



Rajendra Pratap Gupta
President & Board member

December 27th, 2012

Dr. Murli Manohar Joshi
Chairman
Public Accounts Committee
6, Raisina road, New Delhi 110001

Ref: Auditing of the unused budgetary allocations for Healthcare sector

Dear Dr. Joshi,

Greetings from the Disease Management Association of India (DMAI).

This has reference to the meeting at your residence on 25th December 2012, and the discussions that we had on the Public Accounts Committee report on NRHM (PAC NO. 1939). I have gone through the PAC report submitted by your good self to the Parliament. I wish to draw attention to the following references in your report;

Page 9: Mission Steering Group (MSG) was required to periodically monitor progress of the mission and to meet twice a year. Audit scrutiny revealed that MSG met only four times in four years instead of 8 times as per the laid guidelines.

The delegation of powers to the MSG and EPC (Empowered Programme Committee) was subject to the condition that a progress report regarding NRHM, also indicating deviation from the financial norms and modifications in ongoing schemes, would be placed before the cabinet on an annual basis. However, during the past four years, the Mission had submitted a progress report to the Cabinet only once in August 2008 (as per the PAC report).

Page 12: Public Private Partnerships (PPP) in RCH services is not up to the expected levels

Page 18: Regarding composition & functioning of the VHSC (Village Health & Sanitation Committee)

Secretary Health's statement,

“To be very honest with you, we have got a survey done recently by the Institute of Population Sciences, and yesterday they gave us a presentation. It is not a very happy picture on the village health societies. In many of them, people did not know if they existed; they did not know who the members are; they did not know if they are functioning; that was the finding of the planning Commission's mid-term review also, when they had gone round the country and seen... that is VHND. *There is certainly a vision in the NRHM when it was designed. That has not been fructified.....*”

“ Our experience with Panchayat raj is not good. They also complained about it. *Half of the fund is not spent because he is the co-signatory – either he is not living in the village or if he is, he harasses her and why should she sign?* The entire Panchayat raj system, with due respect, has not really worked; the ideal is one thing, but practically it is not; those who take interest, have got excellent experience, but those who are not interested, it is not good. It is very difficult for these people; it has not worked out well”.

Page 19: Health Secretary's response on, “how the ministry ensures that the disbursal of funds by the state health societies to VHSCs is monitored”?

“This is a huge task for the states. They are finding it very difficult to keep a track of so many small accounts. But we have given them accountant at every block level. In a block there will be some 100 VHSCs. He should have been able to get these accounts and

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Disease Management Association of India

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see what they have spent on and do the auditing. We will have to streamline it further and get them to do the auditing. **But we suspect about Rs.100-200 Crore lying unspent.** That is our present assessment”

Page 20: Table 3 highlights the gap between the funds released and expenditure.

Page 23: Point 55, “ However, the Ministry have clarified that actual utilization of the funds allocated shall depend upon a number of factors in particular the absorptive capacity of the system. In fact, one of the argument put forward by many is that *while the actual allocation in the Eleventh Plan was lower than the original plan allocation, the actual expenditure has still been lower i.e. the system has not been able to utilize the curtailed outlay*”

Page 28: “It may be observed that rural households account for around 55 % of the total out of pocket expenditure within the country”

Page 31: Audit examination revealed that 71 PHCs (11 per cent) in 15 states were functioning without an allopathic doctor. In 518 PHCs (86 per cent) of 28 States / UTs, an AYUSH doctor had never been appointed. 69 test checked PHCs were functioning without an allopathic doctor or an AYUSH doctor. This meant that population residing in their sphere of coverage had no doctor available at all in the public domain. In Andhra Pradesh, Haryana, Himachal Pradesh, Kerala, Madhya Pradesh, Mizoram, Punjab, Sikkim, Tripura and Lakshadweep, none of the test checked centres had an AYUSH doctor.

Page 33: “As per norms, Specialists are appointed only at CHCs level and not at PHCs level. As per the data available in Bulletin on Rural Health Statistics in India (Updated up to March 09), a total of 5789 specialists are in a position at CHCs across the country, as against the sanctioned posts of 9028 specialists.....”

Dr. Joshi, as discussed during our meeting, it is imperative that the PAC / CAG, or any competent independent regulator, starts the audit of unspent funds allocated for each social sector so that the benefit of the plan reaches the targeted population. As DMAI, we would be interested in pursuing this issue further with the concerned authorities. Also, a clear and enabling policy framework is required, so that the bureaucrats can take decisions without fear on fund allocation utilization, and the absorptive capacity of the system increases to 100 %.

I have been visiting the rural sub-centres and have been gathering first hand information about the impact of NRHM. This communique is marked to the PMO and MOHFW for information. Will meet you shortly with more details

Thanks for your continued support

Best wishes for a great year ahead, & tons of good wishes for your birthday, in advance. Wish you good health & long life.

With best regards

CC: Dr.Manmohan Singh, Prime Minister,
Shri Ghulam Nabi Azad, MOHFW
Dr.Syeda Hameed, Member, Planning Commission
Secretary – MOHFW
DGHS
President , PHFI