CHAPTER-VII

COMPLIANCE AUDIT OF EXPENDITURE SECTOR

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Audit of transactions of the Government Departments, their field formations as well as audit of the autonomous bodies brought out lapses in management of resources and failures in the observance of the norms of regularity, propriety and economy, which have been presented in the succeeding paragraphs.

Agriculture Department

7.1 Unauthorised execution of additional items in construction contract

The MPUAT disallowed the certain items in a construction contract in order to keep additional expenditure under the permissible limit of RTPP Rules. Later MPUAT got these items re-executed by the same contractor in new tender in violation of condition of contract as well as provisions of PWF&ARs.

Rule 73 of Rajasthan Transparency in Public Procurement (RTPP) Rules states that the limit of repeat order for additional quantities shall be 50 *per cent* of the value of original contract in case of works. Further, Clause 14 of standard agreement of works as given in Public Works Financial and Accounts Rules (PWF&ARs) provides that in case a contractor doesn't rectify/remove any work that has been executed with unsound, imperfect or unskillful workmanship, or with material with any inferior description or otherwise not in accordance with contract, the engineer-in-charge may rectify/remove/ re-execute the work with other contractor at risk and cost of the first contractor. Moreover, item VIII.5 of Appendix XVI of PWF&ARs provides that if a contractor doesn't complete the work after sanction of tender, the contractor is liable to be debarred or suspended from participating in re-tendering of that work or in future tenders and his enlistment may be suspended.

Scrutiny (January-February 2019) of the records of Comptroller, Maharana Pratap University of Agriculture and Technology (MPUAT), Udaipur revealed that Agriculture Department issued (September 2015) Administrative Sanction of ₹ 3.50 crore for construction of hostel at College of Technology and Agricultural Engineering (CTAE)[1], Udaipur. Accordingly, the Estate Officer of MPUAT issued technical sanction for the work in October 2015. MPUAT invited (December 2015) tenders and issued (January 2016) work order for construction of hostel at CTAE at a cost of ₹ 3.35 crore with scheduled date of completion as December 2016.

1 Constituent college of MPUAT

Subsequently, Technical Committee of MPUAT decided (August 2016) to construct additional rooms as extension of hostel and certain other development works at an estimated cost of ₹ 1.53 crore through the same contractor and at the same rate. The contractor executed the work amounting to ₹ 5.33 crore up to 9th running bill but he was paid only ₹ 4.88 crore by disallowing the items of work amounting to ₹ 0.45 crore considered as defective by MPUAT. The contractor expressed his inability to replace the defective work with new one, therefore, the MPUAT decided (June 2017) to get it re-executed through a fresh tender. After invoking the penalty clause, penalty of ₹ 0.45 lakh *i.e.* one *per cent* of the cost of defective work was imposed on the contractor. Accordingly, the MPUAT floated a new tender which included the replacement of defective work of earlier contract (worth ₹ 0.45 crore). The MPUAT issued (July 2017) new work order amounting to ₹ 0.88 crore to the same contractor.

As per Rule 73 of RTPP Rules, 2013 the MPUAT could have executed works up to ₹ 5.03 crore[2]. However, the MPUAT executed work amounting to ₹ 5.33 crore, which was in excess of the permissible limit of additional quantities. Therefore, the payment to the contractor was restricted to the total estimated cost of ₹ 4.88 crore[3].

Further, as per clause 14 of the agreement of work, the defective work was to be rectified by new contractor at the risk and cost of earlier contractor and as per item VIII.5 of Appendix XVI of PWF&ARs the contractor was to be debarred or suspended from participating in re-tendering. Contrary to these conditions the MPUAT awarded (July 2017) a fresh work order which included the replacement of defective items of earlier contract, to the same contractor despite the fact that the contractor failed to replace the defective work in earlier contract.

The Agriculture Department, Government of Rajasthan (GoR) stated (September 2020) that the decisions taken by the MPUAT were in accordance with financial rules and RTPP rules. It was also stated that Clause 14 is applicable only when contractor refuses to remove the defective work at his own cost. In the instant case contractor removed the defective items at his cost but expressed his inability to replace the defective work. Therefore, the contractor has been financially punished with a penalty of one *per cent* i.e. ₹ 0.45 lakh. The MPUAT also stated that it was not under its jurisdiction to debar the contractor.

Agriculture Department, GoR further stated (January 2021) that MPUAT restricted the payment up to ₹ 4.88 crore in order to follow the provision of RTPP Rules and as there was no mistake on part of contractor, therefore, the contractor was not debarred for future tenders. In the same reply it stated that the contractor removed the substandard/defective work himself.

The reply (September 2020/January 2021) is not acceptable as the MPUAT did not stop the execution of work when it exceeded the limit set by RTPP

2 ₹ 3.35 crore (contract value) + ₹ 1.68 crore (50 *per cent* of contract value).

3 ₹ 3.35 crore (original work), ₹ 1.11 crore (additional rooms) and ₹ 0.42 crore (other development works)

(9th running bill measured on 20 March 2017). Later realizing the mistake the MPUAT disallowed certain items (10th running bill measured on 08 April 2017) even though these were allowed at the time of the measurement. The disallowed items were easily replaceable by the contractor. Further, MPUAT did not debar the contractor from participating in retendering as per condition of contract. MPUAT also did not get the defective work rectified at risk and cost of the contractor, as prescribed in Rules. Instead MPUAT awarded the same work to the same contractor despite the latter's failure to execute the work earlier.

Labour Department

7.2 Functioning of Employees' State Insurance Scheme in State

7.2.1 Introduction

The Employees' State Insurance Scheme (ESIS) is an integrated measure of social insurance embodied in the Employees' State Insurance (ESI) Act, 1948 and it is designed to accomplish the task of protecting 'employees' as defined in the ESI Act, 1948 against the impact of incidences of sickness, maternity, death or disablement due to employment injury and occupational disease and to provide medical care to Insured Persons (IPs) and their families.

The Scheme applies to factories and other establishments *viz.* road transport, hotels, restaurants, cinemas, newspaper, shops, and educational/ medical institutions wherein 10 or more persons are employed. Employees of the aforesaid categories of factories and establishments, drawing wages upto ₹ 21,000 a month (w.e.f. 01.01.2017), are entitled to social security cover under the ESI Act.

The scheme is administered by a corporate body called the Employees' State Insurance Corporation (ESIC), which represents various interested groups comprising employees, employers, the Central and State Governments besides medical profession and the Parliament. The ESIC is the highest policy making and decision taking authority under the ESI Act and oversees the functioning of the Scheme.

The scheme is mainly financed by contributions raised from the employees covered under the scheme and their employers, as a fixed percentage of wages, which is 3.25 *per cent* and 0.75 *per cent* for the employers and employees respectively, since 01 July 2019. Prior to July 2019, applicable rate of contribution for Employer and Employee was 4.75 *per cent* and 1.75 *per cent* of wages respectively. The expenditure incurred under the Scheme is borne by ESIC and State Government in the ratio of 7:1. For the purpose of sharing of expenditure, ESIC has prescribed per capita ceiling of ₹ 3,000 per year on total expenditure on medical benefits.

The administration of ESI scheme in a State, is the statutory responsibility of the State Government in consultation with the ESIC. In Rajasthan, the Scheme commenced with effect from 02 December 1956 under section 58 of the ESI Act 1948. The Scheme in the State is headed by Director, Medical and Health, (ESIS) Rajasthan, Jaipur.

Currently medical care in the State is provided in 26 districts mainly through four hospitals[4] and 74 dispensaries[5] run by the State Government and three hospitals[6] and two dispensaries[7] directly run by ESIC. Out of remaining seven districts, in five districts[8] medical care is provided by ESIC through empanelled Insurance Medical Practitioners (IMPs), in Bundi district by the employer and in Pratapgarh district under section 96A of ESI Regulation, which provides for reimbursement of expenses incurred in respect of medical treatment. 14.93 lakh insured persons and 42.99 lakh family members were under coverage of the scheme through 78 Health Institutions in the State, as of December 2019.

The records of Director, Medical & Health, ESIS, two hospitals[9] and 21 dispensaries[10] for the period from 2014-15 to 2018-19 were examined during October 2019 to February 2020.

Audit findings

Important Audit findings related to the various aspects of functioning of the ESI Scheme in Rajasthan, have been discussed in the succeeding paragraphs.

7.2.2 Coverage and expansion of the Scheme

7.2.2.1 Non-maintenance of dispensary/area wise number of Insured Persons (IP)

For setting up of two, three and five doctor dispensary at least 3,000, 5,000, and 10,000 IP family units respectively are required in the catchment area of a dispensary. When number of IP family units increases to 30,000 additional medical and para medical staff are required to be posted in proportion to the IP family units. Further, when number of IP family units covered exceeds 30,000 in an area, opening of a new dispensary should be considered for the area. Similarly, number of beds to be commissioned in a hospital was based on number of IP family units in the catchment area of that hospital. A 50 bedded hospital is required to be set up for 50,000 IP family units. The hospital should be upgraded to 100, 150, 200, 250, 300, 400, 500 and 600 bedded hospital on

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4 Bhilwara, Jodhpur, Kota and Pali.

5 Ajmer (4), Alwar (6), Banswara (1), Barmer (1), Bharatpur (2), Bhilwara (6), Bikaner (3), Chittorgarh (1), Dausa (1), Dholpur (1), Dungarpur (1), Ganganagar (3), Hanumangarh (1), Jaipur (18), Jaisalmer (1), Jhalawar (1), Jodhpur (5), Kota (3), Nagaur (1), Pali (3), Rajsamand (2), Sikar (2), Sirohi (1), Tonk (1) and Udaipur (5).

6 ESIC hospital Alwar and Bhiwadi, ESIC Model hospital, Jaipur.

7 Model dispensary cum diagnostic centre, Chittorgarh and ESIC model dispensary, Jhunjhunu.

8 Baran, Churu, Jalore, Karauli and Sawai Madhopur.

9 Bhilwara and Jodhpur.

10 Ajmer (Ajmer-1, Beawar, Bhilwara-2), Bharatpur (Bharatpur-1 and 2, Dholpur), Bikaner (Bikaner-1 and 2, Ganganagar-2), Jaipur (Dausa, Jaipur-3, Kotputli), Jodhpur (Jodhpur-1, 3 and 4), Kota (Bhawani Mandi, Kota-1 and 4), Udaipur (Kankroli, Udaipur-1 and 3).

increase of IP family units to one lakh, 1.5 lakh, two lakh, 2.5 lakh, three lakhs, four lakhs, five lakhs and six lakhs respectively. Dispensary/area wise number of IPs is the basic unit to be considered for planning to provide medical care to IPs under ESIS.

Scrutiny of records of Director, Medical & Health, ESIS revealed the following:

- As per number of IPs as of March 2015, 10 dispensaries having 3,000-5,000 IPs, 12 dispensaries having 5,000-10,000 IPs and 12 dispensaries having 10,000-30,000 IPs were not provided with two, three and five and more doctors respectively.
- There are seven[11] dispensaries with more than 30,000 IPs in their catchment area. However, no new dispensary has been opened.
- The dispensary/area wise number of IPs were not available with the department after March 2015. It was intimated (July 2019) by ESIS that dispensary wise number of beneficiaries were not being provided by the ESIC despite repeated requests. On being asked (June 2019) Regional Office, ESIC intimated (July 2019) that there is no front end report available in the system to get figure of dispensary wise tagged IPs. In absence of area/dispensary wise number of IPs, it could not be ascertained that how the planning for opening of a new dispensary/up-gradation of dispensary and posting of staff was being done.

Government of Rajasthan (December 2020) stated that letters have been written time to time to ESIC to provide information on number of IPs. It further stated that action will be initiated for opening of new dispensaries in areas having more than 30,000 IPs on receipt of information/suggestion by ESIC.

Thus, in absence of updated information of number of IPs, new dispensaries could not be opened in proportion to number of IPs.

7.2.2.2 Non implementation of recommendations made by Indian Labour Conference on various issues concerning ESI

ESIC in its 166th meeting held on August 2015, decided to adopt the various recommendations made by Indian Labour Conference (ILC). Accordingly, the ESIC launched (July 2015) 2nd generation reforms 'ESIC 2.0' to cover all the areas of districts where the scheme is being implemented, by April 2016 and to bring the construction workers and other unorganized sector workers under the purview of ESIC.

Director General, ESIC issued (February 2016) direction to the State Government to issue notification for implementation of ESIS in newly implemented areas by April 2016. Accordingly, in the newly implemented areas primary health care was to be provided within a month of its implementation whereas secondary and tertiary care was to be provided to the

11 Jaipur-4 (IP 45,229), Jaipur-6 (IP 32,000), Jaipur-8 (IP 36,325), Jaipur-9 (IP 43,000), Jaipur-10 (IP 32,000), Jaipur-11 (IP 36,000), Bhiwadi (IP 94,334)

extent of availability in Government/ESIS hospitals but within a period of two years all services were to be put in place.

Scrutiny of records of Director, ESIS revealed that the following reforms under ESIC 2.0 were not implemented:

- A three member committee was constituted on the directions (February 2017) of Director General (ESIC). The committee proposed (March 2017) setting up of 25 new dispensaries to cover 4.68 lakh new IPs (residing in uncovered areas) in 2016-17. However, no new dispensary was opened in the State as of December 2020.

  GoR stated (December 2020) that matter of establishment of dispensaries in newly notified areas is under consideration. The fact remains that 4.68 lakh (2017) IPs were still deprived of medical care facilities under ESIS.

- The ESIC in its 167th meeting (December 2015) approved establishment of dispensaries with one doctor based on geographical necessity, in the newly implemented area so that primary medical care facility can be provided to the IPs. However, no such dispensary to cover whole area on geographical necessity was established.

- Appropriate cancer detection/treatment facilities and cardiology treatment facilities at different level of hospitals were to be set up by December 2015 but the same has not been established yet (December 2020).

- Every Hospital was required to have an Intensive Care Unit (ICU) and Neonatal Intensive Care Unit (NICU) attached to labour room, however, ICU and NICU were not established in two test checked ESIS Hospitals.

- Construction worker/*Aganwadi*/*Asha*/Mid-day-meal volunteers and other such volunteers and workers of unorganized sectors were to be brought under the purview of ESIS on contributory basis, after taking consent of the Ministry/Department concerned. In case of construction workers, cess/user charges were to be collected. However, no efforts were initiated to cover these categories under ESI Act, 1948. Thus, none of the categories was covered under the scheme.

- ESI Corporation decided (August 2015) to upgrade all the dispensaries into six bedded hospital with 24x7 facilities, pathological facilities and X-ray facilities in three phases. One third dispensaries were to be upgraded in first phase by March 2016.

  The Director, ESIS proposed (May 2017) to upgrade 22 dispensaries to six bedded hospital after carrying out required construction work for six bedded ward, however, none of the dispensary was upgraded into six bedded hospital as of December 2020.

- It was also decided to extend tele-medicine facilities for ESI beneficiaries in a phased manner. But no such facility was started (December 2020).

- Incorporating of mobile health facilities was also suggested as an option to cater to the need of areas having small number of IPs. But no such facility was made available under the scheme as of December 2020.

This shows that important reforms under ESIC 2.0 for expansion of ESIS in the State to cover all the IPs and for providing better services to IPs were not implemented.

GoR stated (December 2020) that efforts are being made to implement the decisions of ESIC and some of them are under process. The fact remains that important reforms suggested by ILC were not implemented even after lapse of five years.

7.2.3 Availability and management of resources

7.2.3.1 Financial Management

Under-utilisation of admissible funds

The expenditure incurred under the Scheme is borne by ESIC and State Government in the ratio of 7:1. The expenditure on Medical Care is initially borne by the State Government and a ceiling has been fixed for reimbursement of expenditure. ESIC pays 90 *per cent* of its 7/8th share of the ceiling in advance to State Government on quarterly basis. The balance is paid on the basis of audited expenditure statements issued by the Accountant General. Expenditure incurred by the State Government over and above the ceiling is borne by them.

For the purpose of sharing of expenditure, ESIC prescribes per capita ceiling of total expenditure on medical benefits from time to time. The ceiling on medical expenditure was enhanced from ₹ 1,500 to ₹ 2,000 in July 2014 and in 2017-18 to ₹ 3,000 per IP per annum with sub ceiling of ₹ 1,250 under general head and ₹ 1,750 under others' head. Amount spent in excess of the ceiling is, borne by the State Government.

Year-wise details of available resources, within admissible ceiling and sub ceilings of medical care based on number of IPs covered and actual expenditure incurred on medical care is given in the **Table 7.1** below:

Table 7.1

(₹ in crore)

Year	Number of IPs[12] (Mean Average of the Year)	Prescribed ceiling for expenditure per IP			Maximum expenditure admissible as per prescribed ceiling (₹ in crore)			Actual expenditure incurred		
		General	Other	Total	General	Other	Total	General	Other	Total
2014-15	7,13,515	1,000	1,000	2,000	71.35	71.35	142.70	58.05	17.33	75.38
2015-16	7,67,345	1,000	1,000	2,000	76.73	76.73	153.46	62.56	26.12	88.68
2016-17	10,24,125	1,075	1,075	2,150	110.09	110.09	220.18	67.51	29.75	97.26
2017-18	13,28,495	1,250	1,750	3,000	166.06	232.49	398.55	76.09	36.17	112.26
2018-19	13,28,495	1,250	1,750	3,000	166.06	232.49	398.55	104.18	39.37	143.55
Total					**590.29**	**723.15**	**1,313.44**	**368.39**	**148.74**	**517.13**

Source: As per information provided by the Director, ESIS, Rajasthan

12 Mean average of number of IPs in beginning of the year and closing of the year.

It can be seen from the table that the State Government could spend only ₹ 517.13 crore (39.37 *per cent*) on medical benefits for IPs against admissible ceiling of ₹ 1,313.44 crore during 2014-19. This was mainly due to vacant post of medical/para medical staff, non-establishment of new dispensaries and laboratories in all dispensaries as pointed out in the **paragraph no. 7.2.3.2.**

Thus, non-utilisation of the available resources to the extent of 60 *per cent* resulted in deficient healthcare infrastructure and poor service delivery of prescribed medical benefits in the State, as mentioned in the **paragraph no. 7.2.3.3** and **7.2.4,** respectively.

Audit observed that the huge unspent funds could have been utilised towards improvement in medical care facilities by meeting the shortages of medical/para medical staff, establishment of laboratories in all dispensaries, establishment of new dispensaries, etc.

GoR accepted the facts and stated (December 2020) that regular correspondence had been done with Medical & Health Department for filling up of vacant posts while matter regarding opening of new dispensaries and outsourcing of laboratory services was under consideration of the Department

7.2.3.2 Human Resources management

Hospital resources include infrastructure, human resources, equipment and consumables. Audit scrutiny of availability of resources for ESIS health institutions and their management revealed the following:

(i) Shortage of Medical and Para Medical staff

Staffing norms for Hospitals/Dispensaries based on bed strength/ number of IP family units are specified in Norms and Standards of Staff & Equipment for ESI Hospitals and Dispensaries. Scrutiny of records of Director, Medical & Health, ESIS and test checked Hospitals/Dispensaries revealed the following:

(a) Shortage of Medical Specialists in ESIS Hospitals

There are four ESIS hospitals in the State having 50 beds each. As per specified norms 13 Medical Specialists[13] were required to be placed in a 50 bedded hospital. The position of Medical Specialists required as per norms, posts sanctioned, men in position and vacant posts during 2015-2019 (as on 31st March) are given in the **Table 7.2** below:

Table 7.2

Year	Number of posts required as per norms	Sanctioned posts	Men in Position	Vacant Posts w.r.t. norms (*per cent*)	Vacant Posts w.r.t. sanctioned posts (*per cent*)
2015	52	29	26	26 (*50*)	03 (*10.35*)
2016	52	29	21	31 (*59.62*)	08 (*27.59*)
2017	52	29	21	31 (*59.62*)	08 (*27.59*)
2018	52	52	24	28 (*53.85*)	28 (*53.85*)
2019	52	52	32	20 (*38.46*)	20 (*38.46*)

Source: As per the information provided by the Director, ESIS, Rajasthan

13 Anaesthesia, Chest, Dental, Dermatology, ENT, EYE, Medicine, Obstetrics and Gynaecology, Orthopaedics, Paediatrics, Pathology, Radiology and Surgery.

It can be seen from the table above that shortage of Medical Specialists in ESIS hospitals ranged between 38.46 *per cent* (2019) and 59.62 *per cent (2016)* against the ESI norms and between 10.35 *per cent* and 53.85 *per cent* against the sanctioned posts. Details are given in the **Appendix 7.1**.

Audit scrutiny of records of two test checked hospitals revealed the following:

In ESIS Hospital, Bhilwara

- No Medical Specialist was posted in the departments of Chest and Pathology for 5 years, in Dental and Medicine for 4 years and in Dermatology, Paediatrics and ENT for 3 years during the period 2015-19. Thus, the hospital had no option but to refer attached IPs and their family members to nearest tie-up/Government hospitals for specialised health services. The hospital also did not maintain the data regarding such referral patients
- Two Junior Specialists (JS) in Surgery were posted (one against the regular post of JS Surgery and other against the post of JS Eye) during 2015-19. A senior Medical Officer (MO) was posted against the sanctioned post of JS Anaesthesia during 2015-17 and a regular JS Anaesthesia was posted only in 2019. Essential equipment were also not available in the hospital for administering Anaesthesia. This badly affected the facilities for surgery in the hospital as no major surgery was performed during 2014-19. In such circumstances, posting of two JS surgery and one JS Anaesthesia could not be justified.
- Further, the post of JS Medicine also remained vacant during 2016-19.

In ESIS Hospital, Jodhpur

- Though services of a Gynaecologist were available in the hospital during 2015-19 but JS Paediatrician was not posted during 2015-18; whereas a JS Paediatrics was posted from July 2008 to February 2019 in Jodhpur-3 dispensary against the post of Sr. MO (In-charge). In absence of Paediatrician, out of 39 pregnant women admitted for delivery in the hospital, five were referred to other tie-up hospitals in emergency.

To cope with the shortage of Medical Specialists, ESIC suggested (August 2014) certain alternative measures including recruitment on contractual/part time basis but no such measures were initiated by the State Government (December 2020). In absence of the Medical Specialist, the IPs and their families were deprived of specialised medical facilities. However, the details of cases referred for the treatment in the absence of specialist were not maintained and available with the hospital.

(b) Shortage of Senior Medical Officer/Medical Officer

As per norms, 26 Senior Medical Officers (SMOs)/Medical Officers (MOs) were required to be posted in a hospital (50 bedded) and two to five SMOs/MOs in a dispensary depending on number[14] of IPs attached with the dispensary.

14 3,000-5,000 IP Units: two SMO/MO; 5,000-10,000 IP Units: three SMO/MO; 10,000 and above IP Units: five SMO/MO.

The requirement of SMOs/MOs as per norms, posts sanctioned by State government, men in position and vacant posts during 2015-19 (as on 31st March) are given in the **Table 7.3** below:

Table 7.3

Year	**Requirement of SMO/MOs as per norms**	**Sanctioned posts of SMO/MOs**	**Men in Position**	**Shortage w.r.t. norms (*per cent*)**	**Vacant Posts w.r.t. sanctioned posts (*per cent*)**
2015	397	187	138	259 (*65.24*)	49 (*26.20*)
2016	397	187	144	253 (*63.73*)	43 (*22.99*)
2017	397	187	149	248 (*62.47*)	38 (*20.32*)
2018	397	227	152	245 (*61.71*)	75 (*33.04*)
2019	471	297	223	248 (*52.65*)	74 (*24.92*)

Source: As per the information provided by the Director, ESIS, Rajasthan

It can be seen from the above table that shortage of SMOs/MOs ranged between 52.65 *per cent* (2019) and 65.24 *per cent* (2015) against the requirement as per norms and between 20.32 *per cent* and 33.04 *per cent* against sanctioned posts.

It was observed that against a norm of 26 SMO/MO, no SMO/MO was posted in a 50 bedded ESIS hospital (Pali) during 2015-19 despite having Indoor Patient Department (IPD).

Audit scrutiny of records of two hospitals and 21 dispensaries further, revealed the following:

- ***Irrational deployment of MOs to number of IPs***

In four dispensaries (Jaipur 4, 8, 9 and 11) having IPs ranging from 36,000 to 45,229 against requirement of five MOs in each dispensary, six to ten MOs were posted; on the other hand in Bhiwadi dispensary having 94,334 IPs, only one to three MOs were deployed during 2015-19.

Similarly, in four dispensaries i.e. Bhilwara-1 (14,700 IPs), Neemrana (14,000 IPs), Pali (10,600 IPs) and Gulabpura (9,021 IPs) only one MO was posted in each dispensary against the norm of 3-5 MOs. However, two MOs were posted in Beawar for only 5,431 IPs during 2015-18.

Further, eight dispensaries (attached with 31,619 IPs) were operated without posting of a regular MO for a period of one to four years despite having adequate IPs to qualify for two doctors. Thus, 31,619 IPs and their families were deprived of the prescribed medical benefits, for which they have paid their contributions.

Director, Medical and Health, ESIS requested (May 2015) Minister, Medical and Health, GoR for providing MOs and reiterated from time to time. However, the position remained unchanged (December 2020) despite the fact that the State Government had to bear only 1/8th share of the pay and allowances of the MOs.

(c) Shortage of Paramedical staff

As per prescribed norms, 16 categories[15] of Para Medical staff are required to be placed in a 50 bedded hospital, while Nursing staff, Lab Technician and Pharmacists are required for dispensaries. Scrutiny revealed the following:

- ***Shortage of Nursing staff :***

As per norms, 25 numbers of nursing staff in a hospital and two to four in a dispensary depending on number of IPs attached are required. The details of nursing staff required as per norms, based on IPs as of March 2015 sanctioned and actually posted is given in the **Table 7.4** below:

Table 7.4

Year	Number of nursing staff required as per norms	Number of posts sanctioned	Number of staff actually posted	Vacant posts w.r.t. to norms (*per cent*)
2014-15	736	373	316	420 (*57.07*)
2015-16	736	375	334	402 (*54.62*)
2016-17	736	374	346	390 (*52.99*)
2017-18	736	478	357	379 (*51.50*)
2018-19	736	482	391	345 (*46.88*)

Source: As per information provided by the Director, ESIS, Rajasthan

Against the requirement of 736 nursing staff as per the norms, only 373 to 482 nursing staff were sanctioned and 316 to 391 were actually posted in 78 ESIS health institutions, during 2015-19. Thus, the shortage of nursing staff ranged between 46.88 *per cent* (2018-19) and 57.07 *per cent* (2014-15) against requirement as per the norms.

Test check of records, further revealed the following:

- As per the prescribed norms, for smooth running of a laboratory one laboratory technician and three laboratory assistants were required to be deployed. However, only one laboratory technician was posted in each of the four ESIS hospitals. Not even, a single post of Laboratory Assistant was sanctioned for any of the ESIS hospitals.

- In Makrana Dispensary having 3,050 IPs, during 2015-17, only one MO was posted without any Paramedical staff. The MO himself had to provide support services like distribution of medicine, administering injections and dressing etc., in absence of Paramedical staff.

- Though Electrocardiogram (ECG) machines were provided in two ESIS hospitals *viz.* Jodhpur (3) and Bhilwara (1) but no post of ECG Technician

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15 Nursing staff, Laboratory Technician, Laboratory Assistant, Radiographer, Assistant Radiographer, Pharmacist, Dresser, Dental Technician, Operation Theatre Technician/Plaster Technician, Operation Theatre Assistant /Plaster Assistant, Physiotherapist, ECG Technician, Central Sterile Supply Department Technician, Central Sterile Supply Department Assistant, Ayurveda Compounder, Homeopathic Compounder

was sanctioned for both the hospitals. In absence of ECG Technician, ECG was being done by other Paramedical staff.

- To treat patients with sprains, back pain, arthritis, incontinence, bone injury and for rehabilitation, one Physiotherapist was required to be posted in each Hospital. But the post of Physiotherapist was not sanctioned for any of the hospitals except Kota. Thus, services of Physiotherapist were not available in three ESIS hospitals.

The Junior Specialist (JS) Orthopaedics, Jodhpur replied (December 2019) that patients were being referred to Government Medical College/Hospital for Physiotherapy. Thus, ESIS hospital instead of establishing the facility in house despite availability of adequate funds, shifted the patient load to the Government Medical College/Hospital,

- Two Plaster Assistants and two Plaster Technicians were required in each Hospital to assist the JS Orthopaedics. But the post of Plaster Technician and Plaster Assistant was not sanctioned for any of the hospitals.

- The ESIC in its 137th meeting approved (December 2006) an incentive of ₹ 20 per IP per annum where staff is provided as per ESIC norms and standards in respect of dispensaries and hospitals. Scrutiny of records revealed that none of the hospitals and dispensaries had adequate manpower as per ESIC norms despite an opportunity to earn incentive of ₹ 10.32 crore[16].

The above facts indicate the alarming situation of service delivery to IPs and their family members in absence of essential staff despite availability of adequate funds and opportunity of incentives. Thus, IPs were deprived of the required facilities for which they have paid contribution.

While accepting the facts GoR stated (December 2020) that posts of Medical and Paramedical staff under ESIS is filled by Medical and Health Department. Regular correspondence had been done with Medical and Health Department to fill up the vacancies. Further, action is being initiated for creation of posts of Laboratory Assistant, Assistant Radiographer, Plaster technician, ECG Technician and Physiotherapist.

(ii) Appointment of Medical Officer (Dental) without ensuring availability of essential equipment

State Government accorded (August 2017) sanction for creation of 74 posts of MO (Dental) for the 74 ESIS dispensaries to provide dental health care to IPs as well as to overcome the shortage of MOs. It was proposed that whenever MO (Dental) would be made available, the required basic minimum training enabling them to work as MO would be provided to them. 46 MOs (Dental) were actually deployed during February 2018 to March 2019. However, they had not undergone such basic training before their deployment to the dispensaries.

16 Total IPs (2014-19): 51,61,975 (A); Total Incentive: A* ₹ 20: ₹ 10.32 crore

Scrutiny of records revealed that the budget of ₹ 3.04 crore required to procure the equipment considered essential for dental care/treatment was accorded by the State Finance department belatedly only in May 2019. Director, ESIS sent the list of required dental equipment to the Rajasthan Medical Services Corporation Limited (RMSCL) for procurement and RMSCL made these equipment available in December 2020.

This shows that MOs (Dental) were posted without ascertaining the availability of essential dental equipment. Thus, the absence of dental equipment restricted the MO (Dental) to only prescribing medicines for general dental ailments and dental procedures could not be performed.

Further, General Outdoor Patient Department (OPD) was also attended by MO (Dental) in five dispensaries (Jaipur-3, Bikaner-2, Bharatpur-1, Bharatpur-2 and Beawar), despite the fact that there are no norms prescribed by MCI or by any other regulations, which enabled a MO (Dental) to diagnose and prescribe medicine for general health problems. Even, in one dispensary (Bharatpur-1), MO (Dental) was the only doctor who had to work as MO In-charge since January 2019.

GoR stated (December 2020) that the essential equipment required for MO (Dental) have now been provided at all 45 dispensaries. The reply is not convincing as the equipment were provided after lapse of more than two years from posting of MO (Dental). Further, MO (Dental) attended general OPD which was against the prescribed norms of MCI.

Thus, in absence of equipment, the services of dental procedure could not be offered/delivered to the IPs and their dependents for a period of more than two years. Moreover, the diagnosis and treatment provided by MO (Dental) for general ailments is against the medical norms. This also puts the patients at risk as he is not qualified/trained for providing such treatment.

(iii) Non-establishment of AYUSH units in ESI hospitals

The ESI Corporation in its 162nd meeting held on 31 July 2014 decided to establish an Ayurveda and a Homeopathy unit in each ESIS hospital for promotion of AYUSH services.

Scrutiny of records of Director, ESIS revealed that against the requirement of eight MOs under AYUSH (one in Ayurveda and one in Homeopathy) in four ESIS hospitals, two posts of MOs were sanctioned only for one ESIS hospital, Jodhpur and against these posts MOs were posted for a short period of 19 months in two spells[17]. Thus, AYUSH facilities could not be developed/ provided in three ESIS hospitals of the State despite the fact that full expenditure was to be borne by ESIC upto five years of its establishment.

GoR stated (December 2020) that proposals are being sent for creation of the required posts to establish AYUSH units in remaining three hospitals. The reply is, however, silent about AYUSH unit at ESI hospital, Jodhpur which remained non-functional as staff was posted only for a short duration.

17 November 2014 to July 2015 and December 2016 to September 2017

(iv) Shortage of Pharmacists and irregular dispensing of medicines by Nursing staff to IPs.

The Pharmacy Act was enacted in March 1948 to regulate profession and practice of pharmacy. Section 42 of the Act stipulates that only a registered pharmacist can dispense medicines to patients and whoever contravenes the provision shall be punishable with imprisonment or with fine or with both.

As per norms of ESIC, in every dispensary having 3,000, 5,000 and 10,000 IPs at least two, three and five pharmacists respectively and in every 50 bedded hospital four pharmacists are required to be posted for management and dispensing of medicines.

Scrutiny of records of Director, ESIS revealed that no pharmacist was posted in hospital/dispensaries of ESIS up to 2016-17. Further, against required 309 pharmacists, only 78 posts of pharmacists were sanctioned in April 2017. Only two pharmacists were posted in 2017-18 and 36 pharmacists were posted in 2018-19.

This indicates that in contravention of the provisions of the Act, medicines were being dispensed by the staff who did not possess required professional qualification for the purpose. This also deprived the IPs of counselling regarding right doses, manner of administering and potential side effects of prescribed medicines.

GoR accepted the facts (December 2020) and stated that a circular has been issued (February 2019) for dispensing of medicines under the supervision of the MO, where post of pharmacist is vacant.

7.2.3.3 Infrastructure and equipment

(i) Lack of adequate space and dilapidated conditions of buildings of ESIS health institutions

Out of 78 ESIS health institutions (four hospitals and 74 dispensaries) in the State, 30 health institutions were running in ESIC's own buildings while 48 health institutions were working from the rented buildings hired by ESIC (24 buildings) and State Government (24 buildings).

Audit scrutiny of records of Director, Medical & Health, ESIS, two hospitals and 21 dispensaries revealed the following :-

- As per indicative area norms at least 150, 200, 300 and 400 square meter area was required for a two, three, four and five Doctors' dispensary respectively. It was observed that out of 74 dispensaries, 22 dispensaries had inadequate space.

  In Ramganj dispensary, Jaipur due to insufficient space the MOs had to share doctor's table as well as duty room. The drugs and medicine were also stored in a room with a tin shed which afforded no protection against the elements like pests, rainwater and sunlight. Though the MO in-charge repeatedly requested (August 2014, June 2016 and February 2017)

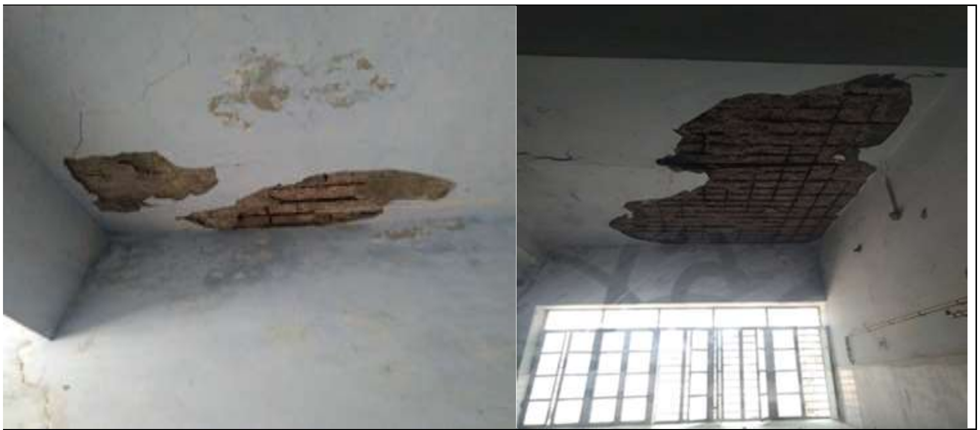
Director, Medical and Health, ESIS, the position has not improved so far (February 2020).

The MOs are sharing doctor's table as well as duty room

The drugs & medicine stored in a room having tin shade roof

- Out of 30 dispensaries functioning in ESIC's own buildings, four buildings[18] were in dilapidated condition and seven buildings[19] required special repair work.

  Further, the building of ESIS hospital, Jodhpur was in very dilapidated condition and the Hospital Development Committee (HDC) also expressed (February 2017) their concern. On the recommendation of HDC, the Medical Superintendent of the hospital apprised (October 2017) the State Medical Commissioner, ESIC about the dilapidated condition of building and requested for immediate repair and maintenance of the hospital building. The Executive Engineer, CPWD, Jodhpur also pointed out (May 2018) the dangerous situation and recommended to restrict the entry and movement of persons/patients in certain areas to avoid any accidents there. Despite this, no concrete action was initiated and a 50 bedded hospital and one dispensary attached with it were continuously functioning.



Building of ESIS hospital, Jodhpur in dilapidated condition

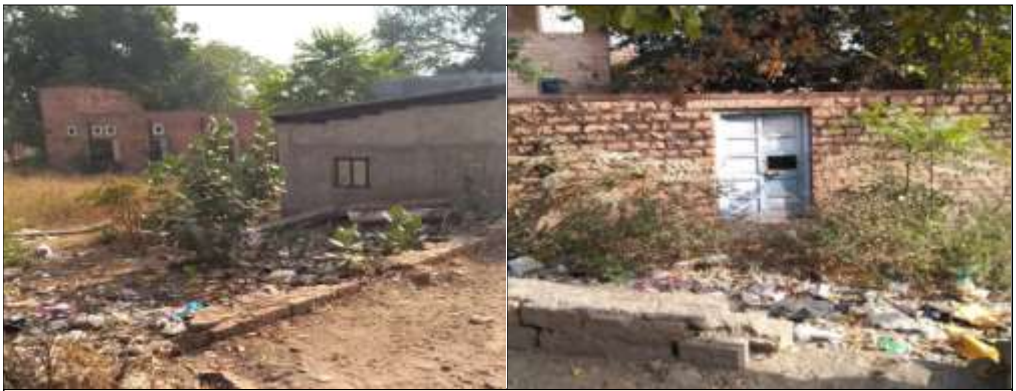
18 Bharatpur-1, Bhawani Mandi, Bhilwara-1 and Kota-4.

19 ESIS hospital Bhilwara, Jodhpur and Pali, and dispensary Ajmer-1, Banswara, Beawar and Jodhpur-1.

- Out of 21 test checked dispensaries, eight dispensaries[20] lacked facilities like ramp and railing for disabled persons and notice board, queue management and complaint box facility were also not available in four[21], five[22] and six[23] dispensaries respectively.

The lack of facilities like ramp and railing for disabled persons at Ramganj Dispensary

- The open space of dispensary Jodhpur-1 was littered with garbage, bushes, straw and dried wood. Sewerage pits were lying open creating unhygienic environment. The boundary wall of dispensary was at low height and cowcatcher was not installed at the main gate allowing easy access to stray animals.



The open space of dispensary Jodhpur-1 filled with garbage, bushes, straw and dried wood. (Dated: 11 December 2019)

While accepting the facts GoR stated (December 2020) that letters have been issued time to time to ESIC to provide dispensary buildings having adequate space and to repair the dilapidated hospital/dispensary buildings on priority. Further, instructions have also been issued to dispensaries to rectify the deficiencies pointed out by Audit.

20 Beawar, Bharatpur-1, Bhilwara-2, Ganganagar-2, Jaipur-3, Jodhpur 1& 3, Udaipur-3.
21 Bharatpur-2, Dausa, Jaipur-3, Kotputli.
22 Bikaner-1and 2, Jaipur-3, Jodhpur-3, Kankroli.
23 Bharatpur-1, Dausa, Ganganagar-2, Kankroli, Kotputli, Udaipur-3.

(ii) Lack of Laboratory facilities in Dispensaries

Under initiatives to improve the medical services in ESIS hospitals and dispensaries, ESIC issued directions (November 2015) that ESI State dispensaries must be equipped with a laboratory to provide basic investigation. The arrangements were to be made by establishing own laboratory or through private service provider on Public Private Partnership mode.

Test Check of the records of the 21 dispensaries however, revealed that seven[24] dispensaries were neither equipped with laboratory nor had an arrangement with other laboratories to conduct diagnostic tests as of February 2020. In absence of laboratories in these dispensaries the IPs and their family member have to visit either nearby ESIS hospital/Government hospital or any tie up hospital after due referral for various basic tests/investigations.

GoR stated (December 2020) that laboratory and X-Ray facilities in 30 and 10 dispensaries respectively have since been approved under Project Implementation Programme (PIP) 2020-21 by ESIC. It was also stated that sanction of budget and PIP is under consideration with State Government.

(iii) Non-availability of Ultrasound machine in ESI Hospitals

Available ultrasound machines in ESIS hospitals Jodhpur (received in February 1999) and Bhilwara (received in April 2002) were lying non-functional since September 2014 and January 2013 respectively. The district coordinator sealed these machines in February 2016 and July 2015 respectively under Pre-conception and Prenatal Diagnostic Techniques (Prohibition of Sex Selection) Act, 1994 as these were non-operational. Thereafter, ultrasound machines were not made available to these hospitals. The Department made a budget provision of ₹ 80.00 lakh, only in 2020-21 for purchase of four new ultrasound machines. However, Finance Department, did not clear (August 2020) the purchase proposal moved by the Department and stated no specific reason for the same.

As a result the IPs were deprived of ultrasound facilities despite the fact that State Government had huge unspent funds within the prescribed ceiling of expenditure under the Scheme to meet the cost of these machines as mentioned in **paragraph no. 7.2.3.1**. This indicates that developing health care facilities in ESIS hospitals was not a priority of the State Government.

7.2.4 Healthcare services provided under ESIS

7.2.4.1 Decreasing trend of OPD/IPD Patients

The primary purpose of ESIS is to provide medical and health care facilities to factory workers and labourers. Due to shortage of manpower {as discussed in para 7.2.3.2 (i) and 7.2.3.2 (iv)} and other associated facilities number of OPD and IPD patients decreased during 2014-15 to 2018-19 as shown in **Table 7.5** below:

24 Bikaner-2, Bhawani Mandi, Dausa, Kankroli, Kotputli, Jodhpur-1 and Jodhpur-4

Table 7.5

Year	No of total beneficiaries[25] (in Lakh)	OPD Patients (in Lakh)	Percentage of OPD patients with respect to total beneficiaries	IPD Patients
2014-15	26.46	22.15	83.71	9,205
2015-16	28.91	22.56	78.04	6,842
2016-17	30.65	25.36	82.74	7,574
2017-18	48.81	27.74	56.83	4,841
2018-19	54.28	27.70	51.03	4,209

Source: As per information provided by the Director, ESIS, Rajasthan

It can be seen from the above table that percentage of OPD with respect to number of beneficiaries decreased from 83.71 *per cent* (2014-15) to 51.03 *per cent (2018-19)* and the number of IPD patients also gradually reduced during 2014-19.

Further, the ESIC in its 137th meeting approved (December 2006) an incentive of ₹ 15 per IP per annum to the States having average bed occupancy of 70 *per cent* and above in ESI hospitals. Scrutiny of records revealed that the bed occupancy ranged between one and 22.74 *per cent* in three ESIS hospitals (Bhilwara, Pali and Jodhpur) and between 24.3 *per cent* and 66.39 *per cent* in one hospital (Kota) during 2014-19.

Thus, the bed occupancy in any of the State run ESIS hospital, could not reach the benchmark of 70 *per cent* and above despite an opportunity to earn incentive of ₹ 7.74 crore[26]

In ESIS hospitals Bhilwara and Jodhpur

Scrutiny of IPD register of two test checked hospitals for the period 2014-19 revealed that 678 (11.25 *per cent*) patients left the ward without medical advice and 326 patients (5.41 *per cent)* absconded from the ward without knowledge of medical/para medical staff as depicted in the **Table 7.6** below:

Table 7.6

Name of Hospital	Total patients admitted	Total number of patients discharged	Number of LAMA[27]	Number of patients absconded	Number of patients referred
ESI Hospital, Jodhpur	2,244	1,896	28	212	105
ESI Hospital, Bhilwara	3,780	2,851	650	114	165
Total	**6,024**	**4,747**	**678**	**326**	**270**

Source: As per information provided by the Director, ESIS, Rajasthan

25 Number of beneficiaries included number of total IPs and their dependent family members.
26 Total IPs (2014-19): 51,61,975 (A); Total Incentive: A* ₹ 15: ₹ 7.74 crore.
27 Lama: Leave Against Medical Advice.

GoR stated (December 2020) that IPs are getting referred to tie up hospitals and State Government hospitals having free treatment facilities. Further, some IPs are taking benefits under Ayushman Bharat Yojana. The reply is not acceptable as decreasing trend of OPD/IPD patients was mainly due to shortage of manpower and lack of essential medical facilities in ESIS hospitals/dispensaries. Hence, the IPs were deprived of the intended benefits for which they have paid their contribution.

7.2.4.2 Non-performing of major surgeries in hospitals

The year wise position of surgeries performed at four ESIS hospitals in the State is given in the **Table 7.7** below:

Table 7.7

Year	Kota		Jodhpur		Bhilwara		Pali	
	Minor	Major	Minor	Major	Minor	Major	Minor	Major
2015-16	852	298	38	25	95	0	539	0
2016-17	829	306	43	29	105	0	518	0
2017-18	974	447	41	14	108	0	336	0
2018-19	820	322	138	13	165	0	422	0
Total	**3,475**	**1,373**	**260**	**81**	**473**	**0**	**1,815**	**0**

Source: As per information provided by the Director, ESIS, Rajasthan

It can be seen from the table above that major surgeries were performed only in two ESIS hospitals (Kota and Jodhpur) and other two hospitals (Bhilwara and Pali) performed only minor surgeries, during 2015-19.

Test check of records of two hospitals (Bhilwara and Jodhpur) further revealed the following:

- In ESIS hospital, Jodhpur no major surgery was performed during 2015-19 in Orthopaedics department as out of 63 essential equipment, only five equipment were available with the department.

- In ESIS hospital, Bhilwara, no major/minor surgeries were performed in Gynaecology department despite availability of Gynaecologist and JS Anaesthesia. It was also observed that out of 2,325 antenatal care cases registered only two deliveries were performed during the period. This shows very poor performance of Gynaecology department of the hospital.

GoR accepted the facts and stated (December 2020) that pregnant women were referred to Government hospital for delivery. It was also stated that the efforts are being made for procurement of equipment in Orthopaedics department Jodhpur.

7.2.4.3 Immunization programme not fully implemented

Ministry of Health & Family Welfare, GoI provides several vaccines to infants, children and pregnant women through Universal Immunization Programme. As per National Immunization Schedule (NIS) infants, children and pregnant women are needed to be immunized with 11 types of vaccines.

Scrutiny of records revealed that out of 78, only 32 (2018-19) to 46 (2015-16) health institutions carried out immunization activities and 46 to 32 health institutions did not administer any type of vaccination during 2014-19.

Further, against 11 vaccines prescribed as per NIS, only four vaccines were provided by the ESIS hospitals/dispensaries. Even, these four vaccines were not administered by all the ESIS health institutions. Only five to eight health institution administered Bacillus Calmette Guerin (BCG), 14 to 35 Diphtheria Pertussis Tetanus (DPT), 15 to 35 Polio and 31 to 43 Tetanus, during 2014-19.

This shows that the department was not following the vaccination schedule as prescribed by NIS.

GoR accepted the facts and stated (December 2020) that instructions had been issued to all health institutions for carrying out immunization session on last Thursday of every month.

7.2.4.4 Family Welfare Programme not implemented

The ESIS through a network 78 health institutions, provides various health care services including family welfare programme. Family welfare programme *inter alia* includes providing services namely distribution of contraceptive, implantation of Intra Uterine Contraceptive Device (IUCD) and permanent methods like male sterilization and female sterilization to nearly 13.99 lakh IPs' families in the state. It was, however, observed that only 34 to 43 health institutions participated in the family welfare programme and could cover only 4.06 lakh out of 7.45 lakh (2015-16) (54.50 *per cent*) to 3.96 lakh out of 12.58 lakh (2017-18) (31.48 *per cent*) IPs' families only, during 2015-16 to 2017-18. Further, sterilization operations were performed by only 16 (20.51 *per cent*) to 20 (25.64 *per cent*) health institutions. Even, the distribution of contraceptives, the most popular spacing methods, was undertaken by only 21 (26.93 *per cent*) to 33 (42.31 *per cent*) health institutions. Thus, contribution to family welfare programme by ESIS health institutions was not very significant. However, data for the years 2014-15 and 2018-19 was not available with the department.

Given the facts that Rajasthan had been categorised (as per the annual report 2017-18 of Ministry of Health and family Welfare, GoI) as one of the high focus State by GoI, the ESIS health institution should have played a pivotal role in family welfare programme.

GoR accepted the facts and stated (December 2020) that instructions have been issued to all health institutions to spread awareness about family welfare programme among the IPs.

7.2.4.5 Preventive Health Check-up of IPs not conducted

Keeping in view that a large section of IPs are working in harsh and hazardous industrial environments and are more likely to develop serious illness, the ESIC, New Delhi instructed (May 2016 and March 2017) to mandatorily carry out annual preventive health check-up[28] for IPs of age 40 years and above. Health profile /record of each such IPs was to be maintained and wide publicity of this initiative was to be ensured to spread awareness amongst all beneficiaries and stake holders.

It was observed that in out of 21 test checked dispensaries, only 7 dispensaries provided annual preventive health check-up while no annual preventive health check-up was conducted in 14 dispensaries.

GoR accepted the facts and stated (December 2020) that guidelines have been issued (September 2020) to conduct general health check-up.

7.2.4.6 Irregularities in management of Bio Medical Waste.

Bio-Medical Waste (Management & Handling) Rules, 2016 (BMW) was enacted to regulate, manage and handle BMW generated during the diagnosis, treatment or immunization of human being in any Health Institution. Under the BMW rules every health institution generating BMW was required to take all steps to ensure that such waste is handled without any adverse effect to human health and the environment. Test Check of 21 dispensaries and two hospitals revealed that:

- Data of BMW handled on day to day basis was not maintained in 16 test checked dispensaries.

- Rule 8 of BMW Management Rules, 2016 provides that no untreated BMW shall be mixed with other wastes and BMW shall be segregated into containers or bags at the point of generation in accordance with Schedule-I prior to its storage, transportation, treatment and disposal. Further, Rule 4 states that the segregated BMW should be directly transported to the Common Bio-medical Waste Treatment Facility (CBWTF) for the appropriate treatment and disposal.

  It was, however, observed that at ESIS hospital (Jodhpur), BMW was kept in open space of the hospital building with the attendant contamination hazard. It was also observed that six dispensaries[29] were not connected with CBWTF while timely disposal or transportation of BMW was not done in seven dispensaries[30].

- As per Schedule-I of BMW Rules, 2016, Human Anatomical Waste, Animal Anatomical Waste, Soiled Waste and Expired or Discarded Medicines were to be incinerated before their disposal.

  In two of the test checked ESIS hospitals (Bhilwara and Jodhpur) though the incinerators were established but were non-operational. Thus, the

28 Hemoglobin, Total Leucocyte Count, Differential Leucocyte Count, Erythrocyte Sedimentation Rate, Random Blood Sugar, Kidney Function Test, Liver Function Test, Urine complete, X-Ray chest and ECG was to be conducted.

29 Bharatpur-1 and 2, Bhilwara-2, Dausa, Jodhpur-1, Kota-4.

30 Ajmer-1, Beawar, Bhilwara-2, Dausa, Kota-1 and 4, Kotputli.

above BMW generated in the hospitals was disposed off without incineration.

- As per rules, needles, syringes with fixed needles, needles from needle tip cutter or burner, scalpels, blades or any other contaminated sharp object that may cause puncture shall be stored in white (translucent) bag and autoclaved before its disposal. However, out of 21 test checked dispensaries, 10[31] dispensaries were not equipped with the autoclave.

- A training was to be provided to staff involved in handling of BMW at the time of induction and thereafter at least once every year. No such training was provided to staff to handle BMW by 15 dispensaries[32].

- Immunization of staff involved in handling of BMW was to be done every year for protection against diseases including Hepatitis B and Tetanus that are likely to be transmitted by handling of BMW. No such immunization was carried out in 16 dispensaries[33].

- As per rule 7(8) of BMW Management Rules, 2016 non-chlorinated plastic bags were to be phased out within two years. However, in seven dispensaries[34] non-chlorinated plastic bags were still being utilised to store the BMW.

GoR stated (December 2020) that necessary instructions have been issued to hospitals/dispensaries to follow the procedures prescribed in BMW Rules, 2016 for disposal and management of BMW.

7.2.4.7 Non implementation of Dhanwantari module under the IT roll out project "PANCHDEEP"

To improve Hospital/Dispensary management system, to provide better delivery of services to IPs and for better interfacing facilities to the beneficiaries ESIC initiated an IT roll out project "*Panchdeep*" in the year 2009. The project has five[35] components, of which *Dhanwantari* (Health Information System) was to be implemented in Hospital and Dispensaries. There were seven Modules namely Registration, Clinical Records, Laboratory, Stores, MIS Reports, Master Management and Admin & Security under *Dhanwantari* system. It enables the IPs to use the IP Portal, to view the personal and family details filled by the employer, details of contribution, eligibility for different benefits etc. The medical records of the IPs were to be created online for viewing in any Hospital/Dispensary by the treating doctor. Test check of records of the 21 dispensaries and two hospitals revealed the following:-

31 Beawar, Bhawani Mandi, Bharatpur-2, Bhilwara-2, Bikaner-1 and 2, Ganganagar-2, Jodhpur-3 and 4, Kotputli.
32 Ajmer-1, Beawar, Bhawani Mandi, Bhilwara-1 and 2, Dausa, Jaipur-3, Jodhpur-1, 3 and 4, Kankroli, Kotputli, Kota-1 and 4, Udaipur-3.
33 Ajmer-1, Beawar, Bharatpur-1, Bhawani Mandi, Bhilwara-2, Dausa, Jaipur-3, Jodhpur-1, 3 and 4, Kankroli, Kotputli, Kota-1and 4, Udaipur-1 and 3.
34 Bharatpur-1 and 2, Bikaner-1 and 2, Dholpur, Ganganagar-2, Udaipur-1.
35 1. *Pehchan*, 2. *Pashan*, 3. *Milap*, 4. *Pragati*, 5. *Dhanwantari*.

- In three dispensaries[36], none of the seven modules of *Dhanwantari* system was implemented. In 13 dispensaries[37] and one hospital (Jodhpur), only registration module was implemented. While in one dispensary (Kotputli) and one hospital (Bhilwara), two modules *viz.* registration and doctors'/clinical record were implemented and in four dispensaries[38], three modules *viz*. registration, doctors'/clinical record and store were implemented.

- One IT Manager and one IT Assistant at every hospital and one IT Assistant at every dispensary were required to be deployed in a phased manner to ensure better delivery of services to IPs. In 14 dispensaries no IT Assistant was deployed to handle the IT hardware.

- According to 162nd meeting of ESIC (July 2014) each dispensary having OPD of at least 30 patients per day was eligible for incentive of ₹ 10,000 on implementation of *Dhanwantari* Module from 2014-15. Dispensaries were allowed this incentive in the year 2015-16 and 2016-17 on the condition of attendance of 45 and 60 patients per day respectively. It was observed that none of the dispensaries availed the incentive due to non-implementation of *Dhanwantari* module.

GoR stated (December 2020) that due to lack of required hardware and problems with network services in far distant places only three modules of *Dhanwantari* system were implemented. Efforts are being made to implement all seven modules of *Dhanwanatri*.

7.2.5 Monitoring and Supervision

7.2.5.1 Functioning of Regional Board and Local Committees

Section 25 of the ESI Act stipulates that the ESIC may appoint Regional Boards (RB) and Local Committees (LC) in such areas & manner and delegate to them such powers and functions, as may be provided by the regulations. ESIC, constituted (September 2012) a RB for the State of Rajasthan comprising 13 members under the Chairmanship of Minister of State (Labour), GoR and Minister of State (Health), GoR as Vice Chairman, while the Director (ESIS) was to act as an Ex-officio member.

(i) Regional Board: As per Section 10 (9) of ESI (General) Regulations, 1950 four meetings in a year were required to be held by the RB. Scrutiny of records of Director, ESIS however revealed that against prescribed 20 meetings only six meetings were held by the RB during 2014-2019. None of the meetings was attended by the Vice Chairman (Minister, Medical & Health, GoR). As a result crucial issues like shortage of medical and para medical staff could not be addressed properly.

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36 Bhawani Mandi, Dausa and Kota-1.

37 Ajmer-1, Beawar, Bharatpur-1 and 2, Bhilwara-2, Jaipur-3, Jodpur-1, 3 and 4, Kankroli, Kota-1, Udaipur-1 and 3.

38 Bikaner-1 and 2, Dholpur and Ganganagar-2.

Further, section 10 (14) of ESI (General) Regulations, 1950 prescribes that RB shall make recommendations on extension of schemes to other categories or to new areas, improvement in benefits and adoption of special measures to meet peculiar conditions, measures and arrangements for the rehabilitation of permanently disabled IPs, etc. These recommendations were required to be put up before ESIC/State Government for approval.

Scrutiny of minutes of meetings revealed that important issues like repair and maintenance of buildings, filling up of vacant posts, establishment of Ayurveda, Yoga, Unani, Siddha and Homeopathy (AYUSH) units, non-availability of medicines and implementation of IT roll out etc., were discussed by RB in its meetings during 2014-19. However, the recommendations/decisions taken by the RB could not be implemented in absence of approval of ESIC/State Government and no reason was found on record for the same. Thus, the RB acted merely as a platform for discussion during the period 2014-2019.

(ii) Local Committees: As per section 10 A of ESI (General) Regulations, 1950, LC were to be constituted at local office level to discuss and resolve the local issues within the jurisdiction area of LC. Though LCs[39] were constituted as prescribed. However, against prescribed 426 meetings, only 65 meetings were actually held during 2014 to 2019. Further, the LC was to monitor functions of IMPs by carrying out surprise inspection but it was observed that no inspection of IMPs was carried out by LCs.

7.2.5.2 Functioning of Hospital Development Committees

In order to improve overall functioning of ESI hospitals, the ESIC in its 143rd meeting approved (July 2008) constitution of Hospital Development Committees[40] (HDC) for all State run ESI hospitals. Accordingly, Deputy Medical Commissioner, ESIC, New Delhi issued (July 2008) instructions for setting up of HDCs in the hospitals of State. The performance of hospital/attached dispensaries was to be reviewed by the HDC by holding its meeting at least once in every two months.

In compliance, HDCs were constituted (July 2008) hospital wise and 57 dispensaries[41] were attached with four ESIS hospital's HDCs and 17 dispensaries were attached with ESIC model hospital Jaipur.

Scrutiny of records revealed that as against prescribed 30 meetings required to be held by each HDC, only 16 (Bhilwara), 18 (Jodhpur), eight (Kota) and 19 (Pali) meetings were held by HDCs during 2014-19. Further, out of 21 test checked dispensaries, 13 dispensaries never participated in the meetings of HDC. The above facts shows that HDCs were not functioning as envisaged.

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39 Number of LC during 2014-15: 30, 2015-16: 30, 2016-17: 30, 2017-18: 26 and 2018-19: 26.

40 HDC comprising of Medical Superintendent of hospital as Chairman, Deputy Medical Superintendent as Convener and representatives of employers, employees, staff, State Labour Department and local member from ESIC/RB.

41 21 dispensaries with ESI hospital Bhilwara, 14 dispensaries with ESI hospital Jodhpur, 18 dispensaries with ESI hospital Kota and four dispensaries with ESI hospital Pali.

GoR accepted the facts and stated (December 2020) that Chairman, HDC of all four hospitals had been instructed (September 2020) to organise the meetings of HDC as per norms and to ensure the attendance of all Medical Officer (In charge) in the meetings of HDC.

7.2.5.3 Non-formation of ESI Society

With a view to improving the services being rendered in the hospitals and dispensaries under ESI Scheme and also to bring about uniformity in the standard of services across different States, the ESIC in its 167th meeting decided to advise the State government to form Subsidiary Corporation/ Society at the State level under section 58 (5) [42] of the Act. Accordingly, the Director General, ESIC advised (January 2016) State Government to form a Society at the State level before 31st March 2016 and stated that to incentivise formation of such organization ESIC will bear full expenditure of establishing and running ESIS facilities, up to the ceiling for three years.

Scrutiny of records revealed that the State Government on the ground that a regional board has already been constituted in the State which may be granted more autonomy, expressed (June 2018) its unwillingness to set up the Society. ESIC, further, clarified (July 2018) that the RB was an advisory body while the proposed new society would be the empowered executive body and functions of both the bodies are legally different.

Audit observed that, the State Government did not constitute the Society as of December 2020. However, such societies had been constituted in 14 states. Further, an amount of ₹ 353.27 crore was incurred on implementation of ESI Scheme during 2016-17 to 2018-19. Of which, ₹ 44.16 crore (*i.e.*1/8th share) were borne by the State Government. Had the State Government formed the Society, this amount could have been saved.

Though, the State Government did not constitute the society as a RB was already in function, on the other hand it could not initiate any action on various recommendations of the RB. As a result, the progressive step towards management of the scheme effectively and efficiently could not be taken in the State.

Government of Rajasthan (GoR) accepted the facts and stated (December 2020) that policy decision regarding formation of ESI society is under consideration and is pending for want of approval by competent authority.

7.2.6 Conclusion

The Employees' State Insurance Scheme (ESIS) was started for protecting employees' against the impact of incidences of sickness, maternity, death or disablement due to employment injury and occupational disease and to provide medical care to Insured Persons (IPs) and their families. The basic data of dispensary/ area wise IPs were not available with the department after March 2015 for planning and management of scheme. Important reforms

42 This subsection was inserted with effect from 01.06.2010

under ESIC 2.0 for expansion of ESIS in the state to cover all the IPs and for providing better services to IPs were not implemented. The State Government did not utilise the unspent 60.63 *per cent* of maximum admissible expenditure as per prescribed ceiling for managing manpower and to provide required medical facilities to the IPs. Due to which ESI hospitals /dispensaries suffered from shortage of Medical Specialists/Officers and Para Medical staff and also lacked infrastructure and laboratory facilities. This resulted in decreasing trend in number of patients attending OPD/IPD and patients had to be referred to tie up/government hospitals for basic tests/investigations and specialist facilities. ESIC initiated IT project for hospital management could not be implemented completely.

Therefore, it is recommended that:

1. *GoR may take steps to ensure full utilisation of available financial resources under the scheme for improving the required infrastructure and laboratory facilities in hospitals/dispensaries and to improve the functioning of the ESIS.*
2. *GoR may take steps to maintain a robust and updated database of dispensary wise IPs so as to provide proper medical treatment to them.*
3. *GoR may take steps to fill up the vacant posts of Medical Specialists/Officers and Para Medical staff on priority.*
4. *Complete implementation of IT project may be ensured to improve Hospital/Dispensary management system and to provide better delivery of services to IPs.*

Medical Education Department

7.3 Avoidable excess payment on electricity bills

Failure of the department to apply for increase in sanctioned load led to avoidable payment of demand surcharges and irregular payment of electricity duty by Medical Colleges/Hospitals amounting to ₹ 1.40 crore.

The electricity supplied to any consumer by a distribution company (Discom) is chargeable as per the category wise prescribed rates in the tariff structure and subject to provisions of Tariff for supply of Electricity - 2017. Contract demand based tariffs are applicable to the consumers whose contract demand[43]/maximum demand is above 50 KVA or who wish to take supply on HT (supply at 11 KV) and opt for billing on demand basis.

Electricity supplied to the hospitals run by government/agencies of government are chargeable under category of mixed load/HT-4. Accordingly, fixed charges at the rate ₹165 per KVA of Billing Demand[44] per month plus

43 The sanctioned connected load of consumer shall be taken as the Contract Demand. Contract Demand based tariff is basically tariff for supply at 11 KV.

44 The Maximum Demand actually recorded during the month or 75 *per cent* of Contract Demand, whichever is higher.

energy charges at 700 paisa per unit were chargeable. As per clause IV(c) (iv) of Tariff for supply of Electricity of Ajmer Discom[45], the consumer shall not cause a demand more than his Contract demand. In case he causes a demand of more than 105 *per cent* of the Contract Demand in a particular month, apart from being disconnected, he shall be required to pay an extra charge equal to the same percentage of the Fixed and Energy Charges (excluding the Electricity Duty, and other Charges, if any) by which percentage the excess demand has actually been caused.

However, if a consumer desires to increase or decrease in his connected load and /or contract demand a notice shall be sent to the Discom in writing along with application form and payment of reasonable expenses as applicable in terms of clause 16 B of Terms & Conditions for Supply of Electricity 2004.

Scrutiny of records (July 2019 to February 2020) of four hospitals/medical colleges[46] revealed that these hospitals consumed electricity which was 106 *per cent* to 192 *per cent* of their contracted demands and they had to pay demand surcharges to the respective Discoms during the period of April 2017 to August 2019. Moreover, in SN Medical College, Jodhpur new equipment/heavy machineries were installed from time to time in previous years which had resultantly increased the installed load but the contract demand was not increased (January 2020) accordingly. Had the hospitals increased the contract demand in time after assessing their actual requirement the payment of ₹ 1.10 crore could have been avoided as detailed in **Table 7.8** below:

Table 7.8

(₹ in crore)

Sl. No.	Name of auditee unit	Contracted Demand	Demand actually consumed (in KVA)	Range of excess billing demand (*per cent*)	Demand surcharges paid
1.	MB Hospital, Udaipur	425	473 to 634	111-149	0.33
		450	492 to 565	109-126	0.09
		350	398 to 659	114-188	0.34
2	SN Medical College Jodhpur	583	616 to 812	106-139	0.11
		80	90 to 117	112-146	0.06
3	JLN Medical College Ajmer	125	176.28	141	0.09
4	MGH Jodhpur	80	153.76	192	0.08
				Total	**1.10**

Further, under clause 3(2) (d) (i) of Rajasthan State Electricity Duty Act, 1962, the electricity duty[47] shall not be levied on energy consumed by hospitals or dispensaries, which are not maintained for private gain. Audit, however, noticed that Maharana Bhupal (MB) Hospital, Udaipur despite being a government hospital had also paid electricity duty of ₹ 0.30 crore during the period from April 2015 to August 2019.

45 Tariff schedule for Jodhpur Vidyut Vitran Nigam Limited contains similar provisions.
46 Maharana Bhupal (MB) Government Hospital, Udaipur; Dr. Sampoornanand (SN) Medical College, Jodhpur; Jawahar Lal Nehru (JLN) Medical College, Ajmer; Mahatma Gandhi Hospital (MGH), Jodhpur
47 A duty on the consumption of electrical energy in Rajasthan.

On being pointed out (July 2019-January 2020), the Department (November 2020) stated that sanctioned load has been increased (September 2020) in Medical College Ajmer. The necessary charges for increasing the load were deposited (March 2020) by MB Hospital, Udaipur and the matter of exemption of electricity duty was also taken up with Ajmer Discom for adjustment. In SN Medical College, Jodhpur increasing of sanctioned load was said to be under progress (November 2020).

The fact, however, remains that the hospitals delayed in taking up this matter and made avoidable payment towards demand surcharges and electricity duty for more than two years.

Thus, failure on part of the hospital in properly scrutinising the electricity bills and availing the applicable exemptions resulted in avoidable payments of ₹ 1.40 crore.

The matter was brought to the notice of the State Government (October 2020), reply is awaited (March 2021).

7.4 Undue benefit to the private commercial establishment

Lack of action on part of the Department led to short receipt of concession fee *plus* penal interest for delay in payment, short-recovery of amount related to unutilised below poverty line quota and resultant extension of undue benefit to the concessionaire causing a loss of revenue of ₹ 5.09 crore to the State Government.

Government of Rajasthan (GoR) through Principal and Controller, Sawai Man Singh Medical College (SMSMC), Jaipur (Concessioning Authority) executed (December 2011) a concession agreement with M/s. Metro Institute of Medical Sciences Pvt. Ltd., Delhi (the Bidder) through its special purpose vehicle M/s. Metro MAS Hospital Pvt. Ltd., Delhi (the concessionaire) to operate the Metro Manas Arogya Sadan Hospital & Heart Institute (Metro Mas Hospital), Jaipur on Public Private Partnership basis. The Concessioning Authority granted approval (September 2012) to the Concessionaire for commencement of *"Partial Commercial Operations"* of Metro Mas Hospital, Jaipur with effect from 02 September 2012 as per the provisions of the concession agreement.

(i) As per condition No.11.1.1 to 11.1.3 of the concession agreement, the Concessionaire was to pay the concession fee @ 7.2 *per cent* of gross revenue within seven days of the close of each quarter to the Concessioning Authority. In case of delays upto four weeks in payment of the quarterly concession fee, the concessionaire was required to pay interest at the rate of 18 *per cent* per annum starting from and including the due date until the date of such payment. Any delay in payment of quarterly concession fee beyond such four weeks period would entitle the Concessioning Authority to terminate this agreement.

The Concessionaire was also required to provide a quarterly statement, on or before the expiry of seven days from the end of each relevant quarter, of gross revenue for the previous months to the Concessioning Authority.

Scrutiny of records (June 2019) of Directorate, Medical Education Department, Jaipur revealed that the Concessionaire generated gross revenue amounting to ₹ 145.27 crore[48] during 2014-18. Against the due amount of ₹ 10.46 crore as per the agreement (at the rate of 7.2 *per cent* of ₹ 145.27 crore), the Concessionaire paid only ₹ 8.12 crore[49] towards concession fee, resulting in short payment of concession fee amounting to ₹ 2.34 crore (***Appendix 7.2***).

It was also noticed that the Concessioning Authority did not recover the interest of ₹ 0.49 crore calculated on delayed payment ranging between 10 to 550 days as per concession agreement (***Appendix 7.3***).

(ii) Further, as per conditions (No. 2.1.4 & 2.1.8) of the agreement, the Concessionaire was to ensure that in-patients (IPD) belonging to the Below Poverty Line (BPL) category were provided treatment/diagnostics/bed/ consumables/medicines /implants /diet etc. free of cost. Further, the BPL out-patients were to be provided consultation and diagnostic services free of cost in OPDs. The Concessionaire was not entitled for any reimbursement for providing diagnostic services in OPD and cost of IPD treatment as long as the number of BPL patients in a financial year remained within 20 *per cent* of the total patients. In case, in a particular financial year, the number of the BPL in-patients/ diagnosis in OPD exceeded the prescribed limit of 20 *per cent*, the Concessioning Authority would pay the cost of treatment/diagnosis services provided to every BPL in-patient/out-patient exceeding the 20 *per cent* limit.

On the other hand, if the number of BPL patients treated remained below 20 *per cent*, the Concessionaire would make payment to the Concessioning Authority for the unutilised quota at the rate of 'annual average revenue'[50] and 'annual average diagnostic revenue'[51] per BPL in-patient and out- patient respectively.

Total 1.44 lakh patients (both IPD and OPD) were treated in Metro Mas Hospital, Jaipur during 2012-18. Of them, only 3,124 patients were from the BPL category, which constituted only 2.17 *per cent* of the total patients against the prescribed limit of 20 *per cent* (28,788). Further, the Steering Committee of the Hospital, while noticing the consistent fall in numbers of BPL patients, instructed (August 2018) the Concessionaire to make the

48 ₹ 145.27 crore: 2014-15: ₹ 17.82 crore; 2015-16: ₹ 27.25 crore; 2016-17: ₹ 42.44 crore and 2017-18: ₹ 57.76 crore.

49 ₹ 8.12 crore: 2014-15: ₹ 1.25 crore; 2015-16: ₹ 1.74 crore; 2016-17: ₹ 2.58 crore and 2017-18: ₹ 2.55 crore.

50 "Total Revenue that would have accrued in a financial year to Concessionaire for treating the BPL patients charged as per the approved rates and amendments thereafter" divided by "the number of BPL in-patients treated in that financial year".

51 "Total Revenue that would have accrued in a financial year to Concessionaire for providing diagnostic services to the BPL out-patients as per the rates prevailing in the SMS Hospital and amendments thereafter" divided by "the number of BPL out-patients availed diagnostic services in that financial year".

payment against the unutilised quota of BPL patients remaining less than 20 *per cent* and to display the information regarding free treatment to BPL patients on the Hospital's notice board.

Audit however, observed that the Concessionaire paid only ₹ 0.63 crore against the unutilised quota of BPL patients (25,664) instead of ₹ 2.89 crore payable as per agreement, resulting in short payment of ₹ 2.26 crore (***Appendix 7.4***). The Concessionaire also did not comply with the instructions of the standing committee (August 2018) as no such board regarding free treatment of BPL patients was found (February 2021) to be displayed in the Hospital during physical verification.

Thus, the Department not only failed to ensure timely submission of quarterly statement of gross revenue by Concessionaire but also to recover quarterly concession fee despite the provision of termination of contract in case of default. This caused a loss of ₹ 5.09 crore[52] to GoR and provided undue benefit to the concessionaire.

The matter was brought to the notice of the State Government (November 2020), reply is awaited (March 2021).

Medical and Health Department

7.5 Irregular expenditure on additional works

Irregular expenditure of ₹ 3.72 crore on the execution of additional works in contravention of Rajasthan Public Works Financial and Accounts Rules.

Rajasthan Public Works Financial and Accounts Rules (PWF&ARs) delegate[53] the power of sanction, execution and payment of additional quantities of items existing in Schedule 'G' or Bills of Quantities (BOQ) of a particular work to the designated authorities in a Department. Accordingly, Chief Engineer (CE) and Additional Chief Engineer (ACE) of all the Departments engaged in construction works are authorized to sanction additional quantity upto 25 *per cent* and 10 *per cent* respectively over the original quantity of each item subject to 25 *per cent* and 10 *per cent* of the original contract amount. The Administrative Department could sanction additional quantities of more than 25 *per cent* and upto 50 *per cent* of original quantity of each item subject to 50 *per cent* of the contract amount. However, rule 73 of Rajasthan Transparency in Public Procurement (RTPP) Rules, 2013 prescribes that in any case the amount of work with additional quantities shall not exceed 50 *per cent* of the value of original contract.

52 ₹ 2.34 crore (concession fee) + ₹ 0.49 crore (interest) + ₹ 2.26 (unutilised quota) = ₹ 5.09 crore

53 vide Appendix XIII (item at serial No. 26)

Test check (October-November 2019) of records of Executive Engineer, Medical and Health (M&H), Division, Udaipur revealed that six work orders of total value ₹ 7.18 crore (ranging between ₹ 0.18 crore and ₹ 2.78 crore) were approved (December 2013 to May 2017) under National Rural Health Mission (NRHM) by the CE, M&H Department, Jaipur and EE, M&H Division, Udaipur and works were allotted to various contractors. The department, however, after exhausting the value of these work orders, continued to execute the additional works under these contracts, without inviting fresh tenders. The contractors executed works worth ₹ 10.90 crore against the original contract value of ₹ 7.18 crore.

Though, additional quantities (value ₹ 3.72 crore) exceeded those of the original contracts (by 31 to 94 *per cent)* in these cases but approval from administrative authority of the department was not obtained and instead approval of CE was obtained. Since CE was not empowered to sanction additional quantities above 25 *per cent* of the original contract, the payment of additional works valuing ₹ 3.72 crore was irregular as detailed in **Table 7.9** below:

Table 7.9

(₹ in crore)

Sl. No.	Name of the work approved by Chief Engineer and Executive Engineer (Date of work order)	Amount of work order	Actual Expenditure incurred	Total additional work (*per cent*)	Irregular approved amount by CE (*per cent*)
	A	B	C	D (C-B)	E
1.	Fire-fighting and detection work at Maternal Child Health Udaipur (11.12.2013)	0.18	0.35	0.17 (94)	0.20 (111)
2.	Internal electrification work at Maternal Child Health Udaipur (11.12.2013)	0.45	0.77	0.32 (71)	0.50 (111)
3.	Construction and strengthening (Remaining work) of 100 bedded Maternal Child Health unit at Medical College Hospital, Udaipur (26.06.2015)	2.78	4.56	1.78 (64)	2.44 (88)
4.	Construction work of PHC building at Aalpa, Sirohi(17.05.2016)	1.27	1.66	0.39 (31)	0.45 (35)
5.	Construction work of PHC building at Baant, Sirohi(17.05.2016)	1.34	1.84	0.50 (37)	0.53 (40)
6.	Construction work of PHC building at Jhadoli, Sirohi(23.05.2017)	1.16	1.72	0.56 (48)	0.61 (53)
	Total	**7.18**	**10.90**	**3.72**	**4.73**

Further, in three cases (S.No. 1 to 3 of the table above) the department on approval of CE allowed the contractors to execute the additional quantities beyond the limit of 50 *per cent* of the original contracts, for which even administrative authority of the department was not competent as per RTPP Rules, 2013. Thus, the department executed additional works of ₹ 2.27 crore beyond the maximum permissible limit of 50 *per cent* of the original contracts and total additional works of ₹ 3.72 crore on the approval of officer below the competent level.

The State Government stated (March 2021) that an order was approved (December 2010) by the Government, which empowers CE to sanction extra and excess items for NRHM works subject to condition that overall completion cost of work does not exceed the Administrative and Financial (A&F) sanction including management cost. Further, during execution, if work exceeds the A&F sanction by 10 *per cent* it may be sanctioned by CE and if by more than 10 *per cent* it should be sanctioned by MD-NRHM within the sanctioned PIP ceiling.

Reply of the department is not tenable as RTPP Rules, 2013, issued by the Government to ensure greater transparency in the public procurements overrides all the existing provisions regarding public procurement. Thus a circular issued in 2010 delegating the power to an authority in contravention of the provisions of these rules, could not exist or prevail over statutory provisions. Therefore, the Government should withdraw the said order issued in December 2010 immediately.

Minority Affairs Department and WAQF Board

7.6 Non-recovery of loans

Failure to recover loan from beneficiaries and irregular utilization of funds for repayment to NMDFC resulted in avoidable penal interest of ₹ 3.17 crore.

National Minorities Development and Finance Corporation (NMDFC) provides loans under different schemes to individuals belonging to minority communities for economically and financially viable schemes and projects through the State Channelizing Agencies (SCAs). As per Lending Policy of NMDFC fund to SCAs is released at interest rate of 3.5 *per cent* per annum for disbursement as loans to beneficiaries within three months. The unutilized funds beyond the utilization period of three months attract penal interest[54], till the funds are utilized/refunded. SCA is required to submit the Utilisation Certification of the funds received from NMDFC, from time to time.

From the date of utilisation of funds, the interest rate of the respective scheme for which funds have been utilized becomes applicable. Further, the repayment by the beneficiaries is to be done on quarterly or monthly basis as decided by the SCA, whereas, the SCAs are required to make quarterly repayments to NMDFC. In case of default in repayment of dues to NMDFC, the SCA is liable to pay compound interest on principal and interest, at normal rate of interest, applicable under respective schemes, on quarterly basis.

NMDFC, issues quarterly demand notice to SCA which includes old dues with interest (compound and Liquidated Damage), amount due in current quarter on

54 6.5 *per cent* on funds remaining unutilized after three months and 8.5 *per cent* on portion of funds remaining unutilized after six months.

account of recovery of earlier disbursements with interest and interest payable on the unutilized amount at penal rate.

(i) Audit scrutiny (July 2020) of records of Rajasthan Minority Finance and Development Cooperative Cooperation Ltd. (RMFDCC), Jaipur (the SCA in Rajasthan) for the period of 2014-19, revealed that the funds received from NMDFC could not be utilized fully by RMFDCC within the prescribed time limit of three months and the unutilized amounts instead of being refunded to NMDFC, were retained by RMFDCC for disbursement in the following quarters. Test check of loan records in District Minority Welfare Officer, Jaipur also revealed various lapses in sanctioning the loans as instances of reciprocal guarantee by beneficiaries to each other's loans, non-availability of record of assets mortgaged for loan and payment of loan amount against quotation invoices without having TIN numbers. In some of the cases, the officers did not physically verify the assets of the beneficiaries after disbursement of 70 *per cent* of loan amount as prescribed in scheme.

On the other hand, timely recoveries from the beneficiaries could not be ensured and the rate of recovery has consistently reduced from 19 *per cent* in 2014-15 to 16 *per cent* in 2018-19. During 2014-19, against the dues of ₹ 80.14 crore (cumulative), RMFDCC could recover only an amount of ₹ 44.36 crore as detailed in given **Table 7.10** below:

Table 7.10

(₹ in crore)

Sl. No.	**Year**	**Loan amount to be recovered from beneficiaries**	**Amount actually recovered (in *per cent*)**	**Repayment to NMDFC**	**(Difference) Excess/Short repayment**
1.	2014-15	26.50	5.15 (*19%*)	07.89	(+) 2.74
2.	2015-16	38.80	6.71 (*17%*)	10.08	(+) 3.38
3.	2016-17	54.69	8.48 (*16%*)	13.02	(+) 4.53
4.	2017-18	68.27	11.50 (*17%*)	09.21	(-) 2.29
5	2018-19	80.14*	12.52 (*16*%)	13.63	(+) 1.10
	Total		**44.36**	**53.83**	**9.46**

*Cumulative figure

Though RMFDCC deposited ₹ 9.46 crore more than the amount actually recovered from the beneficiaries, this was in fact a part of the unutilized amount (earmarked for disbursement of loans) retained by it.

Thus, RMFDCC failed not only in utilizing the amount received from NMDFC within the prescribed time but also distributed the loans without verifying the genuineness/repayment capacity of the beneficiaries, which led to lesser recoveries of the dues from beneficiaries. This forced the RMDFCC to retain the unutilized amount beyond the prescribed period and they had to pay ₹ 2.20 crore on account of penal interest for delays ranging from 92 days to 644 days (***Appendix 7.5*)**.

(ii) Further, NMDFC in its One Time Settlement (OTS) scheme gave (January 2020) RMFDCC the option to either repay the full outstanding amount of ₹ 24.90 crore in one go and avoid penal interest or repay ₹ 25.87 crore (₹ 24.90 crore *plus* ₹ 0.97 crore as penal interest) in 20 quarterly installments. RMFDCC opted for the second option and consequently agreed to settle the repayment with avoidable penal interest of ₹ 0.97 crore. RMFDCC stated (January 2021) that due to lesser recoveries it did not had enough funds and as assistance was not provided by the State Government, it had opted for second option which gave a time of five years to repay the outstanding amount in 20 installments.

Government while accepting the facts stated (January 2021) that it was not possible to select beneficiaries before sending the demand as NMDFC may not necessarily provide the funds as demanded due to their own procedure of distribution. Further, distribution targets of loans were also missed as meetings of district level loan selection committee[55] were not held timely due to heavy workload. Since, in most of cases the loans were distributed to those who are very poor, therefore, recoveries remained much less than the expected levels. However, District Minority Welfare Officers had been directed to increase the recoveries.

Reply is not tenable as number of beneficiaries consistently decreased[56] during the period, 2014-15 to 2018-19. However, during the same period, the outstanding loan amount to be recovered from beneficiaries increased[57] substantially. This clearly indicates poor performance of RMFDCC due to which RMFDCC not only failed to utilize the funds received from NMDFC thereby depriving the targeted beneficiaries but also failed to ensure recovery of the disbursed loans. Moreover, the lapses in verifying the genuineness of the beneficiaries, which led to lesser recoveries of the loans, exhibit the weakness of the internal control system of the loan sanctioning and recovery mechanism.

Thus, the failure of RMFDCC to recover loans from the beneficiaries has resulted in imposition of penal interest of ₹ 3.17 crore. The RMFDCC, therefore, needs to plug in the loopholes in the loan sanctioning mechanism and ensure an effective recovery mechanism that should include post disbursement follow-up with the beneficiaries, up to date computerized recovery records of all the beneficiaries and deployment of recovery staff on commission basis, as envisaged in the lending policy.

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55 A District level Loan Selection Committee headed by District Collector sanctions the loans to the beneficiaries.

56 Year-wise number of beneficiaries: 2014-15- 4,701; 2015-16 - 4,121; 2016-17- 2,284; 2017-18 - 1,475 and 2018-19 - 672.

57 Year-wise outstanding recoverable loan amount: 2014-15 - ₹ 21.35 crore; 2015-16 - ₹ 32.10 crore; 2016-17 - ₹ 46.20 crore; 2017-18 - ₹ 56.77 crore and 2018-19 - ₹ 67.62 crore.

Social Justice and Empowerment Department

7.7 Non-utilization of central grant and non-completion of Rehabilitation and Research Institute building

Imprudent decision to change construction site for Directorate building and non-completion of Rehabilitation and Research Institute building not only led to non-utilization of Central Grant of ₹ 3.27 crore and unfruitful expenditure of ₹ 5.47 crore but also deprived the beneficiaries from the intended benefits even after lapse of more than eight years.

The Government of Rajasthan (GoR) in its budget for 2011-12 provided for establishing (1) a separate Directorate of Specially Abled Persons, with a set-up having specialists to deal with all aspects of disability, (2) Rajasthan Rehabilitation and Research Institute (RRI) to develop a strong cadre of specially trained teachers to facilitate education and training to specially abled persons and (3) providing artificial limbs and equipment to persons suffering from various disabilities.

Accordingly, Social Justice and Empowerment Department (SJED) submitted (June 2011) a proposal with detailed project report of ₹ 47.84 crore[58] to Government of India (GoI) for central grant under One Time Additional Central Assistance (OTACA) scheme. GoI approved (March 2012) the Project for ₹ 40.48 crore[59] under OTACA. The cost of the project was to be shared between GoI and GoR in the ratio of 30:70. GoI released (March 2012)[60] ₹ 12.14 crore (Central share) to GoR.

The separate Directorate for Specially Abled Persons was established at Jaipur in 2011. GoR directed (November 2012) the Director, Specially Abled Persons to get the proposed building for the Directorate constructed through state public works department (PWD) on 14,500 square meter area in the 80 *bigha* land that was allotted to Social Justice and Empowerment Department in *Jamdoli* for operation of *Mahila Swayamsiddha Kendra*.

(i) Audit scrutiny of records (July 2020), revealed that the department after mentioning that the earmarked location was around 30 km[61] away from the main city which would be inconvenient for specially abled persons,

58 Establishment of Directorate of Specially Abled Persons (₹ 12.90 crore), Rajasthan Rehabilitation and Research Institute (₹ 14.79 crore) and for providing artificial limbs and equipment (₹ 20.15 crore).

59 Establishment of Directorate of Specially Abled Persons (₹ 10.91 crore), Rajasthan Rehabilitation and Research Institute (₹ 12.52 crore) and for providing artificial limbs and equipment (₹ 17.05 crore).

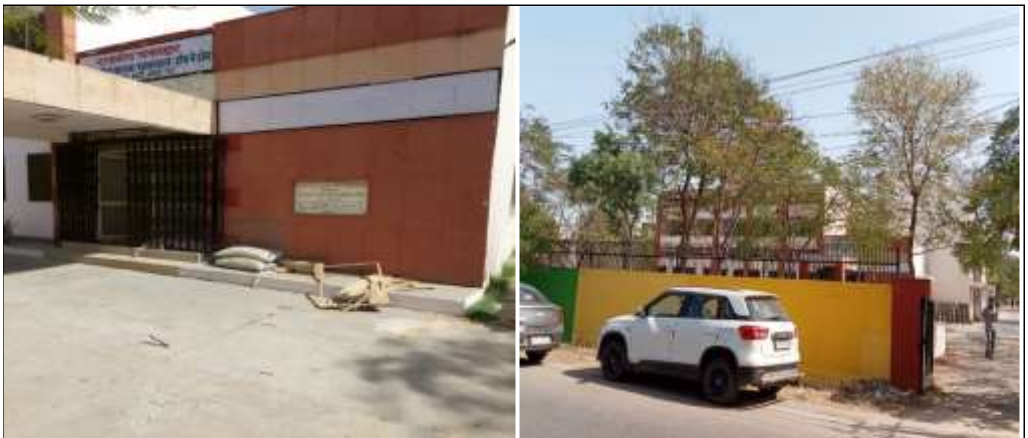
60 For establishment of Directorate of Specially Abled Persons (₹ 3.27 crore), Rajasthan Rehabilitation and Research Institute (₹ 3.75 crore) and for providing artificial limbs and equipment (₹ 5.12 crore)

61 However, the actual distance of construction site was only 12 -14 km from the main city.

proposed (October 2013) to get the building constructed in the existing premises of Mentally Challenged Teachers Training Institute (MCTTI) at Jhalana Doongri, Jaipur *i.e.* at the other site. The Directorate belatedly (September 2017) sought a report from PWD for feasibility of construction of two floors of proposed building above the existing MCTTI building. PWD intimated (November 2017) that it was not feasible to construct additional two floors on the existing structure as the building was approximately 40 years old. Subsequently, approval was given (August 2018) by Hon'ble Minister, SJED, to demolish the existing MCTTI building and construct the new building. However, the construction work of Directorate building had not commenced (July 2020) even after lapse of 23 months of finalization of site for building.

Thus, due to imprudent decision to change the construction site and inordinate delay (almost five years) in finalization of other site, the construction of proposed Directorate building could not be commenced despite availability of central assistance of ₹ 3.27 crore since March 2012.

On being pointed out (June 2020), the Department replied (July 2020) that work plan for demolishing the existing structure and construction of new building was being prepared.



Site of proposed Directorate to be constructed after demolishing the building at Jhalana Doongri, which is still existing & utilised by other Government offices as of February 2021

(ii) Further, in case of RRI building the drawing and designs of the proposed building were submitted by PWD in November 2013. However, certain changes were proposed by the Director (December 2013) and PWD was asked (January 2014) to provide revised drawings and designs with estimates. PWD submitted revised drawings and designs along with revised estimate of ₹ 8.56 crore in March 2016. Thereafter, with a delay of 22 months the administrative and financial (A&F) sanction (after Finance Department's approval in November 2017) for ₹ 8.56 crore was issued in January 2018. Work order for civil works was issued in July 2018 with stipulated date of completion as July 2019. An expenditure of ₹ 5.47 crore was incurred on construction of building (March 2020). A joint physical verification (September 2020) by audit along with Incharge RRI revealed that the civil work of three blocks except the outer area was complete while the sanitary work in hostel block, electric fittings work, generator, transformer and other miscellaneous works were still incomplete.

Thus, due to inordinate delay in obtaining the revised drawings and designs from PWD (27 months) and in issuing the A&F sanction (22 months) and lapses in monitoring, the building could not be completed and put to use even after eight years of the receipt of central grant. This also defeated the purpose for establishment of Rajasthan Rehabilitation and Research Institute which was to provide training to teachers to facilitate education and training to specially abled persons.

On being pointed out (June 2020), the Directorate replied (July 2020) that delay was due to delay in submission of drawings & designs and estimates by PWD as well as delay in approval of estimate by Finance Department.

The reply is not tenable as Department did not make concerted efforts to obtain the revised drawings and designs from PWD in time and was also responsible for inordinate delay in according the A&F sanction. Further, lapses in monitoring also delayed the completion of the building beyond its stipulated completion date by another 14 months. Thus, laxity in approach of the Department delayed the completion of the projects announced in State budget 2011-12 to have a strong cadre of specially trained teachers to cater to the needs of mentally challenged people, despite availability of central assistance for the project.

The matter was brought to the notice of the State Government (September 2020), reply is awaited (March 2021).

7.8 Unfruitful expenditure on non-functional Solar Home Lighting Systems

Non-adherence to rules of procurement and poor monitoring resulted in unfruitful expenditure of ₹ 1.24 crore on non-functional Solar Home Lighting Systems.

Section 4 of the Rajasthan Transparency in Public Procurement (RTPP) Act, 2012 stipulates the fundamental principles of public procurement. Accordingly, in relation to a public procurement, the procuring entity shall have the responsibility and accountability to (a) ensure efficiency, economy and transparency; (b) provide fair and equitable treatment to bidders; (c) promote competition; and (d) put in place mechanisms to prevent corrupt practices. Further, every procuring entity shall carry out its procurement in accordance with the provisions of this Act and the Rules and guidelines made thereunder.

Government of Rajasthan in State Budget for 2015-16, proposed the installation of Solar Home Lighting Systems (SHLSs) in 200 Hostels and 17 Residential Schools operating under the Social Justice and Empowerment

Department (SJED) in coming years. In March 2017, Director and Special Secretary, SJED placed a work order for supply, installation, commissioning and comprehensive maintenance (five years) of 5,382 Solar Home Lighting Systems (SHLSs) in 133 hostels and eight residential schools to a contractor who already had a rate contract (valid up to March 2018) with the Rajasthan Renewable Energy Corporation Limited[62] (RRECL), for similar items. The unit cost of SHLS was ₹ 9,305 and total amount of the work order was ₹ 5.00 crore.

The work order included a clause that payment can be made on the pre-despatch inspection of material by the committee. However, as per the RRECL's rate contract, the payment to supplier was to be made after duly verifying (i) installation certificate (ii) two photographs of beneficiary with the installed system and (iii) copy of agreement with the beneficiary for maintenance.

In November 2017, Director and Special Secretary, SJED placed another work order worth ₹ 3.08 crore for supply, installation, commissioning and comprehensive maintenance (five years) of 3,319 SHLSs in 67 hostels and nine residential schools to the same contractor at the same unit cost. However, the Department executed (June 2018) an agreement with the contractor six months after issuing the work order. Against both the work orders, the contractor installed only 2,497[63] SHLSs (out of 3,694 SHLSs to be installed in schools) in 17 residential schools during March 2017-August 2018 while information regarding installation of SHLSs in 200 hostels was not made available to audit. The department made (September 2018) payment of ₹ 1.00 crore against final payment of ₹ 3.02 crore as demanded by the firm. Pre-dispatch inspections for both work orders were conducted in March 2017 and May 2018 by the committee constituted for the purpose.

Test check (May-June 2019 and July 2020) of records of Directorate, SJED, Jaipur, revealed that the Department placed direct work orders of ₹ 5.00 crore to a supplier without inviting open tenders[64] which was irregular. Further, without entering into a formal agreement, without deposit of performance security and without verifying installation of the systems the payment of whole amount of ₹ 5.00 crore was made (28 March 2017) to the contractor on the basis of pre-despatch inspection (24 March 2017), which was gross

62 As per provision of Rule 32 of RTPP Rules, 2013, a procuring entity may procure subject matter of procurement from the category of bidders as notified by the state Government, from time to time. However, the RRECL was not included in the list of such notified bidders.

63 Information about installation of remaining 1,197 SHLSs was not available with the Directorate, SJED. It has to collect and compile the information from various districts.

64 The provisions of RTPP Act, 2012 are applicable on all procurement of estimated value of more than one lakh. Further, section 29(1) of *ibid* prescribes that every procuring entity shall prefer the open competitive bidding as the most preferred method of procurement to be followed.

negligence on the part of the competent authority in observing the financial propriety and watching the interest of government money/assets.

Further, after installation of all the SHLSs and full payment for first work order and part payment for the second work order, SJED sent (November 2018) samples of eight SHLSs (four each from both supply orders) for testing to National Institute of Solar Energy (NISE), Gurugram. The test reports pointed (January 2019) out various deficiencies[65] in the SHLSs. The Department took up the matter (October 2019) with the supplier who agreed (December 2019) to rectify the deficiencies. However, the Department did not initiate further action on this assurance (December 2020). Audit noticed (December 2020) that out of the 2,497 SHLSs installed, only 1,164 (47 *per cent*) SHLSs were functioning and remaining 1,333 SHLSs (53 per *cent*) installed at a cost of ₹ 1.24 crore were non-functional for a period ranging from nine months to 32 months[66]. Not a single SHLS was functional in residential schools at *Atru, Baran* (178) and *Bhainswada, Jalore* (231) despite the fact that rates of SHLSs included the comprehensive maintenance for five years. Details are given in ***Appendix 7.6***.

Thus, due to non-adherence to procurement rules, non-entering into formal contract, payment before installation, payment on the basis of pre-despatch inspection only, non-deposit of performance security and absence of a proper monitoring system, the department could not rectify the 53 *per cent* SHLSs for a period of 9 to 32 months rendering the expenditure of ₹ 1.24 crore incurred on these lights unfruitful. The objective of illuminating 17 residential schools situated in remote areas of Rajasthan for benefit of poor students was also defeated. The department should fix the responsibility of the officers concerned for not safeguarding the interest of the Government money.

State Government accepted the facts (March 2021) and stated that out of 1,333 non-functional systems, 259 systems have been rectified by the firm and 1,074 systems are still non-functional. However, the figures mentioned by the department were not supported with the documents; explanation for the same was called for (March 2021).

7.9 Unfruitful expenditure on non-functioning Solar Water Heating System

Non-adherence to procurement rules relating to execution of contract and performance security resulted in unfruitful expenditure of ₹ 2.98 crore incurred on non-functioning 256 Solar Water Heating Systems.

The Rajasthan Transparency in Public Procurement (RTPP) Rules, 2013 were promulgated by the State Government to regulate public procurement with the

65 Over-charge cut-off not working, Luminaries not working and temperature compensation not working.

66 During the period from March 2018 to November 2020.

objectives of ensuring transparency, fair and equitable treatment of bidders, promoting competition, enhancing efficiency and economy and safeguarding integrity in the procurement process.

Rule 76 (2) of RTPP Rules, 2013, envisages that the successful bidder has to sign the procurement contract within fifteen days from the date of despatch of letter of acceptance or letter of intent. Further, as per Rule 75 (1) & (2), performance security is to be deposited by the successful bidder at 5 *per cent* of the amount of the supply order in case of procurement of goods and services and at 10 *per cent* of the amount of the work order in case of procurement of works. In addition, Section 26 (4) of RTPP Act, 2012 enjoins that in case the bidder fails to sign the written procurement contract or fails to provide performance security, the procuring entity may cancel the procurement process.

In December 2016, Social Justice and Empowerment Department (SJED), Jaipur, Rajasthan placed a work order for supplying, installing and commissioning of 372 Solar Water Heating Systems (SWHSs) in 17 residential schools[67] to a contractor who already had a rate contract (valid up to March 2017) with the Directorate General of Supplies and Disposals (DGS&D) for similar subject matter of procurement on the same terms and conditions. The unit cost[68] of SWHS was ₹ 77, 646 (inclusive of 5.5 *per cent* VAT) and total amount of the work order was ₹ 2.89 crore. As per terms and conditions of the rate contract, a prior inspection was to be undertaken by DGS&D/Ministry of New and Renewable Energy (MNRE) approved agency. Further, the SWHSs were warranted for three years from the date of installation and commissioning against any manufacturing and design defects. It was also obligatory on the part of the supplier to unconditionally rectify/repair or replace goods immediately and not later than seven days.

In March 2017, SJED placed another work order worth ₹ 1.44 crore to the same contractor for supply of all plumbing items and components, supply and fitting of cold water PVC storage tank with MS stand and related civil work required for fitting of these SWHSs. Initially, the stipulated date of completion of these works was 24th March 2017, which on the request of the Firm, was extended to 15th December 2017.

Test-check (May-June 2019 and July 2020) of records of Director, SJED, Jaipur revealed that SJED released (May 2017 and November 2017) payments of ₹ 2.75 crore and ₹ 0.70 crore against the work orders of ₹ 2.89 crore and ₹ 1.44 crore respectively without entering into a formal agreement with the contractor. Audit observed that SJED neither executed the formal contracts

67 17 Residential schools with number of SWHSs**:** Tonk-Wazirpura-13; Tonk-Yusufpura-14; Chan-SwaiMadhopur-28; Bagadi-Dausa-28; Kota-Hingi-28; Kota-Mandana-14; Dungarpur-Khedasupur-28; Kenpura-Pali-28; Khodan-Banswara-28; Jalore-Hariyali-22; Pawta-Nagaur-8; Mandore-Jhodhpur-28; Jalore-Bhainswara-28; Sagwara-14; Aatunu-Bhilwara-28; Atru-Baran-13;Dhanwara-Jhalawar-22

68 This included only the cost of equipment for Solar Water Heating Systems excluding the cost of site formation, cold water tank, supply line and related fittings.

nor obtained the performance securities amounting to ₹ 0.28 crore [69] for both the work orders. Even, the work orders placed by the Department did not contain the clauses of penalty for delayed completion of work, performance guarantee of the contract and termination of contract, in order to safeguard the interest of the public exchequer.

Further, based on information collected (July 2020) from the Department, out of the 370 SWHSs installed, 256 (69 *per cent*) SWHSs installed at a cost of ₹ 2.98 crore[70] were found non-functional for 5 to 38 months (as of July 2020). All the 78 SWHSs installed in four residential schools[71] were found non-functional for 15 to 38 months. (***Appendix 7.7***). Audit also noticed that there were certain complaints of non-functional SWHSs on account of damage/leakage from pipes and tanks, sand storms, non-maintenance etc. However, the Department did not have a mechanism to monitor and ensure maintenance of the SWHSs during the warranty period. Moreover, prior inspection was not undertaken before delivery/ installation of SWHSs as prescribed in work order.

Broken Solar water heater system at Residential School Atru, Baran	Broken Solar water heater system at Residential School Pawta, Nagaur

Department while admitting the facts (February 2021) stated that the prior inspection was not conducted by the officers concerned at that time. It stated that, continuous efforts were being made through frequent correspondence (August 2019 to January 2021) to get the non-functional SWHs repaired by the contractor. However, no action was initiated by the contractor to repair the SWHSs and the Department could not initiate further action in absence of a formal contract (February 2021).

Thus, due to absence of a formal agreement and performance security and proper watch and ward of the Department, 69 *per cent* of SWHSs installed at a cost of ₹ 2.98 crore could not be repaired / rectified. Moreover, the warranty period of 152 SWHSs installed during April - May 2017 has already

69 Total performance guarantee was of ₹ 0.28 crore (₹ 0.14 crore, which was 5 *per cent* of work order value of ₹ 2.89 crore and ₹ 0.14 crore, which was 10 *per cent* of work order value of ₹ 1.44 crore)

70 {Total work order value of ₹ 4.33 crore (₹ 2.89 crore + ₹ 1.44 crore) / total 372 SWHSs}x 256 non-functional SWHSs

71 Residential schools: Bhainswara (28), Aatun (28), Yusufpura (14) and Pawta (08)

elapsed. The department should initiate the appropriate action against the officers responsible for not safeguarding the interest of the public money/assets.

Water Resources Department

7.10 Incorrect calculation of land acquisition cost resulted in excess payment

The Water Resources Department, while making payment of compensation for acquisition of land falling under urban area, considered the incorrect multiplying factor of rural area which resulted in an excess payment of ₹ 1.65 crore.

The process of land acquisition for developmental work and compensation to the owners of land is regulated under the provisions of "The Right to Fair Compensation and Transparency in Land Acquisition, Rehabilitation and Resettlement Act 2013" (Act). Section 30 (2) stipulates that the Collector shall issue individual awards detailing the particulars of compensation payable and details of payment of compensation as specified in first schedule. The first schedule specifies that the market value of rural land will be multiplied by a factor between one to two based on distance of the project from urban area as may be notified by State Government while in case of urban land market value to be multiplied by one. In case of rural land, the State Government notified (June 2016) the multiplying factor as 1.25 for the distance of 0 to 10 kms from the nearest urban areas and clarified that the area of all electoral wards of a municipal corporation will be treated as urban area of that municipal corporation.

Section 33 of the Act stipulates that the Collector may at any time, but not later than six months from the date of award, by order correct any clerical or arithmetical mistakes in either of the awards or errors arising therein either on his own motion or on the application of any person interest or local authority.

Water Resources Department (WRD), Rajasthan, Jaipur issued (May 2016) an Administrative and Financial (A&F) sanction of ₹ 150.72 crore for the work of Diversion Channel of Forest Nallah (RD 0 to 2.65 Km) under "Baran Flood Mitigation Scheme". For construction of this nallah total, 6.92 hectare land (5.79 hectare private land and 1.13 hectare land of various departments[72]) falling under revenue village Baran (0.23 hectare) and village Nalka (6.69 hectare) was to be acquired. Gazette notification under section 11 and 12 to initiate the process of acquisition of 6.92 hectare land was published in September 2016 and final award for the compensation of land was issued by the Land Acquisition Officer (LAO) in October 2017.

Test Check (March 2018) of records of the office of the Executive Engineer,

72 Nagarpalika Baran, PWD Baran and Krishi Upaj Mandi Baran

Water Resource Division-I Baran revealed that the acquired land of both the villages (Baran and Nalka) was situated in the limits of Municipal Corporation Baran and thus, market value of the land was to be multiplied by factor one (for urban land). LAO, however, awarded the compensation of ₹ 8.26 crore to the land owners of the village Baran and Nalka applying the multiplying factor of 1.25, which was not correct. The Division failed to identify the error in the award and deposited (March 2017-March 2018) the amount of award with the LAO for disbursement to the land owners, which resulted in excess payment of ₹ 1.65 crore (***Appendix 7.8***).

GoR stated (January 2020) that the payment for land acquisition was done as per the land acquisition award passed by the revenue authority (District Collector Baran) considering the land of Village Nalka as rural area and there exists a provision for appeal under the Right to Fair Compensation and Transparency in Land Acquisition, Rehabilitation and Resettlement Act 2013**.** However, no appeal was preferred by the department till January 2020, despite being pointed out by audit in March 2018 and further referred to the Government in August 2019.

Had the Department checked the correctness of multiplying factor prescribed for rural land applied by LAO for the land situated in urban area, an appeal for correction in award could have been preferred before LAO and excess payment to land owners of ₹ 1.65 crore for land acquisition could have been avoided. The department should fix the responsibility of concerned officers for not checking the correctness of multiplication factor and not preferring appeal in this regard.

7.11 Unauthorised execution of additional work

Unauthorised execution of additional works worth ₹ 1.55 crore in gross violation of Public Works Financial & Accounts Rule.

A works consists of four stages, namely, Administrative Approval, Financial Sanction, Technical sanction and Appropriation or Re-appropriation of Funds. Rule 286 of Public Works Financial & Accounts Rules (PWF&ARs) stipulates that when expenditure on a work exceeds, or is likely to exceed the amount administratively approved for it by more than 10 *per cent*, or where there are material deviation from the original proposals, even though the cost of the same may possibly be covered by savings on other works, revised A&F sanction must be obtained from the competent authority.

Further, Rule 289 of PWF&ARs categorically states that tenders for the work shall be invited only after issue of technical sanction of a detailed estimate duly prepared on the basis of reference benchmarks, detailed survey, investigations, working designs and drawings and a reference of this should be made in Notice Inviting Tenders (NIT) also. Rule 352 of PWF&ARs specifies that the authority granted by a sanction to an estimate must on all occasions be looked upon as strictly limited by the precise objects for which the estimate was intended to provide. Accordingly, any anticipated or actual savings on a sanctioned estimate for a definite project should not, without special authority, be applied to carry out additional work not contemplated in the original project or fairly contingent on its actual execution.

Considering the dilapidated condition and uneven bed level of the North Ghaggar Canal (NGC) which mainly helps in cultivation of the rice during crop season (commences from July every year), Water Resources Department (WRD) decided (January 2015) to undertake reconstruction/relining work of the NGC with cement concrete. As the work was to be executed during January to June when demand of water remains low, the Superintending Engineer (SE), Suratgarh in anticipation of approval, issued (December 2014) NITs for four works[73] of reconstruction/re-lining of NGC. The detailed estimates for all the works were prepared by Division, Rawatsar and submitted (January 2015) for Technical Sanctions (TS) as well as Administrative & Financial (A&F) sanctions. The Chief Engineer, WRD (North), Hanumangarh issued (March 2015) TS of ₹ 8.53 crore and Government of Rajasthan issued (April 2015) Administrative and Financial (A&F) sanction of ₹ 10.59 crore for above four works. The work orders for above works were issued (May 2015) for ₹ 7.97 crore[74] to a contractor. These works were completed (August 2016) at a cost of ₹ 7.57 crore.

Test check (July 2018) of the records of WRD Division-I, Hanumangarh revealed that WRD invited tenders of above four works without obtaining TS and Administrative and Financial sanction which was in contravention to the provisions of PWF&ARs. Further, WRD irregularly executed certain additional works (not included in original estimates) like outlets, cattle ghats, reconstruction of bridges and cement concrete dowel valuing ₹ 1.55 crore from the savings under the A&F of the works.

Since, the additionally executed works valuing ₹ 1.55 crore were not included in original estimates submitted by the Division Rawatsar therefore, revised A&F sanction should have been obtained by the WRD as savings on a sanctioned estimate for a definite project should not, without special authority, be applied to carry out additional work, but the WRD did not do so. Thus, WRD executed the additional works unauthorisedly.

The State Government stated (July 2019) that the concerned SE invited (December 2014) tenders for the four works of reconstruction/relining of NGC in anticipation of A&F and the works left out in original tender being necessary for the security of the canal, were executed against sufficient

73 From RD 0 to 10, RD 10 to 20, RD 20 to 30 and RD 30 to 40.

74 RD 0 to 10: ₹ 2.31 crore; RD 10 to 20: ₹ 2.02 crore; RD 20 to 30: ₹ 1.89 crore and RD 30 to 40: ₹ 1.75 crore.

savings in original A&F sanction. The revised A&F sanction was not felt necessary as these works were integral part of the project.

The reply is not acceptable as the items of work left out in original tender, which were considered necessary by WRD for the security of the canal, should have been included in the original estimates. The execution of these items during the progress of the work shows that the estimates were not properly prepared. Further, execution of such works without obtaining revised A&F sanction was a serious violation of the rule as mentioned above.

Anadi Misra

JAIPUR,
The 7 जून JUN 2021

(ANADI MISRA)
Accountant General
(Audit-I), Rajasthan

Countersigned

NEW DELHI,
The - 9 JUN 2021

(GIRISH CHANDRA MURMU)
Comptroller and Auditor General of India