students, the Council noticed various deficiencies, including 92 and 100 *per cent* new appointments of faculty and resident doctors respectively and recommended (June 2007) non-renewal of permission to the Ministry. It was, however, noticed that on the basis of undertaking of the State Government to rectify the deficiencies and keeping in view the fact that the college was a joint venture on public private partnership model in the North East, the Ministry approved (July 2007) renewal of permission for admission for the 2nd batch and advised the applicant to rectify the deficiencies within a period of three months. These deficiencies, however, persisted as was noticed in subsequent inspections by the Council for renewal of permission for admission of 3rd batch as per details given in Table 3 below:

Table -3

Sl. No.	Period of inspection	Shortage of teaching staff (in per cent)	Shortage of residents (in per cent)	Other deficiencies
1.	May 2008	13.00	Nil	Inadequate clinical material and infrastructural facilities
2.	August 2008	51.72	63.41	Grossly inadequate clinical material, inadequate infrastructural facilities
3.	October 2008	20.56	18.29	Grossly inadequate clinical material

The Ministry replied (November 2009) that permission was renewed for 2nd batch on the basis of undertaking given by the Health Minister, Government of Tripura to rectify the deficiencies within a specified period. The Ministry added that in view of the Council's recommendations, renewal of permission for 3rd batch was not granted by the Central Government. However, the fact remained that the Ministry granted permission for renewal of admission for the 2nd batch on the basis of State Government's undertaking ignoring the Council's recommendations. Further, the deficiencies noticed during inspection for admission of 2nd batch persisted up to the inspection carried out in October 2008 for admission of 3rd batch whereas according to the conditions granting permission for 2nd batch, these deficiencies should have been rectified within three months from July 2007 i.e. by October 2007.

Recommendation

- *In order to adhere to the minimum standards of medical education, Ministry, while according permission, should ensure the fulfillment of all conditions/norms required for establishment of new medical colleges, increase of seats, introducing new course of study and renewal of permission for yearly admission.*

1.3.2 Non-adherence to uniform standards of medical education in increase of seats in existing medical colleges

Audit examined all the 93 applications received by the Council during the years 2004-05 to 2008-09, for evaluation and assessing desirability and prima facie feasibility of increase of seats. It was noticed that of the above, the Council recommended only 26 applications for increase in seats against which the Government granted increase of seats in 29 cases. The year wise details of the recommendations made by the Council vis-à-vis approval accorded by the Ministry is given in Table-4 below:

Table-4

Year/Academic year	No. of applications for increase of seats		
	Received	Recommended by the Council	Approved by the Ministry
2004-05/2005-06	13	3	3
2005-06/2006-07	15	8	8
2006-07/2007-08	16	3	6
2007-08/2008-09	23	3	3
2008-09/2009-10	26	9	9
	93	26	29

In three cases of government medical colleges⁷ (details given in **Annexure I**), the Council highlighted the following major deficiencies:

- shortage of faculty and residents beyond the permissible limits of 10 per cent,
- infrastructure like examination hall, hostels, lecture theatres, demonstration rooms, etc. was not adequate,
- clinical material in terms of radiological investigations, laboratory investigations, bed occupancy, and microbiological services, etc. were inadequate and
- inadequate para Medical and Nursing staff etc.

Accordingly, Council recommended to the Central Government for disapproval of the increase of seats in these medical colleges. Despite non-fulfillment of minimum standards of medical education in these medical colleges, the Ministry granted permission for increase of seats in these medical colleges on the pretext that (i) these were government medical colleges and (ii) in cases of two medical colleges in Orissa, the State Government indicated scarcity of medical colleges in the State and assured to get the deficiencies rectified by the concerned medical colleges. Further, audit could not verify as to whether these deficiencies had been rectified in the absence of compliance verification inspection by the Council.

1.4 Non-maintenance of uniform standards of medical education through periodical inspection of recognized medical colleges

In order to meet the prime objective of maintaining uniform standards of medical education both at Undergraduate and Postgraduate levels, the Council is required to carry out periodical inspections of existing medical colleges. The mandate of the Council in this regard is given in Box-2 below:

Box-2: - Mandate for inspection of medical colleges

Sections 17 and 18 of the *Act* provide that the Executive Committee of the Council shall appoint medical inspectors/visitors to inspect any medical institution, college, hospital to assess the adequacy of the standards of medical education with respect to staff, equipment, accommodation and training facilities for the purpose of recommending to the Ministry, for continuance of recognition of medical qualifications granted by the university or medical institution. The Act, however, did not provide any periodicity for conducting such periodical inspections.

Audit examined all the inspection reports of 63 medical colleges which were periodically inspected by the Council during the period 2004-05 to 2008-09. The deficiencies noticed are discussed in the subsequent paragraphs.

⁷ (i) T.D. Medical College, Alappuzha, Kerala, (ii) M.K.C.G. Medical College, Brahmapur, Orissa and (iii) V.S.S. Medical College, Barla, Orissa

1.4.1 *Non-adherence to norms for periodical inspection*

In the absence of any norm in the Act, the Council adopted the norm of periodical inspection of a medical institution for continuation of recognition of medical qualification once in every block of five years after the recognition of the institution. For this purpose, the Council however did not lay down any schedule to identify the medical institution due for periodical inspection. Due to non-laying of any schedule, the Council could not adhere to its own norm of periodical inspection and out of 63 medical colleges inspected during 2004-05 to 2008-09, 56 medical colleges (89 *per cent*) were inspected after a period ranging from 6 – 16 years as given in Table-5 below (college-wise details in **Annexure-III**):

Table-5

Time interval for periodical inspection	No. of colleges		
	Government	Private	Total
Below 5 years	2	5	7
5 to 6 years	4	6	10
6 to 8 years	19	7	26
8 to 10 years	6	1	7
10 to 12 years	8	2	10
12 to 14 years	2	0	2 ⁸
14 to 16 years	1	0	1 ⁹
Total	42	21	63

While accepting the audit comment, the Council stated (October 2009) that the concerned colleges had either not sent any compliance report or had submitted compliance report which *prima facie* was unsatisfactory in the sense that the major deficiencies were not rectified without which, further inspection was neither open nor permissible.

The reply, however, does not explain as to why in the absence of compliance reports or unsatisfactory compliance reports, no action was initiated against the institutions to rectify the deficiencies pointed out and why further inspection could not be carried out as per the Act to ensure maintenance of uniform standards in quality of medical education in existing medical colleges.

1.4.2 *Deficiencies noticed during periodical inspection*

Adequacy of teaching faculty and residents is one of the important factors to ensure maintenance of uniform standards in medical education. As per the prevalent policy of the Council, shortage of faculty and residents up to 5 *per cent* and 10 *per cent* each in private and government medical colleges respectively, was considered to be within permissible limits. Although such deficiencies affect the standard and quality of medical education in both the

⁸ 1) S.N. Medical College, Agra, Uttar Pradesh
2) M.L.N. Medical College, Allahabad, Uttar Pradesh

⁹ Lady Harding Medical College, New Delhi

government and private medical colleges equally, the reason for fixing diluted norms in government medical colleges was not found on record.

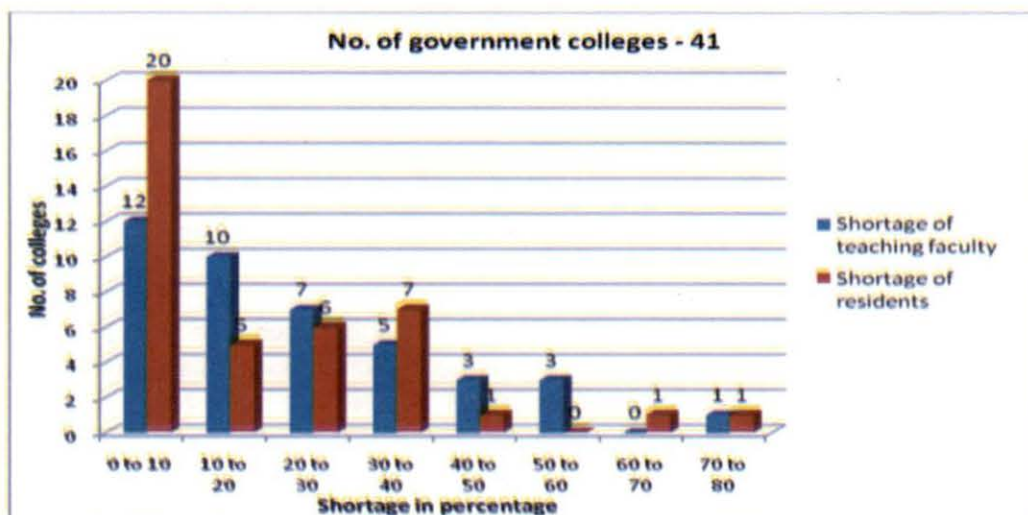
1.4.2.1 Deficiencies in government medical colleges

In the 42 government medical colleges the records of periodical inspection of which were checked, Audit noticed the following deficiencies:

- i. 18 medical colleges were running short of (1) faculty ranging from 12.86 to 71.5 per cent and (2) residents ranging from 16 to 70.27 per cent as against the permissible limit of 10 per cent.
- ii. 11 medical colleges were running short of faculty ranging from 13.1 to 45.53 per cent as against the permissible limit of 10 per cent.
- iii. Three medical colleges were running short of residents ranging from 10.4 to 63.38 per cent as against the permissible limit of 10 per cent.

The details of percentages of shortages of faculties and residents in the government medical colleges are indicated in Graph 1 below (college wise details are given in Annexure III).

Graph-1



The shortages of faculty and residents noticed in periodical inspection of 29 (comprising 71 per cent) and 21 (comprising 51 per cent) government medical colleges respectively were beyond the permissible limits.

1.4.2.2 Deficiencies in private medical colleges

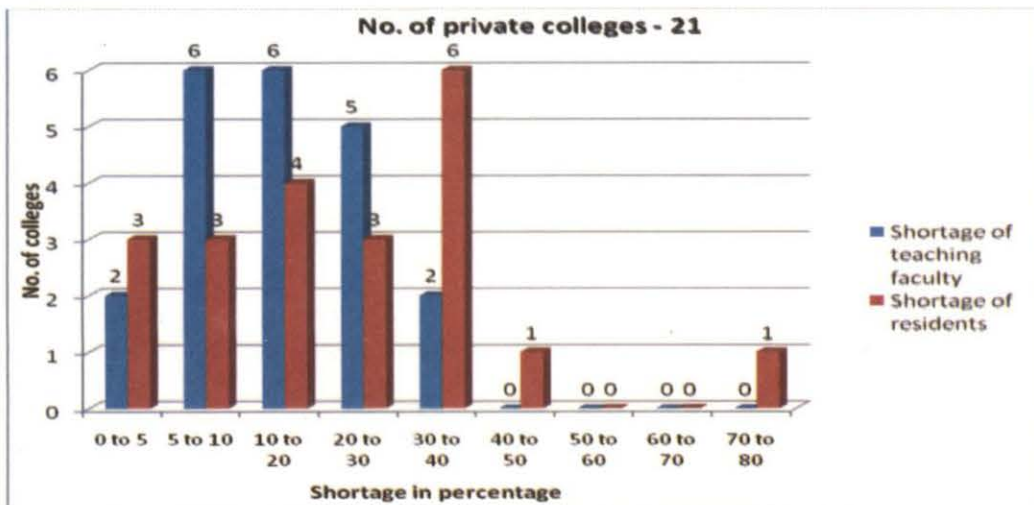
Similarly, in the 21 private medical colleges periodically inspected by the Council, Audit noticed the following deficiencies:

- i. 17 medical colleges were running short of (1) faculty ranging from 8 to 30.2 per cent and (2) residents ranging from 5.4 to 73.8 per cent as against the permissible limit of 5 per cent.

- ii. Two medical colleges were running short of faculty ranging from 6.5 to 6.70 per cent as against the permissible limit of 5 per cent.
- iii. One medical college was running short of residents by 35.02 per cent as against the permissible limit of 5 per cent.

The details of percentages of shortages of faculties and residents in private medical colleges are indicated in Graph 2 below (college wise details are given in Annexure III).

Graph-2



The shortages of faculty and residents noticed in periodical inspection of 19 (comprising 90 per cent) and 18 private medical colleges (comprising 86 per cent) respectively were beyond the permissible limits.

Despite the non-compliance of norms of faculties and residents required to achieve the uniform standard of medical education noticed in the periodical inspection, the Council instead of taking action for recommending withdrawal of recognition under Section 19 of the Act, permitted the colleges time and again to rectify the deficiencies and thus, these colleges continued imparting medical education without the requisite number of faculties and residents.

The Council (October 2009) accepted the audit findings and stated that the response of the colleges to furnish compliance on the deficiencies noticed in periodical inspection was neither prompt nor encouraging. The only modality of recommending de-recognition available with the Council has proved to be ineffective due to non-implementation of the recommendations of the Council by the Ministry for de-recognition of some medical colleges. The reply of the Council is not acceptable as it did not recommend withdrawal of recognition in any of medical colleges found deficient above.

It is therefore, apprehended that non-compliance of uniform standards of medical education may encourage dilution in quality and standard of imparting medical education. This may also result in producing untrained medical practitioners incapable of delivering quality health care in the country..

Thus, the Council failed to achieve its principal objective of maintenance of uniform standards of medical education by (i) keeping different norms of permissible limits of shortage in faculties and residents for government and private medical institutions and (ii) not taking appropriate action as per the Act against the medical colleges found deficient in periodical inspections.

Recommendations

- *The Council should lay down the schedule for periodical inspection once in a block of five years to identify the medical institutions due for periodical inspection after their recognition.*
- *The Council should adhere to its own norms of conducting periodical inspection of the recognized medical institutions once in every block of five years.*
- *The Council should review the desirability of application of discriminatory norms for government and private medical colleges.*
- *The Council should fix a time limit for the medical institutions to rectify the deficiencies noticed in the periodical inspections and conduct compliance verification inspection immediately thereafter instead of giving them ample time by giving opportunity time and again for rectification of the deficiencies. After the due date, if the deficiency still persists, the Council should take prompt action as per the Act against the medical institutions.*

1.5 Excess admission against permitted intake of seats

As per Section 10 B. 3 of the Act where any medical college increases its admission capacity in any course of study or training except with the previous permission of the Central Government no medical qualification granted to any student of such medical college on the basis of the increase in its admission capacity shall be a recognized medical qualification. As per explanation 2 under Section 10. A 'Admission Capacity' in relation to any course of study in a medical college means the maximum number of students that may be fixed by the Council from time to time.

Audit scrutiny revealed that during the year 2007-08 and 2008-09, 59 colleges admitted students in excess of their intake capacity. The year-wise details of students admitted in excess of the permitted intake of seats available in PG courses are given in Table-6 below (college-wise details in **Annexure-IV**):

Table-6

Year	Number of medical colleges	No of courses	Number of students admitted in excess of the permitted intake
2007-08	55	121	317
2008-09	4	5	9
Total	59	126	326

A sample of 10 colleges¹⁰ selected on random basis was taken for scrutiny which revealed that the Council had asked the colleges (January, August and November 2008) to discharge the students admitted in excess of the sanctioned intake during the academic years 2007-08 and 2008-09, and forwarded the letter to the concerned State Government for necessary action. The colleges, however, did not take any action and the concerned State Government had also not taken any action against the colleges. Thus, the aforesaid medical colleges have been admitting students in excess of their intake capacity in disregard to the provisions of the Act above.

Audit scrutiny also revealed that the Council, instead of sending its specific recommendations in such cases to the Central Government for taking necessary action under Section 10. A of the Act, issued discharge notices directly to the concerned colleges with copy to the concerned State Governments, State Medical Councils and the Universities, which remained unattended to while the Central Government was the only authority to derecognize admissions in such medical institutions.

Recommendation

- *Action may be taken to create adequate facilities to accommodate the increase in sanctioned intake.*

1.6 Failure to derecognize medical qualifications awarded by medical colleges failing to conform to prescribed standards

Section 19 of the *Act* stipulates that whenever it appears to the Council that the facilities of staff, equipment, accommodation, training or other facilities provided by the medical college do not conform to the standards prescribed by the Council, the Council shall make a representation to that effect to the Ministry. The Ministry may forward it to the concerned State Government seeking explanation for the shortcomings. After receipt of reply from State Government, the Ministry may issue notification on recognition of the said medical qualification. Out of 220 recognised medical colleges, the Council

¹⁰ (i) M.P. Shah Medical College, Jamnagar, (ii) Al-Ameen Medical College, Bijapur, (iii) Sri Devraj Urs Medical College, Kolar, (iv) S.V. Medical College, Tirupati, (v) Rangaraya Medical College, Kakinada, (vi) Mahadevappa Rampure Medical College, Gulbarga, (vii) Pramukhswami Medical College, Karmsad, (viii) Andhra Medical College, Visakhapatnam, (ix) Kakatiya Medical College, Warangal, (x) Kurnool Medical College, Kurnool.

recommended for de-recognition of the medical qualifications awarded by nine colleges in case of undergraduate course and nine colleges in case of post graduate courses as discussed in the following paragraphs.

1.6.1 Undergraduate course (MBBS)

Audit examined the records relating to nine medical colleges wherein it was noticed that that in view of major deficiencies persisting since many years, the Council, during the period 1998 to 2009, recommended to the Ministry for withdrawal of recognition for MBBS course (details given in Table-7 below). The Ministry, however, did not withdraw recognition of these medical colleges.

Table-7

Sl. No.	Name of medical college	Year of inspection	Deficiencies noticed during inspections	Date of recommending withdrawal by the Council
1.	Dr. B.R. Ambedkar Medical College, Bangalore, Karnataka (Private)	2002, 2004, 2007, 2008, 2009	<ul style="list-style-type: none"> ▪ Shortage of teaching faculty and residents ▪ Inadequate infrastructural facilities ▪ Grossly inadequate clinical material ▪ Low bed occupancy 	May 2005, May 2007, July 2008, June 2009
2.	S.S. Medical College, Rewa, Madhya Pradesh (Government)	1993, 1998, 2003, 2005, 2006	<ul style="list-style-type: none"> ▪ Shortage of teaching faculty and residents ▪ Inadequate infrastructural facilities ▪ Grossly inadequate clinical material ▪ Absence of separate departments for some specialities 	January 2004, December 2006, February 2007
3.	NSCB Medical College, Jabalpur, Madhya Pradesh (Government)	1998, 2003, 2005, 2006	<ul style="list-style-type: none"> ▪ Shortage of teaching faculty and residents ▪ Inadequate infrastructural facilities ▪ Grossly inadequate clinical material ▪ Poor maintenance of hostels and medical facilities 	January 2004, December 2006
4.	G.R. Medical College, Gwalior, Madhya Pradesh (Government)	2003, 2005, 2006	<ul style="list-style-type: none"> ▪ Shortage of teaching faculty and residents ▪ Inadequate infrastructural facilities 	January 2004, December 2006
5.	MGM Medical College, Indore, Madhya Pradesh (Government)	1992, 1998, 2001, 2003, 2005, 2006	<ul style="list-style-type: none"> ▪ Grossly inadequate clinical material 	January 2004, December 2006
6.	Gandhi Medical College, Bhopal, Madhya Pradesh (Government)	1998, 2003, 2005, 2006	<ul style="list-style-type: none"> ▪ Inadequate nursing and para-medical staff 	January 2004, December 2006, February 2007

Sl. No.	Name of medical college	Year of inspection	Deficiencies noticed during inspections	Date of recommending withdrawal by the Council
7.	B.R.D. Medical college, Gorakhpur, Uttar Pradesh (Government)	1995, 1999	<ul style="list-style-type: none"> ■ Shortage of teaching faculty and residents ■ Gross deficiencies in overall infrastructural facilities 	April 1998, November 1999, April 2003, June 2003, December 2009
8.	Dr. Panjabrao Alias Bhausahab Deshmukh Memorial Medical College, Amravati, Maharashtra (Private)	1997, 2000, 2004, 2005, 2007, 2008, 2009	<ul style="list-style-type: none"> ■ Shortage of teaching faculty and residents ■ Inadequate infrastructural facilities ■ Inadequate accommodation for students, nurses, interns. ■ Inadequate clinical material 	May 2006, February 2007, October 2007, June 2008, June 2009, August 2009, September 2009
9.	Rajendra Institute of Medical Sciences, Ranchi, Jharkhand (Government)	2004, 2005, (3/2008), (6/2008)	<ul style="list-style-type: none"> ■ Shortage of teaching faculty and residents ■ Inadequate infrastructural facilities ■ Inadequate clinical material ■ Anomaly in number of units, faculty and PG students 	May 2006, February 2007

In respect of Dr. B.R. Ambedkar Medical College, Bangalore, Karnataka (sl. no. 1), the college authorities filed an application before the Hon'ble High Court of Karnataka who directed (11 June 2009) the Central Government to pass orders on the issue of recognition within four months from the said order. No orders had been passed by the Central Government as of date (May 2010).

In respect of the five medical colleges listed at sl. nos. 2 to 6, located in Madhya Pradesh, the Ministry asked the State Government in September 2009 to furnish the detailed compliance report on the deficiencies pointed out by the Council. On receipt of the detailed compliance reports in respect of all the aforesaid five medical colleges from the State Government, the Ministry forwarded (November 2009) the same to the Council for comments/recommendations. The Council, however, sought (22 February 2010) further clarifications and/or compliance on the deficiencies still persisting from the concerned colleges.

In respect of B.R.D. Medical College, Gorakhpur, Uttar Pradesh (Government) at sl. no. 7 inspection of the college by the Council in October 1999 revealed that the college was admitting 105 students against the approved annual intake of 50 students for which also there was shortage of staff, besides other gross deficiencies. The State Government forwarded (March 2010) the compliance report of the college on the rectification of deficiencies pointed out in Council's letter dated 11 December 2009 to the Ministry. The Ministry forwarded (March 2010) the said reply of the State Government to the Council for necessary action.

In respect of Dr. Panjabrao Alias Bhausaheb Deshmukh Memorial Medical College, Amravati, Maharashtra (private) at sl. no.8, the Ministry asked (April 2010) the Council to verify the compliance report of the college.

In respect of Rajendra Institute of Medical Sciences, Ranchi, (Government) at sl. no.9, after, conducting compliance verification inspection in March 2008, the Council issued (May 2008) a show cause notice to the college for withdrawal of recognition. The Ministry asked (May 2008), the State Government to furnish the detailed compliance report on rectification of deficiencies noticed by the Council in its inspection of March 2008. No further progress on the case was available on record.

1.6.2 Post graduate courses

Similarly, the Council recommended to the Ministry in the years 2007, 2008 and 2009 for withdrawal of recognition of PG courses and for stopping admissions in PG courses in nine colleges (details given in Table-8 below) in view of the serious deficiencies noticed in the inspections of the colleges (PG course wise details in Annexure V). The Ministry had not taken any action in this regard.

Table-8

Sl. No.	Name of the college/institution and the city in which situated	Date of inspection	Shortage of teaching faculty (in per cent)	Shortage of residents (in per cent)
1.	NSCB Medical College, Jabalpur (Government)	November 2006	31.70	34.10
2.	S.S. Medical College, Rewa (Government)	November 2006	63.00	31.00
3.	G.R. Medical College, Gwalior (Government)	November 2006	28.80	25.80
4.	MGM Medical College, Indore (Government)	November 2006	27.85	29.56
5.	Gandhi Medical College, Bhopal (Government)	November 2006	40.00	25.80
6.	Dr. B.R. Ambedkar Medical College, Bangalore (private)	February 2007	33.54	31.30
7.	Kasturba Medical College, Manipal (private)	February 2007	17.20	36.00
8.	Kasturba Medical College, Mangalore (private)	February 2007	12.57	46.80

In addition to the above, in respect of College of Physicians and Surgeons, Mumbai which offers post graduate qualifications such as M.C.P.S., F.C.P.S., D.G.O., D.C.H., the Council had recommended de-recognition to the Ministry in 1972, 1998, 2000, 2001, 2004 and 2009 on the basis of deficiencies noticed during inspections. Besides, the Council was of the view that the college was neither a statutory body nor an autonomous institution created by an Act of legislature. Since a large number of universities were affording adequate facilities for PG courses, purely examining bodies like the College of Physicians and Surgeons, Mumbai should not be allowed to continue awarding

diploma qualifications. The Ministry has not taken cognizance of the recommendations of the Council as of date (May 2010) and the postgraduate qualifications granted by the said college have not been derecognized though a period of 37 years has elapsed since the first date of recommendation of the Council for de-recognition of the said college.

Thus, continuance of recognition of deficient medical colleges would adversely affect the quality/standards of medical education resulting in incompetent medical practitioners who would prove detrimental to the delivery of public health care.

Recommendation

- *The Ministry should take prompt action to derecognize such medical colleges/medical qualifications which do not conform to the prescribed standards of medical education as per recommendation of the Council.*

1.7 Professional misconduct by medical practitioners

The Indian Medical Council (Professional Conduct, Etiquette and Ethics) Regulations, 2002 prescribes the standards of professional conduct, etiquette and a code of ethics for registered medical practitioners. It also specifies that aforesaid regulations are not intended to constitute a complete list of infamous acts calling for disciplinary action; that circumstances may also arise from time to time in relation to which there may occur questions of professional misconduct which do not come within any of the categories prescribed in the regulations.

Audit scrutiny of the records of the Council revealed the following deficiencies:

1.7.1 Action against medical teachers/doctors for unethical practices

The Council observed in October 2004 that a large number of doctors were claiming employment as medical teachers in more than one medical college at the same time, as noticed from the inspection reports of various medical colleges. The medical colleges were resorting to this practice to fulfill the Council's requirements of minimum staff and getting the requisite permissions/renewals. In this regard Audit observed the following irregularities:

- The Dental Council of India had forwarded (May 2009) the details of 102 medical teaching faculties who were found working in both dental colleges and medical colleges to the Council for necessary action. However the Council had not taken any action in this regard.
- Audit noticed 18 cases of impersonation from the database of the Council for the period 2004-05 to 2008-09 where medical teachers were found working in more than one medical college on the same date

of inspection. As the Council failed to detect the discrepancy, no action was taken on these cases of impersonation.

- During 2006-08, the Council recommended lodging of FIRs against 325 doctors for submitting forged/fake information/certificate/declaration to the Council at the time of Council's inspection of the medical colleges, to the police authorities. When no FIRs were lodged by the police authorities, no further action was taken by the Council except referring the names of such doctors at a belated stage in March 2009 to the Ethics Committee. The Ethics committee removed the names of only three doctors from the IMR, whereas in the remaining cases, it is still in the process of seeking comments/clarifications from the respective doctors most of whom are reported to have left their place of postings. However, the Council should have issued instructions for deleting their name from IMR so that they could not continue their practice further. This could have resulted in continuous practice of the delinquent doctor leading to sub-standard delivery of health care to the public.

In view of the seriousness of the matter, the Council decided (October 2004) to initiate appropriate proceedings for removal of the names of such medical teachers from the Indian Medical Register (IMR), forward their names to all Directorates of Medical Education (DMEs), universities and medical colleges/institutions and publish the same in website - www. mciindia. org. During the years 2004 to 2009, the Council had removed the names of 134 medical teachers/doctors temporarily on various grounds from the IMR as shown in Table-9 below:

Table-9

Period of removal from IMR	Number of medical teachers/doctors
Less than 1 year	1
One year	3
Two years	65
More than two years	65
Total	134

Of the above, 128 were medical teachers and the remaining 6 were medical practitioners. In respect of the 128 medical teachers, audit further noticed from the Declaration forms submitted by the medical colleges during subsequent inspections that 38 such medical teachers were found working in medical colleges during the period of deletion of their name from IMR. Thus the action taken by the Council did not prove to be effective to curb this menace.

1.7.2 Lack of wide publicity of deletion of the name of delinquent doctor

Chapter 8 relating to, 'Punishment and disciplinary action' of the Indian Medical Council (Professional Conduct, Etiquette and Ethics) Regulations, 2002 prescribes that 'deletion from the register shall be widely publicized in local press as well as in the publications of different medical associations/societies/bodies.' The Ethics Committee had also recommended

(October 2007) for publicity through mass media as to the misconduct, how it occurred, how it was detected, what were the punitive measures given and what were the reformative measures.

However deletion of all 134 medical practitioners found delinquent, from the IMR was not widely publicized in local press as well as in the publications of different medical associations/ societies/ bodies. This would result in continuance of the practice by the delinquent medical practitioners.

The Council replied (October 2009) that information of deletion of the name of the concerned teacher/doctor from the IMR, was forwarded to the State Medical Council, DME, Deans/Principals of the concerned institute and displayed on the website of the Council. The reply was silent on the issue of non-publicizing the removal of the name of delinquent doctors from IMR through local press as well as in publications of different medical associations/societies/bodies as required under the regulation *ibid*.

Recommendations

- *The Council should have an appropriate mechanism to check whether doctors whose names are struck off the Indian Medical Register continue the practice.*
- *Names of doctors found guilty of professional misconduct should be widely publicized as prescribed in Indian Medical Council (Professional Conduct, Etiquette and Ethics) Regulations, 2002 to inform the general public.*

1.8 Registration of medical practitioners

In addition to the provisions of Section 25(1) and 25(2) and 13(3) and 23 of the Act requiring practical training in any university or medical institution for provisional/permanent registration of qualified doctors, the Parliamentary Committee on Sub-ordinate Legislation (Tenth Lok Sabha) had made a recommendation for compulsory renewal of registration of medical practitioners. Accordingly, the Council conducted National Workshop on Medical Education which recommended (May 1996) mandatory re-registration/renewal/revalidation of the registration of all medical practitioners after a period of every five years. It also recommended at least 30 hours of continuing medical education (CME) per year for enhancing and upgrading their knowledge and skill to qualify for renewal/revalidation of their registration.

Accordingly, Ministry asked (December 1996) the Council to prepare an action plan for implementation of these recommendations and in turn, the Council requested (April 1997) the Ministry for amendment in the Act for implementation of the recommendations.

The Ministry stated (September 2010) that a final decision on the Indian Medical Council (Amendment) Bill, 2009 for periodic re-registration of

medical practitioners is still awaited as recommendations of the Department Related Parliament Standing Committee on the said Bill are being considered by the Ministry. In the meantime, the Ministry is considering setting up an Overreaching Regulatory Body namely National Commission for Human Resource for Health. However, a final decision on the amendment to Indian Medical Council Act, 1956 has not yet been taken.

The fact, therefore, remained that the objective of the Parliamentary Committee (Tenth Lok Sabha) of enhancement and up-gradation of the knowledge and skill of the practicing qualified doctors to keep pace with the rapid technological developments in medical field remained un-achieved even after a gap of 13 years.

Recommendation

- *The Ministry may like to amend the IMC Act for implementation of the recommendations for compulsory re-registration/renewal of registration of medical practitioner.*

1.9 Conclusion

The Performance Audit revealed non-adherence to prescribed standards in (i) establishment of certain new medical colleges; (ii) increase of seats in certain existing medical colleges without having the requisite facilities/standards and (iii) renewal of permission for yearly admission in some cases without fulfilling the requisite minimum standards pointed out in the respective inspection reports.

The maintenance of uniform standards of medical education was hampered as the Council did not adhere to its own norms of periodical inspection of recognized medical colleges once in a block of five years in 56 out of 63 medical colleges periodically inspected during the review period. It was adopting diluted standards of medical education for the allowable shortages of teaching faculty and residents in the government medical colleges in comparison to the private medical colleges. Out of these 63 medical colleges, 48 and 39 medical colleges were allowed to function despite shortages of faculty and residents respectively beyond the permissible limits in both the government and private sectors.

Thus, the performance audit revealed failure of the Council to achieve its principal objective of maintenance of uniform standards of medical education, leading to sub-standard quality of medical education being imparted in the medical colleges found deficient. This may also result in adverse affect on the delivery of public health care in the country.

The Ministry furnished replies to the initial audit observations during the audit which have been incorporated in the Report. Reply to the draft Report issued to the Ministry in January 2010 is awaited as of October 2010.

Annexure-I

(Referred to in paragraphs 1.3.1 and 1.3.2)

List of cases where Ministry granted permission for establishment of new medical colleges/increase in seats against recommendations of the Council

Sl No.	Name of college/ Number of seats	Recommendations of the Council	Deficiencies noticed by Council	Action taken by the Ministry
(A) Establishment of new medical college				
1.	Shimoga Institute of Medical Sciences, Shimoga, Karnataka (Government)/100	Disapproved (September 2006) (June 2007)	<ul style="list-style-type: none"> ▪ Shortage of teaching faculty and residents ▪ Inadequate infrastructural facilities ▪ Inadequate clinical material 	In view of the compliance report (July 2007) of the college and request of the State Government, the Ministry issued LOI and LOP on 13 July 2007.
2.	Raichur Institute of Medical Sciences, Raichur, Karnataka (Government)/100	Disapproved (June 2005) (June 2006) (June 2007)	<ul style="list-style-type: none"> ▪ Shortage of teaching faculty and residents ▪ Inadequate infrastructural facilities ▪ Inadequate clinical material ▪ Inadequate para medical and nursing staff 	In view of the compliance report (June 2007) of the college, the Ministry issued LOI and LOP on 13 July 2007.
3.	Hassan Institute of Medical Sciences, Hassan, Karnataka (Government)/100	Disapproved (June 2005) (June 2006) (September 2006)	<ul style="list-style-type: none"> ▪ Shortage of teaching faculty and residents ▪ Inadequate infrastructural facilities ▪ Inadequate clinical material ▪ Inadequate para medical and nursing staff 	In view of the compliance report (September 2006) of the State Government, the Ministry issued LOI and LOP on 29 September 2006.
4.	NDMC Govt. Medical College, Jagdalpur, Chhattisgarh (Government)/50	Disapproved (December 2005) (June 2006) (July 2006)	<ul style="list-style-type: none"> ▪ Shortage of teaching faculty ▪ Inadequate infrastructural facilities ▪ Inadequate clinical material ▪ Inadequate para medical and nursing staff 	In view of the recommendations of the DGHS Committee (July 2006) and the location of the college being in an undeveloped area, the Ministry issued LOI on 12 July 2006 and LOP on 15 July 2006.
(B) Increase of seats in MBBS				
5.	T.D. Medical College, Alappuzha, Kerala (Government)/100 to 150	Disapproved (June 2007)	<ul style="list-style-type: none"> ▪ Shortage of teaching faculty and residents ▪ Inadequate infrastructural facilities 	In view of the reply (July 2007) of the State Government and since it is a Government college, the Ministry issued LOI and LOP on 20 July 2007.

Report No.20 of 2010-11

Sl No.	Name of college/ Number of seats	Recommendations of the Council	Deficiencies noticed by Council	Action taken by the Ministry
6.	M.K.C.G. Medical College, Brahmapur, Orissa (Government)/ 107 to 150	Disapproved (June 2007)	<ul style="list-style-type: none"> ■ Shortage of residents ■ Inadequate infrastructural facilities ■ Inadequate clinical material 	The State Government of Orissa stated (July 2007) that they had asked the college to rectify the deficiencies and forward the compliance report. It also stated that that there were only three Government medical colleges with intake capacity of 364 and due to lesser number of seats lesser number of doctors were available in Orissa to serve in rural areas. It further stated that if the seats were not increased it would cause set back to health care services. Due to the above reasons, the Chief Minister, Orissa requested to permit increase of seats from 107 to 150. In view of the reply of the State Government, the Ministry issued LOI on 13 July 2007 and LOP on 14 July 2007.
7.	V.S.S. Medical College, Barla, Orissa (Government)/107 to 150	Disapproved (June 2007)	<ul style="list-style-type: none"> ■ Shortage of teaching faculty and residents ■ Inadequate clinical material ■ Inadequate para medical and nursing staff 	

Annexure-II

(Referred to in paragraph 1.3.1.2)

List of cases where Ministry granted permission for renewal of yearly admission/starting of PG courses against the recommendations of the Council

Sl No.	Name of college and year in which started/Number of seats	Date of Inspection/ Recommendations of the Council	Deficiencies noticed by Council	Action taken by the Ministry
(A) Renewal of permission for admission of 2nd batch of MBBS for session 2007-08				
1.	Hassan Institute of Medical Sciences, Hassan, Karnataka (Government), 2006-07/100	8-9 June 2007/ Disapproved (June 2007)	<ul style="list-style-type: none"> ▪ Shortage of teaching faculty ▪ Inadequate infrastructural facilities ▪ Inadequate nursing staff 	Based on the compliance report of the college and since it was a Government college, the Ministry granted permission on 10 July 2007.
2.	Shri Guru Ram Rai Institute of Medical Sciences, Dehradun, Uttarakhand (Private), 2006-07/100	8-9 May 2007/ Disapproved (June 2007)	<ul style="list-style-type: none"> ▪ Shortage of residents ▪ Inadequate infrastructural facilities ▪ Inadequate clinical material 	Based on the reply (5 July 2007) of the State Government and since the college was working with a philanthropic motive, the Ministry granted permission on 13 July 2007.
3.	Theni Medical College, Theni, Tamilnadu (Government), 2006-07/100	8-9 June 2007/ Disapproved (June 2007)	<ul style="list-style-type: none"> ▪ Shortage of teaching faculty and residents ▪ Inadequate infrastructural facilities 	Based on the compliance report of the college and since it was a Government college, the Ministry granted permission on 6 July 2007.
4.	Belgaum Institute of Medical Sciences, Belgaum, Karnataka (Government), 2006-07/100	18-19 May 2007 Disapproved (June 2007)	<ul style="list-style-type: none"> ▪ Shortage of teaching faculty and residents ▪ Inadequate infrastructural facilities ▪ Inadequate clinical material 	Based on the compliance report of the college and since it was a Government college, the Ministry granted permission on 10 July 2007.
5.	Mandya Institute of Medical Sciences, Mandya, Karnataka (Government), 2006-07/100	18-19 May 2007/ Disapproved (June 2007)	<ul style="list-style-type: none"> ▪ Shortage of teaching faculty and residents ▪ Inadequate infrastructural facilities ▪ Inadequate para medical and nursing staff 	Based on the replies (29 June 2007) of the college and the State Government, the Ministry granted permission on 13 July 2007.
6.	Tripura Medical College & B.R.A.M Teaching Hospital, Agartala (Public Private Partnership), 2007-08/100	5-6 June 2007/Disapproved (June 2007)	<ul style="list-style-type: none"> ▪ Shortage of teaching faculty ▪ 92 per cent of teaching faculty were new appointments ▪ 100 per cent resident doctors were new appointment ▪ Inadequate clinical material ▪ Inadequate infrastructural facilities 	Based on the undertaking given (3 July 2007) by the State Government to rectify the deficiencies, the Ministry granted permission on 13 July 2007.

Report No.20 of 2010-11

Sl No.	Name of college and year in which started/Number of seats	Date of Inspection/ Recommendations of the Council	Deficiencies noticed by Council	Action taken by the Ministry
(B) Renewal of permission for admission of 2nd batch of MBBS for session 2008-09				
7	Raichur Institute of Medical Sciences, Raichur, Karnataka (Government), 2007-08/100	6-7 June 2008/ Disapproved (June 2008)	<ul style="list-style-type: none"> ■ Shortage of teaching faculty and residents ■ Inadequate infrastructural facilities ■ Inadequate clinical material 	Based on the reply (July 2008) of the State Government, the Ministry granted permission on 10 July 2008.
(C) Renewal of permission for admission of 3rd batch of MBBS for session 2007-08				
8.	Agartala Government Medical College, Agartala, Tripura (Government), 2005-06/100	8-9/June 2007/ Disapproved (June 2007)	<ul style="list-style-type: none"> ■ Shortage of teaching faculty ■ Inadequate infrastructural facilities ■ Inadequate clinical material 	Based on the reply (3 July 2007) of the State Government and in view of shortage of the medical colleges in the North-East and since it was a Government medical college, the Ministry granted permission on 11 July 2007.
9.	Government Medical College, Vellore, Tamil Nadu (Government), 2005-06/100	5-6 June 2007/ Disapproved (June 2007)	<ul style="list-style-type: none"> ■ Shortage of teaching faculty and residents ■ Inadequate infrastructural facilities 	Based on the reply of the State Government and since it was Government medical college, the Ministry granted permission on 6 July 2007.
(D) Renewal of permission for admission of 4th batch of MBBS for session 2007-08				
10.	Kanyakumari Medical College, Asaripallam, Tamil Nadu (Government), 2004-05/100	5-6 June 2007/ Disapproved (June 2007)	<ul style="list-style-type: none"> ■ Shortage of teaching faculty ■ Inadequate infrastructural facilities 	Based on the reply (28 June 2007) of the State Government and since it was Government medical college, the Ministry granted permission on 11 July 2007.
(E) Renewal of permission for admission of 5th batch of MBBS for session 2007-08				
11.	SCB Medical College, Cuttack, Orissa (Government), 1944/150	18-19 May 2007/ Disapproved (June 2007)	<ul style="list-style-type: none"> ■ Shortage of teaching faculty and residents ■ Inadequate infrastructural facilities 	Based on the reply (2 July 2007) of the State Government and in view of shortage of medical colleges in the State, the Ministry granted permission on 11 July 2007.
(F) Starting of PG courses				
12.	Command Hospital, Kolkata (Government)/2006-07/2	February 2006/ Disapproved (February 2006)	<ul style="list-style-type: none"> ■ Non-availability of facilities required for basic sciences ■ Distribution of teaching faculty not as per Council's norms 	Based on the reply (15 March 2006) of the Hospital, the Ministry granted permission on 31 March 2006.
13.	Institute of Mental Health and Hospital, Agra (Government)/2009-10/2	January 2009/ Disapproved (February 2009)	<ul style="list-style-type: none"> ■ Inadequate teaching faculty 	Based on the reply (30 March 2009) of the Hospital, the Ministry granted permission on 30 March 2009.

Annexure-III

(Referred to in paragraphs 1.4.1, 1.4.2.1 and 1.4.2.2)

List of colleges whose periodical inspection was carried out during the years 2004-05 to 2008-09

Sl. No.	Name of college	Status	Date of periodical inspection	Date of previous inspection	Time interval (In years)	Shortage of teaching faculty (in percentage)	Shortage of resident (in percentage)
1.	Govt. Medical College, Chandigarh	Govt.	26-27 October 2004	October 1998	6	9.4	0
2.	Pt. J.N.M. Medical College, Raipur	Govt.	26-27 October 2004	September 1996	8	38.6	32.5
3.	ACPM Medical College, Dhule	Private	7-8 January 2005	March 1998	7	24.32	28.04
4.	Maharashtra Institute of Medical Education and Research Medical College, Talegaon, Pune	Private	7-8 January 2005	October 2002	2	13.2	17.1
5.	Terna Medical College, Navi Mumbai	Private	19-20 January 2005	July 1998	6 ½	12.6	73.8
6.	Rural Medical College, Loni, Maharashtra	Private	1-2 February 2005	September 1999/August 2000 (CV)	4 ½	24.6	31.6
7.	NDMVP Samaj's Medical College, Nashik	Private	25-26 February 2005	November 1999	5	27.2	19.3
8.	Rajendra Institute of Medical Sciences, Ranchi	Govt.	8-9 September 2005	January 1997/ November 2004 (CV)	1	34.5	5
9.	Vijayanagar Institute of Medical Sciences, Bellary	Govt.	15-16 September 2005	October 1996	9	25	8.3
10.	RNT Medical College, Udaipur	Govt.	15-16 September 2005	February 1995	10 ½	22	16
11.	JLN Medical College, Ajmer	Govt.	15-16 September 2005	February 1995	10 ½	20.93	28.94
12.	Christian Medical College, Vellore	Private	22-23 September 2005	February 1997	8	8.3	25
13.	Osmania Medical College, Hyderabad	Govt.	22-23 September 2005	March 1999	5 ½	7.82	63.38
14.	St. John's Medical College, Bangalore	Private	22-23 September 2005	February 1997	8 ½	6.5	Less than 5%
15.	Calcutta National Medical College, Calcutta	Govt.	7-8 December 2005	April 1996	9 ½	2.2	1.8
16.	Govt. Medical College, Patiala	Govt.	6-7 October 2006	November 1998	8	18.72	5.12
17.	Rajiv Gandhi Medical College Chhatrapati Shivaji Maharaj Hospital, Thane	Govt.	6-7 October 2006	August 1998	8	Not available	Not available
18.	Regional Institute of Medical Sciences, Imphal	Private	6-7 October 2006	July 1999	7	6.70	1.31
19.	Institute of Road Transport Perundurai Medical College, Perundurai	Govt.	6-7 October 2006	October 1993/August 1997 (CV)	9	35.9	25.8

Report No.20 of 2010-11

Sl. No.	Name of college	Status	Date of periodical inspection	Date of previous inspection	Time interval (In years)	Shortage of teaching faculty (in percentage)	Shortage of resident (in percentage)
20.	S.P. Medical College, Bikaner	Govt.	13-14 October 2006	July 1998	8	27.6	6.8
21.	NRS Medical College, Calcutta	Govt.	30-31 October 2006	April 1996	10 ½	4.4	Nil
22.	Shri Siddhartha Medical College, Tumkur	Private	7-8 November 2006	October 2000	6	15.31	31.96
23.	Govt. Medical College, Srinagar	Govt.	7-8 November 2006	April 1996	10 ½	27.4	7.1
24.	Shri Devraj Urs Medical College, Kolar	Private	7-8 November 2006	June 1995	11	23.74	24.34
25.	Gandhi Medical College, Hyderabad	Govt.	7-8 November 2006	April 1999	7 ½	7	7.8
26.	Al Ameen Medical College, Bijapur	Private	15-16 November 2006	February 2000/July 2001 (CV)	5	30.04	50
27.	Siddhartha Medical College, Vijayawada	Govt.	5-6 January 2007	February 1997	10	14.87	42.30
28.	Vinayaka Missions Medical College, Salem	Private	5-6 January 2007	December 2000	6	16.3	20
29.	Andhra Medical College, Vishakhapatnam	Govt.	5-6 January 2007	February 1999	8	9.9	9.4
30.	Govt. Medical College, Kolkata	Govt.	3-4 April 2007	March 1996/ May 1999 (CV)	8	2.56	1.70
31.	Chengalpattu Medical College, Chengalpattu	Govt.	23-24 October 2007	August 2001	6	15.3	18.7
32.	Guru Govind Singh Medical College, Faridkot	Govt.	29-30 November 2007	April 2000	6 ½	51.61	70.27
33.	SMS Medical College, Jaipur	Govt.	29-30 November 2007	February 1999	8 ½	13.49	20
34.	Thanjavur Medical College, Thanjavur	Govt.	29-30 November 2007	April 1998/ November 2000 (CV)	7	13.1	5.1
35.	Mahatma Gandhi Institute of Medical Sciences, Sewagram, Wardha	Private	11-12 January 2008	April 1997	11	15.38	7.44
36.	Himalayan Institute of Medical Sciences, Dehradun	Private	11-12 January 2008	September 2000	7	3.4	4.7
37.	Stanley Medical College, Chennai	Govt.	23-24 January 2008	April 1998/ November 2000 (CV)	7	17.42	2.32
38.	MGM Medical College, Navi Mumbai	Private	1 February 2008 (Surprise Inspection)	May 2006	1 ½	30.2	38.1
39.	PSG Institute of Medical Sciences, Coimbatore	Private	20 February 2008	July 1999/ June 2001 (CV)	6 ½	13.7	34.1
40.	Govt Medical College, Nanded	Govt.	11-12 July 2008	August 2001	7	22.11	16.43
41.	Govt. Medical College, Kilpauk	Govt.	11-12 July 2008	August 2001	7	6.8	Nil

Sl. No.	Name of college	Status	Date of periodical inspection	Date of previous inspection	Time interval (In years)	Shortage of teaching faculty (in percentage)	Shortage of resident (in percentage)
42.	MGM Medical College, Aurangabad	Private	14-15 July 2008	December 2004	3 ½	9.92	5.88
43.	TN Medical College, Mumbai	Govt.	22-23 July 2008	August 2001	7	14.50	27.10
44.	AFMC Pune	Govt.	30-31 July 2008	November 1998/May 2000 (CV)	8	16.6	30.8
45.	Mata Gujri Medical College, Kishanganj	Private	24-25 July 2008	May 2000	8	8	5.4
46.	GSVM Medical College, Kanpur	Govt.	31 st July and 1 st August 2008	February 1997/April 1997 (CV)	11 ½	52.4	31.2
47.	SN Medical College, Agra	Govt.	31 July and 1 st August 2008	September 1995	13	71.5	28.24
48.	Govt. Medical College, Miraj	Govt.	31 July and 1 st August 2008	September 2001	7	4.9	Nil
49.	VM Medical College, Sholapur	Govt.	31 July and 1 st August 2008	September 2001	7	20	30
50.	BJ Medical College, Pune	Govt.	1-2 August 2008	December 2001	6 ½	12.86	25.84
51.	MLB Medical College, Jhansi	Govt.	7-8 August 2008	September 1995/ November 2003 (CV)	5	51.6	35.1
52.	MLN Medical College, Allahabad	Govt.	7-8 August 2008	September 1995	13	46.15	36.36
53.	Shri Bhausaheb Hire Govt. Medical College, Dhule	Govt.	7-8 August 2008	September 2001	7	5.74	35.13
54.	Academy of Medical Sciences Periyaram, Kannur	Private	13-14 August 2008	December 2002	5 ½	23.96	31.76
55.	LLRM Medical College, Meerut	Govt.	13-14 August 2008	May 1997	11	46.29	35.29
56.	NDMVP Samaj Medical College, Nashik	Private	13-14 August 2008	February 2005	3 ½	10	20
57.	Chennai Medical College, Chennai	Govt.	25-26 August 2008	September 1998/January 2007 (CV)	1 ½	4.68	Nil
58.	Maulana Azad Medical College, Delhi	Govt.	25-26 August 2008	February 1998	10 ½	37.6	5
59.	Lady Hardinge Medical College, Delhi	Govt.	25-26 August 2008	March 1992	16	45.53	4.72
60.	Jawaharlal Institute of Postgraduate Medical Education and Research, Pondicherry	Govt.	3-4 October 2008	March 1997	11 ½	40	5
61.	UCMS & GTB Hospital, New Delhi	Govt.	3-4 October 2008	February 1997/July 1998 (CV)	10	20.35	4.5
62.	Govt. Medical College, Baroda	Govt.	16-17 October 2008	August 2001	7	3.9	10.4
63.	Shri Ramchandra Medical College & Research Institute, Chennai	Private	19-20 March 2009	December 2003	5	4.9	35.02

Annexure-IV

(Referred to in paragraph 1.5)

List of medical colleges which have admitted students in excess of the intake capacity during the years 2007-08 to 2008-09 for PG courses

Sl. No.	Name of medical college/ institution	No. of PG courses	Sanctioned intake	No. of students admitted	No. of students admitted in excess
2007-08					
1.	Kempegowda Institute of Medical Sciences, Bangalore	2	0	4	4
2.	St. John's Medical College, Bangalore	1	1	2	1
3.	Mysore Medical College, Mysore	1	8	9	1
4.	J.N. Medical College, Belgaum	3	5	10	5
5.	Al Ameen Medical College, Bijapur	1	0	2	2
6.	MR Medical College, Gulburga	2	0	5	5
7.	J.J.M. Medical College, Davangere	5	19	32	13
8.	Rangaraya Medical College, Kakinada	5	8	20	12
9.	Kurnool Medical College, Kurnool	3	4	8	4
10.	Osmania Medical College, Hyderabad	2	6	8	2
11.	Guntur Medical College, Guntur	1	1	2	1
12.	S.V. Medical College, Tirupati	8	7	21	14
13.	Andhra Medical College, Visakhapatnam	4	8	17	9
14.	Gandhi Medical College, Secunderabad	2	4	6	2
15.	Kakatiya Medical College, Warangal	2	4	9	5
16.	Pt. P.D. Sharma Post Graduate Institute of Medical Sciences, Rohtak	2	4	6	2
17.	Smt. N.H.L. Municipal Medical College, Ahmedabad	1	3	4	1
18.	Pramukhswami Medical College, Karmsard	1	0	2	2
19.	Govt. Medical College, Surat	1	4	6	2
20.	Medical College, Baroda	3	14	29	15
21.	MP Shah Medical College, Jamnagar	1	0	2	2
22.	Rajendra Medical College, Ranchi	1	7	12	5
23.	University College of Medical Sciences, Delhi	1	2	4	2

Sl. No.	Name of medical college/ institution	No. of PG courses	Sanctioned intake	No. of students admitted	No. of students admitted in excess
24.	Safdarjung Hospital, Delhi	1	3	5	2
25.	Lady Hardinge Medical College, Delhi	1	1	2	1
26.	M.K.C.G. Medical College, Berhampur	1	7	12	5
27.	Indira Gandhi Medical College, Shimla	1	0	2	2
28.	Govt. Medical College, Srinagar	2	2	6	4
29.	Govt. Medical College, Jammu	3	10	21	11
30.	Sher-e-Kashmir Institute of Medical Sciences, Srinagar	2	20	44	24
31.	T.N. Medical College, Mumbai	1	6	8	2
32.	S.R.T.R. Medical College, Ambajogai	4	6	12	6
33.	K.J. Somaiya Medical College & Research Centre, Mumbai	1	0	2	2
34.	B.J. Medical College, Pune	1	2	4	2
35.	Seth G.S. Medical College, Mumbai	4	34	45	11
36.	Grant Medical College, Mumbai	1	4	6	2
37.	Armed Forces Medical College, Pune	1	2	3	1
38.	INHS Ashwani	2	0	2	2
39.	Chennai Medical College, Chennai	2	3	36	33
40.	Kilpauk Medical College, Kilpauk	1	2	4	2
41.	Mohan Kumaramangalam Medical College, Salem	1	0	2	2
42.	Madurai Medical College, Madurai	3	4	10	6
43.	Thanjavur Medical College, Thanjavur	2	8	17	9
44.	Goa Medical College, Goa	1	1	2	1
45.	Medical College, Kottayam	1	2	9	7
46.	Medical College, Calicut	1	0	2	2
47.	Medical College, Thiruvananthapuram	3	5	8	3
48.	SMS Medical College, Jaipur	4	9	15	6
49.	SP Medical College, Bikaner	4	3	7	4
50.	Institute of Post Graduate Medical Education and Research, Kolkata	3	8	16	8
51.	King George Medical College, Lucknow	6	30	48	18
52.	GSVM Medical College, Kanpur	1	10	18	8

Report No.20 of 2010-11

Sl. No.	Name of medical college/ institution	No. of PG courses	Sanctioned intake	No. of students admitted	No. of students admitted in excess
53.	B.R.D. Medical College, Gorakhpur	5	12	22	10
54.	M.L.B. Medical College, Jhansi	3	10	19	9
55.	J.L.N. Medical College, Aligarh	1	4	5	1
Total		121			317
2008-09					
1.	Deccan College of Medical Sciences, Hyderabad	1	0	1	1
2.	Al Ameen Medical College, Bijapur	1	0	2	2
3.	Sri Devraj Urs Medical College, Kolar	2	0	5	5
4.	Padam Shree Dr. D.Y. Patil Medical College, Navi Mumbai	1	1	2	1
Total		5			9
Grand total		126			326

Annexure-V

(Referred to in paragraph 1.6.2)

List of colleges in respect of which the Council has recommended to the Ministry for stoppage of admissions in PG courses

Name of college	Sl. No.	Name of PG course	Date of recommendation of the Council
MGM Medical College, Indore	1.	MD (SPM)	21.1.2008
	2.	MS (General Surgery)	21.1.2008
	3.	DTCD	21.1.2008
	4.	MS (Anatomy)	21.1.2008
	5.	MS (ENT) & DLO	21.1.2008
	6.	MD (Anaesthesia) & DA courses	21.1.2008
	7.	MD (Radio-diagnosis) & DMRD courses	21.1.2008
	8.	MD (Paediatrics) & DCH courses	21.1.2008
	9.	MD (Pathology) & DCP qualifications	21.1.2008
	10.	MD (General Medicine)	21.1.2008
	11.	MD (Physiology)	21.1.2008
	12.	MD (Pharmacology)	21.1.2008
	13.	MS (Ortho. & D. Ortho)	28.3.2007
	14.	MS (OBG) & DGO	21.1.2008
	15.	MS (Ophthalmology) & DOMS	21.1.2008
Gandhi Medical College, Bhopal	16.	MD (Ophthalmology) & DOMS	21.1.2008
	17.	MD (Anaesthesia) & DA courses	21.1.2008
	18.	MD (General Medicine)	21.1.2008
	19.	MD (SPM)	21.1.2008
	20.	MD (Physiology)	21.1.2008
	21.	MD (Pharmacology)	28.3.2007
	22.	MS (General Surgery)	28.3.2007
	23.	MS (ENT) & DLO	28.3.2007
	24.	MD (Paediatrics) & DCH	28.3.2007
	25.	MD (Pathology) & DCP qualifications	28.3.2007
	26.	MS (Ortho.) & D. Ortho	28.3.2007
	27.	MS (Anatomy)	28.3.2007
	28.	MS (Obstet. & Gynae.) & DGO courses	28.3.2007
	29.	M. Ch. (Paediatrics Surgery)	28.3.2007
NSCB Medical College, Jabalpur	30.	MD (Anaesthesia) & DA	30.3.2007
	31.	MD (Paediatrics) & DCH	21.1.2008
	32.	MS (Ortho.) & D. Ortho	28.3.2007
	33.	MD (Pathology)	28.3.2007
	34.	MD (SPM)	28.3.2007
	35.	MD (Physiology)	28.3.2007
	36.	MD (Radiology)	21.1.2008
	37.	MS (Anatomy)	21.1.2008
	38.	MD (Pharmacology)	21.1.2008
	39.	MS (OBG) & DGO	21.1.2008
S.S. Medical College, Rewa	40.	MD (OBG)	21.1.2008
	41.	MD (Physiology)	30.3.2007
	42.	MS (Anatomy)	21.1.2008
	43.	MD (Anaesthesia) & DA	30.3.2007
	44.	MD (Pharmacology)	21.1.2008
	45.	MS (General Surgery)	30.3.2007
	46.	MD (Pathology) & DCP qualifications	28.3.2007
	47.	MD (General Medicine)	28.3.2007

Report No.20 of 2010-11

Name of college	Sl. No.	Name of PG course	Date of recommendation of the Council
	48.	MD (SPM)	28.3.2007
G.R. Medical College, Gwalior	49.	MD (General Medicine)	21.1.2008
	50.	MD (Anaesthesia) & DA courses	21.1.2008
	51.	MD (Physiology)	21.1.2008
	52.	MD (Pathology) & DCP qualifications	28.3.2007
	53.	MD (Radio-diagnosis)	28.3.2007
	54.	MD (Obstet. & Gynae.)	28.3.2007
	55.	MD (Ophthalmology) & DOMS	28.3.2007
	56.	MD (SPM)	28.3.2007
	57.	MD (Pharmacology)	28.3.2007
	58.	MS (General Surgery)	28.3.2007
	59.	MS (Anatomy)	28.3.2007
	60.	MS (ENT) & DLO	28.3.2007
Kasturba Medical College, Manipal	61.	MS (Ortho.) & D (Ortho)	12.3.2007
	62.	M.Ch. (Urology)	
	63.	MD (General Medicine)	
	64.	MD (Micro-biology)	
	65.	MD (Hospital Administration)	
	66.	MD (Skin & VD) & DVD	
	67.	MS (ENT) & DLO	
	68.	M. Ch. (Paediatrics Surgery)	
	69.	MD (Obstet. & Gynae.) & DGO courses	
	70.	M. Ch. (Cardio thoracic surgery)	
	71.	MD (Radio-diagnosis) & DMRD qualifications	
	72.	MD (Community Medicine)	
	73.	MD (Pharmacology)	
	74.	MD (Anaesthesia) & DA courses	
75.	MD (Pathology) & DCP		
76.	MD (Ophthalmology) & DO qualification		
77.	MD (Paediatrics) & DCH		
78.	MD (Bio-chemistry)		
79.	MD (Physiology)		
80.	MS (General Surgery)		
81.	MS (Anatomy)		
82.	MD (Forensic Science)		
Kasturba Medical College, Mangalore	83.	MD (General Medicine)	12.3.2007
	84.	MD (Micro-biology)	
	85.	MD (Bio-chemistry)	
	86.	MD (Skin & VD) & DVD	
	87.	MS (ENT) & DLO	
	88.	MD (Ophthalmology) & DOMS	
	89.	MD (Physiology)	
	90.	MD (Pathology) & DCP qualifications	
	91.	MS (Ortho.) & D. Ortho	
	92.	MD (Paediatrics) & DCH	
	93.	MD (Pharmacology)	
	94.	MD (Obstet. & Gynae.) & DGO courses	
	95.	MS (Anatomy)	
	96.	MS (General Surgery)	
	97.	MD (Anaesthesia) & DA	

Name of college	Sl. No.	Name of PG course	Date of recommendation of the Council
B.R. Ambedkar Medical College, Bangalore	98.	MD ((Anaesthesia) & DA	19.3.2007
	99.	MD (Dermatology) & DVD	
	100.	MD (Forensic Medicine)	
	101.	MD (Micro biology)	
	102.	MD (Obstetrics and Gynae.) &DGO	
	103.	MS (ENT)	
	104.	MS (Ophthalmology)	
	105.	DCH	
	106.	DCP	
	107.	DOMS	
College of Physicians and Surgeons, Mumbai	108.	D. Ortho.	16.1.1998
	109.	Diploma in Pathology & Bact.	
	110.	Diploma in Child Health	
	111.	Diploma in Obstetrics & Gynae.	
	112.	FCPS (Dermatology)	
	113.	FCPS (Medicine)	
	114.	FCPS (Mid. & Gynae.)	
	115.	FCPS (Ophthalmology)	
	116.	FCPS (Pathology)	
	117.	FCPS (Surgery)	
	118.	MCPS	

MINISTRY OF RURAL DEVELOPMENT

**FUNCTIONING OF COUNCIL FOR
ADVANCEMENT OF PEOPLE'S ACTION
AND RURAL TECHNOLOGY**

MINISTRY OF HEALTH AND WELFARE

DEPARTMENT OF HEALTH SERVICES
GENERAL MANAGER
HEALTH SERVICES

CHAPTER II : MINISTRY OF RURAL DEVELOPMENT

Functioning of Council for Advancement of People's Action and Rural Technology

Highlights

1. CAPART incurred ₹ 259.49 crore in implementation of various schemes during the period 2003-09.

(Paragraph 2.1.4)

2. CAPART could not reach the unserved areas of country as most of the districts identified as backward by the Planning Commission under the Rashtriya Sam Vikas Yojana were not covered. The geographical distribution of projects was uneven with 51 per cent of funds released during 2003-09 going to the six states of Andhra Pradesh, Bihar, Haryana, Karnataka, Orissa and Uttar Pradesh.

(Paragraph 2.4.1)

3. There were significant deficiencies at all stages of projects processing i.e. desk appraisal, pre-funding appraisal, submission of progress report and project monitoring leading to huge time overruns and non-delivery of intended benefits.

(Paragraph 2.4.2)

4. During the field visits of audit, it was found that execution of projects was not as per sanctions. The project monitors' reports on assets created with CAPART assistance were at variance with the field audit findings.

(Paragraph 2.4.5)

5. As of January 2010, CAPART filed FIRs in only 62 out of 659 blacklisted cases. Further, although Ministry of Rural Development had intimated Public Account Committee that CAPART had taken action for deregistration of some of the blacklisted voluntary organisations, it failed to provide data in this regard to audit raising doubts over claims of such action.

(Paragraph 2.5.2)

Summary of Recommendations

- *The deficiencies in project appraisal and evaluation should be addressed and remedial action taken in a time bound manner*
- *CAPART should review the ongoing projects for expeditious closure*

- *CAPART should strictly avoid relaxation of prescribed policy guidelines*
- *Selection of VOs should be transparent and as per prescribed eligibility criteria*
- *CAPART should map the data on VOs and projects allotted to them along with monitors appointed there for to ensure effective follow up*
- *CAPART should devise a fool-proof mechanism for segregation of assets created out of its assistance*
- *CAPART should adhere to the assurance given to PAC and not sanction any project to VOs having in their executive committees members of NSC/RC*
- *CAPART should take decisive action in respect of blacklisted and other categories of VOs and recover the amounts due*

2.1 Introduction

2.1.1 Establishment of CAPART

The Council for Advancement of People's Action and Rural Technology (CAPART) was set up in 1986¹, as a society registered under the Societies' Registration Act, 1860 and operates as an autonomous body under the aegis of the Ministry of Rural Development (MoRD), Government of India (GOI). CAPART was set up to promote voluntary action in implementation of projects for enhancement of rural prosperity, and to act as a catalyst for development of technologies appropriate for rural areas. The major goals of CAPART are listed in Box-1. It is headquartered at New Delhi, and has nine Regional Offices² throughout the country.

2.1.2 Organisational setup

CAPART has a three tiered organisational structure comprising:

The General Body (GB), which provides overall policy guidance and directions for functioning (this has a maximum of 100 members³);

The Executive Committee (EC), which exercises all executive and financial powers;

The Director General (DG), who acts as the Principal Executive Officer, responsible for carrying out the day-to-day functions of CAPART.

The Union Minister for Rural Development is the President of CAPART and Chairman of the EC.

Box 1 - Major Goals of CAPART

- To support voluntary organizations in implementing projects for sustainable development in rural areas
- To act as a national nodal point for development and promotion of appropriate rural technologies
- Facilitating community action for development
- Conservation and regeneration of the environment and natural resources
- Enabling women, persons with disabilities and other disadvantaged groups to participate in development

¹Through amalgamation of the Council for Advancement of Rural Technology (CART) and the People's Action for Development India (PADI)

²Ahmadabad, Bhubaneswar, Chandigarh, Dharwad, Guwahati, Hyderabad, Jaipur, Lucknow and Patna

³Upto 40 members from voluntary agencies, 25 from other institutions, 25 ex-officio members and 10 individuals

2.1.3 Powers of committees

The powers of committees are as below:

Executive Committee (EC)	<ul style="list-style-type: none"> • Powers to sanction projects costing above ₹ One crore
National Standing Committees (NSC)	<ul style="list-style-type: none"> • Separate NSC for each scheme • Powers to sanction to projects costing between ₹ 25 lakh and ₹ One crore
Regional Committees (RC)	<ul style="list-style-type: none"> • Separate RC for each Regional Office • Powers to sanction projects costing up to ₹ 25 lakh (except watershed development and disability schemes which are sanctioned by NSCs)

2.1.4 Financial Position

The majority of CAPART's funds were from MoRD. The receipt and scheme wise expenditure during 2003-09 were as depicted in Table 1 below:

Table 1 - Details of Receipts and Expenditure during the period 2003-09.

(₹ in crore)

Receipt				Expenditure	
Opening Balance.	Grants received	Other receipts	Total	Name of Scheme	Amount
5.32	358.36	43.05	406.73	PC	116.64
				ARTS	67.09
				OB	15.91
				Disability	5.15
				WSD	37.37
				Others	17.33
				Scheme Total	259.49
				Non-scheme expenditure	128.90
				Unspent balances and refunds to the Ministry	18.34
				Total	406.73

2.1.5 Major Schemes of CAPART⁴

CAPART provides assistance to voluntary organisation (VO) for implementation of its projects under various schemes. The details of major schemes implemented by CAPART were as under:

2.1.5.1 Advancement of Rural Technology Scheme (ARTS)

The objective of this scheme was development, demonstration, and dissemination of innovative rural technologies (developed by CSIR, ICAR,

⁴There is considerable inconsistency in classification of different sub schemes/categories under the schemes. For example the roof rain water harvesting (RRWH) projects were initially sanctioned under NRDM which itself merged in PC and subsequently moved to ARTS and RS under ARTS was initially sanctioned under PC.

DST, DBT, IIT and other research organizations) and to promote innovative rural technologies in the villages, especially for the disadvantaged sections.

2.1.5.2 Disability Action (DA)

This scheme aimed at empowering and providing equal opportunities to people with disabilities by supporting community-based rehabilitation programs, and was directed at mobilizing joint action by several groups.

2.1.5.3 Organisation of Beneficiaries (OB)

This scheme supported activities for organization of beneficiaries to create awareness among the rural poor about various schemes, rights and legal entitlements, and sustain the campaign of rural communities/ groups for betterment of their economic status and social power.

2.1.5.4 Public Co-operation (PC)

The thrust of this scheme, which has a multi-dimensional approach, was to involve the community in designing, planning, implementation, monitoring and maintenance of assets created under the scheme.

2.1.5.5 Watershed Development (WSD)

This scheme aimed at minimizing the effects of drought on production of crops, livestock and productivity of land, water and human resources. No new project was sanctioned from April 2006, as per the directives of MoRD.

2.1.5.6 Other schemes

Other schemes implemented by CAPART include the Young Professional scheme, Social Forestry, Natural Resource Development and Management (NRDM), a project of United Nations Development Project (UNDP), Innovative Rural Housing (IRH), Gram Shree Mela, Swarn Jayanti Gram Swarozgar Yojana (SGSY) etc.

2.1.6 Projects under major schemes

During 2003-09, 4384 projects were sanctioned by CAPART under various schemes, as detailed in Table-2 below:

Table 2- Scheme wise details of projects sanctioned during the period 2003-09

Scheme	No. of Projects	Sanctioned amount (₹ in crore)	Released amount (₹ in crore)
ARTS	1320	87.51	56.61
DISABILITY	202	13.84	9.23
OB	364	8.05	5.29
PC	1847	133.07	82.51
WSD	50	24.15	16.87
Others	601	26.23	20.01
Total	4384	292.85	190.52

Note: There was substantial variation in figures submitted separately by the IT Department of CAPART (which have scheme-wise and project-wise details) and the Accounts Section of

CAPART (which only have Scheme-wise details without project-wise figures). Table 1 is based on data furnished by the Accounts Section, while the figures in Table 2 are based on data supplied by the IT Department. As per Table 1 (based on Accounts Section figures) total scheme wise releases during 2003-09 was ₹ 259.49 crore, while as per Table 2 (IT department figures), the scheme wise releases amounted to ₹ 190.52 crore only. The difference of ₹ 68.97 crore could not be explained by CAPART.

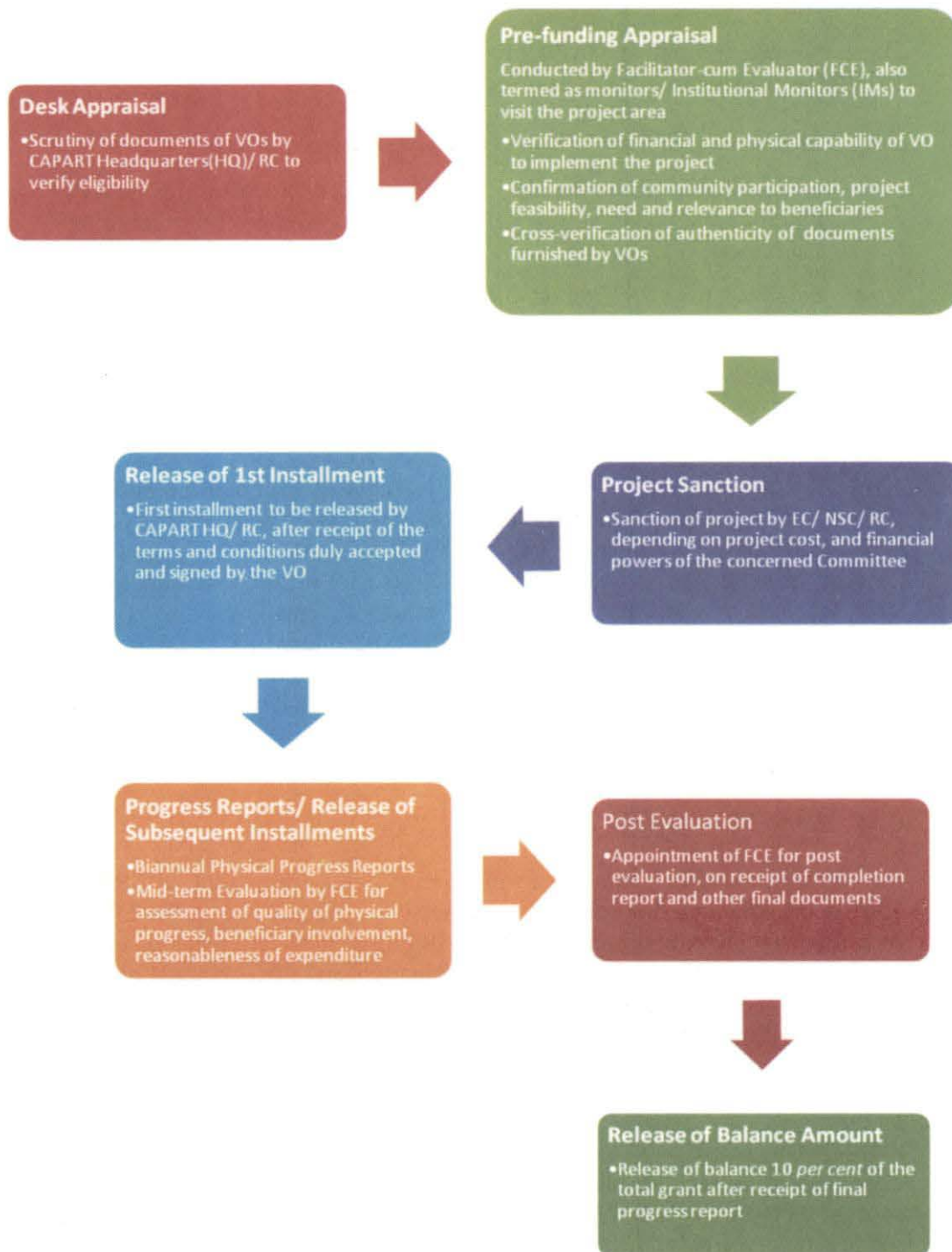
2.1.7 Eligibility Criteria for selection of VO

CAPART works in coordination with rural non-government organizations termed as VOs. Selection of VOs for implementing projects was based on objective assessment. The main eligibility criteria for VOs for undertaking CAPART's projects under various schemes included:

- The VO should be registered under the Societies Registration Act, 1860 or a State amendment thereof or the Indian Trust Act, 1882 or the Religious and Charitable Institutions Registration Act, 1920.
- The VO should have completed three years from the date of registration on the date of application to CAPART.
- The VO should have a bank or post office account for at least three years preceding the date of filing of application for funding with CAPART.
- Rural Development should be one of the objectives in the Memorandum of Association of the VO.
- The VO should be working with beneficiaries in rural areas, even if the VO's headquarters is located in an urban area.
- The VO should be broad based and representative in character. The members of the Executive Body/Managing Committee of the organisation should not be related to each other or belong to the same family. Subsequently, in March 2006, this criteria was modified and a maximum of two relatives/family members in the Governing/Managing/Executive Committee of the organization were allowed but only one of them should be co-signatory for operating the bank account.
- Members of the sanctioning committees of CAPART, namely, the Executive Committee, the National Standing Committee/ the Regional Committee or their family members and/or relatives should not be office bearers of the VOs seeking assistance from CAPART.
- There should not be more than three ongoing projects under implementation by the VO with funding by CAPART on the date of application filed with CAPART.

2.1.8 Project Approval Process

The different stages for project approval and evaluation were as depicted below:



2.2 Audit Approach

2.2.1 Audit Jurisdiction

The accounts of CAPART are audited under section 20(1) of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971.

2.2.2 Audit Objectives

The performance audit of CAPART, covering the period from 2003-04 to 2008-09, was carried out with the objectives of assessing:

- effectiveness of CAPART in executing approved projects;
- adequacy of, and compliance with, stipulated processes for project appraisal and approval, release of instalments, and project monitoring and review;
- extent of time overrun at different stages of project sanction and execution;
- adequacy and effectiveness of vigilance systems.

2.2.3 Audit Scope and Coverage

Five major schemes of CAPART, viz. Advancement of Rural Technology Scheme (ARTS), Disability action (DA), Organisation of Beneficiaries (OB), Public Cooperation (PC) and Watershed Development (WSD)⁵ were selected for audit examination. 182 projects were selected for detailed scrutiny under these five schemes and under earmarked schemes⁶, entailing releases of ₹ 21.38 crore (8.24 per cent of the total scheme expenditure of ₹ 259.49 crore). However, in many key issues, the area has been enlarged and cases beyond selected projects or reporting period has also been included in the report as either funds were released or the projects were closed/terminated during 2003-09 in such cases.

2.2.4 Audit Methodology

The performance audit commenced with an entry conference with CAPART in April 2009, wherein the audit scope, objectives, criteria and methodology were explained. During this meeting, CAPART also made a presentation on its activities. The records of CAPART at Headquarters and three regional offices (Bhubaneswar, Ahmadabad and Jaipur) were scrutinised from April 2009 to January 2010; in addition, field visits to 11 project sites were also conducted during this period.

⁵ Disbursements on these five schemes during 2003-09 of ₹ 242.16 crore constituted 93 per cent of scheme assistance by CAPART.

⁶ SGSY,IRH and UNDP

An exit conference was held on 1 June 2010 to discuss the main audit findings. During the exit conference, CAPART was asked to showcase any five projects, which, according to it, had been successfully implemented. In response CAPART (July 2010) sent a list of five selected projects. Field scrutiny of four of these projects was conducted by audit in July 2010, the results of which have been appropriately incorporated in this regard.

The draft report was issued in April 2010 to the Ministry with a copy to CAPART. The response of CAPART, which was received in July 2010, has been appropriately considered in this report. However, no response was received from the Ministry.

The co-operation and assistance rendered by CAPART Headquarters and Regional Offices during the course of this performance audit (in terms of complete and timely furnishing of information/ documents sought, and prompt replies to preliminary audit observations) was less forthcoming than desired.

2.3 Previous Audit Findings

The functioning of CAPART was reviewed earlier in audit and reported through the Comptroller and Auditor General's Performance Audit Report No. 4 of 1998. The main findings of audit were as under:

- CAPART sanctioned projects without verifying the eligibility, credibility and professional competence of the voluntary organization and genuineness of the documents.
- Only eight *per cent* of the projects sanctioned since inception were completed as of July 1997, although 95 *per cent* of the projects assisted by CAPART were of short duration of six months to one year. 14082 projects involving ₹ 224.07 crore of CAPART funds were incomplete as of July 1997.

In its Action Taken Note of 2004-05, the MoRD provided assurances of various steps taken to redress the deficiencies pointed out by audit. However, as detailed in this report, most of the critical deficiencies in CAPART's functioning pointed out in the earlier audit report continued to persist.

2.4 Audit Findings - Project Management

2.4.1 Uneven distribution of projects

Planning Commission, under Rashtriya Sam Vikas Yojana (RSVY) had identified 100 backward districts. Audit scrutiny revealed that no projects were sanctioned during 2003-09 in 28 backward districts and only 599 projects (14 *per cent* of total projects) were sanctioned in the remaining 72 backward districts.

There was uneven geographical distribution of projects. Of the 4384 projects implemented during 2003-09, 1739 projects (40 per cent) costing ₹ 117.38 crore were falling in just 57⁷ of the total of 593 districts.

The distribution of projects to different States was also uneven, with 51 per cent of fund releases during 2003-09 going to just six States (Andhra Pradesh, Bihar, Haryana, Karnataka, Orissa and Uttar Pradesh) and North Eastern States getting less than five per cent of fund releases.

Audit scrutiny also revealed that the projects sanctioned were not relatable to the extent of rural population. A few such examples were as in Table -3 below.

Table 3 - Uneven State-wise distribution of projects vis-a-vis rural population

States	Percentage of total rural population of India as per 2001 census	Percentage of total projects sanctioned	Percentage of total sanctioned amount (2003-09)	Percentage of total released amount (2003-09)
Andhra Pradesh	7.46	14.37	11.50	13.35
Chhattisgarh	2.24	0.84	1.03	0.91
Uttar Pradesh	17.73	13.38	11.09	11.79
West Bengal	7.77	4.85	4.69	5.08

CAPART stated (July 2010) that VOs were unevenly distributed across the country, which affected the distribution of project proposals received by CAPART. It further stated that with limited resources in the range of ₹ 50 crore to ₹ 100 crore, CAPART alone might not be in a position to correct the uneven distribution of VOs in the country.

The response of the CAPART was not acceptable as CAPART's objective to support voluntary action and people's participation for rural development would not be achieved through such distribution of projects.

2.4.2 Deficiencies in project processing

Audit scrutiny of 182 projects revealed significant deficiencies at all stages, as indicated below. Some examples are illustrated in **Annexure**.

⁷ Andhra Pradesh - 5, Arunachal Pradesh - 1, Assam - 1, Bihar - 2, Chhattisgarh - 2, Gujarat - 2, Haryana - 3, Himachal Pradesh - 2, Jammu & Kashmir - 2, Jharkhand - 3, Karnataka - 1, Kerala - 1, Madhya Pradesh - 2, Maharashtra - 3, Manipur - 3, Meghalaya - 1, Mizoram - 1, Nagaland - 1, Orissa - 3, Punjab - 3, Rajasthan - 2, Sikkim - 1, Tamil Nadu - 3, Uttarakhand - 3, Uttar Pradesh - 5, West Bengal - 1.

2.4.2.1 Desk appraisal

Of the 182 projects test-checked, desk appraisal in 122 projects costing ₹ 34.79 crore and involving release of funds of ₹ 15.21 crore, was deficient, as improper scrutiny of documents led to release of funds to ineligible VOs, as summarised below in Table 4.

Table 4: Deficient desk appraisal

(₹ in crore)

Category of Deficiencies in desk appraisal	No. of projects	Funds Released
Family-based VOs	10	0.32
Projects costing more than ₹ five lakh for first-timer VOs	44	6.77
VOs with three or more ongoing projects	11	2.59
VOs not having completed three years	8	2.63
Multiple projects of same nature from one district	2	0.13
Mandatory documents ⁸ not submitted	71	7.16

Box 2 – Instance of Deficient Desk Appraisal

A project costing ₹ 62 lakh on RRWH was sanctioned in February 2007 to Suvide Foundation, Maharashtra, which was a family based organization (out of seven executive members of VO, five members were of the same family with husband and wife occupying the posts of President and Secretary) which also did not have rural development as its mandate. In response CAPART (July 2010) stated that the bank account was not operated jointly by members of the same family. The reply was not tenable, as at the time of sanctioning the project both cosignatories were family members. CAPART noticed these facts only after the first release, and subsequently asked the VO to change the executive members and cosignatories, indicating that they failed to consider this important issue during desk appraisal and sanction of the project.

2.4.2.2 Pre-funding appraisal

Despite an assurance given by CAPART to the Public Accounts Committee(PAC) in April 2005 that no project would be sanctioned without pre funding appraisal(PFA), 112 projects were sanctioned at a cost of ₹ 31.07 crore and ₹ 11.79 crore released by waiving the requirement of PFA.

⁸List of beneficiaries, Registration Certificate of VO, PAN Number, Income Tax Forms 12A and 80G, Bank Pass book, certificate of non-funding of project from other sources, MoA and Bye laws of VO, recommendation of State Government, annual accounts and annual reports of VO for last three years, Land deeds

The requirement for pre-funding appraisal was waived in 112 projects out of 182 test checked. Besides this,

- in none of the projects did the pre-funding evaluator verify the registration certificate of the VO with the relevant authorities;
- in 10 cases, the pre-funding evaluator failed to mention the fact that the executive members were belonging to the same family;
- CAPART did not have a system for collecting and verifying the permanent addresses of executive members of the VOs;

2.4.2.3 Approval of projects

The majority of the test-checked 182 projects were improperly approved:

- In 82 projects, costing ₹ 24.83 crore, sanctions were subject to submission of one or the other mandatory documents, which were not obtained and scrutinised for verifying eligibility before sanction.
- In 27 projects, costing ₹ 6.79 crore, sanctions were issued to VOs with the condition that rural development would be added as one of the objectives in their Memorandum of Association.
- In 67 projects, costing ₹ 22.04 crore, sanctions were issued without identification of beneficiaries.
- In 59 projects, costing ₹ 17.36 crore, contributions from VOs/ beneficiaries were irregularly not stipulated in the sanction letters.
- In 14 Grameen Vikas Andolan projects (sub-scheme under OB) costing ₹ 1.58 crore, the terms and conditions (which were received only after the release of the first instalment) were received along with the project proposal itself, indicating that their sanction was evidently a foregone conclusion.

CAPART stated (July 2010) that these observations had been noted for future guidance.

2.4.2.4 Release of first instalment

In 77 projects (costing ₹ 14.43 crore), the first instalment was released without obtaining the mandatory documents stipulated in the conditional sanctions. This indicated that the concept of conditional sanction was meaningless as CAPART made no efforts to ensure post approval compliance.

CAPART stated (July 2010) that these observations had been noted for future guidance.

2.4.2.5 Submission of progress reports/release of subsequent instalments

- In 45 projects costing ₹ 9.64 crore, progress reports were submitted by VOs with delays ranging from 1 to 60 months, which was confirmed by CAPART (July 2010).
- In two projects funds of ₹ 39 lakh were released, despite expiry of bank guarantee.
- Subsequent instalments were released in 10 projects, costing ₹ 5.59 crore, despite adverse remarks of the mid-term evaluator.
- In 23 projects, costing ₹ 5.89 crore the approved beneficiaries were subsequently changed without CAPART's approval, thus rendering the pre-funding appraisal exercise irrelevant.

2.4.2.6 Project Monitoring

In order to evaluate the work of VOs and the projects implemented by them, CAPART empanelled Facilitator cum Evaluators (FCEs) and utilised their services to assess the physical progress of VOs in the implementation of CAPART supported programmes. FCEs were also required to guide the VOs in the right perspective to achieve the best possible results. Assignments entrusted to the monitors were to be performed within 45 days from the date of receipt of the assignment by them.

In response to the earlier performance review, CAPART assured in April 1997 the PAC that the performance of the monitors would be periodically reviewed and monitors would be delisted for poor and sketchy reporting, delay in submission of report, rejection of assignment and false reporting. CAPART also assured the PAC that the number of assignment to each evaluator would be strictly restricted to three at a time and eight in a year and their performance regularly reviewed.

Information relating to the timeliness of appointment of monitors, their categorization with reference to their field of expertise relevant to CAPART schemes, action on defaulting monitors i.e. giving false/incomplete/delayed report was sought for by audit, which was not provided. In the absence of the consolidated data, the assessment of quality of monitoring was done only in 182 test-checked projects which revealed the following.

- In 38 projects, costing ₹ 10.85 crore, there were delays of 1 to 52 months in appointment of monitors.
- In 54 projects, costing ₹ 12.79 crore, there were delays of 1 to 21 months in submission of reports by the monitors.
- In 31 projects, costing ₹ 9.52 crore, the monitors' evaluation reports were not scrutinized properly by CAPART.

- In five cases of Watershed Development Programme, costing ₹ 5.42 crore, evaluation was entrusted to monitors, who were not independent as they were also members of the National Standing Committee.

CAPART's reply of July 2010 was silent on the above audit observations.

Recommendation

- *The deficiencies in project appraisal and evaluation should be addressed and remedial action taken in a time bound manner*

2.4.3. Poor project execution and completion

2.4.3.1 Overall status

The performance of CAPART in terms of project completion continued to be poor, as revealed by the current audit. Of the 4,384 projects sanctioned during 2003-09, 2514 projects (57 per cent) costing ₹ 195.50 crore were still ongoing, despite the majority of the projects being of short duration (six months to two years), 546 projects costing ₹ 37.02 crore were terminated, and only 1324 projects costing ₹ 60.33 crore were closed.

CAPART could not furnish details of the time overrun in respect of the 2514 ongoing projects. This was in addition to 6,838 projects sanctioned during 1979-2003⁹ which were also still ongoing as detailed in Table 5.

Table 5: Status of projects sanctioned during the period 1979-2009

Year	Sanctioned	Ongoing	Closed	Terminated
1979-03	22316	6838	10997	4481
2003-09	4384	2514	1324	546
Total	26700	9352	12321	5027

The PAC Report of 2004-05, had recommended a thorough review of all the completed projects requiring closure expeditiously. Year-wise data for projects due for closure was not provided to audit, as the same was not maintained by CAPART.

CAPART stated that the delay in closure of projects and time overrun occurred mainly on three counts:

- delay in mid-term and post completion evaluation
- delay in transmission of funds to VOs due to their remote location and

⁹ Although CAPART was established only in 1986, the database includes projects sanctioned from 1979 onwards by its predecessor organizations.

- laxity on the part of VOs in submitting final accounts and completion report.

The fact, however, remained that despite PAC's recommendations, no improvement in reviewing and closure of completed projects was registered during the period of report as the inventory of ongoing projects increased from 6838 in 2003 to 9352 in the year 2009.

CAPART stated (July 2010) that wherever releases made were less than the sanctioned amount, the VO showed inability to continue the project which led to termination without, however, elaborating on the same.

2.4.3.2 Status of test-checked projects

Of the 182 projects test-checked by audit, 165 projects were ongoing, eight projects were terminated, and only nine projects were closed as detailed below in Table 6.

Table 6: Status of test checked projects

Status of the Projects	No. of projects	Sanctioned amount (₹ in crore)	Released amount (₹ in crore).
Ongoing	165	40.50	18.66
Completed	9	0.64	0.64
Terminated	8	4.20	2.08
Total	182	45.34	21.38

Of the test-checked 182 projects, there was time overrun ranging from 3 to 96 months in respect of 132 projects (73 per cent). Of the above, 122 projects (67 per cent) were ongoing after expiry of the stipulated project duration. Details were as in Table 7 below:

Table 7: Range of delays in test-checked projects

Name of the scheme/sub-scheme	Number of projects	Status of projects		Range of Delays (in months)
PC	54	Ongoing	53	3-96
		Completed	1	12
		Terminated	0	-
ARTS	33	Ongoing	30	6-58
		Completed	2	35-36
		Terminated	1	24
OB	48	Ongoing	18	12-20
		Completed	0	-
		Terminated	0	-
Disability	20	Ongoing	15	6-72
		Completed	5	24-72
		Terminated	0	-

Name of the scheme/sub-scheme	Number of projects	Status of projects		Range of Delays (in months)
WSD	5	Ongoing	4	27-60
		Completed	0	-
		Terminated	1	6
Others	2	Ongoing	2	19-22
		Completed	0	-
		Terminated	0	-
Total	132	Ongoing	122	
		Completed	8	
		Terminated	2	

Box 3– Instances of Huge Delays

In two out of five test-checked watershed development projects in the state of Maharashtra, (SEWA Maharashtra and Narsabai Mahila Mandal), an amount of ₹ 83.55 lakh and ₹ 80.72 lakh were released as of March 2009 and March 2007 respectively. The VOs, however, took 2-4 years to complete the capacity building exercise (baseline surveys and action plan formulation) as against the stipulated 3-6 months; further, the projects were not completed even as of March 2010. This was accepted by CAPART (July 2010).

Of the various reasons for delays cited (July 2010) by CAPART, the main reasons were (i) delay in submission of progress reports from VOs, (ii) delay of 6-8 months in project evaluation and (iii) shifting of the project files from various RCs to Headquarters.

The fact remained that time overrun occurred in 73 *per cent* of the sanctioned projects which reflect poorly on CAPART's project management.

Recommendation

- CAPART should review the ongoing projects for expeditious closure

2.4.4 Creation of new sub-schemes

Nodal NGO scheme(NNGO) was launched in 2006-07. Under the scheme, NNGOs were to be nominated in each state to ensure that CAPART's various programmes were followed up in a focussed manner. Mapping of NGOs and other agencies implementing various programmes was one of the important activities of NNGOs. It was envisaged that the NNGO scheme would enable CAPART to reach the most backward and unreached areas in a targeted project mode. The priority areas of NNGOs were Rural Sanitation (RS), Roof Rain Water Harvesting (RRWH), Village Knowledge Centre (VKC) under ARTS and Rural Young Profession (RYP) under PC.

The NNGO scheme and the sub-schemes above were launched in 2006-07 and 200 projects costing ₹ 57.04 crore were sanctioned¹⁰ in the year 2006-07 and 2007-08 and ₹ 21.22 crore was released as detailed below in Table 8.

Table 8: Year wise details of projects sanctioned under the sub-schemes.

Year	Number of projects sanctioned	Sanctioned amount (₹ in crore)	Released amount (₹ in crore)
2006-07	175	50.65	20.79
2007-08	25	6.39	0.43
Total	200	57.04	21.22

These new sub-schemes also involved relaxation of norms stipulated in the CAPART guidelines relating to

- pre-funding appraisal;
- sanctioning new projects to VOs already having three or more ongoing projects

CAPART stated (July 2010) that waiver of pre-funding appraisal etc. was approved by the EC in November 2006. CAPART's response was not tenable as it did not indicate the reasons for contravention of their own policy guidelines. The waiver of pre-funding appraisal went specifically against CAPART's assurance in April 2005 to the PAC that no project would be without such appraisal.

Audit scrutiny revealed that most of these projects were terminated and none of them was closed till date. In respect of RRWH the EC observed (September 2009) that the ferro-cement technology was of 1980's vintage and the poor had hardly any roofs for roof rain water harvesting projects indicating that appropriate rural technology was not adopted. It was pertinent to note that all the NNGO scheme failed as all the projects there under were terminated. Details of the projects sanctioned, terminated and closed under these sub schemes were as in Table 9:

¹⁰ No projects were approved under these sub-schemes after February 2008, when pre-funding appraisal was again made mandatory.

Table 9: Position of projects sanctioned under sub-schemes

Name of Sub-Scheme	Number of Projects Sanctioned	Sanctioned Amount (₹ in crore)	Released Amount (₹ in crore)	Number of Projects Terminated	Number of Projects Closed	Number of Projects Ongoing
RYP	54	24.85	9.54	4	-	50
NNGO	74	11.39	4.62	74	-	0
RRWH	27	7.18	2.31	-	-	27
RS	29	8.64	4.71	2	-	27
VKC	16	4.98	0.05	1	-	15
Total	200	57.04	21.23	81	-	119

Further, these sub-schemes were intended to reach, backward and unreached areas. It was, however, noticed that none of the projects were sanctioned in the backward districts identified by the Planning Commission under the RSVY.

These sub-schemes were discontinued in September 2009 by the 50thEC, subsequent to audit pointing out serious irregularities in implementation like waiver of pre-funding appraisal and non-verification of Below Poverty Line status of the beneficiaries.

CAPART stated (July 2010) that NNGO was not a beneficiary oriented scheme. The reply of the CAPART was, however, silent on the issue of violation of guideline which stipulated that 50 per cent beneficiaries should be from SC/ST/BPL families applicable to other sub-schemes. The reply was also silent on the issue of non-sanction of these schemes in backward districts for which these were intended.

Recommendation

- *CAPART should strictly avoid relaxation of prescribed policy guidelines*

2.4.5 Field visits by audit team

The audit team made field visits to 11 project sites in Orissa, Gujarat and Rajasthan. Details of the results of the field visit with the supporting photographs are summarised below:

Box 4- Instances of good execution

Centre for Education Empowerment and Rehabilitation Action, Bhubaneswar, Orissa had an ongoing training programme in the tribal area of Khurda district of Orissa, for construction of low cost houses using Stabilised Mud Block. Audit made a field visit to the project in October 2009. The beneficiaries expressed satisfaction over implementation of the programme by the VO.



Society for Leprosy Amelioration and Rehabilitation, Puri, Orissa was implementing a project sanctioned in October 2008, for economic empowerment of rural women through skill up gradation. Audit made a field visit in October 2009. The beneficiaries expressed satisfaction over the programme.



Beneficiaries undergoing training

Box 5 – Cases of irregular execution

(i) Field visit by the audit team on 6 November 2009 to roof rain water harvesting project costing ₹15 lakh, implemented by Insaf Khadi Gramodhyog, Gujarat (sanctioned in December 2005) revealed that most of the built up structures were not fitted with roof rain water collection pipes/channels and could not be used for rain water harvesting.



Water tank constructed without connecting pipes (Airvada, Surendranagar, Gujarat)

CAPART stated (July 2010) that the case stood referred to vigilance department for further investigation

(ii) A project under NRDM (Other Schemes)scheme was sanctioned for ₹ 21.71 lakh to Shilpi Sansthan, Rajasthan, in December 2006 for construction of 70 community water *tankas* and to connect them with the roof top for harvesting roof rain water. The mid-term evaluator had reported satisfactory construction of *tankas*¹¹ and had also enclosed photographs of constructed *tankas* along with the concerned beneficiaries. During its field visit in December 2009, the audit team test checked 10 *tankas* and found that four *tankas* were not connected with the roof top, due to which they could not be used for roof rain water harvesting. Further, the test-checked *tankas* did not bear the name of the beneficiaries (except in one case) and the implementing agency i.e. CAPART, which was mandatory, although the photographs submitted by the mid-term evaluator carried these details painted on the *tankas*. Since Gram Panchayats were also working on similar projects under different schemes, there was a possibility of showing the same *tankas* for getting funds from other sources like NREGA¹².



Structure of water *tanka* without roof attachment Bhanpura Village, Barmer



Photograph of water *tanka* submitted by FCE indicating display in Bhanpura Village, Barmer

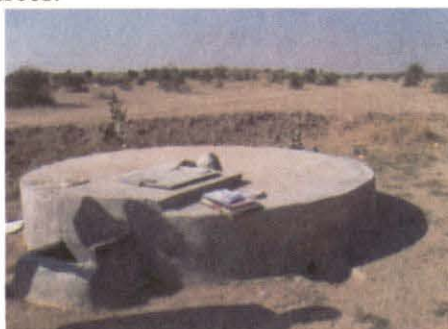
¹¹ Underground tanks built for storage of rain water

¹² National Rural Employment Guarantee Act



Photograph of the same water tanka without display as verified by audit

(iii) A project of ₹ 4.20 lakh was sanctioned under NRDM to Nehru Navyuvak Mandal, Moseri, Rajasthan for construction of 14 community water tankas in two villages- Kharchi and Moseri in Barmer. The audit team on its field visit in December 2009 found during test check of seven water tankas that the structures did not display details of the projects with the sponsoring agency's name and amount of funds released, which were mandatory as per the guidelines. There was a possibility of showing the same tankas for getting funds from other sources.



Water tanka of Moseri Village of Barmer without display details

(iv) A project under NRDM for ₹ 12.54 lakh was sanctioned to Nehru Navyuvak Mandal, Gourdia, Barmer district, Rajasthan for construction of 38 community water tankas in Harsani blocks of Barmer district. The audit team during its field visit in December 2009 to Harsani village, found that out of five structures of water tankas test checked, four were without any display details of funds released and name of sponsoring agency, although the photographs submitted by the FCE with the mid-term evaluation report exhibited all the mandatory information as required under CAPART's guidelines. There was a possibility of showing the same tankas for getting funds from other sources.



Photograph of *tanka*, with display plate as submitted by FCE



Photograph of the same *tanka* without display plate during field visit of audit

(v) A project of ₹ 5.53 lakh was sanctioned to Gangotri Sansthan, Barmer for construction of 16 community water *tankas* in two villages viz. Revali and Chenna ki Dhani. The audit team during field visit in December 2009 found that the display bearing the details of the projects were found removed, although the photographs submitted by the FCE carried all the mandatory information as required under CAPART's guidelines. There was a possibility of getting funds from other Government sources for the same *tankas*.



Photograph of *tanka*, with display plate in Revali Village as submitted by FCE



Photograph of same *tanka* without display during field visit of audit team

In response to observations at (ii) of Box 5, CAPART stated that the amount had been recovered from the VO in one case for not linking the tank with roof through pipe. The reply added further that the VO had since furnished all photographs duly displaying the details; that CAPART was also getting an undertaking from the VO regarding non-receipt of funds for the same project either completely or partially from any other agency. When the earlier report of the FCE indicated display particulars and the subsequent visit by the audit team revealed absence of such display, CAPART's response that the VO had since furnished photographs duly displaying particulars seemed not reliable.

2.4.6 Field visit to projects showcased by CAPART as successful

The audit team visited four successful showcased projects¹³ of CAPART, referred to in exit conference, in the States of Andhra Pradesh, Tamil Nadu and West Bengal. All the four projects were found completed by the VOs and the beneficiaries expressed satisfaction over implementation of the projects.

Recommendations

- *Selection of VOs should be transparent and as per prescribed eligibility criteria*
- CAPART should map the data on VOs and projects allotted to them along with monitors appointed therefor to ensure effective follow up

¹³ (i) Project for "Sustainable livelihood security through integrated and innovative approach" in West Bengal at a cost of ₹ 17.42 lakh completed in 2008 through VO – Baradrone Social Welfare Organisation, West Bengal.

(ii) Project for "Adoption of low cost eco friendly propagation technique at a cost of ₹ 19.24 lakh in West Bengal through VO – Sramik Vidya Mandir, West Bengal.

(iii) Project for "Revival of traditional chain of tanks and allied activities" in Tamil Nadu at a cost of ₹ 24.64 lakh completed in 2007 through VO – Shri Ramakrishna Sarada Trust, Tamil Nadu

(iv) Project for "Extension services for physically challenged individuals in rural areas of East Godavari" in Andhra Pradesh at a cost of ₹ 9.25 lakh completed in 2006 through VO – Uma Education and Technical Society, Andhra Pradesh.

- CAPART should devise a fool-proof mechanism for segregation of assets created out of its assistance

2.5 Vigilance and Internal Control

2.5.1 Absence of follow up action on assurances PAC on deficiencies noticed in earlier performance audit

As per CAPART's circular issued in October 2001 and MoRD's assurances to PAC in 2004-2005, as a policy imperative, the members of NSCs/RCs were not expected to promote proposals of VOs with which they or their Association or members of their family were involved as office bearers or patrons and proposals relating to VOs where the members of Regional Committee or their family members were office bearers would not be dealt with at the level of Regional Committees, but referred to the concerned divisions at CAPART's Headquarters, who, on examination, would place them before the concerned National Standing Committees with their comments.

During test check, it was found that in the 41st meeting of the Regional Committee of Jaipur held on 31 December 2008, a project was sanctioned to a VO who had one of the members of the RC in its Executive Committee. In another project, relating to Watershed Development Programme, the consultant (WSD) of CAPART was one of the Executive Committee members of the VO.

Recommendation

- CAPART should adhere to the assurance given to PAC and not sanction any project to VOs having in their executive committees members of NSC/RC

2.5.2 Blacklisting of VOs and other funding restrictions

Audit scrutiny revealed the following:

- As of January 2010, CAPART had placed 2304 VOs under different categories of funding restrictions – 659 as blacklisted, 223 as defaulters, 1226 under Further Assistance Stopped(FAS), and 196 under other categories; ₹ 135.58 crore of funds had been released to these VOs. For the blacklisted cases, CAPART filed FIRs only in 62 cases as of May 2009. During test check, it was seen that CAPART has released an amount of ₹ 36.73 lakh to a VO (Social Action for Rural and Tribal Inhabitants of India) after it was blacklisted. Further, audit noticed that in respect of Jan Jagriti, an amount of ₹ 17.95 lakh was released after it was placed under FAS category.
- CAPART's action in listing blacklisted and FAS category VOs on its website served little purpose, as the names and addresses of the chief functionaries of these VOs were not listed.

Further, although MoRD had intimated PAC that CAPART had taken action for deregistration of some of the blacklisted VOs, CAPART failed to provide data in this regard to audit, which raised doubts over claims of such action.

Recommendation

- *CAPART should take decisive action in respect of blacklisted and other categories of VOs and recover the amounts due*

2.5.3 Effectiveness of Vigilance system

CAPART failed to furnish Audit with information sought for on complaints received, investigations conducted etc. to ascertain the effectiveness of vigilance division. In response, CAPART stated (July 2010) that CVC had directed furnishing of statistical data like number of complaints received, investigation carried out, outcome, etc. However, the year wise information requested for by audit was not received.

2.6 Evaluation studies

An evaluation study by an expert committee under Ms. Syeda Hameed, Member, Planning Commission, had recommended (March 2007) sweeping changes to the organisational structure and functioning of CAPART including the selection process and tenures for officials, flexibility in selection of programmes to enable multi-disciplinary action etc.. In response, CAPART (July 2010) stated that the report of Syeda Hameed committee was under consideration of the Ministry.

2.7 Conclusion

The performance audit revealed that the process prescribed for project appraisal, approval and monitoring was not fully complied with. The time overruns continued to be huge in the majority of projects implemented and test-checked. CAPART did not attempt to cover the districts identified as backward by the Planning Commission. Field visits to project sites by the audit team revealed irregularities in the delivery of intended benefits. The selection of VOs was not strictly as per policy guidelines leading to non-completion and termination of projects. Monitoring continued to be weak and in some cases not reliable. Such large scale failures led to CAPART not fulfilling its objective to encourage, promote and assist voluntary action in implementation of rural development schemes. In the context of overlap of CAPART activities with other flagship programmes of the Government of India, the Ministry may consider restructuring of CAPART.

Annexure
(Referred to in paragraph 2.4.2)

Cases of significant deficiencies in processing of projects

- i. Pradushan Niyantran Avam Urja Vikas Samiti, Allahabad, Uttar Pradesh was sanctioned in February 2004 an IRH project for ₹ 18 lakh for constructing IRH houses with innovative technology i.e. Stabilised Mud Block. However audit noticed that instead of constructing houses with Stabilised Mud Block, red bricks were used for construction. CAPART stated in July 2010 that DG regularised the change in technology to use red bricks. Regularisation of the change of technology by the DG went against the very purpose of the project.
- ii. A project proposal for ₹ 9 lakh on empowerment of the Disabled People (providing training to Disabled people in different trade skills) was sanctioned in August 2007 to Handicapped Welfare Society, U.P. However, it was terminated in July 2008 without approval from NSC. Reasons for termination sought for by audit were not provided. CAPART confirmed in July 2010 that a show cause notice was served on the concerned officer to explain the reasons for termination of the project.
- iii. While sanctioning new projects, previous track records of VOs in respect of its earlier terminated and delayed projects were not considered by CAPART. Society for the Welfare of Weaker Section, Orissa submitted a RRWH project in 2006-07 without detailed list of beneficiaries. The VO was sanctioned (January 2007) ₹ 21 lakh, even though out of seven projects earlier sanctioned, three were terminated, two rejected, one pending, and one was ongoing since the last 16 years. This was accepted (July 2010) by CAPART.
- iv. Shivangi Education and Rural Development Society, Madhya Pradesh, submitted project proposal under Disability scheme in September 2006 with duration as two years. The CAPART intimated the VO of shortcomings in the proposal November 2006, which were replied to by VO in February 2007. However, the desk appraisal was completed only in September 2008. CAPART took four months to issue sanction of ₹ 40.60 lakh. CAPART took 24 months to process the proposal with project duration of two years. CAPART accepted (July 2010) the delay.
- v. Asmita Sanwardhan Trust, Gujarat received ₹ 5.99 lakh (May 2001 and January 2002) for construction of houses for earth quake victims in Bhuj, Gujarat. Post evaluation report (May 2004) revealed that the houses were not constructed. CAPART stated

(July 2010) that it had initiated action for recovery of the amount released along with penal interest.

- vi. For a project under Disability scheme, Social Work and Rural Development, Uttar Pradesh, was sanctioned ₹ 11 lakh in June 2005. The first monitor for mid-term evaluation appointed in February 2007 failed to submit its report for 18 months. Subsequently, another monitor was appointed in July 2008, who submitted his report in November 2008. CAPART took 21 months instead of 45 days prescribed in guidelines. This was accepted (July2010) by CAPART.
- vii. Maharashtra Suryodya Bahuuddeshiya Samajik Sanstha was sanctioned ₹ 10 lakh in February 2005, for a project under Disability scheme. The mid-term evaluator appointed in July 2008, did not submit the report as of November 2009. CAPART stated (July 2010) that the case had been marked for fresh post evaluation.
- viii. A mid-term evaluator appointed in December 2007 to assess a Grameen Vikas Andolan project of Murari Samaj Kalyan Society, Orissa did not submit his report as of October 2009. This was accepted (July2010) by CAPART.

Chakradhar Gramin Vikas Pratisthan (Maharashtra), was sanctioned in February 2007 ₹ 82.72 lakh for an RRWH project. The two institutional monitors who did the mid-term evaluation in December 2007 and August 2008 did not mention the names of the beneficiaries in their report. CAPART failed to take any action on the same. CAPART accepted (July2010) the facts of the case.

List of Abbreviations

ARTS	Advancement of Rural Technology Scheme
BLA	Blacklisted agencies
CAPART	Council of Advancement of Peoples Action and Rural Technologies
CSIR	Council for scientific and industrial research
DBT	Department of Bio-technology
DG	Director General
DSSW	Department of Social work
DST	Department of science and technology
DRDA	District Rural Development Agency
EC	Executive Committee
FAS	Further Assistance Stopped
FCE	Facilitator cum Evaluator
GB	General Body
GoI	Government of India
GVA	Grameen Vikas Andolan
ICAR	Indian Council of Agriculture Research
IIFM	Indian Institute of Forest Management, Bhopal
IIT	Indian Institute of Technology
IM	Institutional Monitor
IRH	Innovative Rural Housing
IRMA	Institute of Rural Management Anand
ISRO	Indian Space Research Organisation
IT	Information Technology
ICT	Information and Communication Technology
ITC	Indian Tobacco Company
MoA	Memorandum of Association
MoRD	Ministry of Rural Development
NGO	Non-Governmental Organisation
NNGO	Nodal Non-Governmental Organisation
NREGA	National Rural Employment Guarantee Act
NSC	National Standing Committee
OB	Organisation of Beneficiaries
PAC	Public Accounts Committee
PADI	People's Action for Development India
PAN	Permanent Account Number
PC	Public Cooperation
RC	Regional Committee
RR&MC	Regional Representative and Member Convener
RRWH	Roof Rain Water Harvesting
RS	Rural Sanitation
RYP	Rural Young Professional
SGSY	Swarn Jayanti Gram Swarozgar Yojana
SHG	Self Help Group
TISS	Tata Institute of Social Science
UNDP	United Nations Development Programme
VKC	Village Knowledge Centre
VO	Voluntary Organisation
WSD	Watershed Development

MINISTRY OF TEXTILES

**CATALYTIC DEVELOPMENT
PROGRAMME OF CENTRAL SILK
BOARD**

MINISTRY OF TEXTILES

CATALYTIC DYEING
PROGRAMME OF CENTRAL
BOARD

CHAPTER III : MINISTRY OF TEXTILES

Central Silk Board

3. Catalytic Development Programme of Central Silk Board

Highlights

- CSB proposed withdrawal of four components under XI Plan due to lack of proper survey before planning.
(Paragraph 3.2.1)
- Poor planning led to huge releases of ₹ 20.66 crore for construction of rearing houses in the first two years (2007-09) of the XI Plan period against allotment of ₹ 7.50 crore for the full Plan period. Such diversion affected performance in the remaining components of Eri sector.
(Paragraph 3.2.3)
- Achievement in Mulberry seed sector was only 15 per cent of target envisaged for 2007-09
(Paragraph 3.4.1)
- Failure of CSB and state Governments to monitor the progress after extending assistance for construction of rearing houses resulted in discontinuance of rearing of Bivoltine silkworm by beneficiaries leading to decline in growth of Bivoltine silk yarn production
(Paragraph 3.4.2.1)
- In contravention of the scheme guidelines, CSB extended “Interest subsidy on working capital loan” sanctioned by banks to reeling units beyond stipulated period of five years.
(Paragraph 3.4.3.1)

Summary of recommendations

- CSB and the state Governments should fix targets on the basis of reliable data arising from grass root level survey.
- A suitable mechanism should be devised to ensure that assistance extended to the beneficiaries is utilised in accordance with the scheme guidelines.
- CSB should ensure implementation of all components for comprehensive development of sericulture and silk industry.

3 Introduction

3.1.1 Sericulture and Silk

Silk is made of proteins secreted in the fluid state by a caterpillar, popularly known as 'silkworm'. The silkworms feed on selected food plants and spin cocoons as a protective shell to perpetuate their life. Silkworm has four stages in its life cycle viz., egg, caterpillar, pupae and moth. Man interferes with this life-cycle at the cocoon stage to obtain the silk. There are four major types of silk of commercial importance obtained from different species of silkworms which in turn feed on a number of food plants. These are:

- Mulberry Accounts for 90 *per cent* of the total silk production (multivoltine and bivoltine silk) in the country. This silk comes from the silkworm which feeds on mulberry leaves. The major producing states are Karnataka, Andhra Pradesh, West Bengal, Tamil Nadu and Jammu and Kashmir
- Tasar It is a coarse variety mainly used for furnishing interiors. It is generated from the silkworm which thrives on food plants Asan, Arjun and Oak. It is produced in Jharkhand, Chhattisgarh, Orissa, Maharashtra, West Bengal and Andhra Pradesh. The Oak Tasar is generally produced in Manipur, Himachal Pradesh, Uttar Pradesh, Assam, Meghalaya and Jammu and Kashmir.
- Muga This silk is the pride of Assam. It is obtained from semi domesticated multi voltine silkworm which feeds on aromatic leaves of Som and Soalu plants.
- Eri A multivoltine silk spun from open ended cocoons. It is a product of domesticated silkworm that feeds on Castor leaves. It is produced mainly in the north-eastern states. It is also found in Bihar, West Bengal and Orissa

Except mulberry, other varieties of silk are generally termed as non-mulberry silk or Vanya silk. India has the unique distinction of producing all these commercial varieties of silk.

3.1.2 Catalytic Development Programme

The entire gamut of sericulture activities can be divided into three sectors – (i) Silkworm Seed Sector, (ii) the Cocoon Sector and (iii) the Post-Cocoon Sector. As part of developmental initiatives, the Ministry of Textiles through Central Silk Board has been implementing the Centrally Sponsored Scheme viz., 'Catalytic Development Programme' (CDP) in collaboration with the respective state sericulture departments. The CDP implemented in IX Plan period (1997-2002) was continued during X (2002-07) and XI (2007-12) Plan periods. It consisted of various components and sub-components for promotion of all varieties of silk in India. The CDP continued during X plan consisted of 40 components which included 12 additional components under "Additional Inputs" sanctioned during 2005-06 to accommodate the expanding programme of Bivoltine silk, Vanya silk and to induct new technologies. During XI Plan, the CDP was continued with certain additional components. Under the XI Plan a total 57 components were proposed to be implemented

through project mode approach in the form of packages under the three sectors viz. (i) Seed, (ii) Cocoon and (iii) Post-cocoon sectors supported by the Service sector in order to benefit all categories of beneficiaries like farmers, reelers and weavers. The details of components are given in **Annexure-1**. As the components under CDP were beneficial for both existing and new farmers for practicing sericulture, the state departments were to identify existing as well as new farmers and offer the components according to their requirements. Schemes/components under CDP were proposed to ensure forward and backward linkages between seed, cocoon and yarn production. The number of components under the various sectors under X and XI Plans were as below.

Table 1

Sl. No	Particulars	Number of components									
		Seed sector		Cocoon sector		Post cocoon Sector(for all types of silk)		Support services(com mon to all packages)		Others	
	Plan Period	X*	XI	X*	XI	X*	XI	X*	XI	X*	XI
1	Mulberry	1	4	12	10		-	-		-	
2	Tassar	2	4	3	3		-	-		-	
3	Eri	1	1	1	3		-	-		-	
4	Muga	2	2	2	1		-	-		-	
5	Silk Reeling& Spinning		-		-	8	15	-		-	
6	Silk weaving		-		-		2	-		-	
7	Wet processing		-		-		1	-		-	
8	Support services		-		-		-	6	10	-	
9	Corporate participation in sericulture		-		-		-	-		-	1
	Total	6	11	18	17	8	18	6**	10	-	1
	Grand total	95									

* includes components of Additional Inputs

** No allocation was made for two components under support services. Hence not included in Additional Inputs

3.1.3 Objectives of the Catalytic Development Programme

The main objectives were

- Catalyze the efforts of states to increase production of raw silk including superior quality Bivoltine silk, exports and reduce import of raw silk.
- Facilitating linkages amongst stakeholders and strengthening the supply-chain for silk production.

3.1.4 Organisation Set up

The CSB was headed by Member Secretary assisted by Directors, Joint Secretaries, Deputy Secretaries and Assistant Secretaries. At the state level, the Directors of Sericulture and implementing units were responsible for implementation of the programme.

3.1.5 Audit Objectives

Performance audit was taken up with a view to examine whether:

- planning of various components of the programme was effective and based on proper survey.
- allocation, release and utilization of the funds earmarked for each component was adequate.
- the implementation was in accordance with the prescribed guidelines in an efficient and effective manner.
- the programme resulted in development of high quality silk yarn.

3.1.6 Audit Criteria

The audit criteria used were with reference to the operational guidelines and targets prescribed for schemes.

3.1.7 Scope and Methodology

3.1.7.1 Scope and coverage of audit

The performance audit was conducted in nine states practising sericulture, based on the expenditure during 2004-09. In each state, based on expenditure, 25 *per cent* of districts were selected. Thus, performance audit was conducted in 48 districts. State-wise list of the selected districts is given in **Annexure-II**.

3.1.7.2 Audit Methodology

The performance audit was carried out between November 2009 and March 2010 by examining the documents in the CSB and in the departments of sericulture practising states for the period 2004-09. The performance audit commenced with an entry conference with the CSB in October 2009, wherein the audit methodology, scope, objective and criteria were explained. Exit conference was held with the CSB to discuss audit findings during May 2010.

Audit findings

The audit findings, conclusions and recommendations are discussed in subsequent paragraphs.

3.2 Planning of Catalytic Development Programme

CSB formulated the schemes for sanction by the Government of India (GOI) and released the central share of funds to states based on their proposals and monitored implementation and progress. GOI released funds as grant in aid under the head 'Development of Silk Industries under Plan/NE Plan Schemes and Projects'. In turn, CSB released funds to end beneficiaries through state Governments as assistance in the ratio prescribed under scheme guidelines. The share of CSB ranged from 25-50 *per cent* of unit cost in general states and 45-90 *per cent* in special status (north eastern) states. The share of CSB for support services was almost 100 *per cent*. Planning for the various components was reviewed in audit to assess their effectiveness. The sector wise financial targets and achievements of CDP during the years 2004-09 were as below:

Table 2

Sl. No.	Name of the Sector	Target and achievement during the period 2004-05 to 2008-09 (₹ in crore)		Percentage of achievement over the targets
		Target	Achievements	
A	Seed sector			
1	Mulberry*	5.04*	1.18	23.41
2	Tasar	12.46	11.87	95.26
3	Eri	1.45	2.00	137.93
4	Muga	8.74	8.61	98.51
B	Cocoon sector			
1	Mulberry	167.78	193.24	115.17
2	Tasar	6.66	6.94	104.20
3	Eri	7.62	36.98	485.30
4	Muga	7.64	8.16	106.80
C	Post cocoon sector	65.17	41.63	63.87
D	Support and extension services	8.28	9.73	117.51
E	Additional Inputs			
	Seed sector(Mulberry)	5.25	2.69	51.23
	Cocoon sector (Mulberry)	24.05	17.20	71.51
	Post- Cocoon sector	28.24	10.09	35.72
	Support and Extension services	19.45	2.83	14.55
Grand Total		367.83	353.15	

* Seed sector for Mulberry was introduced only in XI Plan. Hence, the figures are for the years 2007-09.

Audit scrutiny revealed that

- CDP did not provide for any expenditure for pre- project survey.
- There was mis-match in targets set for pre cocoon(seed and cocoon sector) and post cocoon sectors indicating deficiencies in planning for forward and backward linkages.
- The target of “Additional Input” component introduced mid way for the years 2005-06 and 2006-07 of the X Plan period was not achieved indicating deficient planning.

During exit conference, CSB stated that the mis-match between pre-cocoon and post-cocoon sectors was as per state proposals/requirements and added that the pre-cocoon sector required more assistance while post-cocoon sector had considerable private investment. The reply indicated that states/beneficiaries were not identified through grass root survey resulting in inadequate planning. Further, the reply was not consistent with CSB’s response to an audit query on short achievement in post cocoon sector wherein they had stated that the reelers were unable to avail of the assistance for the reeling units when the beneficiaries share was increased by GOI from ten *per cent* to fifty *per cent* during X plan indicating the need for CSB intervention.

3.2.1 Proposal for withdrawal of components after approval

Of the 57 components of CDP approved by GOI under XI plan period (2007-12) four components were proposed for withdrawal at the early stage of implementation as detailed below:

Table 3

Sl. No.	Sector/component	Scheme	Objective	Outlay (₹ in crore)		Remarks
				Total	CSB share	
1.	Corporate participation in sericulture	Scheme for Integrated sericulture project under the Corporate sector	To ensure large scale quality bivoltine production for meeting the demand of export oriented units and power looms.	89.45	35.78	The component was introduced to produce 80 M.T of international grade bivoltine raw silk. However, no allocation was made during the first two years (2007-09) of XI plan period. The project was proposed for withdrawal during 2009 due to poor response from the states.

Sl. No.	Sector/component	Scheme	Objective	Outlay (₹ in crore)		Remarks
				Total	CSB share	
2.	Support services	Emphasis on Tribal Areas	Building confidence, knowledge, information and skills to understand the activity concerned, creating cost effective and efficient mechanism by involving village based resource persons, providing door delivery of input/spare parts for processing machines etc	1.18	1.00	The component was implemented only in Mizoram for which ₹ 0.88 lakh was released but the same was proposed for withdrawal during 2009 citing poor response from the states.
3.	Post-Cocoon/ -Silk reeling and spinning	Support for setting up of certified dupion silk reeling units	To produce international grade dupion silk, by using sorted out defective cocoons (i.e. double, flimsy, Uzi affected, urinated, thin-end and melted cocoons).	2.00	1.15	Funds amounting to ₹19 lakh was released during 2007-09 to Andhra Pradesh, West Bengal, Madhya Pradesh, Maharashtra, Kerala, Tripura and Chhattisgarh. As against the target of 30 units (₹ 36 lakh) for 2007-09, 18 units(₹ 19 lakh) were established. The component was proposed for withdrawal during 2008-09 due to poor response from traditional sericulture states of Karnataka, Tamilnadu and Andhra Pradesh.
4.	-do-	Popularization of new slow-speed certified multi-end reeling machines..	To produce warp quality yarn and to facilitate production of bigger lots of high quality raw silk to meet the requirements of the power loom industry.	4.00	2.00	This was not implemented during 2007-09. CSB proposed withdrawal during 2008-09 due to poor response from traditional sericulture states of Karnataka, Tamilnadu and Andhra Pradesh.

CSB stated during exit conference that the schemes had not taken off due to lack of response from the stakeholders and hence the proposal for withdrawal. The reply indicated lack of proper survey before planning.

3.2.2 Improper planning leading to release of huge funds under Eri sector (Cocoon sector)

Keeping in view the steady progress made in this sector, an outlay of ₹ 26.43 crore towards support for Castor/Tapioca cultivators with start-up tools, augmentation of perennial Eri food plants with supply of start-up tools and construction of rearing houses was provided for during XI Plan period (2007-12) as against ₹ 16.60 crore incurred during X Plan. Out of ₹ 26.43 crore, ₹ 7.50 crore was earmarked for construction of 2081 rearing houses in the plan period. Of the above a sum of ₹ 1.20 crore was earmarked for construction of 300 rearing houses during the year 2007-08 and 2008-09.

It was, however, seen in audit that against the above target, CSB released ₹ 20.66 crore for construction of 5801 rearing houses during the year 2007-08 and 2008-09 to Eri practising states. The reasons for releasing such a huge sum in just two years against the allocated funds of ₹ 7.50 crore for the full plan period was not found on record. The other two components under this sector viz (i) support for Castor/Tapioca cultivators with start-up tools (half acre units) and (ii) augmentation of parental Eri food plants with supply of start-up tools got the least attention with only ₹ 2.78 crore released during 2007-08 and 2008-09 against the earmarked funds of ₹ 5.22 crore. Consequently, physical achievement of these two components was only 7046 units against the target of 32787 units.

CSB, stated (March 2010) that it was necessary to cover all Eri farmers with assistance for construction of Eri rearing houses as almost all Eri rearing had been conducted in the dwelling houses. It further stated that separate rearing houses with adequate space, sufficient ventilation and light would help farmers in getting good cocoon crops and hence the increased assistance during first two years of XI Plan. During exit conference also CSB stated that there was heavy demand from Eri practicing states during 2007-09 for rearing houses and funds, were therefore, diverted from other components with poor response. The reply established the fact of poor planning at the stage of framing target for XI Plan period which also resulted in under-achievement of targets in the remaining two components of the Eri sector.

3.2.3 Inclusion of women sericulturist under health insurance scheme (Support services)

During XI Plan period, Women Development component was introduced with the objective of providing health insurance to women workers in private and co-operative reeling units and grainages. The scheme covered healthcare facilities to the women worker including her family consisting of her spouse and two children.

It was seen in audit that out of the total 27 States (five traditional and 22 non-traditional), the CSB implemented this component in seven states (five traditional and two non-traditional) during the year 2008-09 by providing coverage to 26040 beneficiaries involving assistance of ₹ 1.67 crore. However, in February, 2009, the scheme was extended to all women sericulturists. Thereafter the physical and the financial coverage of the scheme during the year 2009-10 increased to 115800 beneficiaries and ₹ 7.27 crore against the target of 7250 beneficiaries and ₹ 58 lakh respectively.

The huge variation in target and achievement indicated non collection of validated data leading to poor planning.

Recommendation

- CSB and state Governments should fix targets on the basis of reliable data arising from grass root level survey.

3.3 Financial Management

3.3.1 Utilisation of funds

Allocation of funds and utilisation on CDP during the years 2004-05 to 2008-09 was as given below:

Table 4

(₹ in crore)			
(₹ in crore) Year	Budgeted allocation for CDP	Expenditure on CDP	Percentage of expenditure to allocation
2004-05	38.51	48.44	125.79
2005-06	42.28 ¹	68.56	162.15
2006-07	55.37 ²	64.59	116.65
2007-08	79.85	80.82	101.21
2008-09	113.21	90.74	80.15

The excess expenditure on CDP over allocation was met from the other grants received by CSB for development of silk industry. The increase in expenditure during 2005-06 was due to excess expenditure on assistance to construction of rearing houses in Mulberry and Eri sectors. There was a sharp decline in expenditure during 2008-09 due to non achievement of targets in components of seed sector and support services.

3.3.2 Surrender of funds for Additional Inputs under X plan

Under the X Plan period an additional outlay of ₹ 76.99 crore was sanctioned (March 2006) for 10 Additional Inputs³ to CDP to induct new technologies

¹ Includes grant of ₹. 9.62 crore received for Additional Inputs

² Includes grant of ₹. 28.76 crore received for Additional Inputs.

³ (i) support for construction of Vermi Compost Sheds, (ii) Supply of rearing appliances, (iii) setting up of Eri raw material bank, (iv) Post-cocoon sector, (v) Support for by-product

during 2005-06 and 2006-07. The CSB could, however, utilise only ₹ 23.40 crore up to November 2006 and the Ministry therefore re-examined the issue and restricted (January 2007) the amount to ₹ 38.38 crore. The details of expenditure for the period 2005-07 was as below.

Table 5

(₹ in crore)

Sl. No	Name of the sector	Outlay	Expenditure	Percentage of Expenditure
1	Seed sector(Mulberry)	5.25	2.69	51.23
2	Cocoon sector (Mulberry)	24.05	17.20	71.51
3	Post- Cocoon sector	28.24	10.09	35.72
4	Support and Extension services	19.45	2.83	14.55

It could be seen from the above that the percentage of utilization ranged from 14.55 to 71.51 of funds received for implementation of components of "Additional Inputs". Among the components, support for bye-product utilization was not implemented and other components such as supply of rearing appliances, post cocoon sector, I.T. initiatives, Silk Mark of India etc. were partially implemented.

Thus, partial/non implementation of the scheme components resulted in approval of surrender of ₹ 38.61 crore by Ministry of Textiles in January 2007.

The CSB replied (March 2010) that delay in approval of the scheme by GOI and non-release of funds to states for non-submission of utilisation certificates for previous releases resulted in partial implementation of the scheme. The reply indicated that the CSB was not ready with a full fledged action plan for implementation of components of Additional Inputs leading to drastic restriction on funds especially in post cocoon sector.

3.3.3 Incorrect/non-submission of Utilisation Certificates

As per General Financial Rules, utilisation certificates (UC) in respect of grants was to be submitted by the grantees to the Ministry.

Test check of records of state departments showed that there were instances of incorrect submission/ non-submission of UCs as detailed below.

utilisation, (vi) Vanya silk mark promotion cell, (vii) Drip irrigation, (viii) Assistance to private licensed silkworm seed producers, (ix) I.T. initiatives for future and on-line trading and (x) promotion of silk mark

Andhra Pradesh

For conducting a pilot project on Introduction of Eri culture by the Department of Sericulture, Andhra Pradesh, the CSB released ₹1.61 crore during 2003-04 to 2006-07. The department submitted UCs for the entire amount during July 2004 to December 2006. However, the project completion report received during July 2007 indicated unspent balance of ₹ 45 lakh which had not been surrendered till date. Thus, there was incorrect submission of UCs. The CSB replied that necessary steps would be taken for adjustment of unspent balance.

Uttar Pradesh

Though UC for ₹75 lakh was not submitted by the implementing units in three test checked districts of Uttar Pradesh (Varanasi, Saharanpur and Bahraich), the state Department, however, furnished UCs during 2005-06 and 2007-08 for the entire amount received resulting in incorrect submission of UCs

3.4 Implementation of Schemes

The deficiencies noticed in Audit in sector wise implementation of components were as under.

3.4.1 Seed sector

Silkworm seed plays a significant role in increasing productivity. Cost effectiveness of sericulture activities lies in increased productivity and higher returns. This was introduced as a specific component in XI Plan to be covered in the first three years itself instead of spreading over to the entire five years to facilitate production of required quantity of silkworm seed in time. The target and achievement under this sector for the year 2007-08 and 2008-09 of XI Plan period is given below.

Table 6

(₹ in crore)

Sl. No.	Sector	Target for XI plan	Target for 2007-08 & 2008-09	Target to be set for 2007-08 & 2008-09	Achievement for 2007-08 & 2008-09	Percentage of achievement w.r.t. column 4	Percentage achieved w.r.t. column 5
1	2	3	4	5	6	7	8
1	Mulberry	11.56	5.04	7.71	1.18	23	15
2	Tasar	12.18	2.46	8.12	3.03	123	37
3	Eri	2.0	0.79	1.33	0.79	100	59
4	Muga	12.68	3.43	8.45	1.80	52	21

It may be seen from the above table that in none of the sectors the targets envisaged were achieved affecting the objectives stated above.

Audit scrutiny revealed that

- under Mulberry seed sector, achievement during 2007-09 was only 23 per cent of target fixed. Scrutiny further revealed that against the target of 150 units of grainages and seed testing facilities, only 39 units were assisted (26 per cent) despite the fact that CSB had to ensure that the seed was not deficient.
- the package under seed sector included components for seed production in the public / private sector and/or with public-private partnership. Of the 16 components of seed sector and one component under "Additional Inputs" implemented during 2004-09, there was non-implementation/partial implementation under four components as detailed below.

Table 7

Sl. No.	Type	Scheme	Physical (in numbers)		Remarks
			Target	Achievements	
1.	Additional Inputs (2005-07) Mulberry	Assistance to private licensed silkworm seed for production of Bivoltine disease free layings.	75 producers	161 producers	Though the achievement made was more than the target fixed, there were savings of ₹ 2.56 crore against allotment of ₹ 5.25 crore. In view of the savings, the target could have been increased. CSB, in its reply stated that delay in approval of the scheme by GOI coupled with non-release of funds to states for non-submission of UCs for earlier releases resulted in non-utilisation of funds.
2.	Mulberry	Support to establish large scale Bivoltine seed production grainages in public / private sector	02 units	---	CSB stated that non receipt of proposals from the states with sufficient information during 2007-09 was the reason for non implementation of the component with allotment of ₹ 1.20 crore.
3.	Muga	Assistance to Muga private grainages	277 units	150 units	Against allotment of ₹ 2.43 crore for the period 2007-09, an amount of ₹ 1.29 crore was utilised. CSB replied that the Assam state department could not spend the amount released during 2007-08 which affected subsequent fund flow, resulting in non achievement of target.

Sl. No.	Type	Scheme	Physical (in numbers)		Remarks
			Target	Achievements	
4.	Muga	Assistance to state department for strengthening of Muga seed multiplication infrastructure like grainage equipment.	07 units	04 Units	Against allotment of ₹ 1.00 crore for the period 2007-09, an amount of ₹ 51 lakh was only utilised. CSB replied that the Assam state department could not spend the amount released during 2007-08 which affected subsequent fund flow, resulting in non achievement of target.

So far as deficiencies in achievement in Mulberry seed sector are concerned, the CSB did not furnish specific replies.

3.4.2 Cocoon sector

The cocoon sector is oriented towards horizontal expansion through increased area under cultivation and vertical growth by increasing the production and productivity of cocoons both under Mulberry and Vanya silk sectors quantitatively and qualitatively. Under Mulberry, special emphasis had been made on Bivoltine. This sector consisted of components for food plant development, irrigation facilities, construction of rearing houses, supply of rearing equipments including improved mountages, supply of disinfectants to Bivoltine seed farmers, chawkie rearing centre with essential insurance coverage etc. Against allocation of ₹ 213.75 crore for the period 2004-09, an amount of ₹ 262.52 crore was released which constituted 122.82 per cent of total allocation of cocoon sector. Of the 32 components of cocoon sector and three components of 'Additional Inputs' implemented during 2004-09; deficiencies noticed in implementation of four components were as below.

3.4.2.1 Assistance for construction of Rearing Houses and supply of Rearing Appliances

During the X Plan, the component of construction of separate Rearing Houses to ensure hygienic conditions and to prevent contamination during silkworm rearing was introduced and was continued in XI Plan period. Under this component 50 per cent of the unit cost was provided as assistance for states under general category and 90 per cent for states under special category. This assistance was to be shared equally by the Centre (through CSB) and the concerned state Governments. The financial limit of the assistance was in the range of ₹ 15000 to ₹ 50000 for the rearing houses of areas ranging from 375-1000 sq ft under X Plan period. These limits were increased to the range of ₹ 25000 to ₹ 75000 in XI Plan period. The details of allocation and expenditure under the components of "Rearing Houses and Rearing Appliances" for 2004-09 were as below.

Table 8

Sl no	Name of Component	Physical (numbers)		Percentage of achievement	Financial (₹ in crore)		Percentage of achievement
		Target	Achievement		Target	achievement	
1	Rearing houses	35292	58893	166	89.19	100.65	113
2	Rearing Appliances	27400	33068	121	40.73	36.49	90

It could be seen from the above table that CSB incurred expenditure on the component of Rearing Houses in excess of the budgeted allocation. Audit scrutiny revealed that CSB had not devised suitable controls to ensure that the assistance was provided in accordance with prescribed guidelines. The deficiencies noticed in implementation were as detailed below.

(A) Karnataka:

As per guidelines, the assistance was restricted to Bivoltine silkworm rearing farmers and the farmer assisted would continue to rear Bivoltine silkworm for a minimum period of five years failing which, assistance would be recoverable as arrears of land revenue. The Department of sericulture was to ensure that the beneficiaries continued with production of Bivoltine silkworm cocoons.

Test check of records in selected districts revealed that 3772 beneficiaries availed assistance of ₹ 17.50 crore during 2004-09. Out of the above

- 1907 beneficiaries availing assistance of ₹ 8.25 crore had not taken up Bivoltine silkworm rearing in the succeeding years
- 528 beneficiaries availing assistance of ₹ 2.22 crore reared Bivoltine silkworm only for one year and
- 121 beneficiaries availing assistance of ₹ 46 lakh reared Bivoltine silkworm for two years after availing of assistance

However, no action was taken as per guidelines, either by CSB or by the state Department. This ultimately resulted in steady decline of share of Karnataka in the overall production of Bivoltine raw silk from 2004-05 as detailed below.

Table 9

Year	All India	Karnataka	(in M.T)
			Percentage
2004-05	893	498	56
2005-06	971	396	41
2006-07	1100	358	33
2007-08	1175	401	34
2008-09	1250	374	30

Similar to the above component, 'Supply of Rearing Equipment' was applicable to states assisting Bivoltine cocoon production. Test check of

records of selected districts showed that ₹1.97 crore was released to 1273 beneficiaries during 2004-09. Of the above, 906 beneficiaries availing assistance of ₹1.43 crore discontinued Bivoltine production. However, no action was initiated either by CSB or by state department.

Thus, the basic objective of the component of producing high quality raw silk was defeated.

(B) Tamil Nadu:

Assistance of ₹ 6.12 crore for purchase of rearing equipment was provided to 2904 beneficiaries of seven test checked districts during 2004-09. Of these 356 beneficiaries after availing assistance of ₹60 lakh discontinued production of Bivoltine cocoons

(C) Andhra Pradesh:

Assistance of ₹ 21.68 crore for construction of rearing sheds was provided to 6038 beneficiaries of six test-checked districts during 2004-09. However, 1535 rearing sheds involving assistance of ₹ 3.10 crore remained incomplete rendering the assistance unfruitful.

(D) Chattisgarh:

Against the assistance of ₹ 56 lakh released during 2007-09 for construction of 50 Mulberry rearing houses, 13 Tasar private graineur units and two Eri rearing units, construction of only two Mulberry rearing houses and one Tasar private graineur unit was completed. The reason for non achievement of target was attributed to delay in opening bank accounts by beneficiaries.

3.4.2.2 Extension of assistance to Drip Irrigation

Assistance for Drip Irrigation was extended to farmers also in other departments like agriculture and horticulture. It was the responsibility of the state department to ensure that the identified beneficiary had not availed of assistance for the same component in other departments. To ensure the same, the beneficiary had to obtain a certificate from the other departments declaring that the beneficiary in question had not availed of the subsidy from them and enclose the same while submitting the proposals to the district/taluq level officers of the sericulture department to enable the state to submit the certificate to the CSB .

During the period of 2007-09, ₹ 15.65 crore being assistance for drip irrigation was extended to the states of Karnataka, Tamilnadu and Andhra Pradesh as detailed below:

Table 10

Sl. No.	Name of the State	Period	Area (in Hectares)	Assistance extended by CSB (₹ in crore)
1	Andhra Pradesh	2007-09	1656	4.14
2	Tamilnadu	2007-09	805	2.00
3	Karnataka	2007-09	3785	9.51
Total			6246	15.65

It was observed that the certificates required from the other departments were not found enclosed by the beneficiaries. The CSB released funds without insisting on the same. Therefore, availing of assistance by the beneficiary for the same component from other departments could not be ruled out.

The CSB stated that the states were constantly being pursued to furnish the certificates to CSB for further necessary action. However, release of funds when the certificates were not received was not as per guidelines.

3.4.2.3 Construction of Vermin compost sheds

Application of Vermin Culture technology in the recycling of sericultural waste had potential for transforming sericulture waste into nutrient rich manure. For the aforesaid objective, a component named "Support for construction of Vermin Compost Sheds" was included (March 2006) under "Additional Inputs" of CDP for implementation during the years 2005-06 and 2006-07. Provision of ₹ 1.05 crore for the construction of 1500 Vermin compost sheds was made. Against the same, 3552 sheds were constructed utilizing ₹ 1.86 crore. Test check of records of four selected districts in Karnataka showed that out of the 33 beneficiaries involving assistance of ₹ three lakh, 23 beneficiaries, after availing assistance of ₹ two lakh during 2005-07, discontinued production of vermin compost. Similarly, test check of records of six districts of Andhra Pradesh revealed that out of 406 Vermin compost units with the assistance of ₹27 lakh, 182 units involving assistance of ₹ 12.31 lakh were defunct. However, no action was taken either by the CSB or the state Department against the defaulting beneficiaries.

3.4.2.4 Extension of assistance in contravention of guidelines

Scrutiny of records of showed that assistance was extended to beneficiaries in contravention of the guidelines as discussed below

West Bengal CSB released assistance of ₹ 35 lakh during 2008-09 for rearing equipments for Bivoltine silkworm rearing. However, in view of production stagnating at 1-2 M.T. of Bivoltine raw silk during the years 2006-09 against the target of 10-25 M.T. assistance was not justified. CSB stated (March 2010) that funds were released as a special case. The reply was not in consonance with the actual achievement vis-à-vis target set.

Assam

An amount of ₹32.40 lakh was released (July 2003) by CSB towards upgrading 12 state farms under the component 'Equipment up gradation of existing State /Parastatal/Co-operative infrastructure in seed and reeling' of Mulberry sector. As the units proposed for strengthening were in dilapidated condition, CSB accorded (June 2004) approval for utilization of entire amount for civil works though there was no provision for the same. CSB stated (March 2010) that the purpose of strengthening the units with equipments would not be served unless the buildings were repaired. The reply was not in line with scheme guidelines and CSB should have ensured the status of existing infrastructural facilities before release of the assistance for up-gradation of equipment.

3.4.2.5 Partial implementation of components

The following components were partially implemented during 2007-09 as detailed below.

Table 11

Sl. No.	Variety	Sector/Component	Target	Achievement	Remarks
1	Mulberry	Cocoon sector/ Providing assistance for training of lead farmers	40 lead farmers	6 lead farmers	Against allotment of ₹ 32 lakh for the period 2007-09, an amount of ₹ four lakh was only utilised. CSB stated that there was no demand for the component except in West Bengal and Maharashtra and that there were no identified lead farmers in North Eastern and non-traditional States.
2	Mulberry	Cocoon sector/ Door-to-door service agents for disinfection and inputs supply and assistance for sericulture polyclinics	26 numbers	7 numbers	Against allotment of ₹ 22 lakh for the period 2007-09, an amount of ₹ five lakh was only utilised. CSB stated that due to delay in approval of the scheme by GOI and also due to non receipt of proposals from both traditional and non traditional states, there was short fall in establishment of polyclinics.

Thus, the two important components of XI Plan intended for improving quality in cocoon sector activities were not given the needed attention.

3.4.3 Post-cocoon sector

The objectives of this sector related to value addition and to boost exports through quality up-gradation, technology absorption, productivity improvement and investment generation. Apart from the schemes of the X Plan, new components were also added in XI Plan to give thrust to the overall development of the post-cocoon sector. The post-cocoon sector related mainly to reeling. Against allocation of ₹ 93.41 crore including Additional Inputs for

the period 2004-09, an amount of ₹ 51.72 crore was incurred constituting 55.37 per cent of the total allocation for this sector. CSB replied (March 2010) that the drastic increase in the beneficiary share to 50 per cent for setting up Multiend reeling units in X Plan from 10 per cent in IX Plan, due to which the beneficiaries had to contribute nearly ₹ four lakh against assistance of ₹ 60,000 was the major reason for poor implementation. The reply further added that during XI Plan the share of CSB was again increased to 50 per cent and above for the components of post cocoon sector resulting in achievement of stated targets.

In the test-checked states, deficiencies noticed in implementation of the components were as below.

3.4.3.1 Interest subsidy on working capital loan

The component 'Interest subsidy on working capital loan' sanctioned by banks to reeling units reduced the interest burden of entrepreneurs. Based on the recommendations of the state Governments or banks, CSB was required to keep the amount of assistance in the fixed deposits and the interest earned thereon was to be credited to the working capital loan account of the unit/beneficiary after reviewing the performance of the unit on annual basis for a maximum period of five years as stipulated in the guidelines.

Audit observed that assistance of ₹3.68 crore in the form of fixed deposit was extended to 142 beneficiaries in the states of Karnataka, Andhra Pradesh, Tamilnadu, Jammu and Kashmir, Orissa, Uttar Pradesh, Uttarakhand, Madhya Pradesh, Punjab, Himachal Pradesh, Maharashtra and Chattisgarh during the period January 1999 to January 2007. Test check revealed that in 60 cases involving fixed deposit of ₹ 1.67 crore, interest subsidy was extended beyond the stipulated period of five years. The interest amount that should have been credited to CSB was not quantifiable in audit.

CSB stated that in anticipation for continuation of the scheme, the working capital subsidy was continued beyond five years. The reply is not in consonance with the scheme guidelines.

3.4.3.2 Support for establishment of Cottage basins

The component was implemented under X Plan and was continued in XI Plan with modifications. The objective of this component was to achieve better quality silk and improving working conditions as reeling took place in unhygienic conditions creating environmental pollution and health hazards.

During 2005-06, an amount of ₹ 1.53 crore for establishment of 250 units was allotted against which 122 units were established utilizing ₹ 75 lakh in both traditional and non-traditional states. During 2007-09, an amount of ₹ 69 lakh (against ₹ 1.40 crore allotted) was incurred for establishing 47 units against 100 units. Though guidelines did not prohibit release of funds to the traditional states, the component was not implemented in traditional states like

Karnataka, Tamilnadu etc., despite proposals received from them in 2007-09 as the Apex Monitoring Committee did not recommend release of funds.

CSB stated (March 2010) that it was decided not to implement in the traditional states in view of the thrust being provided to bivoltine production. This view was also endorsed by the CSB during exit conference. The reply is not in consonance with guidelines and led to inadequate implementation and avoidable savings.

3.4.3.3 Extension of assistance in contravention of guidelines

Scrutiny of records of showed that assistance was extended to beneficiaries in contravention of the guidelines as discussed below:

Assam	CSB released ₹ 12 lakh as assistance for 6 units of improved cottage basin in 2007-08. Audit scrutiny revealed that the Department of Sericulture procured (October 2009) 36 improved country charka for ₹ 13 lakh against assistance for improved cottage basin reeling units amounting to diversion.
North Eastern States	The objective was to provide assistance to state Governments to set up facilities like market yard, storage, silk exchange, hot air drying facilities etc. The project proposal received from the North Eastern States did not furnish requisite details and purpose envisaged in the component. However, pending receipt of detailed proposals, funds of ₹ 49.50 lakh was released during 2007-08 to Assam, Arunachal Pradesh, Mizoram, Nagaland and Tripura. Further, physical and financial progress on quarterly basis was also not submitted by the states for the amount released (March 2010). CSB stated (March 2010) that the matter was being pursued with the concerned states. The fact remained that funds were released in contravention of prescribed guidelines.

3.4.3.4 Partial implementation of components

Review of the implementation of the components of post-cocoon activities showed that five sub-components of post cocoon sector were partially implemented indicating deficiencies in achievement of backward and forward linkages between pre and post cocoon sectors. The details were as below.

Table 12

Sl. No.	Scheme	Target (Units)	Achievement (Units)	Remarks
1.	Establishment of Automatic Reeling Machines under "Additional Inputs" under X plan	6	3	Against allotment of ₹ three crore for establishment of six units, three units were only established the states of Andhra Pradesh (1) and Tamilnadu (2) utilizing ₹ 1.50 crore. CSB stated that delay in financial approval in 2005-07 led to less achievement.
2.	Hot Air Dryers – Electrical / Multifuel / Ushnakoti(50 kg/day) under "Additional Inputs" under X plan	500	118	This component was meant for Northern and North-Eastern States. In addition to two North Eastern States (Mizoram & Nagaland) and two Northern State (J&K and Himachal Pradesh), the component was also taken up in the States of Tamilnadu (₹ 15 lakh), Andhra Pradesh (₹ one lakh) Karnataka (₹ five lakh) and Maharashtra (₹ four lakh) in contravention of the scheme guidelines. Against allotment of ₹2.29 crore for 500 units, ₹1.48 crore was utilized for establishing 118 units by the end of 2006-07. CSB attributed the reason for partial implementation to late receipt of approval of funds in the year 2005-07.
3.	Scheme to dissuade child labour through use of improved technologies under "Additional Inputs" under X plan	2250	54	During 2005-07, the component was implemented only in Karnataka, Tamilnadu and Maharashtra utilising ₹8.52 lakh against allotment of ₹2.72 crore. CSB replied that delay in financial approval was the reason for poor progress.
4	Setting up of Common Facility Centre (CFC) for Vanya silk yarn processing linked to mechanized spun silk system Under "Additional Inputs" under X plan	4 mills and 7 CFC	2	Against the allotment of ₹ 10.06 crore for establishing four mills and seven CFCs during the year 2005-06 and 2006-07, the CSB utilized only ₹ 2.25 crore for establishing two spun silk mill units in Andhra Pradesh and Assam. CSB attributed delay in receipt of financial approval in 2006-07 as reason for partial achievement of the component.
5	Establishment of pupae oil extraction production and by-product utilization units under silk reeling and spinning sector under XI plan	02	-	Against the allotment of ₹ 21 lakh for establishing two pupae oil extraction production and by-product utilization units (2007-09), no unit was established. CSB stated that the component was not implemented due to lack of response from the entrepreneurs.

3.4.4 Support Service Sector

The components under this sector supplemented programmes common to seed sector, cocoon sector and post cocoon sector. Against allocation of ₹ 27.73 crore for the period 2004-09, an amount of ₹ 12.56 crore was incurred constituting 45.29 per cent of the total allocation for this sector. Out of the 16 components under this sector implemented during 2004-09, there was

non/partial implementation under five components which resulted in non achievement of stated objectives as detailed below.

Table 13

Sl. No.	Scheme	Objective	Target (₹ in crore)	Achievement (₹ in crore)	Remarks
1.	Assistance towards studies /consultation/ Surveys / Monitoring / Supervision / Evaluation etc.,	To focus on the effectiveness of the projects and identify the constraints/ bottlenecks in the implementation process	1.75	-	No proposals were received from states
2.	Assistance to NGOs/SHGs and agencies other than Board and State departments for meeting administrative expenditure towards project implementation	To organize farmers for activities like technology absorption, narrowing the gap between lab to land, acting as trouble shooters at the field level at proper time	1.00	0.10	The component was implemented in Karnataka and Kerala despite the guidelines stating that preference should be given to non-traditional states.
3.	Project design and development - generic promotion of Indian silk / sericulture including exhibitions, buyer-seller meets etc.,	Quality up-gradation, investment generation, technology absorption, and employment generation	0.14	0.11	The component was implemented in Assam and Karnataka during 2008-09 as against 15 states to be covered.
4	IT initiatives for futures and online trading under "Additional Inputs".	To promote on-line trading for cocoons and raw silk to bring in the concept of quality based pricing	7.50	0.35	For non-achievement of targets, CSB stated (March 2010) that existing state laws wherein licenses were required for any trading activity in silk were big hindrance for the smooth implementation of the scheme.
5	Vanya marketing promotion cell under "Additional Inputs".	To develop marketable designs and products through R&D, market survey etc.	3.05	0.86	Against allocation of ₹3.05 crore, GOI released ₹1.50 crore to the Board during 2006-07. While ₹ 86 lakh was utilized for promotional activities, balance amount was proposed for utilization during 2007-08. However, the un-utilised funds were re-appropriated for other components "Additional Inputs".

Audit scrutiny further revealed that during 2007-09 under the component 'Beneficiary Training Programme' against the allotment of ₹ 41 lakh, CSB released ₹ 2.32 crore to nine states. It was seen that no detailed progress reports indicating the requisite details like number of training programmes/exposure visits organized, location, duration, list of farmers/stake holders trained, programme-wise expenditure etc were received from the states by CSB. Scrutiny also revealed that Assam which received ₹ one crore could utilise only ₹ 16 lakh for the component and diverted ₹ 84 lakh for other sectors. However, the entire amount of ₹ one crore was shown under the component in the progress report of CSB.

Recommendations

- *A suitable mechanism should be devised to ensure that assistance extended to the beneficiaries is utilised in accordance with the scheme guidelines.*
- *CSB should ensure implementation of all components envisaged for comprehensive development of sericulture and silk industry.*

3.5 Monitoring and Evaluation

Monitoring of financial and physical progress was important to ensure that resources provided were utilized for the intended purposes. As per X plan, Programme Approval Monitoring Committees (PAMC) should have been constituted by each state during 2002 to oversee the implementation of the programme. However, Chhattisgarh constituted the Committee in 2003-04 while Karnataka, Madhya Pradesh and Tamilnadu constituted the same in March 2004. The CSB however released the funds without insisting constitution of PAMC.

Apex Monitoring Committee (AMC) at CSB along with Project Monitoring Committees (PMC), at state level was to be constituted at the beginning of commencement of XI plan with the responsibility to recommend proposals to the Ministry of Textiles for release of funds, and to issue directions and guidelines to PMCs. The Committee was required to meet once in a quarter to review implementation of the CDP. The AMC was, however, constituted only during February 2008 and met once during 2007-08 and three times during 2008-09 as against the stipulated four meetings per year. So far as PMCs were concerned, Uttar Pradesh constituted the same in March 2009 after delay of 10 months.

The AMC and PMCs were not effective in monitoring implementation of certain components under seed, cocoon and post cocoon sectors leading to deficiencies as detailed above.

3.6 Impact of Catalytic Development Programme

The objective of CDP was to focus on complete and holistic development of silk industry involving states and beneficiaries for sustainability and improvement in output of silk in terms of quality and quantity. Keeping in view the importance of production of higher grade raw silk especially bivoltine raw silk, special emphasis had been made to improve the production and productivity of Bivoltine cocoons. The overall production details of raw silk were as below.

Table 14

(Quantities in MT)

Year	Mulberry (Bivoltine)	Muga	Tasar	Eri	Total
2004-05	14620 (893)	110	322	1448	16500
2005-06	15445 (971)	110	308	1442	17305
2006-07	16525 (1100)	115	350	1485	18475
2007-08	16245 (1175)	117	428	1530	18320
2008-09	15610 (1250)	119	603	2038	18370

During the review period, overall production had not shown any substantial increase. In respect of Bivoltine production, it was observed that against the target ranging from 1100 M.T in 2004-05 to 2380 M.T. in 2008-09, actual production decreased from 81 per cent (2004-05) to 53 per cent (2008-09) of target set indicating poor impact of CDP on production of high quality silk yarn.

From the table below, it could, further, be seen that in respect of traditional states except, Tamilnadu, in other major silk producing states mainly, Karnataka and Andhra Pradesh production of Bivoltine raw silk yarn was declining. In Jammu & Kashmir, there was no substantial increase in the production while in West Bengal production was negligible.

Table 15

(Quantities in MT)

Year	Traditional States									
	Karnataka		Tamilnadu		Andhra Pradesh		Jammu & Kashmir		West Bengal	
	T	A	T	A	T	A	T	A	T	A
2004-05	600	498	60	59	250	150	85	90	1	1
2005-06	700	396	60	176	250	177	100	95	2	1
2006-07	650	358	190	296	450	193	100	102	10	1
2007-08	800	401	300	322	408	150	103	105	15	2
2008-09	950	374	430	377	440	130	106	102	25	1

T Target A Achievement

3.6.1 Import and Export

Details of import of raw silk is given below.

Table 16

(Quantities in MT)

Year	Imports (in quantity)	Value (₹ in crore)
2004-05	7948	607.21
2005-06	8383	NA
2006-07	5565	673.37
2007-08	7922	734.44
2008-09	8369	900.63

It may be seen from the above that only in the year 2006-07, import decreased and there after showed an increasing trend. So far as exports were concerned during the period under review, the value of export of silk yarn and finished products increased from ₹ 2880 crore in 2004-05 to ₹ 3338 crore in 2006-07. However, in 2007-08 and 2008-09 it decreased to ₹ 2727 crore and ₹ 3166 crore respectively.

It is evident that despite implementation of CDP at a cost of ₹ 353.15 crore during the years 2004-05 to 2008-09, the import of raw silk increased gradually while exports registered a declining trend. Thus, the basic objective of CDP of increasing exports and decreasing imports of silk was not met.

3.7 Conclusion

Implementation of CDP depended on preparation of realistic plans and achievable targets which were location specific based on credible survey. A number of approved components were either not implemented or partially implemented which indicated that planning was made without feed back from the grass root level.

Weaknesses in financial management such as unrealistic allocation of funds, non-utilization of funds, incorrect submission of utilisation certificates, release of funds in contravention of guidelines and mis-match of expenditure between cocoon and post-cocoon sectors were noticed. Existing monitoring mechanism was not effective as there was significant shortfall in achievement of targets in respect of various components of post-cocoon sector. Also the basic objective of CDP to catalyze the efforts of states to increase production of raw silk including superior quality bivoltine silk with the motive of decrease in import and increase of export of silk was not achieved.

Acknowledgement

We thank the management of the CSB and State departments for extending their cooperation and support during the course of audit.

The matter was reported to the Ministry in June 2010; their reply was awaited as of July 2010.

Annexure-I
(Referred to in paragraph 3.1.2)
Components under X plan

	Mulberry Sector
1.	Support for raising nurseries of high yielding Mulberry varieties
2.	On-Farm training and start-up tools to new Mulberry sericulturists
3.	Rearing appliances and farm equipment to farmers (for Bivoltine silkworm rearing)
4.	Assistance for installation of drip Irrigation system
5.	Support to use of quality disinfectants
6.	Assistance to farmers for construction of rearing houses.
7.	Chawkie rearing centres – Assistance to quality service clubs / Non-Government Organisations/Self-Help Groups for construction of chawkie rearing building and procurement of chawkie rearing equipment.
8.	Crop insurance support – Mulberry
9.	Support for upgrading equipment in existing state /parastatal / co-operative owned seed production and reeling Units
	Tasar Sector
10.	Assistance for raising and maintaining systematic plantations of Tasar / Oak Tasar food plants
11.	Assistance for maintenance of Tasar / Oak Tasar seed multiplication infrastructure in states.
12.	Support for setting up of Tasar grainages by private graineurs.
13.	Support to Tasar commercial rearers for procuring rearing equipment
14.	Crop insurance support – Tasar
	Eri Sector
15.	Support for raising Eri food plants, training and start-up tools
16.	Assistance to states for strengthening of Eri farm-cum-grainages
	Muga Sector
17.	Assistance for raising of systematic plantation of Muga food plants and maintenance of plantation by Muga seed rearers.
18.	Support for strengthening Muga seed multiplication infrastructure in states.
19.	Support to Muga private graineurs
20.	Crop insurance support – Muga
	Post Cocoon Sector
21.	Support for Setting up multiend silk reeling units
22.	Support to silk reeling units
23.	Assistance to quality service clubs for procurement of cocoon quality grading and raw silk testing equipment
24.	Providing services of master reelers / weavers / dyers to State Governments / NGOs / Co-op.Societies / SHGs
25.	Installation of Common Facility Centres (CFCs)
26.	Quality linked price support for cocoons and silk Yarn
27.	Support to agencies (NGOs / Co-operative Societies) for upgradation and popularisation of improved reeling / spinning devices
28.	Support Services

Components under Additional Inputs sanctioned in 2005-06	
1	Support for construction of Vermi-Compost Sheds
2	Supply of rearing appliances-improved montages
3	Setting up of Eri Raw Material Bank
4	Post Cocoon sector
5	Support for bye product utilization
6	Vanya Silk Market Promotion Cell
7	Drip irrigation
8	Assistance to private Licensed Silkworm Seed producers
9	IT Initiatives for Futures and On-line Trading
10	Promotion of Silk Mark

Components under XI plan

Sl. No	Name of the package/Sector	Details of components
1	Package for Seed sector	<p>Mulberry:</p> <ul style="list-style-type: none"> • Support for upgrading existing Seed/grainage Units under Mulberry Sector. • Support to establish large scale Bivoltine seed production grainages in public /private Sector. • Assistance for seed testing facilities in public/private grainages (for quality seed production). • Assistance for mulberry silkworm seed production units (support to get ISO / BIS quality seed certification for silkworm seed units) P1 Grainages and P2 Grainages. <p><u>Vanya:</u></p> <p>Tasar:</p> <ul style="list-style-type: none"> • Assistance to private Tasar graineurs • Assistance to strengthening of Tasar seed multiplication infrastructure • Assistance for strengthening of seed Multiplication/Infrastructure for Oak Tasar in the State • Assistance to seed rearers <p>Eri:</p> <ul style="list-style-type: none"> • Assistance to state departments for strengthening of existing Eri farm cum grainages including assistance to seed rearer cum private graineurs <p>Muga:</p> <ul style="list-style-type: none"> • Assistance to Muga private graineurs • Assistance to state departments for strengthening of Muga seed multiplication infrastructure

Sl. No	Name of the package/Sector	Details of components
2	Package for Cocoon Sector	<p>Mulberry:</p> <ul style="list-style-type: none"> • Support for Mulberry plantation development • Assistance for irrigation and other water conservation and usage techniques • Supply of rearing appliances (including improved mountages)/farm equipments to farmers) - for Bivoltine sericulture farmers • Supply of quality disinfecting materials and other crop protection measures for Bivoltine seed farmers • Assistance for construction of rearing houses - Models of ₹150,000/-, ₹1,00,000/- & ₹ 50,000/- • Assistance for maintenance of Chawki gardens, construction of Chawki Rearing Centre (CRC) buildings and procurement of Chawki Rearing equipments • Insurance support (for all sectors) • Setting up of production units for biological inputs (inoculants, biological control agents etc.) • Assistance for farmers training • Door to door service agents for disinfection and inputs supply & assistance for sericulture poly-clinics <p>Vanya:</p> <p>Tasar:</p> <ul style="list-style-type: none"> • Support to rearers for augmentation of Tasar host plantation. • Assistance for raising and maintenance of systematic plantation of Oak Tasar. • Assistance for construction of cocoon storage houses in Tasar sector. <p>Eri:</p> <ul style="list-style-type: none"> • Support for Castor/Tapioca cultivators with Start-up tools • Augmentation of perennial Eri food plants with supply of start-up tools • Construction of rearing houses. <p>Muga:</p> <ul style="list-style-type: none"> • Raising of nursery of Muga food plants/augmentation of Muga plantations with supply of farming tools / assistance to Muga silkworm rearers & seed rearers

Sl. No	Name of the package/Sector	Details of components
3	Package for Post Cocoon Sector	<p>Silk Reeling & Spinning:</p> <ul style="list-style-type: none"> • Popularization of new slow-speed, (Twenty-end per Basin) certified Multi-end Reeling Machines (18 basins - equivalent to 360 ends) • Support for establishment of certified (10 ends per Basin) multi-end Reeling Machines:(10 & 20 Basins) • Establishment of automatic/semi automatic Reeling Units (imported) • Support for establishment of improved cottage basin Reeling Units • Support for existing Charkha reeling units to dissuade child labour (motorized charkhas) • Support for setting up of certified dupion silk Reeling Units (10 KG. / 20 KG. - prorate basis) • Support for hot air driers- electrical / multi-fuel/ushnakotis for Reeling Units (50 kg. & 100 kg. cap) • Assistance for twisting units • Support for establishment of pupae oil extraction production and bye - product utilisation units • Incentive for production of Bivoltine silk • Quality linked price support system for Cocoons and raw silk - for State Govts. / Co-operatives/ NGOs / SHGs • Establishment of Cocoon Banks / Market Support to Vanya Sector - RMBs for Tasar, Oak Tasar, Eri & Muga • Providing services of Master Reelers/Weavers/ Dyers to reeling/weaving/dyeing Units - through/for State Governments/NGOs/ Coop Soc./SHGs • Support for Vanya reeling/Spinning sector <ol style="list-style-type: none"> a) Spinning b) Reeling-cum-Twisting • Support for establishment of Spun /Spinning Mills <p>Silk Weaving:</p> <ul style="list-style-type: none"> • Support for establishing shuttle-less looms (each unit with 8 looms and 1 sectional warping machine) • Support for Handloom Sector for Loom Up-gradation <ol style="list-style-type: none"> 1. Support for Certified Handlooms specially designed for silk [Parallel beat-up / Swing beat-up, Negative let off, 5 - Wheel take up, Separate cloth ruler along with Jacquard (240 hooks)] 2. Loom Up-gradation through Jacquards (or Dobby / Pneumatic lifting mechanism / Ball to beam conversion device etc.) 3. Computer Aided Textile Designing (CATD) <p>Wet Processing:</p> <ul style="list-style-type: none"> • Support for setting up of Common Facility Centre for yarn dyeing / Fabric processing : <ol style="list-style-type: none"> 1. Yarn Dyeing : 25 Kg. capacity 2. Yarn Dyeing : 50 Kg. capacity 3. Arm Dyeing : 50 kg. capacity 4. Fabric Processing Facilities.

Sl. No	Name of the package/Sector	Details of components
4	Support Service Sector	<ul style="list-style-type: none">• Product design and development• Vanya Silk Market Promotion Cell• Entrepreneurship and Management Development Programme• Beneficiary empowerment programme• Publicity for the sector• Assistance towards studies/consultancies/surveys/monitoring/ evaluation etc.• Assistance to NGOs / SHGs and other agencies for meeting administrative expenditure towards project implementation.• Cluster Development Projects to support SGSY / SFURTI and similar other projects.• Women Development Components (New component)• Emphasis on Tribal Areas (New component)
5	Corporate participation in sericulture	<ul style="list-style-type: none">• Scheme for integrated sericulture project under the corporate sector

Annexure II

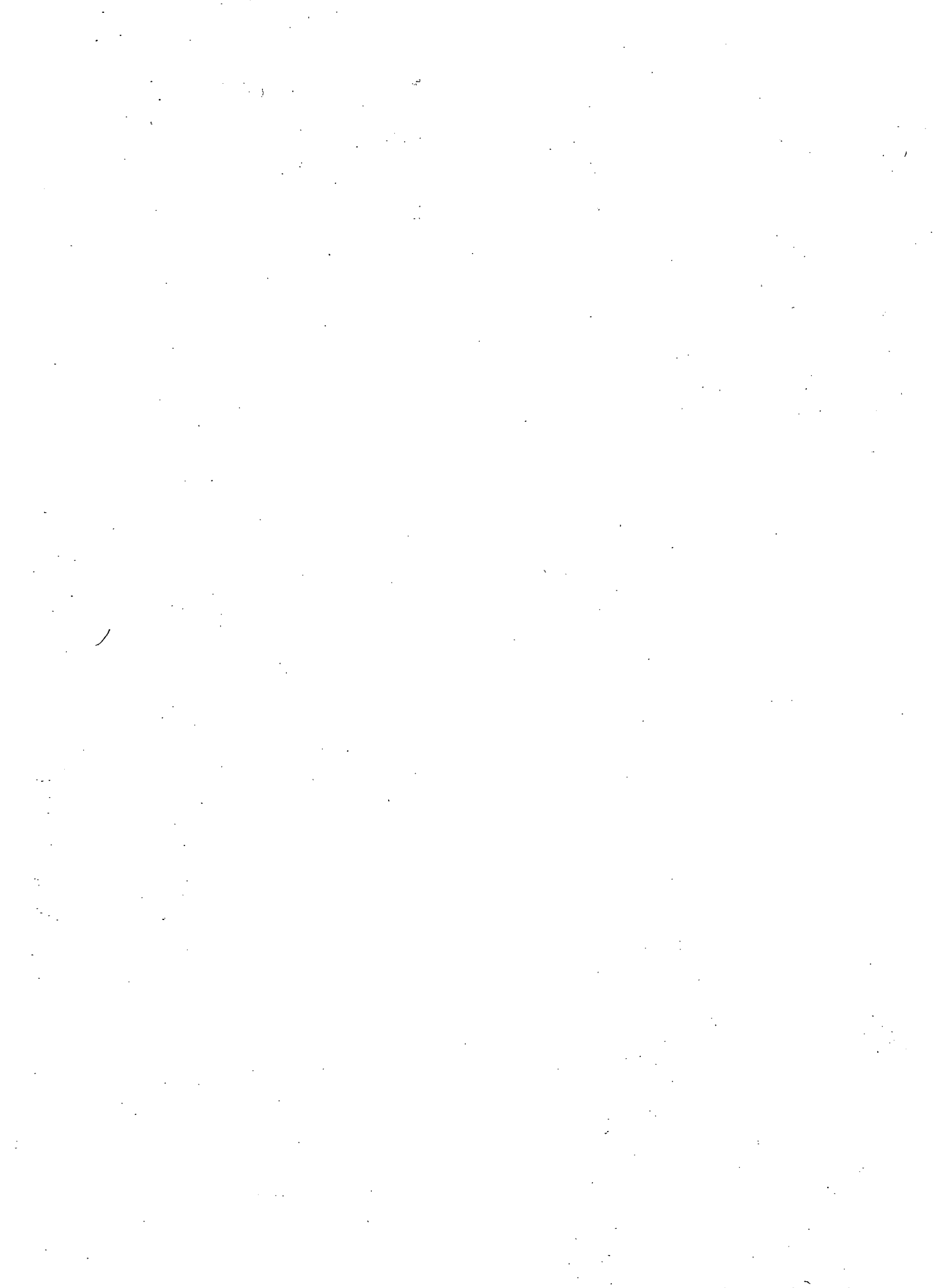
(Referred to in paragraph 3.1.7.1)

Selected States and Districts

Name of State	District Selected	
	No.	Name
Tripura	1	West Tripura
Chattisgarh	3	Raigarh, Kobra, Ambikapur
Uttar Pradesh	5	Varanasi, Sonbhadra, Saharanpur, Kanpur, Bahraich
Tamil Nadu	7	Coimbatore, Dharmapuri, Erode, Krishnagiri, Namakkal, Salem, Thiruvannamalai
Andhra Pradesh	6	Ananthpur, Chittoor, Kurnool, Prakasam, Guntur, Kadappa
Assam	7	Cachar, Goalpara Kamrup, Kokrajhar, Nagan, North Lakhimpur, Sibsagar
Madhya Pradesh	6	Balghat, Betul, Harda, Hoshangabad, Narasingapura, Vidhisa
Karnataka	8	Bangalore(Urban),Banglore(Rural), Tumkur, Kolar, Mysore, Mandya, Hassan & Belgaum
Jammu & Kashmir	5	Anantnag, Baramullah, Khatua, Rajouri, Udhampur

GLOSSARY

Bivoltine	Cocoons built by a silkworm race with two generations (life cycles) in a year
Charka (silk)	A simple hand operated indigenous crude contrivance for reeling raw silk.
Cocoon (silk)	The silken shell spun by the silkworm larvae that serve as protective covering to the insect during its pupa stage of existence
Mountages	Used to support silkworm for spinning cocoons
Raw silk	The silk reeled by drawing together the required number of filaments from the cocoons and contains its original gum or sericin.
Rearer	persons engaged in rearing silkworms for production of silkworm cocoons whether for reproduction or reeling
Reeler	A person in charge of reeling establishment carrying on the business of reeling cocoons
Silkworms	Silkworms" are not actually worms but are caterpillars. These are the caterpillars of the silk moth
Silkworm seed	Silkworm seed or seed means all kinds of silkworm seeds produced from silkworm races including the hybrids produced from two or more pure races, silkworm seed cocoons of all kinds and moths thereof intended to be used or reared for the purpose of or for commercial exploitation



MINISTRY OF TEXTILES

**ROLE OF NATIONAL CENTRE FOR JUTE
DIVERSIFICATION IN PROMOTION OF
JUTE DIVERSIFIED PRODUCTS**

MINISTRY OF THE INTERIOR

ROYAUME DU CANADA
LE MINISTRE DU PATRIOTISME ET DE L'IDENTITÉ
NATIONALE

CHAPTER IV : MINISTRY OF TEXTILES

Role of National Centre for Jute Diversification in Promotion of Jute Diversified Products

Highlights

- ❖ NCJD did not conduct need assessment survey in terms of design needs as well as to identify new areas for application to increase the marketability of JDPs.
(Paragraph 4.10.1)
- ❖ NCJD did not maintain systematic record of the designs disseminated and take any action for design archiving.
(Paragraphs 4.10.2 and 4.10.4)
- ❖ The participation of NCJD trainees in national/international fairs was not ensured.
(Paragraph 4.11.2)
- ❖ JSC and JRMB schemes were implemented without proper planning and monitoring.
(Paragraphs 4.12.1 and 4.12.2)
- ❖ There were deficiencies in selection of CDAs and NCJD did not maintain data regarding production of JDPs by WSHGs developed by CDAs.
(Paragraph 4.13)
- ❖ NCJD could not develop a single jute park in first two years of JTM.
(Paragraph 4.14)
- ❖ NCJD did not maintain any database on trainees of different training programmes.
(Paragraph 4.15)

Summary of recommendations

- *JSC and JRMB schemes should be merged with scheme for Development of Clusters through NGOs/WSHGs for better management and control.*
- *The National Jute Board (Board) should ensure that CDAs conducted basic and advanced trainings with proper planning and provided post training support to the trainees to enable them to engage in production of JDPs within a time frame.*

- *The Board should expedite creation of jute parks for JDPs as per JTM.*
- *The Board should establish system for documentation, preferably a comprehensive data base management system, for the activities undertaken under various schemes.*
- *The Board should establish a system for concurrent evaluation of performance of collaborating agencies.*
- *The Board should introduce a system for issue of unique ID numbers to trainees and keep a database in order to track their activities even after imparting training*

4.1 Introduction

Jute has traditionally been used for manufacturing packaging materials like sacks. In modern times, the range of unique physical attributes of jute has opened up new avenues for diversification, especially in the light of global concerns for environment. Jute is now used in several diversified products generically termed as Jute Diversified Products (JDPs). Prominent JDPs include hydrocarbon free food grade jute bags, blended yarns with jute as major component used in fashion accessories, geotextiles, jute reinforced composites, etc.

To give focused attention to the diversification efforts in the jute sector, the Government of India (GoI) established in 1994 the National Centre for Jute Diversification (NCJD) as an autonomous body under the Ministry of Textiles. NCJD is a society registered under the Societies Registration Act 1860. NCJD has been merged in the National Jute Board, which commenced its operation from 1 April 2010.

4.2. Organisation

The affairs of NCJD were managed by the Council of Governors. The Council comprised Chairman who was Ex-officio Secretary, Ministry of Textiles, GOI and minimum seven and maximum 25 members at a time. The Executive Director was the Chief Executive of NCJD and was responsible for day to day management and overall administration.

4.3. Objective of NCJD

The major objectives of NCJD as laid down in Memorandum of Association were as follows:

- to transfer technology from R&D institutions and other organisations
- to provide training and technical guidance to entrepreneurs/artisans/craftsmen
- to plan and execute market promotion strategies and media campaigns
- to provide financial assistance by way of subsidy or seed capital

4.4. Schemes of NCJD

Prior to 2007-08, NCJD had been implementing the following major schemes:

- Design Development Scheme (DDS)
- Market Support Scheme (MSS)

- Jute Service Centre Scheme (JSC)
- Jute Raw Material Bank Scheme (JRMB)

With the aim to make jute products competitive in the domestic as well as international market, GoI launched the Jute Technology Mission (JTM) with a total outlay of ₹ 355 crore for the five year period from 2007-08 (which coincided with XI Plan period) for overall development of the Jute Industry. JTM was to be implemented through Mini Missions and Mini Mission IV (B) included schemes for jute diversification involving an outlay of ₹ 141 crore for which NCJD was the nodal implementing agency. The major schemes were as follows:

- Scheme for Design and Development of JDPs
- Scheme for Promotion of Jute Diversification¹
- Scheme for cluster development through NGOs and Women Self Help Groups
- Scheme for setting up Jute Parks for the Diversified Sector

4.5. Funding

The schemes were fully funded by Plan grants from GoI. The year-wise grants and expenditure on the various schemes were as below:

Year	Grants received	Expenditure						Total expenditure
		Design and Development	Market Development	Entrepreneurship Development (JSC)	Raw Material Support (JRMB)	Cluster Development	Development of Jute Parks	
2004-05	748.00	85.33	201.25	239.01	69.31	0.00	0.00	594.90
2005-06	724.80	49.99	145.38	295.30	75.05	0.00	0.00	565.72
2006-07	826.00	71.09	189.65	277.99	70.49	0.00	0.00	609.22
2007-08	2140.00	219.86	91.07	96.33	9.45	38.10	5.34	460.15
2008-09	2153.00	266.05	87.27	366.57	47.24	124.85	82.72	974.70
Total	6591.80	692.32	714.62	1275.2	271.54	162.95	88.06	3204.69

(₹ in lakh)

4.6. Scope of audit

Audit of NCJD was conducted under Section 14(1) of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971. A performance audit on the "Role of NCJD in Promotion of Jute Diversified Products" was conducted (August to December 2009) covering the five year period from 2004-05 to 2008-09. The audit covered three years of pre-JTM period (2004-07) and two years of JTM period (2007-09).

¹ The existing schemes namely MSS, JSC and JRMB were included in this scheme.

4.7. Audit objectives

The objective of performance audit was to assess whether NCJD was able to make significant impact in the field of jute diversification. The sub-objectives were as follows:

- whether planning for the various schemes was effective and based on proper survey;
- whether schemes were implemented in accordance with the prescribed guidelines in an efficient manner;
- whether there was economy, efficiency and effectiveness in expenditure incurred on implementation of schemes;
- whether mechanism for monitoring the effectiveness of implementation of schemes existed.

4.8. Audit criteria

The audit criteria were derived from the following:

- Memorandum of Association of NCJD
- Ministry's guidelines for implementation of the schemes (Pre-JTM Period);
- JTM Operating Manual;

4.9. Audit methodology

The performance audit commenced with entry conference in September 2009 with the management of NCJD, where the audit objectives and scope were explained and the audit criteria were discussed. The audit observations and recommendations were discussed with the management in the exit conference held in January 2010.

Audit Findings

4.10. Design and Development of JDPs

The scheme for Design and Development of JDPs envisaged market driven research on development of new products and improvement of design and quality of existing products with a view to reap the benefits of such development in an integrated and coordinated manner both at macro and micro level. Outlays of ₹ 3.25 crore and ₹ 14 crore were provided for the scheme under the X Plan and JTM respectively. The expenditure on the scheme during 2004-07 and 2007-09 was ₹ 2.06 crore and ₹ 4.86 crore respectively. No specific methodology for implementation of the scheme was prescribed under pre-JTM period. However, the implementation methodology under JTM was as given below:

- to conduct need assessment survey of the market in terms of design needs and to identify new areas of application
- to develop new designs as per feedback received from need assessment survey by engaging reputed design and research institutes
- to organise training programmes for skill development of artisans
- to sponsor R&D activities for development of new products

4.10.1 Need assessment survey for design needs

The JTM guidelines stipulated conduct of need assessment survey in terms of design needs as well as to identify the new area for application to increase the marketability of JDPs through marketing consultants/agencies/institution of JDPs. This survey was to be completed in the first two years of the scheme (2007-09) with an outlay of ₹ 12 lakh. The further activities of the scheme depended on the results of the survey.

Audit observed that NCJD did not conduct any such survey but continued dissemination activities through workshops/training programmes in an unstructured manner.

4.10.2 Design dissemination

NCJD was to organise atleast 30 design/product development and dissemination programmes every year in need based areas during the X Plan period. NCJD organised 138 design workshops/training programmes at various places across the country during 2004-07 involving 2760 participants by engaging design institutes like National Institute of Design, National Institute of Fashion Technology and private entrepreneurs and incurred an expenditure of ₹ 2.06 crore. During the first two years of the JTM period, NCJD organised 14 such programmes by engaging individuals/private agencies on which an amount of ₹ 33.41 lakh was spent.

Audit noticed that NCJD did not maintain systematic record of the designs disseminated through such programmes. Therefore, it was not possible to ascertain the kind of designs shown to the trainees at such workshops/training programmes, whether such designs were marketable and whether the trainees had the requisite skill base and infrastructure access to adapt such designs.

The management stated (January 2010) that there was a mismatch between inputs and the ability of the trainees to adapt the same, raising the question of effectiveness of these training programmes.

4.10.3 R&D activities

NCJD allotted (February 2007) a project titled "Strategic Design Intervention for the Development of Jute Yarn and its applicability" to National Institute of Design, Ahmedabad (NID) at a cost of ₹ 20 lakh. The project was to be completed in five phases in 12 months as per the schedule given below:

Phase	Component	Activities	Scheduled date of completion	Actual date of completion
I	Design Need assessment	To conduct feasibility study	May 2007	No record available
II	Yarn Design and Development	To conduct R&D followed by two weeks workshop	August 2007	Workshop held in December 2007
III	Fabric development workshop	To convert jute yarns of different types developed during Phase-II into fabrics during two weeks workshop	November 2007	Workshop held in October 2008
IV	Product Diversification and Development	To make different market friendly products during two weeks workshop	January 2008	Workshop held in April 2010
V	Documentation	To present the outcome of entire process in digital and printed format	February 2008	Yet to be taken

It may be observed from the above table that none of the phases of the project could be completed in time and the fifth phase was yet to be taken up by NID as of April 2010. It was further observed in audit that NID held the workshop under phase –II of the project in December 2007 even while it reported (January 2008) that 28 varieties of jute mixed yarns were under various stages of development. NCJD made a payment of ₹ 13 lakh (February 2007 and September 2008) to NID and incurred ₹ Four lakh directly on the project by supplying raw material, transportation, machinery cost etc. As the outcome of the project was to be presented in the final phase through documentation, which was yet to be taken up by NID, the effectiveness of the project could not be assessed in audit.

Under JTM, NCJD was to sponsor 22 research projects on identified topics with a total outlay of ₹ Nine crore for a period of five years from 2007-08. NCJD had entered into Memorandum of Understanding (MoU) with four institutions for 17 (original 18 as two projects merged in single project) research projects for product development for ₹ 9.02 crore during November 2007 to July 2008 as detailed in **Annexure-I**. These projects were to be completed in 3-5 years from the date of MoU. The institution-wise number of the projects sponsored and the amount released were as below:

(₹ in lakh)

Sl. No.	Name of institution	No. of projects	Awarded cost	Amount released up to March 2009	Percentage of release
1	Indian Institute of Technology, Kharagpur	5	373.01	197.30	53
2	Indian Jute Industries Research Association, Kolkata	6	266.75	80.02	30
3	Institute of Jute Technology, Kolkata	4	175.00	99.00	57
4	The South India Textile Research Association, Coimbatore	2	87.00	52.20	60
Total		17	901.76	428.52	

It was observed that the balance four projects were yet to be awarded by NCJD for want of suitable response/modern machines with the agency/fresh DPR etc and the progress of ongoing projects was also behind schedule. The Expert and Monitoring Committee advised (July 2009) to expedite the progress of two projects each assigned to Indian Jute Industries Research Association and Institute of Jute Technology.

4.10.4 Design archiving

The JTM guidelines provided preparation of professional cataloguing of the products developed with all the necessary details in digital as well as non-digital form based on the activities undertaken under the design/products development programme for future reference and dissemination.

However, it was observed in audit that NCJD did not take any action in this regard though the yearly budget for the activity was ₹ 10 lakh from the second year of JTM. This resulted in non availability of the catalogue of the designs/products of JDPs.

Recommendations

- *National Jute Board should carry out need assessment survey for marketability of JDPs and lay down clear roadmap and targets.*
- *National Jute Board may conduct mid-term appraisal of R&D projects with the objective of commercialisation of technology to decide whether the projects need to be continued or terminated.*

4.11. Market Development

NCJD had been implementing schemes for market development since the pre-JTM period. However the scope of the scheme was limited to participation in fairs and opening of sales outlets. Under the JTM the scope of the scheme was widened to include the following additional activities.

- Development of market information
- Advertisement campaign
- Test sample distribution
- Feedback campaign
- Brand promotion

However, NCJD was yet to take action on the above activities.

4.11.1 Opening sales outlets

With a view to maintain continuity of presence of the JDPs in the market, NCJD was to provide financial assistance to collaborating agencies viz. State emporia/NGOs/Self Help Groups/private entrepreneurs for opening and managing sales outlets. Annual outlay of ₹ 24 lakh was provided as sales

outlet assistance for opening of eight outlets per year in X Plan while provision of ₹ 25 lakh *per annum* was made under JTM for opening of 10 outlets in each year. There were four outlets as on March 2004 and another four outlets were opened during 2004-05 to 2006-07. NCJD incurred expenditure of ₹ 13.87 lakh on these outlets during 2004-05 to 2006-07. Audit scrutiny revealed the following deficiencies in implementation of the scheme:

- NCJD did not identify the prominent places with potential market for JDPs for opening sales outlets. NCJD opened one sales outlet at Latur in Maharashtra (July 2003) and the performance of the same was found unsatisfactory by NCJD in July 2005. NCJD opened another outlet at Sasaram in Bihar (December 2006) for which no inspection report was available in records.
- The collaborating agencies were required to submit monthly sales report to NCJD. But it was observed in audit that the agencies did not submit the required report regularly and no database regarding the sale of JDPs made by such outlets was maintained by NCJD.
- The continuance of the outlets depended on the review of performance by NCJD. Physical inspection of sales outlets by NCJD was found only in one case i.e. Latur in July 2005. This indicated lack of proper monitoring.
- NCJD cancelled (March 2007) MoUs for all the existing outlets for inviting fresh applications as per JTM guidelines. However, against the requirement of 16 outlets in the first two years of JTM, NCJD did not open even a single outlet.

4.11.2 Participating in fairs

With the objective of enabling the producers/entrepreneurs to hone their product quality and cater to the required segment, NCJD was required to participate in state², national and international fairs. NCJD participated in 149 such fairs and incurred expenditure of ₹ 7.01 crore during 2004-05 to 2008-09. Though the criteria for participants for different fairs were prescribed in the guidelines, no norms were fixed for categorization of fairs as state or national fair. No segregated data about number of each type of fair and expenditure thereon was available on record.

As per the scheme guidelines, the target groups for participation in state fairs were JDP units set up by the NCJD trained persons. Participation in state fairs would enable budding entrepreneurs to gauge the strengths of their products in the market. Whereas targeted participants for National/International fairs were JDPs who had achieved certain goodwill in the market based on quality. However, audit scrutiny revealed that national and international fairs had participants mainly from jute mills and big export houses.

² Includes district and village fairs

NCJD management accepted (January 2010) that participation of NCJD beneficiaries in national and international fairs were yet to take off because of need for working capital and quality control to execute the large orders.

Recommendations

- *Sales outlets should be opened at prominent locations with potential market for JDPs*
- *National Jute Board should fix norms for categorization of fairs as State/National/International and ensure participation of the NCJD trained entrepreneurs in these fairs*
- *Aggressive campaign should be undertaken to popularise JDP products by way of publicity through the print/electronic media, by organising joint programmes with municipalities, pollution control boards, tourism development corporations, fashion show organisers etc.*

4.12. Entrepreneurship Development

NCJD had been implementing two schemes namely Jute Service Centre (JSC) and Jute Raw Material Bank (JRMB) for entrepreneurship development.

4.12.1 JSC Scheme

NCJD had been implementing the JSC Scheme for development of entrepreneurs by organizing awareness workshops and training programmes to encourage people to engage in production of JDPs. An outlay of ₹ 13.84 crore was provided for this scheme under X Plan. This scheme was included in the Scheme for Promotion of Jute Diversified Products under JTM and an outlay of ₹ 15 crore for five year was provided. The scheme was to be implemented by selecting collaborating agencies³ with adequate experience in carrying out entrepreneurship development activities.

4.12.1.1 Selection of location and collaborating agencies

As per the guidelines, preference was to be given to tribal areas and North East Region and wherever there were clusters of JDP manufacturers and in environmentally sensitive areas where plastic was banned. Proper survey to identify the potential locations for entrepreneurship development was, therefore, necessary for ensuring planned implementation of the scheme. But the scheme guidelines neither prescribed any such survey nor stipulated the criteria for selection of collaborating agencies. The number of NCJD appointed JSCs across the country was 22 as of March 2005 which increased to 33 as of March 2009 (**Annexure-II**). These JSCs held 1387 training programmes and incurred an expenditure of ₹ 12.75 crore during the period from 2004-05 to 2008-09 as detailed below:

³ Government/semi-Government organizations, autonomous bodies, reputed public sector organizations, NGOs and other bodies

Year	No of JSC	Total training programmes held	Expenditure (₹ in lakh)
2004-05	22	267	239.01
2005-06	23	355	295.30
2006-07	23	259	277.99
2007-08	25	95	96.33
2008-09	33	411	366.57
Total:		1387	1275.20

Audit scrutiny revealed that in the absence of proper guidelines the JSCs were opened in areas from where proposals were received from collaborating agencies.

4.12.1.2 Activities of JSCs

The activities of JSCs included organising awareness workshops, basic and advanced training, technical demonstrations, local exhibitions, etc. The JSCs were also required to act as facilitator for rendering post-training support to the trainees by way of liaison with concerned authorities. The guidelines stipulated that the activities under JSC scheme would be linked to the existing schemes implemented by the State Governments e.g. Prime Minister's Rozgar Yojna, Swarn Jayanti Shahri Rojgar Yojna, etc. and linkages would also be established with the handicrafts and handloom development programmes of the Government for better results.

Audit scrutiny revealed the following deficiencies in organising of the activities:

- NCJD did not prepare training manual for different types of training courses organised by JSCs.
- No criteria for selection of trainers and trainees were laid down in the scheme guidelines. Similarly, no trainer-trainee ratio to ensure the quality of the training was fixed.
- NCJD allowed the JSCs to conduct one training programme after another without considering the training needs of the beneficiaries. No training need analysis report was made available to audit.
- There was no mechanism to ensure that the trainees participating in advanced training had undergone basic training.
- No time frame was prescribed in the guidelines regarding completion of various activities by JSCs to enable the beneficiaries to engage in production of JDPs.
- NCJD did not prescribe the nature of post-training services to be provided by JSCs
- No record in support of post-training services by JSCs and linkage of their activities with existing activities of state Governments was available with NCJD.

- No mechanism to monitor the actual outcome of the activities conducted by the JSCs including post-training support services existed in NCJD.

4.12.2 JRMB Scheme

Jute mills sell jute raw material in bulk quantity, which may not be required for NCJD beneficiary. To enable the beneficiaries to procure the raw material as per their requirement NCJD had been implementing JRMB Scheme. As per the scheme, JRMBs

were to be opened where JDP activities had been started in a new location and jute based raw materials were not available in the local market. Preference was to be given to tribal areas and North-East region. An outlay of ₹ 4.74 crore was provided for this scheme under X Plan. This scheme was included in the Scheme for Promotion of Jute Diversified Products under JTM and an outlay of ₹ 4.50 crore for five year was provided. Against the said outlay, the expenditure was ₹ 2.15 crore during 2004-07 and ₹ 57 lakh in the first two years of JTM. This scheme was to be implemented by selecting collaborating agencies in the manner of JSC scheme. Under the scheme, JRMBs were to procure jute raw materials from jute mills and sell the same to the beneficiaries at the mill gate price and NCJD was to give subsidy equal to five *per cent* of the cost of jute raw material sold in addition to godown maintenance cost up to ₹ 0.09 lakh per month.

Audit observed that JRMBs were opened in areas from where proposals were received from collaborating agencies like JSCs. This adhoc approach led to concentration of JRMBs in the States of West Bengal (8), Bihar (4) and Andhra Pradesh (4) (out of total 37 JRMBs across the country) where raw material was otherwise available in the local market (**Annexure-III**).

Recommendation

- *As a similar scheme has been introduced under JTM (Scheme for Development of Clusters through NGOs/WSHG), the schemes should be merged for better management and control.*

4.13. Development of Clusters through Cluster Development Agencies

This scheme was introduced in JTM with the aim to expand production base by developing JDP clusters through Non-Government Organizations and Women Self Help Groups. An outlay of ₹ 30 crore for five years from 2007-08 had been provided for this scheme. The methodology for implementation of the scheme and the main criteria for selection of NGO were as given below:

Methodology:

- to identify the clusters through area survey
- to identify and select appropriate Cluster Development Agency (CDA)
- to provide various types of assistance to CDAs for development of clusters

The main criteria for selection of NGO:

- ❖ Registration of NGO under Societies Registration Act
- ❖ Minimum three years experience
- ❖ Women and WSHGs as major beneficiaries
- ❖ Proper infrastructure with NGO
- ❖ Recommendation from State Government/DIC/NABARD/Lead Bank.

NCJD incurred expenditure of ₹ 1.63 crore on the scheme during the first two years of JTM. Scrutiny of records relating to implementation of the scheme revealed the following:

- Audit observed that NCJD selected (March 2008) 22 CDAs (Annexure-IV) in different states without conducting survey to identify the clusters. The selection procedure was also deficient as discussed in the following case study:

Case Study: Selection of CDAs

- NCJD selected two NGOs from Jammu and Kashmir and one from Bihar even though they did not furnish required information relating to linkage with banks and Self Help Groups (SHG) developed by them. On the other hand, NCJD rejected the application of an NGO from Burdwan (West Bengal) for not furnishing the aforesaid information on SHG.
- As per the scheme guidelines, the NGO should have background of implementing income generating projects and experience in the field of handicrafts/handloom. However, an NGO from Bihar having no experience in the said field was selected.
- Applications of two NGOs – one from Jharkhand and the other from Uttarakhand - had no recommendation from the authority as prescribed in the criteria for selection. NCJD, however, selected the former and rejected the other for reasons not on record.
- Two NGOs – one from West Bengal and the other from Assam - did not furnish information about availability of infrastructure. NCJD, however, selected the NGO from Assam and rejected the other for reasons not on record.

- NCJD had no action plan of its own and depended on the action plans furnished by the CDAs. Therefore, there were no fixed time limits for completion of the various stages of scheme implementation.
- It was observed that 20 CDAs conducted 113 basic training programmes (4-6 by each CDA) during August 2008 to February 2009 involving 3343 participants. Two CDAs in Jammu and Kashmir did not conduct any training programmes as potential area survey reports submitted by them to NCJD were not found satisfactory.
- 17 CDAs conducted 34 advanced training programmes during January to July 2009. However NCJD could not furnish data about participants in these training programmes. Three CDAs did not conduct any

advanced training programmes despite conducting basic training programmes during August 2008 to May 2009.

- As per MoU with CDAs, the advanced training should be provided to the members of WSHGs who had successfully completed basic training and were engaged in commercial production for at least six months. However, it was observed in audit that the gap between basic and advanced training was less than six months in eight cases, including one case where both the trainings were organized simultaneously.
- Though there was provision in the guidelines for monitoring, follow-up and concurrent evaluation to assess the impact of scheme intervention, no evidence of the same was found on the records made available to Audit.
- The CDAs developed 337 WSHGs spread over 84 clusters during 2008-09. As per MOU with CDAs each WSHG should produce JDPs worth at least ₹ 0.50 lakh by the end of six months of completion of basic training but NCJD did not maintain data in this regard to verify the actual position.
- The activities of JSC/JRMB and CDA were almost similar. It was observed that in eight⁴ districts both JSC/JRMB and CDA existed.

The observations mentioned above indicated that cluster-based entrepreneurship development was not being implemented in a systematic manner.

Recommendations

- *The Board should ensure fulfilment of prescribed criteria for selection as CDA*
- *The Board should ensure that CDA conducted basic and advanced trainings with proper planning and provided post training support to the trainees to enable them to engage in production of JDPs within a time frame*

4.14. Development of Jute Parks in PPP mode

In order to attract entrepreneurs/units investing in new small jute mills/spinning mills/weaving units a scheme for jute parks was introduced under JTM with an outlay of ₹ 60 crore for setting up 10 Jute Parks during the five year period. The scheme was to be implemented through Special Purpose Vehicles (SPVs) in Private Public Partnership mode. NCJD was to provide equity/grant up to 40 *per cent* of project cost other than cost of land.

⁴ Warangal(Andhra Pradesh), Cachar(Assam), Guwahati(Assam), Katihar(Bihar), Raipur(Chhattisgarh), Srinagar(Jammu and Kashmir), Hoogly(West Bengal), Howrah(West Bengal)

NCJD had identified eight locations – six in West Bengal and one each in Rajasthan and Bihar. However, it was observed in Audit that only one SPV (Coochbehar Jute Parks Infrastructure Ltd.) for development of Jute Park at Coochbehar had been formed in March 2009 with the following constituents:

Sl. No.	Name of SPV share holder	Percentage of share
1.	West Bengal Small Industries Development Corporation	48
2.	West Bengal Techno Industrial Project Ltd (Anchor participant 1)	26
3.	The Shreemaa Jute Pvt. Ltd (Anchor participant 2)	26

NCJD released (March 2009) ₹ 60.70 lakh to the SPV without ensuring clear possession of the land, which was one of the criteria stipulated in the JTM guidelines for release of fund. No further development could take place due to hurdles in handing over of land by West Bengal Industrial Infrastructure Development Corporation to the SPV. Thus, the funds of ₹ 60.70 lakh had been blocked with the SPV.

Recommendations

- *National Jute Board should expedite creation of jute parks for JDPs as per JTM.*
- *The Board should ensure fulfilment of minimum requirements like availability of land before release of funds to the SPV in order to avoid blocking of funds.*

4.15. Control and Monitoring of Scheme Implementation

To ensure effective implementation of schemes and to evaluate the final outcome, proper control and monitoring mechanism is a must in any organization. As already observed NCJD had not conducted the need assessment survey for designs, did not implement the additional components introduced in JTM under market development and did not monitor the activities of JSCs.

Audit also observed that NCJD did not maintain any database on trainees of different training programmes. Hence, participation of a single trainee in multiple training programmes could not be ruled out. In absence of such data, the actual number of persons trained by NCJD was not known.

Recommendations

- *National Jute Board should establish a proper system of documentation, preferably a comprehensive data base management system, for the activities undertaken under various schemes.*
- *The Board should establish a system for concurrent evaluation of performance of collaborating agencies.*

- *The Board should introduce a system for issue of unique ID numbers to trainees and keep a database in order to track their activities even after imparting training*

Conclusion

NCJD was established in June 1994 to give focused attention to the diversification efforts in the jute sector. It was required to consolidate R&D results of various institutes in jute and textiles and transfer to the entrepreneurs for commercial production. NCJD focused its efforts mainly in organizing awareness workshops/training programmes, providing subsidised jute raw material and participating in fairs. However, the training programmes of JSCs and CDAs were not planned and conducted in a structured manner. The objective of creation of JDP clusters through CDAs was not fulfilled as the scheme had progressed only upto training stage. Admittedly NCJD was not able to monitor and follow up on awareness campaigns and skill development due to the wide geographical spread and shortage of staff. Also the participation of NCJD trained beneficiaries in national/international fairs could not be ensured due to lack of working capital and quality products. Hence, the impact assessment of schemes implemented in pre-JTM period and the first two years of JTM on JDP was not feasible. The National Jute Board is required to strengthen its control and monitoring mechanism to ensure proper survey, availability of database in respect of all the activities of schemes implemented and outcome of JTM.

Acknowledgement

We acknowledge the co-operation of NCJD management during course of audit.

The performance audit report was issued to the Ministry in January 2010; their reply was awaited as of June 2010.

Annexure-I

(Referred to in paragraph 4.10.3)

Details of R&D Projects for product development awarded by NCJD under JTM

Name of Agency	Sl.	Details of Project	Date of start	Duration of project	Awarded cost (₹ in lakh)	Amount released up to March 2009 (₹ in lakh)
Indian Institute of Technology, Kharagpur	1.	Development of Jute Fibre Reinforced Cement Concrete	31.03.08	3 years	75.60	45.36
	2.	Development of Suitable Production System for Natural Rubber Coated Jute Fabric For Novel End Uses (RCJ)	10.01.08	3 years	30.00	15.00
	3.	Development of Durable Water repellent Jute Geotextiles with Natural Eco-friendly Additive for Application in Erosion Control in River Banks and other appropriate end uses.	10.01.08	3 years	168.72	84.36
	4.	Development of Eco-friendly/Biodegradable Rigid Jute Based Composites (EFB)	10.01.08	5 years	66.43	33.22
	5.	Development of Sound Proofing Composite Materials using jute products	10.01.08	3 years	32.26	19.36
Indian Jute Industries Research Association	6	To find Alternative to Conventional Jute Batching Oil for Improving Spinnability and to Produce Non Toxic and Hydrocarbon Free Jute Products	18.03.08	2.5 years	42.00	12.60
	7	Manufacture of Jute Double Layered Fabrics/Circular Cloth in Weaving/Braiding Machines	9.06.08	3 years	40.00	12.00
	8	Development of Light Fast Bleached, Dyed and Finished Jute Fabrics for Manufacturing of Export Quality Home Textile	17.03.08	4 years	50.00	15.00
	9	Development of Technology for Manufacture of Ramie Based Products	9.06.08	3 Years	54.25	16.27
	10	Development of Jute/Bamboo Composites for Applications in Rural Areas	18.02.08	3 years	40.00	12.00
	11	Development of Cold Sizing Technology for Jute Yarn	4.04.08	2.5 years	40.50	12.15
Institute of Jute Technology	12	Development of Appropriate Computer aided Colour Matching Data Base & Print Design Library for use in Production of Jute Diversified Products.	21.05.08	3.6 years	38.00	22.80
	13	Development of Fire Retardant Jute Fabric	22.07.08	3 years	32.00	13.20
	14	Engineering Suitable Overlay Fabric to Serve as a Cheaper Substitute of Bitumen Mastic	27.02.08	4 years	65.00	39.00
	15	Standardization of Application of Natural Dyes on Jute Based Textiles for Eco-friendly Jute Decorative and Diversified Product	22.04.08	3 years	40.00	24.00

Report No.20 of 2010-11

Name of Agency	Sl.	Details of Project	Date of start	Duration of project	Awarded cost (₹in lakh)	Amount released up to March 2009 (₹in lakh)
The South Indian Textile Research Association	16	Manufacture of different Jute and Jute Blended Yarns and Fabrics (Furnishing & Upholstery) for Home Textiles/Secondary –Apparels and other Jute Diversified Products	28.11.07	3 years	45.00	27.00
	17	Application of Functional Chemical Finishes for Improving the Functional Properties of Jute Based Technical Textiles	1.01.08	3 years	42.00	25.20
Total					901.76	428.52

Annexure-II

(Referred to in paragraph 4.12.1.1)

Details of Jute Service Centres as on March 2009

Sl. No.	Name of Collaborating Agency	District	State
1.	Hi-Fashions	Hyderabad	Andhra Pradesh
2.	AASRA	Vizianagram	Andhra Pradesh
3.	Warangal Durries	Warangal	Andhra Pradesh
4.	ANCON	Port Blair	A & N Islands
5.	Arun Kutir Udyog	Ziro	Arunanchal Pradesh
6.	Udyog Vikash Kendra	Dhubri	Assam
7.	Sidha Projects	Guwahati	Assam
8.	NECON	Silchar	Assam
9.	Jeevika	Katihar	Bihar
10.	Jute Craft Centre	Kishanganj	Bihar
11.	Dastkari	Raipur	Chattisgarh
12.	Stellar India	Delhi	Delhi
13.	The Central Goa	-	Goa
14.	Shah Bhagwanji Trust	Bhavnagar	Gujarat
15.	Navsarjan	Panchmahal	Gujarat
16.	Shiv Shakti	Sabarkanta	Gujarat
17.	Ashoka Handloom	Panipat	Haryana
18.	Ashika Handicraft	Solan	Himachal Pradesh
19.	Hind Social	Srinagar	Jammu and Kashmir
20.	Chotanagpur Craft Development Society	Ranchi	Jharkhand
21.	MPHSVN	Bhopal	Madhya Pradesh
22.	Saroda Textiles	Mumbai	Maharashtra
23.	NECON	Dimapur	Nagaland
24.	ROSA	Cuttack	Orissa
25.	Stellar India	Jaipur	Rajasthan
26.	Sikkim Consultancy	Sikkim	Sikkim
27.	Jothi Kanniga	Coimbatore	Tamil Nadu
28.	NECON	Agartala	Tripura
29.	ATR	Kanpur	Uttar Pradesh
30.	WDO	Dehra Dun	Uttarakhand
31.	Bhartiya Gramoththan	Garhwal	Uttarkhand
32.	WEBCON	Burdwan	West Bengal
33.	Ramkrishna Mission	Hooghly	West Bengal

Annexure-III

(Referred to in paragraph 4.12.2)

Details of Jute Raw Material Banks as on March 2009

Sl. No.	Name of Collaborating Agency	District	State
1.	Hi-Fashions	Hyderabad	Andhra Pradesh
2.	Adarsha Yuvajana Sangham	Mahabubnagar	Andhra Pradesh
3.	Association for Active Service in Rural Areas	Vizianagaram	Andhra Pradesh
4.	Orugallu Durries Manufactures	Warangal	Andhra Pradesh
5.	Arun Kutir Udyog Co-operative Society Ltd.	Lower Subansiri	Arunanchal Pradesh
6.	North Eastern Industrial Consultants Ltd.	Cachar	Assam
7.	Udyog Vikash Kendra	Guwahati	Assam
8.	Bal Mahila Kalyan Vikas Ashram,	Katihar	Bihar
9.	Jeevika	Katihar	Bihar
10.	Jute Craft Centre	Kishanganj	Bihar
11.	Institute of Entrepreneurship Development	Patna	Bihar
12.	Dastakari	Raipur	Chhattisgarh
13.	The Central Goa Agricultural Marketing Cooperative Society Ltd.	-	Goa
14.	Shah Bhagwanji Kachrabai Trust	Bhavnagar	Gujarat
15.	Shiv Shakti Jalstrav Vikas Mandal	Sabarkantha	Gujarat
16.	Ashoka Handloom and Handicrafts Society	Panipat	Haryana
17.	Hind Social Welfare Society	Srinagar	Jammu and Kashmir
18.	Chotanagpur Craft Development Society	Ranchi	Jharkhand
19.	M.P. Hastashilpa Evam Hathkargha Vikas Nigarm Ltd.	Bhopal	Madhya Pradesh
20.	Saroda Textiles	Kandivali(West)	Maharashtra
21.	Rural Organisation for Social Action	Cuttack	Orrisa
22.	Harjit Singh and sons	Amritsar	Punjab
23.	Jute Jagrati	Jaipur	Rajasthan
24.	Jothi Kanniga Universal Service Trust	Peelamedu	Tamil Nadu
25.	Ballyfab International Ltd.	Vadapalni	Tamil Nadu
26.	Simantini	Agartala	Tripura
27.	Women Development Organisation	Dehradun	Uttarakhand
28.	Bhartiya Grammothan Upper Dhalwala	Tehri Garhwal	Uttarakhand
29.	Durga Trading Company	Varanasi	Uttar Pradesh
30.	Roy Traders	Burdwan	West Bengal
31.	Dinhata No. I and II Block Tantubay Samabay Samity Ltd.	Coochbehar	West Bengal
32.	Ramkrishna Mission	Hooghly	West Bengal
33.	Saroda Textiles	Hooghly	West Bengal
34.	Mangalam	Howrah	West Bengal
35.	Jute Handicrafts	North 24 Praganas	West Bengal
36.	Marketing and Reseach Centre	Purba Medinipur	West Bengal
37.	Aar Aar Enterprises	Silliguri	West Bengal

Annexure-IV

(Referred to in paragraph 4.13)

Details of NGOs appointed as Cluster Development Agencies under JTM

Sl. No.	Name of NGO	District	State
1.	Orugallu Mahila Sangham	Warangal	Andhra Pradesh
2.	Noniarkhal T.E. Youth Club	Cachar	Assam
3.	Assami Hast Kala Kendra	Nalbari	Assam
4.	Youth Upliftment Centre	Barpeta	Assam
5.	North East Foundation for Cultural and Socio-Economic Development	Guwahati	Assam
6.	Samajik Nyay Dharm Nirpekshta Lok Manch	Madhubani	Bihar
7.	Bal Mahila Kalyan Vikas Ashram	Katihar	Bihar
8.	Janshakti Educational and Social Welfare Society	Araria	Bihar
9.	Ekta Samiti	Raipur	Chhattisgarh
10.	Swami Vivekananda Yuvak Mandal	Nani Daman	Daman and Diu
11.	Navapara Khadi Gramodhyog Mandal	Junagarh	Gujarat
12.	Happy Home Women, Children and Down Trodden Society	Srinagar	Jammu and Kashmir
13.	Swaraj Khadi Gram Dastikar Udyog Samaj	Kupwara	Jammu and Kashmir
14.	Bhartiya Sewa Sansthan	Lucknow	Uttar Pradesh
15.	Gramin Samaj Kalyan Samiti	Almora	Uttarakhand
16.	Jadavpur Abhas	Kolkata	West Bengal
17.	Mallabhum Mahila Kalyan Samity	Bankura	West Bengal
18.	Suksagar Road Palpara Vivekananda Mission	Nadia	West Bengal
19.	Balivara Organisation for Fellow Feat Empowerment and Reconstruction	North 24 Parganas	West Bengal
20.	Arabinda Pally Bharat Kristi Seva Sangha	Hoogly	West Bengal
21.	Aragati	Howrah	West Bengal
22.	Kharda Public Cultural and Welfare Association	Howrah	West Bengal

MINISTRY OF WATER RESOURCES

**FUNCTIONING OF BRAHMAPUTRA
BOARD**

REPORT OF THE

COMMISSION ON

THE

CHAPTER V : MINISTRY OF WATER RESOURCES

Functioning of Brahmaputra Board

Highlights

- ❖ The Board could not complete the main activity of preparation of Master Plans. It could prepare and get approval for only 43 Master Plans against a target of 57 during last 27 years of existence.

(Paragraph 5.11)

- ❖ The Board took up work of preparation of DPRs for 64 projects but, it could complete only 34 DPRs. It could get approval for only 12 DPRs from Central Water Commission.

(Paragraph 5.12)

- ❖ Delay in completion of six projects under Drainage Development Scheme and one multipurpose project resulted in non-realisation of benefit of ₹243.72 crore in the form of increased agriculture produce/flood control/power generation perceived from the projects.

(Paragraph 5.13.1)

- ❖ The execution of Pagladiya Dam project could not start for want of land from the state Government. As the chances of acquisition/allotment of land by the state Government were remote, the expenditure of ₹25.77 crore incurred might be rendered infructuous.

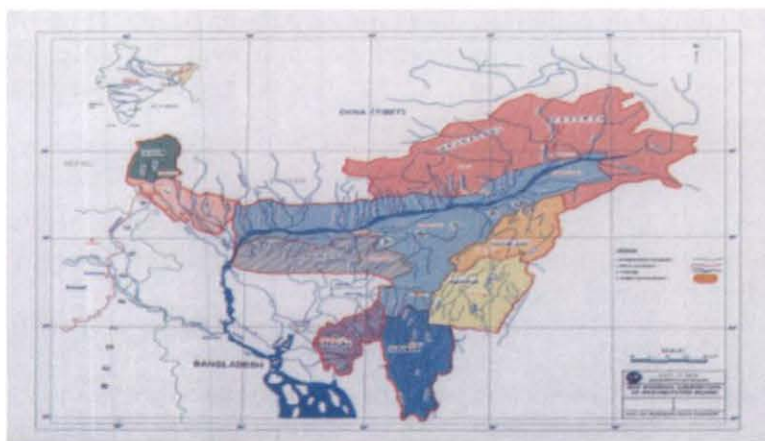
(Paragraph 5.13.5)

Summary of recommendations

- *The Board should prescribe time frame for preparation of Master Plans*
- *The Board should take concerted efforts to expedite the work of preparation of DPRs*
- *The Board should take the problem of land acquisitions to the highest level*
- *The Board should have effective project monitoring to check time overruns*

5.1 Introduction

The Brahmaputra Board was established in 1980 under an Act of Parliament (Act 46 of 1980) as an autonomous statutory body under the aegis of the erstwhile Ministry of Irrigation (now Ministry of Water Resources), Government of India(GOI) for planning and integrated implementation of measures for control of floods and bank erosion in Brahmaputra Valley.



The jurisdiction of the Board was extended to all the States of the North Eastern Region in April 1982 and Sikkim and northern part of West

Bengal falling within the Brahmaputra and Barak Basins were included in December 2005.

The Board started functioning from January 1982 through 12 Divisions.

5.2 Functions of the Board

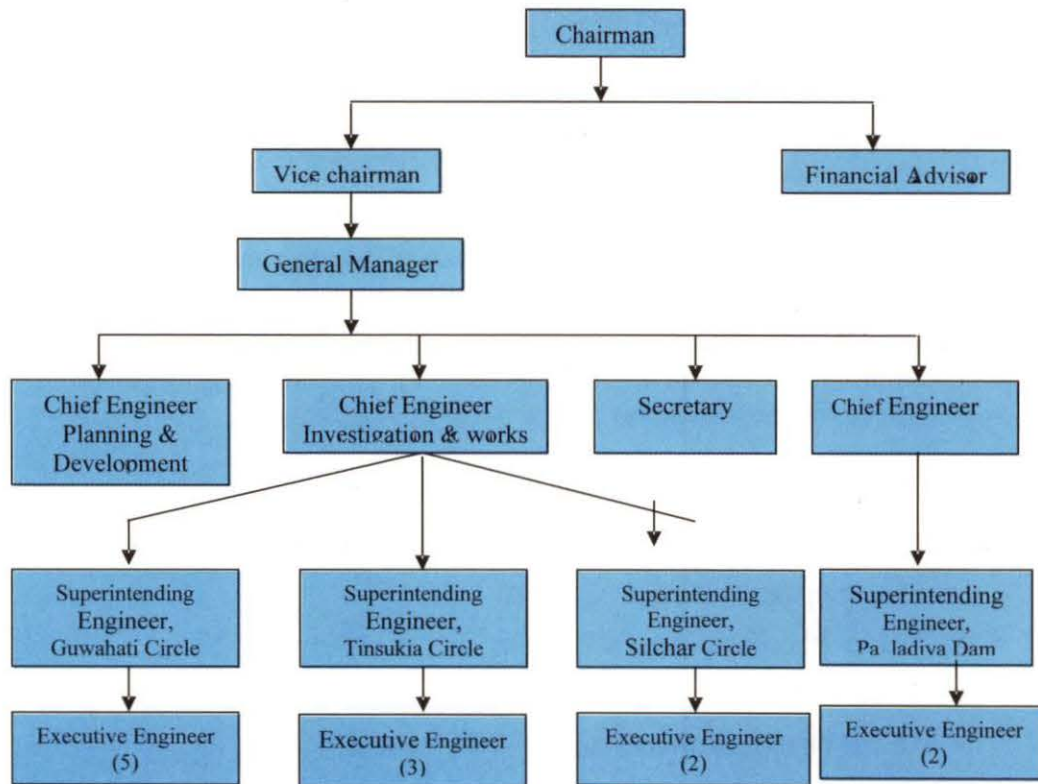
The main functions of Brahmaputra Board were:

- ✓ to carry out surveys and investigations in the Brahmaputra Valley and Barak valley to prepare, for approval of GOI, Master Plans for control of floods, bank erosion and improvement of drainage with due regard to development and utilization of water resources;
- ✓ to prepare Detailed Project Reports (DPR) and estimates in respect of the dams and other projects proposed in the Master Plan as approved by GOI and submit the same to Central Water Commission (CWC) for approval;
- ✓ to draw up standards and specifications for the construction, operation maintenance of dams and other projects
- ✓ to construct and undertake operation and maintenance of Multipurpose Dams and other projects;
- ✓ to perform such other functions as are supplemental, incidental or consequential to the functions specified above.

5.3 Organisational set up

The Board consisted of 21 members out of whom four were full time members (Chairman, Vice-chairman, General Manager and Financial Advisor) and 17 were part time members as representatives of the concerned State Governments, North Eastern Council and concerned ministries/departments of the GOI.

The organisation chart of the Board was as depicted below:



5.4 Scope of audit

Audit of the Board was conducted under section 19(2) of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971. The performance audit of the Brahmaputra Board was conducted during October 2009 to January 2010 covering transactions for a period of five years from 2004-05 to 2008-09. Out of 20 projects involving an expenditure of ₹143.96 crore (**Annexure-IV**) being implemented by the Board, 12 projects involving an expenditure of ₹ 114.55 crore were randomly selected for test check in audit as detailed in **Annexure- I**.

5.5 Audit Objectives

The main objectives of the performance audit were to ascertain whether:

- ✓ targets for preparation of master plan were achieved within the prescribed time frame;
- ✓ detailed project reports (DPRs) for the various activities to be undertaken by the Board were prepared following the due procedure;
- ✓ objective of the board for development and utilisation of water resources of the Brahmaputra valley and Barak Valley for irrigation, hydropower, navigation and other beneficial purpose was achieved as envisaged in its various projects;
- ✓ adequate funds were available with the Board and were utilised for the specified purposes;
- ✓ functioning of the Board relating to control of floods, bank erosion and improvement of drainage were efficient and effective and to the benefit of the concerned States;
- ✓ internal control mechanism within the Board and supervision by the Ministry was adequate and exercised by the Management/Ministry effectively and efficiently.

5.6 Audit Criteria

Audit findings were benchmarked against the following criteria:

- ✓ The Brahmaputra Board Act, 1980;
- ✓ Master Plan documents and detailed project reports;
- ✓ Budget documents;
- ✓ Orders and instructions issued by GOI.

5.7 Audit Methodology

The performance audit of the Board commenced with an entry conference with the management of the Brahmaputra Board in October 2009 where in audit methodology, scope, objectives and criteria were discussed. The audit methodology mainly consisted of inspection of records, collection and analysis of data. The audit observations were discussed with the Management in exit conference held on 5 July 2010.

Audit findings

5.8 Financial Management

The Board was funded by way of grant-in-aid from GOI for its works and establishment expenditure. The year-wise budget, grants-in-aid received and payments made by the Board during the period from 2004-05 to 2008-09 was as given below:

(₹ in crore)

Year	Budget Estimate Proposal	Revised Estimate Proposal	Opening Balance	Grants-in-aid received	Other receipt ¹	Total available funds	Total payments	Savings (Percentage)
2004-05	110.98	55.72	28.81	33.17	4.76	66.74	43.30	23.44 (35)
2005-06	231.65	66.76	23.44	31.29	3.63	58.36	36.41	21.95 (38)
2006-07	93.12	64.88	21.95	34.27	4.90	61.12	39.33	21.79 (36)
2007-08	81.76	58.23	21.79	33.83	5.70	61.32	39.49	21.83 (36)
2008-09	76.95	100.96	21.83	91.20	7.63	120.66	68.31	52.35 (43)
Total				223.76	26.62		226.84	

As seen from above table that despite partial release of approved budget estimates by the Ministry there were considerable savings ranging from 35 to 43 *per cent* of available funds in all the years. This showed that the Board did not prepare realistic budget estimates considering its fund absorption capacity. This resulted in accumulation of unspent balance to the tune of ₹52.35 crore as on March 2009. The Board kept these surplus funds in short term deposits with banks. Thus, unrealistic budget estimates resulted in blocking of scarce resources and denied the opportunity to GOI for utilization of the same for other important development activities.

The Board stated (June 2010) that the shortfall in expenditure was due to intermittent flood, insurgency problem, delay in obtaining approvals of drawings and designs from Central Water Commission (CWC) and delay in land acquisition. It further stated that the surplus funds were invested in short term deposit to get the best value for Government money.

The Board's reply was not acceptable because of the fact that there were savings in all the years under review and the Board should have prepared its budget estimates considering the above factors. The objection raised by JS & FA (Ministry of Water Resources) in Board meeting held in December 2004 on retention of excess funds by the Board, substantiated the audit contention.

5.8.1 Loss of interest on funds deposited with land acquisition authorities

The Board deposited ₹10 crore with land acquisition authorities towards cost of compensation for land acquisition for Pagladiya Dam Project in March 2001 and ₹3.40 for cost of compensation for land acquisition and Zirat survey for Amjur Drainage Development Scheme in December 2008. The Chairman of the Board proposed maintaining a separate account. Audit scrutiny revealed that these funds were not kept in a separate account and the land acquisition authorities could not utilise it till date of audit (November 2009). However, the land acquisition authorities for Pagladiya Dam Project refunded the amount of ₹10 crore in November 2009 on the request of the Board.

¹ Interest, fund against deposit works and misc. receipt

The Board suffered a loss of ₹6.23 crore towards interest calculated at the rate of seven *per cent* per annum as the funds were not kept in separate accounts.

5.8.2 Blocking of funds in idle stock

Pagladiya Dam Project division of the Board procured (February 2001) 300 mt of CGI Sheets at a cost of ₹84.20 lakh. However, the division could utilise 124 mt of CGI sheet only and a quantity of 176 mt valuing to ₹49.40 lakh was lying idle with the division as on March 2009. The Board stated (December 2009) that the material was being issued to other divisions of the Board. It was evident from the reply of the Board that the division procured material in excess without assessment of actual requirement resulting in blocking of funds of ₹49.40 lakh in idle stock.

5.8.3 Non-reimbursement of the cost of projects

Scrutiny of records of Headquarters revealed that the Board handed over (March 1999) Tipaimukh Dam Project to North Eastern Electrical and Power Corporation (NEEPCO) in pursuance of instructions of the Ministry. A claim for reimbursement of ₹4.88 crore being the expenditure incurred by the Board before handing over the project was lodged with NEEPCO in July 1999 but no amount could be realised so far (January 2010).

Similarly Dehang and Subansiri projects were handed over to National Hydro-electric Power Corporation (NHPC) after incurring expenditure of ₹26.51 crore in March 2000. A claim for reimbursement of the expenditure incurred was lodged with NHPC. However, the Board could realise ₹1.35 crore from NHPC and a balance of ₹25.16 crore was outstanding as on the date of audit (January 2010).

Recommendations

- *The Board should prepare its budget considering fund absorption capacity to avoid accumulation of unspent balance of funds*
- *The Board should effectively pursue utilisation of funds deposited with land acquisition authorities to avoid loss of interest*
- *The Board should take action for realisation of overdue outstandings from NEEPCO and NHPC*

5.9 Expenditure on establishment

A statement showing total expenditure and expenditure on works vis-a-vis establishment and administration during the period covered in Audit was as below:

(₹ in crore)

Year	Total Expenditure (excluding depreciation)	Works Expenditure (including deposit work)		Estt. & Admin. Expenditure	
		Amount	Percentage to total expenditure	Amount	Percentage to total expenditure
2004-05	36.06	25.30	70	10.76	30
2005-06	34.36	22.22	65	12.15	35
2006-07	37.62	24.45	65	13.17	35
2007-08	37.52	23.81	63	13.72	37
2008-09	65.49	41.20	63	24.29	37
Total	211.05	136.98		74.09	

It may be observed from the table above that establishment and other administrative expenditure was on the higher side which ranged from 30 per cent to 37 per cent of total expenditure during the period under review.

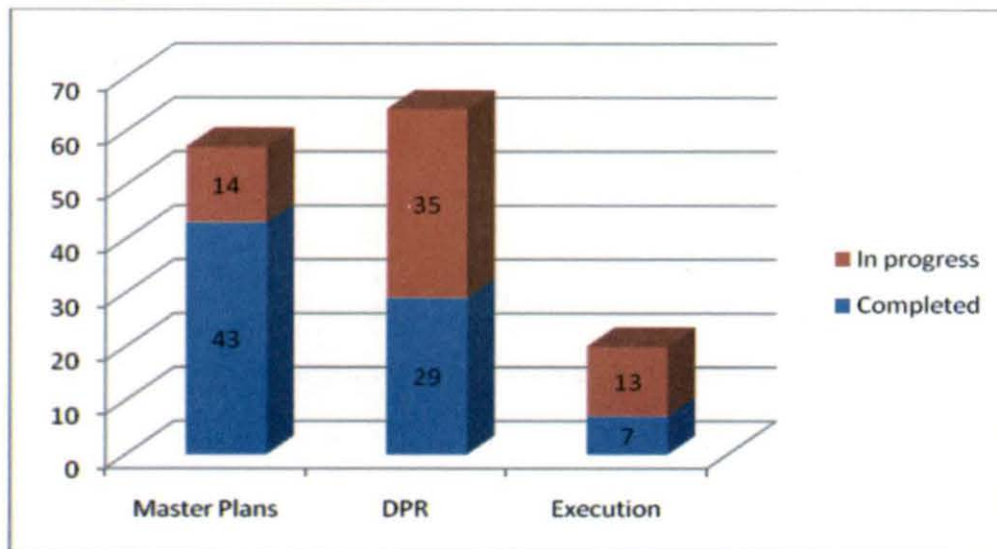
5.9.1 Excess expenditure on work-charged establishment

Test check revealed the following instances of excess expenditure:

- According to DPR for Harang Drainage Development Scheme, the work charged expenditure on works component should not exceed two per cent of the estimated cost of ₹19.82 crore. The execution of work started in February 1999 was scheduled for completion by March 2004. It was observed in audit that an amount of ₹1.01 crore had been incurred up to March 2009 against the ceiling of ₹40 lakh and the work was still in progress (95 per cent complete as of March 2009). The time overrun resulted in excess expenditure on work charged establishment over the ceiling prescribed in the DPR.
- Similarly the expenditure on work charged pay for survey and investigation work for Jiadhhal Drainage Development Scheme was estimated at ₹1.12 crore. However, the actual expenditure incurred was ₹1.96 crore resulting in excess expenditure of ₹84 lakh over the estimates.

5.10 Status of activities

The status of various activities of the Board since inception to March 2009 was as depicted below:

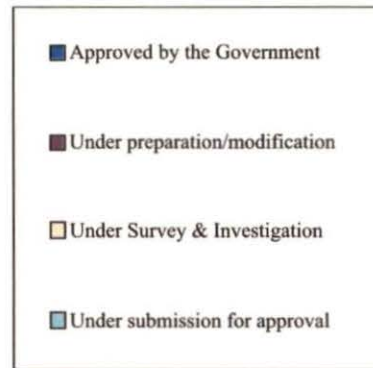
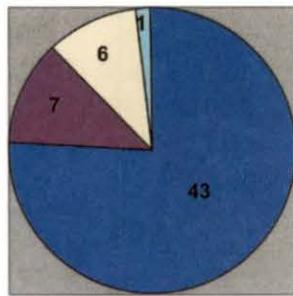


The observations made during the course of audit are discussed in subsequent paragraphs.

5.11 Preparation of Master Plans

The Board was required to prepare a Master Plan for the control of floods and bank erosion and improvement of drainage in the Brahmaputra Valley and Barak Valley with due regard to the development and utilisation of water resources for irrigation, hydropower, navigation and other beneficial purposes by indicating the works and other measures to be undertaken for such development after conducting survey and investigation. A copy of Master Plan was to be given to all concerned state Governments /Agencies for their comments. GOI was to approve the Master Plan in consultation with the concerned state Governments. The Board did not prescribe any time frame for preparation of the Master Plan.

The status of preparation of Master Plans as on 31 March 2009 was as shown below:



It may be observed that against the target of 57 Master Plans as detailed in **Annexure-II**, the Board could complete and get approved only 43 Master Plans up to January 2010. Thus, the Board failed to complete the very first activity i.e. preparation of Master Plan during last 27 years of its existence.

The management stated (March 2010) that it has been targeted to complete the Master Plans by 2012.

Scrutiny of records revealed that the Board prepared the Master Plan in parts with reference to different areas as detailed below:

Part	Name of Master Plan	Date of completion	Date of Approval by GOI
I	Master Plan on main stem Brahmaputra river	1986	August 1997
II	Master Plan on Barak River and its tributaries	1988	August 1997
III	Master Plan on tributaries of the Brahmaputra and rivers of Tripura state including Majuli island	In progress since 1995	Completed parts approved during 2004 to 2009

It may be observed that GOI took up to 11 years to approve the Master Plans. Audit scrutiny further revealed that two projects (Rongsai and Batha) relating to Drainage Development Scheme were included in approved Master Plans but subsequently cancelled after start of work of preparation of Detailed Project Reports because the state Government had already taken up these projects. This showed lack of coordination between the Board and the state Governments at the time of preparation of Master Plan.

Recommendations

- *The Board should prescribe a time frame for preparation of Master Plans*

- *The Board should consult concerned state Governments at the time of preparation of Master Plan to avoid duplication of projects*

5.12 Preparation of Detailed Project Reports

The Board was required to prepare Detailed Project Report (DPR) in respect of the dams and other projects proposed in the Master Plan as approved by GOI. However, the Board did not stipulate any time schedule for conducting Survey and Investigations and preparation of DPRs. Board took up Survey and Investigation and preparation of DPRs for 64 projects as detailed in **Annexure-III** and out of that work for 34 projects could be completed up to date of audit (January 2010). The Board could obtain approval of CWC for 12 DPRs only and approval for 15 DPRs was awaited as of January 2010.

Audit scrutiny revealed the following in respect of work of preparation of DPRs:

- Out of 41 projects relating to Drainage Development Scheme taken for preparation of DPR, the Board could complete the work of preparation of DPRs for 22 projects only. The work of preparation of DPR for Batha was cancelled because the state Government had taken up the work of construction of sluice gate and re-sectioning. The work for balance 18 projects was in progress. Out of 22 DPRs completed two schemes (Konwarpur and Rangsai) were deleted. Out of balance 20 DPRs CWC approved 11 DPRs and raised comments (June 1992 to July 2008) against nine DPRs. Though, the Board was to submit its replies within the stipulated time of one year, it had not submitted the same till date of audit (January 2010).
- CWC raised comments (October 2005 to May 2008) on six DPRs relating to flood control measures, but Board did not furnish its replies to the comments of CWC till date of audit (January 2010). Further, the Board took up 10 projects relating to flood control measures for execution and seven had been completed. The work for one project was in progress and for other two projects was to start as of date of audit (January 2010). However, the fact that the DPRs for these projects were prepared and approved by CWC could not be ascertained in audit for want of relevant information.
- Out of 14 Multipurpose Projects (including two projects as deposit work) taken up for preparation of DPR, the Board could complete six DPRs (including one deposit work which was handed over to Government of Mizoram). During the test check of records, it was observed that out of eight projects for which work of DPR was in progress, three projects² taken up in 1997 and scheduled for completion by 2000 were not completed so far. The DPR work for

² Kulsai, Kynshi-I and Simsang

Jiadhhal project was to be completed by December 2003 but the same could not be completed for want of Environment Impact Assessment and Environmental Management Program from M/s Agricultural Finance Corporation Ltd.

- The board took up preparation of DPRs for three Mini Micro Hydel projects during 2004-05 for completion in two years at an approved cost of ₹30 lakh each. However, it was observed that the Board incurred ₹82.97 lakh on these projects but the works remained incomplete after a lapse of more than four years from the scheduled date of completion.

The above observations indicated absence of time bound programme to complete the DPRs. Non-submission of replies to the comments of CWC by the Board resulted in delay in approval of DPRs and consequential delay in execution of work.

Recommendations

- *The Board should take concerted efforts to expedite the work of preparation of DPRs*
- *The Board should submit replies to the comments of CWC within stipulated time for approval of DPRs without delay*

5.13 Execution

The Board took up 20 projects under different schemes for execution, but only seven projects under protection works could be completed up to March 2009 as detailed in **Annexure-IV**. Audit observations made during test check of records relating to execution of projects are discussed in the following sub-paragraphs:

5.13.1 Loss of benefit due to delay in completion of projects

It was envisaged that implementation of Drainage Development Schemes would mitigate flood problem and result in higher agriculture produce. Similarly, the envisaged benefits from Pagladiya dam project included flood control, power generation and irrigation. Therefore, the project benefits were quantified in financial terms. Audit scrutiny revealed that the Board took up the following projects for execution during February 2001 to November 2006 but none of them was completed even after lapse of 1 to 7.5 years from the respective scheduled date of completion till date of audit (January 2010) as detailed in the table given below:

(₹ in crore)

Sl. No.	Name of project	Administrative approval	Estimated cost/ Revised estimated cost	NOC issued by State Govt.	Target date of completion	Expenditure	Annual cost benefit	Present status (percentage of completion)	Period of delay till January 2010 (in years)	Loss of benefit
1.	Amjur DDS	January 2006	14.15	June 2006	March 2009	4.50	9.98	10	1	9.98
2.	Harang DDS	February 1998	30.49	NA	March 2004	28.80	10.80	95	6	64.80
3.	Jengrai DDS	March 1998	1.49	February 2001	August 2002	1.04	0.39	30	7.5	2.92
4.	Joysagar DD	March 2000	2.13	October 2001	October 2004	0.01	2.79	Yet to start	5.5	15.35
5.	Kailasahar DDS	NA	4.18	September 2002	September 2005	0.14	1.35	Yet to start	4.5	6.07
6.	Singla DDS	February 2006	3.54	November 2006	March 2008	0.15	3.79	Yet to start	2	7.58
7.	Pagladiya Dam project	January 2001	542.90	NA	December 2007	25.77	68.51	Yet to start	2	137.02
Total			598.88			60.41				243.72

It may be observed from the above table that work on four projects had not started and physical progress of the balance three was ranging from 10 per cent to 95 per cent. The work on these four projects could not start due to land acquisition problems. The Board took three years to obtain No Objection Certificate from the state Government in respect of Jengrai project and the completion further delayed due to non-finalisation of working design of sluice by IIT, Guwahati (work awarded in July 2006). Harang project could not be completed within the scheduled date due to rescinding of work on failure of contractors and delay in re-award of balance work. The progress of Amjur project was poor for want of land from the state Government.

Even though, the Board had incurred an expenditure of ₹60.41 crore (up to March 2009) of the estimated cost of ₹598.88 crore on execution of the above projects, the delay in completion resulted in consequential loss of ₹243.72 crore in the form of increased agriculture produce/flood control/power generation benefits perceived from the above projects.

5.13.2 Extra expenditure

The Board awarded the work for construction of Kinnorkhal sluice regulator under Harang DDS project to a contractor at a cost of ₹1.80 crore in February 1999 with scheduled completion date of September 2000. The contractor started the construction work in December 1999. Subsequently, the Board changed (November 2000) the drawings and designs and the cost was revised to ₹4.81 crore. Initially, the contractor agreed to execute the work as per changed drawings and designs at the agreed rate subject to supply of Z-type sheet piles in respect of additional items by the Board. However, the contractor after executing work valued at ₹1.43 crore stopped the work from April 2001 leaving the balance work of ₹3.38 crore. The Board withdrew the

work from the contractor in March 2002 and awarded the balance work at a cost of ₹3.62 crore to another contractor in August 2002 with scheduled date of completion as September 2003. Further scrutiny revealed that after stoppage of work by the earlier contractor and delay in start of work by new contractor, there was accumulation of silt in the work site and the same was cleared by the new contractor for which ₹30.22 lakh was paid by the Board. Finally, the work was completed in July 2006 at a cost of ₹4.28 crore



(including supplementary items valuing ₹85.13 lakh). Thus, the completion of work was delayed by more than five years due to failure of original contractor to complete the work. Though, there was a provision for recovery of penalty for delay in completion of work (up to 10 per cent of value of

balance work) and excess expenditure incurred by the Board for completion of balance work, no claim for recoveries amounting to ₹ 64 lakh was lodged with the contractor.

5.13.3 Undue benefit to contractor

The construction of Kakrakhal Sluice Regulator under Harang DDS project was awarded to a contractor at a cost of ₹1.77 crore in February 1999 with scheduled completion date of September 2000. Subsequently, in September 2004, the Board revised the cost to ₹4.89 crore along with scheduled completion date as December 2004 due to change in design and specifications. But the contractor failed to complete the work and suspended the work after executing 93 per cent work valuing ₹5.72 crore (including supplementary items). Consequently, the Board rescinded the work in August 2007. The balance work was estimated at ₹74.43 lakh (civil work ₹ 55.14 lakh and mechanical work ₹19.29 lakh). The Board re-awarded balance civil work in May 2009 at a cost of ₹92.24 lakh after a gap of almost two years which was in progress (70 per cent) as of May 2010. The other part (mechanical work) was re-awarded in March 2010 at a cost of 42.92 lakh after almost three years which was yet to start. Thus, the original contractor's failure to complete the work and delay in re-award the work by the Board resulted in cost overrun by ₹60.73 lakh and time overrun by more than five years till date. The reason for initial delay was stated to be non-availability of approach road to the contractor for which the Board had to pay ₹60.30 lakh to the contractor as compensation for escalation. Though, the Board could recover ₹7.82 lakh against penalty of ₹10.20 lakh but, no claim for recovery of ₹60.73 lakh being the excess expenditure to be incurred by the Board for completion of balance work was lodged with the contractor.

5.13.4 Non-recovery of penalty from contractors

In January 2005, GOI approved a scheme for protection of Majuli island Phase-I from soil erosion at a cost of ₹41.28 crore (revised to ₹56.07 crore in August 2008). Instead of executing the scheme in single lot, the Board divided it in 28 works spread over in three years. These works were awarded to 19 contractors (from March 2005 to November 2007) at a total cost of ₹47.75 crore. Out of 19 contractors seven contractors executing eight works could not complete their work within the stipulated time as detailed below:

Sl.	Name of work	Tendered cost (₹ in crore)	Date of award	Date of start	Scheduled date of completion	Physical progress in percentage as on March 2009
1.	Repair and construction of nose portion of check dam of Kandhulimari check dam	1.61	22.2.05	24.4.05	45 days	13
2.	Repair and construction of nose portion of check dam No. 2 at Sonowal Kachari	1.53	22.2.05	4.3.05	45 days	38
3.	Raising and strengthening of embankment (Upper Stream of Kamalabari)	8.37	11.3.05	21.3.05	3 months	31
4.	Raising and strengthening of embankment of Brahmaputra dyke from Bessamara to Kharkharijan	1.93	14.3.07	23.3.07	3 months	91
5.	Raising and strengthening of embankment of Brahmaputra dyke from Tekeliphuta to Kandhulimari	1.67	14.3.07	25.2.07	3 months	92
6.	Raising and strengthening of embankment from Kandhulimari to Bessamara	1.42	14.3.07	15.3.07	3 months	92
7.	Raising and strengthening of embankment of embankment from Kandhulimari to Bessamara	1.33	14.3.07	3.3.07	3 months	85
8.	Closing of three Nos. breaches of Kamalabari Road in between Khabulughat and Luit Ghat	1.49	19.4.07	9.4.07	3 months	82
Total		19.35				

The reasons for non-completion of the works even after lapse of more than 20 months could not be assessed in audit due to non availability of relevant records with the division concerned. Though, there was provision for levy of penalty on contractors for delay in completion of project, the Board did not work out and claim penalty from the contractors.

5.13.5 Non-execution of project due to non-availability of land

In January 2001, GOI accorded sanction for construction of "Pagaladiya Dam Project" at an estimated cost of ₹542.90 crore and was scheduled to be completed by December 2007. The execution of the project was dependent on two major activities to be carried out by the state Government of Assam viz. (i) Zirat Survey³ and (ii) Land allotment/acquisition. The total land requirement was assessed at 7510 ha. The state Government could make available 956 ha of Government land in 33 locations till date of audit (January 2010). The tentative estimate for rehabilitation work was ₹99.04 crore. The Board made an advance payment of ₹10 crore to the state Government in March 2001 but the state Government could not conduct Zirat Survey due to resistance from project affected families. The state Government refunded the advance amount in November 2009. Meanwhile, the Board incurred ₹25.77 crore on various items from April 2001 to March 2009 including 16 residential quarters and one guesthouse (₹1.04 crore) which were lying idle.

The Chairman of High Powered Review Board also stated in November 2005 that the project would have to be abandoned unless the Zirat Survey was conducted by the state Government.

As the state Government failed to conduct Zirat Survey/acquisition of land (March 2009) and also refunded the advance money, the possibility of completion of this project was remote. In the event of non-availability of land, all expenditure of ₹25.77 crore would be rendered infructuous.

Recommendations

- *The Board should take up the problem of land acquisition at the highest level*
- *The Board needs to check time overrun in execution of projects by effective project management and control*

5.14 Utilisation of facilities at NEHARI

The North Eastern Hydraulic & Allied Research Institute (NEHARI) was established at Rudreswar (North Guwahati) in December 1996 at a cost of ₹13.67 crore with the following facilities.

- i) Hydraulic laboratory with facilities for physical model studies.
- ii) Material testing laboratories for rock, concrete and soil.

³ Property assessment of the project affected families for finalizing the re-settlement and rehabilitation plan.

It was observed in audit that NEHARI had conducted six physical River



Model Studies and four foundation investigation of Dams/Projects only since its inception. This showed under utilization of facilities created at a huge cost.

The Board admitted (March 2010) that the Laboratory was fully equipped but underutilised for lack of technical manpower as men-in-position was 34 only against the proposed 122 posts. Thus the objective for which NEHARI was established remained largely unachieved due to lack of required manpower.

5.15 Project monitoring

For timely completion of any project effective monitoring was required. The project control mechanism could work only when there was adequate documentation and efficient Management Information System. However, audit observed the following deficiencies:

- None of the projects could be completed in scheduled time indicating lack of effective control mechanism.
- The Board was to draw up standards and specifications for construction, operation and maintenance of dams and other projects, but till date no manual containing such standards and specifications were prepared.
- All the records/information requisitioned by audit was not provided by the Board which indicated poor maintenance and upkeep of records.
- As per GOI instructions (December 2008), the Board was to get evaluation study through independent agencies to assess the quality and usefulness of the work executed. But, the Board had not engaged any agency for this work till date of audit (January 2010).

5.15.1 Functioning of High Powered Review Board

High Powered Review Board (HPRB) was formed in March 1982 by GOI to oversee the activities of the Brahmaputra Board. Since its inception, only five meetings were held till March 2009. The last meeting was held in November 2005 at New Delhi after a gap of 12 years from the fourth meeting in April 1993. Though, in the fifth meeting, the Chairman, HPRB assured conveying of HPRB meeting every year no meeting was thereafter.

Conclusion

The Board was required to prepare a Master Plan for the control of floods and bank erosion and improvement of drainage in the Brahmaputra Valley and Barak Valley. The Board did not prescribe any time frame for preparation of the Master Plan resulting in non-completion of the activity till date. Thus, the Board failed to complete the main activity i.e. preparation of Master Plan during last 27 years of its existence. There was lack of coordination between the Board and the States at the time of preparation of Master Plans. The Board could complete preparation of DPRs for 34 projects against 64 projects. Approval of CWC could be obtained for 12 DPRs only against 29 DPRs submitted up to January 2010. The Board took up 20 projects under different schemes for execution, but it could complete only seven projects. Audit scrutiny revealed that five projects could not be completed for want of land. The Board suffered loss of interest of ₹6.23 crore as the funds deposited with land acquisition authorities were not kept in separate accounts. Delay in completion of DDS projects had resulted in loss of ₹243.72 crore in the form of non-achievement of perceived cost benefits under the schemes. The potential of NEHARI set up at huge cost was underutilised due to inadequate manpower. Project monitoring mechanism was not effective. Audit scrutiny revealed that upto date records in respect of projects was not maintained.


The fact that the Board could complete only seven projects, that too under protection works, during its existence for 27 years proved that it failed to achieve its objectives.

Acknowledgement

We acknowledge the co-operation of the Board management during course of audit.

The performance audit report was issued to the Ministry on 2 July 2010; their reply was awaited as of October 2010.

New Delhi
Dated: 16, November, 2010


(ROY MATHRANI)
Director General of Audit
Central Expenditure

Countersigned

New Delhi
Dated: 16, November, 2010


(VINOD RAI)
Comptroller and Auditor General of India

Annexure-I

(Referred to in paragraph 5.4)

List of projects selected for audit

Sl. No.	Name of the Project	Name of the executing Division	Estimated cost (₹ in crore)	Actual expenditure up to March 2009 (₹ in crore)	Progress in percentage
Drainage Development Scheme					
1.	Amjur DDS	Barak valley	14.15	4.50	10
2.	Harang DDS	Barak valley	30.49	28.80	95
3.	Jengrai DDS	Lakhimpur	1.49	1.04	30
4.	Joysagar DDS	Nagaon	2.13	0.01	Yet to start
5.	Kailasahar DDS	Agartala	4.18	0.14	Yet to start
6.	Singla DDS	Barak valley	3.54	0.15	Yet to start
Protection Work					
7.	Kushiabil Ph-I	Nagaon	0.85	0.79	Completed
8.	Kushiabil Ph II	Nagaon	1.80	1.60	Completed
9.	Majuli Island	Lakhimpur	6.22	5.92	Completed
10.	Majuli Ph. I	Lakhimpur	56.07	45.83	93
11.	Majuli Ph. II & III	Lakhimpur	128.00	-	Yet to start
Multipurpose Project					
12.	Pagladiya Dam Project	Nalbari	542.90	25.77	Yet to start
Total			791.82	114.55	

Annexure-II

(Referred to in paragraph 5.11)

Details of Master Plans

Sl. No.	Name of the Master Plan	Date of Completion	Date of Approval by GOI
1.	Barak and its tributaries	1988	08.08.1997
2.	Bargang	In progress	Pending
3.	Barnadi	2009	23.02.2004
4.	Belsiri	2004	23.02.2004
5.	Beki-Manas-Aie	In progress	Pending
6.	Bharalu	1998	23.02.2004
7.	Bhogdoi	2004	23.02.2004
8.	Brahmajan	In progress	Pending
9.	Brahmaputra Basin Stem	1986	08.08.1997
10.	Burima	1999	23.02.2004
11.	Buri-Dehing	1995	23.02.2004
12.	Buroi	NA	Pending
13.	Champamati	1998	23.02.2004
14.	Dhalai	2000	23.02.2004
15.	Dhaleswari	2002	23.02.2004
16.	Dhansiri (N)	2009	23.02.2004
17.	Dhansiri(S)	1996	23.02.2004
18.	Dikhow	1995	23.02.2004
19.	Dikrong	1996	23.02.2004
20.	Dipota	2005	23.02.2004
21.	Disang	1998	23.02.2004
22.	Dudhnoi-Krishnai	In progress	Pending
23.	Gabharu	2003	23.02.2004
24.	Gadadhar	2004	23.02.2004
25.	Gaurang	2002	23.02.2004
26.	Ghiladhari	2001	23.02.2004
27.	Gumti	1996	23.02.2004
28.	Haora	2003	23.02.2004
29.	Jadukata	In progress	Pending
30.	Jaldhaka	In progress	Pending
31.	Jia-Bharali	1998	23.02.2004
32.	Jiadhah	2000	23.02.2004
33.	Jinari	1999	23.02.2004
34.	Jinjiram	2001	23.02.2004
35.	Jhanji	2002	23.02.2004
36.	Juri	1999	23.02.2004
37.	Kapili-Kolong	1995	23.02.2004
38.	Khowai	2000	23.02.2004
39.	Kulsi-Deosila	2005	23.02.2004
40.	Lohit	2000	23.02.2004

Sl. No.	Name of the Master Plan	Date of Completion	Date of Approval by GOI
41.	Majuli island	2000	23.02.2004
42.	Manu	1997	23.02.2004
43.	Moridhal	2001	23.02.2004
44.	Muhuri	1997	23.02.2004
45.	Nanoi	1999	23.02.2004
46.	Noa-Nadi	1998	23.02.2004
47.	Pagladiya	1996	23.02.2004
48.	Puthimari	1995	23.02.2004
49.	Ranganadii	1995	23.02.2004
50.	Someswari	In progress	Pending
51.	Sonkosh	In progress	Pending
52.	Subansiri	2002	23.02.2004
53.	Tangani	In progress	Pending
54.	Teesta	In progress	Pending
55.	Tipkai	In progress	Pending
56.	Torsa-Kaljani and Raidak	In progress	Pending
57.	Um-N-Got	In progress	Pending

Annexure-III

(Referred to in paragraph 5.12)

Status of preparation of Detailed Project Reports

Sl. No.	Name of project	Estimated cost (₹ in lakh)	Date of start	Scheduled date of completion	Expenditure up to March 2009 (₹ in lakh)	Date of completion	Date of Approval by CWC
Drainage Development Schemes							
1.	Amjur	NA	NA	NA	NA	Completed (2005)	2006
2.	Badri	31.28	NA	NA	30.98	Completed 2002	Pending
3.	Barbhag	NA	NA	NA	NA	Completed (2000)	2006
4.	Batha	11.00	2003	2008	7.18	Discontinued	
5.	Bherekibil	NA	NA	NA	NA	In progress	
6.	Demow	NA	NA	NA	NA	Completed 2007	2008 (Handed over to state Govt. of Assam)
7.	Deori	NA	NA	NA	NA	Completed 1995	Pending
8.	Depota	19.12	May'06	May'08	12.41	In progress	
9.	Dharmanagar	21.45	March'01	March'02	20.77	Completed 2008	Pending
10.	East of Barpeta	NA	NA	NA	NA	Completed (1998)	2006
11.	Gelabil	NA	NA	NA	NA	In progress	
12.	Ghagra	11.00	1987	1991	2.20	Completed (1993)	Pending
13.	Ghiladhari	NA	NA	NA	NA	In progress	
14.	Harang	NA	NA	NA	NA	Completed (1996)	1998
15.	Haria Nanoi	35.12	May'08	May'10	14.20	In progress	
16.	Jakaichuk	NA	NA	NA	NA	Completed (1998)	2006
17.	Jengrai	NA	NA	NA	NA	Completed (1998)	2006
18.	Joysagar	NA	NA	NA	NA	Completed (1998)	2006
19.	Kailasahar	NA	NA	NA	NA	Completed (2001)	2006
20.	Kalamonijan	17.90	May'03	May'07	17.53	In progress	
21.	Khatra	NA	NA	NA	NA	In progress	
22.	Konwarpur	NA	NA	NA	NA	Completed 1993	Cancelled
23.	Larsing	31.28	NA	NA	0.08	In progress	
24.	Larua-Jamira-	NA	NA	NA	NA	In progress	

Sl. No.	Name of project	Estimated cost (₹ in lakh)	Date of start	Scheduled date of completion	Expenditure up to March 2009 (₹ in lakh)	Date of completion	Date of Approval by CWC
	Sessa						
25.	Mora Dikrong	NA	NA	NA	NA	Completed 2002	Pending
26.	Mora Picholamukh	13.15	NA	NA	NA	In progress	
27.	Mori Kollong (Putra Kollong)	13.18	May'03	May'07	12.94	In progress	
28.	Nellie	12.54	May'03	May'07	12.87	In progress	
29.	Pakania	NA	NA	NA	NA	In progress	
30.	Pola	7.00	1988	1991	0.17	Completed 1992	Pending
31.	Punir	NA	NA	NA	NA	In progress	
32.	Rangsai	NA	NA	NA	NA	Completed 1993	Cancelled
33.	Rudrasagar	NA	NA	NA	0.12	Completed 2006	2006 (Handed over to state Govt. of Tripura)
34.	Singla	NA	NA	NA	NA	Completed (2001)	2006
35.	Sessa	NA	NA	NA	NA	Completed 1993	Pending
36.	Sessapathar	NA	NA	NA	NA	In progress	
37.	Sukhsagar	23.79	April'97	NA	23.77	In progress	
38.	Sonai	NA	NA	NA	NA	Completed 1991	Pending
39.	West of Barpeta	NA	NA	NA	NA	Completed 2002	Pending
40.	Namdang	NA	NA	NA	NA	In progress	
41.	Tingrai	NA	NA	NA	NA	In progress	
Flood Control/Protection Schemes							
42.	Bharalumukh to Nilachal Hills (Ph.-II)	NA	NA	NA	NA	Completed (NA)	Pending
43.	Ganigram and Santipur.	NA	NA	NA	NA	Completed (NA)	Pending
44.	Madhuramukh and Bethukundi	NA	NA	NA	NA	Completed (NA)	Pending
45.	Rajtilla and Sialtek.	NA	NA	NA	NA	Completed (NA)	Pending
46.	Sukleswar ghat to Bharalumukh (Ph.-I)	NA	NA	NA	NA	Completed (NA)	Pending
47.	Tarapur-Daspara area of Silchar Town	NA	NA	NA	NA	Completed (NA)	Pending

Report No.20 of 2010-11

Sl. No.	Name of project	Estimated cost (₹ in lakh)	Date of start	Scheduled date of completion	Expenditure up to March 2009 (₹ in lakh)	Date of completion	Date of Approval by CWC
Multipurpose projects							
48.	Bairabi Dam Project	NA	NA	NA	NA	Completed (2000)	Handed over to state Govt. Mizoram.
49.	Dibang Dam Project	NA	NA	NA	NA	Completed (NA)	Handed over to NHPC
50.	Jiadhal	382.00	2001	March'04	321.51	In progress	
51.	Killing	499.94	2003	March'12	315.41	In progress	
52.	Kulsi	490	1997	2000	484.29	In progress	
53.	Kynshi-I (Jadukata)	632.50	1997	2000	622.42	In progress	
54.	Kynshi-II	431.30	Feb'03	Dec'05	324.85	In progress	
55.	Lohit	NA	Dec'96	March 2009	NA	In progress	
56.	Noa Dehing	NA	Dec'96	NA	NA	In progress	
57.	Pagladiya Dam Project	NA	NA	NA	NA	Completed (1992)	1995
58.	Siang Dam Project	NA	NA	NA	NA	Completed	Handed over to NHPC
59.	Simsang	499.00	1997	March 2000	473.49	In progress	
60.	Subansiri Dam Project	NA	NA	NA	NA	Completed	Handed over to NHPC
61.	Tipaimukh Dam Project	NA	NA	NA	NA	Completed (January 1995)	Handed over to NEEPCO
Hydel Projects							
62.	Shella	30.00	Oct'04	Sept 2006	26.77	In progress	
63.	Myntang	30.00	June'04	May 2006	27.41	In progress	
64.	Umkhen	30.00	June'04	May 2006	28.79	In progress	

Annexure-IV

(Referred to in paragraphs 5.4 and 5.13)

Status of execution of projects

(₹ in crore)

Sl. No.	Name of the projects	Date of Approval of DPR by CWC	Estimated cost	Date of start	Scheduled date of completion	Actual expenditure up to March 2009	Present status (percentage of completion)
Drainage Development Scheme							
1.	Amjur	2006	14.15	June'06	March'09	4.50	10
2.	Barbhag	2006	7.23	NA	NA	3.00	40
3.	East of Barpeta	2006	1.34	NA	NA	0.30	20
4.	Harang	1998	30.49	Feb'99	March'04	28.80	95
5.	Jakaichuk	2006	2.96	NA	NA	1.09	50
6.	Jengrai	2006	1.49	NA	Aug'02	1.04	30
7.	Joysagar	2006	2.13	NA	Oct'04	0.01	Work not started
8.	Kailashahar	2006	4.18	NA	Sept'05	0.14	Work not started
9.	Singla	2006	3.54	NA	March'08	0.15	Work not started
Flood control/ Protection Scheme							
10.	Avulsion of Brahmaputra at Dhola Hatighuli Phase-I	NA	10.47	NA	2003-04	21.56	Completed (2003-04)
11.	Avulsion of Brahmaputra at Dhola Hatighuli Phase-II	NA	4.95	NA	2004-05		Completed (2004-05)
12.	Avulsion of Brahmaputra at Dhola Hatighuli Phase- III	NA	8.47	NA	2007-08		Completed (2007-08)
13.	Avulsion of Brahmaputra at Dhola Hatighuli Phase- IV	NA	23.19	NA	NA	...	Work not started
14.	Kushiabil and Durgajan(Phase-I)	NA	0.85	NA	2005-06	0.79	Completed
15.	Kushiabil and Durgajan (Phase-II)	NA	1.80	NA	2007-08	1.60	Completed
16.	Majuli Island (Immediate measures)	NA	6.22	Jan'04	Feb'05	5.92	Completed
17.	Majuli Island Phase-I	NA	56.07	Feb'05	Feb'08	45.83	93

Report No.20 of 2010-11

Sl. No.	Name of the projects	Date of Approval of DPR by CWC	Estimated cost	Date of start	Scheduled date of completion	Actual expenditure up to March 2009	Present status (percentage of completion)
18.	Majuli Island Phase-II & III	NA	128.00	NA	NA	...	Work not started
19.	Nagrijuli Rangia Town of Mukualmuwa/ Barbhag	NA	4.89	NA	2010-11	3.46	Completed
Multipurpose Project							
20.	Pagladiya Dam Project	1995	542.90	NA	Dec'07	25.77	Work not started
Total			855.32			143.96	

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