Report of the Comptroller and Auditor General of India

for the year ended 31 March 2001

(Civil)

Government of Tamil Nadu

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PREFACE

This Report has been prepared for submission to the Governor under Article 151 of the Constitution.

2. Chapters I and II of this Report respectively contain Audit observations on matters arising from examination of Finance Accounts and Appropriation Accounts of the State Government for the year ended 31 March 2001.

3. The remaining chapters deal with the findings of performance audit and audit of transactions in the various departments including the Public Works Department, audit of Stores and Stock, audit of Autonomous Bodies and departmentally run commercial undertakings.

4. The Report containing the observations arising out of audit of Statutory Corporations, Boards and Government Companies and the Report containing such observations on Revenue Receipts are presented separately.

5. The cases mentioned in the Report are among those which came to notice in the course of test-audit of accounts during the year 2000-2001 as well as those which had come to notice in earlier years but could not be dealt with in previous Reports; matters relating to the period subsequent to 2000-2001 have also been included wherever necessary.

OVERVIEW

OVERVIEW

This Audit Report contains 47 Audit Paragraphs and six Audit Reviews apart from comments on the Finance and Appropriation Accounts. As per existing arrangement, copies of the draft Audit Paragraphs and draft Audit Reviews are sent to the concerned Secretary to the State Government by the Principal Accountant General, demi-officially with a request to furnish replies within 6 weeks. The Secretaries are also reminded demi-officially by the Principal Accountant General for replies. However despite such efforts, in respect of 15 Audit Paragraphs and three Reviews, no response was received from the concerned Secretary to the State Government. The matter was also brought to the notice of Chief Secretary by the Principal Accountant General.

1 Review of the State's Finances

The assets of the State Government grew by only 13.5 *per cent* during 2000-2001 while the liabilities grew by 18.1 *per cent* mainly as a result of 21.9 *per cent* growth in the deficit in the Government account. The share of revenue receipts went up from 74 *per cent* of the total receipts of Government in 1999-2000 to 76.7 *per cent* during 2000-2001. While the share of recoveries of loans and advances went up marginally from 1.4 *per cent* to 1.5 *per cent*, the net receipts from the Public Account decreased from 10.6 *per cent* to 5.6 *per cent* due to decrease in deposits and advances.

The share of revenue expenditure to total expenditure went down from 93.9 *per cent* to 91 *per cent* and remained significantly higher than the share of revenue receipts, leading to a revenue deficit of Rs 3436 crore during 2000-2001. Balance from Current Revenues was negative since 1997-98, indicating that Government had to depend only on borrowings to meet its plan expenditure.

Interest payments increased by 112 *per cent* from Rs 1476 crore in 1996-97 to Rs 3124 crore in 2000-2001. The interest ratio which is the ratio of net interest burden to revenue receipts less interest receipts shot up from 0.10 to 0.15 over the five year period.

The recovery of loans and advances by State Government went down from Rs 1217 crore in 1997-98 to Rs 359 crore in 2000-2001. The outstanding loan amount has increased from Rs 3507 crore at the end of 1997-98 to Rs 4125 crore at the end of 2000-2001.

The ratio between capital outlay and capital receipts declined from 0.60 in 1996-97 to 0.28 in 2000-2001 indicating a worsening sustainability, as a substantial part of the capital receipts was not available for capital formation or investment.

As on 31 March 2001, 49 Government companies, in which Government had invested Rs 1196.77 crore, were running under loss with accumulated losses of Rs 2118.53 crore upto March 2000 (the period for which the accounts were rendered). Even the companies which were making profits were giving only a marginal return on investment ranging from 1.23 *per cent* to 2.08 *per cent* during 1996-97 to 2000-2001. Thus, while the Government was raising high cost borrowings (at 10.50 *per cent* to 13.85 *per cent* rate of interest) from the market, its investments in Government companies etc. fetched insignificant returns.

Revenue realised from 5 major and 47 medium irrigation projects with a total capital outlay of Rs 1928.95 crore was only 0.36 *per cent* of the capital outlay and was not sufficient to cover even the direct working expenses of Rs 52.16 crore. The schemes suffered a net loss of Rs 136.25 crore in 1999-2000 of which the loss under 5 major irrigation projects was substantial (Rs 93.75 crore).

The revenue deficit of Rs 3436 crore in 2000-2001 was fully met by borrowings (Rs 3876 crore). The fiscal deficit of Rs 5077 crore was financed by net proceeds of the Public Debt (Rs 3876 crore) and from the surplus of Public Account (Rs 1201 crore). The ratio of Revenue deficit to Fiscal deficit increased from 0.45 in 1996-97 to 0.68 in 2000-2001 indicating that a larger share of the borrowings was applied to meet the revenue expenditure.

The amount of outstanding guarantees given by Government as on 31 March 2001 was Rs 6780 crore. Rupees 0.53 crore were received as guarantee commission during 2000-2001, while Rs 4.54 crore were outstanding for recovery as on 31 March 2001 from 4 Government companies/Corporations and from Cooperative institutions.

Only 71 *per cent* of the borrowings under internal debt was available for investment and other expenditure after meeting repayment obligations, during 2000-2001.

Analysis of financial data for the Government of Tamil Nadu showed that revenue expenditure was being increasingly financed by borrowings. Substantial increase in interest payments consequent to the increased borrowings over the years coupled with the falling Balance from Current Revenues affected the financial position of the State, aggravating the imbalance between Assets and Liabilities.

(Paragraphs 1.1 to 1.11)

2 *Appropriation Audit and control over expenditure*

During 2000-2001, expenditure of Rs 32256.50 crore was incurred against the total grants and appropriations of Rs 32011.76 crore resulting in an excess of Rs 244.74 crore (0.8 *per cent*). The overall excess was the result of saving of Rs 1994.73 crore in 55 grants and 44 appropriations offset by excess of Rs 2239.47 crore in 6 grants and 7 appropriations. The excess of Rs 2239.47

crore requires regularisation by the Legislature under Article 205 of the Constitution.

Supplementary provision of Rs 5125.08 crore obtained during 2000-2001 constituted 19 *per cent* of original budget provision of Rs 26886.68 crore. Eighty-nine *per cent* of funds were provided in Supplementary Estimates in February 2001. Supplementary provision of Rs 240.83 crore obtained in February 2001 in 33 grants and 14 appropriations proved unnecessary in view of the final saving in each grant/appropriation being more than the supplementary provision. On the other hand, in 4 grants and 2 charged appropriations supplementary provision obtained during the year proved insufficient, resulting in uncovered excess expenditure of Rs 143.96 crore and Rs 2094.74 crore respectively.

Significant excess was persistent in one grant (Grant 35). Persistent savings of 5 *per cent* and above were noticed in 9 grants and 6 appropriations.

In respect of 64 schemes, out of the total provision of Rs 639.08 crore, Rs 534.32 crore (83 *per cent*) were surrendered either due to non-implementation or slow implementation of the schemes.

Expenditure of Rs 808.04 crore was incurred during March 2001 in 16 cases, wherein the expenditure exceeded Rs 10 crore and also was more than 50 *per cent* of the total expenditure, which revealed rush of expenditure during the last month of the financial year.

In 59 schemes, expenditure of Rs 135.50 crore was incurred which attracted the limitations of New Service/New Instrument of Service for which approval of Legislature or advance from Contingency Fund should have been obtained.

(Paragraphs 2.1 to 2.11)

3 *Integrated Audit and Manpower Management Audit of Water Resources Organisation*

The objective of Water Resources Organisation is to ensure effective management and distribution of surface and ground water for its optimum utilisation in a rational and scientific manner to maximise agricultural production and productivity of all the water using sectors. Audit revealed that the department failed to utilise the available water resources effectively. There was a large gap between the irrigation potential created and utilised in respect of surface water. Inefficient scheme formulation resulted in non-creation of irrigation potential envisaged and poor execution and improper maintenance contributed to non-utilisation of potential created.

- Only four *per cent* of irrigation potential created under 10 projects was actually utilised.

- While water was not utilised for irrigation in two projects, the irrigation efficiency was only 22 *per cent* in the remaining 8 projects.

- Due to delay in land acquisition and finalisation of design there was an avoidable time overrun of three to fifteen years in four projects and cost overrun of Rs 169.61 crore in eight projects.

- Non-preparation of estimates based on the out-turn achieved by Government earth moving machinery resulted in extra liability of Rs 23.09 crore in the works of desilting rivers, drains and channels in Cauvery delta.

- There was an extra expenditure of Rs 6.34 crore in executing schemes under Tamil Nadu Water Resources Consolidation Project due to not following Indian Standard Specifications, additional payments made for works already included in contracts, poor investigation, change of design and delay in finalising tenders.

- Inadmissible payment of secured advance resulted in unintended benefit of Rs 1.02 crore to 21 contractors.

- Issue of letter of credit for more than the required amount and diversion of unutilised letter of credit resulted in expenditure in excess of the approved grant.

- Manpower employment was not based on the work load; cost of excess manpower deployed was Rs 19.87 crore.

(Paragraph 4.1)

4 Implementation of Environmental Acts and Rules relating to Air-pollution and Waste Management

Government of India enacted the Air (Prevention and Control of Pollution) Act, 1981 with the objective of prevention, control and abatement of air pollution and the Environment (Protection) Act, 1986 for protection and improvement of environment. Government of India also made rules under Environment (Protection) Act. The entire area within the State of Tamil Nadu was declared as air pollution control area by State Government from October 1983.

A review of implementation of Environmental Acts and Rules relating to air pollution revealed cases of industries operating without consent, shortfall in obligatory inspection of industries, inadequacy in Ambient Air Quality and Stack Monitoring surveys, underutilisation of pollution testing equipment worth Rs 99.66 lakh, issue of fitness certificates to 1.58 lakh transport vehicles without conducting pollution tests, failure to set up common facilities for disposal of hazardous wastes despite incurring an expenditure of Rs 32 lakh on Environmental Impact Assessment studies conducted at two sites and failure to set up facilities for disposal of Bio-medical waste by the identified hospitals/nursing homes.

(Paragraph 3.3)

5 Prevention and control of diseases

Tuberculosis and Blindness are two major diseases which are widely prevalent in the State. Revised National Tuberculosis Control Programme was implemented from 1993 with emphasis on cure of the disease through Directly Observed Treatment, Short-Course Chemotherapy. Review of the programme revealed that the Chemotherapy was not introduced in 7 districts and implemented belatedly in 23 districts; targets fixed by Government of India for new case detection were found to be very much on the lower side.

- There were shortfalls upto 100 per cent in sputum examination in 68 Public Health Institutions mainly due to vacancies in the post of Laboratory Assistants and expected rates of sputum conversion after two to three months of treatment were not achieved in four out of six sample districts.

- Only 51 *per cent* of patients detected with disease during 1996-2000 had completed treatment. Discontinuance of treatment was mainly due to failure of patients to turn up.

- Inadequate sputum culture facilities and shortage of staff also contributed to poor performance.

National Blindness Control Programme and a World Bank Assisted Cataract Blindness Control Project were being implemented in the State from 1976 and 1994 respectively with the goal of reducing the prevalence of blindness to 0.3 per cent of the population by 2000 AD. Review of these programmes revealed that the physical targets for cataract surgeries were fixed by Government of India arbitrarily without considering all the required parameters, resulting in a backlog of 5.61 lakh cataract operations as of March 2001, constituting 0.9 per cent of the projected population against the targeted prevalence of blindness of 0.3 per cent.

- The main reasons for the high prevalence rate of blindness were poor performance under Government sector due to less number of cataract surgeries performed and failure of Para Medical Ophthalmic Assistants in mobilising and enrolling patients for surgeries.

- Poor utilisation of funds under Information, Education and Communication activities and of funds provided for furnishing eye wards and operation theatres, consumables etc. and inadequate followup were noticed.

(Paragraph 3.4)

6 Soil Conservation Schemes

Soil Conservation Schemes are implemented with the objective of protecting soil from erosion and ensuring soil stabilisation. Various soil conservation measures like contour bunding, farm forestry, silt detention tanks, check dams etc. were implemented with the consent of the farmers. Perusal of records relating to various soil conservation measures undertaken in hills and plains and under Integrated Tribal Development Programme, Western Ghat Development Programme, Hill Area Development Programme and River Valley Project revealed that there were delays in preparation of project reports, and ineligible watersheds having less than 50 per cent dry land were *selected for execution of works during 1996-2001. Watersheds were selected annually instead of selecting the same watershed continuously for five years. Ryots/tribals were not involved in the works, thus, denying them employment opportunities for improving their economic status.*

- Non-adoption of appropriate rate for earth work based on the type of soil, execution of contour bunding works in ineligible watersheds and execution of sowing and plantation works in wastelands under River Valley Project resulted in unnecessary extra expenditure of Rs 6.78 crore.

- There was an overpayment of Rs 1.35 crore during 1996-99 in the execution of minor check dams due to non-utilisation of half buried boulders at site.

- Registers of Rights and Liabilities were prepared belatedly by Agricultural Engineering Department and given to Revenue Officials. Recovery of loan from the beneficiary farmers continued to be poor, and there was no proper mechanism to watch the recoveries.

- Also, despite the formation of a corpus fund, interest on such fund was not utilised for the maintenance of assets formed under River Valley Project and Western Ghat Development Programme.

(Paragraph 3.2)

7 *Non-Formal Education Scheme*

The National Policy on Education, 1986 envisaged the programme of Non-Formal education as an integral component of the strategy to achieve the universalisation of elementary education. The Centrally sponsored scheme of Non-Formal education was introduced in 1995. It was aimed at children in the age group of 6 to 14 years who were school drop-outs, working children and girls who could not attend whole day schools and was to facilitate their entry into regular schools on completion of the non-formal education. While some centres were run by the State Government, many centres were run by voluntary agencies. Review of the scheme revealed that its implementation was not satisfactory and the desired objective of entry into formal education system, of children passing out of non-formal system, was not achieved.

Some of the significant findings are:

- restriction of expenditure on the scheme to the Central Government grant received; belated commencement of 9000 non-formal education centres in 90 areas in 18 districts in December 2000 despite the sanction of Central grant of Rs 2.92 crore in March 2000.

- Government unilaterally approved creation of posts in running time scales of pay as against the fixed pay envisaged.

- the actual number of drop-outs and non-starters to be enrolled under non-formal education was not assessed through a scientific survey; the learners were not given certificates on completion of the course which would facilitate their entry into the formal stream.

(Paragraph 3.5)

8 Development Schemes for Scheduled Castes and Scheduled Tribes population in Dharmapuri District

Various schemes for the welfare of Scheduled Castes/Scheduled Tribes are being implemented in Dharmapuri District with an approach to overcome social, educational and economic backwardness. Some of the schemes were implemented by the District Adi-dravidar Welfare Officer and the remaining by the District Manager, Tamil Nadu Adi-dravidar Housing and Development Corporation and by the line departments like Animal Husbandry, Horticulture, etc. Review of some schemes in Dharmapuri District revealed that there was no system to assess the benefits derived by the Scheduled castes/Scheduled Tribes population as the data of income generated by the schemes, the number of beneficiaries who crossed the poverty line or utilisation of subsidy/loan for the intended purpose were not available.

- Rupees 4.36 crore released by Government of India during 1995-2001 under Article 275 (1) of the Constitution of India for the welfare of Scheduled Tribes was not utilised as of March 2001. Cent *per cent* verification of assets created out of loan/subsidy given to beneficiaries was not conducted.

- Recovery of term loan and margin money was poor under the schemes financed through National Scheduled Castes and Scheduled Tribes Finance and Development Corporation.

- Out of 25,984 beneficiaries issued with house-site pattas during 1995-2001, 25,204 beneficiaries (97 *per cent*) did not construct houses, vitiating the main objective of the scheme. There was no effective monitoring or evaluation of the impact of the schemes.

(Paragraph 3.1)

9 Rural Water Supply Programme

- In order to provide safe and potable drinking water in identified problem villages where 40 litres *per capita* per day of potable water was not available and to solve problems of excess salinity, fluoride and iron content, Tamil Nadu Water Supply and Drainage Board implemented Rajiv Gandhi National Drinking Water Mission launched by Government of India. A review of various components of the programme in nine out of 28 districts revealed that the annual accounts of the Board did not directly reveal the expenditure incurred; the re-survey conducted in 1999 revealed the re-emergence of 8,782 not covered and 17,149 partially covered habitations; testing of water samples by the Board revealed that 35.4 *per cent* and 18 *per cent* of water samples from hand pump and power pump sources were non-potable and the quality of water was very poor in eight districts. No funds were earmarked for operation and maintenance; the number of trained persons at village level was not adequate to maintain the assets created and the poor maintenance contributed to re-emergence of problem villages.

(Paragraph 6.20)

10 ***Accelerated Urban Water Supply Programme***

With a view to provide safe and adequate drinking water supply to towns having population of less than 20,000 and to improve their environment and quality of life, Tamil Nadu Water Supply and Drainage Board implemented Accelerated Urban Water Supply Programme from 1993-94 with 50 *per cent* grant from Government of India, 45 per cent grant from State Government and 5 *per cent* contribution from local bodies. Though Rs 16.93 crore were released by Government of India till March 2001, State Government released only Rs 8.20 crore to the Board. Of the 34 schemes taken up for execution at a total cost of Rs 44.60 crore, 17 schemes only were completed. Of these, 3 were not put to use due to poor quality of water and creation of insufficient source. There was also delay in execution of two schemes due to delay in foreclosure of contract and unsuitability of the site for source creation.

(Paragraph 6.21)

11 ***Blocking of funds***

(i) Ineffective assessment and allotment policy of the Tamil Nadu Housing Board had led to blocking of funds to the tune of Rs 59.53 crore on 2,069 flats/houses constructed in six schemes.

(Paragraph 6.7)

(ii) Belated/non-issue of guarantee by Government for availing loan and non-identification of alternative beneficiaries by the Weavers Cooperative Societies under the centrally sponsored "workshed *cum* housing scheme" for handloom weavers led to blocking of funds of Rs 3.43 crore.

(Paragraph 3.14)

(iii) Lack of diligence in taking action by the Director of Animal Husbandry on the purchase of pigs under Integrated Piggery Development scheme resulted in non-utilisation of Central assistance of Rs 88.14 lakh for over two years.

(Paragraph 3.8)

(iv) Release of Risk Fund subsidy to Large Sized Multipurpose Cooperative Societies every year without ascertaining the utilisation of funds released earlier and failure of the Registrar of Cooperative Societies to identify the bad debts of the societies periodically, resulted in blocking of Rs 83.10 lakh towards such subsidy along with accrued interest of Rs 2.03 crore.

(Paragraph 3.10)

(v) Premature drawal of Government contribution of Rs 50 lakh towards the establishment of an Information Technology Incubator Centre at Coimbatore even before identification of location for the centre, resulted in blocking of the amount outside Government account.

(Paragraph 3.22)

(vi) Defective formulation of project proposal by Commissioner of Tourism resulted in blocking of Rs 18.45 lakh including a Central assistance of Rs 12.30 lakh for more than four years.

(Paragraph 3.20)

12 *Non-achievement of objectives*

(i) Non-assessment of demand for plots prior to commencement of the project of establishing a growth centre at Bargur resulted in deferring the project due to lack of demand from entrepreneurs after spending Rs 8.42 crore.

(Paragraph 3.19)

(ii) Special Central Assistance of Rs 50 lakh received from Government of India in March 1991 for extending financial assistance to cooperative societies for the benefit of Adi-dravidars remained unutilised for the intended purpose.

(Paragraph 3.6)

13 *Unintended benefit to contractor*

Permission given by Chennai Metropolitan Water Supply and Sewerage Board to the contractor to use cheap filling material instead of sea sand to fill trenches in the Leak Detection and Rectification works resulted in an undue benefit of Rs 7.42 crore to the contractor.

(Paragraph 6.11)

14 *Unfruitful/Infructuous expenditure*

(i) Despite the recommendation of two committees to revive only eight out of eighteen cooperative spinning mills in the State, the Government decided to revive all the eighteen mills by giving relief package; Rs 50.34 crore spent on these mills for their revival became unfruitful as the mills had not become viable.

(Paragraph 6.6)

(ii) Injudicious decision of Government in resorting to decentralised purchase of masoor dal through cooperative societies during May 1999 to October 1999, disregarding the logistics support and wholesale price advantage available in centralised purchase through Tamil Nadu Civil Supplies Corporation, resulted in an avoidable expenditure of Rs 5.24 crore.

(Paragraph 5.3)

(iii) Cultivation assistance of Rs 2.51 crore given to oil palm growers for maintenance of oil palm seedlings proved infructuous due to poor survival of seedlings. No action was taken to identify the reasons for poor survival or to overcome the problems.

(Paragraph 3.7)

(iv) Inner ring road work in Hosur town was stopped due to non-provision of funds after partial execution. The expenditure of Rs 1.94 crore was unfruitful since the objective of relieving traffic congestion was not achieved.

(Paragraph 4.3)

(v) Failure of the Chief Engineer, East Coast Road and Rural Roads to provide the correct design for the causeway across Palar river in Kancheepuram District resulted in repeated damages and rendered the expenditure of Rs 1.87 crore incurred on the work unfruitful besides non-achievement of the objective.

(Paragraph 4.4)

(vi) Non-submission of timely proposals for purchase of essential equipment and provision of staff resulted in the non-utilisation of entire sixth floor of Paediatric Block constructed at a cost of Rs 31.27 lakh in Government Stanley Hospital, for the last seven years besides the expenditure remaining unfruitful.

(Paragraph 3.16)

(vii) Gamma Camera received in 1998 for Nuclear Medicine Laboratory in Government Arignar Anna Memorial Cancer Hospital, Kancheepuram could not be commissioned because the inpatient ward had not yet been cleared by Bhabha Atomic Research Centre for radiation safety, though Rs 24.73 lakh were spent on the works.

(Paragraph 3.17)

15 Avoidable payment/Extra expenditure/over-payment

(i) Use of higher class Ductile Iron pipes in strengthening of distribution system under Second Chennai Water Supply Project by the Chennai Metropolitan Water Supply and Sewerage Board resulted in extra liability of Rs 16.95 crore.

(Paragraph 6.10)

(ii) Belated remittance of General Provident Fund subscription/recovery of advance to the tune of Rs 32.45 crore to the interest bearing Personal Deposit account of the Chennai Corporation and non-remittance of such subscription and recovery of Rs 58.20 crore resulted in a loss of interest of Rs 14.09 crore to the Corporation.

(Paragraph 6.16)

(iii) Non-adoption of the specifications prescribed by Indian Roads Congress and the guidelines issued by Ministry of Surface Transport by the Chief Engineer (Highways), Mechanical, in the work of Improvements to Radial Roads leading to Chennai resulted in avoidable extra expenditure of Rs 5.85 crore.

(Paragraph 4.2)

(iv) Drawal of entire loan by Tamil Nadu Police Housing Corporation prematurely instead of restricting the drawal to the year's requirement resulted in avoidable payment of interest of Rs 4.02 crore.

(Paragraph 3.18)

(v) The decision of Government to allow Tamil Nadu Oilseeds Growers Cooperative Federation Limited to purchase and supply palmolein to Tamil Nadu Civil Supplies Corporation under Nutritious Meal Programme instead of allowing direct purchase by Tamil Nadu Civil Supplies Corporation, resulted in an extra expenditure of Rs 2.08 crore towards overhead charges during October 1994 to March 2001.

(Paragraph 5.4)

(vi) Failure of the Commissioner of Corporation of Chennai to restrict the drawal of loan instalments obtained towards construction of nine mini-flyovers according to the requirement resulted in accumulation of unutilised loan amount and avoidable interest liability of Rs 1.43 crore.

(Paragraph 6.18)

(vii) Payment of road cut restoration charges under "Leak detection and rectification" work by the Chennai Metropolitan Water Supply and Sewerage Board to the Corporation of Chennai at uniform rates for all the three zones resulted in excess payment of Rs 82.66 lakh and avoidable interest liability of Rs 89.34 lakh on advance payment.

(Paragraph 6.12)

(viii) Although the width of Vandalur-Walajabad road was increased by 1.5 metres under Radial Roads Scheme, payment was made as though the width of the road was increased by 2 metres resulting in a fictitious payment of Rs 23.04 lakh; besides there was also an extra expenditure of Rs 1.38 crore on unnecessary provision of Dense Bituminous Macadam.

(Paragraph 4.5)

(ix) Provision of sand-lime mix by Chennai Metropolitan Water Supply and Sewerage Board instead of sand in the construction of nine water distribution stations resulted in an avoidable expenditure of Rs 1.33 crore.

(Paragraph 6.13)

(x) Undue delay by Government in approving the unit cost on non-tendered items in the works of construction of Hockey and Tennis Stadia and an Aquatic Complex, despite specific contract provisions resulted in avoidable litigation involving an expenditure of Rs 17.53 lakh and in avoidable payment of Rs 92 lakh as interest to the contractor.

(Paragraph 3.24)

(xi) Failure of the Tamil Nadu Housing Board to confirm the market rate of marble stone from Public Works Department resulted in avoidable extra expenditure of Rs 79.36 lakh in the work of construction of Legislators' complex at Chennai.

(Paragraph 6.8)

(xii) Payment of electricity charges by the Commissioner for Milk Production and Dairy development at High Tension tariff rates and recovery of consumption charges from the residents of the milk colony at Madhavaram at Low Tension tariff rates resulted in an avoidable expenditure of Rs 48.02 lakh during June 1992 to June 2001.

(Paragraph 3.9)

(xiii) Proposal of the Chief Engineer (Highways), Designs and Investigation, to lay Water Bound Macadam instead of Lean Bituminous Macadam for strengthening the existing surface of Mount-Poonamallee Road, resulted in change of specification during execution and extra expenditure of Rs 42.04 lakh.

(Paragraph 4.6)

(xiv) Provision of higher thickness for Thiruneermalai-Thirumudivakkam road by the Chief Engineer (Highways), Designs and Investigation, though the traffic census warranted only lesser thickness, resulted in extra expenditure of Rs 37.85 lakh.

(Paragraph 4.7)

(xv) Chennai Metropolitan Water Supply and Sewerage Board paid road cut restoration charges to Ambattur Municipality in the work of replacing the existing water main with cast iron pipes in Mogappair and Anna Nagar West Extension Area during 1998-99 without checking the correctness of the claim, resulting in extra expenditure of Rs 32.32 lakh.

(Paragraph 6.14)

16 Deferred revenue relating to autonomous body

(i) Failure of the Commissioner of Corporation of Chennai to ascertain annual additions and alterations to the properties of Chennai Port Trust and its incorrect assessment as Government property resulted in under-assessment of property tax to the tune of Rs 4.24 crore.

(Paragraph 6.17)

(ii) Commissioner, Corporation of Chennai failed to raise demands on Cooperative societies for levy of Company tax as contemplated in the Madras City Municipal Corporation Act; tax due but not levied on 237 cooperative societies during 1993-2001 was Rs 32.04 lakh.

(Paragraph 6.19)

17 *Other points of interest*

(i) A review of the Computerised functions of the Department of Rural Development revealed that the computerisation had not stabilised even after three years of usage. The application software developed externally remained deficient even after three years, rendering the computerisation ineffective. The system was devoid of suitable controls which resulted in incorrect data in several forms creeping into the database. Besides, the decentralisation of the purchase of computers and peripherals worth Rs 2.02 crore resulted in unnecessary purchases, extra expenditure, non-uniformity of hardware and several other discrepancies.

(Paragraph 3.21)

(ii) Under the project "Green belt for abatement of pollution and environment improvement", the estimates forwarded to Government of India with the project proposal were overpitched to an extent of Rs 1.51 crore; expenditure incurred on certain items was more than that prescribed in the guidelines of Principal Chief Conservator of Forests; there was an avoidable extra expenditure of Rs 41.38 lakh on digging larger size pits.

(Paragraph 3.12)

(iii) An amount of Rs 1.68 crore due to be recovered towards remuneration paid to the Special Officers of 1,235 cooperative societies/ primary agricultural cooperative banks remained uncollected by the circle Deputy Registrars concerned.

(Paragraph 3.11)

CHAPTER I

AN OVERVIEW OF THE FINANCES OF THE STATE GOVERNMENT

AN OVERVIEW OF THE FINANCES OF THE STATE GOVERNMENT

1.1 Introduction

This chapter discusses the financial position of the State Government, based on the analysis of the information contained in the Finance Accounts. The analysis is based on the trends in the receipts and expenditure, the quality of expenditure and the financial management of the State Government. In addition, the Chapter also contains a section on the analysis of indicators of financial performance of the Government, based on certain ratios and indices developed on the basis of the information contained in the Finance Accounts and other information furnished by the State Government. Some of the terms used in this chapter are explained in the Appendix I.

1.2 Financial position of the State

In the Government accounting system, comprehensive accounting of the fixed assets like land and buildings etc., owned by the Government is not done. However, the Government accounts do capture the financial liabilities of the Government and the assets created out of the expenditure incurred by the Government. Exhibit I gives an abstract of such liabilities and assets as on 31 March 2001, compared with the corresponding position on 31 March 2000. While the liabilities in this statement consist mainly of external and internal borrowings, loans and advances from the Government of India, receipts from the Public Account and Reserve Funds, the assets comprise mainly the capital outlay, loans and advances given by the State Government and the cash balances. It would be seen from Exhibit I that while the liabilities grew by 18.1 *per cent*, the assets grew by only 13.5 *per cent* during 2000-2001, mainly as a result of a very high (21.9 *per cent*) increase in deficit. There was overall deterioration in the financial condition.

1.3 Sources and applications of funds

1.3.1 Exhibit III gives the position of sources and applications of funds during the current and the preceding year. The main sources of funds include the revenue receipts of the Government, recoveries of the loans and advances, public debt and the receipts in the Public Account. These are applied mainly on revenue and capital expenditure and on lending for developmental purposes. It would be seen that the revenue receipts constitute the most significant source of fund for the State Government, and their relative share went up from 74 *per cent* in 1999-2000 to 76.7 *per cent* during 2000-2001. The share of recoveries of loans and advances went up marginally from 1.4 *per cent* to 1.5 *per cent*. As a result, the Government had to meet its requirement through increased borrowings (the share of public debt went up from 14.1 to 16.2 *per cent*) and partly from the receipts from Public Account (their share went down from 10.6 *per cent* in 1999-2000 to 5.6 *per cent* in 2000-2001).

1.3.2 The funds were mainly applied for revenue expenditure. Though its share went down from 93.9 *per cent* to 91 *per cent*, it remained significantly higher than the share of the revenue receipts (76.7 *per cent*) in the total receipts of the State Government. This led to the revenue deficit. The increase in the revenue expenditure during the year was attributable mainly towards increase in consumer subsidies under "Civil Supplies", interest payment on internal debt and payments of pension and other retirement benefits. While the percentage of capital expenditure went up from 2.9 *per cent* to 6.5 *per cent*, lending for development purposes went down from 3 *per cent* to 1.9 *per cent*.

EXHIBIT I
SUMMARISED FINANCIAL POSITION OF THE GOVERNMENT OF TAMIL NADU AS ON 31 MARCH 2001

(Rupees in crore)

As on 31.03.2000	Liabilities		As on 31.03.2001
6505.83	Internal Debt (excluding overdrafts) -		10935.90
4768.73	Market Loans bearing interest	5818.53	
14.34	Market Loans not bearing interest	17.72	
247.91	Loans from Life Insurance Corporation of India	645.98	
1161.14	Loans from other Institutions	4212.14	
313.71	Ways and Means Advances	241.53	
98.13	Overdrafts from Reserve Bank of India		..
12385.26	Loans and Advances from Central Government -		11929.36
146.05	Pre 1984-85 Loans	126.00	
5142.45	Non-Plan Loans	4031.45	
6981.71	Loans for State Plan Schemes	7661.37	
33.62	Loans for Central Plan Schemes	32.79	
81.43	Loans for Centrally Sponsored Plan Schemes	77.75	
150.00	Contingency Fund		149.39
4848.74	Small Savings, Provident Funds, etc.		5819.96
3422.05	Deposits		3533.62
1204.25	Reserve Funds		1235.45
118.55	Remittance Balances		324.12
28732.81			33927.80
As on 31.03.2000	**Assets**		**As on 31.03.2001**
9248.67	Gross Capital Outlay on Fixed Assets -		10795.48
2724.44	Investments in shares of Companies, Corporations, etc.	2963.27	
6524.23	Other Capital Outlay	7832.21	
4031.75	Loans and Advances -		4125.05
413.16	Loans for Power Projects	335.25	
3192.04	Other Development Loans	3314.30	
426.55	Loans to Government servants and Miscellaneous loans	475.50	
34.33	Reserve Fund Investments		33.45
8.31	Advances		8.08
(-) 254.29	Suspense and Miscellaneous Balances		(-) 256.70
84.43	Cash -		225.24
(-)28.82	Cash in Treasuries and Local Remittances	122.59	
107.18	Deposits with Reserve Bank	95.55	
2.12	Departmental Cash Balance	3.09	
5.63	Permanent Advances	5.68	
(-)1.68	Cash Balance Investments	(-) 1.67	
15579.61	Deficit on Government Account -		18997.20
4400.30	(i) Revenue Deficit of the current year	3435.78	
(-) 37.54	(ii) Miscellaneous Deficit	(-) 18.26	
11216.85	Accumulated deficit up to 31 March 2000	15579.68*	
28732.81			33927.80

* **differs from the figures for last year due to proforma correction.**

EXHIBIT II

ABSTRACT OF RECEIPTS AND DISBURSEMENTS FOR THE YEAR 2000-2001

(Rupees in crore)

		Receipts					Disbursements				
1999-2000				2000-2001	1999-2000			Non-Plan	Plan	Total	2000-2001
		Section-A: Revenue									
16327.53	I	Revenue receipts		18316.66	20727.83	I	Revenue expenditure-				21752.44
10918.93		-Tax revenue	12282.24		7743.12		General services	8346.20	7.51	8353.71	
					7643.83		Social Services-	6644.09	1148.12	7792.21	
1356.85		-Non-tax revenue	1710.78		4348.72		-Education, Sports, Art and Culture	4190.63	205.37	4396.00	
					1141.48		-Health and Family Welfare	858.59	301.90	1160.49	
2667.00		-State's share of Union Taxes	2783.75		413.36		-Water Supply, Sanitation, Housing and Urban Development	173.80	164.93	338.73	
					16.60		-Information and Broadcasting	18.94	0.32	19.26	
218.52		-Non-Plan grants	264.61		470.21		-Welfare of Scheduled Castes, Scheduled Tribes and Other Backward Classes	249.30	246.05	495.35	
598.06		-Grants for State Plan Scheme	680.22		104.79		-Labour and labour Welfare	105.19	2.54	107.73	
					1133.65		-Social Welfare and Nutrition	997.25	226.37	1223.62	
568.17		-Grants for Central and Centrally sponsored Plan Schemes	595.06		15.02		-Others	50.39	0.64	51.03	
					4315.81		Economic Services-	3480.57	1147.44	4628.01	
					2010.75		-Agriculture and Allied Activities	1015.87	318.50	1334.37	
					556.75		-Rural Development	127.56	528.55	656.11	
					14.70		-Special Areas Programmes	0.25	15.02	15.27	
					394.93		-Irrigation and Flood control	337.19	91.72	428.91	
					2.35		-Energy	0.71	2.22	2.93	
					194.51		-Industry and Minerals	110.27	136.83	247.10	
					326.07		-Transport	241.22	24.57	265.79	
					5.59		-Science, Technology and Environment	..	16.21	16.21	
					810.16		-General Economic Services	1647.50	13.82	1661.32	
					1025.07		Grants-in-aid and Contributions-	945.77	32.74	978.51	
					20727.83		Total	19416.63	2335.81	21752.44	
4400.30	II	Revenue deficit carried over to Section B		3435.78		II	Revenue Surplus carried over to Section B				
20727.83		Total		21752.44	20727.83		Total				21752.44
		Section-B : Others									
26.87	III	Opening Cash balance including Permanent Advances and Cash Balance Investment		84.43	..	III	Opening Overdraft from Reserve Bank of India				98.13
	IV	Miscellaneous Capital receipts		..	644.93	IV	Capital Outlay-				1546.88
					155.96		General Services-	12.32	139.71	152.03	
					270.31		Social Services-	2.13	632.02	634.15	
					62.10		-Education, Sports, Art and Culture	0.42	13.25	13.67	
					67.53		-Health and Family Welfare		26.89	26.89	
					100.88		-Water Supply, Sanitation, Housing and Urban Development	(a)	571.11	571.11	
					2.27		-Information and Broadcasting	2.71	..	2.71	
					33.76		-Welfare of Scheduled Castes, Scheduled Tribes and Other Backward Classes	..	16.28	16.28	

(a) Rs 2,438 only

EXHIBIT II – (concld.)

(Rupees in crore)

1999-2000				2000-2001	1999-2000			Non-plan	Plan	Total	2000-2001
		Section-B: Others (concld)									
					1.29		-Social Welfare and Nutrition	..	4.19	4.19	
					2.48		-Others	(-) 1.00	0.30	(-) 0.70	
					218.66		Economic Services-	(-) 334.51	1095.21	760.70	
					105.35		-Agriculture and Allied Activities	(-) 18.27[(b)]	118.76	100.49	
					0.50		-Rural Development	..	194.55	194.55	
					14.42		-Special Areas Programmes	..	13.28	13.28	
					361.20		-Irrigation and Flood Control	..	291.85	291.85	
					(-) 726.05		-Energy	(-) 319.43[(c)]	100.00	(-) 219.43	
					1.06		-Industry and Minerals	0.49	(-) 0.25	0.24	
					460.11		-Transport	2.70	375.39	378.09	
					2.07		-General Economic Services	(d)	1.63	1.63	
					644.93		Total	(-) 320.06	1866.94	1546.88	
314.08	V	Recoveries of Loans and Advances-		359.35	651.17	V	Loans and Advances disbursed-				452.65
75.30		-From Power Projects	77.91		..		-For Power Projects			..	
93.23		-From Government Servants	101.07		149.25		-To Government Servants			150.10	
145.55		-From Others	180.37		501.92		-To Others			302.55	
					4400.30	VI	Revenue deficit brought down				3435.78
3612.40	VI	Public debt receipts-		4731.47	602.87	VII	Repayment of Public debt-				757.30
..		-External debt	..		..		-External debt			..	
1287.98		-Internal debt other than Ways and Means Advances	4665.00		131.76		-Internal debt other than Ways and Means Advances and Overdraft			162.75	
313.71		- Net transactions under Ways and Means Advances	..								
2010.71		-Loans and Advances from Central Government	66.47		..		- Net transactions under Ways and Means Advances			72.18[(e)]	
					471.11		-Repayment of Loans and Advances to Central Government			522.37	
..	VII	Appropriation to Contingency Fund		..	..	VIII	Appropriation to Contingency Fund				..
..	VIII	Amount transferred to Contingency Fund		..	..	IX	Expenditure from Contingency Fund				0.61
19545.00	IX	Public Account receipts-		21285.60	17212.78	X	Public Account disbursements-				19944.26
2690.85		-Small Savings and Provident Funds	2792.47		1542.45		-Small Savings and Provident Funds			1821.25	
168.62		-Reserve Funds	224.36		..		-Reserve Funds			192.28	
5004.56		-Suspense and Miscellaneous	6007.18				-Suspense and Miscellaneous			5986.51	
4978.97		-Remittance	5109.28		181.17		-Remittances			4903.71	
6702.00		-Deposits and Advances	7152.31		4885.21		-Deposits and Advances			7040.51	
					5028.99						
					5574.96						
98.13	X	Closing Overdraft from Reserve Bank of India		..	84.43	XI	Cash Balance at end-				225.24
					(-) 28.82		-Cash in Treasuries and Local Remittances		122.59		
					107.18		-Deposits with Reserve Bank		95.55		
					7.75		-Departmental Cash Balance including permanent Advances		8.77		
					(-) 1.68		-Cash Balance Investment		(-) 1.67		
23596.48		**Total**		26460.85	23596.48		**Total**				26460.85

(b) minus expenditure is due to repayment of share capital; (c) minus expenditure is due to adjustment of share capital in Tamil Nadu Electricity Board to arrears of tariff compensation due to the Board; (d) Rs (-) 1860 only; and (e) Represents receipts: Rs 5151.63 crore and disbursements: Rs 5223.81 crore.

EXHIBIT III

SOURCES AND APPLICATIONS OF FUNDS

(Rupees in crore)

1999-2000		Sources	2000-2001
16327.53	1.	Revenue receipts	18316.66
314.08	2.	Recoveries of Loans and Advances	359.35
3009.53	3.	Increase in Public debt other than overdraft	3974.17
98.13	4.	Increase in overdraft	(-) 98.13
	5.	Net receipts from Public Account:	
1148.40		Increase in Small Savings and Provident Funds	971.22
1127.04		Increase in Deposits and Advances	111.80
(-)12.55		Increase in Reserve Funds	32.08
119.35		Net effect of suspense and Miscellaneous transactions	20.67
(-)50.02		Net effect of Remittance transactions	205.57
..	6.	Net effect of Contingency Fund transactions	(-) 0.61
..	7.	Decrease in closing cash balance	..
22081.49		**Total**	**23892.78**
1999-2000		**Applications**	**2000-2001**
20727.83	1.	Revenue expenditure	21752.44
651.17	2.	Lending for development and other purposes	452.65
644.93	3.	Capital expenditure	1546.88
57.56	4.	Increase in closing cash balance	140.81
22081.49		**Total**	**23892.78**

Explanatory Notes for Exhibits I, II and III:

1. The abridged accounts in the foregoing statements have to be read with comments and explanations in the Finance Accounts.
2. Government accounts being mainly on cash basis, the deficit on Government account, as shown in Exhibit I, indicates the position on cash basis, as opposed to accrual basis in commercial accounting. Consequently, items payable or receivable or items like depreciation or variation in stock figures etc., do not figure in the accounts.
3. Suspense and Miscellaneous balances include cheques issued but not paid, payments made on behalf of the State and other pending settlements etc.
4. There was a difference of Rs 92.56 lakh (net credit) between the figures reflected in the Accounts and that intimated by the Reserve Bank of India under "Deposits with Reserve Bank". A net difference of Rs 37.45 lakh (net credit) had been reconciled (April 2001) leaving a balance of net credit of Rs 55.11 lakh.
5. Arrears of tariff compensation of Rs 319.43 crore for supply of electricity at concessional rates to agriculturists was adjusted by reducing the investment in Tamil Nadu Electricity Board.

EXHIBIT IV

TIME SERIES DATA ON STATE GOVERNMENT FINANCES

(Rupees in crore)

	1996-97	1997-98	1998-99	1999-2000	2000-2001
Part A. Receipts					
1. Revenue Receipts	**11961 (45)**	**13587 (45)**	**14261 (43)**	**16328 (41)**	**18317 (41)**
(i) Tax Revenue	**7983 (67)**	**8686 (64)**	**9625 (67)**	**10919 (67)**	**12282 (67)**
Taxes on Agricultural Income	14	39	39	18	5
Taxes on Sales, Trade, etc	5341	5604	6113	7024	8197 (67)
State Excise	1063	1300	1710	1834	1869 (15)
Taxes on vehicles	425	470	518	578	590 (5)
Stamps and Registration fees	591	632	673	818	910 (7)
Land Revenue	19	60	28	47	56 (1)
Taxes on goods and passengers	187	215	183	223	242 (2)
Other Taxes	530	581	544	600	413 (3)
(ii) Non Tax Revenue	**885**	**1122**	**1157**	**1357**	**1711 (9)**
(iii) State's share of Union taxes and duties	**2166**	**2728**	**2409**	**2667**	**2784 (15)**
(iv) Grants in aid from Government of India	**927**	**1051**	**1070**	**1385**	**1540 (8)**
2 . Miscellaneous Capital Receipts	..	..	..	..	..
3. Total Revenue and Non debt capital receipts (1+2)	11961	13587	14261	16328	18317
4. Recoveries of Loans and Advances	659	1217	323	314	359
5. Public Debt Receipts	**1778 (7)**	**2133 (7)**	**2678 (8)**	**3711 (9)**	**4731**
Internal Debt (excluding Ways and Means Advances and Overdrafts)	471	698	1044	1288	4665
Net transactions under Ways and Means Advances and Overdrafts	..	..		412	..
Loans and Advances from Government of India	1307	1435	1634	2011	66
6. Total Receipts in the Consolidated Fund (3+4+5)	14398	16937	17262	20353	23407
7. Contingency Fund Receipts	*	5	..	..	..
8. Public Account Receipts	12388	13062	15791	19545	21286
9. Total Receipts of the State (6+7+8)	**26786**	**30004**	**33053**	**39898**	**44693**
Part B. Expenditure/Disbursement					
10. Revenue Expenditure	**13065 (93)**	**14951 (91)**	**17698 (94)**	**20728 (97)**	**21753 (93)**
Plan	2297	2131	2431	2341	2336 (11)
Non Plan	10768	12820	15267	18387	19417 (89)
General Services (including interest payments)	4096	4672	5880	7743	8354
Social Services	5121	5614	7101	7644	7792
Economic Services	3516	3835	3682	4316	4628
Grants-in-aid and contributions	332	830	1035	1025	979
11. Capital Expenditure	**920 (7)**	**1468 (9)**	**1153 (6)**	**645 (3)**	**1547 (7)**
Plan	781	883	1199	1447	1867
Non Plan	139	585	(-) 46	(-) 802#	(-) 320#
General Services	30	55	114	156	152
Social Services	208	247	228	270	634
Economic Services	682	1166	811	219	761
12. Disbursement of Loans and Advances	**1080**	**507**	**510**	**651**	**453**
13. Total (10+11+12)	**15065**	**16926**	**19361**	**22024**	**23753**
14. Repayments of Public Debt	**338 (1)**	**408 (1)**	**519 (2)**	**603 (2)**	**855(2)**
Internal Debt (excluding Ways and Means Advances and Overdrafts)	**24**	**61**	**110**	**132**	**163**
Net transactions under Ways and Means Advances and Overdraft	..	..	..	..	**170**
Loans and Advances from Government of India	**314**	**347**	**409**	**471**	**522**
15. Appropriation to Contingency Fund	..	..	..	..	..
16. Total disbursement out of Consolidated Fund (13+!4+15)	**15403**	**17334**	**19880**	**22627**	**24608**
17. Contingency Fund disbursements	**5**	..	..	..	**1**
18. Public Account disbursements	**11393**	**12529**	**14201**	**17213**	**19944**
19. Total disbursement by the State (16+17+18)	**26801**	**29863**	**34081**	**39840**	**44553**
Part C. Deficits					
20. Revenue Deficit (1-10)	**1104**	**1364**	**3437**	**4400**	**3436**
21. Fiscal Deficit (3+4-13)	2445	2122	4777	5382	5077
22. Primary Deficit (21-23)	969	358	2655	2671	1953
Part D. Other data					
23. Interest Payments (included in revenue expenditure)	1476	1763	2122	2711	3124
24. Arrears of Revenue (Percentage of Tax and non-tax Revenue Receipts)	3471(39)	4382(45)	6325(59)	8664(71)	8707 (62)
25. Financial Assistance to local bodies etc.,	2279	2037	3767	4221	3970
26. Ways and Means Advances/Overdraft availed (days)					
Ways and Means Advances availed (days)	..		742(38)	3761(202)	5152 (219)
Overdraft availed (days)	..	..	..	1486(55)	1713 (76)
27. Interest on Ways and Means Advances/Overdraft			@	8	16
28. Gross State Domestic Product (GSDP)	91914	104683	117044	128646	147093
29 Outstanding debt (year end)	11995	13720	15882	18989	22865
30. Outstanding guarantees (year end)	4339	4472	6151	5654	6780
31. Maximum amount guaranteed (year end)	7881	8398	11559	10223	11027
32. Number of incomplete projects	6	21	17	16	20
33. Capital blocked in incomplete projects	101	116	215	215	304

Figures in bracket represent percentages (rounded) to total of each sub-heading;

*** Rs 0.32 crore only;**

 # Minus figure is mainly due to conversion of equity in Tamil Nadu Electricity Board to tariff compensation; @ not debited to account during 1998-99.

1.4 Financial operations of the State Government

1.4.1 Exhibit II gives the details of the receipts and disbursements made by the State Government. The revenue expenditure (Rs 21753 crore) during the year exceeded the revenue receipts (Rs 18317 crore) resulting in a revenue deficit of Rs 3436 crore. The revenue receipts comprised tax revenue (Rs 12282 crore), non-tax revenue (Rs 1711 crore), State's share of Union taxes and duties (Rs 2784 crore) and grants-in-aid from the Central Government (Rs 1540 crore). The main sources of tax revenue were sales tax (67 *per cent*), state excise (15 *per cent*) and stamps and registration fees (7 *per cent*). Non-tax revenue came mainly from interest receipts (24 *per cent*) and economic services (42 *per cent*).

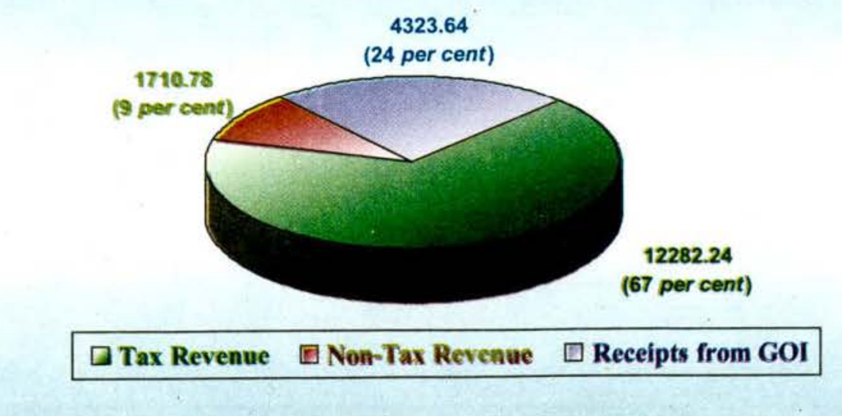
1.4.2 The capital receipts comprised Rs 359 crore from recoveries of loans and advances and Rs 4731 crore from public debt. Against this, the expenditure was Rs 1547 crore on capital outlay, Rs 453 crore on disbursement of loans and advances and Rs 855 crore on repayment of public debt. The receipts in the Public Account amounted to Rs 21286 crore, against which disbursements of Rs 19944 crore were made. The net effect of the transactions in the Consolidated Fund, Contingency Fund and Public Account was an increase in the cash balance from Rs 84 crore at the beginning of the year to Rs 225 crore at the end of the year.

1.4.3 The financial operations of the State Government pertaining to its receipts and expenditure are discussed in the following paragraphs, with reference to the information contained in Exhibit II and the time series data for the five year period from 1996-97 to 2000-2001, presented in Exhibit IV.

1.5 Revenue receipts

1.5.1 The revenue receipts consist mainly of tax and non-tax revenue and receipts from Government of India (GOI). Their relative shares during 2000-2001 are shown in Figure 1. The growth of Revenue Receipts declined from 14 *per cent* during 1999-2000 to 12 *per cent* during 2000-2001.

Figure 1
Revenue Receipts for 2000-2001
(Rupees in crore)



1.5.2 Tax revenue

This constituted the major share (67 *per cent*) of the revenue receipts. Exhibit IV shows that the relative contribution of sales tax had gone up from 64 *per cent* in 1999-2000 to 67 *per cent* of tax revenue in 2000-2001, while that of excise duty, had gone down from 17 *per cent* in 1999-2000 to 15 *per cent* in 2000-2001. The taxes on vehicles which constituted 6 *per cent* of total tax revenue collection during 1996-97 declined to 5 *per cent* during subsequent years. The percentage of registration fees to total tax revenue ranged between 7 and 8 during 1996-97 to 2000-2001.

1.5.3 Non-tax revenue

The non-tax revenue constituted 8 *per cent* of the revenue receipts of the Government during 1997-98 to 1999-2000 and 9 *per cent* during 2000-2001. The growth rate registered in 2000-2001 was 26 *per cent*.

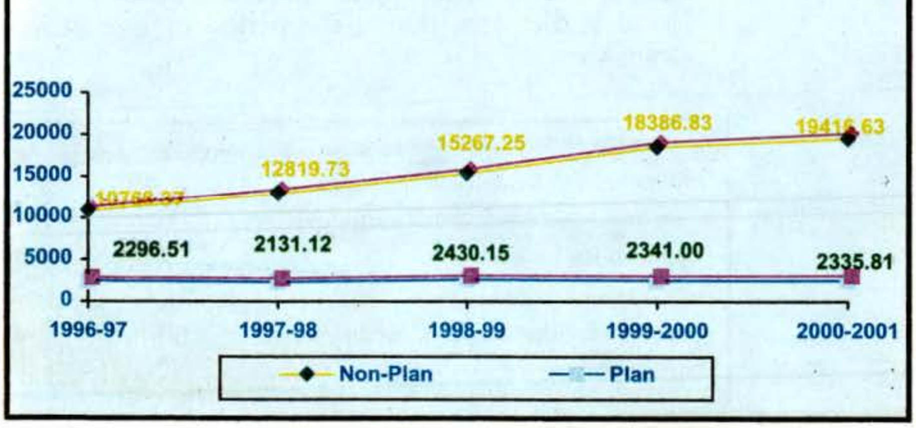
1.5.4 State's share of Union taxes and duties and grants-in-aid from the Central Government

The State's share of Union taxes (Excise Duties and Income Tax) increased by 4 *per cent* during the year, and the grants in aid from the Central Government also increased by 11 *per cent*. However, as a percentage of revenue receipts, they (both taken together) declined from 28 *per cent* in 1997-98 to 24 *per cent* during 2000-2001.

1.6 Revenue expenditure

1.6.1 The revenue expenditure accounted for most (93 *per cent*) of the total expenditure* of the State Government and increased only by 5 *per cent* during 2000-2001 as against the growth of 17 *per cent* during 1999-2000. A comparison shows that the growth in Non-Plan component of revenue expenditure over the five year period (80 *per cent*) far surpassed that in Plan expenditure (2 *per cent*), as can be seen in Figure 2.

Figure 2
Growth of Plan and Non-Plan revenue expenditure
(Rupees in crore)



* Represents revenue and capital expenditure

2-30—7a

1.6.2 Sector wise analysis shows that while the expenditure on General Services which includes expenditure on Organs of State, Fiscal Services, Interest payments and servicing of debt and Pensions and other Retirement benefits etc., increased by 104 *per cent*, from Rs 4096 crore in 1996-97 to Rs 8354 crore in 2000-2001, the corresponding increases in expenditure on Social Services and Economic Services were only 52 and 32 *per cent* respectively. As a proportion of total revenue expenditure, the share of General Services increased from 31 *per cent* in 1996-97 to 38 *per cent* in 2000-2001, whereas the share of Social Services decreased from 39 *per cent* to 36 *per cent* and that of Economic Services decreased from 27 *per cent* to 21 *per cent* in the above period.

1.6.3 Subsidies

Subsidies can be defined as the difference between the cost of goods and services provided publicly and the actual recoveries made from those using the goods and services. There are two types of subsidies *viz*., Direct subsidies and Indirect subsidies. While there is a clear identification of beneficiaries and budgetary allocation in respect of Direct Subsidies, Indirect subsidies arise due to non-recovery of user-charges for the services provided or due to non-recovery of loans to public sector undertakings, cooperative societies etc.

The highest subsidy was given to Tamil Nadu Civil Supplies Corporation Limited (TNCSC) towards losses incurred for procurement and supply of food articles under Public Distribution System (PDS) which ranged from Rs 500 crore (1998-99) to Rs 1540 crore (2000-2001) and totalled Rs 4753 crore during the five year period 1996-2001. Although subsidy to Tamil Nadu Electricity Board (TNEB) towards tariff compensation for free supply of electricity to farmers was brought down from Rs 1078 crore (1999-2000) to Rs 409 crore (2000-2001) bulk of this amount (Rs 319.43 crore) was adjusted against the equity share capital.

1.6.4 Interest payments

Interest payments increased steadily by 112 *per cent* from Rs 1476 crore in 1996-97 to Rs 3124 crore in 2000-2001. Interest payments accounted for 14 *per cent* of revenue expenditure during 2000-2001, as compared to 11 *per cent* in 1996-97. This is further discussed in the section on financial indicators.

1.6.5 Financial assistance to local bodies and other institutions

The quantum of assistance provided by way of grants and loans to different local bodies etc., during the period of five years ending 2000-2001 was as follows:

(Rupees in crore)

	1996-97	1997-98	1998-99	1999-2000	2000-2001
Universities and Educational Institutions	40	960	1527	1531	1676
Municipal Corporations and Municipalities	106	159	217	112	125
Panchayati Raj Institutions	928	197	1402	1430	915
Development agencies	67	364	210	474	731
Hospitals and Other Charitable Institutions	3	4	9	12	9
Other institutions	1135	353	402	662	514
Total	**2279**	**2037**	**3767**	**4221**	**3970**
Percentage of growth over previous year	93	(-) 11	85	12	(-) 6
Assistance as a percentage of revenue expenditure	17	14	21	20	18

It may be seen that there was decrease in the assistance to Panchayati Raj Institutions in 2000-2001.

1.6.6 Loans and advances disbursed by the State Government

(i) The Government gives loans and advances to Government companies, corporations, local bodies, autonomous bodies, cooperatives, non-Government institutions, etc., for developmental and non-developmental activities. The position for the last five years given below shows that the outstanding loans and advances increased by 18 *per cent* from Rs 3507 crore at the end of 1997-98 to Rs 4125 crore at the end of 2000-2001.

(Rupees in crore)

	1996-97	1997-98	1998-99	1999-2000	2000-2001
Opening balance	3796	4217	3507	3694	4031
Amount advanced during the year	1080	507	510	651	453
Amount repaid during the year	659	1217	323	314	359
Closing balance	4217	3507	3694	4031	4125
Net addition	421	(-)710	187	337	94
Interest received	163	345	223	178	204

Out of loans advanced to municipalities, panchayat union councils, town panchayats and village panchayats, the detailed accounts of which were kept by the Principal Accountant General (Accounts and Entitlements) and in the office of Commissioner of Municipal Administration, recovery of Rs 179.38 crore (principal: Rs 167.85 crore and interest: Rs 11.53 crore) was in arrears as on 31 March 2001. Details in respect of loans, the detailed accounts of which were maintained by the departmental officers, had not been furnished to the Principal Accountant General (Accounts and Entitlements) by 68 heads of department.

(ii) Government sanctioned through Registrar of Cooperative Societies (RCS) various loans like short term agricultural loans, loans for improving marketing activities, loans for improving the borrowing power of SC, ST and Women Members of Cooperative Societies etc.

A test-check of records in Office of RCS revealed that RCS did not maintain any loan ledger and raise any demand for the dues in respect of loans disbursed by him to the Apex Cooperative Institutions[1] in the State. RCS in reply to audit stated that Apex institutions themselves worked out the dues and remitted it to Government.

Recoveries in respect of loans to other Cooperatives are watched by Circle Deputy Registrars. RCS was compelled to collect the information about dues from Deputy Registrars and Apex institutions for reporting to Government, whenever necessary. Test-check in respect of 2000-2001 disclosed that there were differences between loan dues reported for budget proposals and the balances in DCB statements. This was due to non-inclusion of loans sanctioned under schemes like Integrated Cooperative Development Project etc., in DCB. There was no coordination and monitoring of loan recovery by RCS.

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1 Tamil Nadu State Apex Cooperative Bank (TNSCB), Tamil Nadu Consumer Cooperative Federation (TNCCF), Tamil Nadu Cooperative State Agricultural and Rural Development Bank (TNCSA & RDB) and Tamil Nadu Marketing Federation (TANFED).

1.7 Capital expenditure

Capital Expenditure leads to asset creation. In addition, financial assets arise from moneys invested in institutions or undertakings outside Government *i.e.* Public Sector Undertakings (PSUs), Corporations, etc., and loans and advances. The capital expenditure after showing a growth of 56 *per cent* and 59 *per cent* during 1996-97 and 1997-98 respectively, decreased by 21 *per cent* during 1998-99 and by 44 *per cent* during 1999-2000 and then increased by 140 *per cent* during 2000-2001. Its share in total expenditure has declined from 9 *per cent* in 1997-98 to 3 *per cent* in 1999-2000 and then increased to 7 *per cent* during 2000-2001. Though the capital expenditure under plan increased over the period 1996-97 to 2000-2001, the non-plan capital expenditure declined and was negative over the period 1998-99 to 2000-2001 due to reduction in total investment in TNEB by the State Government. The reduction of investment in TNEB over the period 1997-98 to 2000-2001 was adjusted towards the arrears of tariff compensation due to TNEB for supply of electricity at concessional rates to farmers (a non-plan revenue expenditure) by book adjustment. Thus, the State Government financed part of its revenue expenditure by reducing its investment in TNEB by Rs 1677 crore over the period 1997-98 to 2000-2001. The plan capital expenditure of Rs 5396 crore in 1997-98 to 2000-01 was offset by Rs 1677 crore mainly due to the reduction in investment in TNEB. This enabled the Government to show financial help to TNEB (but resulted in no cash flow to TNEB) without the necessity for borrowing by the Government.

1.8 Quality of expenditure

1.8.1 Government spends money for different activities ranging from maintenance of law and order and regulatory functions to various developmental activities. Government expenditure is broadly classified into Plan and Non-plan and Revenue and Capital. While the plan and capital expenditure are usually associated with asset creation, the non-plan and revenue expenditure are identified with expenditure on establishment, maintenance and services. By definition, therefore, in general, the plan and capital expenditure can be viewed as contributing to the quality of expenditure.

1.8.2 Wastage in public expenditure, diversions of funds and funds blocked in incomplete projects would also impinge negatively on the quality of expenditure. Similarly, funds transferred to Deposit heads in the Public Account, after booking them as expenditure, can also be considered as a negative factor in judging the quality of expenditure. As the expenditure was not actually incurred in the concerned year, it should be excluded from the figures of expenditure for that year. Another possible indicator is the increase in the expenditure on General Services, to the detriment of Economic and Social Services.

1.8.3 The following table lists out the trend in these indicators:

	1996-97	1997-98	1998-99	1999-2000	2000-2001
1. Plan expenditure as a percentage of:					
- Revenue expenditure	18	14	14	11	11
- Capital expenditure	85	60	104*	224*	121*
2. Capital expenditure as a percentage of total expenditure**	7	9	6	3	7
3. Expenditure on General services (*per cent*)					
- Revenue	31	31	33	37	38
- Capital	3	4	10	24	10

	1996-97	1997-98	1998-99	1999-2000	2000-2001
4. Amount of wastages and diversion of funds detected during test audit (Rupees in crore)	200	353	1767	599	403
5. Non-remunerative expenditure on incomplete projects (Rupees in crore)	101	116	215	215	304
6. Unspent balances under personal deposit account, booked as expenditure at the time of their transfer to the deposit head (Rupees in crore)	601	495	652	764	1894

* **Exceeded 100 *per cent* due to exhibition of minus expenditure under Non-plan.**

** **Total expenditure represents total of Revenue and Capital expenditure.**

The share of plan expenditure on the capital side declined upto 1997-98 and then went up during 1998-99 and 1999-2000 but again declined during 2000-2001. The share of capital expenditure to total expenditure (Revenue and Capital), declined during 1998-99 and 1999-2000 and went up during 2000-2001. The share of General Services, at the same time, has increased on the revenue side from 31 in 1996-97 to 38 *per cent* in 2000-2001. On the capital side, it has increased from 3 *per cent* in 1996-97 to 24 *per cent* in 1999-2000 and then decreased to 10 *per cent* in 2000-2001.

1.9 Financial Management

The issue of financial management in the Government should relate to efficiency, economy and effectiveness of its revenue and expenditure operations. Subsequent chapters of this Report deal with these issues especially as they relate to the expenditure management in the Government, based on the findings of the test-audit. Some other parameters, which can be segregated from the accounts and other related financial information of the Government are discussed in this section.

1.9.1 Investments and returns

Investments are made out of the capital outlay by the Government to promote developmental, manufacturing, marketing and social activities. The sector-wise details of investments made and the number of concerns involved were as under:

Sector		Number of concerns	Amount invested as on 31.3.2001	Amount invested During 2000-2001
			(Rupees in crore)	
(1)	Statutory Corporations	2	1149.28	100.00
(2)	Government Companies	75	1518.79	182.02
(3)	Joint Stock Companies	6	2.53	..
(4)	Cooperative Institutions	9485	292.67	0.30
	Total	**9568**	**2963.27**	**282.32**

The details of investments and the returns realised during the last five years by way of dividend and interest were as follows:

(Rupees in crore)

Year	Investment at the end of the year[(a)]	Return	Percentage of return	Rate of interest on Government borrowing from open market
1996-97	1066.63	22.20	2.08	13.85 and 13.75
1997-98	1316.43	18.45	1.40	13.05 and 12.30

(Rupees in crore)

Year	Investment at the end of the year[a]	Return	Percentage of return	Rate of interest on Government borrowing from open market
1998-99	1560.63	24.29	1.56	12.50 and 12.15
1999-2000	2702.77[b]	41.95	1.55	12.25, 11.85 and 11.74
2000-2001	2963.27	36.53	1.23	12.00, 11.70, 10.52 and 10.50

(a) The figures are as per particulars furnished by the companies/Departments.

(b) Huge difference from previous years figures is mainly due to inclusion of equity share capital of Rs 1045.48 crore in Tamil Nadu Electricity Board, not reported in earlier years; differs from the figures furnished in last year's Report due to adoption of revised figures communicated by departments/companies.

Thus, while the Government was raising high cost borrowings from the market, its investments in Government companies etc., fetched insignificant returns. As on 31 March 2001, 49 of the Government companies in which Government had invested Rs 1196.77 crore were running under loss and the accumulated loss was Rs 2118.53 crore up to March 2000.

1.9.2 Financial results of irrigation works

The financial results of 5 major and 47 medium irrigation projects with a capital outlay of Rs 1928.95 crore at the end of March 2000 showed that revenue realised from these during 1999-2000 (Rs 7.04 crore) was only 0.36 *per cent* of the capital outlay and these were not sufficient to cover even the direct working expenses (Rs 52.16 crore). After meeting the working expenditure (Rs 52.71 crore) and interest charges (Rs 90.58 crore), the schemes suffered a net loss of Rs 136.25 crore. The loss was substantial (Rs 93.75 crore) in all the major irrigation projects.

1.9.3 Incomplete projects

As of 31 March 2001, there were 20* projects in which Rs 303.74 crore were blocked. These projects were each of cost exceeding Rs 1 crore and were scheduled for completion before 31 March 2001 but were incomplete.

1.9.4 Arrears of revenue

The arrears of revenue pending collection slightly increased by 0.5 *per cent* during the year. The outstanding arrears registered an increase from Rs 3471.05 crore in 1996-97 to Rs 8706.92 crore in 2000-2001 (Exhibit IV) and their percentage increased from 39 *per cent* of the revenue raised during 1996-97 to 62 *per cent* during 2000-2001. Of the arrears of Rs 8706.92 crore as of March 2001, Rs 1763.47 crore (20 *per cent*) were pending for more than five years. The arrears pertained mainly to Sales Tax (Rs 7197 crore) and 'Mines and Minerals' (Rs 1047.34 crore). The overall deterioration in the position of arrears of revenue reflected a slackening efforts of the State Government.

* As per further information collected from Department.

1.9.5 Ways and means advances and overdraft

Under an agreement with the Reserve Bank of India, the State Government had to maintain with the Bank a minimum daily cash balance of Rs 1.10 crore upto 30 April 1999 and Rs 3.25 crore from 1 May 1999. If the balance fell below the agreed minimum on any day, the deficiency had to be made good by taking ways and means advances (WMA)/overdraft (OD) from the Bank. In addition, special ways and means advances are also made by the Bank whenever necessary. Recourse to WMA/OD means a mismatch between the receipts and expenditure of the Government, and hence reflects poorly on the financial management in Government. Government resorted to sizeable amounts of Ways and Means advance (Rs 5151.63 crore) and overdraft (Rs 1712.93 crore) during the year to maintain its ways and means position.

The extent to which the Government maintained the minimum balance with the Bank during 1998-99 to 2000-2001 is given below:

			1998-99	1999-2000	2000-2001
(i)	Number of days on which minimum balance was maintained				
	(a)	Without obtaining any advance	327	105	70
	(b)	By obtaining ordinary ways and means advances	38	167	189
	(c)	By obtaining special ways and means advance	Nil	35	30
(ii)	Number of days on which minimum balance was not maintained even after availing ways and means advance to the full extent and no overdraft was obtained		Nil	4	Nil
(iii)	Number of days on which overdraft was taken		Nil	55	76

The position of ways and means advances and overdrafts taken by the State Government and interest paid thereon during 1998-99 and 2000-2001 is detailed below:

(Rupees in crore)

		1998-99	1999-2000	2000-2001
(A)	Ways and means advances			
(i)	Advances taken during the year (Gross)	742.34	3761.15	5151.63
(ii)	Advances outstanding at the end of the year	Nil	313.71	241.53
(iii)	Interest paid	..	7.07	14.51
(B)	Overdraft			
(i)	Overdraft taken during the year (Gross)	Nil	1485.97	1712.93
(ii)	Overdraft outstanding at the end of the year	Nil	98.13	Nil
(iii)	Interest paid	Nil	0.52	1.89

1.9.6 Deficit

1.9.6.1 Deficits in Government account represent gaps between the receipts and expenditure. The nature of deficit is an important indicator of the prudence of financial management in the Government. Further, the ways of financing the deficit and the application of the funds raised in this manner are important pointers of the fiscal prudence of the Government. The discussion in this section relates to three concepts of deficit *viz.*, Revenue Deficit, Fiscal Deficit and Primary Deficit.

1.9.6.2 The Revenue Deficit is the excess of revenue expenditure over revenue receipts. The Fiscal Deficit may be defined as the excess of revenue and capital expenditure (including net loans given) over the revenue receipts (including grants-in-aid received). Primary Deficit is fiscal deficit less interest payments. Exhibit V gives a break-up of the deficit in Government account for 2000-2001.

EXHIBIT V

OVERALL FINANCIAL TRANSACTIONS OF GOVERNMENT

(Rupees in crore)

CONSOLIDATED FUND					
Receipt	**Amount**			**Disbursement**	**Amount**
Revenue	18317	**Revenue deficit: 3436**		Revenue	21753
Miscellaneous capital receipts	..			Capital	1547
Recovery of loans and advances	359			Loans and advances disbursement	453
Sub Total	18676	**Gross fiscal deficit: 5077**		Sub Total	23753
Public debt receipts	4731			Public debt repayment	855
Total	**23407**	**A: Deficit in Consolidated Fund : 1201**			**24608**

PUBLIC ACCOUNT					
Receipt	**Amount**			**Disbursement**	**Amount**
Small savings, Provident Fund etc.	2793			Small savings, Provident Fund etc.	1821
Deposits and advances	7152			Deposits and advances	7040
Reserve funds	225			Reserve funds	192
Suspense and miscellaneous	6007			Suspense and miscellaneous	5987
Remittances	5109			Remittances	4904
Total Public Account	21286	**B: Surplus in Public Account: 1342**			19944
Increase in cash balance (B-A) : 141					

The table shows that the Revenue Deficit of Rs 3436 crore was fully met from the net amount from the borrowings (Rs 3876 crore). The Fiscal Deficit of Rs 5077 crore was financed by net proceeds of the public debt (Rs 3876 crore) and partly by the surplus from (Rs 1201 crore) from Public Account. Revenue Deficit at the end of 2000-2001 is less than the previous year because of the growth rate (12 *per cent*) of Revenue receipts being higher than that of Revenue expenditure (5 *per cent*) over previous year. Exhibit IV shows that the Revenue Deficit has increased by 211 *per cent* over the five year period. The Fiscal Deficit has also increased considerably during the same period by 108 *per cent*.

As stated in paragraph 1.7, Government had shown payment of arrears of tariff compensation to Tamil Nadu Electricity Board (Rs 319.43 crore) and adjusted the same by reduction of its investment in Tamil Nadu Electricity Board as done during 1999-2000. Had the tariff compensation been paid in cash to Tamil Nadu Electricity Board, the Gross fiscal deficit during 2000-2001, would have gone up by Rs 319.43 crore.

1.9.6.3 Application of the borrowed funds (Fiscal Deficit)

The fiscal deficit (FD) represents total net borrowings of the Government. These borrowings are applied for meeting the Revenue Deficit (RD), for making the Capital Expenditure (CE) and for giving loans to various bodies for developmental and other purposes. The relative proportions of these applications would indicate the financial prudence of the State Government and also the sustainability of its operations because continued borrowing for revenue expenditure would not be sustainable in the long run. The following table shows the position in respect of the Government of Tamil Nadu for the last five years.

Ratio	1996-97	1997-98	1998-99	1999-2000	2000-2001
RD/FD	0.45	0.64	0.72	0.82	0.68
CE/FD	0.38	0.69	0.24	0.12	0.30
Net loans/FD	0.17	(-) 0.33	0.04	0.06	0.02
Total	1.00	1.00	1.00	1.00	1.00

It would be seen that more and more of the borrowed funds have been applied for meeting the revenue expenditure till 1999-2000. The situation has improved during 2000-2001, when the RD/FD ratio fell to 0.68. While application of borrowed funds to meet capital expenditure showed sharp decline upto 1999-2000, it increased slightly during 2000-2001 partly due to reduction in adjustment of investment in TNEB as compared to last year. Therefore, if the revenue expenditure is not controlled, the capital formation will further suffer and borrowings will increase leading to increased debt burden.

1.9.7 Guarantees given by the State Government

Guarantees are given by the State Government for due discharge of certain liabilities like repayment of loans, share capital, etc., raised by the statutory corporations, Government companies and cooperative institutions etc., and payment of interest and dividend by them. They constitute contingent liability of the State. No law under Article 293 of the Constitution had been passed by the State Legislature laying down the maximum limits within which Government may give guarantees on the security of the Consolidated Fund of the State. Exhibit IV lists the amounts of outstanding guarantees at the end of each year during 1996-2001, which showed an increasing trend. While Rs 0.53 crore were received as guarantee commission during 2000-2001, Rs 4.54 crore of guarantee commission were outstanding for recovery from 4 Government companies/corporations (Rs 1.63 crore) and from Cooperative institutions (Rs 2.91 crore) as on 31 March 2001.

Government constituted in May 1998 a Guarantee Fund to discharge the invoked guarantee, if any, on default of repayment of loans availed by Government Corporations/Undertakings or other institutions on Government guarantee. Guarantee commission collected from the loanee institutions was to be credited to the fund opened under the head of account '8443.Civil Deposits - Other Deposits. Guarantee Fund'. All the Corporations/Boards/ Undertakings concerned were to remit the guarantee commission (at ½ *per cent* on the outstanding amount) due every year to this Head of Account.

It was observed that while any Reserve Fund has to be constituted with the approval of the Legislature, this fund was constituted by an Executive order. Further the procedure of crediting the Guarantee Commission, an item of Revenue Receipts, directly to Public Account and the accounting of the transactions of the Fund under Deposit Head is not in order. As per codal provisions, no amount should be credited to Deposit Head if it can be properly credited to some other known head in the Government Account. The proper procedure would be to credit the Guarantee Commission to Revenue Receipt head '0075.Miscellaneous General Services. Guarantee Fees' in the first instance and transfer equal amount to Guarantee Fund through appropriation and the Fund should be accounted under the Head '8235.General and Other Reserve Funds'.

The balance shown under Guarantee Fund was Rs 41.70 crore as on 31 March 2000 and Rs 44.66 crore as on 31 March 2001.

It was noticed that during 1999-2000 and 2000-01, Government had to pay from the Guarantee Fund amount of Rs 14.82 crore (Rs 9.10 crore during 1999-2000 and Rs 5.72 crore during 2000-2001) on behalf of 7 Cooperative Spinning Mills[2] (Rs 9.75 crore) and one Public Sector Undertaking[3] (Rs 5.07 crore) consequent on invocation of guarantee. The total amount consisted of Principal : Rs 8.77 crore and Interest : Rs 6.05 crore. Of the amount paid, Rs 6.02 crore (two cases in 1999-2000 and one in 2000-2001) were sanctioned as grants, while rest of the payments (totalling Rs 8.80 crore) were sanctioned as loans/advances from the Fund to the borrowing institutions.

Payments on account of invocation of guarantee have to be recorded by debiting the regular grant head (2075.800) or loan head (6075.800) as the case may be under the Consolidated Fund of the State with suitable entries for recovery from the Guarantee Fund. Payments were made directly from the Guarantee Fund and accounted for in Deposit head. This procedure was also irregular. As details of Public Account are not presented to Legislature, these escaped the notice of the Legislature. Further, in view of the fact that the Loans/Advances were not recorded under the regular loan head, watching their recovery would be rendered ineffective.

The default in repayment of loan by borrowing institutions was attributed (September 2001) by Government to weak financial position or their operation becoming unviable due to a variety of reasons including Government policies.

Government in reply accepted the facts and stated (October 2001) that a Government Order specifying revised accounting procedure, would be issued after obtaining concurrence of the Accountant General (A&E).

1.10 Public debt

1.10.1 The Constitution of India provides that a State may borrow within the territory of India, upon the security of Consolidated Fund of the State within such limits, if any, as may from time to time, be fixed by an Act of Legislature of the State. No law had been passed by the State Legislature laying down any such limit. The details of the total liabilities of the State Government as at the end of the last five years are given in the following table. During the five year period, the total liabilities of the Government had grown by 95 *per cent*. This was on account of 216 *per cent* growth in internal debt, 40 *per cent* growth in loans and advances from Government of India and 106 *per cent* growth in other liabilities. During 2000-2001, Government borrowed Rs 1092.47 crore in the open market at interest rates of 10.50, 10.52, 11.70 and 12 *per cent* per annum.

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2 Villupuram, Nagappattinam, Kancheepuram, Srivilliputhur, Erode and Kanyakumari District Cooperative Spinning Mills and Cauvery Spinning and Weaving Mill, Pudukottai.

3 Tamil Nadu Film Development Corporation Limited.

(Rupees in crore)

Year	Internal debt	Loans and advances from Central Government	Total public debt	Other liabilities[α]	Total liabilities	Ratio of debt to GSDP
1996-97	3462.24	8532.53	11994.77	5129.52	17124.29	0.19
1997-98	4099.12	9620.56	13719.68	5657.45	19377.13	0.19
1998-99	5035.90	10845.66	15881.56	7176.55	23058.11	0.20
1999-2000	6603.96	12385.26	18989.22	9440.71	28429.93	0.22
2000-2001	10935.90	11929.36	22865.26	10555.58	33420.84	0.23

1.10.2 The amount of funds raised through Public debt, the amount of repayment and net funds available are given in the following table:

(Rupees in crore)

	1996-97	1997-98	1998-99	1999-2000	2000-2001
Internal Debt					
- Receipt	471	698	1789	1700	4665[β]
- Repayment					
- (i) Principal	24	61	852	132	333
- (ii) Interest	375	449	548	704	1029
- Net funds available (*per cent*)	72(15)	188(27)	389(22)	864 (51)	3303 (71)
Loans and advances from Government of India					
- Receipt during the year	1307	1435	1634	2011	66[β]
- Repayment					
- (i) Principal	314	347	409	471	522
- (ii) Interest	895	1041	1189	1359	1431
- Net funds available (*per cent*)	98(7)	47(3)	36(2)	181(9)	(-) 1887
Other liabilities					
- Receipt during the year	6351	6118	7433	9482	10089
- Repayment					
- (i) Principal	5605	5590	5914	7218	8975
- (ii) Interest	205	273	385	648	663
- Net funds available (*per cent*)	541(9)	255(4)	1134(15)	1616(17)	451 (4)

It would be seen that there was a substantial increase in Debt/GSDP ratio indicating worsening position during the year. Overall, only 71 *per cent* of the borrowings under internal debt was available for investment and other expenditure after meeting the repayment obligations. Considering that the outstanding debt has been increasing year after year, the net availability of funds through public borrowings is going to reduce further. There is an urgent need for the Government to assess high debt servicing cost and ways to arrest the trend.

1.10.3 In addition to the borrowings mentioned above, Government also discharged the liability towards repayment of certain loans availed by some

α Other liabilities include small savings, provident funds, reserve funds and deposits, etc.

β Huge increase/decrease is due to inclusion of Rs 2300.53 crore (Rs 1013.56 crore in respect of 1999-2000 and Rs 1286.97 crore in respect of 2000-2001) towards "Investment on special securities of State Government" under Internal Debt hitherto classified as "Loans against share of small savings collection" under "Loans and advances from Government of India" as per orders of Controller General of Accounts.

Boards/Government companies for implementation of schemes on behalf of Government. It was noticed that the outstanding liability as on 31 March 2001 was Rs 1017.94 crore in respect of two undertakings *viz*., Tamil Nadu Police Housing Corporation Limited (Rs 277.90 crore) for construction of Police quarters and Tamil Nadu Water Supply and Drainage Board (Rs 740.04 core) towards implementation of Rural Water Supply Schemes.

1.10.4 Government borrowed Rs 855.97 crore[4] (Rs 437.52 crore during 1999-2000 and Rs 418.45 crore during 2000-2001) from HUDCO (Rs 635.52 crore) and HDFC (Rs 220.45 crore) for giving House Building Advance to Government employees. Against this, House Building Advances actually given to the employees amounted to only Rs 195.98 crore (Rs 95.16 crore in 1999-2000 and Rs 100.82 crore in 2000-2001). Thus the balance amounts (Rs 342.36 crore during 1999-2000 and Rs 317.63 crore in 2000-2001) were utilised to meet the fiscal deficit of the respective years.

1.10.5 Similarly, Tamil Nadu Water Supply and Drainage (TWAD) Board borrowed Rs 374.25 crore in 1999-2000 and Rs 28.31 crore in 2000-2001, from Life Insurance Corporation of India (LIC) and Housing and Urban Development Corporation (HUDCO) for water supply schemes, and deposited it in Public Account; thus the borrowed funds were deployed for improving ways and means position of the State Government.

1.11 Indicators of the financial performance

1.11.1 A Government may either wish to maintain its existing level of activity or increase its level of activity. For maintaining its current level of activity, it would be necessary to know how far the means of financing are sustainable. Similarly, if Government wishes to increase its level of activity, it would be pertinent to examine the flexibility of the means of financing and finally, Government's increased vulnerability in the process. All the State Governments continue to increase the level of their activity principally through Five Year Plans which translate to Annual development plans and are provided for in the State Budget. Broadly, it can be stated that non-plan expenditure represents Government maintaining the existing level of activity[*], while plan expenditure entails expansion of activity. Both these activities require resource mobilisation increasing Government's vulnerability. In short, financial health of a Government can be described in terms of sustainability, flexibility and vulnerability. These terms are defined as follows:

(i) Sustainability

Sustainability is the degree to which a Government can maintain existing programmes and meet existing creditor requirements without increasing the debt burden.

(ii) Flexibility

Flexibility is the degree to which a Government can increase its financial resources to respond to rising commitments by either expanding its revenues or increasing its debt burden.

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4 As per department's figures: Rs 580 crore. Reasons for variation awaited from Department.

* There are exceptions to this, notably transfer of Plan to Non-Plan at the end of Plan period.

(iii) Vulnerability

Vulnerability is the degree to which a Government becomes dependent on and therefore vulnerable to sources of funding outside its control or influence, both domestic and international.

(iv) Transparency

There is also the issue of financial information provided by the Government. This consists of Annual Financial Statement (Budget) and the Accounts. As regards the budget, the important parameters are timely presentation indicating the efficiency of budgetary process and the accuracy of the estimates. As regards accounts, timeliness in submission, for which milestones exist, and completeness of accounts would be the principal criteria.

1.11.2 Information available in Finance Accounts can be used to flesh out Sustainability, Flexibility and Vulnerability that can be expressed in terms of certain indices/ratios worked out from the Finance Accounts. The list of such indices/ratios is given in the Appendix I. Exhibit VI indicates the behaviour of these indices/ratios over the period from 1996-97 to 2000-2001. The implications of these indices/ratios of the State on the financial health of the State Government are discussed in the following paragraphs.

EXHIBIT VI

FINANCIAL INDICATORS FOR GOVERNMENT OF TAMIL NADU

	1996-97	1997-98	1998-99	1999-2000	2000-2001
Sustainability					
BCR (Rs in crore)	409	(-)163	(-) 1914	(-)3226	(-) 2375
Primary Deficit (PD) (Rs in crore)	969	358	2655	2671	1953
Interest Ratio	0.10	0.10	0.13	0.15	0.15
Capital outlay/Capital receipts	0.60	0.46	0.32	0.16	0.28
Total Tax receipts/GSDP	0.11	0.11	0.10	0.11	0.10
State Tax Receipts/GSDP	0.09	0.08	0.08	0.08	0.08
Return on Investment ratio	0.0208	0.0143	0.0156	0.0154	0.0123
Flexibility					
BCR (Rs in crore)	409	(-)163	(-) 1914	(-)3226	(-) 2375
Capital repayments/Capital borrowings	0.19	0.19	0.19	0.18	0.14
State tax receipts/GSDP	0.09	0.08	0.08	0.08	0.08
Debt/GSDP	0.19	0.19	0.20	0.22	0.23
Vulnerability					
Revenue Deficit(RD) (Rs in crore)	1104	1364	3437	4400	3436
Fiscal Deficit(FD) (Rs in crore)	2445	2122	4777	5382	5077
Primary Deficit(PD) (Rs in crore)	969	358	2655	2671	1953
PD/FD	0.40	0.17	0.56	0.50	0.38
RD/FD	0.45	0.64	0.72	0.82	0.68
Outstanding Guarantees/revenue receipts	0.36	0.33	0.43	0.35	0.37
Assets/Liabilities	0.63	0.60	0.52	0.46	0.44

Note: 1. Fiscal deficit has been calculated as: Revenue expenditure + Capital expenditure + Net loans and advances – Revenue receipts – Non-loan capital receipts.

2. In the ratio Capital outlay vs. Capital receipts, the denominator has been taken as Internal loans + Loans and Advances from Government of India + Net receipts from small savings, Provident Fund etc., + Repayments received from loans advanced by the State Government – Loans advanced by State Government.

1.11.3 The behaviour of the indices/ratios is discussed below.

(i) Balance from current revenues (BCR)

BCR is defined as revenue receipts minus plan assistance grants minus non-plan revenue expenditure. A positive BCR shows that the State Government has surplus from its revenues for meeting plan expenditure. The table shows that the State Government had positive BCR only during 1996-97 and the BCR was negative during the subsequent four years suggesting that Government had to depend only on borrowings for meeting its plan expenditure. Though the BCR slightly redeemed from Rs (-) 3226 crore in 1999-2000 to Rs (-) 2375 crore in 2000-2001 because of sizeable rise in revenue receipts, still it was substantially negative due to steep rise in non-plan revenue expenditure as compared to growth in revenue receipts. This clearly indicated that Government expenditure was uncontrolled as compared to the resources, leading to increased borrowings and a very heavy debt servicing burden in future years also.

(ii) Interest ratio

The higher the ratio the less the ability of the Government to service any fresh debt and meet its revenue expenditure from its revenue receipts. In case of Tamil Nadu, the ratio has shot up to 0.15 during 1999-2000 and 2000-2001 after having been at 0.10 during 1996-97 and 1997-98. A rising interest ratio has adverse implications for the sustainability, since it points to rising interest burden.

(iii) Capital outlay/capital receipts

This ratio would indicate to what extent the capital receipts are applied for capital formation. A ratio of less than one would not be sustainable in the long term inasmuch as it indicates that a part of the capital receipts is being diverted to unproductive revenue expenditure. On the contrary, a ratio of more than one would indicate that capital investments are being made from revenue surplus as well. The trend analysis of this ratio would throw light on the fiscal performance of the State Government. A rising trend would mean an improvement in the performance. In the case of Tamil Nadu, the ratio has been below 0.5 since 1997-98 indicating that a substantial part of the capital receipts is not available for investment.

(iv) Tax receipts vs Gross State Domestic Product (GSDP)

Tax receipts consist of state taxes and state's share of central taxes. The latter can also be viewed as central taxes paid by people living in the state. Tax receipts suggest sustainability. But the ratio of tax receipts to GSDP would have implications for the flexibility as well. While a low ratio would imply that the Government can tax more, and hence its flexibility, a high ratio may not only point to the limits of this source of finance but also its inflexibility. Time series analysis shows that in case of Tamil Nadu, this ratio ranged between 0.10 and 0.11 during the period of 1996-97 to 2000-2001. The ratio of State tax receipts to GSDP has also remained static at 0.08, after declining from 0.09. This trend suggests that while the State Government had the option to raise more resources through taxation, it chose the easier option of borrowing to meet its increasing revenue and fiscal deficits.

(v) Return or Investment (ROI)

The ROI is the ratio of the earnings to the capital employed. A high ROI suggests sustainability. The table presents the return on Government's investments in statutory corporations, Government companies, joint stock companies and cooperative institutions. It shows that the ROI in case of Government of Tamil Nadu has been negligible and has declined from 2.08 *per cent* in 1996-97 to 1.23 *per cent* in 2000-2001.

(vi) Capital repayments vs Capital borrowings

This ratio would indicate the extent to which the capital borrowings are available for investment, after repayment of capital. The lower the ratio, the higher would be the availability of capital for investment. In case of Tamil Nadu Government, this ratio which had been at 19 *per cent* during 1996-97 to 1999-2000, declined to 14 *per cent* during 2000-2001.

(vii) Debt vs Gross State Domestic Product (GSDP)

The GSDP is the total internal resource base of the State Government, which can be used to service debt. An increasing ratio of Debt/GSDP would signify a reduction in the Government's ability to meet its debt obligations and therefore increasing risk for the lender. In the case of Tamil Nadu, this ratio which had been at 0.19 in 1996-97 to 1997-98 increased to 0.23 during 2000-2001. In fact during 2000-2001 while the outstanding debt increased by 20.41 *per cent,* the growth in GSDP was only 14.34 *per cent*, indicating significant growth of indebtedness in the last three years.

(viii) Revenue deficit/Fiscal deficit

The revenue deficit is the excess of revenue expenditure over revenue receipts and represents the revenue expenditure financed by borrowings etc. Evidently, the higher the revenue deficit, the more vulnerable is the State. Since fiscal deficit represents the aggregate of all the borrowings, the revenue deficit as a percentage of fiscal deficit would indicate the extent to which the borrowings of the Government are being used to finance non-productive revenue expenditure. Thus, the higher the ratio the worse off the state because that would indicate that the debt burden is increasing without adding to the repayment capacity of the state. During 2000-2001, 68 *per cent* of the borrowings were applied to revenue expenditure as compared to 45 *per cent* in 1996-97. This is an unfavourable trend since only 32 *per cent* was available out of the borrowings for asset formation during 2000-2001.

(ix) Primary deficit (PD) vs Fiscal deficit (FD)

Primary deficit is the fiscal deficit minus interest payments. It represents non-interest borrowings of the Government, on account of its current actions (interest payments relate to the past actions of the Government). Primary deficit is sustainable only when the economy grows at a rate higher than the interest rate on borrowings. This not being the case, fiscal prudence would require aiming at a zero primary deficit or primary surplus. In case of Tamil Nadu, as Exhibit VI shows, the primary deficit was substantial in the last three years. It was Rs 1953 crore in 2000-2001 which was 38 *per cent* of the fiscal deficit. It suggests that the sustainability is adversely affected as the burden of interest payment continued to be substantial.

(x) Guarantees vs Revenue receipts

Outstanding guarantees, including the letters of comfort issued by the Government, indicate the risk exposure of a State Government and should therefore be compared with the ability of the Government to pay *viz.*, its revenue receipts. Thus, the ratio of the total outstanding guarantees to total revenue receipts of the Government would indicate the degree of vulnerability of the State Government. In case of Tamil Nadu, this ratio has been in the range of 0.33 to 0.43 during the period 1996-2001.

(xi) Assets vs Liabilities

This ratio indicates the solvency of the Government. A ratio of more than 1 would indicate that the State Government is solvent (assets are more than the liabilities) while a ratio of less than 1 would be a contra indicator. As explained in para 1.2, the accounting of assets and liabilities in the Government pertains mainly to the financial assets and liabilities. In case of Tamil Nadu, this ratio has declined from 0.63 in 1996-97 to 0.44 in 2000-2001 indicating that the increase in liabilities has not led to corresponding increase in the assets. This suggests imprudent financial management.

(xii) Budget

There was no delay in submission of the budget and its approval. The details are given in the following table:

Preparation	Month of submission	Month of approval
Vote on account	March 2000	March 2000
Budget	March 2000	May 2000
Supplementary I	November 2000	November 2000
Supplementary II	February 2001	February 2001

Chapter II of this Report carries a detailed analysis of variations in the budget estimates and the actual expenditure as also of the quality of budgetary procedure and control over expenditure. It indicates defective budgeting and inadequate control over expenditure, as evidenced by persistent surrenders of significant amounts ranging between Rs 3776 crore and Rs 628 crore during 1996-97 to 2000-2001 *vis-à-vis* the final modified grant. Significant variations (excess/saving) between the final modified grant and actual expenditure were also persistent.

(xiii) Accounts

There was no significant delay in the submission of accounts by the treasuries/departments during 2000-2001.

1.11.4 Conclusion

The State Government's expenditure rose by Rs 1927 crore compared to the expenditure during 1999-2000 and the increase in revenue expenditure was Rs 1025 crore. The revenue deficit was lower by about Rs 964 crore mainly due to substantial increase in revenue receipts. Though the Capital Expenditure increased by Rs 902 crore during the year, this has to be seen in the context of reduction in investment in TNEB by Rs 319.43 crore which was adjusted towards tariff compensation payable to TNEB for free supply of electricity to farmers by book adjustment. Over the period 1997-98 to 2000-2001 the State Government reduced its investment in TNEB by Rs 1677 crore and adjusted it towards tariff compensation payable to TNEB. This book adjustment reduced the borrowing of the State Government (as no cash payment was made) and understated the State's gross Fiscal Deficit.

Heavy borrowing resorted to by State Government to meet the revenue deficit resulted in substantial increase in interest payment. A substantially negative BCR has added to the worsened financial position of the State, aggravating the imbalance between Assets and Liabilities.

CHAPTER II

APPROPRIATION AUDIT
AND
CONTROL OVER EXPENDITURE

APPROPRIATION AUDIT AND CONTROL OVER EXPENDITURE

Appropriation Accounts: 2000-2001

Total number of grants: 63

Total provision and actual expenditure

Provision	Amount (Rs in crore)	Expenditure	Amount (Rs in crore)
Original	26886.68		
Supplementary	5125.08		
Total gross provision	32011.76	**Total gross expenditure**	32256.50
Deduct **– Estimated recoveries in reduction of expenditure**	323.07	***Deduct*** **– Actual recoveries in reduction of expenditure**	784.53
Total net provision	**31688.69**	**Total net expenditure**	**31471.97**

Voted and Charged provision and expenditure

	Provision (Rs in crore)		Expenditure (Rs in crore)	
	Voted	**Charged**	**Voted**	**Charged**
Revenue	20553.77	*3046.89*	19030.28	*3163.75*
Capital	2230.52	*1.96*	1887.81	*2.02*
Total (Gross)	22784.29	*3048.85*	20918.09	*3165.77*
Deduct **– recoveries in reduction of expenditure**	322.84	*0.23*	784.09	*0.44*
Total (Net)	**22461.45**	***3048.62***	**20134.00**	***3165.33***

(This table excludes provision and expenditure on "Loans and Advances" and "Public Debt-Repayment").

2.1 Introduction

In accordance with the provisions of Article 204 of the Constitution of India, soon after the grants under Article 203 are made by the State Legislature, an Appropriation Bill is introduced to provide for appropriation out of the Consolidated Fund of the State. The Appropriation Bill passed by the State Legislature contains authority to appropriate certain sums from the Consolidated Fund of the State for the specified services. Subsequently, supplementary or additional grants can also be sanctioned by subsequent Appropriation Acts in terms of Article 205 of the Constitution of India.

The Appropriation Act includes the expenditure which has been voted by the Legislature on various grants in terms of Articles 204 and 205 of the

Constitution of India and also the expenditure which is required to be charged on the Consolidated Fund of the State. The Appropriation Accounts are prepared every year indicating the details of amounts on various specified services actually spent by Government *vis-à-vis* those authorised by the Appropriation Act.

The objective of appropriation audit is to ascertain whether the expenditure actually incurred under various grants is within the authorisation given under the Appropriation Act and that the expenditure required to be charged under the provisions of the Constitution is so charged. It also ascertains whether the expenditure so incurred is in conformity with the law, relevant rules, regulations and instructions.

2.2 Summary of Appropriation Accounts –2000-2001

The summarised position of actual expenditure during 2000-2001 against 63 grants/appropriations was as follows:

(Rupees in crore)

	Nature of expenditure	Original grant/appropriation	Supplementary grant/appropriation	Total	Actual expenditure	Saving (-)/ Excess (+)
Voted	I Revenue	19086.88	1466.89	20553.77	19030.28*	(-) 1523.49
	II Capital	2013.46	217.06	2230.52	1887.81*	(-) 342.71
	III Loans and Advances	393.31	36.95	430.26	452.65	(+) 22.39
Total Voted		**21493.65**	**1720.90**	**23214.55**	**21370.74**	**(-) 1843.81**
Charged	IV Revenue	*2793.56*	*253.33*	*3046.89*	*3163.75*	*(+) 116.86*
	V Capital	*0.01*	*1.95*	*1.96*	*2.02*	*(+) 0.06*
	VI Public Debt	*2599.46*	*3148.90*	*5748.36*	*7719.99*	*(+) 1971.63*
Total Charged		***5393.03***	***3404.18***	***8797.21***	***10885.76***	***(+) 2088.55***
Appropriation to Contingency Fund (if any)		..	..	..	..	..
Grand Total		**26886.68**	**5125.08**	**32011.76**	**32256.50****	**(+) 244.74**

* These were gross figures without taking into account the recoveries adjusted in accounts as reduction of expenditure except in respect of grant numbers 35, 36, 38 and 54 where figures are net.

** (i) The total expenditure stands inflated to the extent of Rs 3161.43 crore, transferred to 8443 – Civil Deposits – 800 Other Deposits.

(ii) Rupees 61.25 lakh drawn from the Contingency Fund during 2000-2001 remained unrecouped at the close of the year (Grant No. 10 Milk Supply Schemes – 2404.Dairy Development – Rs 8.10 lakh, Grant No. 17 Education – 2202.General Education – Rs 3 lakh, Grant No. 27 Rural Development - 2505 Rural Employment – Rs 0.15 lakh and Grant No.32 Housing - 2216 Housing – Rs 50 lakh).

2.3 Results of Appropriation Audit

The following results emerge broadly from the audit of appropriation accounts.

2.3.1 The overall excess of Rs 244.74 crore was the result of saving of Rs 1994.73 crore in 55 grants and 44 appropriations offset by excess of Rs 2239.47 crore in 6 grants and 7 appropriations.

2.3.2 The excess (Appendix II) of Rs 2239.47 crore requires regularisation under Article 205 of the Constitution.

2.3.3 Excess over provision relating to previous years requiring regularisation

As per Article 205 of the Constitution of India, it is mandatory for the State Government to get the excess over a grant/appropriation regularised by the State Legislature. However, the excess expenditure amounting to Rs 2026.56 crore for the years 1990-91 to 1999-2000 was yet to be regularised as detailed below:

(Rupees in crore)

Year	Number of grants/ appropriations	Grant/ Appropriation Numbers	Amount of excess	Stage of consideration by Public Accounts Committee (PAC)
1990-91	21 Grants	2,3,5,7,14,17, 23,29,30, 31,37,38,41, 42,45,47,50,53, 54,55 and 59	269.65	PAC after discussion, has recommended for regularisation. Appropriation Act is yet to be passed by the Legislature.
	5 Appropriations	7,37,44,52 and 53		
1991-92	15 Grants	5,10,11,17,19,20, 35,37,39,44,46, 48,50,57 and 58	167.82	Explanatory notes have been furnished and discussion is yet to be taken up.
	8 Appropriations	7,15,18,31,37,44, 46 and 59		
1992-93	14 Grants	5,7,19,20,24,34 35,37,42,44,46, 57,60 and 62	49.37	Explanatory notes have been furnished and discussion is yet to be taken up.
	8 Appropriations	2,7,11,15,18,19, 37 and 55		
1993-94	9 Grants	11,19,20,22,37, 38, 45,49 and 56	39.42	Explanatory notes have been furnished and discussion is yet to be taken up.
	6 Appropriations	Debt Charges, 7, 15, 18, 31 and 36		
1994-95	15 Grants	7,8,20,21,31,33, 36,38,41, 42, 53, 56, 57,60 and 61	208.21	Explanatory notes have been furnished and discussion is yet to be taken up.
	8 Appropriations	7,15,35,36,38,41, 45 and 52		

2-30—10

(Rupees in crore)

Year	Number of grants/ appropriations	Grant/ Appropriation Numbers	Amount of excess	Stage of consideration by Public Accounts Committee (PAC)	
1995-96	8 Grants	30,31,34,38,40, 41,45 and 56	112.51	Explanatory notes have been furnished and discussion is yet to be taken up.	
	11Appropriations	7,11,15,16,18,19, 35,36,37,42 and 43			
1996-97	17 Grants	5,8,11,20,26,31, 33,35,36,39,41, 45,50,53,56, 57 and 59	284.32	Explanatory notes not furnished	284.32
	8 Appropriations	1,15,18,19,35,45, 46 and 47			
1997-98	7 Grants	19,20,23,26,35, 38 and 45	299.42	Explanatory notes not furnished	299.42
	5 Appropriations	15,29,35,45 and 55			
1998-99	16 Grants	3,5,6,17,20,27, 30,33,35,38,39, 40,48,50,52 and 57	232.85	Explanatory notes not furnished	232.85
	2 Appropriations	Debt Charges and 45			
1999-2000	9 Grants	2,17,26,33,35,38, 41,45 and 46	362.99	Explanatory notes not furnished	362.99
	1 Appropriation	29			
		Total	**2026.56**		**1179.58**

2.3.4 (a)(i) Supplementary provision obtained during the year constituted 19 *per cent* of original provision compared to previous years 1996-97 to 1999-2000 when it was 13, 12,8 and 31 *per cent* respectively.

(ii) An analysis of the Budget provision made, expenditure incurred and amount surrendered during 1996-2001 disclosed the following:

(Rupees in crore)

Year	Original Provision	Supple-mentary Provision	Amount surrendered	Expenditure	Final saving (-)/ Excess (+)
1996-97	15657.21	1972.64	2212.39	15636.66	(-) 1993.19
1997-98	18131.10	2196.28	2756.40	17884.23	(-) 2443.15
1998-99	22513.64	1898.89	3775.81	21364.68	(-) 3047.85
1999-2000	23072.31	7199.20	1076.67	28717.41	(-) 1554.10
2000-2001	26886.68	5125.08	628.46	32256.50	(+) 244.74

During 2000-2001, huge funds had been provided in the Supplementary Estimates, of which 89 *per cent* was provided in February 2001 only.

(b) Unnecessary Supplementary provision

Supplementary provision of Rs 240.83 crore obtained in 33 grants (Rs 240.09 crore) and 14 appropriations (Rs 0.74 crore) (Appendix III) in February 2001 proved unnecessary in view of the final saving in each grant/appropriation being more than the supplementary provision obtained.

In 31 voted grants detailed below, the original provision of Rs 13479.04 crore was augmented by supplementary provision of Rs 295.85 crore, but the expenditure fell short of even the original provision.

(Rupees in crore)

Grant Number	Original provision	Expenditure
1	14.27	13.90
2	24.07	21.28
3	32.68	32.44
4	124.74	114.23
8	31.71	25.10
9	178.79	166.92
11	577.56	537.79
12	24.94	23.17
13	141.55	134.01
14	55.88	51.81
15	1053.69	932.33
16	71.80	49.93
17	4648.95	4440.37
18	758.32	702.58
19	504.40	493.87
22	175.87	152.61

(Rupees in crore)

Grant Number	Original provision	Expenditure
25	186.76	177.64
28	132.47	111.13
30	346.26	331.33
31	156.33	142.17
32	67.47	50.86
33	38.51	30.88
34	1868.12	1664.47
36	87.42	77.16
42	394.41	288.70
43	62.52	58.97
44	103.05	101.30
49	554.48	436.04
54	466.21	288.71
55	129.32	129.20
56	466.49	378.26
Total	**13479.04**	**12159.16**

Similarly, in the charged appropriations (under grant numbers 9, 15, 17 and 36), supplementary appropriation amounting to Rs 0.51 crore obtained in February 2001 proved unnecessary as the expenditure (Rs 15.75 crore) fell short of original provision of Rs 16.93 crore resulting in saving of Rs 1.69 crore.

In 10[@@] other appropriations, though the original provision of Rs 0.31 lakh was augmented by supplementary provision of Rs 23.59 lakh, no expenditure was incurred resulting in saving of the entire provision of Rs 23.90 lakh.

(c) Insufficient Supplementary provision

In 4 grants (Appendix IV), supplementary provision obtained during the year proved insufficient (by more than Rs 1 crore), resulting in excess ranging from Rs 2.38 crore to Rs 113.60 crore; aggregate excess expenditure was Rs 143.96 crore. Similarly, in 2 charged appropriations, supplementary provision obtained proved insufficient resulting in aggregate excess expenditure of Rs 2094.74 crore.

@@ Appropriations under grant numbers 2, 4, 14, 18, 20, 21, 22, 23, 28 and 38.

(d) Expenditure not incurred despite budget provision

Though huge funds (Rs 4.33 crore) were provided in the budget, no expenditure had been incurred under 3 Charged Appropriations, as follows:

No.30 – Welfare of the Scheduled Tribes and Castes, etc.

No.43 – Stationery and Printing

No.45 – Compensation and Assignments

2.3.5 Excess requiring regularisation

(a) Persistent excess

Under grant number "35. Irrigation" there was significant excess persistent for five years; the percentage of excess ranged from 3 to 44.

Year	Amount of Excess (Rupees in crore)	Percentage of excess
1996-97	17.95	8
1997-98	124.49	44
1998-99	12.20	3
1999-2000	97.83	31
2000-2001	113.60	31

Persistent excess requires investigation by the Government for remedial action.

(b) Expenditure incurred without provision

In 346 sub-heads expenditure of Rs 166.36 crore had been incurred either without budget provision or the entire provision made was withdrawn subsequently through reappropriation.

2.3.6 Persistent savings

Persistent savings of 5 *per cent* and above during 1998-99 to 2000-2001 were noticed in 9 grants and 6 appropriations (Appendix V). Under grant number 54 - Capital Outlay on Irrigation, saving occurred in all the preceding 21 years, the percentage of saving ranging from 11 to 83.

2.3.7 In 23 grants and one appropriation, the expenditure fell short by more than Rs 1 crore each and also by 10 *per cent* or more of the total provision (Appendix VI).

2.3.8 Substantial surrenders

Substantial surrenders were made in respect of 64 schemes on account of either non-implementation or slow implementation. Out of the total provision amounting to Rs 639.08 crore in these 64 schemes, Rs 534.32 crore (83 *per cent*) were surrendered. Results of review conducted by Audit in respect of a few of these cases are given in Appendix VII.

2.3.9 *Excessive/unnecessary reappropriation of funds*

Reappropriation is transfer of funds within a grant from one unit of appropriation where savings are anticipated to another unit where additional funds are needed. There were 481 sub-heads where injudicious reappropriation of funds proved excessive or insufficient and resulted in savings/excess by over Rs 10 lakh. 127 cases in which the excess/saving was more than Rs 2 crore are detailed in Appendix VIII.

2.3.10 *Unexplained reappropriations*

According to paragraph 151 of Tamil Nadu Budget Manual, Volume I, reasons for the additional expenditure and the savings should be explained in the reappropriation statement and vague expressions such as "based on actuals", "based on progress of expenditure", etc., should be avoided. However, a scrutiny of reappropriation orders issued by the Finance Department revealed that in respect of 3,379 out of 10,133 items (33 *per cent*), reasons given for additional provision/withdrawal of provision were of general nature like "actual requirement" and "based on latest assessment".

2.4 Budgetary procedure and control over expenditure

2.4.1 *Inadequate control over expenditure*

The Appropriation Acts specify the sums authorised by the Legislature under each grant for meeting expenditure during a financial year; the final modified grants authorised by Government are the sums to be spent upto 31 March and the difference is resumed to the Consolidated Fund. Such resumptions of funds under the grants were persistent and significant not only during 2000-2001 but also in earlier years. Further, there had also been significant variations (excess or savings) between the final modified grant/appropriation and actual expenditure. Overall position for the 5 years from 1996-97 to 2000-2001 is indicated below:

(Rupees in crore)

Year	Sums authorised by the Legislature	Amount resumed (surrendered)	Final Modified Grant/ Appropriation	Actual expenditure	Variation between (4) and (5) Excess (+)/ Saving (-)
(1)	(2)	(3)	(4)	(5)	(6)
1996-97	17629.85	2212.39	15417.46	15636.66	(+) 219.20
1997-98	20327.38	2756.40	17570.98	17884.23	(+) 313.25
1998-99	24412.53	3775.81	20636.72	21364.68	(+) 727.96
1999-2000	30271.51	1076.67	29194.84	28717.41	(-) 477.43
2000-2001	32011.76	628.46	31383.30	32256.50	(+) 873.20

Savings compared to the final modified grant showed that estimates of expenditure prepared even in March, the last month of the financial year, were defective. Similarly, excess expenditure over and above the final modified grant indicated that the control over expenditure was inadequate.

Rupees 628.46 crore were surrendered out of the grants and appropriations authorised by the Legislature for expenditure during 2000-2001 and resumed to Consolidated Fund on 31 March 2001. However, in one grant (number 21) and two appropriations (Debt charges and Public Debt Repayment), total provision of Rs 8798.79 crore was reduced to Rs 8798.27 crore in the final modified grant stage, but expenditure incurred under these grants/ appropriations (Rs 10893.98 crore) was in excess of final modified grant by Rs 2095.71 crore.

In 5 other grants[a], against Rs 30.07 crore surrendered in March 2001, the saving was only Rs 23.61 crore, resulting in excess expenditure over the final modified grant.

In 31 other grants[b] and 3 appropriations (numbers 34,44 and 45), against Rs 597.87 crore surrendered in March 2001, the saving was Rs 1785.31 crore, indicating that the department had not utilised Rs 1187.44 crore out of the final modified grant/appropriation.

In 19 other grants[c] and 34 appropriations[d], though the saving was Rs 185.81 crore, the department had not surrendered any funds in March 2001; as a result, this was not available to other grants where funds were actually required.

2.4.2 Budget Review of Highways Department

(i) Introduction

Highways Department was created for the development and maintenance of road network and efficient transportation system. It undertakes construction/ improvements/renewal/maintenance of road network under its control in various categories such as National Highways, Major District Roads and Other District Roads. The Department operates two grants *viz.*, Revenue (Grant No. 38 – Roads, Bridges and Shipping) and Capital (Grant No. 56- Capital Outlay on Roads, Bridges and Shipping).

(ii) Overall position

The Budget provision, actual expenditure, variation (excess/saving) during the years 1998-2001 is as under.

(Rupees in crore)

Year	Total provision		Actual expenditure		Variation	Excess (+)/ Saving (-)
	Revenue	Capital	Revenue	Capital	Revenue	Capital
1998-1999	387.68	479.67	398.03	244.48	(+) 10.35	(-) 235.19
1999-2000	399.61	460.42	404.62	354.82	(+) 5.01	(-) 105.60
2000-2001	346.78	466.49	343.19	378.26	(-) 3.59	(-) 88.23

[a] Grant numbers 1, 5, 19, 44 and 45.

[b] Grant numbers 2, 4, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 20, 22, 23, 27, 28, 31, 32, 33, 34, 36, 42, 43, 46, 49, 51, 53, 54, 56 and 57.

[c] Grant numbers 3, 7, 8, 24, 25, 26, 30, 37, 38, 39, 40, 41, 48, 50, 52, 55, 58, 59 and 60.

[d] Grant numbers 2, 3, 4, 6, 7, 9, 11, 12, 13, 14, 15, 16, 17, 18, 19, 20, 21, 22, 23, 24, 25, 27, 28, 30, 31, 36, 37, 38, 39, 43, 47, 49, 55 and 60.

From the above it is evident that under Capital Grant (Voted) there has been persistent savings year after year which indicates unrealistic budgetary assumption and failure to take into account the trend of disbursements of preceding years. However, under Revenue Grant (Voted) there has been excess over the allotment during 1998-99 and 1999-2000 requiring regularisation by State Legislature under Article 205 of the Constitution of India.

(iii) Unnecessary Provision of funds made in Reappropriation

Reappropriation made for 5 sub-heads under the two grants (voted) during the year 2000-01 was unnecessary due to the reason that the ultimate saving (Rs 1090.23 lakh) was more than the amount provided in reappropriation (Rs 600.85 lakh). For the head 3054.80.797.AA, Rs 233.33 lakh was provided through reappropriation besides the original provision of Rs 168.99 lakh, but the expenditure was nil.

(iv) Injudicious reappropriation from sub-heads

In respect of 18 sub-heads under grant 38 and 56 (voted), the amount surrendered in reappropriation (Rs 3211.21 lakh) was injudicious as there was final excess against these sub-heads (Rs 427.83 lakh).

(v) Substantial savings of more than Rupees one crore

There has been substantial saving of more than Rs 1 crore in respect of the following three sub-heads.

(Rupees in lakh)

Sl. No.	Head of account	Budget Estimate	Supple-mentary	Reappro-priation	Total provision	Actual Expenditure	Saving
	Grant 38						
(i)	3054-80-800-AE	166.92	0.01	234.84	401.77	209.46	(-) 192.31
	Grant 56						
(ii)	5054-80-800-PB	3000.00	-	(-) 2386.26	613.74	508.24	(-) 105.50
(iii)	5054-04-800-JL	400.35	-	(-) 255.12	145.23	42.85	(-) 102.38

Test-check of records relating to the above sub-heads of account revealed the following.

(a) A sum of Rs 234.84 lakh was obtained through reappropriation in March 2001 for the payments to be made to contractors. However Rs 192.31 lakh remained unutilised; due to slow progress of work and non-completion of land acquisition by revenue officials in respect of two works. This only shows that the requirement of funds could not be assessed accurately even in the month of March.

(b) The Project Director, Tamil Nadu Road Sector Project had obtained Budget provision of Rs 30 crore. However, Rs 23.86 crore was withdrawn through reappropriation during March 2001 for want of World Bank approval.

(c) A sum of Rs 400.35 lakh was provided in the Budget for construction of high level bridge at Singarathope. Out of this, Rs 255.12 lakh was surrendered in reappropriation due to change in design at various stages. Thus, funds were provided without actually assessing the exact requirement.

(vi) Unnecessary provision of funds by Government leading to surrender

In respect of the following sub-heads, Government had provided funds in excess of the department's requirement, leading to surrender of funds and savings.

(Rupees in lakh)

Sl. No.	Head of account	Amount proposed by Department	Amount provided in Budget Estimate	Reappropriation	Final grant	Expenditure	Savings
	Grant 56						
1.	5054-04-800-JC	17.48	305.56	(-) 94.70	210.86	207.92	(-) 2.94
2.	5054-04-800-JV	69.13	169.13	(-) 109.13	60.00	48.40	(-) 11.60
3.	5054-04-800-JJ	389.45	631.11	(-) 0.81	630.30	564.77	(-) 65.53

(vii) Substantial surrender of funds in Reappropriation

There has been substantial surrender of funds by reappropriation of more than Rs 10 crore in respect of the following sub-heads of account under Grant 56.

(Rupees in lakh)

Sl. No.	Head of account	Budget Estimate	Reappropriation	Final grant	Actual expenditure	Excess
(a)	5054-04-101-JC	3161.00	(-) 1168.61	1992.39	1992.39	-
(b)	5054-04-337-JP	5252.00	(-) 2127.00	3125.00	3251.44	(+) 126.44

Test-check of records relating to the above sub-heads of account revealed the following.

(a) Rupees 31.61 crore had been provided in the Budget Estimate for 2000-01 for construction of 50 bridges based on original administrative sanction. The amount was withdrawn to the extent of Rs 11.69 crore, due to revision of project cost, which indicates that requirement of project funds were not assessed by the Department accurately.

(b) Rupees 52.52 crore had been provided in the Budget Estimate for 2000-2001 for improvement of radial roads in and around Chennai city with loan assistance of Housing and Urban Development Corporation (HUDCO). However, as the unutilised balance of Rs 33.29 crore received in 1999-2000 from HUDCO was utilised during 2000-01, funds to the extent of Rs 21.27 crore were surrendered. Even at the end of March, the funds requirement was not assessed correctly, and there was an excess expenditure of Rs 1.26 crore over the final grant.

(viii) Persistent Excess

Test-check of accounts for three years indicated persistent excess under the following Heads of account under Grant 38.

(Rupees in lakh)

Serial Number	Head of Account	1998-99		1999-2000		2000-2001	
		Total grant	Excess	Total grant	Excess	Total grant	Excess
1.	3054-01-001-AA	200.62	139.04	208.30	98.99	123.74	85.40
2.	3054-04-337-AA	8231.81	3165.13	5905.87	210.95	6251.46	124.14
3.	3054-80-799-AC	1.01	214.84	28.69	86.58	34.82	155.35

(ix) Rush of Expenditure

Rush of expenditure particularly in the closing months of financial year is to be regarded as a breach of financial regularity and should be avoided. Contrary to the above provisions, test-check revealed that in 9 cases (Grant 38 and 56) large portion of expenditure was incurred in the month of March 2001.

(x) Excess expenditure over the allotment

In 25 sub-heads (Grant No. 38) and in 5 sub-heads (Grant No. 56) there was an excess expenditure of Rs 1964.91 lakh as compared to the final grant, which indicates that the requirement could not be assessed correctly even towards the end of March. Excess expenditure of more than Rs one crore occurred in the following sub-heads of accounts.

(Rupees in lakh)

Serial Number	Head of account	Budget Estimate	Reappropriation	Final grant	Actual expenditure	Excess
	Grant 38					
1.	3054-04-337-AA	6251.46	-	6251.46	6375.60	124.14
2.	3054-04-337-AB	9499.77	490.06	9989.83	10909.94	920.11
3.	3054-80-799-AC	34.16	0.66	34.82	190.17	155.35
	Grant 56					
4.	5054-04-337-JP	5252.00	(-) 2127.00	3125.00	3251.44	126.44

2.4.3 Rush of expenditure

According to Codal provisions, rush of expenditure in the closing month of the financial year should be avoided. Contrary to this, in respect of 16 heads, expenditure exceeding Rs 10 crore and also more than 50 *per cent* of the total expenditure for the year was incurred in the month of March 2001 (Appendix IX).

Since the funds released to various organisations in March cannot be constructively spent during the year, it is not possible to conclude whether these funds were applied for the purpose for which they were authorised.

2.5 Funds flow for Centrally sponsored schemes

(i) Government of India (GOI) implements various Centrally sponsored schemes by releasing funds either to the State Government as grants or direct to the implementing agencies.

As revealed by the Finance Accounts, an amount of Rs 538.73 crore was received by the State Government as Central assistance during 2000-01 for implementing various Centrally sponsored schemes. Details of Central assistance received during each quarter are as follows:

(Rupees in crore)

Quarter	Amount of Central assistance received
I April to June 2000	30.66
II July to September 2000	162.23
III October to December 2000	68.49
IV January to March 2001	277.35
Total	**538.73**

In respect of 25 schemes, the entire Central assistance of Rs 56.07 crore was received only during the last quarter of 2000-01.

Under the post-matric scholarship scheme for Scheduled Caste students, there was an unutilised balance of Rs 4.07 crore as of 31 March 2001. Government of India released funds for the scholarships based on State Government's projection of Rs 37.64 crore, but the actual expenditure was only Rs 33.57 crore during 2000-01. The projection was overpitched.

(ii) Special Component Plan under Central Plan Scheme

Government of India released Rs 35.58 crore to State Government as Special Central assistance towards Special Component Plan for implementation of various schemes for benefit of Scheduled Castes by Tamil Nadu Adi Dravidar Housing and Development Corporation Limited (TAHDCO) in two instalments of Rs 17.79 crore each in July 2000 and January 2001. Although the first instalment of Rs 17.79 crore was sanctioned by State Government in September 2000, the Director of Adi Dravidar and Tribal Welfare drew the same and released to TAHDCO only in February 2001. The second instalment of Rs 17.79 crore received from GOI was released by State Government only in August 2001.

2.6 Expenditure on New Service/New Instrument of Service

(a) According to Article 205 of the Constitution, no expenditure should be incurred on a service not contemplated in the Budget except after getting vote of the Legislature or by an advance from Contingency Fund.

During 2000-2001, expenditure totalling Rs 3.77 crore was incurred on 3 schemes (Appendix X) where the token provision made was also withdrawn. In 53 schemes, expenditure of Rs 131.26 crore was incurred without any original or supplementary provision or reappropriation and had to be treated as New Service/New Instrument of Service as the prescribed procedure for drawal had not been followed (Appendix XI). In 3 schemes, an expenditure of

Rs 0.47 crore was incurred by utilising the reappropriated funds (Appendix XII).

(b) In 7 other schemes (Appendix XIII), receiving assistance from Government of India and in respect of expenditure on natural calamities, though token provision was made in the Budget, expenditure of Rs 4.06 crore was incurred during the year without seeking supplementary grant.

2.7 Advances from Contingency Fund

The corpus of the Contingency Fund placed at the disposal of the State Government to meet unforeseen expenditure pending authorisation by the State Legislature was Rs 150 crore for the year 2000-2001. 84 sanctions were issued during 2000-2001 advancing Rs 112.08 crore from the Contingency Fund. It was noticed that:

(i) nine sanctions amounting to Rs 5.21 crore were neither operated nor cancelled

(ii) the actual expenditure (Rs 1.94 crore) against 17 sanctions was less than 50 *per cent* of the amount sanctioned (Rs 8.66 crore); and

(iii) against 4 sanctions of Rs 88.45 lakh, expenditure of Rs 61.25 lakh incurred from the Contingency Fund remained unrecouped to the Fund till 31 March 2001.

2.8 Trend of Recoveries and Credits

Under the system of gross budgeting, the demands for grants presented to the Legislature are for gross expenditure and exclude all credits and recoveries which are adjusted in the accounts in reduction of expenditure; the anticipated recoveries and credits are shown separately in the Budget Estimates. During 2000-2001, the anticipated recoveries were Rs 323.07 crore and the actual recoveries were much higher at Rs 784.53 crore. Some of the important cases of shortfall/excess as compared to estimates are detailed in Appendix XIV.

2.9 Non-receipt of explanations for saving/excess

After the close of each financial year, the detailed Appropriation Accounts showing the final grants/appropriations, the actual expenditure and the resultant variations are sent to the Controlling officers requiring them to explain significant variations under the heads. Out of 757 sub-heads, the explanations for variations were not received in respect of 594 sub-heads (78 *per cent*) (July 2001).

2.10 Unreconciled Expenditure

Departmental figures of expenditure should be reconciled with those of the Office of the Principal Accountant General (Accounts and Entitlements) every month. The reconciliation had, however, remained in arrears in several departments.

The number of controlling officers who did not reconcile their expenditure figures and the amounts involved were as under:

(Rupees in crore)

Year	Number of controlling officers who did not reconcile their figures	Amount not reconciled
1992-93	1	0.65
1993-94	4	22.47
1994-95	5	0.69
1995-96	5	0.93
1996-97	7	5.29
1997-98	9	9.02
1998-99	8	13.44
1999-2000	12	43.71
2000-2001	96	1418.57
Total	**147**	**1514.77**

Amounts exceeding Rs 10 crore in each case remained unreconciled during 2000-2001 in respect of the following 22 controlling officers.

(Rupees in crore)

Serial Number	Controlling Officers	Amount not reconciled
1.	Chief Engineer, Agricultural Engineering, Chennai	15.25
2.	Director of Agriculture, Chennai	83.45
3.	Director of Adi Dravidar and Tribal Welfare, Chennai	77.48
4.	Director of Veterinary Services, Chennai	10.02
5.	Director of Most Backward Classes and Denotified Communities, Chennai	20.19
6.	Commissioner of Commercial Taxes, Chennai	24.87
7.	Director of Collegiate Education, Chennai	30.65
8.	Under Secretary to Government, Energy (OP) Department, Chennai	11.89
9.	Under Secretary to Government, Finance (Bills) Department, Chennai	11.61
10.	Commissioner of Treasuries and Accounts, Chennai	32.09
11.	Director of Handlooms and Textiles, Chennai	42.08
12.	Director of Medical Education, Chennai	13.81
13.	Director, Medical and Rural Health Services (ESIS), Chennai	35.35
14.	Director of Public Health and Preventive Medicine, Chennai	33.53
15.	The Registrar (Administration) High Court, Chennai	46.77
16.	Commissioner of Transport, Chennai	33.27
17.	Director of Fire Services, Chennai	20.04
18.	Commissioner of Sugar, Chennai	30.00
19.	Director of Municipal Administration, Chennai	239.33
20.	Joint Chief Electoral Officer, Public (Election VI) Department, Chennai	15.66
21.	Commissioner of Revenue Administration, Chennai	468.05
22.	Commissioner of Rehabilitation of Disabled, Chennai	11.46

2.11 Reserve Funds

Reserve Funds are constituted by the State Government under a statutory provision or otherwise, either by allotment of sums from the Consolidated Fund of the State or from grants or contributions made by other Governments or outside agencies, for spending for specific and particular purposes for which they have been constituted. As of 31 March 2001, the accumulated balances in various Reserve Funds were Rs 1243.30* crore.

Review of the transactions under Reserve Funds revealed that:

(i) The Depreciation Reserve Fund (Milk scheme - Central Dairy, Madhavaram under "8115 - Depreciation/Renewal Reserve Funds") had not been operated for more than 14 years and an accumulation of Rs 1.01 crore was still lying under this fund;

(ii) Though the Urban Development Fund was abolished in September 1993, the accumulated balance of the fund as on 31 March 2001 (Rs 657.11 crore) continued to exist in Government accounts;

(iii) For want of adequate balance, expenditure of Rs 51.90 crore could not be recovered from the 'Religious and Charitable Endowments Fund'.

* Includes amount under Major Head '8449.103.Subventions from Central Road Fund: Rs 7.85 crore.

CHAPTER III

CIVIL DEPARTMENTS

SECTION – A

AUDIT REVIEWS

3.1 Development schemes for Scheduled Castes and Scheduled Tribes population in Dharmapuri District (Adi Dravidar and Tribal Welfare Department)

Summary Highlights

Various schemes for the welfare of Scheduled Castes/Scheduled Tribes are being implemented in Dharmapuri District to overcome social, educational and economic backwardness. Some of the schemes were implemented by the District Adi-dravidar Welfare Officer, some by the District Manager, Tamil Nadu Adi-dravidar Housing and Development Corporation and the rest by the line departments like Animal Husbandry and Horticulture. Review of some schemes in Dharmapuri District revealed that there was no system to assess the benefits derived by the Scheduled Castes/Scheduled Tribes population. Data of income generated by the schemes and the number of beneficiaries who crossed the poverty line or utilisation of subsidy/loan for the intended purpose were not available. Cent per cent verification of assets created out of loan/subsidy given to beneficiaries was not conducted. There was no effective monitoring or evaluation of the impact of the schemes.

- **Rupees 4.36 crore released by Government of India during 1995-2001 under Article 275 (1) of the Constitution of India for welfare of Scheduled Tribes in the State was not utilised, as of 31 March 2001.**

(Paragraph 3.1.4.3)

- **Recovery of term loan and margin money was poor (12 *per cent* of the total demand of Rs 34.87 lakh) under National Scheduled Castes and Scheduled Tribes Finance and Development Corporation's schemes.**

(Paragraph 3.1.5.1)

- **Seventeen beneficiaries assisted under schemes of National Safai Karamcharis Finance and Development Corporation did not create assets.**

(Paragraph 3.1.5.2)

- **Of the 202 cases involving assistance of Rs 90.60 lakh under Individual Entrepreneurship Scheme, only 23 cases were verified by the implementing agency.**

(Paragraph 3.1.5.3)

- **Out of 25,984 beneficiaries issued pattas, 25,204 beneficiaries (97 *per cent*) did not construct houses, vitiating the main objective of the house-site patta scheme of the State Government.**

(Paragraph 3.1.6.1)

Abbreviations used in this review are listed in the Glossary in Appendix XLVII (page 270).

3.1.1 Introduction

The Government of India (GOI) and the Government of Tamil Nadu (GTN) are implementing various schemes for the welfare of the Adi-dravidars (SC) and Tribals (ST) with a multi-pronged approach to overcome social, educational and economic backwardness. The Adi-dravidar and Tribal Welfare Department which is the nodal department, as well as other sectoral departments of the GTN are implementing the schemes. The major schemes fall under the following categories.

1. Education
2. Economic development
3. Housing and provision of other infrastructural facilities
4. Special measures
5. Special programmes like Special Component Plan (SCP), Special Central Assistance and income generating schemes.

In all, GOI and GTN are implementing more than 50 schemes for the welfare of SC/ST in the State. The present review is confined to 11 major schemes implemented in Dharmapuri District.

According to the 1991 census, the total population and SC/ST population of the State and Dharmapuri District were as follows.

	Total Population (in lakh)	SC		ST	
		In lakh	Percentage	In lakh	Percentage
State	558.59	107.12	19.2	5.74	1.0
Dharmapuri District	24.28	3.47	14.3	0.48	2.0

3.1.2 Organisational set up

The Secretary to the Government of Tamil Nadu, Adi-Dravidar and Tribal Welfare Department is the co-ordinating authority for the development of the SC/ST at the State level. At the district level, the Collector is in-charge of overall supervision of the implementation of various schemes. The schemes are implemented by (1) various line departments like Adi-dravidar Welfare, Agriculture, Animal Husbandry, Public Health and Preventive Medicine and Dairy Development; and (2) Tamil Nadu Adi-dravidar Housing and Development Corporation (TAHDCO). TAHDCO is functioning since February 1974 with the aim of upliftment of SCs in Tamil Nadu economically, educationally and socially. The schemes implemented by TAHDCO are:

(a) Individual Entrepreneurship Scheme (IES), Scavengers Liberation and Rehabilitation Scheme (SLRS), Girl Child Education Incentive Scheme (GCEIS), etc.

(b) Schemes implemented as channelising agency for National Scheduled Castes and Scheduled Tribes Finance and Development Corporation (NSFDC) and National Safai Karamcharis Finance and Development Corporation (NSKFDC).

(c) Schemes implemented through line departments are (i) job oriented training programmes, (ii) distribution of agricultural implements, coconut seedlings (iii) calf/goat rearing and (iv) distribution of milch animals, etc.

3.1.3 Audit coverage

A review of some of the major schemes[1] implemented in Dharmapuri District was conducted during June – August 2001 covering the years 1995-96 to 2000-2001. Important points noticed are discussed in the succeeding paragraphs.

3.1.4 Financial outlay and expenditure

3.1.4.1 Special mechanism for earmarking funds for SC and ST

During 1970s, GOI instituted three special mechanisms *viz.*, Special Component Plan (SCP) for SC, Tribal Sub-Plan (TSP) for ST and Special Central Assistance (SCA) to SCP and TSP. While the major objective of SCP and TSP is to ensure the much needed flow of funds and benefits for the welfare and development of SC and ST in proportion to their population, SCA extends financial assistance to States as an additive to their SCP and TSP to fill up critical gaps in the family oriented employment-*cum*-income generation programmes.

3.1.4.2 Year-wise details of SCP outlay, expenditure and SCA received from GOI during 1995-2000 are tabulated below.

(Rupees in crore)

Year	Number of departments	State Plan	Flow to SCP	Flow to SCP as percentage of State Plan	SCP Expen-diture	Expenditure as per-centage of flow	SCA received from GOI
1995-96	21	3200.00	618.25	19.3	483.30	78.2	28.04
1996-97	20	3700.72	652.39	17.6	416.90	63.9	22.72
1997-98	20	4052.60	752.23	18.6	720.04	95.7	17.57
1998-99	21	4500.09	825.53	18.3	815.63	98.8	32.37
1999-2000	21	5251.12	1110.25	21.1	1010.51	91.0	40.37

Flow to SCP was less than requirements.

Thus, during the three years 1996-1999, flow to SCP was less than 19.2 *per cent* of the State Plan; that is, less than the proportion of SC in the population.

Releases under the programme were treated as expenditure and utilisation certificates given.

According to GTN's orders SCA received from GOI was transferred to the Personal Deposit Account of TAHDCO for implementing economic development schemes for SC. TAHDCO treated the amounts released to its District Managers (DM) and other line departments as expenditure and gave Utilisation Certificate (UC) for the entire amount received from GTN. The amounts lying unutilised at the end of March each year with DMs and other departments were not ascertained before giving UC. For example, the unutilised SCA funds available with Commissioner of Agriculture were Rs 5.48 crore, Rs 71.87 lakh and Rs 18.95 lakh as of March 1999, 2000 and 2001 respectively. Amount of Rs 60.38 lakh was lying unutilised with DM, TAHDCO, Dharmapuri and Rs 2.92 lakh with Dharmapuri Milk Producers Union Limited, Krishnagiri, as on 31.03.2001.

[1] **By TAHDCO :** Industry, Service and Business, IES, GCEIS, Schemes of NSFDC and NSKFDC. **By District Adi Dradvidar Welfare Officer (DADWO) :** Issues of pattas, Distribution of text books, Kalvi Kudumba Thittam, Book Bank Scheme, release of bonded labourers. **By Animal Husbandry Department :** Sheep units.

3.1.4.3 Tribal Sub-Plan

Details of Tribal Sub-Plan outlay and the expenditure for the State as a whole are given below:

(Rupees in crore)

Year	Flow from State Plan	SCA from GOI	TSP outlay	Budget Allotment	Expen-diture	Expenditure as percentage of outlay
1995-96	33.65	2.74	36.39	23.25	27.23	74.8
1996-97	37.03	2.39	39.42	30.14	30.21	76.6
1997-98	40.01	2.44	42.45	23.60	22.28	52.5
1998-99	43.28	2.96	46.24	22.18	21.17	45.7
1999-2000	55.90	2.58	58.49	17.08	17.57	30.0
2000-01	56.02	2.58	58.60	17.86	17.55	29.9

Budget allotment fell short of Plan outlay.

According to Director of Tribal Welfare (DTW), though the TSP outlay is fixed at one *per cent* of entire State Plan outlay in consultation with the State Planning Commission, the budget allotment was subject to availability of funds. Thus the budget allotment fell short of TSP outlay in all the 6 years.

3.1.4.4 Article 275 (1) of the Constitution of India provides for payment out of the Consolidated Fund of India as grants-in-aid to the revenues of the State, such capital and recurring sums as may be necessary to enable that State to meet the cost of such schemes of development as may be undertaken by that State with GOI approval for promoting the welfare of ST in the State or raising the level of administration of the scheduled areas therein to that of the administration of rest of the State's areas. As per the Finance Accounts of GTN, the State received Rs 435.93 lakh during 1995-96 to 2000-2001 under this Article, as noted below:

Year	Amount Rs in lakh
1995-96	63.00
1996-97	63.00
1997-98	121.00
1998-99	42.00
1999-2000	83.93
2000-01	63.00
Total	**435.93**

Entire amount of Grants-in-aid of Rs 435.93 lakh released by GOI for promoting the welfare of STs during 1995-2001 was lying unutilised.

However, no expenditure was incurred from this grant received during 1995-2001. DTW sent proposals only in October 2000 to GTN for implementing schemes amounting to Rs 309.77 lakh; against this the GTN sanctioned (January 2001) for incurring an expenditure of Rs 239.77 lakh, inclusive of Rs 101.60 lakh for Dharmapuri District. But sanction could not be acted upon by the DTW due to non-provision of funds in the Budget for 2000-01. Thus, the entire amount of Rs 435.93 lakh received from GOI for welfare schemes for ST remained unutilised as on 31 March 2001.

3.1.5 Schemes implemented by TAHDCO

The main objectives as envisaged in the Memorandum of Association of TAHDCO were

1. To implement economic development schemes for the welfare and benefit of Adi-dravidars and Tribes

2. To construct hostels, schools, buildings, community centres, etc for the benefit of Adi dravidars and backward classes

3. To undertake any specific item of work entrusted by the GTN from time to time.

In Dharmapuri District, TAHDCO implemented 15 schemes during 1995-2001 at an outlay of Rs 601.31 lakh. The establishment cost of the organisation in the district during the above period was Rs 61.49 lakh.

3.1.5.1 Schemes of National Scheduled Castes and Scheduled Tribes Finance and Development Corporation (NSFDC)

NSFDC functioning under GOI, Ministry of Social Justice and Empowerment, is the apex institution for financing, facilitating and mobilising funds from other sources and promoting economic development activities of SCs and STs. In Tamil Nadu, TAHDCO is its channelising agency from 1996 onwards. NSFDC gave TAHDCO term loans which carry an interest at 6 *per cent* per annum, tagged with a prompt repayment rebate at 0.5 *per cent* per annum. The loans sanctioned are repayable by TAHDCO in quarterly instalments over a ten-year period. The funds lying unutilised with TAHDCO would attract levy of penal interest at 10 *per cent* per annum.

NSFDC's guidelines envisaged assistance to projects costing upto Rs 30 lakh through its term loan (TL) upto 90 *per cent* of the project cost. Promoter's contribution was to be upto 5 *per cent* of the project cost and the balance was to be met by TAHDCO.

In Dharmapuri District, TAHDCO assisted 37 beneficiaries, all in the transport sector, for purchase of tractor, car, mini-lorry, etc during 1997-2001 at an expenditure of Rs 122.15 lakh, as follows:

Year	Number of beneficiaries	Assistance (Rupees in lakh)			
		Term Loan	Margin Money	Subsidy	Total
1997-98	9	19.42	5.61	2.02	27.05
1998-99	7	15.80	5.19	1.75	22.74
1999-2000	Nil				
2000-01	21	52.02	15.09	5.25	72.36
Total	**37**	**87.24**	**25.89**	**9.02**	**122.15**

Assets were not verified in 18 out of 37 cases. Data on income generated out of the assistance not available in all cases and the recovery of loan was very poor.

According to DM's records, on verification, in 16 cases the assets were available; in 3 cases tractors were available but not the trailors. There was no record to show verification in respect of the remaining 18 cases. DM did not have any data on income generated from the assistance provided. As of 31 March 2001 the recovery of term loan was only 15 *per cent* of Rs 27.05 lakh due and of margin money, 1 *per cent* of Rs 7.82 lakh due.

Recovery of margin money was nil in 35 cases. Recovery of term loan was nil in 11 cases, 1-19 *per cent* in 15 cases, 20-49 *per cent* in 5 cases and 50 *per cent* and above in 6 cases. Interest due as on 31 March 2001 was Rs 5.59 lakh on term loan and Rs 0.88 lakh on margin money. Poor levels of recovery indicate that the assistance was not productive.

3.1.5.2 Schemes for upliftment of scavengers

Effective from 2000-01, a scheme for scavengers and their dependents with the assistance of NSKFDC, was implemented in the district by TAHDCO. The scheme envisaged assistance for establishing trades like fancy goods/plastic shops, provision stores, purchase of auto rickshaws, taxis, etc. The unit cost included subsidy, margin money, promoter's contribution and term loan from NSKFDC. The margin money and term loan have to be recovered in 10 years with interest at 4 *per cent* and 6 *per cent* per annum respectively.

Of the 28 beneficiaries assisted with loan from NSKFDC, 17 beneficiaries had not created assets.

According to TAHDCO's guidelines (July 2000), the beneficiaries were to be relatives of scavengers, which had to be certified by Corporation/Municipality/Town Panchayat officials. Scavenger who is related to the beneficiary has to stand surety as "Guarantor" for repayment and produce written undertaking from his employer for recovering the dues from his salary in the event of default by the beneficiary.

In Dharmapuri, TAHDCO disbursed Rs 14 lakh to 28 beneficiaries during August 2000 under this scheme. The assistance was given at the uniform rate of Rs 50,000 (subsidy : Rs 15,000, margin money : Rs 10,000 and term loan : Rs 25,000) per beneficiary. However, there was nothing on record to evidence that required assets have been created except in one case. The assistance was provided to all the 28 beneficiaries on the basis of surety given by their relatives employed in two town panchayats of Kadathur and Denkanikottai (although there were 17 Town Panchayats (TP) and 3 Municipalities in the district). DM informed (January 2001) Managing Director (MD), that out of 28 beneficiaries 8 had created assets on 13.8.2000, 9 on 15.8.2000 and 11 on 1.9.2000.

However, on 14.9.2000 the DM had issued notices to 17 beneficiaries in Kadathur TP area, directing them to create the assets since the assets were not in existence during spot inspection on 5.9.2000. Also physical verification by Audit along with DM during August 2001 confirmed the non-existence of assets in respect of these 17 beneficiaries.

In all the 28 cases, the beneficiaries defaulted in repayment and the dues were recovered from the salary of the sureties. In other words, DM could not establish that the assistance was utilised for the purpose for which it was given.

3.1.5.3 Individual Entrepreneurship Scheme (IES)

IES was implemented to improve the economic status of enterprising Adi-Dravidars and encourage their entrepreneurship and self-reliance. Under IES, assets like lorries, tractor, power tiller, tourist cars, mini vans and auto rickshaw were to be provided. The funding pattern was – (i) subsidy of 30 *per cent* of project cost limited to Rs 25,000 (ii) margin money loan at 20 *per cent* of the project cost limited to Rs 1.25 lakh, at 4 *per cent* interest and (iii) a bank loan for the remaining cost, besides promoter's contribution.

DM informed (June 2001) that 467 persons were assisted under IES during 1995-2001, as detailed below:

Year	Number of cases			Subsidy/Margin Money (Rupees in lakh)		
	SC	ST	Total	SC	ST	Total
1995-96	25	0	25	8.47	0	8.47
1996-97	73	0	73	38.48	0	38.48
1997-98	68	6	74	28.31	3.19	31.50
1998-99	77	4	81	39.08	2.06	41.14
1999-2000	117	9	126	41.74	18.55	60.29
2000-01	86	2	88	31.03	0.70	31.73
Total	**446**	**21**	**467**	**187.11**	**24.50**	**211.61**

Of 202 cases assisted under IES during 1997-98 and 1999-2000, assets in 23 cases alone were verified.

During 1997-98 and 1999-2000, 202 beneficiaries were given assistance of Rs 90.60 lakh towards subsidy and margin money. However, the assets were verified only in respect of 23 beneficiaries (11 *per cent*).

Important deficiencies noticed in almost all the 202 cases mentioned above were as follows:

(a) Subsidy/margin money were released after obtaining a Demand Promissory Note on a Stamp Paper. There was no document containing the conditions governing the assistance or loanee's obligations till repayment of margin money/bank loan.

Non-hypothecation of assets created out of loan.

(b) The assets (verified or not) have not been hypothecated in favour of TAHDCO. Even in respect of transport sector assets (auto rickshaw, tractor and truck) the DM has not obtained copy of Registration Certificate of vehicle.

No guarantee obtained to secure repayment of loan.

(c) No guarantee was obtained to secure repayment of margin money to TAHDCO, in case the loanee defaulted.

(d) DM released subsidy/margin money to the bank concerned, but did not pursue the release, in turn, to the beneficiaries by the banks.

Data on income generation out of assets not available.

(e) Details of income earned by the beneficiaries from the assets were not available with the DM.

Poor collection of margin money.

Recovery of margin money covering all IES assistance during 1990-2000 was also poor. Against a demand of Rs 105.66 lakh up to 31.3.2001, collection was only Rs 44.52 lakh (42 *per cent*).

Beneficiary wise details of assistance and recovery not available.

DM did not have beneficiary-wise individual account for assistance and recovery in respect of assistance given upto 1998-99; individual accounts were maintained from 1999-2000 only.

Thus, there was no record with the DM to watch utilisation of the loan by the beneficiaries for the intended purpose.

3.1.5.4 Girl Child Education Incentive Scheme for SC/ST

GTN introduced (August 1994) a special incentive scheme to promote literacy among SC girl children and to avoid girl drop-outs from school at the end of Standard II. Under this scheme, girl children studying in Standards III to V will be given Rs 500 and in Standard VI Rs 1,000 as special incentive on successful completion of each class. The scheme was extended from year to year upto March 2001.

The scheme was implemented through TAHDCO during 1995-2000 and by the Director of Adi-Dravidar Welfare (DADW) from 2000-01. Until September 1997 the eligibility was restricted to girls in rural areas from families below poverty line, whose residence was more than two kilometres from the school. These restrictions were removed by GTN in September 1997, when the incentive scheme was extended to ST girls.

During 1995-2001, Rs 140.15 lakh were spent on this scheme. The target for girl children of SC during 1995-2001 was 25,490, against which 22,313 girls received the incentive. The target for girl children of ST during 1997-2001 was 4,114 against which only 519 girls got the benefit (12.6 *per cent*). The poor coverage of ST girls was stated to be due to receipt of less number of applications. However, no data on the number of eligible girl children in the district was collected and the incentive was paid to the extent of available funds. Adequate funds were not provided to cover all eligible girl children. The following deficiencies were noticed.

Belated disbursement of Girl Child Education Incentive during 1997-98.

(i) As per the Cheque Memo Register, the incentive of Rs 23.56 lakh for 1997-98 was belatedly disbursed between March to May 1999, though the objective of the scheme was to disburse the incentive during the academic year itself to avoid drop-outs.

Absence of verification of continuity of study.

(ii) The scheme envisaged that the continuance of the girl child from Standard III to Standard VI should be ensured by the implementing agency by verifying the list of children in the school. DM had no record to show that such verification was done.

Non-collection of data on drop-out ratio.

(iii) As per the scheme guidelines, the allotment within the district should be made based on the drop-out ratio of SC/ST girl children. However, no data on the girls drop-out ratio was collected.

(iv) Efforts were not made to achieve the targets both in respect of SC and ST girls.

3.1.6 Schemes implemented by the Adi-dravidar Welfare Department

3.1.6.1 Issue of house site pattas

Fixation of targets for issue of house-site pattas without the proposal from District Officers.

This scheme is in operation in the State with the objective to issue house site pattas to the homeless Adi-dravidars by acquiring the land through the Special Tahsildars, Adi-dravidar Welfare (ADW). The Government fixed the targets without any proposal from District Adi-dravidar Welfare Officer (DADWO), on the basis of household census taken during 1994. The physical and financial targets fixed for Dharmapuri District *vis-à-vis* achievements during 1995-2001, as ascertained from DADWO are as follows.

Year	Physical (No. of pattas)		Financial (Rs in lakh)	
	Target	Achievement	Funds Allotted	Expenditure
1995-96	8,000	8,330	43.00	41.36
1996-97	5,300	5,486	50.00	43.40
1997-98	3,000	4,810	90.00	89.36

Year	Physical (No. of pattas)		Financial (Rs in lakh)	
	Target	Achieve-ment	Funds Allotted	Expenditure
1998-99	3,000	3,621	93.20	92.92
1999-2000	2,000	2,163	50.00	49.03
2000-01	1,500	1,574	45.00	39.13
Total	**22,800**	**25,984**	**371.20**	**355.20**

25,204 beneficiaries (97 *per cent*) who received pattas during 1995-2001, did not construct houses, resulting in non-achievement of the envisaged objective.

According to the scheme, the beneficiaries were required to construct houses on the sites within 6 months, failing which the pattas have to be cancelled. It was, however, noticed from the information furnished by four Special Tahsildars (ADW) that out of 25,984 pattas issued during 1995-2001, 25,204 beneficiaries (97 *per cent*) did not construct the houses. According to DADWO's reply (August 2001), no action was initiated so far to cancel pattas wherever houses were not constructed as the beneficiaries were belonging to 'Below Poverty Line' and further such cancellation would create law and order problems in the villages. Apparently the houses were not built by the beneficiaries due to lack of funds. The scheme merely provided for distribution of house sites and did not address the question of financing the construction by the beneficiary. There were also no instructions to the district officers to verify if the house site was still in the possession of the beneficiary, although there was a condition that the site should not be disposed of for a period of 30 years.

3.1.6.2 Supply of text books to SC/ST students

Text books for all subjects are supplied free of cost to students of SC/ST/SC converts to Christianity studying in Standard IX and X in the schools run by the Education Department. Similarly, text books for all subjects are supplied free of cost to all the students studying in schools run by ADW Department irrespective of community and income.

Inaccurate assessment of requirement of text books.

DADWO did not have any data regarding the number of students eligible to receive text books *vis-à-vis* number supplied with text books, relating to any of the years 1995-2001. Information obtained by Audit from the three Special Tahsildars (ADW), Dharmapuri, Harur II and Krishnagiri, disclosed that as schools did not submit indents to them in time, they prepared indents based on previous year's receipt from the Regional Office of Tamil Nadu Text Book Society, Bargur, after adding 5 to 10 *per cent*. As the assessment of the requirement of text books was not made accurately, 4,626 text books valuing Rs 0.39 lakh were kept undistributed from 1990 onwards, due to change of syllabus, by the three Special Tahsildars (ADW).

3.1.6.3 Scheme for supply of uniforms to Plus One and Plus Two girl students

GTN introduced (September 1996) a new scheme from the year 1996-97 according to which two sets of uniforms would be supplied to plus one and plus two girl students studying in ADW schools and the students staying in the hostels run by the department. After obtaining the indents from the Special Tashildars (ADW) in the district, cloth was procured from Co-optex under the control of the Director of Handlooms and Textiles by DADWO, Dharmapuri, between March and July 1997. More than 50 *per cent* of the cloth was received by the District Social Welfare Officer for stitching in July 1997 after the end of the academic year 1996-97. As a result, uniforms were supplied to plus one students in the next class in September 1997 and plus two students were denied the uniform. Because of the delayed action at every level, the objective of the scheme could not be fulfilled even in the first year of its introduction.

Though the uniforms were required to be distributed by Special Tahsildhars (ADW) in June every year, the actual distribution during 1997-2001 was in October 1997, August 1998, September 1999 and August 2000, with a delay of one to 3 months.

3.1.6.4 Book Bank Scheme

A Book Bank Scheme is in operation in the State since 1993-94 with the objective of helping the SC/ST students pursuing Medical, Engineering, Agriculture and other professional courses. The programme envisages purchase of one set of books by Principals of the institutions concerned for every two SC/ST students receiving GOI post-matric scholarship for pursuing studies in professional courses. From 1998-99, the scheme was extended to post-graduate courses also. The expenditure on the scheme is shared equally between GOI and GTN.

The funds for the implementation of the scheme were drawn by DADW and given to TAHDCO, Chennai, who in turn provided funds to the District Adi-dravidar Welfare Officers. DADWO, Dharmapuri spent Rs 14.99 lakh during 1998-2001. He received no funds during 1995-97 and in 2000-01.

A sum of Rs 4.99 lakh was lying unutilised as of August 2001 in savings bank account. According to DADWO, 499 SC/ST students were so far benefited from the scheme, but he had no data of the number of eligible students in the district.

3.1.6.5 Kalvi Kudumba Thittam (Scheme for family with educated youth)

To create employment opportunities among educated SC/ST youth, a new scheme 'Kalvi Kudumba Thittam' was introduced in the year 1998-99. Under this scheme, subsidy ranging from Rs 15,000 to Rs 50,000 for self-employment would be provided to one of the degree/diploma holders in a family which is below poverty line.

DADW allocated funds to various districts based on GTN sanction. The position in Dharmapuri District was as follows:

Year	Allocation (Rupees in lakh)	Month of allocation	Number of beneficiaries	Month of release
1998-99	6.65	February 1999	36	April 1999
1999-2000	1.95	March 2000	13	June 2000

Government accorded (November 2000) sanction for implementing the scheme during the year 2000-2001, according to which the amount allocated to DADWO, Dharmapuri was Rs 1.90 lakh (Rs 1.50 lakh for SCs and Rs 0.40 lakh for STs). However, the amount has not been released to the targeted 14 beneficiaries by the DADWO, as of October 2001.

Absence of record to show utilisation of subsidy of Rs 8.60 lakh.

There was no record with DADWO to show how the subsidy amount was actually utilised by the beneficiary, which indicates lack of monitoring.

3.1.6.6 Release of bonded labourers

No information available with DADWO on the extent of rehabilitation of 135 bonded labourers.

Article 23 of the Constitution of India prohibits traffic in human beings and forced labour and provides that any contravention of this provision shall be an offence punishable in accordance with law. Since majority of bonded labourers belong to SC/ST, this Article has a special significance for them. In Dharmapuri District 135 bonded labourers were released by Revenue Divisional Officers (Dharmapuri, Hosur and Krishnagiri) during 1997-98 (2), 1998-99 (51), 1999-2000 (63) and 2000-2001 (19). They were provided with rehabilitation assistance of Rs 13.70 lakh (at Rs 10,000 each for 133 labourers and at Rs 20,000 each for 2 labourers) for carrying out trades like rearing milch animals and sheep, pottery, brick-kiln, etc. The DADWO, Dharmapuri had no information about the extent of rehabilitation of the released labourers.

3.1.7 Purchase of milch animals, sheep units, etc implemented by Animal Husbandry Department

Regional Joint Director of Animal Husbandry (RJD (AH)), Dharmapuri received Rs 42.98 lakh from DADWO (Rs 34.06 lakh) and Managing Director (MD), TAHDCO (Rs 8.92 lakh) during 1995-2001 and gave subsidy of Rs 37.49 lakh to 1,473 beneficiaries for purchase of heifer calves, sheep units[2], etc.

No data on income generated by the assistance given to beneficiaries.

Out of the balance of Rs 5.49 lakh, Rs 5.40 lakh, meant for sheep units to 60 beneficiaries, were lying unutilised since March 2000 due to delay in selection of beneficiaries by DADWO. Excepting for one year (1998-99), assistance provided was not utilised in the year of sanction but utilised in the subsequent year due to belated issue of Government orders and belated receipt of funds. Though the RJD (AH), Dharmapuri, informed (July 2001) Audit that the animals were being visited by the field staff frequently for ascertaining the benefits to the people, no recorded evidence was made available. He also stated that many beneficiaries improved their economic condition and have crossed the poverty-line, but he did not produce any data on income generated, to Audit.

3.1.8 Results of physical verification of assets created under various schemes

Physical verification of assets by Audit.

To verify the existence of various assets for the creation of which assistance (in the form of margin money, term loan, subsidy and bank loan) was provided by various agencies in Dharmapuri District, Audit conducted a test-check by way of physical verification in August 2001. 52 assets for which assistance was given by DADWO and TAHDCO were taken up for verification, and it was found that 35 assets (including 17 assets referred to in para 3.1.5.2) for which assistance of Rs 13.58 lakh was provided during 1999-2001, were not available. These assets were either not created or were disposed of after creation.

Verification also revealed that out of 20 houses constructed during 1998-2000 in Bargur block under Indira Awaas Yojana, one house constructed at a cost of Rs 32,000 in 1998-99 in Mallapadi village was sold by the beneficiary in 2000-01 in violation of guidelines.

The above points were referred to Government in September 2001; reply had not been received (December 2001).

2 One sheep unit: 9 ewes and 1 ram.

3.2 Soil Conservation Schemes (Agriculture Department)

Summary Highlights

Soil Conservation schemes protect land from soil erosion, ensure soil stabilisation. Various measures like contour bunding, farm forestry, afforestation, land shaping and construction of retaining walls, silt detention tanks, check dams and staggered trenches were implemented with the consent of the farmers and for this purpose the State has been delineated into 34 river basins and further into sub/micro watersheds.

Perusal of records relating to various soil conservation measures undertaken in hills and plains and under the Integrated Tribal Development Programme, Western Ghat Development Programme, Hill Area Development Programme and River Valley Project revealed that there were delays in preparation of project reports and improper selection of watersheds; lack of integrated planning was noticed under River Valley Project; farmers and tribals were not involved in works thus denying them job opportunities for improving their economic status; contour bunding was executed in ineligible watersheds; guidelines of Government of India were violated under River Valley Project and Western Ghat Development Programme resulting in unnecessary extra expenditure; Registers of Rights and Liabilities were prepared belatedly and there was no mechanism to watch the recovery of loan from beneficiary farmers.

- Project reports were prepared belatedly and ineligbile watersheds having less than 50 *per cent* dry land were selected and works executed during 1996-2001.

(Paragraph 3.2.5.1)

- In violation of guidelines 68 watersheds were selected and Soil Conservation measures implemented for one year duration instead of for five continuous years.

(Paragraph 3.2.5.2)

- Ryots/tribals were not involved in works thus denying them job opportunities for improving their economic status.

(Paragraph 3.2.7.1)

- Non-adoption of appropriate rate for earth work based on the type of soil resulted in over payment of Rs 75.51 lakh in 13 sub-divisions during 1996-2000.

(Paragraph 3.2.7.2)

Abbreviations used in this review are listed in the Glossary in Appendix XLVII (page 270).

- Contour bunding works were executed in ineligible watersheds with a slope of less than 2 *per cent* during 1996-2001 in 7 sample units, at a cost of Rs 4 crore.

(Paragraph 3.2.7.3)

- Prioritised vegetative measures were not executed at the percentage specified by Government of India under River Valley Project; instead more engineering structures were executed in violation of guidelines.

(Paragraph 3.2.7.5 (a) (i))

- Sowing and plantation works were executed at a cost of Rs 2.02 crore in wastelands under River Valley Project in violation of guidelines of Government of India, with no arrangement for the maintenance of plants in such lands.

(Paragraph 3.2.7.5 (a) (iii))

- Due to non-utilisation of half-buried boulders at site in the execution of minor check dams in the Nilgiris District and payment made at a higher rate adopting the rate of rough stcne as purchased from outside without any recorded evidence for purchase, there was an over payment of Rs 1.35 crore during 1996-99.

(Paragraph 3.2.7.5 (a) (iv))

- Registers of Rights and Liabilities were prepared belatedly by Agricultural Engineering Department and given to Revenue officials; there was no mechanism to watch the recovery from the beneficiary farmers and the recovery continued to be poor.

(Paragraph 3.2.8)

- Despite the formation of a corpus fund, interest on such fund was not utilised for the maintenance of the assets formed under River Valley Project and Western Ghat Development Programme.

(Paragraph 3.2.9)

3.2.1 Introduction

Soil Conservation schemes are implemented with the objective of protecting soil from erosion; preventing run off and achieving soil stabilisation and for sustainable land management to attain increased productivity. Various measures undertaken under soil conservation are contour bunding, contour ploughing, farm forestry, afforestation, land shaping and pipe laying works in plains, construction of retaining walls, silt detention tanks, staggered trenches, check dams and silvipasture development in hilly areas. Though the schemes are implemented mostly on agricultural lands with the consent of the farmers, certain soil conservation measures like gully control and water harvesting structures are constructed in *Poromboke*[1] land. For implementation of soil conservation measures, the State has been delineated into 34 river basins and further into sub/micro watersheds.

Soil conservation measures are undertaken under the State-funded Soil conservation schemes in hills and plains and under the Centrally sponsored Integrated Tribal Development Programme (ITDP), Western Ghat Development Programme (WGDP), Hill Area Development Programme (HADP) and River Valley Project (RVP).

3.2.2 Organisational set up

The soil conservation schemes in hills and plains, ITDP and RVP are implemented under the administrative control of Secretary, Agriculture Department whereas the programmes *viz.*, WGDP and HADP are implemented under Secretary, Planning and Development Department. The responsibility for the implementation of these schemes/programmes lies with the Chief Engineer (CE), Agricultural Engineering Department (AED) and Chief Engineer (RVP), Superintending Engineers and their subordinate officers. A technical and monitoring cell, established in the office of CE (AED) monitors the implementation of schemes/programmes.

3.2.3 Audit coverage

Implementation of soil conservation schemes/programmes from 1996-97 to 2000-2001 was reviewed during September 2000 to March 2001 by test-check of records in Agriculture and Planning and Development departments of the State Secretariat, offices of CE (AED) and CE (RVP) and the offices of Superintending Engineers (SEs)/Executive Engineers (EEs)/Assistant Executive Engineers (AEEs) in 9 districts[2].

3.2.4 Financial Arrangements

3.2.4.1 Funding pattern and proposal for Ninth Five Year Plan in respect of Soil Conservation Schemes are detailed in Appendix XV.

3.2.4.2 Financial Performance

The details of budget allocation (including supplementary) and the expenditure incurred under soil conservation schemes during the period 1996-97 to 2000-2001 are as given below:

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1 *Poromboke* land: Land used or reserved for public or Government purposes and which does not yield revenue (Land Revenue/Tax) to Government.

2 For schemes in hills and plains: Cuddalore, Erode, Salem, Theni, Vellore and Villupuram (cent *per cent* State funded scheme).
For ITDP: Salem, Vellore and Villupuram.
For RVP: Theni.
For WGDP: Coimbatore, Dindigul and Theni.
For HADP: The Nilgiris.

(Rupees in crore)

Soil conservation schemes in	1996-97		1997-98		1998-99		1999-2000		2000-2001	
	Budget Provision	Expen-diture	Budget Provision	Expen-diture	Budget Provision	Expen-diture	Budget Provision	Expen-diture	Budget Provision	Expen-diture
State Scheme										
Hills and plains	**16.20**	**11.90**	**17.70**	**13.28**	**21.66**	**16.48**	**26.32**	**19.67**	**14.41**	**14.62**
Centrally Sponsored Scheme										
(1) Tribal areas under ITDP	0.78	0.81	0.70	0.68	0.80	0.76	0.92	0.92	0.92	0.92
(2) WGDP	4.79	3.60	3.60	3.61	3.31	3.82	5.55	3.26	3.21	3.00
(3) HADP	2.68	2.79	4.14	4.15	5.21	5.31	5.56	4.72	3.58	3.45
(4) RVP	7.45	5.46	8.42	6.20	8.36	6.40	8.32	5.79	6.55	5.31
Total	**15.70**	**12.66**	**16.86**	**14.64**	**17.68**	**16.29**	**20.35**	**14.69**	**14.26**	**12.68**

The savings under State scheme were due to inter-account transfer of cost of works to loan head and due to less expenditure towards soil conservation works under special component plan for Scheduled Castes. The savings under the Centrally sponsored schemes *viz.*, RVP (during 1996-97 to 2000-2001) and WGDP and HADP (during 1999-2000) was mainly due to inter-account transfer of cost of works to loan head.

3.2.4.3 Non-utilisation of funds under centrally sponsored River Valley Project

Non-utilisation of Central assistance during 1992-2001 under River Valley Project by Forest Department.

The Centrally sponsored scheme of RVP in Kundah and Lower Bhavani catchments is being implemented in the State. Government of India (GOI) allocated funds for AED and Forest departments and released the Central assistance every year. During 1992-2001, GOI allocated Rs 44.71 crore for AED and Rs 3.09 crore for Forest Department and released Rs 40.04 crore during this period. The AED utilised Rs 50.26 crore[3] on the project, while the Forest Department had not utilised any amount. Principal Chief Conservator of Forests stated that the soil conservation works are being implemented under various state plan schemes during the last few years which were adequate.

3.2.5 Inadequate planning

3.2.5.1 Soil conservation schemes in hills and plains (State scheme)

(i) Delay in preparation of project reports

Belated preparation of Project reports resulting in further delay of the scheduling of works during agricultural peak seasons.

As per prescribed procedure, the project reports indicating the soil conservation schemes proposed to be undertaken during the ensuing year should be prepared by the AEE/AE and got approved by the EE before 31 March of each year. As per the calendar of operations, prescribed in the guidelines, the contour bunding works are to be executed in May and June and farm forestry and other afforestation works from June to October. However, the project reports were found to have been belatedly prepared upto the month of September in 7 divisions[4] covered by test-check. The remedial measures to

3 As per Government accounts which included Rs 13.43 crore transferred to loan account.

4 Cuddalore, Gobichettypalayam, Kancheepuram, Salem, Theni, Vellore and Villupuram.

be taken to avoid such delays in future were not furnished to Audit by AED/Government (August 2001).

As the Soil conservation works were taken up in agricultural peak seasons, the land owners raised objections and consequently the department had to identify alternate watershed area and prepare project reports once again. This resulted in further delay and in non-adoption of the prescribed calendar of operations besides exclusion of the areas earmarked originally. Such alternate watershed selection noticed during test-check are given below:

Name of the Division	Year	Original watershed selected	Alternate watershed selected
Villupuram	1996-97	Kattunemili	Kanambur
		Annakulathur	Mattarmangalam and Esanthai
Tiruppathur	1998-99	Kizhachur, Ganganallur and Pudur (Out of 413 ha proposed to be covered, only 250 ha were covered)	Kotalam
	2000-2001	Madanancheri (out of 411 ha, works executed only in 167 ha)	Karaiyanpatti

(ii) Improper selection of watersheds

Selection of watersheds which had less than 50 *per cent* of dry land, violating the guidelines of Government of India.

As per the Manual criteria, the selected watershed should have less than 30 *per cent* of the cultivated area under irrigation with no perennial irrigation facilities. Besides, dry land cultivation should be practiced in more than 50 *per cent* of the total area and the selected watershed should be adjacent to the previous watershed in which soil conservation measures were already executed.

However, in five sample sub-divisions 43 watersheds were selected and works executed during the period 1996-97 to 2000-2001 although these watersheds had less than 50 *per cent* of dry land, thus violating the guidelines.

The reply given by 2 sub divisions was that the watersheds were selected on need-based approach and demand by farmers. The fact remains, however, that GOI had not allowed any flexibility in this regard in its guidelines.

3.2.5.2 Lack of integrated planning under Centrally sponsored River Valley Project

Project reports for watershed were not planned for five years and watersheds were not covered continuously as envisaged.

As per the guidelines on RVP, the treatment of watershed must be planned on a project basis for a total period of 5 years so as to saturate the entire watershed during that period. However, it was noticed that the watershed project reports under RVP were prepared selecting watersheds on annual basis and not planned for five years. Test-check of concerned records revealed that though 68 watersheds were covered during the period 1996-97 to 2000-2001, they were not covered continuously as envisaged. AED has not furnished any specific reasons for this violation.

3.2.6 Physical performance

The details of area proposed to be covered and actually covered during the period 1996-97 to 2000-2001 under various soil conservation schemes/programmes are as follows:

Sl. No	Soil conservation schemes in	Coverage of Area (ha) During									
		1996-97		1997-98		1998-99		1999-2000		2000-2001	
		Proposed	Covered	Proposed	Covered	Proposed	Covered	Proposed	Covered	Proposed	Covered
(1)	Hills and plains	75,000	84,809	80,000	85,336	83,425	89,660	60,000	69,718	80,000	92,290
(2)	Tribal areas under ITDP	468	630	580	639	611	684	635	703	602	664
(3)	WGDP	6990	7299	7645	7973	7595	7877	6865	7255	7277	7402
(4)	HADP	4900	5217	2120	2201	2283	2267	1157	1025	1200	1081
(5)	RVP	8240	8240	8518	8518	7425	7425	6084	6084	3347	3347
	Total	95,598	1,06,195	98,863	1,04,667	1,01,339	1,07,913	74,741	84,785	92,426	1,04,784

3.2.7 Execution of works

3.2.7.1 Non-involvement of ryots in works

Ryots were not involved in works, denying job opportunities to them.

As per Government instructions, all soil conservation works should be executed as far as possible by the local ryots themselves with a view to improve their economic status. However, it was found that in all test-checked districts, the works were straightaway entrusted to contractors nominated by AEEs under piece work contract method without involving ryots, thus defeating the main purpose of giving job opportunities to ryots for improving their economic status. Though GOI stressed that maximum efforts should be made to execute the works through land owners, no such efforts were made.

Local tribals were not engaged as workers or piece-work contractors in ITDP works.

Even under ITDP areas[5], the works were executed without engaging local tribals as workers or piece-work contractors, thus depriving the poor tribals from wage employment. Piece work contracts were given to outside skilled labourers like masons, cart puller, stone cutter , and as seen from the records produced to Audit no efforts were made to identify skilled ryots/tribals for executing the works.

3.2.7.2 Incorrect adoption of rate for earthwork

Rate for earth work was not adopted as per the type of soil, resulting in an overpayment of Rs 75.51 lakh.

Payment is regulated for earthwork excavation, according to the type of soil prevailing at the site and the rates prescribed in the Public Works Department (PWD) schedule of rates. Though the type of soil prevailing at the sites of districts covered by test-check was sandy loam red soil, yet payment for earth excavation was made at the rate applicable to hard red earth in many cases. As the rate for hard red earth was higher than for the sandy loam red soil, there was an overpayment of Rs 75.51 lakh for a total quantity of 50,09,186 m^3 of earth excavated during 1996-97 to 1999-2000 in 13 sub-divisions out of 15 sample sub-divisions checked in audit.

3.2.7.3 Execution of contour bunding in ineligible watersheds

Contour bunding works were executed at a cost of Rs 4 crore during 1996-2001 in ineligible watersheds.

(a) The main objective of contour bunding across the slope of the land is to prevent soil erosion and to arrest run off rain water. Because of the reduction in the cross section of the contour bunds from 0.70 Sq. m to 0.4625 Sq. m from 1990 onwards, CE (AED) instructed (March 1990) that the contour bunding works be executed normally at sites where the slope was more than 2 *per cent*. Even as per the classification of land capability detailed in Soil Conservation Manual, lands where the slope was less than 2 *per cent* is

5 Salem, Thiruvannamalai, Vellore and Villupuram.

fit for cultivation and therefore only agronomical measures like contour cultivation/cropping, strip cropping and crop rotation were to be adopted. In lands where the slope was between 2 to 10 *per cent*, measures such as contour bunding and 'vettiver' planting were recommended.

However, in 7 implementing units test-checked, project reports for watersheds were prepared and approved by the concerned SE for contour bunding works where the slope was less than 2 *per cent*. Such works costing Rs 4 crore were executed by AEEs during 1996-97 to 2000-2001 in violation of specific instruction of the CE.

3.2.7.4 Adoption of incorrect norms/specifications/guidelines

Adoption of incorrect rate for shrinkage resulted in over-payment of Rs 7.67lakh.

(a) The payment for earthwork excavation for contour bunding should be based on pit measurement as per the Tamil Nadu Building Practice. However in 3 sub-divisions[6], out of 17 sample sub-divisions, the payment was made based on bund measurement in violation of the established building practice. According to the specification followed in the State, 17 *per cent* allowance should be deducted towards shrinkage for ordinary loose soil. However, a uniform deduction of 10 *per cent* only was made towards shrinkage as per the instructions of CE (AED). In one of the watersheds in Kancheepuram division, no deduction was made towards shrinkage. Such lower deduction had resulted in an overpayment of Rs 7.67 lakh in 4 sub-divisions, for which no reasons were adduced.

Execution of pipe laying works in Villupuram District without getting the lands of farmers registered in favour of Government.

(b) The beneficiaries have to get their lands registered in favour of Government enabling the department to enforce recovery in cases of default. However in Villupuram district, pipe laying works involving huge cost were executed by AEEs without getting the lands of farmers mortgaged in favour of Government. This would become an impediment in enforcing loan recovery. AED stated that the farmers were not willing to get their lands registered in favour of Government.

3.2.7.5 Violation of guidelines issued by GOI

(a) River Valley Project

Neglect of Vegetative measures and preference to Engineering measures.

(i)(a) Under RVP, GOI guidelines insist that high priority should be given to vegetative measures such as afforestation, growing grasses and shrubs, agro forestry horticulture and planting of fuel, fodder, timber and fruit trees. Agro forestry, composite nursery, pasture development and fodder development are some of the important works to be taken up on high priority. However such vegetative measures were completely neglected during 1996-2000 by RVP I and RVP III sub-divisions and only Civil Engineering measures like construction of check dams, water harvesting structures and silt detention tanks were adopted. AEE, RVP I Theni and AEE, RVP III, Andipatti replied that this was done to preserve moisture so as to provide required water for the vegetation to be planted. In fact the Project Reports giving priority to engineering structures have been approved by State Government/GOI, violating the guidelines.

In respect of RVP II sub division, required details were not furnished to Audit.

(b) GOI had also emphasised that the engineering structures should not be constructed in the first year of the project but only in the second or third year

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6 Kancheepuram, Tindivanam and Tiruppathur.

so as to ensure that the vegetative measures undertaken during the first year acquire some definite shape before supplemental engineering structures are put up in the second or third year. However under Vaigai-Periyar RVP project, engineering structures alone to the extent of Rs 59.93 lakh (84 *per cent*) were constructed by Periyar-Vaigai sub- division during the first year whereas the vegetative measures were initiated only for Rs 11.18 lakh (16 *per cent*) thus ignoring the guidelines. No justification has been given for giving priority to engineering structures.

(c) Also, in the report submitted to GOI (March 2000) for the year 1999-2000, the works were stated to have been executed as per plan giving emphasis to vegetative measures, whereas actually priority was given to engineering structures only as given below.

(Rupees in lakh)

Item of work	RVP I		RVP III	
	As per CR	As per report to GOI	As per CR	As per report to GOI
Demarcation and Survey	..	1.95	..	1.61
Contour bunding	14.12	17.99	4.82	7.56
Horticultural plantation	11.08	21.02	9.67	15.12
Sowing and plantation	Nil	Nil	Nil	16.16
Agro Forestry	0.10	1.20	0.60	0.60
Drainage Line Treatment and Water Harvesting structures	40.76	23.82	44.37	17.89
Silt detention tanks (SDT)	4.66	4.67	2.33	2.50
Farm ponds	0.39	0.38	0.57	0.38
Total	**71.11**	**71.03**	**62.36**	**61.82**

CR: Completion Report

The department had not furnished the reasons for discrepancies, though called for by Audit (August 2001).

Payments were made bunching all items of works.

Absence of measurements and check measurements for distinct items of works.

(ii) For raising plantations, estimates should be prepared for the proposed area and payment should be regulated based on distinct item of work actually executed after recording in Measurement Books (M-Books). "Sowing and plantation" consists of number of activities/works. However in RVP I and III sub-divisions estimates were prepared by bunching all the items of work and payments were made based on the number of seedlings planted. Measurement for distinct items of works were not recorded in the M-Books. In the absence of such itemwise measurements, there was no recorded evidence for digging of pits, application of pesticides and manuring, forming semicircular bunds, etc and the genuineness of the works executed could not be ensured.

Execution of sowing and plantation works in wastelands at a cost of Rs 2.02 crore in violation of guidelines.

(iii) As per GOI guidelines, sowing and plantation were to be done in forest land only. However, the details furnished by CE (RVP) revealed that in RVP I, II and III sub-divisions the said works were executed in wastelands at a cost of Rs 2.02 crore in violation of the guidelines. There was no arrangement for maintenance of plants in wastelands. No details regarding the survival of plants planted in wastelands were available in the records produced to Audit. Government replied (September 2001) that these are Government wastelands and after plantation these would be handed over to Watershed Farmers' Association. The reply was not tenable, as no farmers Associations could be formed covering such lands and farmers would not be interested in contributing their share in maintaining Government properties.

Excess payment of Rs 1.35 crore under River Valley Project during 1996-99 due to non-utilisation of half-buried boulders at site.

(iv) As per the estimate, half-buried boulders available at the site were to be utilised for construction. Minor check dams were constructed in the Nilgiris District using Dry Stone Masonry under RVP. A perusal of estimates in three sub- divisions of RVP during 1996-97 to 1998-99 revealed that a rate of Rs 300 per cubic metre for Dry Stone Masonry was adopted which included the cost of rough stones as per the PWD Schedule of rates. As these sub-divisions were required to utilise the half-buried boulders available at the site of construction, inclusion of cost of rough stone was incorrect. This had resulted in excess payment of Rs 1.35 crore in respect of RVP I, II and III sub-divisions. The AEE stated that the half- buried boulders at site were of poor quality and hence dressed stones were purchased locally and used. However, neither any recorded evidence like vouchers for the purchase of rough stones nor any documentary evidence to show the poor quality of buried boulders were produced and hence the reply of the department could not be accepted.

(b) Western Ghat Development Programme

Excess expenditure of Rs 7.85 lakh on 21 silt detention tanks constructed above the unit cost fixed.

Government fixed a unit cost of Rs 1.50 lakh per SDT in October 1996. However in 2 sub divisions, 21 SDTs were constructed at a cost ranging between Rs 1.54 lakh and Rs 2.40 lakh during 1996-97 to 1999-2000. Expenditure incurred in excess of the unit cost on these tanks was Rs 7.85 lakh. Audit noticed that the CE (AED) had not proposed revision of the unit cost from Rs 1.50 lakh, whereas he informed Government in April 2000 that the cost overrun on SDTs was due to non-revision of unit cost annually. Government has stated (September 2001) that the district officials were being instructed to restrict the unit cost of structures in future.

3.2.7.6 Irregularities in award of contracts

Work of desilting Kodappamund Channel was executed by obtaining quotation.

Government sanctioned (August 1998) Rs 94.32 lakh for desilting of Kodappamund channel by Landslide sub-division at Coonoor and Integrated Watershed Survey sub-division at Udhagamandalam. The estimate for earthwork excavation was prepared for Rs 44.69 lakh, indicating that the works would be executed manually. The original tender called for (January 1999) was not approved by Project Director (PD) (HADP) as the lowest offer (Rs 775) was felt to be high. The technical committee decided (November 1998) to go for open tender. However, as funds received (January 1999) were to be utilised before March 1999, the department obtained quotations and deployed Joint Catah Buller (JCB) machines at the rate of Rs 750 per hour. Thus the advantage of competitive rates obtainable through open tender was lost.

Absence of open tenders resulted in loss of Rs 8.28 lakh to Government.

However for similar work of desilting of M. Palada river using machines, rate of Rs 593.75 per hour was accepted in January 1999 by PD (HADP). Comparing this rate in the same district, there was a loss to Government of Rs 8.28 lakh, in hiring machines for desilting Kodappamund Channel. Further, the same rate of Rs 593.75 per hour was adopted for the desilting work at K. Palada river and Kappachiadda river and the contract awarded by EE (RVP) to the same contractor at the same rate without calling for open tenders.

3.2.7.7 Payment made without measurements

Payment made for silt clearance without measuring the pre and post level.

(a) As per procedure, payment for silt clearance should be made only on the quantity of silt cleared by measuring the pre and post level. However, payments were made for desilting works executed at a cost of Rs 175.23 lakh in one channel and 3 rivers (Kodappamund Channel, K. Palada, M. Palada and Kappachiadda rivers) during 1998-99 based on the number of hours for which the JCB machines were used, without recording pre and post levels in the M-Books.

Against the agreement for dumping of excavated silt on the bank of the channel, silt was transferred to 2 Km away.

(b) In all the estimates of desilting of Kodappamund channel, the excavated silt was proposed to be dumped on the bank of the channel with 10 meters initial lead as per the Tamil Nadu Building Practice. Though transportation was not contemplated in the estimate, quotations were obtained for hourly rates for transportation of silt for the leads 0-1 km and 0-2 km. Payment was made based on the number of trips made by lorries deployed and not on the silt actually transported which was not measured as the machine owners insisted on immediate payment. Thus payment of Rs 18.66 lakh on transportation of silt was without any basis. Government replied (October 2001) that the earth was removed as per the directions of PD, HADP due to non-availability of space on either side of the channel. This reply was not acceptable, as the facts remain that the estimates were prepared without ascertaining the site condition.

3.2.7.8 Cost of works executed in Patta lands

Government issued (December 1996) directions that the cost of works executed in Patta lands of farmers under Soil conservation schemes should be recovered from the beneficiaries along with 25 *per cent* overheads[7] on the cost of works with interest in 10 equal annual instalments after allowing a moratorium period of 2 years and allowing a subsidy of 25 *per cent* for the works executed. Though the percentage of overheads to be charged is to be approved by Government once in 5 years, the same rate of 25 *per cent* was adopted as overhead charges since 1975.

Adoption of overhead charges at 25 *per cent* resulted in increased liability to farmers.

While scrutinising the proposal for continuance of the soil conservation schemes in November 1996 the Secretary (Planning and Development) observed that for 1996-97, the actual staff cost came to 18 *per cent* of the total project cost. Thus, the liability of the farmers gets increased due to the Government direction for adding overheads at a higher level of 25 *per cent* of the cost of works. As the working of overhead expenses for the period subsequent to 1996-97 was not made available by AED, the extent of such loss to the farmers since 1996-97 could not be worked out by Audit.

3.2.8 Register of Rights and Liabilities

Belated preparation and handing over of Register of Rights and Liabilities.

A Register of Rights and Liabilities (RRL) was to be prepared by the sub-divisions implementing the soil conservation schemes, duly apportioning the amount of loan to all the beneficiaries under each watershed on *pro rata* basis and sent to Tahsildars for effecting recovery under "Revenue Recovery Act" after the completion of the moratorium period of 2 years. Perusal of records in the sample districts revealed that there was considerable delay in preparation of RRL for the soil conservation schemes executed under all projects. The RRL were prepared and given to Tahsildhars upto 1997-98 only. No specific reasons were furnished for the belated preparation and handing over of RRL.

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7 As per the Special Committee on the Land Improvement Scheme Act 1959, the percentage of overhead charges, at a flat rate of 25 *per cent* on the cost of works was fixed by Government (August 1975) and continued till date.

Absence of proper mechanism to watch the recovery of loan from beneficiary farmers.

Though the demands were raised annually by the AEEs, there was no mechanism to watch the recovery from the beneficiary farmers. As per the report of Revenue Department, Rs 8.53 crore due upto March 1996 in 15 districts remained to be recovered from the farmers as of March 2001. The details for the remaining districts were not made available (July 2001). Audit observed that the recovery made as of March 2001 ranged between Nil and 28 *per cent* of the demands raised for loans due for repayment as of March 1996 in these districts.

After discussion of a paragraph on the "delay in recovery of cost for soil conservation work under WGDP" in the Report of Comptroller and Auditor General of India for the year ended 31 March 1988, the Public Accounts Committee in their fifty ninth Report of Tenth Assembly (April 1992) and in their subsequent follow up report in April 2000 (Two hundred and Forty Seventh Report of Eleventh Assembly) observed that the progress of recovery was poor and the AED should attach utmost importance for the pendency and arrange for the early recovery within a specific time frame by suitably interacting with the Revenue Department at the highest level. However poor recovery of loan under WGDP continued till date and no concrete action was taken by both the departments in this regard.

3.2.9 Non-maintenance of assets

Assets at a cost of Rs 4.09 crore under ITDP not handed over to Panchayat Unions.

(a) Government in Adi Dravidar and Tribal Welfare Department issued (August 1989) orders that the assets created under ITDP should be handed over to Panchayat Unions for further maintenance. However assets formed under ITDP at a cost of Rs 4.09 crore during 1996-2000 were not handed over, nor maintained by 7 sub-divisions[8]. Non-maintenance of such assets would result in deterioration in quality and defeat the very purpose for which they were created. The sub- divisions reported that action would be taken for handing over the created assets to the Panchayat Unions.

Corpus fund interest not utilised for maintenance of assets.

(b) As per the guidelines issued by GOI for RVP, a corpus fund should be created in respect of each watershed for the maintenance of community assets created. An amount, upto 2 *per cent* of total outlay in a watershed , should be set apart to create this corpus fund. While one *per cent* of this fund would be contributed by GOI, the remaining contribution of one *per cent* would be equally met by State Government and farmers association. The interest accrued in the corpus fund should be utilised for the maintenance of the community assets created.

As of October 2000, the corpus funds had accumulated to Rs 68.89 lakh with contributions made during 1993-2000. However, details of interest earned in this corpus fund and its utilisation were not made available to Audit.

Details of assets created under WGDP not maintained and interest from corpus fund not utilised for maintenance of assets.

(c) A corpus fund was also created under WGDP as per Government orders, by providing one *per cent* of the total outlay of the project for the maintenance of assets created. An equal amount has to be deposited by Watershed farmers committee formed in each watershed and the amount of the fund has to be deposited in a Nationalised Bank. The interest earned on these deposits should be utilised for maintenance of assets created.

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[8] Dharmapuri, Namakkal, Salem, Tiruchirappalli, Tiruvannamalai, Vellore and Villupuram.

However, 3 out of 7 sub-divisions[9] had not maintained the details of assets created under WGDP. Also interest earned on the corpus fund, which had a balance of Rs 71.42 lakh as of March 2000, was not utilised for maintenance. The department stated that the interest earned was not appreciable, and therefore not utilised for maintenance works. Only from 2000-2001, separate funds for maintenance were provided.

3.2.10 Training

No training programme conducted.

As per the guidelines issued by GOI for RVP, one *per cent* of the total outlay has to be provided for organising training and workshops. The guidelines also envisaged an annual State level workshop and a Regional/District training programme with 25 farmers per watershed as participants and circulation of leaflets, pamphlets, video films etc., for the upgradation of skills in planning and execution of the programme. However no training programmes were conducted. The CE (RVP) stated that Rs 20.28 lakh was provided for organising demonstration, workshop and training in 2000-2001. Government accepted the audit observation and stated that in future, more attention would be given for training and workshop programme.

3.2.11 Conclusion

The run off and soil loss data provide vital clues to the efficacy of the treatments undertaken in the watersheds. The department did not furnish these vital data and hence Audit could not assess how far the objectives of protection of soil from erosion, prevention of run off and soil stabilisation were achieved.

While the soil conservation works executed under State scheme were to be monitored by CE (AED), the same executed under centrally sponsored schemes were to be monitored by State level committees constituted for this purpose. However the inadequate planning, improper selection of watersheds, incorrect adoption of rates and adoption of incorrect norms/specification under State scheme and the violation of guidelines issued by GOI under centrally sponsored schemes, clearly revealed that the monitoring of these schemes was very poor.

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9 Kodaikanal, Pollachi and Uthamapalayam.

3.3 Implementation of Environmental Acts and Rules relating to Air-pollution and Waste Management (Environment and Forests and Home Departments)

Summary Highlights

Government of India enacted the Air (Prevention and Control of Pollution) Act, 1981 with the objective of prevention, control and abatement of air-pollution and the Environment (Protection) Act, 1986 for protection and improvement of environment. Government of India also made rules under Environment (Protection) Act. The entire area within the State of Tamil Nadu was declared as air pollution control area by State Government in October 1983.

Review revealed, inter alia, cases of industries operating without consent, shortfall in inspection of industries, inadequacy in Ambient Air Quality and Stack Monitoring surveys, gross under-utilisation of pollution testing equipment, issue of fitness certificate to vehicles without "Pollution under control" certificate, failure to identify common sites for disposal of hazardous wastes and failure to set up facilities for disposal of bio-medical waste.

- **There was an overall shortfall in obligatory inspection of industries by the Tamil Nadu Pollution Control Board.**

(Paragraph 3.3.4.1.1)

- **Ambient Air Quality Surveys conducted were significantly low during 1996-2001 even in the case of highly polluting industries.**

(Paragraph 3.3.4.1.2)

- **Contemplated stack monitoring survey was not conducted along with Ambient Air Quality survey.**

(Paragraph 3.3.4.1.3)

- **There was gross under-utilisation of pollution testing equipment valued at Rs 99.66 lakh.**

(Paragraph 3.3.4.3.2)

- **Fitness certificates to 1,57,834 transport vehicles were issued by Regional Transport Offices without conducting pollution tests.**

(Paragraph 3.3.4.3.3)

- **Rupees 80.15 lakh were collected towards fee for pollution check without conducting tests.**

(Paragraph 3.3.4.3.4)

Abbreviations used in this review are listed in the Glossary in Appendix XLVII (page 270).

- Common facilities for disposal of hazardous wastes were not yet set up although expenditure of Rs 32 lakh was incurred on Environmental Impact Assessment studies conducted at two sites.

(Paragraph 3.3.4.4.1)

- Facilities for treatment of bio-medical waste were not set up by the identified hospitals/ nursing homes etc.

(Paragraph 3.3.4.5)

3.3.1 Introduction

The increased industrial activity and increase in vehicular population lead to increase in discharge of pollutants thereby affecting the ambient air quality which in turn has an adverse effect on vegetation and human health.

Government of Tamil Nadu (GTN) made the Tamil Nadu Air (Prevention and Control of Pollution) Rules, 1983 on the basis of the Air (Prevention and Control of Pollution) Act, 1981 of Government of India (GOI). The GOI also made the following Rules in order to implement the provisions of the Environment (Protection) (EP) Act, 1986.

Sl. No.	Rules	Purpose
1	The Environment (Protection) Rules, 1986	Prescribe standards for emission or discharge of environmental pollutants.
2	The Hazardous Wastes (Management and Handling) Rules, 1989	Prescribe procedure for environmentally sound management and disposal of hazardous wastes.
3	The Bio-Medical Waste (Management and Handling) Rules, 1998	Prescribe procedure for segregation, packaging, transportation, storage and disposal of bio-medical waste.
4	The Recycled Plastics Manufacture and Usage Rules, 1999	Regulate the manufacture and use of recycled plastics, carry bags and containers.
5	Municipal Solid Wastes (Management and Handling) Rules, 2000	Prescribe procedure for collection, segregation, storage, transportation, processing and disposal of municipal solid wastes.

3.3.2 Organisational set up

Secretary to Government, Environment and Forests Department was in overall charge of prevention, control and abatement of Industrial Pollution. Tamil Nadu Pollution Control Board (TNPCB) through its District offices and laboratories oversees and monitors the implementation of relevant rules and regulations.

Secretary to Government, Home (Transport) Department was in overall charge of control of vehicular pollution. Transport Commissioner through his zonal offices and Regional Transport Officers (RTOs) oversees and monitors the implementation of relevant rules and regulations. TNPCB had set up nine Vehicle Emission Monitoring (VEM) stations.

3.3.3 *Audit coverage*

The review was conducted during November 2000 to April 2001 covering the period 1996-97 to 2000-2001 through test-check of records in the offices of Environment and Forests Department and Home (Transport) Department of GTN, office of the Transport Commissioner and four[1] out of seven zonal offices; data was also collected from TNPCB.

3.3.4 *Monitoring of Air Pollution*

3.3.4.1 Industrial emission

3.3.4.1.1 Shortfall in Inspection

Shortfall in conducting inspections.

In September 1988, GOI issued guidelines categorising industries into red, orange and green based on their potentiality for causing pollution. TNPCB further classified these industries into large, medium and small with reference to their gross fixed assets. GOI categorised the industries engaged in the manufacture of 17 specified products as '17 Category' highly polluting industries.

'17 Category' industries are to be inspected twice a month and red-large industries once a month, by the engineers of TNPCB.

Audit covered 26 industries under '17 Category' and found that in respect of 24 industries shortfall in inspection was over 54 *per cent* during 1996-97 to 2000-2001. This indicated poor monitoring even in the case of highly polluting industries. Further, heavy shortfall in inspection ranging between 83 and 98 *per cent* was observed in respect of 39 industries covered in audit, falling under red-large category.

3.3.4.1.2 Shortfall in survey of Ambient Air Quality

Shortfall in conducting AAQ Surveys.

Sub-rule 3-B of Rule 3 of Environment (Protection) (EP) Rules, 1986 prescribes that the combined effect of emission of pollutants from industries, processes, automobiles and domestic sources shall not be permitted to exceed the specified concentration in ambient air. TNPCB was required to monitor the position through its laboratories (Mobile/District/Advanced Environmental Laboratories) by conducting Ambient Air Quality (AAQ) surveys and Stack Monitoring (SM) surveys.

Whereas AAQ survey was to be conducted twice a year, in respect of '17 Category' industries Audit found that during the period 1996-97 to 2000-2001, the number of AAQ surveys fell short of the norm by 20 to 100 *per cent*, in 25 out of 26 industries.

It was further noticed that neither the laboratories, responsible for conducting the surveys maintained a list of industries to be covered each year nor was any such list furnished regularly to the laboratories by the District Offices.

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1 Offices of the Joint Transport Commissioner, Chennai, Deputy Transport Commissioner, Coimbatore, Madurai and Salem.

3.3.4.1.3 Non-conduct of Stack Monitoring Survey

To ensure that stack emission is within the standards, the SM survey was required to be done along with AAQ survey. However, out of 1,040 AAQ surveys conducted by five laboratories covered in audit, SM Survey was not conducted in 338 cases, due to non-provision of port holes, inaccessibility of port holes, non-provision of platform in the stacks and chimneys being small.

3.3.4.1.4 Consents not issued/renewed

Functioning of industries without consent of the Board.

In terms of Section 21 of the Air Act, 1981, to establish or operate an industrial plant in an air pollution control area, previous consent of the State Board was necessary. Out of 21,752 industries identified by TNPCB, 18,632 industries applied for consent and consents were issued to 16,494 industries by the Board (upto March 2001). In respect of 19 industries of '17 Category' covered in audit, 5 were functioning without renewal of consent for five years, 2 for four years, 3 for three years, 7 for two years and 2 for one year during the five year period 1996-2001.

3.3.4.1.5 Other points of interest

(a) Laboratory vehicles off the road

The vehicle attached to District Environmental Laboratory(DEL), Ambattur was off the road from September 2000, because of which AAQ survey was not conducted in respect of 22 out of 46 industries during 2000-01. Similarly the vehicle attached to Mobile Environmental Laboratory(MEL), Manali was off the road for a period of 12 months between March 1999 and March 2001 and this curtailed the survey to 16 and 13 in 1999-2000 and 2000-2001 respectively as against 21 surveys conducted in 1998-99. On the other hand, due to upgradation of MEL, Coimbatore into DEL, one bus which was used as MEL upto November 1996 has remained idle for over four years.

(b) Chettinad MBF Hi Silica (P) Ltd.

TNPCB did not conduct annual AAQ survey for this red-large industry for the years 1995-96 to 2000-01 as required, yet renewed the consent for 1996-1997, 1999-2000 and 2000-01.

(c) MRF Ltd.

In respect of boilers the tolerance limits for Suspended Particulate Matter (SPM) and Sulphur Dioxide (SO_2) were 150 mg/Nm^3 and 400 mg/Nm^3 respectively. The results of SM surveys conducted on appointed days, were as follows:

Name of the Boiler	Date of Stack Monitoring (values in mg/Nm^3)							
	26 and 28 August 1997		28 and 29 December 1998		22 and 23 December 1999		25 and 27 July 2000	
	SPM	SO_2	SPM	SO_2	SPM	SO_2	SPM	SO_2
JT Boiler	647	181	494	11	182	643	135	448
SF Boiler	288	312	353	08	406	608	138	467
TS Boiler	312	085	323	05	221	554	146	501

Evidently most of the test results were in excess of the limits. However, TNPCB did not take any punitive action against the industry. Further the TNPCB did not analyse the reasons for the abnormally low level of SO_2 in December 1998.

d) Shardlow India Ltd., Chennai

As seen from AAQ survey reports covering different stations (spots) within the premises of the industry, the levels of SPM and SO_2 exceeded the norms as shown below:

Date of Survey	Number of stations exceeding norms	Standards in $\mu g^*/m^3$	Actuals in $\mu g^*/m^3$
19 March 1997	SPM in 4 out of 5 stations	200	207 to 481
	SO_2 in 2 out of 5 stations	80	228 and 405
25 July 1997	SPM in 2 out of 5 stations	200	488 and 550
	SO_2 in 2 out of 5 stations	80	424 and 940
27 June 2000	SO_2 in one out of 5 stations	80	204

* μg : Microgram=10^{-6} gram

In spite of high levels of emission of SPM and SO_2 the TNPCB did not undertake SM survey at all, although it is required to be done at least once a year along with AAQ survey, for a red-large industry.

3.3.4.2 Ambient Air Quality Monitoring

3.3.4.2.1 Ambient Air Quality Monitoring in Chennai and Tiruchirappalli

SPM and RPM exceeded the standards in three locations in Chennai.

For monitoring the level of air pollutants, TNPCB had set up stations during the year 1997 in five locations including three traffic intersections at Thiyagaraya Nagar, Kilpauk, and Vallalar Nagar in Chennai city.

In all the three traffic intersection stations the level of pollutants exceeded the AAQ norms prescribed by Central Pollution Control Board, as shown below:

Year	Percentage of samples exceeding norms	
	SPM	RPM
1998-1999	71 to 92	41 to 80
1999-2000	65 to 76	45 to 78
2000-2001	75 to 95	57 to 81

As against the norms of 200 $\mu g/m^3$ for SPM and 100 $\mu g/m^3$ for Respirable Particulate Matter (RPM), the maximum values of SPM and RPM recorded were as high as 1900 $\mu g/m^3$ and 913 $\mu g/m^3$ respectively during 2000-2001.

In all samples taken in certain months the SPM exceeded the norms as indicated below:

(Number of months)

Station Location	1998-1999	1999-2000	2000-2001
Kilpauk	-	1	6
Thiyagaraya Nagar	7	2	7
Vallalar Nagar	2	1	3

Though TNPCB stated (July 2001) that seminars were organised to create awareness among public; and free emission clinics and surprise emission checks were conducted with the help of Transport Department, the pollution levels were on the increase year after year which indicated that the action taken by the Board was inadequate.

Five AAQ stations were set up in Tiruchirappalli between November 1999-March 2000. An analysis of data for 1,443 samples revealed that the SPM and RPM value exceeded the norms in respect of 541 (38 *per cent*) and 244 (17 *per cent*) samples respectively between November 1999 and March 2001.

3.3.4.2.2 Non setting up of AAQ Station at Udhagamandalam

In December 1998, Government, under Hill Area Development Programme, sanctioned Rs 7.69 lakh for installation of AAQ station at Udhagamandalam for continuous monitoring of AAQ and collection of other meteorological data. The amount was released to the TNPCB in March 1999. All the requisite equipment purchased at a cost of Rs 7.19 lakh between July 1999 and March 2000 remained idle (March 2001) for want of manpower. The Noise Level Meter valued at Rs 2.45 lakh purchased in October 1999 was, however, diverted to DEL, Coimbatore.

3.3.4.3 Vehicle Emission

3.3.4.3.1 Non incorporation of provisions relating to emission checking

According to sub-rule (7) of Rule 115 of Central Motor Vehicles Rules, introduced in 1993, every vehicle, after the expiry of one year from the date of first registration, should carry a valid "Pollution Under Control" (PUC) certificate from an agency authorised for this purpose by the State Government. Similar provisions were, however, not incorporated in the Tamil Nadu Motor Vehicles (TNMV) Rules so far (May 2001), though the entire State was declared as "Air Pollution Control Area" from October 1983.

3.3.4.3.2 Gross under-utilisation of equipment

Pollution testing equipment kept idle for 15 to 68 months.

Government purchased in March 1995 and March-April 1996, 28 sets of pollution testing equipment at a total cost of Rs 99.66 lakh (each set consisting of one Gas Analyser (GA) and one Smoke Meter (SM)) and the same were issued to RTOs for conducting checks. The amount was reimbursed by GOI in November 1995 (Rs 49.94 lakh) and March 2000 (Rs 49.72 lakh).

(i) Nine sets of equipment supplied during 1995 and 1996 to RTOs based in Chennai Urban Agglomeration, were not in use since February 1997 due to entrusting the work of conducting the pollution tests and issue of PUC certificates to private agencies in Chennai.

Four sets were transferred (March and September 1997) to RTOs of Enforcement Wings in Coimbatore, Salem, Chennai and Madurai for carrying out surprise check of vehicles. However, only 1,548 vehicles were tested during 1997-98 and 1998-99 by all the above Enforcement Wings. Based on the highest number of 912 vehicles tested by Enforcement Wing, Coimbatore, in 1997-99, average number of vehicles tested per day worked out to 1.25 vehicle only which cannot be considered optimum.

(ii) Out of the twenty eight sets supplied to RTOs, performance of twenty sets in Chennai Urban Agglomeration and other districts was reviewed in audit and it was revealed that 26 equipments had failed:

Period from the date of supply	Chennai Urban Agglomeration		Other Districts	
	GAs	SMs	GAs	SMs
Within 12 months	Nil	Nil	4	2
Between 12 and 24 months	3	3	6	8

Thirty two equipments were kept idle for periods ranging from 15 to 68 months due to repairs; of which 11 equipments were still under repair as of March 2001. Information regarding the date from which the equipments were out of order was not available in respect of 8 equipments.

No annual maintenance contract was entered into, although it was necessary to ensure that the equipment was in order to conduct emission checks. There was gross under- utilisation of these costly equipments.

3.3.4.3.3 Issue of Fitness Certificate without PUC Certificate

Because of failure of pollution testing equipment as discussed above, 14 RTOs issued fitness certificates in respect of 1,57,834 vehicles during 1997-1998 to 2000-2001 without conducting the test, in violation of Government orders issued in September 1997.

3.3.4.3.4 Irregular collection of testing fee

Irregular collection of Rs 95.38 lakh towards testing fee for vehicles.

As stated earlier, pollution testing equipment were supplied to 28 RTOs from April 1995 onwards. Orders were issued only in January 1997 authorising the RTOs to conduct test and issue PUC Certificate. However, even prior to this date, 8 RTOs collected the fees amounting to Rs 15.23 lakh after conducting the tests. Further, though certain RTOs were not supplied with equipment and the equipment supplied to others were not in working condition, yet 12 RTOs collected testing fees amounting to Rs 80.15 lakh during the period 1997-98 to 2000-01, without testing.

3.3.4.3.5 Anomalies in monitoring and testing of vehicles for emission

Though private emission testing stations were authorised to conduct emission testing as early as February 1997, yet it was only in March 2001, after being pointed out in Audit that the designated officers were instructed by Transport Commissioner to undertake the monthly inspection of such stations to check compliance of conditions of authorisation.

Sub-rule (4) of Rule 116-B of TNMV Rules, dealing with grant and renewal of authorisation to private testing stations was amended in October 1998 revising the validity period of authorisation and its subsequent renewal from one year to five years. This was contrary to the clarifications sent (February 1998) by the Transport Commissioner to Government according to which the validity of the original authorisation should be for five years and subsequent renewal be on yearly basis. As a result of this ill-conceived amendment the yearly checks got postponed to five long years, leading to inadequate monitoring and control.

As per the extant rules, effective from 1 July 1998, all vehicles other than goods vehicles in Chennai Urban Agglomeration should be subjected to emission checking. In Chennai city 141 private testing stations were authorised to conduct the checks from February 1997. Despite this, as against the city's vehicle population of 11,07,601 as on 31 March 1999 only 7,28,319 vehicles were tested by these stations up to April 2000, constituting a shortfall of 34 *per cent*. Evidently, six-monthly emission checks as contemplated were not also conducted.

3.3.4.3.6 Consequences due to non setting up of VEM stations by TNPCB

Non-setting up of VEM stations resulted in issue of FCs without PUC certificates.

TNPCB was the authorised agency for issuing PUC certificate in respect of goods vehicles in Chennai from February 1992 and in respect of fitness certificate bound vehicles (transport vehicles) in Dindigul, Nilgiris, Kancheepuram and Tiruvallur districts, from July 1998. However, while TNPCB did not set up a VEM station in Tiruvallur so far (May 2001), a VEM station was set up at Kancheepuram only in April 1999. As a result, the RTO, Kancheepuram issued fitness certificates to 1,586 vehicles without PUC certificates between July 1998 and April 1999.

Further, a VEM Station was set up at Gudalur in Nilgiris district by TNPCB on 6 October 1999 at a cost of Rs 2.70 lakh. This station functioned up to 29 October 1999 only with temporary staff, and was closed thereafter, for want of staff. However, RTO, Gudalur issued 1,064 fitness certificates to transport vehicles between November 1999 and December 2000, even though PUC certificates were not produced.

3.3.4.4 Hazardous Wastes - Management and Handling

3.3.4.4.1 Non-setting up of common disposal facilities for Hazardous Wastes

Common facilities for disposal of hazardous wastes not set up.

Rule 8 of Hazardous Wastes (Management and Handling) Rules,1989, (before it was amended in January 2000) fixed the responsibility to identify sites for disposal of hazardous wastes on the State Government or a person authorised by it. By an amendment in January 2000, the responsibility was extended also to operator of a facility or any association of occupiers. TNPCB identified eight hazardous waste disposal sites in eight districts.

National Environmental Engineering Research Institute, conducted Environmental Impact Assessment studies in 1994-97, at a cost of Rs 32 lakh at Mannalure and Siruseri. However, the Revenue Department expressed (September 1998) its inability to hand over the site at Mannalure due to strong public objection, while the site at Siruseri was proposed to be taken over by State Industries Promotion Corporation of Tamil Nadu for setting up the Information Techonology Park. Therefore these two sites were dropped. As regards other six sites, permission to enter upon the site has been given by the collectors concerned in respect of three sites only as of July 2001.

The fact, however, remained that even after eleven years no common facility for disposal of Hazardous Wastes was set up in the State; progress was very slow.

3.3.4.4.2 Lack of monitoring/ control of hazardous wastes generating industries

Non-issue/renewal of authorisations.

Occupier (i.e. Units) who generated and occupier or operator, who has facilities for collection, reception, storage, transportation, etc., of hazardous wastes were required to get authorisation from TNPCB for any of the above activities. Out of 218 units covered in audit located in Coimbatore, Kancheepuram, Madurai and Salem districts, TNPCB had not issued authorisations for 29 Units. 130 Units had not got the authorisations renewed as of May 2001.

Units so authorised were required to submit to TNPCB an annual return, incorporating therein certain essential information such as total volume of the waste, mode of transportation, description of method of disposal etc. However, as of 1999-2000 none of the 58 Units in Coimbatore and 39 Units in Madurai, filed the prescribed return which was also not insisted upon by the TNPCB. As a result TNPCB was deprived of vital data for monitoring/enforcing necessary controls.

3.3.4.4.3 Disposal of effluent samples in an unscientific manner by the laboratories

The Assistant Engineers and Assistant Environmental Engineers were required to collect, in a month, a minimum of ten treated and untreated hazardous effluent samples, for purpose of laboratory analysis. After conducting laboratory analysis, the effluent was let out into the sewers without any treatment (except for those containing cyanide and bacteriological samples), as none of the five laboratories had the facilities to dispose of these effluents scientifically. Ostensibly, TNPCB itself did not follow the rules which required that all such effluents must be treated before disposal.

3.3.4.5 Bio-Medical Waste (Management and Handling) Rules, 1998

Inadequate waste treatment facilities for disposal of bio-medical waste.

Under the provisions of EP Act, 1986, GOI notified (July 1998), Bio-Medical Waste (Management and Handling) Rules, 1998. These rules which laid down norms for treatment and disposal of bio-medical waste were applicable to all persons who generate, collect, receive, store, transport, treat, dispose or handle bio-medical waste in any form.

As per Schedule VI of the Rules *ibid*, the waste treatment facilities like incinerator, autoclave/microwave system were to be installed by 30 June 2000 in respect of (i) hospitals and nursing homes in towns with population of 30 lakh and above and (ii) hospitals and nursing homes with 500 beds and above in towns with population below 30 lakh.

TNPCB identified 202 hospitals in Chennai city and 15 hospitals in other towns which were required to have facilities for waste treatment by 30 June 2000. The data collected from TNPCB indicated that these hospitals generated 809 MT of solid bio-medical waste per month. Seventy seven *per cent* of the said quantity generated by 178 hospitals/Nursing Homes was not being disposed of as per the norms provided under Schedule I of the Rules *ibid* and 115 hospitals did not have incinerator facilities, as of August 2000.

The quantity of solid bio-medical waste generated by the 202 hospitals and nursing homes in Chennai city was 572 MT per month. TNPCB advocated the establishment of a large common incineration facility to prevent the localised air pollution likely to be caused by the individual incinerators set up by the major hospitals in the city, as they are located in thickly populated areas. TNPCB further stated that the Chennai based hospitals and nursing homes proposed to utilise the common treatment facilities to be set up by Chennai Corporation.

The Chennai Corporation stated (August 2001) that the tenders for setting up of common treatment facility called for were subsequently cancelled as the first tenderer could not procure the requisite land within the time frame of 3 months. TNPCB was not inclined to grant permission in respect of the land identified by the second tenderer and suggested the tenderer to set up the facility at the land proposed to be acquired by the Board. As this did not materialise, the Chennai Corporation was taking steps to call for tenders again (August 2001).

The fact thus remained that major quantity of solid bio-medical waste generated was not being disposed of by the hospitals in a scientific manner. No headway has been made to set up common treatment facility for the waste generated by hospitals in Chennai.

3.3.4.6 Municipal Solid Wastes (Management and Handling) Rules, 2000

In exercise of the powers conferred under Section 3, 6 and 25 of EP Act, 1986, GOI made, in September 2000, Municipal Solid Wastes (Management and Handling) Rules, 2000. According to these rules, the municipal authority concerned is responsible for collection, segregation, storage, transportation, processing and disposal of municipal solid waste. The rules provided for staggered implementation of the activities so as to set up waste processing and disposal facilities by 31 December 2003. In Tamil Nadu, 102 municipalities and 6 Corporations were covered by these rules.

The solid waste generated in Chennai Corporation area alone ranged from 22,036 MT to 34,648 MT during the years 1996-2000. The above waste was dumped in open landfill without any treatment in two sites at Perungudi and Kodungaiyur.

TNPCB replied to Audit that these rules were of recent origin and steps were being taken at field level to implement them.

3.3.5 Conclusion

The shortcomings and deficiencies such as

- -allowing establishment and operation of industrial plants in an air pollution control area without proper consent of TNPCB
- -shortfall in inspection of industries by TNPCB
- -shortfall in conduct of AAQ/ SM surveys by TNPCB
- -inadequate attention towards controlling emission from motor vehicles

would point to lack of overall efficiency in implementing the provisions of the Act and Rules in regard to air pollution. Common disposal facilities for hazardous wastes were not set up so far. Monitoring and control of hazardous wastes generating industries was inadequate. The rules relating to management of bio-medical waste and municipal solid wastes were not yet given effect to.

The above points were referred to Government in July 2001; Government generally accepted the facts (November 2001). However as regards shortfall in inspection/survey of AAQ, Government stated (November 2001) that if the norms of Central Pollution Control Board are applied there will not be any shortfall in the inspections conducted. Reply furnished by Government is not tenable in view of the fact that TNPCB had prescribed its own norms for conducting inspection of industries, which were to be followed.

3.4 Prevention and Control of Diseases (Health and Family Welfare Department)

Summary Highlights

Tuberculosis and Blindness are widely prevalent in the State.

National Tuberculosis Control Programme was implemented in the State since 1962 to control Tuberculosis. A revised strategy called Revised National Tuberculosis Control Programme was implemented from 1993 with the objective of achieving cure rate of over 85 per cent through Directly Observed Treatment, Short Course Chemotherapy. The envisaged cure rate was not achieved in Chennai city and Cuddalore even during 1999-2000. The Directly Observed Treatment, Short Course Chemotherapy was not introduced in 7 districts and implemented late in 23 districts. There were shortfalls in sputum examination, anti-Tuberculosis drugs were not available at times, follow-up of treatment was poor and treatment was discontinued mid-way in several cases. Inadequate sputum culture facilities and shortage of staff also contributed to poor performance.

National Blindness Control Programme from 1976 and a World Bank Assisted Cataract Blindness Control Project from 1994 were being implemented in the State with the goal of reducing prevalence of blindness to 0.3 per cent of the population by 2000 AD. As the physical targets for performing cataract surgeries were fixed by Government of India arbitrarily without taking into account all the parameters, the backlog of cataract surgeries in the State was 0.9 per cent as of March 2001 as against the envisaged rate of 0.3 per cent. The main reasons for the high prevalence rate were poor performance under Government Sector mainly due to less number of cataract operations performed by the surgeons and poor performance of Ophthalmic Assistants in mobilising and enrolling patients for surgeries, poor utilisation of funds under consumables, Information, Education and Communication activities and poor follow-up.

- Targets ranging between 0.99 lakh in 1996-97 to 0.84 lakh in 2000-2001 fixed by Government of India for new case detection were found to be very much on the lower side as 2.50 lakh new patients were estimated to be added to the existing pool of Tuberculosis patients every year. Shortfalls upto 100 *per cent* were noticed in sputum examination in 68 Public Health Institutions mainly due to vacancies in the post of Laboratory Assistants.

(Paragraphs 3.4.5.2.1 and 3.4.5.2.2)

- Although Government of India stressed the Directly Observed Treatment, Short Course Chemotherapy strategy as mandatory for World Bank assistance and State Government issued orders in April 1998 to follow it scrupulously, the strategy was implemented in 23 districts

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Abbreviations used in this review are listed in the Glossary in Appendix XLVII (page 270).

belatedly and was yet to be implemented in 7 districts as of August 2001, thus denying effective treatment to patients.

- Drug reaction and drug intolerance were not systematically recorded but treatment continued.

(Paragraph 3.4.5.2.3)

- Expected rates of sputum conversion after 2 to 3 months of treatment were not achieved in 4 out of 6 sample districts.

(Paragraph 3.4.5.2.6)

- Although 4.61 lakh Tuberculosis patients were detected during 1996-2000, 2.33 lakh patients (51 *per cent*) alone had completed treatment. The shortfall was mainly due to the failure of patients to turn up for treatment after diagnosis (initial defaulter) and after commencement of treatment.

(Paragraph 3.4.5.2.8)

- The facilities for sputum culture and sensitivity testing provided to 9 District Tuberculosis Centres at a cost of Rs 22.07 lakh were not utilised for want of manpower and other infrastructure.

(Paragraph 3.4.5.2.9)

- Twelve District Tuberculosis Centres did not have the full strength of staff essential for the proper implementation of the programme. District Tuberculosis Centres were not established in four districts.

(Paragraph 3.4.5.3)

- Time expired drugs worth Rs 24.51 lakh were noticed during test check.

(Paragraph 3.4.5.4)

- Of the funds released to District Blindness Control Societies, Rs 1.68 crore were lying unutilised as of March 2001; there was a vast backlog of payments due to Non-governmental Organisations to the tune of Rs 9.08 crore.

(Paragraph 3.4.6.1.2)

- While Government of India released Rs 155.40 lakh towards furnishing of eye wards and operation theatres during 1999-2001, Rs 77.40 lakh alone were sanctioned and released by State Government as of April 2001.

(Paragraph 3.4.6.2 (i))

- Against Rs 1.18 crore earmarked for Information, Education and Communication activities according to the approved Project Report, Government of India released only Rs 0.52 crore (44 *per cent*) upto March 2001, the end of the project period. The State Society spent only Rs 0.17 crore (32 *per cent*) and the remaining amount of Rs 35.23 lakh was lying unutilised.

(Paragraph 3.4.6.2 (ii))

- The performance of District Mobile Ophthalmic Units in Ramanathapuram and Pudukottai was very poor.

(Paragraph 3.4.6.3)

- Unutilised Central assistance of Rs 43.67 lakh was remitted into State Government account as receipts, but not intimated to Government of India for adjustment in subsequent year's grants.

(Paragraph 3.4.6.4)

- Physical targets for cataract surgeries were fixed by Government of India arbitrarily without considering all the required parameters. Because of this, the backlog of cataract operations in the State worked out to 5.61 lakh as of March 2001, which is 0.9 *per cent* of the projected population against the targeted prevalence of blindness of 0.3 *per cent*.

(Paragraph 3.4.7.2)

- Number of cataract surgeries performed under Government Sector was very poor. Para Medical Ophthalmic Assistants failed to mobilise adequate number of patients for surgery. Each surgeon performed on an average, 208 surgeries per annum while the target was 700.

(Paragraph 3.4.7.4)

- Spectacles were provided by the District Societies only to 22 *per cent* of 0.70 lakh persons who had cataract surgeries performed during the period 1996-2001.

(Paragraph 3.4.7.5)

3.4.1 Introduction

Tuberculosis and Blindness are two major diseases prevalent in the State.

Tuberculosis (TB) is an infectious disease caused by a bacterium and spreads through the air from a person suffering from TB. It is estimated that in India about 14 million population was suffering from active TB of whom 3 to 3.5 million were in highly infectious stage. According to a National survey conducted by the Indian Council of Medical Research (ICMR) during 1955-58 about 10 lakh people suffered from TB in Tamil Nadu of whom one fourth (2.5 lakh) were infectious. This position remained the same even as of April 2000.

According to a survey conducted during 1986-1989 by World Health Organisation (WHO) with a view to find out the magnitude and causes of blindness in the country in respect of blind people with visual acuity less than 6/60, the prevalence of blindness in the country was 1.49 *per cent* and in the State it was 1.65 *per cent*. According to this survey 82.8 *per cent* of the blindness in Tamil Nadu was due to cataract.

3.4.2 Programmes implemented

The programmes implemented for the prevention and control of Tuberculosis and Blindness in the State, sources of finance and funding pattern, the objectives and the envisaged goal were as follows:

		Programmes implemented	Source of finance and funding pattern	Objectives and envisaged goal
(i)	Tuberculosis	(a) National Tuberculosis Control Programme was implemented in the State since 1962 to control the disease. Based on the findings of a review committee a revised strategy called Revised National Tuberculosis Control Programme (RNTCP) was evolved in 1993 with emphasis on cure of infectious cases through Directly Observed Treatment, Short-course Chemotherapy (DOTS).	Central assistance is provided in cash and kind meeting 50 *per cent* of the requirement of anti TB drugs and equipment. State Government meets the entire expenditure on running the TB institutions (towards staff, maintenance of buildings, vehicles, etc.) For 2000-01 the entire allocation by the Centre was External Assistance in kind.	DOTS under RNTCP with World Bank aid aimed to achieve a cure rate of over 85 *per cent* with emphasis on the augmentation of case finding activities to detect 75 *per cent* of the estimated cases after having the desired cure rate. Besides, non-RNTCP Districts, the Central institutions, State TB cell and State TB training Institutions would be strengthened.
		(b) In addition, World Bank had agreed to provide assistance of US$142 million (equivalent to Rs 604 crore) to cover a population of 130 million in the country during 2000-2001 out of the total population of 400 million likely to be covered under RNTCP. Tamil Nadu was one of the States selected and the project was implemented in the entire Chennai city and Cuddalore District during 1999-2000.		
(ii)	Blindness	National Programme for Control of Blindness (NPCB) is being implemented in the State from 1976. A World Bank Assisted Cataract Blindness Control Project (WBCBCP) is also implemented in the State since April 1994. The project period was seven years and the outlay of the project was Rs 64.19 crore. The project was extended for one more year, upto 2001-2002.	NPCB was a cent *per cent* Centrally sponsored scheme. Under the World Bank project also, Government of India (GOI) is releasing assistance as per the Action plan approved every year by the Ministry of Health and Family Welfare. Based on the claims made by the State Government, GOI would get back the amount from the World Bank.	The envisaged goal of NPCB and the World Bank project was to reduce prevalence of blindness in the State from 1.65 *per cent* to 0.3 *per cent* by 2000 AD by providing comprehensive primary, secondary and tertiary levels of eye health care and substantial reduction in eye disease in general and blindness in particular.

3.4.3 Organisational set up

Secretary, Health and Family Welfare Department was in overall charge of all the schemes. The other officers who were in charge of the schemes were as given below.

National Tuberculosis Control Programme	National Blindness Control Programme
At the State level, a full time State TB Officer in the post of Additional Director under the control of Director of Medical and Rural Health Services (DMRHS) coordinates and supervises the programme activities. At the District level, the Joint Director of Health Services (JDHS) is responsible for the implementation of the programme with the help of District Tuberculosis Centre (DTC) and Tuberculosis Unit (TU) at sub-district level and other health institutions in the district such as Taluk hospitals, Primary Health Centres (PHCs) being the microscopy centres.	At State level, the programme was implemented by State Ophthalmic Cell headed by Project Director (PD) in the post of Additional Director of Medical Education till March 1996. Tamil Nadu State Blindness Control Society (TNSBCS) was constituted as a registered society with headquarters at Chennai (June 1995). Since then it is functioning as an independent autonomous society vested with full executive and financial powers. Secretary, Health and Family Welfare Department is the ex-officio president of the society and the PD, NPCB is its Member Secretary. The society is vested with the responsibility of active implementation of the programme.
In addition, a State TB society in the office of DMRHS and District Tuberculosis Control Society (DTCS) in each district were established to ensure smooth implementation of the scheme.	The programme is also being implemented by Director of Medical Education (DME) in Medical College Hospitals, by DMRHS in District Headquarters hospitals and taluk hospitals and by Director of Public Health and Preventive Medicine (DPHPM) in PHCs in the State. District Blindness Control Societies (DBCS) were formed in all districts (except Ariyalur) of the State with the District Collector as the Chairman and the District Programme Manager, appointed by the District Collector on contract basis, to coordinate all NPCB activities in the district.

3.4.4 Audit coverage

The implementation of the programmes for the period 1996-2001 was generally reviewed through test-check of records during November 2000-April 2001 in the Health and Family Welfare Department of the State Secretariat, offices of DMRHS, DPHPM, DME and in the following offices.

Control of Tuberculosis	Control of Blindness
(i) Five DTCs[1]	(i) TNSBCS
(ii) 36 Tuberculosis Units and 15 Government Hospitals in 6 districts[2]	(ii) Six District Blindness Control Societies[3].
(iii) Corporation of Chennai.	(iii) Regional Institute of Ophthalmology and Eye Hospital at Chennai.

1 Cuddalore, Dindigul, Kancheepuram, Salem and Thanjavur.
2 Chennai, Cuddalore, Dindigul, Kancheepuram, Salem and Thanjavur.
3 Chennai, Coimbatore, Cuddalore, Madurai, Tiruvannamalai and Villupuram.

Control of Tuberculosis	Control of Blindness
(iv) Institute of Thoracic Medicine (ITM) at Chennai.	(iv) Medical College Hospitals at Madurai and Coimbatore
(v) Tuberculosis Research Centre (TRC), a unit of ICMR.	(v) Five District Headquarters Hospitals[4]
	(vi) Offices of six Deputy Director of Health Services (DDHS)[5]
	(vii) 18 Non-Governmental Organisations (NGOs)

Significant points noticed are given in the succeeding paragraphs.

3.4.5 National Tuberculosis Control Programme

3.4.5.1 Financial performance

Details of Central assistance received, State share released, expenditure incurred under the programme for anti-TB drugs and equipment, during 1996-97 to 2000-2001 are as given below.

(Rupees in crore)

Year	Central assistance received	Assistance released and expenditure incurred towards purchase of drugs and equipment		
		Central share	State share	Total
1996-97	0.19*	NIL	NIL	0.19*
1997-98	1.38	1.38	1.49	2.87
1998-99	1.60	1.49	1.49	2.98
1999-2000	1.70	1.81	1.70	3.51
2000-2001	11.34[a]	NIL	NIL	NIL

* **Central assistance in kind.**

a **External aid received in kind. The medicines were supplied to DTCs directly by GOI. The value of medicines received has not been booked in the Accounts.**

Entire Central and State assistance was released to Tamil Nadu Medical Services Corporation (TNMSC) for the purchase of drugs and equipment.

3.4.5.2 Physical performance

3.4.5.2.1 Targets and achievements

Targets fixed for the State by GOI and achievements reported by DMRHS under the three main components *viz.*, sputum examination, new case detection and sputum positive cases during 1996-97 to 2000-2001 are as follows:

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4 Cuddalore, Coimbatore (at Tiruppur), Madurai (at Usilampatti), Tiruvannamalai and Villupuram.

5 Cuddalore, Coimbatore, Madurai, Thiruvannamalai, Tiruppur and Villupuram.

(In lakh number)

Year	Sputum examination		New case[6] detection		Sputum positive cases	
	Target	Achieve-ment	Target	Achieve-ment	Target	Achieve-ment
1996-97	2.97	5.05	0.99	1.38	0.30	0.24
1997-98	2.42	5.37	0.81	1.13	0.22	0.28
1998-99	3.03	5.40	0.82	1.16	0.30	0.30
1999-2000	3.06	4.65	0.83	0.94	0.31	0.28
2000-2001	3.09	3.85	0.84	0.74	0.31	0.25

Targets fixed for new case detection on the lower side.

The targets fixed by GOI for new case detection[7] were found to be very low, since 2.50 lakh new patients were estimated to be added to the existing pool of TB patients every year. Also, the achievement reported did not include cases detected/treated in private clinics, Government Medical College Hospitals, Government Hospital of Thoracic Medicine, Employees State Insurance (ESI) hospitals/dispensaries, hospitals in Railway, Port-Trust and Police Departments.

The continued incidence of the disease despite the implementation of the programme was mainly due to poor performance in case finding and treatment as discussed in the succeeding paragraphs.

3.4.5.2.2 Case finding

Shortfalls in sputum examination

Shortfalls in sputum examination upto 100 *per cent* in 68 PHIs.

According to technical guidelines of Central TB Division, efforts are required to be made under the programme to improve diagnosis of TB among patients attending health facilities, as it is expected that at least 2 *per cent* of adult out-patients will be chest symptomatics. Every patient attending out-patient department (OPD) in a health unit for any reason should be specifically asked about the presence of cough and sputum samples obtained. Though the targets fixed for sputum examination were achieved at State level, as mentioned in para 3.4.5.2.1, yet shortfalls in sputum examination upto 100 *per cent* were noticed in 68 Public Health Institutions (PHIs) covered by test-check. The main reasons attributed for the shortfall were vacancies in the posts of Laboratory Assistants (LAs)/Laboratory Technicians (LTs) and non-cooperation of patients to give sputum for examination. The study committee constituted (June 1999) by State Government to assess the performance of the programme also pointed out that sputum examination was not done for most of the chest symptomatics who reported at OPD as required and consequently many sputum positive cases were let off without any diagnosis and treatment.

Vacancy in the posts of Laboratory Assistants.

Audit observed that the posts of LAs remained vacant in 83 designated microscopy centres, specially established under RNTCP for carrying out sputum examination. Also for 1,409 PHCs in the State, 1,050 posts of LAs were sanctioned and the men in position were only 701. In the ITM, Chennai which examines sputum collected from Government Medical College Hospitals in Chennai and peripheral hospitals, 3 posts of LAs vacant from February 1998 and October 1998 had not been filled up.

6 Includes sputum positive, sputum negative (X-ray positive) and extra pulmonary tuberculosis cases.

7 Uniform target fixed by GOI at 135 per lakh population of the State.

To carry out sputum test exclusively, Government ordered (September 2000) to fill up 25 posts of LTs Grade I in 23 institutions/ hospitals attached to Medical Colleges on contract basis for the time being and then by redeployment from DMRHS. However, the posts are yet to be filled up (April 2001).

Though the Public Accounts Committee (PAC) in its 60th Report (April 1992) had recommended that the shortfall in sputum examination should be made good at all costs as it adversely affected the implementation of the programme, such shortfall still persisted and no effective action was taken by the Department to overcome it. DMRHS requested (March 2001) DPHPM to at least depute LAs from the adjoining PHCs to work in the 83 designated microscopy centres for sputum examination till these vacancies are filled by regular incumbents.

3.4.5.2.3 Treatment

Administration of drugs

Under RNTCP, as recommended by Director General of Health Services (DGHS), New Delhi, State Government ordered (October 1995) to adopt a uniform drug regimen for all new sputum positive or seriously ill sputum-negative cases. The drugs were to be taken under direct supervision of health staff for the whole period of 6 months. However, as the drop-out rates were higher, Government modified (April 1996) the orders based on the suggestion of DMRHS that the drugs be supplied to the patients once in a fortnight for self administration at home. This did not have the concurrence of GOI.

Belated implementation of DOTS in 23 districts and non-implementation in 7 districts resulted in denial of effective treatment to patients.

When World Bank stipulated DOTS strategy for assistance under RNTCP, State Government once again revised the stand (April 1998) providing for DOTS strategy to be adopted scrupulously in all institutions. Under this strategy, drugs should be administered thrice a week under direct supervision of health staff during the intensive phase of first two months; in the continuation phase of next four months, the first dose of drugs are to be administered every week under supervision and the drugs for the next 2 doses for the week are to be given to the patients for self administration at home. However, Audit observed that DOTS commenced between February 1999 and August 2001, only in 23 districts[8] of the State including Chennai Corporation (from April 1999). In respect of Chennai and Cuddalore, the first two districts to implement RNTCP, the cure rate achieved was poor. In the remaining 7 districts, the effective treatment contemplated under DOTS is yet to be given to the patients (August 2001). The main reasons for the delay in implementation were non-formation of DTCs which were essential for introduction of the programme, delay in carrying out civil works like upgrading of laboratories and drug stores and delay in conducting training programmes.

The following observations are made:

DOTS scheme not followed due to insufficient number of health workers.

(a) A number of hospitals in the State did not implement DOTS scheme for various reasons like inadequate number of Health Workers/Treatment Supervisors.

[8] February 1999:1, April 1999 : 1, March 2000:3, July 2000:1, September 2000:1, December 2000:5, March 2001:2, April 2001:3, May 2001:4, June 2001 : 1 and August 2001 : 1.

Anti-TB drugs were given in advance to the patients instead of administration under direct supervision.

(b) In Kancheepuram and Salem Districts[9], anti-TB drugs were given in advance to the patients during the intensive phase instead of administering under direct supervision on alternate days. As a result, proper intake of drugs was not ensured. Such irregular treatment could develop multi-drug resistance hampering scientific cure of the disease. Treatment was continued without systematically recording drug reaction and drug intolerance.

3.4.5.2.4 Non-availability of anti-TB drugs

Non-availability of anti-TB drugs in 11 institutions of 3 districts.

Due to non-receipt of supply from DTC/TNMSC, anti-TB drugs such as Streptomycin Injection (0.75 gms) Rifampicin capsules, Ethambutol, Pyrazinamide and Isoniazid tablets were not administered to 346 patients in 11 institutions in Dindigul, Kancheepuram and Salem districts during February 1997 to February 2001 out of 56 institutions covered by test-check. By not following the drug regimen recommended the treatment would be ineffective.

3.4.5.2.5 Contacts of sputum positive cases

No evidence regarding sputum examination of persons in contact with sputum positive cases was on record in 6 sample districts.

Any person who has productive cough and is in contact with a sputum positive index case should have 3 sputum examinations as soon as possible. If the results are negative and symptoms persist after treatment with broad-spectrum antibiotics, the patient should have a chest X-ray and undergo examination by a Medical Officer (MO). Children who cannot produce sputum should undergo tests like X-ray.

A scrutiny of treatment cards in 6 districts disclosed no evidence of sputum examination of persons in contact with sputum positive cases. According to Central-TB Division, such non-examination would result in spreading of the disease. This explains the high prevalence rate of TB in the State.

3.4.5.2.6 Follow-up of patients

For monitoring patients' progress towards cure, follow-up sputum examinations are required to be conducted at prescribed intervals during the course of treatment.

Expected rate of conversion was not achieved in four sample districts regarding the number of sputum conversions made after 2 to 3 months of treatment in respect of new, relapse and failure cases during 1997-2001.

The data compiled in Appendix XVI clearly reveal that the expected rates of conversion[10] were not achieved in 4 districts *viz.*, Kancheepuram, Dindigul, Salem and Thanjavur. While in Chennai, the expected rate of conversion was achieved only during 1999-2000 in respect of failure cases and during 2000-2001 in respect of new and relapse cases, in Cuddalore it was achieved during 1999-2000. The non-achievement was attributed to patients not turning up and migration/death of patients.

In Government Hospital of Thoracic Medicine, Tambaram, Chennai, no evidence was available in the treatment cards regarding the conduct of follow-up sputum examinations.

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[9] Kancheepuram District : Government Hospital (G.H), Madurantakam
Salem District : G.Hs at Attur, Mettur Dam
Government Primary Health Centre (GPHC) Nangavalli and Malliakkarai.

[10] From new sputum positive cases to sputum negative: 80 *per cent* after 2 months and 90 *per cent* after 3 months of treatment.
Retreatment (relapse and failure cases): 75 *per cent* after 3 months of chemotherapy.

Though the PAC recommended in their Report in April 1992 that effective follow-up action be taken in cases of large-scale drop-outs, yet these deficiencies continued to persist as mentioned above.

It is evident that because of lack of follow up action, there was no reduction in the annual incidence of new TB patients (2.50 lakh) added every year.

3.4.5.2.7 Death rate

Despite there being1981 cases of death due to TB in the State during 1996-2001, the exact reasons were not examined and recorded.

Additional Director of Medical and Rural Health Services stated that there were 1,981 cases of death due to TB in the State during 1996-97 to 2000-2001. As per the reports of District TB Officers (DTOs) in the six sample districts, 460 TB patients died during the period 1996-97 to 1999-2000. However, the reasons for the death of patients were not examined with a view to arrest the death rate.

3.4.5.2.8 Discontinuance of treatment

The fact that 49 *per cent* discontinued the treatment revealed that impact of IEC activities was poor.

Against 4.61 lakh TB patients detected for treatment during 1996-2000, only 2.33 lakh patients[11] (51 *per cent*) had completed treatment as reported (February 2001) by the DMRHS. The shortfall was mainly due to failure of TB patients to turn up for treatment after diagnosis and after commencement of treatment. Although huge amounts[12] have been spent on Information, Education and Communication (IEC) activities under the programme, impact is lacking on account of frequent changes in treatment policies/procedure.

Facts of home visits and reasons for default were not recorded in the treatment cards by health service providers.

Test-check of records in the 6 sample districts revealed that 9 to 80 *per cent* of the patients who commenced treatment during 1996-2000 discontinued it[13]. Under the programme, the patients who defaulted had to be motivated through home visits and brought back to treatment. A scrutiny of treatment cards, however, disclosed that the fact of home visits made by health service providers *viz.*, Lady Health Visitors, Multipurpose Health workers etc., and the reasons for the default were not recorded therein in most of the cases. As the responsibility for curing TB patients is placed on the health workers under the programme, high rate of default would indicate poor follow-up of patients by health workers. This had eventually led to low cure rate and transmission of TB. Though no specific reasons were given for less number of home visits, two DTCs (Salem and Kancheepuram) stated that the home visits would be recorded in future and reasons for default analysed.

Envisaged cure rate not achieved in Chennai City and Cuddalore District.

Against the cure rate of 85 *per cent* to be achieved under RNTCP, the cure rate actually achieved during 1999-2000 was only 75 *per cent* and 74 *per cent* in Chennai City and Cuddalore District which were selected under the World Bank Project.

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11 0.50 lakh in 1996-97, 0.72 lakh in 1997-98, 0.55 lakh in 1998-99 and 0.56 lakh in 1999-2000.

12 Rs 23.73 lakh in six test-checked districts during 1998-99 to 2000-01.

13 As against a limit of 5 *per cent* desired by GOI guidelines.

3.4.5.2.9 Sputum culture

Facilities provided at a cost of Rs 22.07 lakh to nine DTCs for sputum culture and sensitivity testing were not utilised for want of manpower and infrastructure facilities.

Sputum culture and sensitivity testing is valuable for surveillance, planning and management of resistant/failure cases. As these facilities are not available in DTCs, the sputum samples of patients were sent for culture to TRCs at Chennai and Madurai, ITM at Chennai and TB Sanatorium, Tambaram (Chennai). For providing sputum culture facilities, Government sanctioned (August 1997) Rs 36 lakh at the rate of Rs 4 lakh per DTC. Equipment needed for this facility were purchased (March 1998-June 1999) at a cost of Rs 22.07 lakh and supplied to 9 DTCs[14]. However, the equipment were not installed and the facility is not yet established for want of manpower like microbiologist and other infrastructure like rooms with air-conditioning, resulting in the equipment lying idle. DTCs continued to send patients/samples for culture and sensitivity test to the two TRCs, ITM and TB Sanatorium.

Results of tests were not intimated to the referring DTC in all cases. Audit found the position in DTC, Dindigul and DTC, Salem as under.

	Referred cases	Period	Results received	From
DTC, Dindigul	15	December 1997-March 2001	5	TRC, Madurai
DTC, Salem	40	March 2000-March 2001	14	TRC, Chennai

Incidentally TRC, Madurai had requested (October 2000) the DTC Dindigul to refer fewer cases for testing as their work load and commitment had risen to a great extent owing to referral from different centres.

3.4.5.3 Establishment of District Tuberculosis Centres

One DTC has to be established for an average population of 19 lakh under RNTCP with the key staff comprising DTO, Treatment Organiser, Laboratory Technician, X-ray Technician and Statistical Assistant. DTC functions as a specialised referral centre and is specifically responsible for the organisation of TB control activities in the district. As of March 2001, only 25 DTCs were functioning, against 30 as per norm.

Non-establishment of DTCs in four Districts.

(i) DTCs were not established in the four districts *viz.,* Ariyalur, Karur, Madurai (at Usilampatti) and Thiruvarur though the establishment of the DTC was a pre-requisite for the implementation of the World Bank assisted RNTCP. Proposals (April 1999 and April 2001) of the DMRHS towards establishment of these DTCs were pending with State Government (May 2001). Audit observed that the buildings for DTCs at Karur, Usilampatti and Thiruvarur were completed between December 1999 and September 2000 at a cost of Rs 88.16 lakh . However, the DTCs with required key staff were not yet established. The buildings were reported (September 2001) to be utilised for TB programme work with a MO posted locally.

(ii) Though Coimbatore District had a population of 38.87 lakh, only one DTC was functioning in the district against the requirement of two.

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14 Cuddalore, Dharmapuri, Dindigul, Kancheepuram, Pudukottai, Salem, Thanjavur, Thiruvannamalai and Tuticorin.

Posts vacant in DTCs.

(iii) Twelve DTCs already established did not have full strength of staff essential for proper implementation of RNTCP. DMRHS replied (May 2001) that his proposal (September 2000) for creation of 27 posts including 2 posts of DTOs (Nilgiris and Theni), 4 posts of second medical officers, 11 posts of Statistical Assistants and 3 posts of Pharmacists was pending with the State Government. The Central TB Division recommended (July 1997) that the headquarters of TB unit in Chennai Corporation be strengthened with additional manpower of one Data Entry Operator, Driver, IEC Officer, Medical Officer and Secretarial Assistant each. However, except the post of driver, all the remaining posts were not filled up (August 2001).

The PAC in their Report (April 1992) had observed that considering the importance of the scheme, the financial constraints should not stand in the way of establishing DTCs with required staff. However, the deficiencies in this regard still persist and affect the implementation of the programme. Correspondence between DMRHS and Government in this regard disclosed that there were financial constraints in establishing DTCs with required staff.

This has to be viewed in the background of substantial amounts of expenditure met by State Government on running the TB institutions towards staff, maintenance of buildings, vehicles, etc. The *per capita* expenditure on this account worked out to Rs 543.69[15] per patient during 1996-2000.

3.4.5.4 *Time-expired and sub-standard drugs*

(a) Time-expired drugs

Availability of time-expired anti-TB drugs worth Rs 24.51 lakh in 5 sample districts.

Drugs worth Rs 24.51 lakh became time-expired in 5 sample districts *viz.*, Chennai, Coimbatore, Cuddalore, Dindigul and Thanjavur. A detailed scrutiny of records revealed that the Injection Streptomycin and tablet Isoniazid became time-expired in Coimbatore (June 1997) and Government Medical Stores Depot (GMSD), Chennai (September 1999) respectively, while these drugs were not administered to the patients during March 1997 and July-September 1999 in Kancheepuram District due to non- availability. The DTOs at Coimbatore and Cuddalore stated that the drugs became time-expired, as they had been supplied to them by DGHS/TNMSC without any indent/ in excess of indented quantity.

(b) Sub-standard drugs

3.37 lakh of Pyrazinamide(500 mg) worth Rs 5.19 lakh were declared as sub-standard.

3.37 lakh tablets of Pyrazinamide (500 mg) (cost: Rs 5.19 lakh) (3 lakh supplied by M/s C.T. Laboratories, Calcutta received from GMSD, Chennai during April 1996 by DTC, Thanjavur and 0.37 lakh supplied by firm Unicare (India) Private Limited between June 1999 and September 1999 to DTC, Dindigul) were declared as sub-standard in June 1997 and December 2000 by the Government Analyst, Drug Testing Laboratory, Chennai, as the sample tablets did not conform to the Indian Pharmacopoeia (IP) specification in respect of disintegration test. By the time the fact was intimated (June 1997 and January 2001) to DTCs, Thanjavur and Dindigul, 3.24 lakh tablets were distributed to various institutions and in turn would have been distributed to TB patients. In PHC, Eriyodu (Dindigul District) to which 5,700 such tablets were supplied (June 1999 to January 2000) Audit found that they had been distributed to the patients. Information regarding action taken against the defaulting firms was not on record.

15 Based on expenditure and number of new patients detected plus patients who completed treatment during 1996-97 to 1999-2000.

3.4.6 National Programme for Control of Blindness

The implementation of the programme in the State is vested with Tamil Nadu State Blindness Control Society (TNSBCS), a registered society. Under the programme, infrastructure facilities, equipment for quality eye care in Government hospitals and grants-in-aid to NGOs for performing cataract surgeries are provided; IEC activities are undertaken for creating awareness. GOI approved an outlay of Rs 64.20 crore[16] for implementation of the World Bank Project in Tamil Nadu during 1994-2001, which was later extended for one more year, 2001-2002.

3.4.6.1 Financial Performance

3.4.6.1.1 Allocation and expenditure

Details of amounts released by GOI, expenditure incurred under NPCB and WBCBCP during 1994-95 to 2000-2001 are as given below.

(Rupees in lakh)

Year	NPCB			WBCBCP		
	Allocation	Released by GOI	Expenditure	Allocation	Released by GOI	Expenditure
1994-95	28.41	28.41	10.09	149.48	77.48	87.59
1995-96	31.77	31.77	22.44	306.30	306.30	96.15
1996-97	21.50	-	24.22	344.98	106.54	79.60
1997-98	3.50	-	2.65	471.88	444.47	692.79
1998-99	20.00	-	3.83	560.00	551.00	704.39
1999-2000	-	-	3.52	405.00	462.18	328.03
2000-2001	5.00	5.00	-	190.00	190.00	487.44

The expenditure under the project is initially met from budget provision made by the State Government. At the year end, based on the expenditure statement furnished by TNSBCS, Chennai, claim is preferred with GOI. There is a backlog of assistance due to be received from GOI as of March 2001.

3.4.6.1.2 Grants to District societies

Central assistance to the tune of Rs 1.68 crore was lying unutilised with 20 DBCSs as of March 2001. Dues to the tune of Rs 9.08 crore to NGOs piled up because of inadequate release of funds by GOI.

GOI released funds directly to District Societies upto December 1999 and through TNSBCS thereafter. The details of funds received by District Societies and expenditure incurred by them were not available with the Project Director TNSBCS. However, according to details furnished by TNSBCS, Rs 1.68 crore were lying unutilised with 20 DBCSs as on 31 March 2001. Of these, 7 DBCSs had closing balance exceeding Rs 10 lakh[17]. The DBCSs are required to give grants-in-aid to NGOs at specified rates for cataract surgeries performed. However, as of March 2001, dues to the tune of Rs 9.08 crore were payable to NGOs by 24 DBCSs. The pendency was attributed to inadequate release of funds by GOI to District Societies.

16 Includes direct funding to DBCS.

17 Coimbatore : Rs 40.55 lakh, Karur : Rs 11.19 lakh, Dindigul : Rs 13.87 lakh, Tiruvallur : Rs 16.01 lakh, Madurai : Rs 11.96 lakh, Nagapattinam : Rs 13.20 lakh and Tiruchirappalli : Rs 12.05 lakh.

3.4.6.2 Non-utilisation of funds

(i) Non-utilisation of funds allocated for furnishing eye wards and operation theatres

Non-release of Central assistance of Rs 18 lakh by State Government.

GOI released a sum of Rs 95.40 lakh[18] towards furnishing of newly constructed eye wards and operation theatres. However, State Government accorded sanction for Rs 77.40 lakh[19].

Out of Rs 77.40 lakh sanctioned, only Rs 16.86 lakh utilised.

Out of the amount sanctioned by Government, Rs 10 lakh were credited to the Personal Deposit (PD) account of TNSBCS only in March 2000 and is lying unutilised (April 2001), as the Society had not received any proposals from the institutions. The original sanction for Rs 67.40 lakh issued (March 2000) to DMRHS (Rs 46.80 lakh) and DME (Rs 20.60 lakh) for furnishing 25 completed eye wards and operation theatres was revalidated in September 2000. As of April 2001, an expenditure of only Rs 16.86 lakh was incurred by DMRHS; details regarding the expenditure incurred by DME have not been made available to Audit.

Central assistance of Rs 60 lakh not released by State Government.

Similarly, a sum of Rs 60 lakh released (Rs 30 lakh each in April and May 2000) by GOI towards furnishing of newly constructed eye wards has not been released by State Government to TNSBCS (March 2001).

(ii) Non-utilisation of assistance earmarked for IEC activities

Non-receipt of earmarked funds for IEC activities from GOI and non-utilisation of Rs 35.23 lakh provided for IEC activities by TNSBCS.

Against the amount of Rs 1.18 crore earmarked for IEC activities, GOI released only Rs 0.52 crore (44 *per cent*) upto 2000-2001, the end of the project period, of which TNSBCS spent only Rs 0.17 crore (32 *per cent*). Remaining amount of Rs 35.23 lakh was lying unutilised with the Society. This would lead to non-availing of World Bank credit to the full extent.

TNSBCS stated (May 2001) that instruction for broadcasting through mass media are sent directly by GOI and only the bills are settled by TNSBCS and hence due to non-receipt of instructions/bills the funds could not be utilised. The contention of TNSBCS is not tenable as State Society is responsible for implementing IEC activities under the programme. Further, there are various other IEC activities on which the amount could have been utilised.

(iii) Non-utilisation of assistance given under the component "consumables"

Funds to the tune of Rs 26.44 lakh given for consumables were not utilised.

GOI release in 1995-96 to State Government included Rs 29 lakh towards the component "consumables" under the World Bank Project. However, TNSBCS incurred an expenditure of only Rs 2.56 lakh under consumables during 1996-2000 and the balance amount of Rs 26.44 lakh was lying unutilised.

(iv) Non-utilisation of funds allocated to Eye-banks

Non-establishment of eye-bank in Coimbatore Medical College Hospital.

GOI allocated Rs 12.50 lakh during 1994-2001 for establishment of 4 eye-banks under NPCB. Two eye-banks in Chennai have been established during 1994-95 to 1999-2000. The model eye-bank in Coimbatore Medical College Hospital has not been established as of April 2001 although it was ordered in

18 July 1998: Rs 10 lakh and June 1999: Rs 85.40 lakh.

19 June 1999: Rs 10 lakh and March 2000: Rs 67.40 lakh.

July 1998. State Government had not issued orders till March 2001 for the establishment of fourth eye-bank sanctioned by GOI during 1998-99. During the period 1996-2000, an expenditure of only Rs 2.84 lakh was incurred in the two eye-banks, indicating poor performance.

Such non-utilisation of funds under the above components of the programme would hamper dissemination of information about the programme to the public and the quality of service.

3.4.6.3 Inadmissible expenditure on employment of excess staff for District Mobile Ophthalmic Unit

Mobile Ophthalmic Units were established to provide out reach services to the beneficiaries. As there are hardly any eye care facilities below the district level, these units were supposed to provide eye care services including cataract surgery in rural areas.

The approved staffing pattern for District Mobile Ophthalmic Unit (DMOU) was for 6 persons *viz.* Ophthalmic Surgeon, Ophthalmic Assistant, Operation theatre Technician, Staff Nurse, Group 'D' staff and Driver under World Bank Project. However, the State Government while re-organising the Mobile Ophthalmic Units in the State, sanctioned (March 1997) 10 posts to each DMOU under the project. This had resulted in sanctioning of four additional posts *viz.*, Civil Surgeon, Staff nurse, Junior Assistant and Nursing Assistant Grade II for each DMOU.

Expenditure of Rs 9.79 lakh incurred on excess posts operated in 2 sample districts.

GOI in their directions in December 1998 stated that the funds for salary component are allocated under the existing pattern and the additional requirement of funds over and above the existing pattern for the salary component may be met by the State Government from State Budget. Scrutiny of records in two sample districts (Coimbatore and Thiruvannamalai) disclosed that 3 posts were operated in excess of GOI norms and expenditure of Rs 9.79 lakh was debited to the project, though the expenditure has to be borne by State Government.

Number of surgeries performed by the DMOUs at Ramanathapuram and Pudukottai were between 122 and 589 and 120 and NIL during 1997-2000 against the norm of 1,500 surgeries fixed per annum.

It was expected that each mobile unit would perform a minimum of 1,500 cataract surgeries per annum. Two mobile units at Ramanathapuram and Pudukottai were functioning from 1997-98. Scrutiny of records in TNSBCS revealed that against the norm of 1,500 per annum, the performance was between 122 and 589 in Ramanathapuram District and between 120 and NIL in Pudukkottai during 1997-98 to 1999-2000.

DBCS, Ramanathapuram attributed (August 2001) the shortfall to lack of awareness among the public and stated that action would be taken to achieve target. Specific reasons for the huge shortfall in Pudukottai District have not been furnished.

3.4.6.4 Crediting unutilised Central assistance to the accounts of State Government

Perusal of records revealed that Rs 43.67 lakh, the unutilised amount of assistance received from GOI, was remitted to State Government account by TNSBCS as given below.

Serial Number	Month of release	Purpose of release	Amount released (Rupees in lakh)	Expenditure incurred (Rupees in lakh)	Balance amount (Rupees in lakh)	Month of remittance
(i)	March 1995	Provision of dark room facilities	20.00	12.95	6.52*	June 1999
(ii)	February 1996	Programme activities	338.07	79.67 209.00	27.80	October 1998
(iii)	October 1994	Purchase of Ophthalmic equipment for PHCs	18.04	13.66	4.38	November 1998
(iv)	March 1995 and March 1996	Programme activities	--	--	4.97	November 1998 and January 1999
					43.67	

* **after transferring Rs 0.53 lakh to TNSBCS.**

The amounts were credited to State Government account as receipts which is improper. This was also not intimated to GOI for adjustment in subsequent year's grants.

3.4.7 Physical performance

3.4.7.1 Physical Achievement

As the incidence of Trachoma in the State was nil, GOI fixed targets only for performing cataract operations every year in the State. The number of operations performed against the target fixed during the period 1994-95 to 2000-2001 are as given below.

Year	Target fixed by GOI	Number of cataract operations performed			Percentage of achievement
		Government Sector	NGO/ Private	Total	
1994-95	2,20,000	47,364	2,04,427	2,51,791	114
1995-96	2,00,000	45,381	2,22,110	2,67,491	134
1996-97	2,75,000	43,588	2,53,259	2,96,847	108
1997-98	3,08,000	54,344	2,75,429	3,29,773	107
1998-99	3,38,800	64,790	3,08,900	3,73,690	110
1999-2000	3,50,000	62,758	2,94,195	3,56,953	102
2000-2001	3,75,000	62,132	3,02,465	3,64,597	97

On an analysis of the performance, Audit observed the following.

3.4.7.2 Fixation of unrealistic target

According to the survey conducted by WHO-NPCB during 1986-87, the prevalence of blindness in the State was 1.65 *per cent*. Rapid prevalence survey, facility survey and beneficiary assessment survey conducted by GOI during 1997-98 also revealed that the prevalence rate had remained more or less the same as in 1986. The blindness due to cataract alone accounted for 80 *per cent*. The programme aims to reduce the prevalence of blindness to 0.3 *per cent* by 2000 A.D.

To achieve this goal, the targets need to be fixed taking into account the prevalence of blindness, incidence of cataract, rate of increase in incidence,

Fixation of targets by GOI, for performance of cataract surgeries in the State was done arbitrarily and the back log of cataract operations worked out to 5.61 lakh in the State as of March 2001 which was 0.9 *per cent* of the projected population.

correct net growth rate of population, the number of cataract surgeries already performed and the backlog of cases in the State. However, as seen from the references of GOI prescribing targets for the years 1994-95 to 2000-2001, the prevalence/incidence of blindness in the State were not considered while fixing the targets. The findings of the mid-term survey conducted by GOI itself during 1997-98 also confirmed that targets were set arbitrarily without taking into account the prevalence of blindness / incidence of cataract in the State.

Adopting the prevalence of blindness for estimated population of 606.70 lakh for the year 1997-98 and adding the annual incidence of blindness at 2.85 lakh, the cataract operations to be performed upto March 2001 would be 16.56 lakh. As against this, number of cataract operations actually performed was only 10.95 lakh leaving a balance of 5.61 lakh as of March 2001. This backlog works out to 0.9 *per cent* of the projected population for 2001 as against the targeted prevalence of blindness of 0.3 *per cent* by the year 2000.

3.4.7.3 Inclusion of non-targeted group under achievement

Persons having visual acuity greater than 6/60, though they were not targeted, covered under the programme during 1999-2000.

According to the definition for blindness adopted by GOI, persons having a visual acuity of 6/60 or less are considered as blind and they were the targeted group both under NPCB and the World Bank Project. However, a scrutiny of the new progress reports (C.Ex form) of 22 districts for the year 1999-2000, revealed that 74,976 cataract surgeries had been performed for persons having visual acuity greater than 6/60, who belong to non-targeted group. If performance on this non-targeted group is excluded, the actual performance would work out to only 81 *per cent* of the target for the year as against 102 *per cent* shown as achieved during the year.

As these progress reports (C.Ex) in new format indicating pre-operative visual acuity were prescribed by GOI only from 1999-2000, the inclusion of non-targeted group under achievement during earlier years could not be ascertained by Audit.

3.4.7.4 Poor performance under Government sector

Poor performance of cataract surgeries under Government sector and the decline in achievement from 22 *per cent* in 1994-95 to 17 *per cent* in 2000-2001, against the targeted percentage of 55 and 23 respectively.

Cataract surgeries have been assigned to three sectors *viz* Government, Non-Government Organisations and private sector. The break-up details of the performance under the programme during 1994-95 to 2000-2001 revealed that the Government sector contributed to only 22 *per cent* of the surgeries in 1994-95 and 17 *per cent* in 2000-2001 against the targeted 55 and 23 *per cent* respectively. The other two sectors contributed 93 *per cent* and 80 *per cent* of the achievement. Inspite of the provision of additional infrastructure to the tune of Rs 18.22 crore during 1994-95 to 1999-2000 mainly by upgrading facilities in medical institutions and by creating 106 posts of Para Medical Ophthalmic Assistants (PMOAs) in as many PHCs, the target for Government Sector was scaled down from 1,20,000 (1994-95) to 85,000 (2000-01). TNSBCS in reply to Audit stated that since private sector has more number of beds than Government sector, target fixed for NGOs was increased. Even so, the achievement in Government sector was only 73 *per cent* of the target in 2000-01. Test-check of records in Directorates and in the sample districts revealed that the average number of cataract surgeries performed by one surgeon in Government sector was only 208, while the expected norm was 700 per annum, as given in World Bank Aid Memoire. Poor performance of PMOAs in mobilising and enrolling patients for surgery in Government institutions was another reason for the shortfall in achievement. PD, TNSBCS himself had admitted (July 1999) that the performance of ophthalmic surgeons in the State was far below the target and the output per bed was also found to be low.

The PD attributed (November 2000) the poor performance in Government sector to vacancies in posts of ophthalmologists in certain districts and less number of surgeries performed in Regional Institute of Ophthalmology at Government Ophthalmic Hospital.

Further, better facilities available with NGOs, pre-occupation of Medical College Ophthalmologists with other activities like teaching etc., cumbersome procedure in Government hospitals were also cited as reasons by field level officers.

3.4.7.5 Non-supply of spectacles after surgery

Spectacles were not provided to 78 *per cent* of patients after surgery in 4 sample districts during 1996-2001.

Cataract can be treated by removing the entire lens including its surrounding capsule by conventional method of Intra Capsular Cataract Extraction (ICCE). This method requires the use of spectacles after surgery. The DBCS were to provide free spectacles to the poor patients who had undergone cataract surgery.

However, in four sample districts spectacles were provided by DBCS only to 15,152 (22 *per cent*) persons after surgery out of 70,148 surgeries performed during the period 1996-97 to 2000-2001. DBCS Coimbatore and Tiruvannamalai attributed the non-supply to cost of spectacles being higher than the rate allowed by GOI and non-receipt of prescriptions from PMOAs of PHCs. Where spectacles were not provided, complete restoration of eye sight after the surgery could not be ensured.

3.4.7.6 Non-restoration of vision even after cataract surgery

Percentage of failure in restoration of vision after surgery was between 1.2 and 0.5 during 1996-2001 in 25 DBCSs.

Compilation of details from the progress reports of 25 DBCSs during the period 1996-97 to 2000-2001 revealed that in 10,969 cases vision was not restored after surgery out of 12,44,823 cases and the percentage of failure ranged between 1.2 and 0.5 *per cent* during the above period. No strategy has been devised to reduce the number of failures by updating the quality of surgery.

3.4.8 Monitoring and Evaluation

3.4.8.1 Quality control

According to the Staff Appraisal Report of the World Bank, quality control should be monitored through (i) close supervision of service delivery, (ii) spot checks of records and surprise visits to camps, patients and hospitals by the Programme Coordinator or District Ophthalmic Surgeons, (iii) beneficiary assessment to be conducted by independent organisation to measure patients satisfaction and (iv) periodical evaluation by expert ophthalmologists to assess quality outcomes.

However, the annual beneficiary assessment envisaged under the programme was not carried out. Further, no independent beneficiary assessment by any external/ independent agency was done.

Findings of rapid assessment survey conducted in Nilgiris and Dindigul Districts during December 1997 and January 1998.

Moreover, the findings of a rapid assessment survey, conducted by DGHS in Nilgiris and Dindigul Districts during December 1997 and January 1998, as a part of mid-term review of the project, revealed that the programme activities had covered only 73 and 86 *per cent* of affected persons in Nilgiris and Dindigul Districts respectively. Follow-up of cataract operated cases was not encouraging as most of the patients were not given correct glasses after performing refraction resulting in poor vision after surgery. Less than 12 *per cent* of surgeries conducted in Dindigul were in Government Hospitals and their contribution in Nilgiris was 23 *per cent*. Despite all inputs and funds for providing free eye care, only 57 *per cent* (Nilgiris) to 67 *per cent* (Dindigul) operations were done free of cost. Also the DBCSs did not perform the expected role in the implementation of the programme except as a channel of funding the NGOs as a result the coverage of population was grossly inadequate in the peripheral areas of the districts. The performance of the units under Government sector, which received maximum assistance was sub-optimal. There was no coordination between private and public sector hospitals resulting in avoidable duplication and waste of resources, poor selection and poor planning in holding eye camps and poor/negligible follow-up, poor focus on results/outcomes and non-provision of Intra-ocular lens (IOLs)/glasses to the poor.

3.4.8.2 Evaluation

Conclusions of All India Survey which included 3 districts *viz.*, Cuddalore, Madurai and Coimbatore of the State.

An evaluatary study was conducted by DGHS for the year 1998-99 to assess whether cataract surgery performed in the project States had the desired level of effect on visual outcome. The conclusion of the All-India study which included 3 districts in the State *viz.*, Cuddalore, Madurai and Coimbatore revealed that (i) about half of the operated cases had vision less than 1/60 before surgery indicating that they waited for maturity of cataract either on their own or on Medical advice (ii) one fourth were only implanted with IOLs, (iii) one out of eight cases did not come for follow-up for refraction and prescription/provision of glasses and (iv) only about 70 *per cent* of persons affected with cataract were covered.

On the above points being referred (August 2001), Government generally accepted the facts (October 2001) and stated that necessary instructions have been issued to the implementing officers for remedial action.

3.5 Non-Formal Education Scheme (School Education Department)

Summary Highlights

The National Policy on Education, 1986 envisaged the programme of Non-formal Education as integral component of the strategy to achieve the universalisation of Elementary Education. The Centrally Sponsored Scheme of Non-formal Education was introduced in 1995 in Tamil Nadu in 4 districts. There were 7 projects each with 100 non-formal education centres, to cater to children in the age group of 6 to 14 years, who were school drop-outs, working children and girls who could not attend whole-day schools. The main objective was to facilitate lateral entry of children passing out of non-formal education centres into the formal system. While some centres were run by the State Government, many centres were run by voluntary agencies. In Tamil Nadu, the implementation of the scheme was not satisfactory and the desired objective of entry into formal education system of children passing out of non-formal system was not achieved. Some significant findings are given below:

- **The expenditure on the scheme was restricted to the Central Government grant received.**

(Paragraph 3.5.5.2 (i))

- **Central grant of Rs 291.53 lakh was sanctioned in March 2000 for establishing 9000 Non-formal Education centres in 90 areas in 18 districts. They started functioning only from December 2000 with a delay of over nine months.**

(Paragraph 3.5.5.2 (ii))

- **Government unilaterally approved creation of the posts in running time scales of pay as against the fixed pay envisaged by Government of India.**

(Paragraph 3.5.5.4.1)

- **The actual number of drop-outs and non-starters to be enrolled under Non-formal Education was not assessed through a scientific survey.**

(Paragraph 3.5.6)

- **In State sector, no certificates were issued to the learners and no learners entered the formal stream, which defeated the very purpose and utility of the scheme.**

(Paragraph 3.5.6.2)

Abbreviations used in this review are listed in the Glossary in Appendix XLVII (page 270).

3.5.1 Introduction

The Centrally sponsored scheme of Non Formal Education (NFE) was introduced in 1979-80 as a pilot project to support the formal system in providing education to all children in the age group of 6-14 years. National Policy on Education (NPE), 1986, recognised that formal schools could not reach all children and hence stressed the need for strengthening and enlarging the NFE scheme, meant for school drop-outs, for children from habitations without schools, working children and girls who could not attend whole-day schools. The State Government is responsible for planning, monitoring, overseeing and evaluating the programme. The scheme was introduced in Tamil Nadu in 1995 and is implemented through the State Government as well as Voluntary Agencies.

Central government assistance for co-educational centres, administrative and resource support is 60 *per cent*, while it is 90 *per cent* for girls centres. The ratio of girls centres to co-educational centres is 40:60.

The scheme was implemented in 7 project areas[1] in 4 districts during the period 1995-99, with an outlay of Rs 283.20 lakh. Each project had 100 centres with 20-25 learners. In February 2000 Government of India (GOI) sanctioned grant-in-aid of Rs 291.53 lakh to run 9000 centres in 90 areas in 18 districts.

In October 2000, the GOI replaced the existing NFE Scheme with an Education Guarantee Scheme and Alternative and Innovative Education (EGS&AIE) and notified the cessation of the existing NFE scheme by March 2001.

3.5.2 Objectives

(i) to identify young persons in the local community and to train them as organisers of NFE centres.

(ii) to give special attention to training of women as non-formal education organisers for furtherance of objective of women's development.

(iii) to facilitate lateral entry into the formal system, of children passing out of non-formal education.

3.5.3 Organisational set up

The programme is being implemented through State Government as well as Non-Governmental Organisations (NGOs). The Department of Education, Ministry of Human Resources Development, GOI is responsible for overall budgetary control and formulates long term and annual plans in consultation with National resource institutions like National Council of Education Research and Training and National Institute of Educational Planning and Administration as well as institutions in the concerned State Government. The programme is monitored at the State level by the Secretary, School Education Department and Director of Non-formal and Adult Education (DNFAE); at district level by District Adult Education Officers (DAEOs); at project level by Project Officer/Field Officer with the help of Supervisors.

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1 Chennai, Gudiyatham, Sivakasi, Sattur, Kovilpatti, Tiruppattur and Vembakottai.

3.5.4 Audit coverage

The implementation of the scheme was reviewed from November 2000 to May 2001 in eleven districts of the State, covering the period from 1995-96 to 1999-2000.

3.5.5 Financial performance

3.5.5.1 Funding pattern

The cost of the scheme is shared between Central Government and State Government in the ratio of 60:40 for co-educational centres and administrative resource support and 90:10 for exclusively girls centres. 100 *per cent* Central assistance is being provided to NGOs for running NFE centres and for experimental and innovative projects.

3.5.5.2 State Sector

The details of grant received from GOI and expenditure incurred on the Scheme during the period from 1995-96 to 1999-2000 as compiled by Audit, are as follows:

(Rupees in lakh)

Year	Opening balance	Grant received from GOI	Total of GOI funds	Expenditure incurred	Closing balance
1995-96	24.91	13.03	37.94	36.12	1.82
1996-97	1.82	43.30	45.12	60.55	(-) 15.43
1997-98	...	47.33	47.33	45.69	1.64
1998-99	1.64	25.63	27.27	23.92	3.35
1999-2000	3.35	22.66 *	317.54	12.74	304.80
	...	291.53 **			
2000-2001	304.80	62.83	367.63	113.83	253.80

* **represents the grant received for 7 projects**

** **represents the grant received for 90 projects**

State Government restricted the expenditure to be within the Central grant received.

(i) Except in the year 1996-97, the expenditure was restricted to be within the Central grant received. Although the cost was to be shared by the State Government, it did not incur any expenditure from State funds.

9000 centres were established with a delay of over nine months.

(ii) The grants-in-aid of Rs 291.53 lakh received from GOI in March 2000 was intended for establishing 9000 NFE centers in 90 areas in 18 Districts. The centres were, however, established between December 2000 and March 2001 in twelve districts only. The NFE scheme itself was closed in March 2001 and the unutilised balance of Rs 253.80 lakh remained with the State Government.

3.5.5.3 Shortfall in expenditure

The following table shows the actual expenditure *vis-à-vis* the outlay approved by GOI for the five year period 1995-2000 in respect of 7 projects on hand.

(Rupees in lakh)

Year	Outlay approved by GOI	Actual expenditure	Percentage of shortfall
1995-96	70.80	36.12	49.0
1996-97	70.80	60.55	15.0
1997-98	70.80	45.69	35.5
1998-99	70.80	23.92	66.2
1999-2000	62.23	12.74	79.5

Overall shortfall in expenditure ranged between 15 *per cent* and 79.5 *per cent*.

The shortfall in expenditure ranged between 15.0 *per cent* and 79.5 *per cent* and this was mainly attributable to:

(i) Reduction in the number of teaching and learning items proposed for purchase, which led to shortfall in the expenditure, ranging between 17 *per cent* and 71 *per cent* during the project period 1995-96 to 1997-98 (Appendix XVII).

(ii) Inadequate training imparted to instructors and supervisors which led to shortfall in expenditure by 35 to 94 *per cent* compared to the outlay on training (Appendix XVIII). In 1995-96, instructors were given training for 5 days only instead of 30 days as prescribed. Supervisors were given training for 5 days only instead of 20 days. In 1996-97, training was given to instructors for 10 days only as against 20 days required.

3.5.5.4 Diversion of funds to salaries of project staff

3.5.5.4.1 Sanctioning posts with running time scale of pay instead of fixed pay

Government of Tamil Nadu unilaterally approved creation of post in running time scale of pay with allowances.

According to norms fixed by GOI (January 1995) fixed salary was envisaged for Project Officer and other project staff. However, based on the strong plea (February 1995) of the DNFAE that experienced staff were required for proper implementation of the project, that the excess expenditure would be adjusted within the overall provision sanctioned for the project and that GOI would not object to these internal adjustments, State Government unilaterally approved creation of the posts in running time-scales of pay with allowances in March 1995 and did not seek the approval of GOI.

3.5.5.4.2 Staffing pattern

Though Project Officers were posted in all the projects, it was observed that in Tirupathur, the posts of Junior Assistant and Office Assistant were operated only from 1997 (second year of project) and in Gudiyatham, the post of Junior Assistant was vacant from 12 September 1997 upto completion of the project i.e., 30 May 1998.

Expenditure towards salary over and above the norm fixed by GOI – excess payment of Rs 21.16 lakh.

Based on actual men in position in six projects covered in Audit, the proportionate requirement of funds towards their fixed pay as contemplated by GOI for the three year project period ended May/ December 1998, worked out to Rs 10.34 lakh. As against this, Government incurred an expenditure of Rs 31.50 lakh due to adopting running time scales of pay. Hence there was diversion of funds to 'salaries' to the extent of Rs 21.16 lakh.

3.5.6 Physical performance

According to an assessment made by the DNFAE in May 1994, the drop-out rate in Tamil Nadu for the primary stage was estimated at 20.32 *per cent*. At this rate it was estimated that the number of drop-outs and non-starters in the age group of 6-14 would work out to 35.57 lakh, who would form the target beneficiaries under the Non-formal Education Programme in a phased manner.

The Ninth Five Year Plan envisaged that 29 lakh would be covered during 1997-2002 at six lakh drop-outs and non-starters every year for the first four years and 5 lakh in the fifth year, by equitable distribution between State sector and Voluntary Agencies (VAs). The actual number of drop-outs and non-starters was not assessed based on a scientific survey but only based on the drop-out rate in 1994. The actual number of learners enrolled each year ranged from 84,518 to 1,02,637 during 1997-2000, as against the six lakh envisaged.

3.5.6.1 Voluntary agencies

NFE centres were run by VAs which received 100 *per cent* grant from GOI. Number of VAs in the State ranged from 24 to 62 during 1995-2000. Out of 35 VAs test-checked, records of 8 VAs revealed the following:

Serial Number	Name of the Voluntary Agency	Project period	Number of learners enrolled	Number of learners joined mainstream			Percentage of learners joined mainstream
				I to V standard	VI standard	Total	
1.	Arnad Vellalar Sangam, Trichy (Musiri and Thathaiangarpet Project)	1996-97 to 1998-99	2,502	0	263	263	10.5
2.	Arnad Vellalar Sangam, Trichy (Thuraiyur and Uppiliapuram Project)	1996-97 to 1998-99	2,509	0	234	234	9.3
3.	SEVAI, Trichy	1996-97 to 1998-99	1,300	37	50	87	6.7
4.	Khajamalai Ladies Association, Trichy	1995-96 to 1997-98	625	31	0	31	5.0
5.	AAMPS, Madurai	1996-97	3,125	387	211	598	19.1
6.	Kalvi Ulagam Trust, Vellore	1996-97 to 1998-99	1,367	10	0	10	1.0
7.	Meenakshi Illam Podhu Nala Sangam, Melur	1996-97 to 1998-99	3,125	0	30	30	1.0
8.	League for Action and Development, Trichy (Karur and Panjampatti Projects)	1996-97 to 1998-99	2,500	12	219	231	9.2
	Total		**17,053**	**477**	**1,007**	**1,484**	**8.7**

The remaining 27 VAs covered by Audit did not ascertain the number of successful learners who joined regular schools.

No learners entered the Formal Stream defeating the purpose of the scheme.

3.5.6.2 Defeat of the purpose of the scheme

The very purpose of the NFE scheme was that the successful completion of three year course should facilitate lateral entry into the formal system.

When the NFE scheme was introduced in 7 projects in March 1995, Government permitted the Project Officers (POs) to issue certificates to the successful learners after conducting evaluation of their attainment. The children who pass out after 3rd year of NFE were to be admitted in VI standard of regular schools after qualifying in the entrance tests. It was, however, seen that while the project officer conducted evaluation on completion of the full course, no certificates were issued to successful learners. The DNFAE or PO did not maintain any data of the number of successful learners who entered regular schools. There was, therefore, no follow up to ascertain whether the objective of lateral entry into the formal school system was achieved. However, the DNFAE had indicated in the status report for the year 1998-99 submitted to GOI in July 1998 that no certificates were issued to learners and no learner entered the formal stream.

3.5.7 Monitoring of Voluntary Agencies

The NFE scheme was entrusted to State sector and VAs for implementation to achieve the laid down objectives. A sound monitoring system was needed to oversee the functioning/ working of the institutions under State sector and VAs in the State, with a view to get timely and reliable information to monitor enrolment, retention, completion and achievement.

The following deficiencies were observed in monitoring the implementation of the scheme.

(i) Instructions were issued (1998 and 1999) by the DNFAE to DAEOs to monitor the performance of the VAs by visiting not less than 30 centres in a month. DAEO, Madurai visited only 268 centres in six years (1995-2000) while the DAEO, Coimbatore visited only 41 centres between 1995-1998. Further, visits were not made in such a way as to cover all the centres of all the VAs.

(ii) The terms and conditions for release of financial assistance to VAs by GOI, *inter alia* stipulated that the agency shall maintain the accounts of the project properly and shall submit the same as and when required. The accounts shall be open to check by an officer deputed by GOI or the State Government. However, out of 35 VAs test-checked by Audit the accounts of 34 VAs had not been checked by any officer of the Central/State Government.

(iii) VAs are to apply for grants to GOI through the State Education Department; who should give its views within three months regarding the agency's eligibility and capacity. During 1998-2001, State Government received 95 applications, and recommended 35 VAs to GOI. However, according to data collected by Audit from GOI there were 73 VAs in the State that received grants from GOI. The DNFAE had no information about the grants given by GOI to the VAs in the State. Therefore, he was not in a position to exercise control or check the accounts of VAs. DNFAE informed GOI (March 2000) that copies of sanctions for grants given to VAs in the State were not being received by him and so his officials had difficulty in visiting the agencies to give reports on their performance and genuineness when called for by GOI. He sought up-to-date list of VAs in the State who were given grants by GOI. However, no such particulars were furnished to him upto March 2001. There was, therefore, poor coordination between GOI and State Government in regard to VAs.

The above points were referred to Government in August 2001; reply had not been received (December 2001).

SECTION – B

AUDIT PARAGRAPHS

ADI DRAVIDAR AND TRIBAL WELFARE DEPARTMENT

3.6 Non-achievement of objective of scheme for Adi Dravidars

The Special Central Assistance of Rs 50 lakh received in March 1991 remained unutilised and the objective of providing financial help to Adi Dravidars engaged in specified trades was not realised.

In response to the proposal (February 1991) of the Government of Tamil Nadu (GTN) for implementation of the schemes during the centenary year of Dr. B.R. Ambedkar, Government of India (GOI) sanctioned Rs 50 lakh in March 1991 as Special Central Assistance (SCA) to the State Component plan for financial help to Cooperative Societies of Adi Dravidars for purchase of stone crushers, pumpsets, lorries, etc for stone crushing, leather procurement centres and training centres for Adi Dravidars. As the amount could not be utilised during 1990-91, GOI revalidated the sanction during 1991-92, subject to the condition that any unspent balance at the close of 1991-92 be surrendered to them.

GTN ordered (February 1992) release of Rs 50 lakh to Tamil Nadu Adi Dravidar Housing and Development Corporation Limited (TAHDCO) with specific instructions to formulate suitable schemes for approval which would perpetuate the memory of Dr. B.R. Ambedkar. The funds were credited (March 1992) to Personal Deposit (PD) account of TAHDCO.

In September 1993, the Government conveyed its decision to construct Dr B.R. Ambedkar centenary memorial auditorium at Chennai at a cost of Rs 1 crore and asked the Managing Director, TAHDCO to utilise the amount of Rs 50 lakh for supply and filling up sea sand at the site of the Memorial Auditorium. However, the memorial was constructed (June 2000) at a cost of Rs 53.01 lakh utilising the State funds sanctioned separately for this purpose in February 1994 and the SCA funds of Rs 50 lakh remained unutilised in PD account of TAHDCO as of May 2001.

As a result, Rs 50 lakh released by GOI for specific purpose of financial assistance for leather procurement centres etc., in 1991-92, remained unutilised for over ten years. The unutilised funds were also not surrendered to GOI as required.

The matter was referred to Government in June 2001; Government generally accepted the facts (November 2001) and stated that fresh proposals for utilising the amount during 2002-2003 after getting concurrence from Government of India were under consideration.

AGRICULTURE DEPARTMENT

3.7 Infructuous expenditure due to poor survival of oil palm seedlings

Poor survival of oil palm seedlings planted during 1996-97 to 2000-2001 resulted in infructuous expenditure of Rs 2.51 crore towards cultivation assistance for maintenance.

Oil Palm Development Programme (OPDP) was being implemented in the State in three districts* as a Centrally sponsored scheme from 1992-93 and the expenditure on the scheme (except the Drip irrigation component) was shared between Government of India (GOI) and the State Government in the ratio of 75:25. These districts were selected based on the basic requirement of well drained fertile soil and good source of water supply. The implementation of the scheme was extended to three more districts** from 1997-98.

The subsidy for pre-project activities towards purchase of seedlings# and for area expansion and maintenance## were fixed from time to time by GOI during 1996-97 to 1999-2000.

A perusal of connected records in the Agriculture Department and the Directorate of Agriculture revealed the following.

(i) The achievements under the two main components *viz.*, Area expansion and maintenance during II to IV year were poor during the period 1996-97 to 2000-2001 (except during 1997-98) as given below.

(Area in hectares)

	1996-97			1997-98			1998-99			1999-2000			2000-2001		
	T	A	P	T	A	P	T	A	P	T	A	P	T	A	P
Area under expansion	3000	1227.94	41	2300	2076	90	1230	667.07	54	1700	738.75	43	1400	939	67
Area under maintenance	6634	2597	39	3166	2249	71	3433	1935.86	56	2212	1594.57	72	1952	1186.44	61

T: Target; A: Achievement; P: Percentage

(ii) As per the department's report on the programme, the area under expansion during the I year and the areas under maintenance of survived plants in the II, III and IV years are given below.

(In hectares)

	1996-97	1997-98	1998-99	1999-2000	2000-2001
Area under expansion	1227.94	2076.00	667.07	738.75	939.00
II year maintenance	*	679.02	1173.16	533.16	434.37
III year maintenance	*	494.26	426.27	739.99	317.82
IV year maintenance	*	1075.82	336.43	321.42	434.25

* **Total area maintained 2597 Ha; but the break-up details are not available.**

* Thanjavur, Tiruchirappalli (Composite) and Nagapattinam (Composite).

** Madurai, Tirunelveli and Tuticorin.

1996-97: Rs 25 per seedling, 1997-98 to 1999-2000: Rs 40 per seedling (in 2 instalments @ Rs 20 each).

1996-97: Rs 12500 per hectare for 4 years (I year: Rs 4015, II year: Rs 2450, III year: Rs 2800, IV year: Rs 3235)
1997-98 to 1999-2000: Rs 10355 per hectare (I year: Rs 3014, II year: Rs 2450, III year: Rs 2800, IV year: Rs 2091).

The above details revealed that out of 1227.94 hectares and 2076 hectares of planted area of oil palm seedlings during 1996-97 and 1997-98, the seedlings that survived and came up for maintenance in the fourth year *viz.*, 1999-2000 and 2000-2001 were only in 321.42 Ha and 434.25 Ha respectively, the survival rate being 26 and 21 *per cent*. Because of the poor survival of oil palm seedlings, Rs 2.51 crore paid towards maintenance to the companies and farmers on the unsurvived seedlings became unfruitful (Appendix XIX).

(iii) Though the Oil Palm Commissioner in the Directorate of Agriculture had admitted in the review meetings held on 19 November 1999 and 28 January 2000 that the survival rate during 1993-94 to 1996-97 was very poor; no reasons were identified to take remedial steps.

The Oil palm Commissioner attributed (September 2001) the failure to non-maintenance of the oil palm garden by the growers effectively, depletion of ground water due to failure of monsoon resulting in the withering of crops, non-availability of separate staff for effective project implementation and non-establishment of crushing mills. The reply regarding the non-availability of water is not tenable as the selected districts had good monsoon during the period 1996-97 to 1999-2000 and only the farmers who had good irrigation facility could be selected under the programme. No concrete action was taken by the department to overcome the other problems despite poor survival and area expansion.

The matter was referred to Government in June 2001; reply had not been received (December 2001).

ANIMAL HUSBANDRY AND FISHERIES DEPARTMENT

3.8 Central assistance remaining unutilised for over two years

Non-purchase of pigs under Integrated Piggery Development Scheme resulted in Central assistance of Rs 88.14 lakh remaining unutilised for over two years.

The Integrated Piggery Development Scheme implemented with 100 *per cent* Central assistance envisaged import/purchase of exotic pigs, as one of the components and rearing them with local pigs for eventual distribution of crossbred piglets to the farmers. Government of India (GOI) (October 1997) permitted the State Government to purchase the pigs either by import through GOI or by making their own arrangements. The States were required to assess and intimate GOI the breed and sex-wise requirement of pigs in the event of opting for centralised import and deposit advance funds before October 1998 at the rate of Rs 25000 per piglet, as specified by GOI.

Director of Animal Husbandry (DAH) submitted a proposal for setting up three piggery farms and strengthening three existing units in November 1997 which was sanctioned by GOI (October 1998) for Rs 108 lakh. The amount was credited to State Government account on 31 October 1998. The DAH explored the possibility of purchasing the pigs within India in November 1998. Though responses were received from Governments of Andhra Pradesh and West Bengal, no final action was taken to evaluate and finalise the purchases as of February 2001 for which specific reasons were not on record.

The State Government sanctioned implementation of the scheme only in October 1999, one year after the receipt of Central assistance and directed the DAH to draw Rs 60 lakh towards advance payment for import of pigs and remit the same to GOI. However DAH did not ascertain from GOI if any import was being made centrally during 1999-2000.

Of the Rs 108 lakh received in October 1998, Rs 19.86 lakh had been utilised during 1999-2000 for creation of infrastructure (provisions for housing pigs, fencing, equipment, feeding utensils, etc.), which however remained unused till July 2001.

Although GOI revalidated the sanction for 1999-2000, and again for 2000-2001, the balance amount of Rs 88.14 lakh was lying unutilised, as of February 2001.

Further, having failed to utilise the centralised import facility, no concrete action was taken by DAH to purchase pigs either by import or locally, as of February 2001.

Government stated (September 2001) that the Central assistance of Rs 88.14 lakh was remaining unutilised due to the delay in completion of civil works by Public Works Department and that Government of India has permitted (September 2001) utilisation of the amount during 2001-2002.

Thus, due to delay in completion of civil works and due to lack of diligence in taking decision on the purchase of pigs the scheme could not be implemented and the Central assistance of Rs 88.14 lakh remained unutilised even after two years, thus postponing the objective of making available improved varieties of pigs for distribution to farmers.

3.9 Avoidable expenditure on electricity consumption charges

The Department paid electricity charges at High Tension tariff rates and recovered charges at Lower Tension tariff rates from residents of milk colony, Madhavaram, which resulted in avoidable expenditure of Rs 48.02 lakh over a period.

The Milk Colony, Madhavaram was receiving power supply from Tamil Nadu Electricity Board (TNEB) through High Tension (HT) service connection. The power supply obtained also included supply for about 450 residential quarters, street lights, pump sets for water supply/sewerage/collection wells located within the residential/office complex. During Local Audit (January 1994), it was found that the Commissioner for Milk production and Dairy Development (Commissioner) paid electricity consumption charges at HT tariff rates, to the TNEB, but was effecting recovery from the occupants of the quarters at the lower rates as applicable to residential service connection.

The question of paying for the domestic consumption at Low Tension (LT) tariff was considered in consultation with TNEB between September 1997 and July 1998. Commissioner decided (September 1998) to go in for individual LT service connection to all the quarters and submitted a proposal for Rs 55 lakh for this purpose only in October 2000. However, Government decision was still awaited (July 2001).

Audit observed that though there was a provision (introduced in April 1990) to instal a meter exclusively for recording domestic consumption of electricity and charging the domestic consumption under LT tariff and the rest of the consumption under HT tariff, the Commissioner took no action to avail of this facility.

Thus, by not availing the facility to pay for the domestic consumption at LT tariff, the Commissioner incurred avoidable extra expenditure of Rs 48.02 lakh towards electricity consumed in the residential quarters during the period from June 1992 to June 2001.

The matter was referred to Government in May 2001; Government while accepting the fact stated (September 2001) that the loss being borne by Dairy Development Department was inevitable and sanction of Government is still awaited for provision of individual LT service connection to all the quarters.

CO-OPERATION, FOOD AND CONSUMER PROTECTION DEPARTMENT

3.10 Irregular release and retention of Risk Fund subsidy

Release of funds by Government under Risk Fund subsidy every year without ascertaining the utilisation of amounts already released, resulted in blocking of Rs 83.10 lakh along with interest of Rs 2.03 crore, which was kept outside Government account for 10 to 25 years.

Government released funds towards "Risk Fund subsidy" to large sized multi-purpose co-operative (LAMP) societies, to offset the loss sustained by the societies in the event of non-recovery of loans from the tribal members. The subsidy was to be utilised only when the loans became irrecoverable and declared as bad debts, after taking statutory action to recover the loans and after ascertaining that there was no possibility of recovery of the loans from tribal members.

It was observed that "Risk Fund subsidy" amounting to Rs 83.10 lakh had been released to 16 LAMP societies between 1975-76 and 1990-91. As of March 2001, no amount was utilised by the societies. Based on the instructions of Registrar of Co-operative Societies (RCS) the amount was kept in the bank account in Central Co-operative Bank or invested in fixed deposits and the societies were earning interest on the amount so deposited.

The Deputy Registrars of Co-operative Societies (DRCS) stated (May 2000) that no proposals for writing off the loans were sent to Government. Five LAMP societies* had stated that execution petitions were filed for the recovery of overdue amounts and in certain cases they were got decreed.

In this connection, the following observations are made.

(i) Risk Fund subsidy was to be released in case of default of loan. However, it was released in a routine manner by Government year after year based on the proposals of RCS without assessing the requirement although the subsidy given in earlier years had not been utilised.

* Sitheri, Elagiri Hills, Pudur Nadu Hills, Masinagudi Hill tribes and Chinnakalrayan.

(ii) No action was taken by the RCS/ Government to identify the bad debts of the societies periodically after following all the specified procedures and to adjust the Risk Fund subsidy against the bad debts.

Since subsidy amounting to Rs 83.10 lakh along with accumulated interest of Rs 2.03 crore was kept outside Government account in Central Co-operative Banks without any immediate use, for a period ranging from 10 to 25 years, it will be appropriate for RCS to refund it to Government and requisition it as and when bad debts are declared.

The matter was referred to Government in June 2001; Government generally accepted the facts (October 2001).

3.11 Non-recovery of remuneration paid to Special Officers from Societies

An amount of Rs 1.68 crore remained to be recovered from Societies towards remuneration paid to Special Officers

In order to manage the affairs of Agricultural Service Co-operative Societies and for conducting free and fair elections to the committees or Boards, Government promulgated the Tamil Nadu Agricultural Service Co-operative Societies (Appointment of Special Officers) Ordinance, 1985 in September 1985. This Ordinance was subsequently replaced by an Act of the State Legislature in February 1986. Under the Ordinance/Act, Special Officers were to be appointed for about 4648 Societies/Primary Agricultural Co-operative Banks (PACBs); one Special Officer would be appointed for about three societies.

Six hundred and fifty personnel of Co-operative Department were entrusted with additional charge as Special Officers. There was no additional financial commitment to the Government as services of these staff were utilised for this purpose in addition to their own duties. In addition, 900 posts of Junior Inspectors of Co-operative Societies (JICS) were created (October 1985) in the remaining societies. The period of employment of 900 JICS was extended from time to time and they continued to work as Special Officers till the elected bodies of these Societies assumed charge in October 1990. As the cost of 900 posts of JICS was an additional commitment and the posts were exclusively created to enable appointment as Special Officers to societies from 1985 to 1990, Government decided (March 1993) to recover the remuneration made to them on pro-rata basis*. The Registrar of Co-operative Societies (RCS) estimated (May 1993) the amount to be recovered as Rs 6.65 crore which amounted to Rs 14309 for each Society. Taking into consideration the financial condition of the societies, the amount was to be recovered in 4 annual instalments during 1993-94 to 1996-97. The Circle Deputy Registrars were responsible for the collection of the amount from the respective societies.

An amount of Rs 4.97 crore was recovered as of April 2001 as against a sum of Rs 6.65 crore, leaving a balance of Rs 1.68 crore to be collected from 1235 societies.

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* Pro-rata charges were worked out by dividing the actual cost of 900 JICS/Special Officers from 1985 to 1990 by the number of societies which were manned by 650 departmental personnel as well as by 900 temporary JICS.

Government replied (August 2001) that due to poor and difficult financial position of the PACBs, most of which were working at loss, the collection process slowed down and the Regional Joint Registrars of Co-operative Societies have been instructed (April 2001) to recover the dues. The reply was not tenable since the amount due from each society was merely Rs 14309 and it was to be recovered in four instalments.

ENVIRONMENT AND FORESTS DEPARTMENT

3.12 Green Belt for Abatement of Pollution and Environment Improvement

Estimate forwarded to Government of India with the Project proposal was overpitched to an extent of Rs 1.51 crore; expenditure incurred on certain items was more than the rate prescribed in the guidelines of Principal Chief Conservator of Forests; there was avoidable extra expenditure of Rs 41.38 lakh on digging larger size pits.

3.12.1 Introduction

With the object of controlling the adverse effects of air and water pollution and improve the aesthetic beauty, the Project "Green Belt for abatement of pollution and environment improvement" was implemented in Tamil Nadu. Based on the proposals sent by the Government of Tamil Nadu (GTN) (Environment and Forests Department), Government of India (GOI), Ministry of Environment and Forests sanctioned (December 1999) Rs 4.56 crore and released Rs 4 crore for raising 2.94 lakh saplings in five cities[@] at a cost of Rs 155 per plant. The balance cost of Rs 55.70 lakh was to be borne by State Government.

3.12.2 Financial Performance

GOI released in December 1999 Rs 4 crore to the Central Pollution Control Board (CPCB) which was subsequently transferred (January 2000) to the Tamil Nadu Pollution Control Board (TNPCB). TNPCB in turn released Rs 3.19 crore to the Forest Department. The funds were credited to the Government account (Forest Deposit) and released to the five implementing Forest Divisions through Letters of Credit (LOCs) issued by the Finance Department.

The amount released to the implementing divisions and actual expenditure incurred are detailed below:

(Rupees in lakh)

S.No	Place	Amount released during 1999-2001	Expenditure
1.	Greater Chennai	135.38	153.16
2.	Madurai	47.09	47.09
3.	Coimbatore	67.03	61.45
4.	Salem	41.82	41.39
5.	Tirunelveli	27.93	26.25
	Total	**319.25**	**329.34**

@ Coimbatore, Greater Chennai, Madurai, Salem and Tirunelveli.

Out of the total expenditure, Rs 3.11 crore was from Central funds and Rs 18.81 lakh was from State funds. In all 5.13 lakh saplings were raised, exceeding the original target.

The balance amount of Rs 80.75 lakh was lying with TNPCB and Rs 8.71 lakh was available with Forest Department. This was permitted (June 2001) by GOI to be used for raising/ planting additional 1.74 lakh saplings during 2001-2002.

3.12.3 Physical Performance

The target and achievement in respect of saplings raised/ planted are as follows:

Sl. No	Place	Target		Achievement	
		Raising	Planting	Raising	Planting
1	Greater Chennai	2,30,000	1,30,000	2,50,000	95,000
2	Madurai	70,000	50,000	80,000	40,000
3	Coimbatore	1,00,000	50,000	93,200	50,000
4	Salem	40,000	32,000	43,200	35,300
5	Tirunelveli	40,000	32,000*	46,400	22,000
	Total	**4,80,000**	**2,94,000**	**5,12,800**	**2,42,300**

* includes 10,000 saplings allotted to Tirunelveli Corporation. Details of number of saplings planted not available.

There was shortfall in planting to the extent of 35,000 plants in Chennai and 10,000 in Madurai.

3.12.4 Boosting of estimate

3.12.4.1 The proposals sent to GOI were prepared by Principal Chief Conservator of Forests (PCCF) based on a model estimate prepared by District Forest Officer (DFO), Chengalpattu. As per the proposals, the cost per sapling was Rs 155 (for raising the sapling – Rs 55, for planting the sapling –Rs 80, for supervisory charges and awareness programme – Rs 20).

State Government incurred expenditure of Rs 3.11crore for raising 5.13 lakh and planting 2.42 lakh saplings. As against the unit cost of Rs 155 per plant estimated in the proposals sent to GOI, the average unit cost worked out to Rs 97.26 in respect of 4 divisions and Rs 103.07 in one division.

Thus, the estimate forwarded to GOI was inaccurate, unrealistic and overpitched to an extent of Rs 1.51 crore for 2.94 lakh plants.

The reasons for the lower unit cost are:-

(a) PCCF did not obtain estimates from the 5 implementing Forest divisions, but only from DFO, Chengalpattu before sending the proposals to GOI. When he called for estimates from the 5 Divisional officers in March 2000, much after the commencement of the scheme, it was seen that the estimated cost of certain components was much less than the rates projected to GOI.

(b) No supervisory charges were incurred by 4 divisions and only a meagre sum of Rs 14.52 lakh was incurred by one division (Chennai). Thus, the estimate sent to GOI was boosted to the extent of Rs 39.99 lakh on this component. Government replied (October 2001) that the estimate for supervisory charges was based on the number of seedlings. This was incorrect, as the estimates have to be prepared based on the expenditure to be incurred on State component.

(c) PCCF issued guidelines in March 2000 to the implementing divisions which contained norms for preparing the estimates by the divisions. As per the guidelines one protective watcher was to be engaged for 500 saplings whereas in the proposals sent to GOI provision was made for engagement of one protective watcher for 250 saplings.

(d) As per the proposal, provision was made for watering the seedlings twice a day for first 90 days at the rate of Rs 113.60 for 1000 saplings per day and once a day for next 120 days at the rate of Rs 56.80 for 1000 saplings per day. However the DFOs adopted much lower rate in the range of Rs 33.60 to Rs 57.96 for watering twice a day and in the range of Rs 16.80 to Rs 28.98 for watering once a day.

GOI conveyed (June 2001) their approval for carrying forward the unspent balance amount of Rs 89.46 lakh from the previous financial year 2000-2001 to the current financial year 2001-2002 for completing the spill over works.

3.12.4.2 Expenditure in excess of PCCF guidelines

Some of the implementing divisions incurred expenditure on certain items at higher rates than included in the guidelines issued by PCCF to the implementing divisions/ the proposal sent to GOI or not included in the guidelines/ proposal, resulting in avoidable expenditure of Rs 19.94 lakh as detailed below:-

(a) As against the rate of Rs 6 fixed by PCCF for fencing per plant which included cost of cutting, transportation, fixing etc., of locally available thorny materials, two implementing divisions (Greater Chennai and Coimbatore) incurred expenditure at the rate of Rs 15 for fencing. This had resulted in an extra expenditure of Rs 7.90 lakh.

(b) As against the rate of Rs 6 per supporting pole for sapling, one implementing agency (Salem) incurred expenditure at the rate of Rs 15 per pole resulting in extra expenditure of Rs 3.18 lakh.

(c) Expenditure on certain items of work like digging of borewells, purchase of motor, pumpsets, drip irrigation system and providing infrastructure to existing nurseries which were not contemplated in the scheme was incurred by four divisions leading to avoidable expenditure of Rs 3.87 lakh (Greater Chennai, Madurai, Coimbatore and Tirunelveli), as such infrastructure for raising nurseries should have been created from their own funds.

(d) Although the proposal submitted to GOI stated that the saplings would be raised in forest land, two divisions (Madurai and Salem) raised the saplings in five private nurseries and paid land rent of Rs 2.23 lakh in 2000-2001. The DFOs had not obtained the approval of the PCCF for paying rent.

(e) One division (Coimbatore) incurred Rs 3.98 lakh for transporting saplings by hired lorry on load basis. The rate per sapling worked out to Rs 7.17 as against the rate of Rs 2.20 indicated in the proposal sent to GOI. The extra expenditure incurred was Rs 2.76 lakh. If the rates provided in the model estimate are not workable, as contended by Government, necessary workable proposals should have been prepared and got approved by PCCF before commencement of work.

3.12.4.3 Avoidable expenditure on digging of larger size pits

According to the model estimate submitted to GOI taller seedlings are to be planted in pits of size 60cm x 60cm x 60cm. PCCF instructed all implementing Divisions (March 2000) to adopt pits of size 75cm x 75cm x 75cm and follow Public Works Department (PWD) Schedule of Rates. However PWD rates were available for digging pits of size $1m^3$/ $10m^3$ only and the rates were derived proportionately by the implementing divisions for 75cm x 75cm x 75cm. The rates so adopted were much higher than the Forest Schedule of Rates for digging pits of size 60cm x 60cm x 60cm in all the five divisions. The contention of the Government that the rates for 75 cm^3 pits were not available in Forest Schedule of Rates is not tenable, as in such an event the Department should have worked out common data for 75 cm^3 for adoption.

Similarly, the rates adopted for planting were higher than the Forest Schedule of Rates in 4 divisions. By specifying larger size pits than the size proposed in the model estimate there was an avoidable expenditure of Rs 41.38 lakh.

FINANCE DEPARTMENT

3.13 Irregularities in the maintenance of Personal Deposit accounts

Huge funds were transferred to Personal Deposit account during the year, resulting in an unspent balance of Rs 1894.34 crore as of March 2001; Rs 977.99 crore remained as closing balance as of March 2001 in respect of 24 corporations/undertakings under Other Deposits.

3.13.1 8443.Civil Deposits – 106 Personal Deposit account

Personal Deposit (PD) accounts are created by debit to the Consolidated Fund and should be closed at the end of the financial year by minus debit of the balance to relevant service heads. This provision of Tamil Nadu Financial Code was reiterated by Government in August 1998.

As per the particulars available with the Accountant General (Accounts and Entitlements) there were 3335 PD accounts in 28 District Treasuries and 7 Pay and Accounts Offices (PAOs) in the State as of March 2001. Rupees 763.71 crore were available in the PD account as on 1 April 2000. During 2000-01, huge amount of Rs 1454.14 crore was transferred to the PD account by debit to service head and Rs 1894.34 crore remained unspent as of 31 March 2001. As a result, the Appropriation Accounts would show that the money has been spent for the purpose for which it was voted by the Legislature whereas it was lying unutilised in the PD account.

Out of 356 PD accounts maintained by 4 PAOs and two District Treasuries test- checked by Audit, 24 accounts were closed at the end of the year and 159 accounts were inoperative for more than 3 years as of March 2001. Only 51 accounts were reconciled by the respective Administrators with the PAO/Treasury.

Irregularities noticed by Audit in the maintenance of PD accounts by two Administrators are given below.

	Name of the Administrator maintaining PD account	Remarks
(i)	District Adi Dravidar Welfare Officer (DADWO), Tuticorin	Cash book was not maintained in proper format and reconciliation not done with treasury figures (May 2001). Further, with a view to close the PD account on 31 March 2000, the DADWO remitted a sum of Rs 15.42 lakh by giving an erroneous credit to 106-PD account instead of minus debit to service head concerned.
(ii)	Commissioner of Town and Country Planning (CTCP), Chennai	As against the departmental figure of Rs 41.70 crore, the balance at the end of March 2001 in the books of PAO (East) was Rs 39.60 crore. This was mainly due to failure of PAO to afford credit to the extent of Rs 1.83 crore in respect of 50 remittances for the period October 1994 to March 1996 for which the CTCP took up the matter with PAO only in November 2000. Further, schemewise balances in respect of 6 schemes implemented by CTCP were also not maintained (July 2001).

3.13.2 8443 – Civil Deposits 800 – Other Deposits

As per the particulars obtained from 4 PAOs, during 2000-2001, Rs 3161.43 crore were transferred to Deposit accounts of 24 Corporations/Undertakings and Rs 977.99 crore remained as closing balance (Appendix XX) in the accounts as on 31 March 2001. A review of transactions relating to 800-Other Deposits revealed the following.

(a) In respect of the following organisations, substantial amounts were released by Government in March 2001, evidently to avoid lapse of budget grant.

(Rupees in lakh)

Name of Organisation	Closing balance as on 31 March 2001	Amount released in March 2001
Tamil Nadu Slum Clearance Board	872.67	1144.02
Tamil Nadu State Illness Assistance Society	1178.45	500.00
Tamil Nadu Manual Workers Social Security Welfare Board	100.00	100.00
Tamil Nadu Water Supply and Drainage Board	19,505.96	27,558.05
Tamil Nadu Medical Services Corporation	1550.91	1060.25
Tamil Nadu Text Book Corporation	3297.50	1274.38
State Industries Promotion Corporation of Tamil Nadu	998.48	1030.98

Government stated (October 2001) that sanction of budgeted expenditure during March 2001 generally becomes inevitable because the Government of India has been releasing large sums towards the last instalment of grants to the State Government in the fag end of every year.

(b) Test-check of records in respect of 3 organisations disclosed the following:

	Name of the Organisation	Remarks
(i)	Sports Development Authority of Tamil Nadu (SDAT)	Out of Rs 5.51 crore which remained as closing balance in the Deposit Account as of March 2001, SDAT could not furnish to Audit the schemewise particulars for Rs 3.78 crore being the unutilised funds pertaining to schemes undertaken prior to 1998-99 and these funds were not yet refunded to Government.
(ii)	Tamil Nadu Institute of Information Technology (TANITEC)	Government sanctioned Rs 5 crore on 31 March 1999 towards share capital assistance to TANITEC for the purpose of acquiring land, land development charges and construction of building, of which Rs 1 crore was transferred to Tamil Virtual University during August and November 2000 based on the instructions of Government. TANITEC stated (September 2001) that the Collector, Chennai accorded (September 1999) enter upon permission to TANITEC to the extent of 9.43 acres in Thiruvanmiyur, for which possession of land was yet to be given by Anna University. This had resulted in a sum of Rs 4 crore remaining unspent for more than 2 years.
(iii)	Tamil Nadu Slum Clearance Board (TNSCB)	Government grants were received by TNSCB towards environmental improvement in urban slums, improvement to water supply and sewerage infrastructure in slum tenemental colonies, etc. Rs 8.73 crore remained unspent as of March 2001 in the Deposit Account of TNSCB. Out of Rs 45 crore released by Government to the Board, being the assistance provided by Tenth Finance Commission, Rs 2.52 crore was diverted for payment of Pay Commission arrears. As of August 2001, Rs 1.31 crore was yet to be recouped to Deposit Account of the Board.

The matter was referred to Government in August 2001; reply had not been received (December 2001).

HANDLOOMS, HANDICRAFTS, TEXTILES AND KHADI DEPARTMENT

3.14 Implementation of Weavers Workshed *cum* House Scheme

Belated issue of guarantee by Government for availing loan and non-identification of alternative beneficiaries led to blocking of funds of Rs 3.43 crore under the Centrally sponsored "Workshed *cum* Housing Scheme" for handloom weavers.

The Centrally sponsored Workshed *cum* Housing scheme for handloom weavers was being implemented in the State, with a view to providing better work environment to the weavers. Funding for the scheme comprised Government of India (GOI) subsidy: Rs 18,000 (Rs 20,000 in case of urban areas), State subsidy: Rs 5000*, loan from Housing and Urban Development Corporation Limited (HUDCO) (Rs 25,000) and beneficiary's contribution (Rs 3000). The loan was to be arranged by Tamil Nadu Handloom Weavers' Cooperative Society Limited (Co-optex). The repayment of loan was to be guaranteed by Government of Tamil Nadu (GTN). The scheme was to be implemented by Commissioner of Handlooms and Textiles (CHT) through the selected beneficiary Weavers' Cooperative Societies (WCS) for their weaver

* Rs 7000 from 1998-99.

members. As per GOI instruction (August 1998), the works were to be completed within 2 years from the date of sanction of proposal by GOI.

GOI released (November 1997 and December 1998) subsidy of Rs 2.19 crore for construction of 1200 workshed *cum* houses for the year 1997-98. GTN released (March 1998 and March 1999) Rs 2.79 crore (including State share of Rs 60 lakh) to 89 Societies. Government guaranteed the loan of Rs 3 crore availed by Co-optex from HUDCO for the scheme year 1997-98 in February 2000.

For 1998-99, the GOI subsidy of Rs 1.68 crore was received in March and October 1999 for construction of 920 worksheds *cum* houses. This amount, along with State subsidy of Rs 64.40 lakh, was released by GTN in March 1999 and March 2000 to 83 Societies. Managing Director, Co-optex requested (September 2000) for Government guarantee for the loan of Rs 379.20 lakh to be availed from HUDCO but Government had not given the guarantee as of August 2001.

The construction work for 1997-98 and 1998-99 was to be completed by November 1999 and March 2001 respectively as per GOI guidelines. As of May 2001, out of 1200 workshed *cum* houses to be constructed for 1997-98, construction of 92 workshed *cum* houses had not commenced (7.7 *per cent*), while 613 works (51.1 *per cent*) were still in progress. Out of the 920 workshed *cum* houses sanctioned for 1998-99, 109 (11.8 *per cent*) were not taken up and 617 (67.1 *per cent*) were in progress.

The following observations are made in this regard:

(i) Government did not monitor the receipt of guarantee commission from Co-optex, instead it called for the details from Co-optex. The amount due for the period from July 1995 to March 1999 was worked out as Rs 4.77 lakh and remitted by Co-optex in October 1999. Thereafter Government gave guarantee for the loan to be availed from HUDCO for the scheme year 1997-98 in February 2000. The delay in availing the loan led to delay in completion of worksheds *cum* houses planned for 1997-98 as reported (October and November 2000) by the Deputy Director in the districts covered by test-check*. For 1998-99, no loan could be availed from HUDCO due to Government not giving guarantee so far (August 2001) although subsidy had already been released to the WCS; as a result the construction programme suffered. Director of Handlooms and Textiles also admitted (September 2001) that the construction work was not completed due to delay in arrangement of loan. Also neither the Government nor the Co-optex had collected and analysed the details of expenditure incurred under the scheme periodically; only the physical progress had been compiled and analysed.

(ii) Test check of records also revealed that the works were not taken up mainly due to members switching over to other trades and family circumstances of the members. Alternative beneficiaries have yet to be identified in 201 cases in the State as a whole (March 2001). This had resulted in Government funds amounting to Rs 48.41 lakh remaining unutilised with the Societies, outside Government account for a period of 1 to 2 years.

(iii) In his Utilisation Certificate (UC) issued in August 2000 for the scheme year 1998-99 to the GOI, CHT had stated that construction of all the

* Vellore, Tiruchirappalli and Erode.

houses were completed whereas, as of May 2001 only 194 houses were completed. As such the UC furnished was incorrect.

Thus, the implementation of the scheme of workshed *cum* houses for the years 1997-98 and 1998-99 was far below the expected level of achievement, with only 689 out of 2120 houses (32.5 *per cent*) completed and allotted. Benefits of the scheme had not thus fully accrued to the weavers, rendering an amount of Rs 2.95 crore released by Government being blocked in incomplete buildings. Besides, Rs 48.41 lakh relating to the works yet to be commenced remained unutilised with the Societies.

Government in reply (October 2001) generally accepted the facts.

HEALTH AND FAMILY WELFARE DEPARTMENT

3.15 Non-utilisation of funds provided for purchase of equipment to hospitals

To avoid lapse of budget provision, Rs 1.25 crore were transferred to Tamil Nadu Medical Services Corporation in March 1999, out of which Rs 37.09 lakh remained unutilised as of July 2001.

Government of Tamil Nadu, in June 1998, sanctioned Rs 190.35 lakh towards purchase of equipment (operative laparoscope, Blood Gas analyser, X-ray, Haemodialyser, etc) for various medical institutions under the control of Director of Medical Education (DME) for improvements in teaching hospitals.

DME purchased equipment worth Rs 65.48 lakh only upto March 1999. The balance of Rs 124.87 lakh was transferred to Personal Deposit (PD) account of Tamil Nadu Medical Services Corporation (TNMSC) with the permission of Government. TNMSC was to settle the bills as and when the equipment was supplied to the hospitals based on purchases made by DME. As of July 2001, a balance of Rs 37.09 lakh remained in the PD account of TNMSC.

Although Government ordered (January 2001) that Rs 32.05 lakh were to be utilised to procure operative microscope and equipment for Nephrology department for Stanley Medical College Hospital, no action was taken as of July 2001.

Though the funds were sanctioned in June 1998, the benefit has not reached the patients as intended even after a lapse of 3 years.

The matter was referred to Government in March 2001; reply had not been received (December 2001).

3.16 Unfruitful expenditure due to non-utilisation of a floor in Government Stanley Hospital

Due to non-submission of timely proposals for purchase of essential equipment and staff, the sixth floor of Paediatric Block constructed in Government Stanley Hospital was not utilised even after 7 years of construction. Expenditure of Rs 31.27 lakh remained unfruitful.

Non-commissioning of the Paediatric Block constructed in the Government Stanley Hospital, Chennai at a cost of Rs 2.35 crore even after 12 years (as of February 1994) due to poor planning, piecemeal proposals for allied works etc., was commented in the Report of the Comptroller and Auditor General of India – Civil – for the year ended 31 March 1994. The Public Accounts Committee (PAC) strongly condemned (November 2000) the long delay in providing a full-fledged Paediatric Block for the benefit of the public.

Further scrutiny by Audit in March 2001 revealed the following:

The Paediatric Block with a plinth area of 9624.87 Sq. mts was completed at a cost of Rs 2.70 crore and some of the wards started functioning from March 1994. The sixth floor of the building (878.79 Sq. mts) was earmarked as Paediatric Operation Theatre (OT) to avoid risks associated with shifting of children requiring surgery across the road to the OTs in the main campus. Pre-operative, post-operative and intermediary care room and store room were also to function on the sixth floor. Six air conditioning units were also provided (1990) at a cost of Rs 6.60 lakh in the OT. However, the sixth floor remained unutilised even as of August 2001.

Although civil works for the manifolding room for ensuring supply of Oxygen, Nitrous oxide and compressed air were completed in July 1992, yet the Dean decided to provide pipelines for supply of gases to all the eight floors only in February 1997. The pipeline works were completed only in March 2000.

Since qualified Anaesthesia technicians had not been posted despite sending proposals to Director of Medical Education (DME) in December 2000, the Dean stated (August 2001) that arrangements have been made to give training to 3 hospital workers to do the work of aneasthesia technicians. Further, the Dean submitted proposal for providing shadowless lamps at a cost of Rs 16.50 lakh for commissioning the OT only in May 2000 to DME. Final action taken by Government on the above proposals is yet to be made available to Audit (August 2001).

The Dean admitted (April 2001) delay in processing proposals for sanction of staff and purchase of essential equipment. This was in violation of Government instructions (September 1985) that schemes relating to Public Health should be drawn up in a comprehensive manner and staff, equipment etc., required should be properly planned in the first instance itself.

Thus, even after seven years of completion of the construction work, the Paediatric Operation Theatre could not be made functional (August 2001), due to non-sanction of staff and essential equipment. Expenditure of Rs 31.27 lakh (proportionate cost of construction: Rs 24.67 lakh; cost of air-conditioning facility provided: Rs 6.60 lakh) remained unfruitful.

Government generally accepted the facts (November 2001) and stated that arrangements are being made to make the Operation Theatre functional.

3.17 Unproductive expenditure on civil works

A Gamma Camera (Cost: Rs 45 lakh) received in 1998 by Government Arignar Anna Memorial Cancer Hospital, Kancheepuram was not commissioned and the expenditure of Rs 24.73 lakh incurred on the Civil Works and the construction of inpatient ward remained unproductive.

Department of Atomic Energy (DAE), Government of India, donated a Gamma Camera with accessories and radiopharmacy equipment costing Rs 45 lakh to Government Arignar Anna Memorial Cancer Hospital (GAAMCH) Kancheepuram (April 1998) to provide diagnostic Nuclear Medicine procedure to cancer patients and to familiarise the medical students with the application of Nuclear Medicine techniques.

Task force of DAE suggested in March 1998 some modifications to the existing building to be used as Nuclear Medicine Laboratory where the camera was to be installed and asked the Director of the Hospital to submit layout plan to Radiological Physics and Advisory Division (RPAD) of Bhabha Atomic Research Centre for approval.

The layout plan was approved (September 1998) by RPAD from radiation safety point of view with a condition, among others, to provide a separate drainage system with delay tank and stainless steel sinks for the Nuclear Medicine Laboratory. Government sanctioned Rs 15 lakh in December 1998, based on the estimate prepared by Executive Engineer, Public Works Department (PWD), Kancheepuram, which did not include provision of stainless steel sinks and delay tank.

PWD completed the civil work and electrical work at a cost of Rs 14.16 lakh in September 1999. Thereafter an estimate for Rs 5.20 lakh for providing separate drainage, water supply, compound wall etc., was forwarded to Government by Director of Medical Education only in January 2001. Administrative approval of Government was still awaited (July 2001).

Simultaneously, the construction of Nuclear Medicine inpatient ward was taken up in the second floor of the hospital building under MPLAD scheme at a cost of Rs 10.57 lakh. The Medical Officer in charge of Nuclear Medicine Department GAAMCH informed RPAD in May and July 2000 that the Nuclear Medicine inpatient ward was nearing completion. RPAD advised (August 2000) Director, GAAMCH to suspend the construction of the ward and submit the plan for approval. However the plan was submitted to RPAD only later in December 2000 after the construction was completed in November 2000. As of September 2001, the plan had not been approved by RPAD.

Thus, due to non-provision of stainless steel sinks, drainage system with delay tank and compound wall, the Gamma Camera costing Rs 45 lakh received in April 1998 was not commissioned and expenditure of Rs 14.16 lakh incurred on Nuclear Medicine Laboratory remained unproductive. The Nuclear Medicine Ward constructed at a cost of Rs 10.57 lakh was not being used, for want of approval of the plan by RPAD.

The matter was referred to Government in February 2001; Government generally accepted the facts (September 2001).

HOME DEPARTMENT

3.18 Avoidable payment of interest

Drawal of entire loan prematurely by Tamil Nadu Police Housing Corporation, instead of restricting to the requirement for the year, resulted in avoidable payment of interest of Rs 4.02 crore.

Government sanctioned (March 1999) construction of 2500 quarters (500 in Chennai city and 2000 in other districts) under phase VIII of the scheme for construction of rental quarters for the personnel of Police, Fire service and Prison departments during 1999-2000 at an estimated cost of Rs 89.69 crore by Tamil Nadu Police Housing Corporation (TNPHC).

To finance the construction, Finance Department approved (October 1999) drawal of loan of Rs 80.72 crore from Housing Development Finance Corporation (HDFC), repayable in 10 years in 120 monthly instalments. Interest rate was to be floating, one *per cent* above the State Bank of India (SBI) Prime Lending Rate, and was to be charged on diminishing balance of principal.

TNPHC drew Rs 80 crore in October 1999 and Rs 0.72 crore in November 1999 as loan from HDFC, even though the agreement with HDFC had a time limit upto 31 March 2000. The amount was deposited in the Personal Deposit (PD) account of TNPHC in Government account.

Scrutiny of relevant records in TNPHC disclosed that only Rs 10.32 crore was utilised upto March 2000 and Rs 56.73 crore upto March 2001 for phase VIII. During the period from October 1999 to March 2000, TNPHC paid a sum of Rs 4.61 crore towards interest to HDFC on the loan of Rs 80.72 crore. Funds are provided by the State Government to TNPHC for paying interest and instalments of loan due.

Had TNPHC planned the requirement of funds for phase VIII in advance and drawn only Rs 10.32 crore in October 1999 instead of the entire Rs 80.72 crore released in October/November 1999, interest paid for Rs 70.40 crore for the period from October 1999 to March 2000 amounting to Rs 4.02 crore could have been avoided.

When the matter was referred in September 2001, Government replied (October 2001) that eventhough TNPHC had informed in June 1999 that they do not require the funds, Government insisted on obtaining loan from HDFC and credit to PD account so that the same is available to Government to meet its financial commitments. Government have further stated that by availing the benefit of loan in one lumpsum they could get the benefit of special rate of interest and there were savings of interest payment.

The reply of the Government is not tenable. As per agreement entered between HDFC and TNPHC, the interest rate of 13 *per cent* was firm till 31 March 2000 and only if the amount is not drawn in full before 31 March 2000, HDFC at its own discretion shall have the right any time thereafter to reset the interest forthwith.

INDUSTRIES DEPARTMENT

3.19 Non-establishment of growth centre at Bargur

Non-assessment of demand for plots prior to the commencement of the project of establishing a growth centre at Bargur resulted in deferring the project due to lack of demand from entrepreneurs after incurring Rs 8.42 crore.

Tamil Nadu Corporation for Industrial Infrastructure Development (TACID) submitted a feasibility report (November 1992) for an Industrial growth centre in Bargur Constituency. Government approved the project (August 1993). The growth centre was to have an area of 1378 acres of land located in three revenue villages*. It would have large, medium and tiny industries covering major sectors like leather, fruits and vegetable processing, other agro-based industries, granite, textile and engineering industries. The estimated cost of the project was Rs 41.55 crore and it was to be financed by Government contribution of Rs 19.62 crore, term loan from financial institutions of Rs 19.33 crore and balance from credit from World Bank and subsidy for common effluent treatment plant.

TACID entrusted (August 1994) to M/s. Rail India Technical and Economics Services Limited (RITES), the work of preparation of the master plan, preliminary drawings, detailed estimates etc. RITES prepared the master plan (August 1998) for the entire area of the complex and the cost of the first phase of 674 acres was estimated as Rs 24.15 crore. Tenders were floated (December 1998) and four tenderers participated for road works and two tenderers for street lighting works.

However, due to lack of demand for developed industrial plots and merger of TACID with State Industries Promotion Corporation of Tamil Nadu (SIPCOT), which had already a growth centre at Hosur in the same district, it was decided (April 1999) to defer further development works in the Bargur centre till 2000. Subsequently in March 2000, SIPCOT approached Industrial Technical and Consultancy Organisation of Tamil Nadu Limited (ITCOT) for a demand assessment study for the Bargur centre, which was yet to be taken up (June 2001).

Land to the extent of 1253.95 acres was taken possession since August 1993 at a cost of Rs 2.92 crore of which 33.30 acres only was sold. Besides Rs 5.51 crore was incurred towards infrastructure including water supply arrangements at a cost of Rs 4.12 crore through TWAD Board (June 2001).

Audit observed that the fact that there was already another Growth centre at Hosur in the same district was not considered , nor was a survey conducted to assess the demand for industrial plots in Bargur area, before making the proposal. Further, although the Finance Department and Project Investment Committee doubted (February 1993) the financial viability of the project, Government approved the same.

Thus, in the absence of proper demand assessment, the project could not make any headway, even after eight years of its sanction (August 1993) except for the sale of 33.30 acres of land and the expenditure of Rs 8.42 crore incurred on the project largely remained unfruitful.

* Parandapalli and Balethottam of Krishnagiri taluk and Olaipatti of Uthangarai taluk.

On the matter being referred (April 2001) Government accepted the facts and stated (June 2001) that while selecting a site, parameters like availability of infrastructure facilities is studied over and above raw material, demand prospects and not on the basis of demand enquiries for plots. The reply was not tenable, as a demand assessment is essential before taking up projects of this nature. Further, SIPCOT did finally entrust the demand assessment study in March 2000 to ITCOT only after an expenditure of Rs 8.42 crore had already been incurred.

INFORMATION AND TOURISM DEPARTMENT

3.20 Blocking of funds released for construction of tourist complex

Due to defective formulation of project proposal by Commissioner of Tourism, Rs 18.45 lakh including Central assistance of Rs 12.30 lakh remained blocked for more than 4 years.

Based on the proposal of Commissioner of Tourism (COT) (December 1995) forwarded by Government of Tamil Nadu (GTN), Government of India (GOI) sanctioned (March 1996) a project for construction of tourist complex at Kancheepuram at an estimated cost of Rs 24.60 lakh. GTN was to provide the land and water supply, electricity, approach road, site development, compound wall and fencing. The tourist complex was to remain the property of Central Government to be leased out to GTN. The State Public Works Department (PWD) was to execute the construction work. COT had also identified the site for the tourist complex.

GOI released (March and May 1996) Rs 12.30 lakh as the first instalment of its share. GTN approved in May 1997 construction of the complex at a cost of Rs 30.75 lakh and released (May 1997) Rs 18.45 lakh including the State share of Rs 6.15 lakh. COT in July 1997 paid the amount to PWD for executing the work. While approving the construction of the complex, GTN ordered that Tamil Nadu Tourism Development Corporation (TTDC) was to run the complex on commercial basis and was to bear all the expenses exceeding the sanctioned amount. In March 1998, TTDC informed COT that the project would not be feasible, and even the existing Hotel Tamil Nadu had an average occupancy of 50 *per cent* only. On further enquiry, TTDC stated (September 1998) that the average occupancy rate in other private hotels in Kancheepuram also ranged between 30 and 45 *per cent* during April 1998 to August 1998. Therefore, COT instructed (November 1998) the PWD not to proceed with the project.

In June 1999 the COT requested the Kancheepuram Municipality to take up construction of the tourist complex in Municipality's land. The Municipality expressed its willingness (July 1999) subject to the condition that the revenue derived from the project be given to it for maintenance and services. Director General of Tourism, Government of India gave his concurrence to entrust the work to the Municipality in December 2000. However, as of July 2001, Government had not yet given approval for construction by the Municipality and the funds deposited with PWD remained unutilised.

Audit scrutiny revealed that the COT proposed the project in December 1995 in view of the anticipated increase in the number of tourists in future. He did not consult the TTDC who was to run the project, but reported to Government that the project was commercially viable, based on tentative calculations, with an anticipated annual profit of Rs 5.99 lakh. When TTDC reported that the project would not be feasible, and that the occupancy rate of hotels in Kancheepuram was poor, COT instead of dropping the project, asked the Kancheepuram Municipality to take it up. Thus, poor planning resulted in Rs 18.45 lakh remaining blocked with the PWD for more than 4 years since May 1997.

The matter was referred to Government in February 2001;reply had not been received (December 2001).

RURAL DEVELOPMENT DEPARTMENT

3.21 Computerised functions of the Department of Rural Development

3.21.1 Introduction

The Department of Rural Development (DRD) works for the provision of basic amenities to about 3.5 crore of rural population of Tamil Nadu. The budget allocation for the Department was Rs 560 crore for the year 2000-2001, which included Rs 445 crore from the Government of India. A total of 3,10,234 new works were undertaken in the year. The allocation of funds to the 28 districts and 385 blocks and monitoring the progress of various works are done by the District Rural Development Agencies (DRDA) at the district level and by the DRD at the State level. To have an effective control on the progress of the vast number of works, the Department resorted to computerisation.

3.21.2 The Computerisation

Computerisation in the department consists of (i) Computerisation of Panchayat Unions, (ii) Computerisation of DRDAs and (iii) Computerisation of DRD. The computerisation was first started at district level and later adopted for use at the state level. The process is now being extended to the Blocks. There are separate sets of linked software for use at the Blocks, Districts and at the State level. The software was developed by Regional Engineering College (REC) Trichy, with "MS Access" at the back end and "Visual Basic" at the front end on "Windows NT" as the Server (Operating System).

3.21.3 Scope of Audit

The Department depends on the computer system to monitor the progress of various works. Computerisation was done over a period of 3 years incurring an expenditure of Rs 2.02 crore on hardware and involving 28 DRDAs across the state. The criticality of the function of the computer system and its wide coverage warranted an examination by IT Audit. Data relating to four months from December 2000 to March 2001 were downloaded and examined.

A software named RAPID (Rural Action Plan Integrated Database) was approved and made mandatory for use in all the offices. The compilation/flow of information from the Block level offices to the Districts and in turn to the

Directorate was through this software. An in-depth examination of the RAPID package was conducted along with an examination of the computerisation in general.

3.21.4 Audit Objectives

The overall objective of audit was to ensure the achievement of the set objectives, with special emphasis on (a) economy in the acquisition of hardware and software, (b) effectiveness, suitability and completeness of the application software, (c) dependability and integrity of the data and (d) coverage and correctness of reports generated for managerial information.

3.21.5 Audit Observations

3.21.5.1 Lack of computer policy

Development of software was on a trial and error basis at all stages resulting in several errors/deficiencies.

Computerisation in the DRD commenced without a clearly defined Computer Policy or a definite plan of action. It evolved on a trial and error process in some Districts and was later inducted to perform a statewide function. Such induction was done without a thorough system study for suitability and completeness of the software resulting in several deficiencies as discussed below.

(i) Inordinate delay in the process of computerisation

Computerisation of the Department was in three stages i.e. State, District and Block levels, using three different packages under RAPID. However, due to lack of planning, computerisation at the block level was under trial run even after 3 years of computerisation. Such delay has occurred despite the fact that all the functional transactions of the department originate only in these offices.

Of the three components of the RAPID package namely financial accounting, monitoring progress of works and material management, the material management function is yet to commence and the financial accounting is still in a preliminary stage. The only function namely the Progress Monitoring activity has been computerised which had several deficiencies as discussed in paras between 3.21.5.1.(ii) and 3.21.5.4. (ii) (g).

(ii) RAPID Software in the DRDAs – deficient requiring frequent corrections

The RAPID software for use at the DRDAs having been developed without adopting the standard methods of Analysis and Design, had undergone 126 revisions so far to supply deficiencies and the process continues. However, the inaccurate data captured using the earlier deficient versions of the software remained uncorrected.

(iii) Unplanned development of the State RAPID Package

After the implementation of RAPID in Districts, a software was got developed for use in the Directorate to generate a variety of reports from the data obtained from the districts for monitoring the progress of works by the Directorate and for making other crucial decisions.

At this stage, the Department had before it, its entire requirement and the resource to generate it from. Despite this, the software was developed without adopting the standard procedure prescribed for the development of new software, resulting in several deficiencies. No design documents of any sort like File Organization, Data Flow etc., were made available to the user.

Though conditions relating to payments to be made to the developer of the software were fixed, there were no proper agreements with him specifying his obligations to the department.

(iv) Total dependency of the department on an external programmer

Only an Executable version of RAPID has been made available to the Department. In the absence of Design Documents and the source code, the Department had to depend on the developer even for minor changes. In this scenario, if the developer is unable to extend software support for any reason, the computerisation of the Department will suffer a severe setback.

3.21.5.2 Inefficient data organization

Proper organization of data is vital for the successful implementation of any system. The present database in the DRD was originally designed for the functioning of the DRDAs at the district level. It was not suitable for generation of certain reports required at the DRD.

(i) Inefficient transfer of data to DRD from Districts

At present, the data in the DRD is only an aggregate of the data available in all the DRDAs. Each district sends to the directorate a copy of their entire data in 81 tables, including master files, every month instead of transferring only the transactions during the month. The software does not have provision for transfer of the month's transactions. The department in their reply (July 2001) stated that the software has been modified as suggested and was under testing.

(ii) Inefficient organization of data at the Directorate

In the DRD, the entire set of 81 tables received from each of the 28 districts were stored without consolidation of any sort. A better method would be to consolidate the data relating to all the 28 districts in a single set of 81 files, which would be updated each month after backing up the original position. Thus for watching the progress of 2.02 lakh works, the DRD had around 2268 tables. This makes querying and generation of reports not provided for in RAPID, impossible. The Department (July 2001) accepted the observation.

(iii) Grouping different works under a single work code – consequences thereof

As far as the department is concerned, a work once sanctioned is treated as a separate entity for all physical and financial purposes. Hence, each such work should be allotted a unique work-code in RAPID. On the contrary, several items of works, which were treated as independent units for technical sanction, execution, payments etc. were grouped together under a single work-code in the RAPID package. As a result, the system could not distinctly identify the stage at which each work stood, defeating the very objective of the package.

3.21.5.3 Deficiencies in application software

The application software was still deficient after 3 years of use.

Though the software was developed by an external agency it was accepted without proper testing. As a result, the process of error correction is not yet complete. The software is still deficient on several counts even on date as depicted hereunder:

(i) Unauthorized usage of error control procedure

Normally, the stage of progress of the work can either remain the same or increase over a period of time. However, the software provides for reduction in the stage of work for correcting errors before the data for a month is finalized and forwarded to the DRD. But in practice, it is seen that the stage of work once declared and got committed at the State level was reduced at a later date. This unrestricted provision for correction enabled the district officials to report higher stages of progress to the DRD in one month and rectify the same on a later date. The department in their reply (July 2001) has offered to withdraw the provision for reversal of stages given to District level officers.

(ii) Outdated master file resulting in incorrect data

When new works are entered, the system automatically detects and stores the identity of the authority competent to accord a technical sanction for the work based on the financial outlay. The sanctioning powers were revised in Government Notification dated 31 December 1998. However, the correction was not carried in the RAPID database. As a result the software identified the sanctioning authority incorrectly.

The authority even if identified correctly will indicate only the official competent to sanction a particular work and not the authority who had actually accorded the sanction. Thus, it is essential that, this information should be fed manually and not generated by the system. The Department in their reply (July 2001) accepted the deficiency.

(iii) Non-availability of provision for carry over of Closing Balance

The RAPID package does not provide for the carryover of the Closing Balance (CB) of a year as Opening Balance (OB) for the next year in respect of each scheme. For want of provisions in the application software, the OB is entered afresh at the beginning of each year. Carry over of balances by the system will totally avoid errors in the process, apart from avoiding wastage of manpower. This will also act as an inbuilt control to prevent manipulation of the figures. The department accepted the observation and offered to modify the software accordingly.

(iv) Incorrect accounting of receipt or issue of cheques

As indicated in procedure 7 of the Revised Accounting Procedure for DRDAs, an amount is deemed to be received or paid, the moment a cheque is received or issued. Contrary to such provision, the RAPID package accepted a transaction through cheque only when the adjustment date thereof is keyed in resulting in belated accounting of payment through cheques. The department offered to correct the software as required.

(v) Deficient application software – Financial discrepancies

The total amount of fund available at the disposal of the DRDA against each scheme is stored in a separate table. Other break up details like fund released, fund allocated, funds spent etc are also stored in separate tables. An editing screen provides for viewing a fund with its entire break-up details and also permits the deleting of any component item of break-up. However, entry of test data disclosed that, even if an item of break-up is deleted, the system did not change the total figure in the fund table nor did it provide for a manual change of the total figure. This resulted in a discrepancy between the break-up details and the total figure.

(vi) Hard coding of financial year in the application software

All the transactions that form part of the RAPID package are linked to a financial year and the year itself is hard-coded in the software, calling for correction in the software with each passing year. Since the Department has only an executable version of the program, it has to depend on the developer of RAPID for the modification and for the installation of the modified software in all the 28 Districts at the beginning of each year. Such annual updation of the software is against the norms of normal computing. There should be provision in the software for the incorporation of a new accounting year by the users.

3.21.5.4 Lack of controls

The system was devoid of suitable controls resulting in incorrect data in several forms creeping into the database. Hence the database lacked integrity.

Monitoring of the progress of works in the districts by the Directorate is based only on the statistical and financial information derived from RAPID Data. As such it should be correct and complete. Such perfection could be achieved only by the deployment of several general and system controls. However, the system was devoid of controls in any form rendering the data unsuitable for DRD's monitoring activity as discussed hereunder.

(i) Lack of General Controls

(a) Incorrect projection of the number of works taken up for a year

A new work is brought under the purview of RAPID the moment it is sanctioned. Thus, works can be added only for the current year. However, it was seen that works relating to earlier years were being added to the database even on date (March 2001). Thus, it is clear that data regarding all the works taken up during earlier years had not been incorporated in the database, whereby the position of outstanding works as portrayed by the RAPID package was not correct. Controls should be incorporated to ensure that all works sanctioned are entered in the database immediately before generation of relevant reports. The department in their reply (July 2001) accepted the deficiency.

(b) Lack of data consistency in data across months

The balance position of outstanding works for a month did not have any correlation to the balances of the previous and subsequent months' data after providing for additions and deletions. There was, thus, no provision in the system to ensure consistency of figures month after month. In fact, each month's data was considered as a separate unit and had no correlation of any sort to the data of adjacent months and the balances were apparently incorrect. The department in their reply (July 2001) accepted the deficiency.

(ii) *Lack of system controls*

(a) *Incorrect projection of number of works at different stages*

In the case of bunched works, the aggregate of the numbers of works outstanding at different stages did not agree with the total number of works outstanding as stored in the table. Though the package did have a control to check against such discrepancies, the control had been bypassed and faulty data entered. The department replied (July 2001) that the errors were due to bugs in the application software, which have been corrected later. However, it was seen that the discrepancies in the data remained uncorrected till date (September 2001).

(b) *Adoption of non-existent codes for stages of work*

In the RAPID package, separate sets of codes have been allocated to represent the different stages of work under various types of works. For example the 'Building Works' had stages from 0 to 7 and 'Road Works' form 0 to 9 where 0 indicated that the work had not started and 7, 9 respectively indicated that the work was completed. Thus, it is apparent that the stage in a Building Work cannot exceed 7 and that in a Road Work cannot exceed 9.

However, there were numerous instances where the recorded stage of a work was outside the range of stages permitted for that particular work. The department replied (July 2001) that the errors had occurred when the type of work once booked was changed after its physical completion. The reply is not acceptable, as when a work type is changed its stage should also be changed.

(c) *Entry of incorrect data due to lack of security*

The stage of a work that had to be represented as Arabic numerals were in several instances stored as descriptive strings. For example in a building work, instead of indicating the stage as "3" the same was indicated in the table as "Roof level". RAPID software, which has been designed to recognize stages in the form of numbers, cannot accept data in the form of strings. Evidently, the operator had bypassed the application software and entered characters instead of numerals. This indicates lack of security. The department in their reply (July 2001) accepted the observation.

(d) *Adoption of non-existent codes for Village Panchayats*

For the purpose of linking works with panchayats, all the village panchayats have been duly codified in a master file. However, several works were related to Panchayats not recognized or codified in the Master File. The auditee replied that some village panchayats to which works were assigned ceased to exist and were deleted from the master file. There was no control in the software to guard against deletion of a code allotted to a panchayat when some works were pending against it.

Similarly, the RAPID Package contemplates identification of works with a Hamlet as well through separate codes allotted to Hamlets. However, no hamlet has been codified in respect of many Panchayat Unions. As a result works could not be identified with the respective hamlets. The department in their reply (July 2001) stated that the relevant files were being updated.

(e) *Inconsistency of data – variation in details relating to a work in different months*

It was observed from the RAPID database that several items of work, which were initially attached to one Panchayat Union, were changed to the control of another Panchayat Union in a later month. Similar changes were noticed in the Administrative Sanction details, Unit Cost etc for the same items of work in different months.

The cause of these anomalies in the database was traced back to the data editing options meant for use at the districts. As the DRDA had the prerogative of adding a new work to the database, they were given unlimited editing facility with a view to correct errors while creating a work. But altering the data after a work had commenced and got committed in the records should not be permitted. The auditee in their reply (July 2001) accepted the observation and promised to withdraw the edit facility given.

(f) *Inconsistency of data in the Assets table*

As part of a statutory requirement, the "Assets" table in the RAPID database stores information on works completed and treated as assets of the department. This table is the only record containing all relevant information relating to completed works. It was seen that the data contained in the table was inconsistent/incorrect on several counts. To cite a few

1. In the table containing all the assets created prior to 31 March 2001, there were as many as 797 cases with dates of Administrative sanction after 01 April 2001.

2. A work is to be taken to the assets table only when the work is completed and final payment is made. It was seen that in 109 cases, the works were taken to the assets table even before final payments were made.

3. There were 10,416 instances, where the voucher date, marking the completion of the work, was an earlier date compared to the date of the administrative sanction.

4. There were 785 instances where the date of completion of work was after the date of the final payment.

These incorrect dates have crept into the database in spite of there being certain controls in the data entry modules to validate the dates. The incorrect data indicated failure of the controls. The department in their reply (July 2001) have accepted the findings and promised rectificatory action.

(g) *Discrepancies in the data in 'Works' table*

In the table containing the stages of works, stage '0' indicates the non-commencement of the work. There were 91 instances where payment was made before the commencement of the work. It is evident that either the stage or the expenditure detail shown is incorrect.

The above table also contained the unit cost in respect of works having multiple units. In 215 instances, the payment made on behalf of the work was more than the total value of all the units forming part of that work, indicating an inaccuracy of data. Similarly, it was noticed in the assets file for December 2000 that the total value of work in 2971 cases was more than the product of the unit cost and the number of units. The department accepted the deficiency (July 2001).

3.21.5.5 Deficiencies in the purchase of computers and peripherals in DRDAs

Purchase of computers and peripherals worth Rs 2.02 crore was decentralised resulting in unnecessary purchases, extra expenditure, non-uniformity and several other discrepancies.

The Governments of India/Tamil Nadu sanctioned (March 1998) Rs 2.02 crore for the computerisation of the 28 DRDAs and the Directorate. In spite of the huge amount involved and identical nature of functions, and the need for uniformity in hardware for efficient connectivity, the Department decided to decentralise the purchase. A test-check of the purchases disclosed that the sanction of funds, the purchase procedure, items purchased and the pricing thereof left a lot to be desired as depicted hereunder.

1. Rs 2.02 crore was sanctioned without any proposal from the DRDAs. Thus, there was no scope for considering the computers and peripherals already available with them.

2. Rs 7 lakh sanctioned for each DRDA prima facie appeared to be in excess for the items suggested for purchase. As a result, many districts purchased more hardware and software, with a view to exhaust funds than to meet their requirement.

3. Considering connectivity and networking, National Informatic Centre (NIC) had suggested uniformity of hardware in all the districts. However, the districts purchased computers of different configurations and variety of software, ignoring uniformity.

4. The decentralization of purchases resulted in avoidable expenditure on advertisements by each district separately.

5. Though the functions/requirement of all DRDAs were identical there were abnormal disparities in the purchase of Printers. For instance, while DRDA Namakkal restricted the purchase to a Dot Marrix printer at a cost of Rs 11,250, DRDA Pudukottai went in for a Line Matrix printer at a cost of Rs 1.30 lakh.

6. The same make/model of printers were purchased by different districts with huge variation in prices. For example, while DRDA Tuticorin purchased a HP 2100 Laser Jet printer for Rs 41,000, DRDA Tiruvellore purchased the same Printer for Rs 51,000.

7. A test-check disclosed purchase of software like Visual Studio 97, Oracle 8, SQL Server 7.0 etc., in 8 districts for a total amount of Rs 5.6 lakh which had no immediate use in DRDAs' applications.

8. Some districts had incurred expenditure on AC Units, interior decoration, polyvinyl flooring and even on payment of salary of contingent staff from the surplus amount available after purchase of computers.

All the above disparities could have been avoided had the purchase been centralised. A bulk purchase would have also been cost effective.

3.21.6 Conclusion

Thus, due to the combined effect of the lack of a clear computer policy, a software devoid of security and controls, a data organization not suited to the requirement of the Directorate and a database which lacked integrity, the computerisation in the department of Rural Development has neither reached the desired functional level nor been successful in the areas in which a functional level has been reached. The non-centralization of the purchase in spite of the involvement of over Rs two crore and identical nature of functions in DRDAs resulted in wide disparities and excess expenditure. In short, computerisation at the Department of Rural Development has not reached the desired level of perfection in spite of an expenditure of Rs 9.58 lakh on software and Rs 2.03 crore on hardware and after having functioned for over three years.

The matter was referred to Government in July 2001; reply had not been received (December 2001).

SMALL INDUSTRIES DEPARTMENT

3.22 Non-establishment of Information Technology Incubator Centre

Premature drawal of Government contribution even before identification of location for Information Technology Incubator Centre resulted in Rs 50 lakh being kept outside Government Account.

Based on the proposals of Industries Commissioner and Director of Industries and Commerce (Commissioner), Government in May 1999 sanctioned the establishment of an Information Technology Incubator Centre at Coimbatore as an autonomous society with the objective of preventing the migration of qualified technocrats in the field of Information Technology. All the required infrastructure facilities were to be provided under one roof and paid for by the users. Space was to be provided for 20 entrepreneurs on long term lease. The Centre was estimated to cost Rs 2.50 crore and was to be funded through Members' equity (Rs 1 lakh), Government participation (Rs 50 lakh), Capital subsidy (Rs 20 lakh) and Bank loan (Rs 1.79 crore). Government sanctioned (May 1999) its contribution which was to be drawn in stages synchronising with the progress of work and release of funds by the financial institutions.

'The Coimbatore Information Technology Incubator Centre' was registered as a society in January 2000 at Coimbatore. The Commissioner drew the Government contribution of Rs 50 lakh in February 2000 and paid the same to the society in March 2000 with instructions to the General Manager, District Industries Centre (DIC), who was the Member-Secretary of the society, to deposit the amount in short-term deposit with the Tamil Nadu Industrial Co-operative (TAICO) Bank.

In April 2001, after Audit pointed out the delay in the project, the Commissioner informed Government that the Society was unable to raise loan from the financial institutions. He proposed that the project cost be reduced to Rs 52 lakh, area reduced to 6000 sq. ft. and number of entrepreneurs reduced to 12. He also suggested that if Government was unwilling to accept his proposal, Government may order return of its contribution of Rs 50 lakh with interest, as resolved by the Board of Management in April 2001. However Government directed the Commissioner (May 2001) to implement the project before June 2001, disregarding his plea that the Society was unable to raise any loan.

Thus, Government's decision (May 1999) in sanctioning the project even without assessing its feasibility and economic viability and release of Government contribution of Rs 50 lakh in March 2000 by the Commissioner in lumpsum even before identifying the location of the centre resulted in blocking of funds with the Society. Further, inspite of the Society's inability to raise loan, its request for drastically reducing the project cost was not accepted by Government.

The matter was referred to Government in March 2001. Government stated (May 2001) that the instruction to draw money in stages was applicable to the Society only. The reply was not tenable as the Government order clearly stated that the release of the Government contribution should be in stages only and synchronised with the release of funds by the financial institutions. Therefore, the Commissioner should not have drawn the funds and released to the Society in one instalment.

3.23 Avoidable payment of electricity/compensation charges

Non-reduction of contracted demand for High Tension Service connections and non-improvement of average power factor resulted in an avoidable expenditure of Rs 22.28 lakh.

According to the Tamil Nadu Electricity Board (TNEB) Tariff Rules, High Tension (HT) power consumers were required to pay, besides consumption charges, demand charges at rates prescribed from time to time, on the maximum demand recorded in a month or the contracted demand, whichever was higher.

Government Service Centre for Ceramics, Vridhachalam was functioning with the objective to cater to the needs of small scale ceramic entrepreneurs by providing them processed ceramic body materials and rendering firing service in the tunnel kiln to fire their green products. The centre was utilising HT power supply under two separate service connections and the contracted demand entered into with TNEB was for slip house connection (210 KVA) and for the tunnel kiln (150 KVA). Test-check of the records on utilisation of the two HT service connections revealed the following for the period from April 1997.

	HT services	Contracted demand	Maximum demand attained		Avoidable payment (Rs in lakh)
			Maximum demand	Period	
(i)	Slip house connection	210 KVA	44 KVA	April 1997 to February 1998	8.40
			68 KVA	March 1998 to May 2001	
(ii)	Tunnel kiln connection	150 KVA	45 KVA	April 1997 to May 2001	6.52
				Total	**14.92**

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Taking into account the maximum recorded demand under the above HT services, the Centre could have reduced the demand to 100 KVA and 75 KVA. However, this was not done and resulted in an avoidable expenditure of Rs 14.92 lakh upto May 2001.

If the average power factor of the service connection was less than the stipulated limit of 0.90 lag, compensation charges would be levied by the TNEB. For tunnel kiln service connection (150 KVA) of the centre the power factor ranged from 0.10 to 0.88 lag (April 1998 to February 2001) and for slip house service connection (210 KVA) it ranged between 0.54 to 0.87 lag (August 1998 to February 2001). As no action was taken by the Centre to improve the power factor to 0.90 lag, the Centre paid Rs 7.36 lakh towards compensation charges to TNEB.

Thus, non-reduction of contracted demand for the HT service connections and non-improvement of average power factor had resulted in an avoidable expenditure of Rs 22.28 lakh. Such avoidable expenditure will continue to be incurred until the contracted demand is reduced and the power factor improved to 0.9 lag.

The matter was referred to Government in April 2001; Government replied (September 2001) that action has been taken to reduce contracted demand to 65 KVA for each connection and further stated that action has been initiated to improve the power factor by providing power capacitor, etc.

YOUTH WELFARE AND SPORTS DEVELOPMENT DEPARTMENT

3.24 Avoidable payment of interest amounting to Rs 92 lakh

Despite specific contract provisions, Government unduly delayed the approval of unit-cost payable to a firm which executed works. The undue delay resulted in avoidable litigation at the cost of Rs 17.53 lakh and also avoidable payment of interest amounting to Rs 92 lakh.

The Sports Development Authority of Tamil Nadu (SDAT) concluded (February 1995) three contracts with a firm for the construction of Hockey and Tennis Stadium and an Aquatic Complex at the tendered cost of Rs 26.82 crore (revised to Rs 27.64 crore between August and September 1995 for additional/extension works). The works were to be of international standard and required to be completed within 10 months being the infrastructure for hosting the VII South Asian Federation Games (SAF) held during December 1995.

As per the provisions of the contract, SDAT was to nominate an Architect who would supervise the quality and accuracy of construction, check measurements and certify the contractors bills. Interim payments were to be made once in 15 days and 75 *per cent* payment within 7 days of submission of the bills. Balance payable was to be released within 21 days of certification by the Architect. The works were completed in time by the firm and handed over in November 1995. Total value of the works executed was Rs 29.61 crore, exceeding the approved cost of Rs 27.64 crore. The excess expenditure occurred due to substitutions in place of items indicated in original tender and also inclusion of non-tendered new items in the construction.

The final bill for Rs 2.48 crore, submitted by the firm in January 1996, was certified by the Architect and sent to Government for approval in March 1996. As of March 1996, Rs 2.58 crore were due to the contractors (Rs 2.48 crore for works and Rs 0.10 crore being balance of EMD retained by SDAT). SDAT sent reminders to Government till February 1998 for the payment. Government did not approve the unit-cost on non-tendered items and requested (October 1996) clarification on whether the additional items of work were necessary and were undertaken with the permission of SDAT. After a joint inspection along with the Member Secretary of SDAT, the Architect sent (January 1997) a report justifying that the additional items carried out on grounds of functional necessity or aesthetic considerations and in certain cases, the new items were carried out due to requirement based on actual ground conditions. Government had then constituted a two-men committee in March 1998 to ascertain the reasonableness of the rates preferred by the firm. The committee submitted its report in March 1999 and June 1999. The Committee classified the works into 3 categories comparing with Public Works Department schedule of rates, Tamil Nadu State Construction Corporation's rate and local market rate and arrived at the amount payable to the contractors as indicated below:

(Rupees in lakh)

Sl.No.	Work	Amount claimed by the firm	Amount worked out by the Committee
(i)	Hockey Stadium	79.50	64.43
(ii)	Tennis Stadium	69.71	60.83
(iii)	Aquatic complex	81.18	67.20

Due to the non-payment of dues, the firm filed a petition in Madras High Court (November 1998). The single bench directed (October 1999) the SDAT to pay Rs 4.38 crore to the firm; this was modified (January 2000) by the Division Bench which ordered the payment of Rs 3.50 crore to the firm. However, the SDAT deposited the amount in the Court Registry and filed a Special Leave Petition in the Supreme Court, which was dismissed in April 2000. The firm again moved (April 2000) the High Court and received the amount.

Audit scrutiny revealed that despite the provisions in the contracts for certification of completion and bills by the Architect nominated by SDAT, the monitoring of construction of works by the Director, SAF games and the specific provision for final payment within 21 days of certification by the Architect, Government unduly delayed the approval of the final bills and failed to satisfy itself in time regarding the reasonableness of the rates claimed by the firm. This resulted in an avoidable payment of interest amounting to Rs 92 lakh to the firm. Besides, SDAT incurred litigation expenses of Rs 17.53 lakh.

The matter was referred to Government in May 2001; reply had not been received (December 2001).

GENERAL

3.25 Misappropriations , losses, etc.

Cases of misappropriation of Government money reported to Audit upto March 2001 and on which final action was pending at the end of June 2001 were as under:

		Number of cases	Amount (Rupees in lakh)
1.	Cases reported to end of March 2000 and outstanding at the end of June 2000.	463	193.86
2.	Cases reported during April 2000 to March 2001.	7	100.39
3.	Total	470	294.25
4.	Cases cleared during July 2000 to June 2001.	37	3.68
5.	Cases outstanding at the end of June 2001.	433	290.57

Department-wise and year-wise analyses of the pending cases are given in Appendix XXI. In all these cases, report on the departmental action taken and results of the proceedings against Government servants responsible, required to be sent to audit according to Financial Rules, were awaited (July 2001).

In addition, 350 cases of shortages, theft, damage to property, etc., involving Rs 1.74 crore were reported to Audit upto March 2001 by departments other than Public Works and Highways Departments. 7,141 cases involving Rs 28.67 crore, were either reported by or noticed during audit of Public Works and Highways and Forest Departments upto March 2001. Department-wise and year-wise analyses of these cases are contained in Appendix XXII.

3.26 Write off/waiver of losses, irrecoverable loan/interest, etc.

In 107 cases, details of which were made available to Audit, losses and irrecoverable loans/interest, etc., amounting to Rs 0.54 crore, were written off/waived by Government during 2000-2001.

Department-wise details are indicated below:

(Rupees in lakh)

Serial Number	Department	Written off		Waived	
		Number of items	Amount	Number of items	Amount
1.	Adi Dravidar and Tribal Welfare	5	10.02	-	-
2.	Agriculture	1	1.19	1	0.01
3.	Backward Classes and Most Backward Classes	2	1.75	1	2.74
4.	Commercial Taxes	-	-	65	4.46
5.	Co-operation, Food and Consumer protection	7	2.90	1	0.13
6.	Forests	1	0.09	-	-
7.	Home (Prisons)	5	1.12	1	0.02
8.	Labour and Employment	2	0.08	-	-
9.	Prohibition and Excise	1	0.51	6	4.02
10.	Public (General)	1	0.15	1	0.02
11.	Social Welfare and Nutritious Meal Programme	6	24.95	-	-
	Total	**31**	**42.76**	**76**	**11.40**

FINANCE DEPARTMENT

3.27 Failure of senior officers to enforce accountability and protect the interests of Government

Important irregularities detected by Audit during periodical inspection of Government offices through test-check of records are followed up with Inspection Reports (IRs) issued to the Heads of offices with a copy to the next higher authorities. Government issued orders in April 1967 fixing a time limit of 4 weeks, for prompt response by the authorities to ensure corrective action in compliance of the prescribed rules and procedures and accountability for the deficiencies lapses, etc. A half-yearly report of pending inspection reports is sent to the Secretary of the Department to facilitate monitoring of action on the audit observations by him.

As of June 2001, out of the IRs issued upto December 2000, 15,609 paragraphs relating to 5,089 IRs remained to be settled for want of satisfactory replies. Of these, 397 IRs containing 746 paragraphs had not been replied to/settled for more than 10 years. Year-wise position of the outstanding IRs and paragraphs is detailed in the Appendix XXIII.

A review of the pendency in respect of Fisheries, Sericulture and Highways Departments revealed the following.

(1) Even the initial replies, required to be sent to Audit within four weeks from the date of issue of IRs, were not received in respect of 18 divisions/offices for IRs issued between January 1998 and December 2000.

(2) As a result of the long pendency, serious irregularities as detailed in Appendix XXIV commented upon in the IRs had not been settled as of June 2001.

(3) The Heads of Departments did not reply to 737 paragraphs contained in 246 IRs indicating their failure to initiate action in regard to the defects, omissions and irregularities pointed out in the IRs of the Accountant General. The Secretaries of the Departments concerned, who were informed of the position through half yearly reports, also failed to ensure prompt timely action by the concerned officers of the Department.

In view of large number of outstanding IRs and paragraphs, Government constituted at both State level and Department level, Audit and Accounts Committees for consideration and settlement of outstanding audit observations. During 2000-2001, meetings of department level committee did not yield any settlement. However, at the instance of Audit, during joint sittings with departmental officers, 2,225 paragraphs were settled during 2000-2001. Despite such efforts by Audit, pendency of large number of paragraphs indicated inadequate response to audit observations even at higher level of Government.

To prevent any more erosion of public servants' accountability, it is recommended that Government should relook into this matter and ensure that procedure exists for (a) action against the officials who failed to send replies to IRs/paragraphs in time (b) action to recover loss/outstanding advances/overpayments in a time-bound manner and (c) revamping the system in the Department for proper response to the audit observations.

CHAPTER IV

WORKS EXPENDITURE

SECTION – A

AUDIT REVIEW

4.1 Integrated Audit and Manpower Management Audit of Water Resources Organisation (Public Works Department)

Summary Highlights

The Department failed to utilise the available water resources effectively. While there was a large gap between the irrigation potential created and utilised in respect of surface water, there was overexploitation of ground water potential due to taking up of unviable projects, defective scheme formulation, poor execution and improper maintenance of projects. There was avoidable time and cost overrun in execution of projects and extra expenditure incurred by not following Indian Standard Specifications. The control over expenditure is lacking and there was no norm prescribed for employing manpower.

The following are some of the important points noticed in Audit:

- **Issue of Letter of Credit for more than the required amount and diversion of unutilised Letter of Credit resulted in expenditure in excess of the approved grant.**

(Paragraph 4.1.4.2)

- **Only four *per cent* of irrigation potential created under 10 projects was actually utilised. While inefficient scheme formulation resulted in non-creation of irrigation potential envisaged, poor execution and improper maintenance contributed to non-utilisation of potential created. While water was not utilised for irrigation in two projects, the irrigation efficiency was only 22 *per cent* in 8 projects.**

(Paragraph 4.1.6)

- **There was cost overrun of Rs 169.61 crore in respect of eight projects due to delay in acquisition of land and delay in finalisation of design. There was also time overrun of 3 to 15 years in four cases.**

(Paragraph 4.1.7.5)

- **Non-preparation of estimate based on the out-turn achieved in using Government machines resulted in extra liability of Rs 23.09 crore in the work of desilting rivers, drains and channels in Cauvery delta. There was poor planning and desilting was executed in reaches where permission was sought for leasing sand quarries by District Collectors.**

(Paragraph 4.1.7.6.3 (ii) (f))

- **There was extra expenditure of Rs 6.34 crore in executing schemes under Tamil Nadu Water Resources Consolidation Project due to not following the Indian Standard Specifications, additional payments made for works already included in contracts, poor investigation, change of**

Abbreviations used in this review are listed in the Glossary in Appendix XLVII (page 270).

design and delay in finalising tenders. Inadmissible payment of secured advance resulted in unintended benefit of Rs 1.02 crore to 21 contractors.

(Paragraph 4.1.7.6.4 (A))

- Manpower was not employed based on workload; test-check revealed employment of excess manpower resulting in unfruitful expenditure of Rs 19.87 crore.

(Paragraph 4.1.8 (i))

4.1.1 Introduction

As of June 2000, Tamil Nadu has 84.03 lakh hectares (ha) of cultivable land and 45.88 lakh ha of uncultivable land. Of the cultivable land, 54.64 lakh ha (65 *per cent*) were actually under cultivation. In view of the increasing demand for water, Government of Tamil Nadu formulated Tamil Nadu Water Policy in July 1994 prioritising usage of water in the order of Drinking, Irrigation, Hydropower, Industry and other uses. The broad objectives of the water policy with reference to irrigation is to establish a management information system for water resources, ensure preservation and stabilisation of existing water resources, plan for augmentation of utilisable water resources, promote research and training for water management, and promote user participation in water planning/ management. The policy recognised river basins as the unit for water resources planning and planned to supplement the deficit basins with water from surplus basins.

With a view to water planning on river basin basis, the Government re-organised the Public Works Department (PWD) into two wings *viz.*, Water Resources Organisation (WRO) and Building Organisation from December 1995. The objective of WRO is to ensure effective management and distribution of surface and ground water for its optimum utilisation in a rational and scientific manner to maximise agricultural production and the productivity of all the water using sectors. The progress made in increasing the irrigation potential *vis-à-vis* the land brought under irrigation during the successive Five Year Plans are furnished in Appendix XXV. It could be seen therefrom that the area irrigated by canal and tank systems was much less than the potential created whereas the exploitation of ground water for irrigation had increased manifold. The non-exploitation of irrigation potential created under canal and tank systems was mainly due to defects in project formulation and poor maintenance as discussed in Paragraphs 4.1.5 and 4.1.6.

The Ninth Plan envisaged that there was no scope for major and medium irrigation projects and felt the need for water conservation, modernisation of canal and tank systems, water management of the existing sources and exploitation of minor irrigation. The major projects/schemes implemented from 1997-98 to 2000-2001 and their objectives are furnished in Appendix XXVI.

4.1.2 Organisational set up

The WRO is headed by the Engineer-in-Chief (EIC), Chennai who is responsible for policy making, administration of WRO, implementing and monitoring of programmes, budget control and manpower. He is assisted by 10 Chief Engineers (CEs), 6 in charge of Plan Formulation, Design, Research and Construction Support (DRCS), Operation and Maintenance (O&M),

Ground Water, Water Studies and Training and 4 in charge of four regions - Chennai, Pollachi, Thiruchirappalli and Madurai. Under these CEs, there are 29 circles each headed by a Superintending Engineer (SE) for supervising the functioning of 107 divisions each headed by an Executive Engineer (EE). The overall administrative control rests with Secretary, PWD.

4.1.3 Audit coverage

The records of the PWD at Secretariat, offices of the EIC and 8 CEs, 11 Circles, 38 Divisions, 16 Taluk Offices, three Revenue Divisional Offices and three District Collectorates for the period from 1997-2001 were test-checked during November 2000 to April 2001. The significant points noticed on management of Finance, Programme and Manpower are discussed in the succeeding paragraphs.

4.1.4 Financial Management

The total provision of funds by Legislature under Revenue and Capital Grants (excluding Flood Control Programmes), Final Modified Appropriation (FMA) after surrender and the actual expenditure incurred during 1997-2001 are as under:

(Rupees in crore)

Year	Total Provision	FMA	Actual expenditure	Excess (+)/ Savings (-)
(1)	(2)	(3)	(4)	Column (4)-(2)
Revenue				
1997-98	284.94	278.32	409.43	(+) 124.49
1998-99	366.85	363.75	379.05	(+) 12.20
1999-2000	315.44	221.85	413.27	(+) 97.83
2000-2001	365.78	365.78	479.38	(+) 113.60
Capital				
1997-98	250.96	93.47	78.99	(-) 171.97
1998-99	277.94	246.32	226.45	(-) 51.49
1999-2000	483.51	483.51	360.57	(-) 122.94
2000-2001	469.82	360.02	290.39	(-) 179.43

The excesses under "Revenue Expenditure" were mainly due to booking of more expenditure on establishment, interest, pension, etc., under various schemes than the provisions in the budget. The savings under Capital were mainly on account of (a) non-utilisation of funds provided under Water Resources Consolidation Project (WRCP) due to revision of estimates as per World Bank norms and consequent delay in finalisation of tenders, (b) non-purchase of equipment for operation and maintenance under WRCP due to rejection of tenders by Contract Award Committee and (c) less expenditure as compared to the budget provision on percentage charges for establishment transferred from Revenue Account.

4.1.4.1 Budgetary Management and Control

(i) Though the work of desilting of rivers, canals, etc., was in the nature of maintenance and the expenditure thereon was treated as revenue expenditure during 1997-98 and 1998-99, the budget provisions for 1999-2000 and 2000-2001 were wrongly made under Capital and Rs 94.05 crore was incurred during 1999-2001.

(ii) Contrary to Manual provisions, the Department generally obtained budget provision under establishment for vacant posts also resulting in savings.

Liabilities not settled eventhough funds were available.

(iii) Though Codal provisions stipulated that liabilities should not be created without assurance for provision of funds, the EE of eleven divisions created a liability of Rs 22.80 crore as of March 2001 towards payment due to contractors and others. It was seen that the liabilities from the year 1995 onwards were not settled eventhough there was huge savings and surrender under 'Capital' grant during 1997-2001. In respect of desilting works undertaken in Cauvery Delta, the CE, Thiruchirappalli requested for a provision of Rs 2.75 crore during 1998-99 against a liability of Rs 4.94 crore. Government, however, provided only Rs 2.14 crore in 1998-99.

Inter-division adjustments not made for want of funds.

(iv) In January 1994, Government abolished the system of Cash Settlement Suspense Account to account for inter-divisional transactions. Test-check revealed that Rs 11.68 crore out of Rs 11.73 crore outstanding under this suspense head in 9 Irrigation Divisions and Public Works (PW) Workshop as of March 2000 had not been cleared as of December 2000 for want of provision of funds under the relevant final head of account. The non-clearance of the balance under this suspense head resulted in non-booking of expenditure under the relevant final head of account.

(v) In respect of five schemes, involving land acquisition for commencement of work, huge provisions were given in the budget resulting in surrender at the end of the year as indicated in Appendix XXVII.

4.1.4.2 Control of expenditure

The departmental officers were authorised to make payment by cheques and appropriation control is effected through Letter of Credit (LOC) system. After the Appropriation Act is passed, the EIC submits a statement to Finance Department stating the amount required for operation at Headquarters for adjustments and allocation to subordinate officers. Based on this statement, the Finance Department issues a LOC for each Major Head to the Treasury Officer, who in turn intimates the same to the branches of State Bank of India. Finance Department also issues quarterly LOC for establishment, works expenditure and maintenance separately to the EIC who in turn re-allocates them to the subordinate officers based on the Budget allocation. Thus, the Divisional Officers are to restrict issue of cheques only to the amount authorised to them through LOC and Budget allocation for each unit of appropriation. In May 1998, the Finance Department authorised the Regional CEs to send the requisition for LOC based on the Budget allocation made by EIC to avoid delay and issued LOC directly to them.

It was seen that there was excess expenditure compared to the approved grant in respect of over 142 units of appropriation each year as detailed below:

(in numbers)

Excess expenditure by diversion of Letter of Credit.

Year / Head	1997-98			1998-99			1999-2000		
	Total units	Number of units where excess expenditure incurred	Percentage of Average excess expenditure over provision	Total units	Number of units where excess expenditure incurred	Percentage of Average excess expenditure over provision	Total units	Number of units where excess expenditure incurred	Percentage of Average excess expenditure over provision
Revenue	158	86	15	161	70	16	152	68	7
Capital	212	79	21	283	74	18	265	74	11

The Divisional Officers exceeded the budget provisions under these units of appropriation by diverting unutilised LOCs available under other units of appropriation. Such excess expenditure by diversion was possible due to the following reasons:

(i) Both Budget and LOC were for gross expenditure whereas utilisation of LOC was for net expenditure. As pay bill recoveries and the recoveries on account of Income Tax, Sales Tax, etc., were passed to Government account through book adjustments, the savings on account of this were available to Divisional Officers for diversion.

(ii) Though the Manual provision stipulates issue of LOC based on Budget and approved Revised Estimates (RE), Finance Department issued LOC based on RE proposals. Consequently, when the approved RE was less than the proposal, the utilisation of excess LOC already issued resulted in excess expenditure over budget provision.

(iii) The Regional CEs and SEs were empowered to divert LOCs among the divisions under their control. Such diversion of LOC results in excess expenditure. The authorities, however, failed to regularise this by providing funds by way of reappropriation.

Illustrative examples of incurring excess expenditure over approved grant furnished in Appendix XXVIII indicated that the Divisional Officers failed to control expenditure within Budget and though they furnished monthly statements of expenditure incurred against each unit of appropriation, the EIC utilised these reports only for the purpose of reconciliation with the accounts figures of Accountant General (Accounts and Entitlements) without conducting any review to control the expenditure to be within the Budget allotment. When pointed out, EIC stated that the review would be conducted in future. Thus, there was no control over expenditure.

4.1.4.3 Non-clearance of suspense heads

Balances under Suspense heads not cleared resulting in non-realisation of revenue, non-detection of malpractices and misclassifications.

(a) Miscellaneous Public Works Advance, a Suspense Account that records advance payments, losses, amount recoverable from contractors, officers etc., was to be cleared by recovery, waiver or transfer. As of March 2000, Rs 10.29 crore were pending clearance in 40 divisions. Of this, Machinery Division and PW Workshop in Chennai had a balance of Rs 8.31 crore. Test-check in 6 divisions revealed that out of Rs 48.16 lakh pending as of March 2000 (Rs 36.63 lakh related to 1980 to 1997), only Rs 2.10 lakh were cleared during 2000-2001. Non-clearance of the balance under this suspense head would result in non-realisation of revenue or understatement of expenditure under the final head of account.

(b) The net difference between the remittances accounted in the divisions but not in treasuries and *vice-versa* appears in the Suspense Account 'I – Remittances'. As of March 2000, a difference of Rs 4.69 crore was pending clearance. This is a serious matter because treasuries have acknowledged less remittances than claimed to have been made by the divisions; and investigation of the difference must be made regularly. Test-check conducted in 10 divisions revealed a difference of Rs 5.03 lakh pending as of March 2000, were not cleared even by March 2001 (Rs 1.23 lakh related to 1980 to 1997) and in Vennar Basin Division, Rs 4.29 lakh remitted to Government account in January 1999 and July 1999 were not accounted in the treasury account till March 2001. Any delay in clearing the difference may lead to non-detection of malpractices of non-remittance of revenues to Government account.

(c) The net difference between the cheques issued by divisions but not cashed in banks and cheques shown as cashed in banks but not shown as issued in divisional accounts are reflected in the Suspense Head 'II - Cheques'. As of March 2000, Rs 114.39 crore is pending under this suspense head. Test-check conducted in 10 divisions revealed that 60 cheques for Rs 16.99 lakh issued between November 1987 and March 2000 were not encashed as of February 2001, though the validity of cheques was only for six months. Reasons for the difference are required to be analysed for taking corrective action.

4.1.5 Impact Assessment of Programme

Available water resources not utilised effectively.

The objective of the Department was to ensure effective management and distribution of surface and ground water. The Institute of Water Studies prepared a State Framework Water Resources Plan in January 1999 and identified that only 5 out of 16 River Basins (excluding Cauvery Basin) have surplus and Kodaiyar Basin would have surface water surplus even in the year 2050. Besides, out of the estimated total surface water potential of 13,015 Million Cubic Metre (Mcum) a quantity of 1,703 Mcum flows into sea in five river basins , out of which three are deficit basins. The Plan assessed the efficiency of irrigation system of canals and tanks as 40 *per cent* and envisaged improvement of irrigation efficiency to 50 *per cent* by the year 2019 and 60 *per cent* by the year 2044. The Plan also envisaged diversion of water from surplus to deficit basin, change of cropping pattern, modernisation of irrigation system and rehabilitation of tanks, waste water recycling, construction of water harvesting structures and prevention of sedimentation. Though the Department had taken measures like formation of field channels, lining of supply channels, repairs to shutters, modernisation of canals and tanks to improve the irrigation efficiency under WRCP, it did not evolve any programme based on this Plan as of March 2001.

It was noticed that the rainfall during 1997-98 and 1998-99 was above normal by 18 and 10.1 *per cent* and during 1999-2000 the rainfall was below normal by 8.3 *per cent.* Audit scrutiny revealed that as against the potential of 12.56 lakh ha created under Canal Irrigation, the potential utilised during 1997-2000 ranged between 8.34 and 8.67 lakh ha only. Similarly, the actual potential utilised under Tank Irrigation during 1997-2000 was between 6.33 and 6.90 lakh ha only as against the potential of 10.10 lakh ha created. Test-check revealed the following contributory factors for the shortfall in utilisation of irrigation potential created.

(i) The irrigation potential of 5,968 lakh ha created under three schemes[1] could not be utilised by the Department due to pollution, flood damage and defective scheme formulation.

(ii) The studies on sedimentation of 15 reservoirs conducted by CE (DRCS) during 1991 to 1998 revealed that the total capacity of the reservoirs was reduced from 23,061 Million Cubic Feet (mcft) to 18,694 mcft, a reduction of 19 *per cent*.

(iii) As against the irrigation potential of 21,168 ha created through 10 projects in Dharmapuri and Virudhunagar districts, the utilisation was only 876 ha and 78 *per cent* of water released for irrigation in these projects was not utilised for cultivation due to defective scheme formulation, poor execution and improper maintenance as discussed in paragraph 4.1.6.

As the non-availability of surface water for irrigation forced the agriculturists to resort to over-exploitation of ground water potential, the urgent necessity for implementing the plan prepared by the Institute of Water Studies need not be overemphasised.

4.1.6 Working results of completed projects

Irrigation potential envisaged was not created and potential created was not utilised due to poor scheme formulation and huge wastage of water.

The working results of 10 irrigation projects implemented in Dharmapuri and Virudhunagar districts during 1983 to 1993 at a cost of Rs 56.12 crore revealed that as against 21,168 ha of new ayacuts proposed to be developed and 1,059 ha proposed for stabilisation, only 876 ha (4 *per cent*) were newly irrigated per annum on average and 702 ha were stabilised. The average annual food production was 3,092 tonnes as against 56,359 tonnes envisaged (details *vide* Appendix XXIX). This was mainly on account of non-creation of irrigation potential envisaged due to poor scheme formulation and non-utilisation of potential created due to poor execution and maintenance as discussed below:

(i) There was insufficient yield in the reservoirs than anticipated in 5 projects[2] ranging from 65 to 87 *per cent* indicating poor investigation of hydrology of the projects.

(ii) Boosting of anticipated ayacuts to be benefited by 445 ha without availability of water in Kesarigulihalla Reservoir Project.

(iii) The project reports envisaged storing of water in the reservoir for 1.4 to 3.4 times in a year to meet the requirement of the proposed ayacut. It was seen that in spite of good inflow water could not be stored in the reservoir as the yield was seasonal. Consequently, water could not be stored as envisaged and the water realised in excess of the capacity of the reservoir was let into the river (details *vide* Appendix XXX).

(iv) In Vaniar Reservoir Project, the pressure was low to cover the tail end ayacuts of 182 ha as the bed width of the canal at tail end was too large.

(v) In respect of five projects[3], the field channels below 10 ha limit were not excavated by Agricultural Engineering Department as required.

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1 Noyyal Orathupalayam Reservoir Project, Lakshmipuram Anicut across Arniyar river and Formation of tank near Chinnavedampatti Village.

2 Anaikuttam, Kesarigulihalla, Thumbalahalli, Vaniar, and Vembakottai Reservoir Projects.

3 Anaikuttam, Golwarpatti, Kullursandhai, Pambar, and Vembakottai Reservoir Projects.

(vi) In Anaikuttam and Vembakottai Reservoir Projects, 1,861 ha of ayacut were at higher level than the supply channels. Further, 777 ha of ayacut of Anaikuttam Reservoir Project were converted into match factories.

(vii) In spite of incurring an expenditure of Rs 3.42 crore for maintaining the 10 projects during 1991-99, the canals were not maintained properly. There was leakage in the regulator shutters in Anaikuttam Reservoir Project and there was unauthorised drawal of water for industrial purposes in Vembakottai Reservoir Project. Consequently, water was not utilised for irrigation from these projects. The irrigation efficiency of the remaining projects on an average was only 22 *per cent* due to silting of channels, large scale damage to sluice and shutters, damage to lining, etc. (Details vide Appendix XXXI). The Divisional Officers stated that funds allotted for maintenance were insufficient.

4.1.7 Programme Management

Fifty projects/schemes taken up during 1982 to 1998 were under progress and Rs 666.68 crore were spent as of March 2001. Of this, 18 projects/schemes envisaged creation of additional irrigation potential of 12,437 ha. The implementation of Tank Modernisation Scheme, Desilting works in Cauvery Delta, System Improvement and Farmer Turnover, a component of WRCP and 9 schemes under execution were reviewed. The important points noticed are discussed below:

4.1.7.1 Execution of unviable schemes

Government sanctioned unviable schemes.

Mention has been made in Paragraph 4.4 of the Report of the Comptroller and Auditor General of India for the year ended 1999-2000 - Tamil Nadu (Civil) regarding execution of two unviable schemes which proposed to utilise the surplus of Periyar-Vaigai Project after meeting the requirement of Ramnad Big Tank. It was noticed that two more schemes for providing irrigation facilities to 58 villages in Usilampatti Taluk and to feed Valayankulam and Kambikudi series of tanks in Madurai were sanctioned by Government (Rs 42.75 crore), in October 1996 and June 1999 to utilise the same surplus water. Besides, the scheme of diversion of floodwater of Vaigai river to Rajagambeeram and 15 other tanks in Manamadurai Taluk was also sanctioned in May 1999 for Rs 3.09 crore to utilise the surplus in excess of 15,000 cubic feet per second (cusecs). This scheme also was not viable as the required flood flow was realised only for 8 days in four years during 1971 to 2000. All the three schemes were under progress.

4.1.7.2 Unfruitful expenditure on abandoned schemes

The Department has spent Rs 25.83 lakh during March 1998 to July 1999 on the schemes, 'Construction of Anicut across Uppodai' and 'Rehabilitation of leading channel and construction of retaining walls from Thoonakadavu Reservoir to Sarkarpathy Tunnel entry', which were subsequently abandoned due to non-consideration of riparian rights and objection by Government of Kerala for taking up works in their wild life sanctuary.

4.1.7.3 Non-achievement of objectives

Link canal benefits not achieved.

(i) The water realised at Vaigai Dam for irrigating the ayacuts of Periyar system and Vaigai system were carried through the river course upto Peranai Regulator wherefrom the water meant for each system were let into the respective supply channels. With a view to avoid wastage of water in the river and siltation at Peranai Regulator, a lined link canal was constructed in August 1995 at a cost of Rs 35.12 crore connecting Vaigai Dam and Peranai Regulator to carry the water meant for Periyar system. It was, however, seen that out of 1.22 lakh mcft of water realised at Vaigai Dam for Periyar system during September 1995 to March 2001, only 0.34 lakh mcft of water was carried through this canal and the balance 0.88 lakh mcft was let into the river course, defeating the main objective of the construction of the canal. The reason for diverting less quantity of water into the link canal was not furnished.

(ii) A scheme to provide tilting shutters to the existing five weirs, raising the crest level of one weir, construction of one more weir to Maduranthagam Tank and to divert the excess water stored to feed 30 tanks through canals excavated for a length of 33 km was taken up in May 1986. Rupees 8.66 crore were spent for canal works and provision of tilting shutters by October 1996. Pending approval of revised estimate, funds were not provided during 1997-2001. Consequently, the work of raising crest level of one weir and construction of one weir were not executed resulting in non-achievement of objective in spite of spending Rs 8.66 crore.

4.1.7.4 Poor scheme formulation

Surplus regulator designed for a less capacity than required.

(i) According to Indian Standard Specifications of November 1985, the surplus regulator for intermediate dams should be designed based on 'Standard Project Storm' (SPS). Though the World Bank consultant arrived at the capacity of the regulator for Irukkangudi Reservoir Project as 23,899 cubic metre per second (cumecs) based on the SPS, the CE (Irrigation) designed the regulator for a capacity of 4,529.40 cumecs only. As the dam would overtop if the regulator was constructed with inadequate capacity, the World Bank rejected the proposal and the Government took up the project with State funds. The SE (Designs) arrived at the capacity of the regulator as 11,365 cumecs based on the maximum one day rainfall of 212 millimetre (mm) in 1981. The technical committee, however, approved (March 1997) the capacity of 5,012 cumecs on the ground of economy and submergence of villages and towns on the banks of the river. The project was under progress and an expenditure of Rs 16.38 crore was incurred as of March 2001. Thus, the dam is unsafe for high flood conditions and an abnormal rainfall of 250 mm was actually observed for one day in January 2001.

Scheme formulated without considering riparian rights.

(ii) The CE (Irrigation) proposed to construct a dam across Hanumanadhi river to store 348 mcft of water in two fillings utilising the dependable yield of 600 mcft at the Adavinainar Koil reservoir site. The requirement of water for the project was worked out as 406.08 mcft (balance requirement of 59 mcft was to be met through ground water potential). The project was sanctioned by Government in May 1990 for Rs 37.69 crore. Audit scrutiny revealed that the CE failed to consider the riparian rights of ayacutdars under one Anicut covered under the project and the actual requirement worked out to 590.28 mcft. Thus, the construction of dam with low capacity would result in non-achievement of irrigation potential envisaged in the project.

4.1.7.5 Time and cost overrun

There was cost escalation of Rs 169.61 crore due to avoidable delay in land acquisition and finalisation of design.

During test- check abnormal delay in sending land plan schedules, delay in sanction of prescribed special staff and delay in obtaining permission from Government of India (GOI) for transfer of forest land were noticed in eight cases. Besides increase in the compensation amount, delay also resulted in cost escalation of various components of the project. In addition to delay in land acquisition, delay was also noticed in finalisation of design, formation of diversion road, etc. The details of time and cost overrun are given in Appendix XXXII. The avoidable time overrun in four cases ranged between 3 and 15 years and the total cost escalation in 8 cases was Rs 169.61 crore.

4.1.7.6 Execution of works

4.1.7.6.1 Delay in finalising the tender

Construction of additional spillway to Sathanur Dam was completed in September 1999 at a cost Rs 7.30 crore. But the tender for shutters for the spillway called for in March 1997 by PW Workshop was not finalised as of March 2001 as Government had not decided whether the work should be taken up with State funds or under WRCP. Consequently, water was stored only upto 117 feet instead of 119 feet to avoid damage to coffer dam thereby releasing excess water into the river during November and December 2000.

4.1.7.6.2 Tank Modernisation

With a view to increasing the efficiency of tank irrigation system and to bridge the gap between the registered ayacut and actual irrigated ayacut through rehabilitation works at supply channel, tank (excluding desilting), distribution net work and on-farm development, the Department implemented Tank Modernisation Project from June 1984 in 649 rain fed tanks at a total cost of Rs 179.35 crore. Audit scrutiny revealed the following:

Objectives of tank modernisation not achieved.

(i) The evaluation of the project conducted by Anna University during 1994-2000 revealed an increase in the irrigation efficiency of channels but the report failed to evaluate the actual gap bridged. Test- check revealed that there was still large gap between the registered ayacut and actually irrigated ayacut. The revenue records of 16 out of 21 tanks in three districts where the project was implemented revealed that there was reduction in the irrigated area compared to pre-project period in spite of normal rainfall. The reasons attributed for the reduction were non-taking up of agriculture by farmers, and conversion of ayacuts into house sites, etc. Thus, increasing the efficiency of irrigation had not contributed to the increase in the irrigated area and the objective of the project was not achieved.

(ii) The construction of office building for Project Management Unit at Chennai proposed to be constructed in Phase II (1989-96) using State funds, was actually commenced in July 1998 for completion in September 1999 at the fag end of the project. The building was completed at a cost of Rs 51.74 lakh in December 1999. Similarly, a training centre at Tharamani was constructed at a cost of Rs 27.07 lakh in December 1999 only, but used as a godown (March 2001).

(iii) Out of Rs 87.36 lakh paid to Irrigation Management Training Institute during 1992-93 to 1999-2000 for providing training to farmers, Rs 21.35 lakh were not utilised and also not refunded as of March 2001.

4.1.7.6.3 Desilting of river, drains, channels and tanks in Cauvery delta

With a view to obtain free flow of water in rivers, drains and channels to the tail end and minimising the damage due to floods, the Government launched the scheme of removal of Ipomea, desilting of river, drains, channels and tanks in Cauvery delta during 1997-98 and spent Rs 68.69 crore during 1997-2000. As of February 2001, 9151 kilometre (km) of rivers, drains and channels were desilted leaving a balance of 11,176 km.

(i) Poor planning

The project was formulated without assessing the requirement and cost.

(a) The Department formulated the scheme without assessing the total length of the rivers, drains and channels required to be desilted and the cost. The total length of waterways mentioned in the proposals for 1997-98 and 1999-2000 and the details furnished in February 2001 to Government varied widely as under:

(in kilometre)

	1997-98	1999-2000	February 2001
Rivers	1,569	1,482	2,030
Drains	784	3,108	6,203
Channels	11,000	12,600	12,094

Due to poor formulation the Department could not complete the work by July 2001 as proposed and there was a balance of 9,704 km to be desilted as of March 2002.

Desilting works executed without any plan.

(b) CE, Thiruchirappalli obtained *ad hoc* sanction every year without mentioning the specific areas to be desilted and allocated the funds to the executing divisions fixing only financial targets. However, the selection of the area of execution was left to the EEs. In January 1999, CE, Thiruchirappalli issued instructions that the estimates for desilting should cover water course from head to tail without leaving gap. It was, however, seen that EEs prepared a number of estimates for executing the work in different areas under their control leaving gaps between each stretch and executed some gaps during subsequent years. The execution of desilting works without planning would not serve the intended purpose.

(ii) Execution of works

(a) The CE, Thiruchirappalli assessed the number of machines required for desilting the proposed length and rent payable for the machines and worked out the cost of desilting for each year for obtaining Government sanction. In March and April 1998, Government issued specific instructions that the proposal should include the actual work proposed to be undertaken and benefits to be accrued. For this purpose, a shelf of works should be identified and detailed estimates of the works should be prepared during the lean season as desilting works could be done only during March to July. In spite of the instructions, the proposals were sent only on *ad hoc* basis and were approved by Government.

(b) While sending proposals for 1997-98, the SE adopted the out-turn for dozers as 22.6 metre per hour for rivers and drains and 160.7 metre per hour for channels, whereas the CE in his proposal to Government revised the out-turn as 6 metre and 30 metre per hour respectively which resulted in inflation of the project cost.

The estimates for desilting were abnormally boosted.

(c) As there was no separate schedule of rates for earthwork excavation using machinery, the estimates were prepared based on schedule of rates for manual excavation. While tenders were called for from private contractors on quantity basis, the works were entrusted to Agricultural Engineering Department (AED) on the basis of hire charge of machinery. In as much as the Department has executed desilting works in rivers, drains and channels using AED machinery during 1995-97, the Department should have prepared the estimates based on out-turn of AED machinery. Audit scrutiny of 138 works executed by AED during 1996-97 revealed that the out-turn of dozer was 13.3 metre per hour and the average cost of desilting per km was Rs 0.45 lakh. However, the average estimated cost for 1997-98, 1998-99 and 1999-2000 were Rs 1.69 lakh, Rs 1.84 lakh and Rs 1.95 lakh per km respectively. Thus, the estimates were very high, compared to actual expenditure incurred on the same work in 1996-97.

(d) Contrary to the Manual provisions, the EEs of two divisions[4] entrusted 19 works during 1997-99 to Tamil Nadu Agro-Engineering and Service Co-operative Federation Limited on nomination basis, at an estimated cost of Rs 50.77 lakh without obtaining permission from Government. When permission was sought during 1999-2000 and 2000-2001, Government rejected the proposals. The boosted estimates had resulted in extra expenditure.

(e) Government permitted splitting up of works into convenient reaches to speed up the works through different agencies. Consequently, the reaches were split up and sanctioned within the powers of EE, SE and CE. The following was the trend of test-checked tenders:

Sanctioned and awarded by	Trend of participation (Test check : 980)					Trend of offers (Test check : 1508)					
								Less than estimate (in percentage)			
	Single	Two	3 to 5	Above 5	Total	More than estimate (0 to 5 *per cent*)	Estimate	Upto 20	20-50	50-70	Total
CE and SE	3	56	111	94	264	149	--	94	192	7	442
EE	21	585	64	46	716	476	57	436	93	4	1,066
Total	**24**	**641**	**175**	**140**	**980**	**625**	**57**	**530**	**285**	**11**	**1,508**

It could be seen from the above data that 68 *per cent* of the tenders were responded by one or two contractors mainly when the estimated value of the tender was within powers of EE. Test-check of 322 tenders of 1998-99 in two divisions revealed that two tenderers participated in 290 cases of which the same 42 pairs of tenderers were involved in 253 cases. Similarly, 45 *per cent* of tenders invited by CE and SE fetched discounted offers, mostly

[4] Agniyar Basin Division, Pattukottai and Cauvery Basin Division, Thanjavur.

more than 20 *per cent* below estimate. The trend of discounted tenders was 5, 84 and 100 *per cent* during 1997-98, 1998-99 and 1999-2000 respectively. The increase in competition and discounted tenders year after year clearly indicated that the estimates were very high.

(f) The physical and financial achievements during 1997-2000 were as under:

(Rupees in lakh)

	1997-98			1998-99			1999-2000		
	Physical (in km)	Financial	Cost per km	Physical (in km)	Financial	Cost per km	Physical (in km)	Financial	Cost per km
Rivers and Drains	872.03	686.73	0.79	1261.96	1612.40	1.28	1943.28	2281.30	1.17
Channels	830.65	363.39	0.44	611.72	376.26	0.62	1105.74	441.22	0.40

Execution of desilting work through private contractors without arriving at the out-turn of Government machines resulted in extra liability of Rs 23.09 crore.

Though 95 *per cent* of the offers for 1997-98 was above the estimated cost, the average cost per km was very low mainly because considerable portion of work was done through AED by hiring machinery. Though Government specifically ordered to execute the works mainly through Government machines during 1997-98, no such instruction was issued while sanctioning funds for 1998-99 and 1999-2000. The Department utilised the AED machines mainly to desilt tanks during 1998-2000 on the ground that the Government machines were not suitable for desilting rivers, drains and channels. This contention was, however, not factual as AED machines were utilised for these works during 1995-98. As the average cost per km for desilting through AED machines was Rs 0.45 lakh and the rent for machines was increased by 10 *per cent* on an average by AED, the rate for 1997-98, 1998-99 and 1999-2000 would be Rs 0.50 lakh, Rs 0.55 lakh and Rs 0.60 lakh per km. However, the contractors were paid Rs 1.36 lakh, Rs 1.25 lakh and Rs 1.19 lakh per km during these years. Compared to the rate of AED, extra liability incurred on execution of work through private contractors would work out to Rs 23.09 crore in respect of rivers and drains during 1997-2000. Incidentally, it is pointed out that no departmental machines were used on this work though 7 dozers were kept idle in working condition in Machinery Division.

(g) Based on the rates quoted by the contractors, the CE, Thiruchirappalli, approved (March 2000) schedule of rates for desilting using machinery for the Circles under his control. It was seen that though the same rate of Rs 16 per cubic metre (cum) was approved for Middle Cauvery Basin (MCB) and Lower Cauvery Basin (LCB) Circles for the year 2000-2001, MCB Circle provided for reduction of 25 *per cent* of this rate, if the depth exceeded 75 cm. The SE, LCB Circle, however, obtained a common rate on the ground of difficulty in taking measurements.

Executive Engineers failed to lease the desilting areas for sand quarrying.

(h) As the lease period of sand quarries in Thanjavur, Tiruvarur and Nagapattinam districts expired in March 1998, the respective District Collectors specified some reaches of rivers and drains and sought the concurrence of EEs of LCB Circle for leasing them out as sand quarries. The EEs, however, did not agree on the ground that the deposit of sand in delta river was very meagre and due to indiscriminate quarrying of sand, bed levels of rivers had gone down affecting irrigation. When the Collectors insisted for allowing sand quarrying on lease where silting was prominent, the EEs gave concurrence for a few reaches. It was, however, seen that the EEs prepared estimates for desilting in reaches which were specified by the Collectors for sand quarrying but permission not given by them. Test-check revealed that the EEs incurred Rs 1.76 crore in desilting 23 such reaches. Incidentally, it was noted that the Collector, Thanjavur, earned Rs 2.05 lakh by auctioning the sand heaps formed by desilting operation. Thus, the refusal of the EEs to permit sand quarrying, but desilting in these reaches resulted in not only avoidable expenditure on desilting but also loss of revenue by way of seigniorage charges.

(i) In spite of SE's instructions in April 1998, two divisions[5] did not maintain records showing the machines deployed for the work, period, quantity and value for each work. Besides, permanent records showing the details of desilting to avoid overlapping and for future maintenance were also not kept. Test-check revealed that two reaches in Kannanar Drain were desilted by two different divisions and the SE had not furnished any reply to audit remarks.

4.1.7.6.4 Tamil Nadu Water Resources Consolidation Project

The project was approved for World Bank assistance of Rs 840.10 crore from January 1996 for completion by March 2002. The component 'System Improvement and Farmer Turnover' for which 54.5 *per cent* of the total fund was allocated was aimed to rehabilitate the distribution system by lining of canals and improvements to head works and handing them over to farmers' organisations for maintenance.

The implementation of this component in Pollachi and Madurai regions revealed the following

(A) System Improvement

Failure to adhere to the prescribed specifications resulted in extra expenditure of Rs 3.51 crore.

(a) The bid documents provided for following Indian Standard Specifications (ISS) in the execution of various items of work. However, SE Madurai and Pollachi did not strictly follow the ISS in the preparation of bid documents and instructions to the contractors. Consequently, the Department incurred additional expenditure as under:

(i) ISS provides for the minimum cement level of 250 kg/cum for a water cement ratio not exceeding 0.6 and if this limit is maintained strictly, the cement level could be reduced by 10 *per cent*. Though the SEs stipulated maintenance of water cement ratio not exceeding 0.6 in the bid document and agreement, they, however, prescribed the cement level of 250 kg/cum instead of 225 kg/cum without reducing 10 *per cent* cement level. This deviation resulted in extra usage of cement of 25 kg/cum. The extra expenditure in 73 test-checked works worked out to Rs 2.24 crore. When pointed out, the CE, Pollachi stated that the water cement ratio of below 0.6 could not be maintained due to constraints of workability. This contention was not tenable as according to the principles of physical properties of concrete, workability of concrete with water cement ratio of 0.6 and less could be obtained if compaction was done by machinery and the contract provided for mixing and compaction only by machinery.

(ii) Though the ISS provided for 50-60 mm thick Plain Cement Concrete (PCC) for bed and sides of the canals having a discharge upto 5 cumecs, SE,

[5] Cauvery Basin Division, Thanjavur and Vennar Basin Division, Tiruvarur

Pollachi provided 65 mm thick PCC for such distributaries in 14 works incurring an additional expenditure of Rs 1.27 crore.

Payment of Rs 1.85 crore was made through supplementary contract though the items of work formed part of the original contract.

(b) In the following cases, the SE, Pollachi approved supplementary contract for works which were already included in the original contract.

(i) Though the rate quoted by the contractor for concreting included all works required for the concrete construction as per the original agreement, the SE, Pollachi ordered to pay Rs 79.19 lakh for shuttering in the work of 'Rehabilitation of Contour Canal, Parambikulam Aliyar Project'. The amount was paid by the division.

(ii) According to the agreement, the item of work 'Preparation of sub grade and laying cement concrete' included trimming. However, the EEs, Pollachi and Udumalpet sent proposals for separate payment for trimming as additional item on the plea that trimming was not included in the original data for preparation of estimate. Though the Deputy SE pointed out that this work was not an omission as the agreement provided for it, the SE, Pollachi approved the proposals of the EEs. Consequently, Rs 1.06 crore was paid to the contractors in nine packages.

Inadmissible payment of secured advance resulted in unintended benefit of Rs 1.02 crore to contractors.

(c) According to the model bid document, interest free secured advance was not payable for cement which is perishable. The EEs, Pollachi, Parambikulam and Udumalpet paid Rs 17.89 crore to 21 contractors in 40 packages as secured advance for cement and effected recovery on its utilisation in the works. This inadmissible payment resulted in unintended benefit of Rs 1.02 crore to the contractors at 18 *per cent* rate of interest prescribed by Government for advances paid to contractors for mobilising men and material.

(d) In the estimate for the work of Rehabilitation of Puthen Dam approved by CE, Madurai, provision was not made for filling of deep gorge and removal of rock outcrop in the Apron portion, removal of bund to connect wing wall to canal and clearing of obstruction in the river course which are foreseeable items. Consequently, these works were executed as additional items resulting in extra expenditure of Rs 9.65 lakh due to change in schedule of rates in the year of execution.

(e) According to ISS, concrete membrane was to be provided on the upstream side of the storage dams to control seepage. Accordingly, in the estimate for the work of rehabilitation of Puthen Dam, a diversion weir, Coursed Rubble (CR) Masonry only was provided on the upstream side of the extended portion of the spillway and downstream of the weir as a seepage control measure. During execution, World Bank consultant recommended replacement of CR masonry on the downstream side with concrete membrane. However, the SE (Designs) revised (November 1999) the design of upstream side also resulting in an avoidable extra expenditure of Rs 10.57 lakh. Incidentally, it was noticed that the upstream side of the original spillway had only cut stone masonry.

Delay in finalisation of tenders resulted in avoidable liability of Rs 77.22 lakh.

(f) In the case of contracts not subject to price adjustment, if the period of bid validity (90 days) is extended beyond 60 days, the amount payable to the bidders selected for award should be increased by 6 *per cent* per annum for the period of delay beyond 60 days upto the notification of award. Test-check revealed that there was a delay of 10 to 346 days in finalising 23 out of 138 tenders resulting in avoidable liability of Rs 77.22 lakh.

(B) Farmer Turnover

This sub-component of WRCP aimed at decentralisation of maintenance of irrigation system. For this purpose, WRCP envisaged forming of Farmers Councils (FCs) (for 500 ha level to maintain and protect distributary canals and structures and to assist WRO in planning system) with the assistance of Non-Government Organisations, registering them, collecting Rs 250 per ha from members for utilising the interest for maintenance, providing training to the FCs in maintenance and handing over the assets to them after entering into a Memorandum of Understanding. WRCP also envisaged completion of 9 ongoing schemes, rehabilitation of irrigation system upto distributary level, collection of 20 *per cent* lining cost in respect of distributary system already rehabilitated under National Water Management Project and construction of masonry/concrete structures at critical locations of field channels. The maintenance of canals upto Branch Canal was to be done by WRO. The following observations are made:

Ayacuts to an extent of 4.51 lakh hectares were not handed over to Farmers Councils for maintenance.

(a) WRCP envisaged handing over of 5.63 lakh ha of ayacuts under WRO except Cauvery Basin to the FCs to be formed in a phased manner from 1995-96 onwards. As against the target of 4.84 lakh ha, only 0.39 lakh ha had been handed over by January 2001. It was seen that the Department formed 1,178 FCs to cover 4.90 lakh ha only as of January 2001 and proposed to hand over the remaining 4.51 lakh ha by September 2001. The reason for non-formation of FCs for the remaining ayacuts was not on record. The problems encountered in handing over to FCs as planned are discussed below.

(i) The formation of FCs was affected mainly due to the presence of Water Users Association (WUA) formed under Centrally sponsored "Command Area Development Programme" for maintaining ayacuts below 40 ha with the grant of Rs 225 per ha from GOI and Rs 225 per ha from the State and farmers' contribution of Rs 50 per ha . Consequently, the Department converted all the WUAs into FCs, but this affected the collection of Rs 250 per ha from the members of newly formed FCs. Besides, farmers also experienced financial difficulty for contributing their share. The Department had not found any solution to these problems as of March 2001.

(ii) The ongoing schemes were not completed as scheduled in WRCP and the rehabilitation of waterways upto distribution level could not be completed mainly due to short working seasons available after the closure of irrigation systems every year.

(iii) The project did not provide for repair works below the distributary level which were insisted by FCs for taking over the assets. The Department, with the approval of World Bank (May 2000), decided to execute 'Minimum Distribution System Rehabilitation Package' through the FCs before handing over.

Farmers contribution of Rs 43.93 lakh was not collected.

(b) In respect of 3 works where lining was involved in rehabilitation of distribution canals, the EEs failed to collect the 20 *per cent* contribution of farmers in respect of lining portion resulting in non-collection of Rs 43.93 lakh. Of these three works, Government failed to include the condition in one work and one work was stopped midway after incurring an expenditure of Rs 55 45 lakh as the EE could not collect the farmers' contribution as insisted by Government.

Thus, the objective of handing over the maintenance of assets to the FCs was not fulfilled. As the funds allotted by Government for maintenance of irrigation systems was mainly consumed for electricity, maintenance of dams and wages to work-charged establishment, the maintenance was poor. Government, in March 2001, sanctioned Rs 15.13 crore for payment to FCs at Rs 100 per ha so that the maintenance work could be taken up by them. However, as the assets were not handed over to FCs, the maintenance of irrigation system could not have been carried out.

4.1.8 Manpower Management

Consequent on the creation of WRO, Government issued orders (August and November 1995 and January 1996) sanctioning the posts of CE, SE and EE along with supporting staff by redeployment of the then existing staff. As of March 2001 the post of one EIC, 10 CEs, 29 SEs in charge of circles, 107 EEs in charge of divisions and 14,916 supporting staff including 4,973 work-charged establishments were sanctioned. The men-in-position as against the sanctioned strength was not available with EIC. Test-check revealed that 20 divisions under four circles[6] in Madurai region had a supporting staff strength of 1,334 against sanction of 1,631 (excluding work-charged).

No assessment of staff requirement was made to identify the actual requirement.

Government while sanctioning 107 divisions during re-organisation (January 1996) stated that the posts sanctioned would be continued beyond September 1996 only on the recommendation of an Expert Group to be constituted for justifying the work load. However, Government sanctioned (May 1997) the continuance of the staff till September 1999 without any such recommendations and even the Committee constituted to justify the work load of each division for its continuance beyond September 1999 had not made any realistic assessment of cadre strength based on any norms and recommended constitution of an Expert Committee for this purpose. Consequently, Government approved the continuance of posts for one year and ordered the EIC to furnish full details of utilisation of sanctioned posts along with continuance proposals beyond October 2000. The EIC was also requested to review Workshop and Stores division and review norms in regard to Office Assistants (OAs) and other staff and send suitable proposals to Government. The EIC, however, had not sent any such proposals/details but obtained sanction for continuance of posts monthly for drawal of pay and allowances till July 2001. Government in August 2001 ordered for the continuance of staff upto September 2001.

Thus, the Government had not made any attempt to identify the actual requirement of the re-organised WRO wing and allowed to continue the divisions and other supporting staff without any norms.

The following points were noticed:

There was an excess establishment expenditure of Rs 19.87 crore.

(i) The territorial divisions had an average work load of Rs 2.93 crore to Rs 4.67 crore per annum and no attempt was made to have equal distribution of work load. Test-check revealed that in seven divisions, the manpower employed was far in excess of requirement resulting in an excess expenditure of Rs 19.87 crore as detailed in Appendix XXXIII.

6 Periyar-Vaigai Basin Circle, Madurai; Vaippar Basin Circle, Virudhunagar; Thamiraparani Basin Circle; and Project Circle, Tirunelveli.

Failure to surrender surplus Office Assistants resulted in annual additional expenditure of Rs 1.01 crore.

(ii) Finance Department specified norms for employment of OAs in September 1995 and directed the Heads of Department to surrender the surplus OAs to the District Collectors concerned for redeployment. It was noticed that CE, Chennai, Madurai and Pollachi and O&M, SE, Tank Modernisation Circle, Tiruchirappalli had identified 331 surplus OAs under their control only during January to May 2000 and they were not surrendered even by March 2001. During test-check, it was seen that though the four divisions[7] reported a surplus of 41 OAs, the actual surplus as per the norms was 61 OAs. Test-check conducted in Collectorate of Chennai revealed that there was no surrender of surplus OAs by EIC. Thus, in spite of specific norms, the WRO continued to employ excess OAs resulting in an annual additional expenditure of Rs 1.01 crore.

4.1.9 Monitoring

The Regional CEs failed to monitor the progress of expenditure with reference to Budget and the progress of acquisition/ alienation/ transfer of land required for the projects. The CE (DRCS) failed to provide technical guidance and the works were executed without following Indian Standard Specifications. The CE (O&M) had not monitored the handing over of the irrigation system from distributary level to the Farmer's council for maintenance as envisaged in WRCP. The baseline survey required to assess the impact of WRCP was not conducted. Inspite of Government instructions no norms were evolved for employing manpower in the Department. The EIC who was to monitor the activities of the Department failed to take remedial measures to overcome the above deficiencies.

The above points were referred to Government in August 2001; reply had not been received (December 2001).

[7] Araniyar Basin, Bhavani Sagar Dam divisions, Lower Bhavani Basin, and Lower Palar Basin.

SECTION – B

AUDIT PARAGRAPHS

HIGHWAYS DEPARTMENT

4.2 Avoidable extra expenditure due to adoption of higher specifications

In the work of Improvements to Radial Roads leading to Chennai City, the specifications prescribed by Indian Roads Congress and the guidelines issued by Ministry of Surface Transport were not adopted resulting in avoidable extra expenditure of Rs 5.85 crore.

Indian Roads Congress (IRC) Specifications prescribe guidelines for evaluating the strengthening requirements of existing roads adopting Benkelman Beam Deflection Technique. For construction of new roads/widening of existing roads, IRC specification prescribe the thickness of the road based on the traffic intensity and the strength of the sub-grade soil. According to the guidelines issued in May 1989 by the Ministry of Surface Transport (MOST), the thickness of paved shoulders[1], if constructed simultaneously with the central pavement, should be the same as that of the main carriage way.

Government, in December 1997, accorded administrative approval for Rs 212.54 crore for "Improving eight radial roads leading to Chennai City". Seven works were completed and one work was nearing completion as of June 2001. Test-check of records of the Chief Engineer (Highways), Mechanical, Chennai (CE) relating to the execution of works revealed the following instances of non-adoption of IRC specification/ MOST guidelines.

(i) In respect of eight works, the thickness required for strengthening as per IRC specifications ranged between 0 and 65 millimetre (mm) of Dense Bituminous Macadam (DBM) and 25 mm of Semi-Dense Bituminous Concrete (SDC). The approved estimate, however, provided 75 mm thick DBM and 25 mm thick SDC uniformly. The excess provision of DBM resulted in extra expenditure of Rs 2.34 crore as indicated in Appendix XXXIV. When pointed out, the Superintending Engineer, Highways and Rural Works, Chennai (SE) stated (August 2000) that the strengthening portion and widening portion of the road were designed with the same thickness to have a homogeneous section and the usual practice of laying Bituminous Macadam was either 50 mm, 75 mm or 100 mm. The reply was not tenable as the MOST specification provide for laying a single layer of DBM for any thickness ranging from 50 mm to 100 mm and the widening portion should have been aligned with reference to the thickness of the strengthening portion.

(ii) The execution of widening works in four roads revealed that though the consultants recommended 150 mm thick granular sub-base based on IRC specifications, the CE provided 200 mm thick sand gravel mix as sub-base resulting in extra expenditure of Rs 38.87 lakh as indicated in Appendix XXXV.

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[1] Paved shoulders on either side of the road are provided for overtaking manoeuvres, movement of slow moving vehicles and for lending structural support.

(iii) As per the MOST guidelines, the typical design of a paved shoulder should be granular sub-base of suitable thickness, water bound macadam in three layers of 75 mm each and a bituminous wearing course. The texture of the top surface of the shoulders should be different from the main carriageway to ensure clear contrast between them. The CE failed to adopt the guidelines while designing paved shoulders for all the eight road works and provided the same composition for widening the main carriageway as well as paved shoulders. The adoption of richer specification resulted in avoidable extra expenditure of Rs 3.12 crore as indicated in Appendix XXXVI.

The matter was referred to Government in May-June 2001; reply had not been received (December 2001).

4.3 Unfruitful expenditure due to poor planning

Failure of the Chief Engineer to assess the funds required for providing inner ring road in Hosur Town and obtain Government approval resulted in stoppage of the work for want of funds and consequent unfruitful expenditure of Rs 1.94 crore on partial execution of the work, besides non-achievement of the objective of relieving traffic congestion.

According to the codal provisions, revised estimate for a scheme shall be submitted when the sanctioned estimate is likely to be exceeded by more than 5 *per cent* and the contract for execution of a work shall not be awarded unless funds have been provided for it or an assurance for such provision is obtained before the liability matures.

Government sanctioned (May 1986) the work of "Construction of an inner ring road in Hosur Town" for Rs 72 lakh to relieve traffic congestion in Hosur Town by diverting the vehicular traffic from three district roads to NH 7 at the starting and ending point of Hosur Town and to provide quick transport facility for the industries in and around Hosur Town. The scheme provided for acquisition of 18.388 hectares (ha) of private land and alienation of 5.648 ha of land from Government institutions/bodies[1]. The Divisional Engineer (NH), Dharmapuri (DE) initiated action for acquisition/alienation of the land for the scheme in 1987-89 and took possession of private land (excluding a portion under encroachment) by January 1994.

In the meantime, due to escalation in cost of materials and labour and increase in land acquisition cost, the Chief Engineer, National Highways (NH), Chennai (CE) obtained Revised Administrative Sanction (RAS) for Rs 1.94 crore (Rs 0.75 crore for land and Rs 1.19 crore for work) from Government in April 1993. The work was split up into two reaches, but the tenders called for in July 1994 were cancelled due to errors in the working estimates. The retenders, called for in April 1995 and recommended by the CE in January 1996, were approved by the Government in March 1996 for Rs 1.80 crore. The work taken up in April 1996 was stopped in April 1998 at different stages for want of funds. The CE sent (August 1998) the revised estimate for Rs 5.62 crore which was approved by Government in December 2000. The balance works were not taken up for execution as of March 2001.

1 Tamil Nadu Housing Board (TNHB), Tamil Nadu Electricity Board (TNEB), State Industries Promotion Corporation of Tamil Nadu Limited (SIPCOT) and Railways.

Scrutiny of the records revealed the following failures:

(i) When the CE recommended the tenders in January 1996, Rs 1.32 crore had already been spent mainly for acquisition of land and only Rs 0.62 crore were available as against the tender cost of Rs 1.80 crore. Besides, there were a number of court cases claiming higher compensation for land acquired. Further, the land cost for alienation was not settled and the lands were not taken possession by the DE. The CE, without seeking approval for another revised estimate by assessing funds required to complete the scheme, recommended the acceptance of tender for Rs 1.80 crore for the work, when only Rs 0.62 crore could be provided in the budget for the scheme. This resulted in stoppage of work for want of funds.

(ii) As of March 2001, the DE had not taken over the land from TNEB, Railways, SIPCOT and TNHB due to non-payment of land cost. While the land cost payable to TNEB and Railways had not been finalised, SIPCOT cancelled their land allotment due to non-payment of land cost. TNHB demanded the land cost with interest before the land could be handed over. In addition, the encroachment was also not removed.

Thus, the failure of the CE to send another proposal for RAS in March 1996 itself and non-alienation of land resulted in stoppage of work and unfruitful expenditure of Rs 1.94 crore, as the roads so far laid were not connected to the three district roads.

When this was pointed out, the CE attributed (June 2001) the delay mainly to non-availability of funds and stated that the local people are using the road and hence the expenditure was fruitful. This contention was not tenable as the CE failed to prepare the Revised Estimate fully knowing that funds sanctioned in the first RAS would not be sufficient to execute the works and the objective of diverting traffic from three district roads was not achieved as the road was laid in intermittent stretches.

The matter was referred to Government in April 2001; reply had not been received (December 2001).

4.4 Unfruitful expenditure due to faulty design

Failure of the Department to provide correct design for the causeway across the Palar river in Kancheepuram District resulted in repeated damages and rendered expenditure of Rs 1.87 crore incurred unfruitful besides non-achievement of the objective of the scheme.

Government approved (January 1989) the construction of a causeway across Palar river in Kancheepuram District for Rs 60 lakh. Considering the velocity of water flow, the causeway was designed as a vented causeway with 170 rows of 900 mm diameter (dia) pipes to discharge the flow from upstream to downstream without causing damage to the body walls. However, due to high cost (Rs 1.65 crore), the design was revised and the Chief Engineer, East Coast Road and Rural Roads approved (April 1993) a bed level causeway without any vent at a cost of Rs 1 crore.

The work was awarded (March 1995) for Rs 1.52 crore and a revised administrative sanction for Rs 1.89 crore was obtained. During execution, the design was again revised to provide 20 vents with 900 mm dia pipes, as the causeway was damaged in 1996 floods. Even this design could not withstand the 1997 floods and the design was again revised (March 1998) to provide 50 vents with 900 mm dia pipes. However, the causeway was again damaged in the vented portion in November 1998 floods and as the contractor refused to redo the works, the contract was foreclosed (June 1999) at the risk and cost of the contractor after spending Rs 1.87 crore.

The joint inspection (December 2000) by Chief Engineer (CE), Highways (Design and Investigation), Director, Highways Research Station and CE, Highways (Project II) revealed that the vent provided by the pipes was not sufficient for the velocity and water pressure during flood conditions and it was proposed (March 2001) to provide vent with solid slabs and piers in the breached portion at a cost of Rs 1.61 crore. The proposal was not yet approved (May 2001).

It was also observed that the contractor refused to rectify the damage at his cost stating that the damage was due to faulty design. Thus, adoption of a faulty design resulted in non-achievement of the objective even after spending Rs 1.87 crore and the chances of recovery of Rs 31.29 lakh towards the cost of damage from the contractor were also remote.

The matter was referred to Government in May 2001; reply had not been received (December 2001).

4.5 Fictitious payment and extra expenditure on improving a road

Though the width of Vandalur-Walajabad road was increased from 5.5 metre to 7 metre under Radial Roads Scheme, payment was made for widening by 2 metre resulting in a fictitious payment of Rs 23.04 lakh; besides there was extra expenditure of Rs 1.38 crore on unnecessary provision of Dense Bituminous Macadam.

The work of permanent restoration of flood affected Vandalur – Walajabad road from kilometre (km) 30/4-52/0, which included widening and strengthening the existing road, was executed during June 1997 to July 1999 by the Divisional Engineer (Highways and Rural Works), Chengalpattu at a cost of Rs 2.03 crore. As Government sanctioned Rs 2.13 crore in December 1997 for improvement of Radial Roads (RR) in Chennai City including two-laning and strengthening of Vandalur-Walajabad road from km 30/4-63/8, the ongoing Flood Damage Restoration (FDR) work was foreclosed in August 1999.

Scrutiny of the records relating to execution of both the works revealed the following:

(i) Under the FDR work, the existing carriageway on Vandalur – Walajabad road was widened from 3 metres to 5.5 metres in the reach from km 39/0-52/0. This stretch of the road was also taken up for widening to have a uniform width of 7 metres under RR Scheme. Though the road was required to be widened by1.5 metres only, it was shown to have been widened by 2 metres under RR scheme. Scrutiny of the measurement books relating to the said work revealed that the total width of the road after widening was only 7 metres. Thus, the road was only widened by 1.5 metres but the payment of Rs 23.04 lakh was made for additional 0.5 metre which was fictitious (Appendix XXXVII). When this was pointed out, the Chief Engineer (Highways), Mechanical, Chennai (CE) stated (August 2001) that due to edge breaking of the bituminous surface, the widening work was taken up for 2 metres width. The reply appears to be an afterthought as the measurement books revealed reconstruction of the road from sub-base level in the widening portion and there was no measurement for removal of the existing road upto the bottom layer, indicating that there was no edge breaking.

(ii) As the road from km 33/0-52/0 was strengthened under FDR work and was in good condition, no overlay provision was made in the investigation report of RR Scheme by the consultant. However, while sanctioning the estimate, an overlay of 75 millimetre (mm) Dense Bituminous Macadam (DBM) was provided in addition to 25 mm Semi-Dense Bituminous Concrete in this stretch. Hence the provision of 5,955 cubic metre of DBM was avoidable in this stretch resulting in extra expenditure of Rs 1.38 crore. The CE stated that as per the projected traffic intensity, the thickness required was 680 mm and as there was a deficiency of 80 mm, DBM for 75 mm was provided. The reply was not tenable as the consultant had taken into account the traffic intensity to arrive at the required thickness as 420 mm and hence there was no deficiency.

The matter was referred to Government in June 2001; reply had not been received (December 2001).

4.6 Extra expenditure due to defective estimation

The Department proposed to lay Water Bound Macadam instead of Lean Bituminous Macadam for strengthening the existing surface of a road resulting in change of specification during execution and extra expenditure of Rs 42.04 lakh.

The work of 'Improvements to Mount-Poonamallee Road' was sanctioned by Government in September 1997 for Rs 9.02 crore. It was entrusted as a deposit work to Highways and Rural Works Department by Chennai Metropolitan Development Authority. The estimate for the work approved in November 1997 by the Chief Engineer (Highways), Designs and Investigation (CE) for Rs 13.33 crore provided for, among other things, laying 150 mm thick Water Bound Macadam (WBM) over the existing black top surface by furrow cutting and provision of Lean Bituminous Macadam (LBM) for profile corrective course. The agreement rate for LBM was Rs 1,470 per cubic metre (cu.m). The work was entrusted to a contractor in January 1998.

During the review meeting held in December 1998, the contractor stated that furrow cutting in the existing surface and laying WBM over that may not be possible due to heavy flow of traffic and even if it was done, it would not withstand heavy traffic. Instead, he suggested laying 150 mm thick LBM over the existing bituminous surface and deletion of furrow cutting and laying WBM. The proposal of the contractor was accepted after conducting traffic census and the revised work of laying LBM was entrusted at Rs 1,863.60 per cu.m and completed in August 2000.

As the intention was to strengthen and widen the road to ease the heavy traffic and the CE was aware that this traffic could not be diverted, he should have provided LBM instead of WBM while preparing the estimate. This failure led to subsequent change to LBM resulting in avoidable extra expenditure of Rs 42.04 lakh for providing 10,680 cu.m of LBM.

The matter was referred to Government in March 2001; reply had not been received (December 2001).

4.7 Extra expenditure due to provision of higher thickness for a road

Provision of higher thickness for Thiruneermalai - Thirumudivakkam road though the traffic census warranted only less thickness had resulted in extra expenditure of Rs 37.85 lakh.

According to Indian Road Congress (IRC) Specifications, periodic traffic census operations are to be carried out for highway planning and for this purpose, every road shall be divided into convenient sections, each carrying approximately similar traffic between points of substantial traffic changes. The design thickness of the road shall be deduced from the total cumulative standard axles of traffic to be carried during the design life of the road, which is based on the movement of commercial vehicles per day on the road as revealed from the traffic census.

While according technical sanction (September 1997) for improving the Pallavaram-Thiruneermalai-Thirumudivakkam road from kilometre (km) 20/8 to km 28/0 connecting NH 45 at km 20/8, the Chief Engineer (Highways), Designs and Investigation, Chennai, computed that 30 Million Standard Axle (MSA) traffic would flow on the road during the design life of 10 years which was based on the traffic of 2,045 commercial vehicles in the census conducted in 1993 at km 21/0. As the traffic census conducted at km 25/2 in 1996 which represented the traffic between km 24/8 and km 28/0 revealed a traffic of 678 commercial vehicles only, the traffic beyond km 24/8 was estimated at 9 MSA only during the design life period. However, the Chief Engineer proposed a uniform thickness for the entire stretch on the ground that there would be heavy traffic beyond km 24/8 due to development of Industrial Estate at Thirumudivakkam. The assumption of the Chief Engineer was not based on facts as major portion of the traffic assessed at km 21/0 flow to the industrial units situated before km 24/8 and the traffic beyond that point was much less as shown under.

(Number of commercial vehicles)

Traffic at	1993 census	1996 census
Km 21/0	2,045	2,557
Km 25/2	236	678

Further, 400 feet wide Outer Ring Road, which also connects NH 45 and passes through Thirumudivakkam Industrial Estate, would carry major portion of commercial vehicles. Besides, the main roads inside the Industrial Estate which would receive traffic from Thiruneermalai-Thirumudivakkam road were designed for a traffic of 5 MSA only.

The road work was taken up in April 1998 and completed in October 2000. Due to provision of higher thickness for the stretch from km 24/8 to km 28/0, there was avoidable extra expenditure of Rs 37.85 lakh to Government (Appendix XXXVIII).

The matter was referred to Government in March 2001. Government stated (August 2001) that the formula given in IRC Specifications provided for routine traffic growth and as additional traffic was anticipated due to industrial growth, the road beyond km 24/8 was also designed for 30 MSA. The contention of the Government was not tenable as the entire road from km 20/8 to km 28/0 was designed for the normal anticipated growth based on the traffic of 2,045 commercial vehicles obtained at km 21/0 in 1993 and no weightage was given for the industrial growth. Further, both 1993 and 1996 traffic census revealed much less traffic at km 25/2 and the census of 1999 also revealed a declining trend both at km 21/0 (797 commercial vehicles) and at km 25/2 (321 commercial vehicles).

CHAPTER V

STORES AND STOCK

AUDIT PARAGRAPHS

2-30—28

ANIMAL HUSBANDRY AND FISHERIES DEPARTMENT

5.1 Avoidable payment of customs duty

Delayed action by Director of Animal Husbandry for claiming exemption of customs duty on import of equipment for research purposes resulted in an avoidable extra expenditure of Rs 25.27 lakh.

Under World Bank assisted Tamil Nadu Agricultural Development Project – Live stock development Component, Director of Animal Husbandry (DAH) imported (October – November 1998), through the authorised dealers of foreign suppliers, the following equipment for use in Embryo Transfer Technology and Frozen Semen Technology Centre, Chennai (ETTFST centre).

(i) Two sets of Embryo Freezer Bovine with Auto seeding facility; (ii) Two numbers of bio-freezer; and (iii) Computer assisted semen analyser.

The equipment were imported by the Indian agents and cleared after payment of customs duty amounting to Rs 25.27 lakh during October – December 1998.

According to customs notification of July 1996, scientific and technical instruments, apparatus etc. were exempt from customs duty, if the importer was a public-funded research institution registered with Government of India (GOI) in Department of Scientific and Industrial Research (DSIR) and produces certificate from the head of the institution that the said goods are required for research purposes only.

Scrutiny of records produced to Audit disclosed that though DAH was registered with DSIR, he did not give a certificate to the importer that the equipment was required for research purpose only, which was necessary to claim exemption from duty at the time of import.

DAH, however, filed a claim for the refund of customs duty paid to the customs authorities only in June 2000, after a delay of 19 months, though according to Customs Act, the claim for refund in respect of import made by Government/research institute was to be made before expiry of one year from date of payment of duty. Regarding 'Embryo Freezer' the Customs Department directed DAH to request, (July 2000) the importing firm to file application for refund. Records did not indicate the claim having been lodged as of date (June 2001). The refund claim in respect of Semen Analyser was transmitted (June 2001) to Assistant Commissioner, Air Cargo, Hyderabad from whom reply is awaited. No response has been received from Customs Department in respect of claim regarding Bio Freezer.

Thus, failure of DAH to take timely action for claiming exemption of customs duty on import of equipment for research purposes, despite having a certificate of exemption from customs duty, resulted in incurring an avoidable extra expenditure of Rs 25.27 lakh.

The matter was referred to Government in April 2001; Government in reply (September 2001) generally accepted the facts.

2-30—28a

LABOUR AND EMPLOYMENT DEPARTMENT

5.2 Poor utilisation of lathes

Two lathes purchased in January 1998 at a cost of Rs 35.29 lakh for Industrial Training Institutes at Dharmapuri and Needamangalam were not utilised or poorly utilised for want of infrastructural facilities.

With a view to modernising the facilities for the Turner trade, 2 Industrial Training Institutes (ITI) were selected. Based on the purchase orders (September 1997) of Director of Employment and Training (DET), two CNC Turning machines (Lathes) with accessories were purchased at a cost of Rs 35.29 lakh and supplied (January 1998) to the ITIs at Dharmapuri and Needamangalam. However, these 2 lathes could not be used for training due to absence of proper accommodation and other infrastructure, even as of January 2001, as shown in the table below:

Dharmapuri	Needamangalam
In Government ITI at Dharmapuri, which is situated in an isolated place at a distance of 7 Km from Dharmapuri town, the lathe could not be used due to non-availability of uninterrupted power with proper voltage. This problem was persisting in the institute since its inception in 1986 and the proposal of the Principal (April 1995) for sanction of an exclusive three phase line at a cost of Rs 18.31 lakh was not pursued by DET. The Principal made a fresh proposal in April 1999 and Government sanctioned (May 2000) Rs 5.50 lakh for the same. The amount was drawn and paid (October 2000) to Tamil Nadu Electricity Board, but as of June 2001 though the overhead electrical works had been completed, erection of transformer was in progress. Also, in Dharmapuri ITI, the Junior Technical officer (JTO) who was to be trained in the operation of the lathe was not trained till January 2001 despite the frequent requests of the Principal between February 1998 and September 2000 as the proposal for the programme and number of candidates to be trained was under correspondence between the DET and the Advanced Training Institute, Chennai. The JTO was trained in Apex Hi-Tech Institute, Bangalore only in January 2001. However due to non-provision of three phase electric line, the lathe could not be installed and training could not be conducted (June 2001)	The ITI, Needamangalam was functioning in a private rented building with insufficient space to instal the lathe and therefore the lathe was ordered to be shifted temporarily in March 1998 to ITI, Thanjavur which has been provided with another lathe under the World Bank Scheme in November 1998. The Principal, ITI, Thanjavur stated (July and December 2000) that the lathe transferred from Needamangalam in May 1998 went out of order frequently causing interruption in training. Students from Needamangalam were sent to Thanjavur for training on the lathe.

The DET admitted (January 2001) that some of the ITIs out of the 21 selected under the scheme did not have own buildings and required space as per norms and the proposals for construction of own buildings could not be implemented for lack of funds. He further stated that had the procurement of the machines been deferred due to this, these ITIs would have been left out from the scheme of modernisation.

Regarding the machine installed at Thanjavur ITI instead of Needamangalam ITI, Government stated (June 2001) that 39 trainees were given training by sending them to Thanjavur. Proposal for constructing building for Needamangalam ITI was yet to be approved by Government. The fact therefore remains that the needed infrastructure for ITI Needamangalam was not created by DET and the required three phase electric line was not provided in ITI Dharmapuri till June 2001, even after the procurement of lathes at a cost of Rs 35.29 lakh, resulting in their poor/non-utilisation in the respective ITIs for over 3 years.

SOCIAL WELFARE AND NUTRITIOUS MEAL PROGRAMME DEPARTMENT

5.3 Avoidable expenditure on purchase of Masoor Dal for Noon Meal Centres

Government's decision to resort to decentralised purchase of masoor dal through cooperatives during May 1999 to October 1999 was injudicious as it disregarded the logistics support and wholesale price advantage available in centralised purchase through Tamil Nadu Civil Supplies Corporation. This resulted in avoidable expenditure of Rs 5.24 crore.

Essential commodities like rice, dal, edible oil, etc., required by the Noon Meal Centres (NMCs) for the Puratchi Thalaivar MGR Noon-Meal Programme were procured and distributed by the Tamil Nadu Civil Supplies Corporation (TNCSC) till May 1999. Masoor dal was procured from outside the State.

In January 1999 TNCSC sent proposals to Government for the purchase of 22,000 MTs (required for the period May 1999 to April 2000) of Masoor dal from 3 tenderers at an average cost of Rs 17,649 per MT. The average cost was further reduced to Rs 17,638 per MT during negotiations (February 1999) with the tenderers and TNCSC requested the Government to allot the purchase to all the three tenderers. Government however approved, on 16 March 1999, the purchase of 2,000 MTs only from the lowest tenderer at Rs 17,000 per MT without giving any recorded reasons for the deviation and ordered that fresh tender be floated for the balance quantity. However, the extended validity period of the lowest tender had expired on 13 March 1999 and the tenderer did not agree to the supply. TNCSC called for tenders again and sent (April 1999) fresh proposals to Government for the purchase of Masoor dal at average cost of Rs 20,357 per MT from 3 tenderers. Government sought clarification from TNCSC regarding possible cost reduction, transport arrangements and purchase of other varieties of dal, by which time the validity of the offers expired (30 April 1999).

Secretary, Social Welfare and Noon Meal Programme (SW & NMP) Department observed (May 1999) that decision on tenders could not be taken within the validity period due to administrative reasons and that the tenderers have refused to extend the validity period. On the ground that the Government has decided to decentralise the purchase of dal, he issued (May 1999) orders for procurement of dal by the Block Development Officer/Municipal Commissioner concerned from the Regional Cooperative Societies. During May 1999 to November 1999 13,053 MTs of dal was purchased by the Block Development Officers, Municipal Commissioners and Executive Officers of Town Panchayats at an average cost of Rs 25,268 per MT from the cooperative societies. In October 1999, Government decided to entrust the purchase and supply of dal once again to TNCSC, as the decentralised purchase caused transportation problems and was also costlier.

Though Government was aware of the wholesale price advantage and logistic support available in purchase of dals through TNCSC and its timely supply at the door step of NMCs, yet it decided in May 1999 to decentralise the purchase of masoor dal through Regional cooperatives. Viability of the alternative arrangement, availability of the required quantity of dal, arrangements for transportation, quality control and comparison of price with that offered by TNCSC were not considered before taking the decision. This was clear from the reports of all the district Collectors sent (during September 1999 and October 1999) to the Registrar of Co-operative Societies. Audit scrutinised reports from 12 districts and found that (i) all the 12 had stated that purchase through TNCSC was more economical, (ii) 3 had stated that quality of dal supplied by cooperatives was either poor or could not be ensured, (iii) 8 had reported transportation problems and higher transportation cost, (iv) 9 had reported irregular supply by the cooperatives as compared to timely supply at the NMCs by the TNCSC and (v) 8 had reported problems in cash credit arrangements with the societies.

This was also confirmed by the fact that TNCSC, after reverting to the old procedure, could purchase 37,643 MTs of dal at lower rates ranging from Rs 18,800 to Rs 21,879 per MT during December 1999 to October 2000.

Thus due to the injudicious decision of the Government to decentralise purchase of dal, there was an avoidable expenditure of Rs 5.24 crore on purchase of 13,053 MT between May 1999 and November 1999, worked out on the basis of the price that would have been paid to TNCSC (Rs 21,252 per MT including all costs of operation).

The matter was referred to Government in April 2001; reply had not been received (December 2001).

5.4 Extra expenditure on purchase of palmolein

The decision of Government to allow Tamil Nadu Oilseeds Growers Cooperative Federation Limited to purchase and supply palmolein to Tamil Nadu Civil Supplies Corporation Limited for Tamil Nadu Government Nutritious Meal Programme, instead of allowing direct purchase by Tamil Nadu Civil Supplies Corporation resulted in an extra expenditure of Rs 2.08 crore.

The entire responsibility to procure and supply rice, dal and edible oil required for the feeding centres under Tamil Nadu Government Nutritious Meal Programme was entrusted to Tamil Nadu Civil Supplies Corporation Limited (TNCSC).

Government ordered that Palmolein oil be supplied by TNCSC after payment of full cost by the respective District Collectors/Heads of Departments concerned (for Madras city) at the rates fixed by Government in Social Welfare and Nutritious Meal Programme Department from time to time. The rate of Rs 25,130 per MT, fixed by Government for Palmolein in May 1993, had not been revised thereafter. The issue price of groundnut oil was also fixed at purchase price from Tamil Nadu Oilseeds Growers Cooperative Federation Limited (TANCOF) plus 7 *per cent* to cover overhead charges of TNCSC. Government further directed (January 1993) that purchase of groundnut oil was to be made only when adequate quantity of Palmolein was not available.

TANCOF stopped the supply of groundnut oil from October 1994. TNCSC subsequently started purchasing palmolein from TANCOF instead of groundnut oil. Audit observed that TNCSC had been claiming the cost of palmolein at the purchase price from TANCOF plus 7 *per cent* towards its overhead charges, whereas the issue price of palmolein under the programme was to be fixed by Government from time to time.

As seen from the Government order (December 1993), TNCSC was directed to purchase the entire quantity of edible oil (*viz.*, ground nut oil at that time) required for the programme through TANCOF only, as TANCOF was formed with the objective of enhancing oilseed production. TNCSC addressed (April 1995) Government that TANCOF was supplying Palmolein only by purchasing it from the open market on month to month basis and stated that Government order issued in December 1993 could be made applicable only where TANCOF supplied the oil produced by it and not for the oil procured by it from the open market. As TNCSC itself could directly procure oil from the open market or National Dairy Development Board (NDDB) since it had the required expertise and infrastructure facilities, TNCSC requested Government to permit it to do so. However, Government in Co-operation, Food and Consumer Protection Department ordered (October 1995) that TANCOF will continue to supply Palmolein purchased from NDDB, till TANCOF start its own crushing at expeller units. However, even as of March 2001, TANCOF continued to supply palmolein only by purchasing it from open market.

Particulars collected from TNCSC revealed that 9788.86 tonnes of palmolein was supplied for the programme in 26 districts during October 1994 to March 2001 and Rs 31.79 crore was paid by the respective Collectors. This includes overhead charges of Rs 1.94 crore charged by TANCOF. Had TNCSC purchased the Palmolein direct from open market, this quantity could have been supplied to the 26 districts at a cost of Rs 29.71 crore to the programme. There was therefore an extra expenditure of Rs 2.08 crore.

Further, the rate of Rs 25,130 per tonne fixed in May 1993 for supply of palmolein oil to NMP was not revised thereafter. Therefore, the claims made by TNCSC with a seven *per cent* overhead charge on the price paid to TANCOF, without getting specific orders from Government on the rate to be charged for palmolein oil, were unauthorised. Calculated on the basis of the rate of Rs 25,130 per tonne fixed in May 1993 the payments made to TNCSC were in excess by Rs 7.19 crore. Incidentally, as of March 2001, Government had not taken a decision on the proposal (January 1997) of TNCSC seeking approval for the rate at which claims were made for palmolein oil supplied by it.

The matter was referred to Government in June 2001; reply had not been received (December 2001).

TRANSPORT DEPARTMENT

5.5 Motor Vehicles Maintenance Department

5.5.1 Introduction

The Tamil Nadu Motor Vehicles Maintenance Department (MVMD), an independent Service Department of the State, is looking after the maintenance and upkeep of vehicles attached to various Government Departments. The maintenance is carried out by the Central Workshop (CW) at Chennai and 19 Government Automobile Workshops (GAW) functioning as district units. The inventory control of the department is exercised by the Material Management

Unit (MMU) in CW. Apart from the maintenance of vehicles, the department is also providing Petrol, Oil and Lubricants (POL) to the vehicles of various departments on cost recovery basis and for this purpose MVMD has ten consumer pumps[1] in various districts. Test check of records in MVMD including CW and MMU revealed the following.

5.5.2 Inventory control

MMU is responsible for planning requirement of stores, making bulk purchases and speedy distribution of spares and accessories to the various units of the department. The value of stock on hand with the department as on 31 March 2001 was Rs 2.65 crore.

Four Districts units had stocks exceeding the ceiling limits fixed for the purpose.

Ceiling limit of stock has been fixed at Rs 138 lakh for MMU and at Rs 6.04 lakh to Rs 34.55 lakh for various district units. However, the district units at Coimbatore, Madurai, Tirunelveli and Vellore exceeded this limit by Rs 3.61 lakh (26 *per cent*), Rs 5.96 lakh (29 *per cent*), Rs 10.21 lakh (85 *per cent*) and Rs 3.73 lakh (44 *per cent*) respectively as of 31 March 2001. Though the Director, MVMO stated (June 2001) that these limits were fixed during 1999-2000 and there was an escalation at the rate of 10 *per cent* after that, the fact remained that there was no proper monitoring and control over stock held by the units and the fixation of ceiling did not serve any purpose. Government replied (September 2001) that the stock position was on higher side due to bulk stocking of tyres and batteries in view of the General Elections held in May 2001. However audit observed that even after May 2001, district units at Coimbatore and Tirunelveli exceeded their ceiling limits by Rs 2.07 lakh (15 *per cent*) and Rs 5.52 lakh (46 *per cent*) respectively as on 31 July 2001. The existing ceiling limit which was valid upto 31 March 2000 was not revised by the department for want of proposals from the district units.

5.5.3 Non-moving items

Non-moving items valued at Rs 9.52 lakh available in Material Management Unit and Central Workshop at Chennai.

Stock valuing Rs 9.52 lakh at MMU and CW was identified on 31 March 2001 as non-moving, of which 489 items of stores worth Rs 5.89 lakh was non-moving since April 1998 or earlier.

5.5.4 Petrol, Oil and Lubricants

Rs 2.31 crore was pending recovery as of March 2000 from various departments towards supply of POL.

Government is providing funds to MVMD for purchase of petrol, oil and lubricant (POL) every year to supply to the Government departments. Though Government had issued (April 1984) orders that the invoices for supply of petrol by MVMD to departments should be settled within two months from the date of supply, Rs 2.31 crore[2] was outstanding from various departments from 1983-84 onwards, as of March 2001. Funds are provided in the budget of various user departments for the purpose of making payment to MVMD for the fuel supplied. However the user departments, without settling the bills relating to the POL supplied by MVMD, resort to direct purchase of fuel from

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1 Two units at Chennai; one each at GAWs at Coimbatore, Cuddalore, Dharmapuri, Madurai, Nagercoil, Salem, Thanjavur and Tiruchirappalli.

2 From 1983-84 to 1994-95 : Rs 9.93 lakh, 1995-96 : Rs 1.42 lakh, 1996-97 : Rs 2.13 lakh, 1997-98 : Rs 2.58 lakh, 1998-99 : Rs 13.73 lakh, 1999-2000 : Rs 10.12 lakh and 2000-2001 : Rs 191.61 lakh.

outside utilising the funds provided to them. Government stated that the proposal to treat the pending dues as settled since fuel was supplied only to Government departments and to dispense with cash settlement in future was under consideration.

Despite the existence of huge idle time in Government Automobile Workshops, MVMD is issuing no-objection certificates to user offices to get their vehicles repaired through private workshops.

5.5.5 Repairs and maintenance of vehicles

If a GAW is unable to attend to repair of a vehicle, it has to issue a No-objection Certificate (NOC) to the user office to enable it to get the repairs done through private workshop. A test-check of records revealed that although the GAWs had huge idle time of 58870 man hours for want of spares and other reasons during the last three years, *viz.* 1997-98 to 2000-2001, NOCs were given and repairs to the tune of Rs 91.60 lakh were done at private workshops and necessary payment was made by Director, MVMD.

Government stated (September 2001) that the main reasons for entrustment of repairs to private workshops were huge vacancies in the posts of technical staff (173 out of 698 posts) and steady increase of vehicle population in Government departments.

CHAPTER VI

FINANCIAL ASSISTANCE TO LOCAL BODIES AND OTHERS

AUDIT PARAGRAPHS

6.1 General

Autonomous bodies and authorities receive substantial financial assistance from Government. Government also provides substantial financial assistance to other institutions such as those registered under the State Cooperative Societies Act, Companies Act, etc., to implement certain programmes. The grants are intended essentially for maintenance of educational institutions, hospitals, charitable institutions, construction and maintenance of schools and hospital buildings, improvement of roads and other communication facilities under municipalities and local bodies.

During 2000-2001, financial assistance of Rs 3,969.66 crore was given to various autonomous bodies and other institutions broadly grouped as under:

(Rupees in crore)

Serial Number	Name of Institution	Amount of assistance paid		
		Grant	Loan	Total
1	Universities and Educational Institutions	1,675.61	0.08	1,675.69
2	Municipal Corporations and Municipalities	2.49	122.57	125.06
3	Zilla Parishads and Panchayat Raj Institutions	914.30	0.56	914.86
4	Development Agencies	730.85	-	730.85
5	Hospitals and other Charitable Institutions	9.31	-	9.31
6	Other Institutions	334.55	179.34	513.89
	Total	**3,667.11**	**302.55**	**3,969.66**

6.2 Delay in furnishing Utilisation Certificates

Financial rules of Government require that, where grants are given for specific purposes, certificates of utilisation should be obtained by departmental officers from grantees and after verification, these should be forwarded to Accountant General within one year from the date of sanction unless specified otherwise.

Of 17,495 Utilisation Certificates due in respect of grants aggregating Rs 986.74 crore paid during the period from 1981 and earlier years to March 2000, only 561 utilisation certificates for Rs 74.69 crore had been furnished by 30 September 2001 and 16,934 certificates for an aggregate amount of Rs 912.05 crore were in arrears. Department-wise break-up of outstanding utilisation certificates was as given below :

Serial Number	Department	Number of Certificates	Amount (Rupees in lakh)
1.	Adi Dravidar and Tribal Welfare	1,818	3,179.80
2.	Agriculture	53	8,164.46
3.	Animal Husbandry and Fisheries	27	1,011.58
4.	Co-operation, Food and Consumer Protection	88	366.75
5.	Handlooms, Handicrafts, Textiles and Khadi	18	255.99

Serial Number	Department	Number of Certificates	Amount (Rupees in lakh)
6.	Health and Family Welfare	24	63.91
7.	Housing and Urban Development	14	119.00
8.	Municipal Administration and Water Supply	1,595	14,387.43
9.	Revenue	809	9,203.16
10.	Rural Development	1,062	45,565.21
11.	Social Welfare and Nutritious Meal Programme	11,426	8,887.93
	Total	16,934	91,205.22

6.3 Delay in submission of accounts

In order to identify institutions which attract audit under section 14 of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971, Government / Heads of Departments are required to furnish to Audit, every year detailed information regarding financial assistance given to various institutions, the purpose for which assistance was sanctioned and the total expenditure of the institutions.

741 accounts pertaining to 1984-85 to 1999-2000 were received by Audit during 2000-2001, 499 Accounts had attracted audit under Section 14 of the Act. However 610 Accounts were audited during the year 2000-01 including the Accounts obtained during local audit. Information regarding financial assistance given to various Universities, etc., and their expenditure for the years till 1999-2000 called for was awaited (September 2001) from 18 departments of Government and their respective Heads of Department. Some autonomous bodies that had received grants exceeding Rs 25 lakh from the following departments have not submitted audited accounts to the Accountant General for several years.

Sl.No.	Name of the Department	Year from which accounts had not been furnished
1.	Education, Science and Technology, Educational institutions and miscellaneous institutions	1987-88
2.	Rural Development	1987-88
3.	Social Welfare and Nutritious Meal Programme	1996-97
4.	Municipal Administration and Water Supply	1998-99

Particulars regarding Government Companies are featured in the Report of the Comptroller and Auditor General of India (Commercial), Government of Tamil Nadu.

6.4 Entrustment of audit by Government

Audit of accounts of the bodies mentioned in the Appendix XXXIX has been entrusted to the Comptroller and Auditor General of India by the State Government.

6.5 Audit arrangement

Primary audit of local bodies, educational institutions and others is conducted as detailed below.

Sl.No.	Name of the Institution	Audit conducted by
1.	Panchayati Raj Institutions	Director of Local Fund Audit
2.	Educational Institutions	
	a) Schools	Internal audit of the Directorate of School Education
	b) Colleges	Internal audit of the Directorate of Collegiate Education
	c) Polytechnics	Chief Internal Auditor and Chief Auditor of Statutory Boards
	d) Universities	Director of Local Fund Audit
3.	Cooperative Institutions	Director of Audit of Co-operative Societies
4.	Miscellaneous Institutions	Chartered Accountants

The audit observations in respect of these are given in the following paragraphs.

HANDLOOMS, HANDICRAFTS, TEXTILES AND KHADI DEPARTMENT

6.6 Nugatory expenditure towards loans for revival of sick Co-operative Spinning Mills

Although two committees recommended the revival of only eight out of eighteen Co-operative spinning mills in the State, Government decided to revive all the eighteen mills by giving relief package. Expenditure of Rs 50.34 crore incurred by way of Government loans to the mills for their revival failed to make them viable.

The eighteen Co-operative Spinning Mills (CSMs) in the State established during 1958-1985 with the main objective of ensuring uninterrupted supply of hank yarn to weavers became commercially not viable and financially unsound having accumulated a total loss of Rs 221.30 crore as on 31 March 1997.

In May 1997, National Bank for Agriculture and Rural Development (NABARD) to which the matter was referred, entrusted a detailed and comprehensive study of performance of these mills to Industrial and Technical Consultancy Organisation of Tamil Nadu Ltd. (ITCOT). Government also entrusted (May 1997) a similar study to the committee headed by Shri S.V.S. Raghavan, former Chief Executive of a Government Company, with a view to suggest suitable measures for the revival of the mills.

Considering the position of working capital, existing technology and prevalent labour cost of the sick CSMs, ITCOT as well as Shri Raghavan committee unanimously recommended the revival of only eight out of eighteen CSMs and offer of an attractive Voluntary Retirement Scheme (VRS) to the workers of all the mills.

However, although the Government was very much aware of the prevailing conditions warranting the closure of ten mills, it decided (March 1998) as a policy to revive all the eighteen mills, based on the announcement of the Chief Minister on the floor of the Legislative Assembly. Government constituted (April 1998) a Committee of Officers, which included Director of Handlooms and Textiles (DHT), to formulate revival measures. The measures suggested (April 1998) included a facility for conversion of outstanding cash credit into Working Capital Term Loan (WCTL) and also to seek fresh cash credit from the District Central Co-operative Bank (DCCB). These measures required clearance of NABARD.

In June 1998, Government accepted the measures for the revival of all the CSMs. Government sanctioned loan of Rs 22.46 crore in 1998-99 and 1999-2000 to meet statutory dues, towards margin money assistance and towards VRS and term loan as part of the relief package.

In addition to this loan component, Government sanctioned (October 1999, March and December 2000) a further loan of Rs 36.21 crore towards VRS (Rs 31.66 crore) and repayment of cotton dues (Rs 4.55 crore) for the purchases made from private parties prior to 1 July 1996. As against these, the following amount of loan was actually released between 1998 and 2001, repayable in instalments.

(Rupees in crore)

Nature of loan	Sanctioned			Total	Released			Total
	1998-99	1999-2000	2000-2001		1998-99	1999-2000	2000-2001	
In the relief package								
Loan amount towards statutory dues	7.11	..	..	7.11	7.11	..	..	7.11
Loan amount towards term loan	4.45	..	..	4.45	4.45	..	..	4.45
Loan amount towards VRS	2.50	2.20	..	4.70	2.50	2.20	..	4.70
Loan amount towards margin money assistance	6.20	..	..	6.20	2.23	0.49	..	2.72
In the relief package total				22.46				18.98
Outside relief package								
Loan amount towards VRS	..	..	31.66	31.66	..	..	26.81	26.81
Loan amount towards cotton dues	..	2.64	1.91	4.55	..	2.64	1.91	4.55
Outside relief package total	NIL	2.64		36.21		2.64		31.36
Grand Total	**20.26**	**4.84**	**33.57**	**58.67**	**16.29**	**5.33**	**28.72**	**50.34**

Performance of the CSMs, continued to be grim even after the relief measures and loans; the accumulated losses as of March 2001 were Rs 352.05 crore and the net worth was negative for all the eighteen mills.

Government had ordered (June 1998) that DHT should take necessary action to carry out modernisation of CSMs with the assistance of NABARD/National Co-operative Development Corporation (NCDC). Despite the above, Government (between June 1999 and March 2001) did not approve DHT proposal for borrowing from NCDC towards modernisation and margin money for four mills. The reason given was that the rate of interest

(14.5 *per cent*) charged by NCDC was high and the CSMs, which were already running under heavy loss, could ill-afford this additional burden, further affecting the debt servicing.

Thirteen CSMs[@], which received assistance of Rs 28.49 crore between 1998 and 2001 failed to produce and supply yarn according to the allotment made by the DHT and sample check relating to these CSMs revealed that in five months (November and December 2000, February, April and May 2001) the shortfall ranged between three and eighty six *per cent*. Thus the revival did not achieve its objective.

The CSMs did not pay so far (July 2001) the instalment amounts of Rs 5.91 crore towards principal, Rs 4.93 crore towards interest due upto March 2001 and Rs 0.40 crore towards penal interest, due against package loan and cotton loan. The modalities for recovery of VRS loan were yet to be finalised.

Thus, the total expenditure of Rs 50.34 crore incurred by Government by way of loans to the CSMs for their revival failed to make them viable. Consequently, not only the CSMs did not repay the instalments of loan amount due but also the expenditure incurred by Government became nugatory.

Government in their reply (September 2001) generally accepted the facts and stated that most of the mills were incurring loss due to glut in textile industry, high cost of cotton, low price of yarn, obsolete machinery etc., and consequently could not repay the loan. Government also stated that it had decided to privatise the mills incurring a loss and a committee was formed for taking action towards this end in respect of the four non-functioning mills at Vellore, Villupuram, Madurai and Misereor.

HOUSING AND URBAN DEVELOPMENT DEPARTMENT

TAMIL NADU HOUSING BOARD

6.7 Blocking of funds due to poor demand for housing units

Ineffective assessment and allotment policy of the Board had led to blocking of funds to the tune of Rs 59.53 crore on 2,069 flats/ houses constructed under six schemes.

According to Government instructions of May 1986 and November 1994, the Tamil Nadu Housing Board (Board) should assess the demand before taking up the construction of dwelling units and should collect the registration fees from the applicants. The Board should allot the units according to the reservation policy for various categories of applicants, who could also refuse the allotment and claim refund of the registration fees at any time.

In the following cases, the Board had constructed 1,458 houses and 1,065 flats under 6 schemes at a total cost of Rs 72.01 crore. Of this, 1197 houses and 872 flats costing Rs 59.53 crore remained unsold as of July 2001. In addition, Rs 4.50 crore had been spent on 226 flats under construction. The details are given in Appendix XL.

@ Anna, Dharmapuri, Erode, Kancheepuram, Kanyakumari, Karur, Nagapattinam, Pudukottai, Ramanathapuram, Salem, South India, Srivilliputhur and Tiruchendur CSMs.

The basis on which the schemes were sanctioned, the deficiency noticed by Audit , action taken to dispose of the unsold units are given in Appendix XLI. In this connection, the following observations are made.

(i) The Board took up the construction of 1,241 HIG flats in and around Chennai city without assessment of demand, merely stating that there was good demand for earlier schemes and areas chosen were already developed. It was, however, seen that 334 out of 1,169 HIG flats already constructed under 9 schemes during 1994-95 and 1995-96 had remained unsold. The suggestions of the Superintending Engineer (Headquarters) in April 1995 to conduct demand assessment before undertaking the project was not considered by the Board. As a result, the construction taken up from 1996-97 met with poor demand; and 758 out of 951 completed flats under the project remained unsold, as of July 2001. The Board contended that there was general recession in the Real Estate business and the flats could not be sold due to difficulty in getting bank loan of more than Rs 8 lakh and reluctance among public to produce Income Tax Clearance Certificate required for purchasing flats costing more than Rs 5 lakh. This clearly indicated that the Board had paid no attention to the marketability before taking up construction.

(ii) The construction of 1,391 houses in four sectors in Madurai North Neighbourhood Scheme was taken up on the ground that there was good response for houses constructed earlier in another sector. It was, however, seen that these sectors had locational disadvantages/poor transport facilities and as of July 2001 the Board could sell only 261 out of 1,391 houses constructed by July 2001. The Executive Engineer (EE), Madurai Housing Unit stated (August 2000) that the houses could not be sold due to lack of transport, law and order problem raised by Sri Lankan refugees living in that area, non-maintenance of houses after construction and increase in cost of unallotted houses by capitalising interest after the completion of the project period. The poor response even after the withdrawal of interest so capitalised clearly indicated that the basis of estimation of demand was faulty.

(iii) Though the 67 houses at Yercaud and 114 flats at Avaniapuram were taken up for construction after assessing the demand, none of the registered applicants was willing to purchase the units. The contention of the EE, Salem, that the public felt that the prices of houses at Yercaud were high, was not tenable as he had obtained consent from 89 registered applicants for the price of Rs 7.80 lakh to Rs 8.90 lakh before taking up the construction whereas the price of the house was fixed at Rs 7.39 lakh (18 houses) and Rs 10.14 lakh (49 houses) after completion. Similarly, the contention of EE, Special Division VII, Madurai that flats at Avaniapuram met with poor demand due to competition from private promoters, rigid payment condition of the Board and non-availability of potable water was not acceptable, as 164 applicants had registered before construction commenced. The poor sale was thus due to the policy of the Board, which did not provide for commitment either by the applicants to accept the flats/houses on allotment or by the Board to allot flats/houses to all registered applicants because of reservation policy.

Thus, the non-assessment of demand and allotment policy of the Board contributed to poor marketability of the housing units and resulted in blocking of Rs 59.53 crore.

The matter was referred to Government in March, April, May 2001; reply had not been received (December 2001).

6.8 Avoidable extra expenditure due to adoption of higher rates for marble flooring

Failure of the Board to confirm the market rate of marble stone from Public Works Department resulted in avoidable extra expenditure of Rs 79.36 lakh in the work of construction of Legislators' Complex at Chennai

The Tamil Nadu Housing Board (Board) follows the Schedule of Rates and data of Public Works Department (PWD) and the Tamil Nadu Building Practice (TNBP) for the works executed by them. TNBP provides for fixing the rate for substituted items of work based on market rate, if there was no prescribed rate for that item in the respective Schedule of Rates.

The Board, while executing the work of construction of Legislators' Complex at Chennai, decided (February 1999) to provide marble flooring instead of mosaic flooring in the complex, based on the directions (October 1998) of the Government. In order to avoid delay, the Secretary, Housing and Urban Development Department recommended (April 1999) execution of the substituted item through the same contractor who was constructing the complex. Accordingly, the Board obtained (April 1999) the rate for marble stone from the open market (Rs 1,549.40 per square metre (sq.m)), arrived at the rate for marble flooring at Rs 1980 per sq.m and entered into a supplementary agreement with the contractor in June 1999. The work was completed in July 2000 with 14,444 sq.m of marble flooring.

It was observed that the PWD executed many building works with marble flooring and worked out the rate for this item of work at Rs 1,286.25 per sq.m adopting the rate of Rs 1000 per sq.m for first quality marble stone. This rate was adopted from January 1999. The rate for first quality marble-stone adopted in March 1999 by PWD for the work of construction of Collectorate building at Tiruvallur was also Rs 1000 per sq.m. Failure of Chief Engineer of the Board to ascertain the rate of marble stone from PWD before arriving at the rate for marble flooring resulted in an avoidable extra expenditure of Rs 79.36 lakh.

The matter was referred to Government in April 2001. Government stated (July 2001) that the data for marble flooring was not available with PWD when the Board prepared the proposal in November 1998 and hence the market rate was adopted. The reply was not tenable since the rate for marble stone was available with PWD in January 1999 whereas the Board ascertained the market rate for marble stone only in April 1999 and executed the supplementary agreement in June 1999.

6.9 Avoidable payment of interest due to delay in taking decision as directed by the High Court

Failure of Government to take decision within the time limit prescribed by the High Court resulted in avoidable payment of interest of Rs 37.62 lakh.

The Tamil Nadu Housing Board (Board) entered into an agreement (March 1997) with Housing Development Finance Corporation Limited (HDFC) for a loan of Rs 2.92 crore for constructing 23 Higher Income Group (HIG) flats in the land owned by it at Anna Nagar, Chennai for allotment to its employees under 'Staff Housing Purchase Scheme'. The loan was repayable in equated monthly instalments after the receipt of the entire loan. The Board drew the first instalment of Rs 1.45 crore in March 1997 and entrusted the work to a contractor in October 1997.

On commencement of the work, the 'Towers Club', situated adjacent to the site, filed (April 1998) a writ petition in the High Court, Chennai seeking a stay on the ground that their representation (January 1997) for allotment of the site for expansion of the club activities was pending with Government. The High Court directed (April 1998) the Board to maintain status-quo and ordered the Government to pass suitable orders within two months. Though the Board communicated the orders of the Court to Government in April 1998, it did not inform them of the financial loss that would arise, in case decision of the Government is delayed. Based on the orders (September 1998) of the Minister for Housing, the Secretary, Housing inspected (August 1999) the site and recommended (January 2000) either to allot 4,656 square feet (sq. ft.) out of the available 25,176 sq. ft. to the club for use as approach and car parking area and restrict the construction to 16 flats or to reject the requirement of the club. No decision was taken till May 2001 and when audit pointed out the delay, the Government proposed (May 2001) to call for the orders of High Court from the Board. Pending decision of the Government, the Board decided to restrict the total loan to Rs 1.45 crore and commenced the repayment of loan with interest from January 2001.

It was seen that the Board spent Rs 13.20 lakh on the work and earned interest at an average rate of 6 *per cent* per annum on Rs 1.32 crore kept unutilised, but paid interest at 15.5 *per cent* to HUDCO till December 2000. Thus, due to delay in taking the decision, the Board incurred an additional expenditure of Rs 37.62 lakh towards interest calculated at 9.5 *per cent* on Rs 1.32 crore from July 1998 to June 2001.

The matter was referred to Government in April 2001; reply had not been received (December 2001).

MUNICIPAL ADMINISTRATION AND WATER SUPPLY DEPARTMENT
CHENNAI METROPOLITAN WATER SUPPLY AND SEWERAGE BOARD

6.10 Avoidable extra liability in using higher class of pipes in water distribution works

Use of higher class Ductile Iron pipes in strengthening of distribution system under Second Chennai Water Supply Project resulted in extra liability of Rs 16.95 crore.

The work of strengthening the distribution system of water supply mains of 11 zones under World Bank-aided Second Chennai Water Supply Project was entrusted to 3 contractors by Chennai Metropolitan Water Supply and Sewerage Board (Board) in May 1999, June 1999 and February 2000 for a total value of Rs 173.41 crore. The pipelines for the work were designed to withstand a maximum working pressure of 3 kilogram/square centimetre (kg/sq.cm) and field test pressure of 10 kg/sq.cm. The contracts provided for supplying and laying class K9 Ductile Iron spun pipes (DI pipes) of 100 millimetre(mm) to 1000 mm diameter for a total length of 699 kilometre. The works, scheduled for completion in 36 months, were under progress and Rs 153.57 crore was spent as of March 2001.

According to Indian Standard Specification for "Centrifugally Cast (spun) Ductile Iron Pressure pipes for Water, Gas and Sewage" class K7 DI pipes can withstand maximum working pressure of 6 kg/sq.cm and field test pressure of 12 to 24 kg/sq.cm depending on the size of the pipe. Therefore K7 pipes would be suitable for the work. When the reasons for providing class K9 pipes which could withstand higher pressure than required were called for by Audit, the Superintending Engineer, Third Chennai Project of the Board stated (May 2000) that class K9 DI pipes were readily available in the market and for other classes orders had to be placed specifically. This contention was not tenable as the pipes were to be purchased by the contractor for use after digging trenches and hence class K7 pipes could have been purchased in a phased manner with proper planning. The failure of the Engineering Director of the Board in not designing the pipeline with the correct class of DI pipes had resulted in extra liability of Rs 16.95 crore.

The matter was referred to Government in June 2001; reply had not been received (December 2001).

6.11 Unintended benefit to the contractor

The Board extended undue benefit of Rs 7.42 crore to the contractor by allowing him to use cheap filling material instead of sea sand to fill trenches in the Leak Detection and Rectification works.

Chennai Metropolitan Water Supply and Sewerage Board (Board) entrusted (March 1999) the Leak Detection and Rectification works to Larsen and Toubro Limited at a cost of Rs 82.91 crore. The work, commenced in July 1999, was in progress and an expenditure of Rs 80.97 crore was incurred till August 2001.

As the work consisted of various sub-works like earthwork excavation, replacement of pipes, refilling the trenches with sea sand as per the Code of Conduct of Chennai Corporation, disposal of surplus earth, barricading, etc., the agreement provided for measuring only the finished items of work and making payment on unit rate basis. Due to non-availability of required quantity of sea sand at the approved site, the contractor sought (January 2000) permission for refilling of trenches with pit or filling sand or quarry dust. On the ground that the Schedule of Rates for filling sand for foundation/basement was higher than the rate for filling sea sand in pipe-laying works and that there would be no extra cost to the Board, the Chief Engineer, Construction recommended and the Managing Director of the Board agreed to the contractor's request.

It was seen from the invoices produced by the Board that the contractor had purchased 6.63 lakh cu.m of pit/filling sand from private agencies at Rs 38.59 per cu.m. After allowing labour for filling and tender excess, the rate for filling the trenches with pit/filling sand would work out to Rs 48.25 per cu.m. as against the rate of Rs 160.16 per cu.m allowed and paid to the contractor for filling with sea sand. Though the Board was aware that the contractor used cheaper filling material, it did not revise the unit rate for the items of work involving sea sand, but paid at the higher agreed rate, resulting in unintended benefit of Rs 7.42 crore to the contractor.

When the matter was reported, the Finance Director of the Board stated that since the rates quoted were on unit rate basis, the rates for sub-work were not known for comparing it with departmental rate. The contention was not tenable as the Board allowed substitution of filling material and hence should have executed supplementary agreement, revising the unit rate based on the correct rate of pit/filling sand.

The matter was referred to Government in June 2001; reply had not been received (December 2001).

6.12 Excess payment of road cut restoration charges

Payment of road cut restoration charges to the Corporation of Chennai at uniform rates for all the three zones resulted in excess payment of Rs 82.66 lakh besides avoidable interest liability of Rs 89.34 lakh on advance payment

The "Code of conduct for public utilities for better road maintenance in Chennai city" issued by Corporation of Chennai (Corporation) contemplated that the Chennai Metropolitan Water Supply and Sewerage Board (Board) should submit their advance programme for laying service utilities indicating where it was proposed to cut the road at the beginning of the financial year to the Corporation. Advance payment of road cut restoration charges was to be made by the Board to the Corporation before laying the service utilities.

The Board submitted (December 1998) the zone-wise programme for 'Leak detection and rectification' work spread over a period of 3 years commencing from March 1999 and requested the Corporation to send the estimate for road cut restoration charges for 1999-2000. In order to exhaust the budget, the Board requested (January 1999) the Corporation to send estimates for 2000-2002 also to enable the Board to make payment in one lumpsum. Though the rates for North, Central and South Zones were Rs 292, Rs 301 and Rs 309 per square metre (sq.m) respectively, the Corporation claimed a uniform rate of Rs 309 per sq.m. The Senior Manager (Leak Detection Wing), without verifying the correctness of the rate, made an advance payment of Rs 30.14 crore (February and March 1999) for three financial years. The payment at uniform higher rate of Rs 309 per sq.m for all the three zones resulted in excess payment of Rs 82.66 lakh as under:

Zone	Area (in Sq.m)	Rate admissible Rs	Rate adopted Rs	Excess Rate Rs	Excess payment (Rupees in lakh)
North	354783	292	309	17	60.31
Central	279304	301	309	8	22.35
South	341164	309	309	NIL	NIL
Total					**82.66**

As the project was funded by World Bank and interest at 13.5 *per cent* per annum was payable by the Board to Government, the advance payment of Rs 20.34 crore in March 1999 itself, for works proposed to be taken up during 2000-2001 (Rs 8.79 crore) and 2001-2002 (Rs 11.55 crore) resulted in avoidable interest burden of Rs 4.30 crore.

On this being pointed out (May 2001), Government replied in August 2001 that in accordance with the code of conduct, the amount was paid in advance to get the road cut permission well ahead and by paying the amount in advance for three years, there was saving to the Board. Government also stated that the restoration charges were paid at uniform rate as claimed by the Corporation and as the Board had no jurisdiction to verify the internal workings of this rate, the question of payment of different rate for different zones did not arise. The contention of the Government was not tenable as the code of conduct contemplated only annual advance payment and even after considering the escalation of Rs 24 and Rs 73 per sq.m for 2000-2001 and 2001-2002, the additional interest burden would be Rs 89.34 lakh. Further, as the Board itself adopted different rates for different zones in their schedule of rates, it should have ascertained the rates for various zones from the Corporation before making payment.

6.13 Avoidable expenditure on unnecessary provision of sand-lime mix

Provision of sand-lime mix instead of sand resulted in avoidable expenditure of Rs 1.33 crore in the construction of nine Water Distribution Stations.

The Chennai Metropolitan Water Supply and Sewerage Board (Board) took up the construction of nine Water Distribution Stations in Chennai city during 1995-2000 at an estimated cost of Rs 114.46 crore. M/s Kirloskar Consultants Limited, to whom the preparation of plan and design was entrusted by the Board, appointed Geotechnical Consultants for foundation design. The Geotechnical Consultants recommended (i) pile foundation with a provision of 20 centimetre (cm) thick sand cushion below the cement concrete for construction of underground tanks, pumphouses and valve chambers in four works and (ii) raft foundations without sand cushion below the cement concrete for the other five works as the existing soil conditions provided hard strata for the foundations. Though no standard or technical specifications were available for providing sand-lime mix below cement concrete, M/s Kirloskar Consultants Limited recommended provision of 30 cm thick sand-lime mix layer below 15 cm cement concrete in all the nine works. No sand cushion was therefore provided in any work.

In reply to an Audit query, the Board stated that sand-lime mix below cement concrete was provided to ensure firm layer to avoid development of cracks. However, M/s.Kirloskar Consultants Limited stated that since it was the standard practice of the Board, they have recommended provision of sand-lime mix and it would provide firm layer for raft. This contention was not tenable as the "Code of practice for design and construction of pile foundations" prescribed by Indian Standards Institution and the Tamil Nadu Building Practice Code prescribed provision of only a layer of cement concrete to act as a firm base for raft and the Board had provided 15 cm thick cement concrete below the foundation to act as firm layer in all the nine works. To an audit query, the Board stated that a sand layer below the cement concrete would provide an even hard surface for avoiding cracks to the cement concrete during the curing period. As such a sand layer as recommended by the Consultants would have provided the required firm layer below the cement concrete and there was no necessity to substitute it with sand-lime mix layer. Had sand layer been provided instead of sand-lime mix, an extra expenditure of Rs 1.33 crore could have been avoided.

The matter was referred to Government in June 2001; Government stated (August 2001) that though sand has the capacity of self compaction to provide an even surface, it would be very difficult to obtain a firm layer of sand below water table; as the water table in the site were higher, sand-lime mix was used as a base for cement concrete. This contention of the Government was not supported by any technical authority. According to the principles of Soil Mechanics and Foundation Engineering, the bearing capacity failure of rafts of large width on sand is practically ruled out and sand could be used even below the water table. Further, a firm layer of sand-lime mix on clay soil which was found in four sites would result in development of cracks in that layer itself. The principles of Soil Mechanics suggest mixing of lime only with soils having expansive nature, to reduce that property.

6.14 Extra expenditure on road cut restoration charges

Payment of road cut restoration charges to Ambattur Municipality without checking the correctness of the claim resulted in extra expenditure of Rs 32.32 lakh.

The Chennai Metropolitan Water Supply and Sewerage Board (Board) took up the work of replacing the existing water main with cast iron pipes in Mogappair and Anna Nagar West Extension Area during 1998-99. The work involved excavation by cutting the existing road for a length of 85.11 kilometre and filling the trenches after laying the pipe with earth upto a level of 15 centimetre (cm) above the pipe and with sea sand over it upto the level of 30 cm below the road surface level. The Board was to pay road cut restoration charges to Ambattur Municipality (Municipality) for relaying the road for a thickness of 30 cm left unfilled by the Board. The Board divided the work into five reaches and sought permission of the Municipality for cutting the road surface.

In November 1998, the Municipality estimated the road cutting charges for one reach at Rs 377.76 per square metre (sq.m). As the estimate included items which were to be done by the Board (earth excavation and sand filling) and also included relaying of road for a thickness of 50 cm instead of 30 cm, the Board requested (December 1998) for a revised estimate. The Municipality instead claimed (March 1999) restoration charges at Rs 309 per sq.m, on the basis of the rate adopted by Chennai Corporation for restoration works, for the total area of 64,642 sq.m . The Board accepted the claim and paid the amount of Rs 2 crore in March 1999.

It was seen that the rate of Rs 309 per sq.m adopted by the Chennai Corporation was for restoring the road surface for a thickness of 37.5 cm with a specification different from that adopted by the Municipality in its estimate. The rate for restoration, adopting the specification of Ambattur Municipality for a thickness of 30 cm, which was payable by the Board, was only Rs 259 per sq.m. (*vide* Appendix XLII). Thus, the failure of the Board in not checking the claim preferred by the Municipality had resulted in avoidable extra expenditure of Rs 32.32 lakh.

The matter was referred to Government in April 2001; reply had not been received (December 2001).

6.15 Extra expenditure due to utilisation of larger size pipes

Usage of larger size pipes in the work of providing water supply to Alandur Municipality in order to exhaust the pipes unnecessarily purchased for Mambalam Canal Project had resulted in extra expenditure of Rs 32.19 lakh.

To prevent sewage flow into waterways, Government approved (October 1997) the Mambalam Canal Project which provided for construction of intercepting sewers to receive the flow in the storm water drains and pump it to nearby sewage pumping station. The Chennai Metropolitan Water Supply and Sewerage Board (Board), the implementing agency, proposed to use 250 millimetre (mm) to 750 mm diameter (dia) cast iron pipes for the project, depending on the flow of rain water as well as the sewage into the canal.

In January 1998, the flow in the storm water drains was found to be considerably reduced and the Board decided to reconsider the design of the pipeline. On 21 April 1998, the Board also decided to revise the design for the project to avoid laying of forcemains across Anna Salai and Railway line. The Planning and Design Wing of the Board which was aware of the revision of design, did not withdraw the indents placed in February 1998 based on the original design which included 750 mm dia pipes. Consequently, the Material wing placed orders on 29 April 1998 for purchase of pipes including pipes of diameter 750 mm based on the original indent. The pipes were received between May and August 1998. As per the modified design approved by the Board in September 1998, pipes of 250 mm to 600 mm dia only were required for the project. Hence 2,500 metres (m) of 750 mm dia pipes purchased for the project became surplus.

In April 1999, the Board placed orders for the purchase of 600 mm dia pipes for use in the scheme of extension of water supply to Alandur Municipality. The work was taken up in May 1999 for completion in six months. Pending receipt of 600 mm dia pipes, the Board decided (June 1999) to use the 750 mm dia pipes purchased for Mambalam Canal Project, as the same were not likely to be used for any other scheme in the near future. Accordingly a portion of work was executed using 1428 m of 750 mm dia pipes and the supply order for 600 mm dia pipes was amended suitably. The remaining 750 mm dia pipes were utilised in other works. Thus, the unnecessary purchase of 750 mm dia pipes for the Mambalam Canal Project resulted in the use of larger size pipes for water supply to Alandur Municipality and consequent extra expenditure of Rs 32.19 lakh.

When pointed out, Government stated (November 2001) that 750 mm pipes were laid for extension of water supply to Alandur Municipality because there was additional demand for water from Government/Private institutions during execution. The reply was not tenable since the pipeline was designed for 600 mm based on the allocation of Krishna Water and the change was made only to utilise the surplus 750 mm pipes.

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CORPORATION OF CHENNAI

6.16 Extra committed liability on GPF interest to Chennai Corporation

Non-remittance of GPF recoveries in Reserve Bank of India account resulted in extra committed liability of Rs 14.09 crore to Chennai Corporation.

According to the provisions contained in Accounts Manual of Chennai Corporation it should remit every month the GPF subscription and GPF advance recovered from the salary of staff to the Personal Deposit (PD) account of the Corporation included in the Public Account of Government of Tamil Nadu. The PD account is titled "GPF Deposit of Corporation of Chennai" and is interest bearing. The account is maintained by the Pay and Accounts Officer (PAO) (North), Chennai.

Based on the monthly closing balances intimated by Corporation of Chennai and the Reconciliation Certificate issued by PAO (North) Chennai, Director, Local Fund Audit Department sanctions interest on the cumulative monthly closing balance, for payment to the Corporation of Chennai.

It was seen from the records of Chennai Corporation for the period from April 1995 to January 2001 that the amount recovered from its employees towards GPF subscription and GPF advances were deposited in the PD account with a delay ranging from 1 month to 25 months. Further, Rs 58.20 crore recovered from the employees of the Corporation towards GPF subscription and GPF advances for the period from April 1998 to January 2001 was still to be remitted into the PD account as of July 2001. The Commissioner stated (July 2001) that the remittance could not be made due to difficult ways and means position coupled with the heavy amount of Pay Commission arrears to be deposited in GPF account.

As per the details worked out by Audit, the belated remittance of GPF subscription and recovery of advances of Rs 32.45 crore and non-remittance of Rs 58.20 crore to the PD account of the Corporation of Chennai during April 1995 to January 2001 resulted in a loss of interest of Rs 14.09 crore. Since the interest due to the subscribers was credited to the individual PF accounts every year, the loss of Rs 14.09 crore had eventually to be met out of General Funds of Chennai Corporation.

Further, the annual accounts of the Corporation did not reflect the GPF balances at all, nor the interest income earned on the deposits of GPF subscriptions in the PD account.

The matter was referred to Government in June 2001; reply had not been received (December 2001).

6.17 Under-assessment of property tax payable by Chennai Port Trust

Commissioner, Chennai Corporation failed to ascertain annual additions and alterations to the properties of Chennai Port Trust and also incorrectly assessed it as Government property which resulted in under-assessment of property tax to the tune of Rs 4.24 crore.

According to the Madras City Municipal Corporation Act, 1919 (MCMC Act) property tax was leviable on all buildings and lands at a percentage of their annual value. Property tax leviable for properties exceeding annual value of Rs 5,000 was 11.95 *per cent* per half year since the first half year 1993. In the case of any building not ordinarily let, the annual value of which cannot be estimated, it shall be determined to be six *per cent* of the total of the estimated market value of the land at the time of assessment and the estimated cost of erecting the building at such time after deducting for depreciation not less than 10 *per cent* of such cost.

Scrutiny of records in Chennai Corporation (CC) revealed that the tax levied in respect of the properties of Chennai Port Trust (CPT) for the period 1995-96 to 1998-99 was Rs 24.75 lakh per half year. Although there had been a general revision of property tax in April 1993 and in October 1998, it was not applied to property tax of CPT, as the Commissioner of CC included the properties of CPT in 'Government property list' as belonging to State Government. In fact, CPT was a Corporation established under an Act of Parliament. However, based on the recommendations (February 2000) of a committee constituted for revision of the service charges of State/Central Government properties, 100 *per cent* increase in annual value of property was applied to CPT and property tax of Rs 45.34 lakh per half year was arrived at with effect from October 1998. Demand for payment of Rs 63.66 lakh (after assessing the annual value as Rs 379.47 lakh) as arrears for 3 half years ending 1999-2000 was sent by the Revenue Officer of the Corporation to Chairman, CPT in March 2000.

Thus, the Commissioner of CC wrongly classified CPT property as Government property and also failed to ascertain the number of new buildings constructed or additions and alterations carried out by CPT annually. Based on the value of land and building reflected in the Annual accounts of the CPT, and adopting annual value of *6 per cent* of the value of the property as per the prevailing Act in force, tax payable for the period 1995-96 to 1999-2000 works out to Rs 691.17 lakh. The property tax actually levied including the arrears of Rs 63.66 lakh demanded in March 2000, was Rs 266.69 lakh. Thus, there was an under-assessment of atleast Rs 4.24 crore for this period.

Government replied (June 2001) that exact details of additions/deletions of buildings would be ascertained from Chennai Port Trust. However, property tax demand upto 1999-2000 has been raised by the Commissioner based on the Audit observation, and the CPT has referred the matter to their legal department.

6.18 Accumulation of unutilised loan and avoidable interest liability

Failure of the Commissioner of Chennai Corporation to restrict the drawal of loan instalments according to the requirement resulted in accumulation of unutilised loan amount and consequent interest liability.

Commissioner, Chennai Corporation (CC) proposed to construct nine mini-flyovers in 1998-99 at an estimated cost of Rs 94.50 crore with a view to ease traffic congestion. Government of Tamil Nadu issued necessary administrative sanction for the works in December 1998. Tamil Nadu Urban Finance and Infrastructure Development Corporation (TUFIDCO) agreed to extend a loan assistance of 90 *per cent* of the total cost of flyover (40 *per cent* from TUFIDCO funds at an interest rate of 15 *per cent* per annum and 50 *per cent* from Mega City Programme at an interest rate of 5 *per cent* per annum). The remaining 10 *per cent* was to be met by CC. For this purpose, Commissioner, CC entered into an agreement with TUFIDCO for each mini-flyover separately which included separate time schedules for loan disbursement and repayment. Interest was payable from the date of drawal of each instalment of loan.

As of June 2001, CC had drawn a loan of Rs 63.39 crore and incurred an expenditure of Rs 58.63 crore. Construction of these flyovers commenced in March 1999 and May 1999 and was completed between January 2000 and November 2000. Completion reports for these works were yet to be prepared and the final cost was yet to be compiled. A perusal of connected records on utilisation of loans in Chennai Corporation revealed the following.

(a) According to the agreement, further instalment of loan could be drawn only after submission of certificate of utilisation of the earlier instalment. Audit noticed that further loans from TUFIDCO were drawn without utilising the earlier instalments of loan. This had resulted in accumulation of unutilised loan (Appendix XLIII), which ranged between Rs 2.52 crore to Rs 14.54 crore during the period March 1999 to June 2001. This clearly indicated lack of correct assessment of funds required each month.

(b) Out of the unutilised accumulation, Rs 6 crore was invested (September 2000) as per the orders of the Commissioner, CC in short term Fixed Deposits for a period of 91 days, in Canara Bank with a view to availing loans against the fixed deposit for meeting the annuity repayment of loans obtained for various other purposes from Madras Urban Development Fund and Housing and Urban Development Corporation. As per the conditions of the agreement, such investment would attract recall of loan with interest at 18 *per cent* as such investments were considered as unauthorised utilisation/ diversion of funds. The fact that such investments were made clearly showed that the unutilised loan amounts were not immediately required for the purpose for which it was drawn.

Thus, the failure of the Commissioner, CC to restrict the drawal of loan instalment to actual requirement led to accumulation of unutilised loan amounts and avoidable interest liability of Rs 1.43 crore. The Superintending Engineer (SE) (Bridges) stated (June 2001) that the loan instalments were drawn in anticipation of payment to contractors and the accumulation of unutilised loan amounts was due to administrative delays. Reply of the SE was not tenable. As per the agreement, unutilised loan was to be refunded to TUFIDCO within sixty days from the date of disbursement, failing which it would attract interest at the rate of 18 *per cent* or such other higher rates as may be fixed by TUFIDCO.

The matter was referred to Government in August 2001; reply had not been received (December 2001).

6.19 Non-levy of Company Tax

Demands were not raised on the Cooperative societies for levy of company tax as contemplated in the Act; consequently no tax was levied on atleast 237 cooperative societies in the city and the uncollected tax revenue for the period 1993-2001 was of the order of Rs 32.04 lakh.

As empowered under Section 110 of the Madras City Municipal Corporation Act, 1919, the Chennai Corporation levies tax on companies, which transact business within the city in any half year for not less than 60 days in the aggregate. Cooperative Societies registered or deemed to have been registered under the Tamil Nadu Cooperative Societies Act, 1932 and the paid up capital of which is less than fifty thousand rupees are also covered within the definition of companies, under this section. The company tax leviable ranged from Rs 100 to Rs 1,000 per half year depending on the paid up capital of the company (with effect from 1 April 1993).

Test-check of records of Chennai Corporation relating to levy of company tax on Cooperative Societies carrying on business within the city revealed that there was no proper system to enumerate the taxable Cooperative Societies and to send demand notices. A meagre amount of Rs 16,000 only was collected from five Cooperative Societies towards company tax during the period 1998-99 to 2000-01.

Information on Cooperative institutions obtained from offices of Assistant Directors of Cooperative Audit in Chennai disclosed that company tax was not demanded from atleast 237 Cooperative Societies functioning in the city. The tax leviable on these Societies during the period 1993-2001 alone, based on their share capital, was of the order of Rs 32.04 lakh. Thus the Corporation had failed to conduct a proper survey and enumeration of the Cooperative Societies in the city, resulting in non-levy/collection of company tax due.

The matter was referred to Government in August 2001; reply had not been received (December 2001).

MUNICIPAL ADMINISTRATION AND WATER SUPPLY DEPARTMENT
TAMIL NADU WATER SUPPLY AND DRAINAGE BOARD

6.20 Rural Water Supply Programme

The annual accounts of Tamil Nadu Water Supply and Drainage Board did not directly reveal the expenditure incurred under various Rural Water Supply Programmes. Though all the habitations were stated to have been covered, the re-survey conducted in the year 1999 revealed the existence of 8782 uncovered habitations. The quality of water was very poor in eight districts. No funds were earmarked for operation and maintenance.

In order to provide safe and potable drinking water in identified problem villages where 40 litres per capita per day (lpcd) of potable water was not available and to solve problems of excess salinity, fluoride and iron content and to arrest the re-emergence of uncovered habitations, the Tamil Nadu Water Supply and Drainage Board (Board) implemented Rajiv Gandhi National Drinking Water Mission, launched by Government of India (GOI). The various components of the Mission implemented by the Board, their objectives and pattern of assistance are given in Appendix XLIV. The review of the implementation of these components, in 9 out of 28 districts, revealed the following deficiencies.

The details of funds received, reported as spent in the periodical returns and expenditure as per annual accounts as worked out by the Board are as follows:

(Rupees in crore)

Name of the component	GOI release 1997-2001	State Government release 1997-2001	Expenditure reported in periodical returns 1997-2001	Expenditure as per annual accounts 1997-2001
Accelerated Rural Water Supply Programme (ARWSP)	326.28	NIL	493.90	379.45
Sector Reform	44.88	NIL	NIL	NIL
Sub-Mission	8.47	27.63	75.17	135.86
Information, Education and Communication	NIL	NIL	0.65	0.65
Human Resource Development	1.87	NIL	1.63	1.15[B]
Monitoring and Investigation units	0.40	NIL	1.39	A
Total	**381.90**	**27.63**	**572.74**	**517.11**

A: Not identifiable in accounts

B: Relates to training programmes - identifiable in accounts

The excess expenditure over the grant received from GOI and State Government was met by the Board utilising the funds received for other schemes.

(i) The Annual Accounts did not reveal the admissible expenditure incurred under various programmes and the Board had not maintained any subsidiary register showing receipt of funds for the schemes, admissible expenditure and the balance carried over to next year. Consequent to an audit query, the Board arrived at the expenditure on certain components from the annual accounts which differed widely from the expenditure reported to GOI in the periodical returns. Thus, the Board had not maintained proper accounts and audit could not find out the actual admissible expenditure for which grants were received.

(ii) The Board treated material purchased for ARWSP as the expenditure during the year of purchase. From 1999-2000, materials for ARWSP were to be purchased by the contractor. As such, materials valuing Rs 7.08 crore available as closing balance under ARWSP as of March 1999, were not withdrawn from ARWSP account even as of March 2001. Besides, Rs 15.63 crore already incurred under other Rural Water Supply (RWS) schemes funded by State Government were transferred as expenditure under ARWSP for 1998-99.

(iii) According to GOI guidelines, ARWSP funds should not be utilised in districts selected under Sector Reforms Pilot Project, for which separate funds were provided. However, the Board took up 19 works at a cost of Rs 1.20 crore during 2000-2001 in Cuddalore District where funds were released for the Sector Reforms Pilot Project by GOI.

(iv) The guidelines of ARWSP defined Not Covered (NC)/No Safe Source (NSS) habitations as those where no drinking water source exists within 1.6 km in plains (100 metres in hill areas), where the quantum of availability of safe water was below 10 lpcd and where the existing sources were affected with quality problems. The guidelines categorise the habitations with 10 lpcd to 40 lpcd of safe source as Partially Covered (PC) and above 40 lpcd as Fully Covered (FC). The Board claimed that there were no NC habitations and only 17002 PC habitations as of April 1999. However, the re-survey conducted in the year 1999 revealed existence of 8782 NC habitations and 34151 PC habitations. Re-emergence of 8782 NC and 17149 PC habitations was mainly due to depletion of ground water level.

(v) Although there were 17002 PC habitations, State Government took policy decision (March 1999) to enhance the norms for service level to rural habitations from 40 lpcd to 55 lpcd and all works taken up during 1999-2000 and 2000-2001 were designed for a service level of 55 lpcd. As GOI norms for ARWSP was 40 lpcd only, there was excess expenditure of Rs 3.26 crore (proportionate cost) in respect of 244 habitations in 3 districts.

(vi) GOI stipulated that the selection of schemes was to be done by a State Level Selection Committee (SLSC) and NC/NSS habitations were to be given priority over PC habitations. Though the SLSC was constituted in March 1996, the Managing Director of the Board had not obtained its approval for the schemes executed during 1996-97 to 2000-2001. Alternatively, the schemes were selected by the executing divisions based on representations received from public, people's representatives, areas with acute scarcity of water and list of schemes recommended by the District Collector. This resulted in poor achievement of targets during 1997-2001 in respect of priority habitations as under:

	NSS habitations	NC habitations	PC habitations
Target	1350	11234	10216
Achievement	849	9576	14997

Besides, due to increase in norms for service level, the Board treated habitations with a service level of 40 to 55 lpcd as PC habitations and 790 such habitations in 24 districts were taken up during 1999-2001 for increasing service level at the cost of NSS and NC habitations.

(vii) Test-check revealed that 316 sources created in 6 districts during 1997-2001 at a cost of Rs 1.24 crore under various RWS Schemes had less yield than required and were proposed to be handed over to local bodies to bring them into operation by providing hand pumps.

(viii) Based on the directions of GOI in March 2000, the Board took up the testing of water samples from 22833 out of 1.81 lakh hand pump sources and all the 36481 power pump sources in the State. It was found that water samples from 8088 (35.4 *per cent*) hand pump sources and 6574 (18 *per cent*) power pump sources were non-potable. Seventy two of the 6574 power pump schemes were implemented after March 1996 at a total cost of Rs 3.44 crore in 3 districts. Further, the test of water samples also revealed that Dharmapuri, Erode and Salem districts were affected by high fluoride, Ramanathapuram district was affected by high salinity and Kanyakumari, Thiruvallur, Thanjavur and Theni districts had high incidence of iron. The Board had taken action to install 40 desalination plants in Ramanathapuram district and implemented four projects in fluoride-affected districts. However, no action was proposed to tackle the problem of high iron content in water.

(ix) The Board installed one desalination plant at Narippaiyur in Ramanathapuram district at a cost of Rs 36.41 crore in July 1999. However, the Board failed to realise the necessity of post treatment of desalinated water and laid MS pipes for distribution which were unsuitable for this project resulting in corrosion of pipes and colouration of treated water in the distribution outlet. The Central Electrochemical Research Institute, Karaikudi, recommended (April 2000) installation of remineralisation tower to treat the desalinated water and replacement of MS pipes with PVC pipes. Accordingly, the Board decided (February 2001) to utilise only PVC pipes for Phase II which was under progress. However, the remineralisation tower has not been constructed and the desalinated water was temporarily treated by adding minerals to remove the colouration and make it potable.

(x) Though ARWSP guidelines provided for earmarking 10 *per cent* of the funds (15 *per cent* from April 1999) for operation and maintenance, no funds were earmarked for this purpose to be used by the Director of Rural Development for allotment to local bodies for maintenance of completed schemes. Consequently, the completed schemes were maintained by the local bodies utilising their own funds. Eventhough GOI released Rs 32.63 lakh in 1994-95 for Human Resource Development, the Board took up the programmes only in 1997-98. In all, the Board trained 11461 persons (September 2000) at grass root (village) level which was not adequate to maintain the assets created. The poor maintenance contributed to reemergence of problem villages.

Thus, the Board had not implemented the scheme as per the guidelines issued by GOI and concentrated on creating new sources without ensuring the sustainability of systems created, resulting in reemergence of problem villages.

The matter was referred to Government in July 2001; reply had not been received (December 2001).

6.21 Accelerated Urban Water Supply Programme

Eventhough funds were released by Government of India from 1993-94, only 17 out of 34 schemes were completed, of which 3 were not put to use due to poor quality of water and creation of insufficient source. Though an amount of Rs 16.93 crore was released by Government of India till March 2001, yet Government of Tamil Nadu released only Rs 8.20 crore to Tamil Nadu Water Supply and Drainage Board. There was also delay in execution of two schemes due to delay in foreclosure of contract and unsuitability of the site for source creation.

With a view to provide safe and adequate drinking water supply to towns having population of less than 20,000 and to improve their environment and quality of life, Tamil Nadu Water Supply and Drainage Board (Board) implemented Accelerated Urban Water Supply Programme (AUWSP) from 1993-94 with 50 *per cent* grant by Government of India (GOI), 45 *per cent* grant by Government of Tamil Nadu (GTN) and 5 *per cent* contribution from local bodies. The excess over the approved project cost was to be met by GTN, As of March 2001, GOI approved 34 schemes at a total cost of Rs 44.60 crore, of which 17 were completed and 14 were handed over to the local bodies for maintenance. The review of the implementation of AUWSP in 5 Divisions of the Board (16 Schemes) revealed the following.

(i) As of March 2001, GOI released Rs 16.93 crore to GTN. However, State Government released only Rs 8.20 crore to the Board besides its own share of Rs 17.57 crore. In addition, the Board collected Rs 34.33 lakh as contribution from eight local bodies as against Rs 2.23 crore due from 34 local bodies. As of March 2001, the Board spent Rs 19.99 crore only. However, the Board reported an expenditure of Rs 25.77 crore in the periodical return to GOI, but furnished utilisation certificate for Rs 16.93 crore to GOI.

(ii) Though the GOI allotted Rs 99.59 lakh to GTN for the year 1994-95, it was not released, as the Board failed to send the proposals.

(iii) The Board incurred Rs 1.97 crore in excess of the approved cost in respect of 13 completed schemes, but GTN released (March 2001) only Rs 77.74 lakh. In respect of 4 completed schemes, the Board incurred less expenditure than the approved cost, but failed to refund the unutilised central share of Rs 33.59 lakh to GOI.

(iv) The Executive Engineer (EE), Rural Water Supply (RWS) Division, Dharmapuri deposited Rs 50 lakh with Public Works Department (PWD) in March 1997 for creation of source for Harur scheme though there was litigation from April 1996. The litigation was settled in October 2000, but the PWD had not even prepared the estimates as of March 2001. The unnecessary deposit resulted in blocking of funds for more than four years.

(v) Eight schemes[1] were sanctioned under State Sector and Rs 7.40 crore was obtained as loan from Life Insurance Corporation of India and grant from GTN. These schemes were also got approved by GOI under AUWSP and GOI released its share of Rs 6.13 crore. Consequently, the loan and grant of Rs 7.40 crore was treated as State share of AUWSP in February 2001. Selection of the same schemes under two programmes was injudicious.

(vi) The Board selected (January 1995 to April 1999) six schemes[2] which formed part of Combined Water Supply Schemes (CWSS) taken up under State Sector and obtained approval of GOI. As the benefit to the six town panchayats would accrue only after completion of the remaining portion of CWSS under State Sector, selection of the schemes under AUWSP was injudicious.

(vii) There was avoidable delay in execution of Cheyyur and Vengathur schemes. Though the construction of open well for Cheyyur scheme awarded to a contractor in October 1994 was inordinately delayed, the EE, RWS Division, Kancheepuram foreclosed the contract only in September 1997 resulting in delay in the allied work and completion of the scheme only in May 1999. Similarly, the source creation work for Vengathur Scheme, sanctioned by GOI in January 1995, was delayed till April 1999 due to frequent change of selected site and non availability of departmental rig. This resulted in belated commencement of the allied work and completion of the scheme in January 2001.

(viii) Although all sources in and around Ayyampettai panchayat (Kancheepuram District) were not potable due to infiltration of the contaminated water from adjoining dye factory waste, the Assistant Hydro-Geologist, RWS Division, Kancheepuram recommended construction of infiltration well in the area, without testing the water sample of this source for Ayyampettai scheme. After the well and pumping station were constructed at a cost of Rs 6 lakh, this source was found to be polluted and hence abandoned.

1 Nattarasankottai, Ponnamaravathy, Thirubuvanam, Sathankulam, Udangudi, Mettupalayam, Thathayangarpet and Poovalur.

2 Veerakalpudur, Sathankulam, Udangudi, Mettupalayam, Thathayangarpet, and Chithode.

Subsequently, the scheme was merged with CWSS to Muthialpet and the borewells created under the scheme were reserved as a source for CWSS.

(ix) Due to poor investigation of Denkanikottai Scheme, the digging of 3 open wells was abandoned midway on account of soil conditions (April 1996) resulting in less yield of 860 litre per minute (lpm) against the required yield of 2100 lpm. The scheme was completed in March 1999 at a cost of Rs 1.66 crore, but the local body refused to take over the scheme for maintenance due to the low yield, thus defeating its objective.

(x) Though two infiltration wells with an yield of 450 lpm each were constructed for Kaveripattinam Scheme to meet the requirement of 860 lpm of water, one well was transferred to another State Sector Scheme and the Kaveripattinam Scheme was completed utilising only one well as source in June 2000 at a cost of Rs 65.37 lakh. As the current yield from this well was only 520 lpm, the local body refused to take over the scheme, thus defeating the objective of the scheme.

Thus, out of 16 schemes test-checked, there was avoidable delay in the execution of 2 schemes and 3 completed schemes did not serve the objective due to poor planning and design.

The matter was referred to Government in July 2001; reply had not been received (December 2001).

CHAPTER VII

COMMERCIAL ACTIVITIES

AUDIT PARAGRAPH

7.1 Commercial activities

Activities of quasi-commercial nature are performed by the departmental undertakings of certain Government departments. These undertakings are to prepare *pro forma* accounts in the prescribed format annually showing the results of financial operations so that Government can assess the results of their working. The Heads of department in Government are to ensure that the undertakings which are funded by the budgetary release, prepare the accounts on timely basis and submit the same to Accountant General for audit. As of March 2001, there are four such undertakings in the Government of Tamil Nadu. However, only one undertaking had finalised its accounts in time, two undertakings had finalised their accounts upto 1996-97 and in respect of the fourth undertaking, formal orders of the Government to dispense with the preparation of *pro forma* accounts from 1980-81 onwards are awaited (Appendix XLV). Rupees 11.48 crore have been invested by the State Government in respect of these four undertakings.

The summary of financial position of the four undertakings is given in Appendix XLVI.

C.V. Avadhani

Chennai
The 25 FEB 2002

(C.V. AVADHANI)
Principal Accountant General (Audit)I
Tamil Nadu and Pondicherry

Countersigned

V. K. Shunglu.

New Delhi
The 6 MAR 2002

(V.K. SHUNGLU)
Comptroller and Auditor General of India

APPENDICES

Appendix I

(Reference: paragraphs 1.1 and 1.11.2; pages 1 and 21)

Statement showing structure of Government Accounts and list of Indices/ratios and basis for their calculations

Part A. Government Accounts

I. Structure: The accounts of the State Government are kept in three parts (i) Consolidated Fund (ii) Contingency Fund and (iii) Public Account.

Part I: Consolidated Fund

All receipts of the State Government from revenues, loans and recoveries of loans go into the Consolidated Fund of the State, constituted under Article 266(1) of the Constitution of India. All expenditure of the Government is incurred from this Fund from which no amount can be withdrawn without authorisation from the State Legislature. This part consists of two main divisions, namely, Revenue Account (Revenue Receipts and Revenue Expenditure) and Capital Account (Capital Receipts, Capital Expenditure, Public Debt and Loans, etc.).

Part II: Contingency Fund

The Contingency Fund created under Article 267(2) of the Constitution of India is in the nature of an imprest placed at the disposal of the Governor of the State to meet urgent unforeseen expenditure pending authorisation from the State Legislature. Approval of the State Legislature is subsequently obtained for such expenditure and for transfer of equivalent amount from the Consolidated Fund to Contingency Fund. The corpus of this Fund authorised by the Legislature was Rs 150 crore.

Part III: Public Account

Receipts and disbursements in respect of small savings, provident funds, deposits, reserve funds, suspense, remittances, etc., which do not form part of the Consolidated Fund, are accounted for in Public Account and are not subject to vote by the State Legislature.

II. Form of Annual Accounts

The accounts of the State Government are prepared in two volumes *viz*., the Finance Accounts and the Appropriation Accounts. The Finance Accounts present the details of all transactions pertaining to both receipts and expenditure under appropriate classification in the Government accounts. The Appropriation Accounts present the details of expenditure by the State Government *vis-a-vis* the amounts authorised by the State Legislature in the budget grants. Any expenditure in excess of the grants requires regularisation by the Legislature.

Part B. List of Indices/ratios and basis for their calculation

Indices/ratios		Basis for calculation
Sustainability		
Balance from current revenues	BCR	Revenue Receipts minus all Plan grants (under Major Head 1601-02,03,04)and Non-Plan revenue expenditure.
Primary Deficit		Fiscal Deficit minus interest payment
Interest Ratio		$\frac{\text{Interest payment - Interest receipts}}{\text{Total Revenue receipts - Interest receipts}}$
Capital Outlay Vs Capital receipts	Capital Outlay	Capital expenditure as per Statement No. 1 of the Finance Accounts.
	Capital receipts	Internal Loans (net of ways and means advances) + Loans and advances from Government of India + Net receipts from small savings, Provident Funds, etc. + Repayments received from loans advanced by the State Government – Loans advanced by the State Government.
Total Tax Receipts Vs GSDP	Total tax receipts	State Tax Receipts plus State's share of Union Taxes.
State Tax Receipts Vs Gross State Domestic Product (GSDP)	State tax receipts	Statement No.1 of Finance Accounts.
	GSDP	As worked out by Government at current prices adopting the new series with base year 1993-94
Flexibility		
Balance from current revenues	BCR	As above.
Capital repayments Vs Capital borrowings	Capital repayments	Disbursements under Major heads 6003 and 6004 minus repayments on account of Ways and Means Advances/overdraft under both the major heads.
	Capital borrowings	Addition under Major Heads 6003 and 6004 minus addition on account of Ways & Means Advances/overdraft under both the major heads.
Incomplete Projects		Appendix IV of Finance Accounts.
Total Tax Receipts Vs GSDP	Total Tax Receipts	As above.
Debt Vs GSDP	Debt	Borrowings and other obligations at the end of the year (Statement No.4 of the Finance Accounts).
	GSDP	As above.
Vulnerability		
Revenue Deficit		Paragraph 1.9.6 of the Audit Report
Fiscal Deficit		Paragraph 1.9.6 of the Audit Report
Primary Deficit Vs Fiscal Deficit	Primary Deficit	Fiscal Deficit minus interest payments.
Total outstanding guarantees including letters of comfort Vs Total Revenue Receipts of the Government	Outstanding guarantees	Exhibit IV.
	Revenue Receipts	Exhibit II.
Assets Vs Liabilities	Assets and Liabilities	Exhibit I.

Appendix II

(Reference: paragraph 2.3.2;page 29)

Grants/Appropriations where excess requires regularisation

Serial number	Number and title of grant/appropriation		Total grant/ appropriation (Rs)	Expenditure (Rs)	Excess (Rs)
	Voted Grants -				
1.	6	Registration	53,88,46,000	53,93,35,131	4,89,131
2.	21	Fisheries	49,83,01,000	50,26,94,545	43,93,545
3.	29	Social Welfare	6,89,83,63,000	6,95,42,35,503	5,58,72,503
4.	35	Irrigation	3,65,77,62,000	4,79,37,58,975	1,13,59,96,975
5.	47	Rural Industries	98,34,58,000	1,00,72,60,013	2,38,02,013
6.	61	Loans and Advances by the State Government	4,30,25,99,000	4,52,65,02,388	22,39,03,388
	Charged Appropriations -				
7.		Debt Charges	*30,00,60,46,000*	*31,23,71,53,635*	*1,23,11,07,635*
8.	29	Social Welfare	*1,000*	*8,860*	*7,860*
9.	35	Irrigation	*1,000*	*14,771*	*13,771*
10.	41	Pensions and other Retirement Benefits	*68,000*	*15,05,876*	*14,37,876*
11.	42	Miscellaneous	*26,23,000*	*30,33,272*	*4,10,272*
12.	54	Capital Outlay on Irrigation	*1,57,93,000*	*1,67,43,427*	*9,50,427*
13.		Public Debt – Repayment	*57,48,36,04,000*	*77,19,99,25,477*	*19,71,63,21,477*
Total		**Voted**	**16,87,93,29,000**	**18,32,37,86,555**	**1,44,44,57,555**
		Charged	***87,50,81,36,000***	***1,08,45,83,85,318***	***20,95,02,49,318***
Grand Total			**1,04,38,74,65,000**	**1,26,78,21,71,873**	**22,39,47,06,873**

Appendix III

(Reference: paragraph 2.3.4(b); page 31)

Grants/Appropriations where Supplementary provision obtained in February 2001 proved unnecessary

(Rupees in lakh)

Serial Number	Number and title of grant/appropriation		Supplementary grant/appropriation (February 2001)	Final saving
	Voted Grants -			
1.	2	State Excise Department	0.02	278.76
2.	3	Motor Vehicles Acts – Administration	555.52	579.68
3.	4	General Sales Tax and Other Taxes and Duties – Administration	0.08	1415.19
4.	8	Elections	2710.78	3582.33
5.	9	Head of State, Ministers and Headquarters Staff	0.44	1422.41
6.	11	District Administration	0.33	4880.00
7.	12	Administration of the Tamil Nadu Hindu Religious and Charitable Endowments Act, 1959	0.01	189.83
8.	13	Administration of Justice	0.19	789.15
9.	14	Jails	0.11	483.00
10	15	Police	0.80	12388.83
11	16	Fire Services	0.07	2187.26
12	17	Education	17212.38	38070.82
13	18	Medical	0.82	5574.77
14.	19	Public Health	0.60	1054.08

(Rupees in lakh)

Serial Number	Number and title of grant/appropriation		Supplementary grant/appropriation (February 2001)	Final saving
15	20	Agriculture	0.80	22187.52
16	22	Animal Husbandry	0.26	2396.59
17.	23	Co-operation	0.03	1216.50
18.	25	Handlooms and Textiles	180.64	1092.53
19.	27	Rural Development	0.18	5059.88
20.	28	Labour including Factories	0.12	2134.09
21.	30	Welfare of the Scheduled Tribes and Castes. etc	1063.98	2556.80
22.	31	Welfare of the Backward Classes. Most Backward Classes and Denotified Communities	0.25	2001.85
23.	32	Housing	0.06	1791.76
24.	33	Urban Development	0.01	764.82
25.	34	Civil Supplies	0.10	20658.19
26.	36	Public Works – Buildings	0.09	1026.29
27.	42	Miscellaneous	0.18	10570.93
28.	43	Stationery and Printing	0.03	354.89
29.	44	Forest Department	0.14	174.57
30.	49	Municipal Administration	0.07	13007.46
31.	54	Capital Outlay on Irrigation	0.51	17953.29
32.	55	Capital Outlay on Public Works – Buildings	2279.16	3328.15
33.	56	Capital Outlay on Roads. Bridges and Shipping	0.12	8823.42
		Total	**24008.88**	**189995.64**

(Rupees in lakh)

Serial Number	Number and title of grant/appropriation		Supplementary grant/appropriation (February 2001)	Final saving
	Charged Appropriations-			
1.	2	State Excise Department	*0.99*	*1.00*
2.	4	General Sales Tax and Other Taxes and Duties – Administration	*0.69*	*0.71*
3.	9.	Head of State, Ministers and Headquarters Staff	*40.15*	*131.70*
4.	14	Jails	*5.51*	*5.54*
5.	15	Police	*3.19*	*13.85*
6.	17	Education	*0.76*	*0.86*
7.	18	Medical	*6.90*	*7.92*
8.	20	Agriculture	*1.82*	*1.85*
9.	21	Fisheries	*0.71*	*0.72*
10.	22	Animal Husbandry	*0.55*	*0.68*
11.	23	Co-operation	*1.30*	*1.31*
12.	28	Labour including Factories	*0.01*	*0.02*
13.	36	Public Works – Buildings	*6.95*	*22.25*
14.	38	Roads, Bridges and Shipping	*4.11*	*4.15*
	Total		***73.64***	***192.56***
Grand Total			**24082.52**	

Appendix IV

(Reference: paragraph 2.3.4 (c); page 31)

Grants/Appropriations where Supplementary provision obtained during 2000-2001 proved insufficient by more than Rs 1 crore each

(Rupees in lakh)

Serial Number	Number and title of grant/appropriation		Total Supplementary grant/appropriation	Final excess
	Voted Grants -			
1.	29	Social Welfare	6632.16	558.73
2.	35	Irrigation	14463.94	11359.97
3.	47	Rural Industries	1773.20	238.02
4.	61	Loans and Advances by the State Government	3694.82	2239.03
	Charged Appropriations -			
5.		Debt Charges	*25157.76*	*12311.08*
6.		Public Debt – Repayment	*314889.50*	*197163.21*
	Total	**Voted**	**26564.12**	**14395.75**
		Charged	***340047.26***	***209474.29***

Appendix V

(Reference: paragraph 2.3.6; page 32)

Statement showing persistent savings during 1998-99 to 2000-2001

(Rupees in crore)

Serial number	Number and title of grant/appropriation	1998-99		1999-2000		2000-2001	
		Amount	Percentage	Amount	Percentage	Amount	Percentage
	Voted Grants -						
1.	8 Elections	10.56	36	4.65	7	35.82	59
		(Saving of 10 *per cent* occurred during 1997-98 also)					
2.	16 Fire Services	12.28	20	8.08	13	21.87	30
3.	24 Industries	3.78	12	3.59	17	2.03	7
4.	34 Civil Supplies	543.68	47	338.51	29	206.58	11
5.	36 Public Works - Buildings	5.40	7	6.22	7	10.26	12
		(Saving of 6 *per cent* occurred during 1997-98 also)					
6.	42 Miscellaneous	1050.76	84	171.92	38	105.71	27
		(Saving occurred in the preceding 3 years, the percentage of saving ranging from 11 to 73)					
7.	51 Tamil Development - Culture	5.59	19	6.47	18	1.70	5
		(Saving occurred in the preceding 7 years, the percentage of saving ranging from 6 to 15)					
8.	54 Capital Outlay on Irrigation	51.49	19	122.94	25	179.53	38
		(Saving occurred in the preceding 21 years, the percentage of saving ranging from 11 to 83)					
9.	56 Capital outlay on Roads, Bridges and Shipping	235.20	49	105.60	23	88.23	19
		(Saving of 41 *per cent* occurred during 1997-98 also)					
	Charged Appropriations -						
10.	7 State Legislature	*0.04*	13	*0.01*	5	*0.02*	9
		(Saving of 16 *per cent* occurred during 1997-98 also)					
11.	15 Police	*0.18*	54	*0.14*	39	*0.14*	90
12.	20 Agriculture	*0.46*	100	*0.03*	100	*0.02*	100
13.	30 Welfare of the Scheduled Tribes and Castes, etc.	*4.49*	100	*4.00*	100	*4.00*	100
		(Saving occurred in the preceding 6 years, the percentage of saving ranging from 49 to 100)					
14.	36 Public Works - Buildings	*0.06*	22	*0.06*	21	*0.22*	60
		(Saving of 6 and 55 *per cent* occurred during 1996-97 and 1997-98 respectively)					
15.	55 Capital Outlay on Public Works – Buildings	*0.25*	23	*0.27*	28	*0.03*	9
		(Saving occurred in the preceding 7 years, the percentage of saving ranging from 16 to 100)					

Appendix VI

(Reference: paragraph 2.3.7; page 32)

Statement showing cases where expenditure fell short by more than Rs 1 crore each and also by 10 *per cent* or more of the total provision

Serial Number	Number and title of grant/appropriation		Amount of saving (Rupees in crore) (Percentage of provision)	Main reasons for saving
	Voted Grants -			
1.	2	State Excise Department	2.79 (12)	Saving mainly occurred under (a) Headquarters Establishment – Commissioner of Prohibition and Excise Department (Rs 1.48 crore) due to finalisation of supply materials for a lesser amount than anticipated in Budget and (b) District Establishment – Revenue Establishment (Rs 1.42 crore) due to non-filling up of vacant posts.
2.	3	Motor Vehicles Acts – Administration	5.80 (15)	Saving mainly occurred under (a) Computerisation of Registration and licensing of Motor Vehicles in Transport Department (Rs 2.67 crore), (b) Regional Transport Authority – Mofussil (Rs 2.38 crore) due to non-filling up of certain vacant posts and due to decrease in Dearness allowance based on Government of India rate and (c) Payment of cash relief to traffic accident victims (Rs 1.17 crore). Specific reasons for saving under (a) and (c) have not been communicated (July 2001). Saving was partly offset by excess under lumpsum provision for Dearness and other allowances (Rs 0.31 crore), specific reasons for which have not been communicated (July 2001).
3.	4	General Sales Tax and Other Taxes and Duties – Administration	14.15 (11)	Saving mainly occurred under (a) District Establishment (Rs 12.84 crore) due to decrease in Dearness allowance based on Government of India orders and (b) Administration of Tamil Nadu Urban Land Tax (Rs 1.65 crore), specific reasons for which have not been communicated (July 2001). Saving was partly offset by excess under other items detailed in the Appropriation Accounts.

Serial Number	Number and title of grant/appropriation		Amount of saving (Rupees in crore) (Percentage of provision)	Main reasons for saving
4.	5	Stamps-Administration	2.76 (22)	Saving mainly occurred under (a) Supply from Central stamps stores due to non-supply of sufficient indented stamp papers by Nasik/Hyderabad Press (Rs 2.25 crore) and (b) Superintendence (Rs 0.65 crore), specific reasons for which have not been communicated (July 2001). Saving was partly offset by excess under sale of Court fee Stamps (Rs 0.17 crore) due to enhancement of discount/incentives to vendors.
5.	8	Elections	35.82 (59)	Saving mainly occurred under (a) State Legislative Assembly (Rs 17.36 crore). (b) Assembly Constituencies (Rs 10.30 crore). (c) Scheme of issue of photo identity cards to voters (Rs 5.49 crore). (d) Election to Lok Sabha (Rs 0.92 crore) and (e) Bye-elections (Rs 0.83 crore). Specific reasons for saving under items (a) to (e) have not been communicated (July 2001).
6.	15	Police	123.89 (12)	Saving mainly occurred under (a) District Police (Rs 66.74 crore). (b) Commissioner of Police in Districts (Rs 9.48 crore). (c) Traffic (Rs 8.81 crore). (d) Law and order (Rs 6.77 crore). (e) Police Radio Branch (Rs 4.84 crore). (f) Director General of Police (Rs 4.34 crore). (g) Highways patrols – Police force and Highways check-post scheme (Rs 3.89 crore). (h) Lease rent for vehicles replacing the condemned vehicles (Rs 3.31 crore) due to lesser DGS&D rate. (i) Crime (Rs 2.84 crore). (j) Railway Police, Chennai (Rs 2.18 crore). (k) Temple Protection Force (Rs 2.03 crore). (l) Supply of some essential commodities to certain police personnel at subsidised rates (Rs 1.90 crore) due to decrease of subsidised rate for essential commodities. (m) Airport Security,

Serial Number	Number and title of grant/appropriation		Amount of saving (Rupees in crore) (Percentage of provision)	Main reasons for saving
				Meenambakkam (Rs 1.84 crore), (n) Modernisation of Police Force (State) (Rs 1.55 crore), (o) District Establishment – Enforcement Wing (Rs 1.24 crore) and (p) Tamil Nadu Special Police Battalion-I – Expenditure when stationed in the State (Rs 1.69 crore). Saving under items (c), (f), (i) and (o) was mainly due to decrease in dearness allowance. Saving under items (a), (b), (d), (e), (g), (j), (k) and (p) were mainly due to non-filling of certain posts and decrease in dearness allowance. Specific reasons for saving under items (m) and (n) have not been communicated (July 2001).
7	16	Fire Services	21.87 (30)	Saving mainly occurred under Protection and Control – Fire stations including workshops and mobile repair squads (Rs 21.73 crore) due to administrative reasons and vacancies in more number of firemen posts.
8.	20	Agriculture	221.87 (19)	Saving mainly occurred under (a) Tariff compensation to the Tamil Nadu Electricity Board for the free supply of electricity to farmers (Rs 160.44 crore), (b) Establishment of seed centres for procurement and distribution of seeds (Rs 6.85 crore), (c) Agricultural Engineering Department – Headquarters Staff (Rs 2.36 crore), (d) National Watershed Development Project for rainfed areas (Rs 6.06 crore), (e) Comprehensive Watershed Development Project with DANIDA assistance in the composite Ramanathapuram District (Rs 1.09 crore), (f) Training and visits (Rs 4.59 crore), (g) Tractor hiring scheme (Rs 1.01 crore), (h) Scheme for Drip irrigation and Demonstration of Horticulture crops

Serial Number	Number and title of grant/appropriation	Amount of saving (Rupees in crore) (Percentage of provision)	Main reasons for saving
			(Rs 4.47 crore). (i) Intensive cotton Development Programme (Rs 6.27 crore). (j) Integrated Tropical and arid zone fruits development programme (Rs 1.25 crore). (k) Soil conservation measures to prevent land slides under Hill Area Development Programme (Rs 1.00 crore). (l) Execution of Soil conservation works (Rs 4.17 crore). (m) Execution of Soil conservation works in Kundah and lower Bhavani and Vaigai Catchments (Rs 3.41 crore). (n) increasing the production of oil seeds (Rs 2.88 crore). (o) Oil seeds production programme (Rs 1.52 crore). (p) Assistance to District Rural Development Agencies under Drought Prone Areas Programme (Rs 2.58 crore). (q) Integrated Cereals Development Programme in rice based cropping system areas (Rs 2.13 crore). (r) Command Area Development Programme in Cauvery command (Rs 2.71 crore). (s) Soil conservation work on Mini Watershed basis under Western Ghat Development Programme (Rs 1.26 crore). (t) Oil palm development project (Rs 1.39 crore). (u) Integrated spices development programme (Rs 1.82 crore). (v) Integrated cashewnut Development Programme (Rs 1.10 crore) and (w) Scheme for eradication of weeds by weedicides (Rs 1.39 crore). Savings under items (b), (c), (d), (e), (l), (m), (n), (q), (r), (s), (v) and (w) were due to lesser requirement of Salaries, Dearness Allowance, Telephone charges, electricity charges and Festival Advances.

Serial Number	Number and title of grant/appropriation		Amount of saving (Rupees in crore) (Percentage of provision)	Main reasons for saving
				Savings under items (j) and (k) were due to lesser requirement of funds under major works and savings under items (i) and (o) were due to lesser requirement of funds towards subsidies. Saving under item (t) was due to lesser advertisement charges, subsidies and Training. Saving under (u) was due to lesser procurement of Agricultural inputs. Saving under item (w) was due to lesser requirement of funds towards wages, rent, maintenance, material and supplies. Specific reasons for saving under item (a), (f), (g), (h) and (p) have not been communicated (July 2001).
9.	22	Animal Husbandry	23.97 (14)	Saving mainly occurred under (a) Veterinary Hospitals and Dispensaries (Rs 11.47 crore), (b) Scheme for implementation of Agriculture Human Resources Development Programme under World Bank aid controlled by the Director of Animal Husbandry (Rs 3.63 crore), (c) Live stock farms (Rs 3.02 crore), (d) Cattle breeding unit (Rs 2.34 crore), (e) Institute of Veterinary and Preventive Medicine (Rs 1.59 crore). Savings under items (a), (b), (c) and (e) were mainly due to non-filling up of vacant posts. Saving under item (d) was due to non-filling up of vacant posts, non-settlement of bills and condemnation of vehicles in cattle breeding units.
10.	23	Co-operation	12.16 (14)	Saving mainly occurred under Reimbursement of loss incurred by Rural and Urban Fair Price Shops (Rs 7 crore), specific reasons for which have not been communicated (July 2001). The overall net saving was due to savings distributed under various other sub-heads.

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Serial Number	Number and title of grant/appropriation		Amount of saving (Rupees in crore) (Percentage of provision)	Main reasons for saving
11.	28	Labour including Factories	21.34 (16)	Saving mainly occurred under (a) Relief to workers due to closure of mills (Rs 9 crore), (b) Industrial Training Institutes (Rs 4.88 crore), (c) Social security scheme for unorganised labourers below poverty line (Rs 3.54 crore) and (d) Machinery for enforcement of labour laws (Rs 1.56 crore). Savings under (a) was due to less utilisation of funds as the eligible workers of closed sick units were not identified by the screening committee. Specific reasons for saving in respect of items (b), (c) and (d) have not been communicated (July 2001).
12.	31	Welfare of the Backward Classes, Most Backward Classes and Denotified Communities	20.02 (12)	Saving mainly occurred under (a) House-sites for all communities of the Most Backward Classes and denotified communities below poverty line under the control of Director of Most Backward Classes and Denotified Communities (Rs 8.24 crore), (b) Job oriented Training Courses to Backward Classes (Rs 8.57 crore), (c) Job oriented training courses to Most Backward Classes/denotified communities (Rs 2.25 crore), (d) House sites for Forward Communities who live in the villages below poverty line (Rs 2.31 crore) and (e) House sites to all communities of Backward classes who live in the village below poverty line under the control of Director of Backward Classes and Minorities Welfare (Rs 1.93 crore). Specific reasons for saving under items (a) to (e) have not been communicated (July 2001). Saving was partly offset by excess under free education to students of Most Backward Classes/Denotified Communities studying in Degree Courses (Rs 3.26 crore), specific reasons for which have not been communicated (July 2001).

Serial Number	Number and title of grant/appropriation		Amount of saving (Rupees in crore) (Percentage of provision)	Main reasons for saving
13.	32	Housing	17.92 (26)	Saving mainly occurred under (a) Upgradation of standards of Administration recommended by 10th Finance Commission – Assistance to Tamil Nadu Slum Clearance Board (TNSCB) for slum improvement in Chennai City (Rs 15 crore). (b) Grants to TNSCB for repayment of loans to financial institutions for providing fire proof Asbestos houses in slums (Rs 4.23 crore) and (c) Grants to TNSCB for improvement of drinking water and sewerage system in Tenemental areas (Rs 1.42 crore). Specific reasons for saving under items (a) to (c) have not been communicated (July 2001). Saving was partly offset by excess under (i) contribution towards the difference between subsidised and economic rent fixed for slum improvement scheme (Rs 1.74 crore) due to increase in provision for the difference between subsidised and economic rent fixed for slum improvement scheme. The overall net saving was due to savings distributed under various other sub-heads.
14.	33	Urban Development	7.65 (20)	Saving mainly occurred under (a) Tamil Nadu Urban Finance and Infrastructure Development Corporation Limited scheme for Integrated Development of Small and Medium towns (Rs 4.18 crore). (b) Regional Town Planning (Rs 1.10 crore), (c) Assistance to CMDA for repayment of loan and interest due to HUDCO under flood Alleviation and Storm Water Drainage System (Rs 2.05 crore). The Savings under item (a) and (b) were due to trend of expenditure under salaries, dearness allowance, Travelling allowance and office expenses. Specific reasons for savings under item (c) was not communicated (July 2001).

Serial Number	Number and title of grant/appropriation		Amount of saving (Rupees in crore) (Percentage of provision)	Main reasons for saving
15.	34	Civil Supplies	206.58 (11)	Saving occurred mainly under (a) feeding of children in the age group 5-9 under Puratchi Thalaivar MGR Noon Meals Programme – Payment of cost to Tamil Nadu Civil Supplies Corporation (TNCSC) (Rs 47.84 crore) and (b) reimbursement of losses incurred by TNCSC for procurement and supply of food articles under Public Distribution System (Rs 160 crore). Specific reasons for savings under items (a) and (b) were not communicated (July 2001). Saving was partly offset by excess under feeding of children in the age group 10-14 under Puratchi Thalaivar MGR Noon Meals Programmes - payment of cost to TNCSC for supply of food articles (Rs 1.01 crore).
16.	36	Public Works – Buildings	10.26 (12)	Saving occurred mainly under (a) Electrical Engineers (Rs 2.08 crore). (b) Executive Engineers – Special Divisions (Rs 1.95 crore). (c) Prorata charges on establishment (Rs 1.77 crore). (d) Buildings - other office buildings and court Buildings (Rs 1.12 crore). Specific reasons for saving under (a) to (d) have not been communicated (July 2001).
17.	42	Miscellaneous	105.71 (27)	Saving occurred mainly under (a) Payments of Raffle Prize Money (Rs 72.33 crore). (b) Bonus to Raffle agents (Rs 6.97 crore) and (c) Schemes for special repairs and maintenance (Rs 30 crore). Saving under items (a) and (b) was due to withdrawal of two weekly draws of Rs 2 denomination and seven weekly draws of Re.1 denomination. Saving was partly offset by excess under Agents incentive scheme (Rs 3.92 crore) towards the settlement of bills of small savings agents incentive. The savings was counterbalanced by excess under other items detailed in Appropriation Accounts.

Serial Number	Number and title of grant/appropriation		Amount of saving (Rupees in crore) (Percentage of provision)	Main reasons for saving
18.	45	Compensation and Assignments	8.10 (10)	Saving mainly occurred under (a) Entertainment tax (Rs 10.74 crore) which was partly offset by excess under payments in lieu of resumed lands (Rs 2.55 crore). Specific reasons for the above savings/excess was not communicated (July 2001).
19.	46	Information and Film Technology	5.87 (22)	Saving mainly occurred under (a) Publicity (Rs 5.41 crore) and (b) Incentive scheme for promoting low budget Tamil Film of High Quality with a social content. specific reasons for which have not been communicated (July 2001).
20.	49	Municipal Administration	130.07 (23)	Saving mainly occurred under (a) Lumpsum provision for Assignment to be made to Urban Local Bodies as per the recommendation of the State Finance Commission – Controlled by the Director of Municipal Administration (Rs 64.88 crore) and (b) Lumpsum provision for Assignment to be made to Urban Local Bodies as per the recommendation of the State Finance Commission controlled by the Director of Town Panchayat (Rs 47.26 crore) and (c) Tamil Nadu Urban Development Project-II under the control of Commissioner of Municipal Administration (Rs 22.37 crore). Specific reasons for saving under item (a) have not been communicated. Savings under items (b) and (c) were due to actual assessment of grants to local bodies. The saving was counterbalanced by excess under other items detailed in Appropriation Accounts.

Serial Number	Number and title of grant/appropriation		Amount of saving (Rupees in crore) (Percentage of provision)	Main reasons for saving
21.	54	Capital outlay on Irrigation	179.53 (38)	Saving mainly occurred under (a) interest charges (Rs 127.42 crore). (b) Percentage charges for establishment transferred from 2059-Public works (Rs 19.83 crore). (c) Adhivinayagar Koil Reservoirs scheme works (Rs 15.20 crore). (d) Restoration of Channel systems (Rs 12.24 crore). (e) Kodumudiar Scheme (Rs 6.24 crore). (f) Strengthening of institutional offices under Water Resources Organisation (Rs 6.19 crore). (g) modernisation and rehabilitation of Tamarabarani system under Water Resources Consolidation Project (WRCP) Stage II (Rs 3.32 crore). (h) State Minor Irrigation Project Tanks (Rs 2.59 crore). (i) State Minor Irrigation Project – Ex-Zamin Tanks (Rs 2.42 crore). (j) Environmental Action Plan under WRCP (Rs 1.10 crore) and (k) Special Minor Irrigation Programme (Rs 1.98 crore). Reasons for savings under (a) was due to shifting of interest charges from Capital Account to Revenue Account (Grant No.35 – Irrigation). (d) Saving on account of lesser tender. (k) non-execution of work owing to litigation and delay in land acquisition. Specific reasons for savings under items (b). (c) and (e) to (j) have not been communicated (July 2001). Saving was partly offset by excess under (i) Vaigai system (Rs 7.48 crore) and (ii) Vadaku-pachaiyar Reservoir Scheme (Rs 3.02 crore). The excess in respect of items (i) and (ii) were due to increased provision on major works on WRCP schemes.
22.	55	Capital outlay on Public Works – Buildings	33.28 (20)	Saving mainly occurred under (a) District Administration (Rs 9.32 crore). (b) Public Works (Rs 6.29 crore). (c) Buildings (Rs 5.47 crore). (d) Jails (Rs 3.20 crore) and (e) Percentage charges for establishment (Rs 18.01 crore). Saving was counterbalanced by excess under (i) buildings (Rs 2.55 crore). (ii) land revenue (Rs 1.92 crore). (iii) Police (Rs 1.45 crore). (iv) Construction of buildings in

Serial Number	Number and title of grant/appropriation		Amount of saving (Rupees in crore) (Percentage of provision)	Main reasons for saving
				Panchayat Union Schools in Nilgiris under Hill Area Development Programme (Rs 1.18 crore), (v) National Programme for control of Blindness with World Bank Assistance - construction of buildings (Rs 1.12 crore) and (vi) buildings (Rs 1.16 crore). Specific reasons for savings under items (a) to (e) and excess for items (i) to (vi) have not been communicated (July 2001).
23	56	Capital Outlay on Roads, Bridges and Shipping	88.23 (19)	Saving mainly occurred under (a) Tamil Nadu State Highways Project (Rs 24.92 crore), (b) Margin Money to Chennai Metropolitan Development Authority for improvement to Radial Roads with HUDCO loan assistance (Rs 20 crore), (c) Construction of over and under bridges in lieu of existing level crossings (Rs 11.44 crore), (d) Margin money to Tamil Nadu State Construction Corporation Limited for construction of Bridges with HUDCO loan assistance (Rs 11.69 crore), (e) improvement to bus routes with loan assistance from National Bank for Agriculture and Rural Development (NABARD) (Rs 11.87 crore), (f) Percentage charges for establishment (Rs 8.90 crore), (g) improvements to district and other Raods with loan assistance from NABARD (Rs 3.04 crore), (h) Percentage charges for machinery and equipment (Rs 1.18 crore) and (i) Improvement to road works under HADP (Rs 1 crore). Saving under item (a) was due to surrender of funds for want of World Bank approval and under (d) was due to reduction in project cost which resulted in lower margin money to TNSCC Limited Saving under (e) was due to modifications of works being carried out with loan assistance from NABARD. Specific reasons for savings under items (b), (c), (f) to (i) were not communicated (July 2001).

Serial Number	Number and title of grant/appropriation		Amount of saving (Rupees in crore) (Percentage of provision)	Main reasons for saving
				Savings was counterbalanced by excess under (i) City Traffic Improvement Works (Project I) (Rs 3.19 crore) and (ii) improvements to rural roads with loan assistance from NABARD (Rs 2.73 crore). Specific reason for excess under item (i) was towards forming and improving roads in and around Tiruppur City and (ii) for carrying out spill over works and new works sanctioned with loan assistance from NABARD.
Charged appropriation -				
24	30	Welfare of the Scheduled Tribes and Castes, etc.	*4.00* *(100)*	Saving mainly occurred under "House sites for Adi Dravidars" (Rs 4.00 crore), specific reasons for which have not been communicated (July 2001).

Appendix VII

(Reference: paragraph 2.3.8;page 32)

Statement showing cases where substantial surrenders were made during the year

Serial number	Number and title of Grant	Name of the scheme (Head of Account)	Amount of Surrender (Rupees in lakh)	Percentage of Surrender
1)	3 Motor Vehicles Acts - Administration	Computerisation of Registration and licencing of Motor vehicles in Transport Department (2041.00.800.I.AF)	249.24	80
Due to non-fulfilment of certain conditions of the department, payments to Tata Infotech Limited for Data entry work done (Rs 56.04 lakh) and Software development and installation (Rs 47.20 lakh) were not made and implementation of phase II Computerisation Programme in the department was not materialised due to non finalisation of tenders with ELCOT; Rs 146 lakh was not spent as reported by Department in August 2001. Entire amount of Rs 249.24 lakh were not paid and was surrendered as such due to the reasons outlined above.				
2)	20 Agriculture	Integrated Spices Development Programme (2401.00.108.III.SS)	182.17	100
		Integrated Cashewnut Development Programme (2401.00.108.III.ST)	110.59	100
		Integrated Tropical and arid zone fruits Development Programme (2401.00.108.III.SV)	124.52	100
The entire funds got surrendered in reappropriation in respect of the above three sub heads due to introduction of new approach of macro management by Government of India, the funding pattern was changed from 100 *per cent* to 90:10 and accordingly taken to sharing between Central and State head of account with necessary administrative sanction issued in December 2000 (under the head of account 2401.00.108.UX/UV/UW).				
3)	20 Agriculture	Increasing the production of oil seeds (2401.00.108.I.AB)	289.17	98
Due to disbandment of Posts sanctioned for Tamil Nadu Agricultural Development Project and redeployment of staff ordered in the Government order issued in November 1999, only 7 posts were retained and the rest of the posts redeployed to 2401.00.109.AK and 2401.00.103.AN. Hence the surrender.				
4)	20 Agriculture	Integrated farming in Coconut Holding for productivity improvement (2401.00.114.III.SB)	74.25	100
The entire funds were surrendered in reappropriation due to introduction of macro management work plan classified from Centrally Sponsored to shared between Central and State. This was also administratively sanctioned in December 2000 under 2401.00.114.VI.UF.				
5)	20 Agriculture	Intensive Cotton Development Programme (2401.00.789.VI.UB)	191.61	65
Based on the administrative approval received from Government of India, the Government sanctioned in July 2000 a sum of Rs 102.39 lakh under the above scheme and hence Rs 191.61 lakh provided in excess in the Budget estimate has been surrendered.				

Serial number	Number and title of Grant	Name of the scheme (Head of Account)	Amount of Surrender (Rupees in lakh)	Percentage of Surrender
6)	20 Agriculture	Assistance to Small and Marginal farmers for implementation of various schemes including infrastructure buildings. controlled by Director of Agriculture (2401.00.105.III.SB)	87.00	100

For promotion of Agricultural mechanisation among small farmers which is 100 *per cent* funded by Government of India a sum of Rs 87 lakh was provided in the Budget Estimate for 2000-01. As the funding pattern was changed from 100 *per cent* to 90:10 sharing between Central and State Government under new macro management mode approach was communicated by Tamil Nadu Government in December 2000. the head of account was changed from "Centrally sponsored" to "shared between central and state" and hence no expenditure was booked under this head.

Serial number	Number and title of Grant	Name of the scheme (Head of Account)	Amount of Surrender (Rupees in lakh)	Percentage of Surrender
7)	26 Khadi and Village Industries	Rebate on sale of Khadi cloth to Khadi Board (2851.00.105.II.KD)	468.83	85

Surrender of funds in reappropriation was due to the announcement of new rebate policy in respect of all Khadi varieties throughout the year 2000-01, announced in September 2000.

Serial number	Number and title of Grant	Name of the scheme (Head of Account)	Amount of Surrender (Rupees in lakh)	Percentage of Surrender
8)	31 Welfare of the Backward Classes, most Backward classes and Denotified Communities	Sites for all communities for the MBC and Denotified Communities below Poverty line under the Control of the Director of MBC and Denotified Communities (2225.03.283.II.JB)	826.68	59

The Department stated in August 2001 that the funds provided to benefit 39240 families under land acquisition scheme under the estimate for Rs 1400 lakh was not utilised fully and Government took policy decision to modify land acquisition scheme on the basis of recommendations of the State Planning Commission *viz.*, Retention of 1/3 of allotment for continued implementation of Land Acquisition Scheme for distribution of house site pattas to houseless families and 2/3 diverted for construction of houses utilising house site pattas already distributed during the previous years. As the final orders regarding modification of the scheme for construction of houses were not received till March 2001 the unutilised amount of Rs 826.68 lakh was surrendered.

Serial number	Number and title of Grant	Name of the scheme (Head of Account)	Amount of Surrender (Rupees in lakh)	Percentage of Surrender
9)	32 Housing	Grants to Tamil Nadu Slum Clearance Board for repayment of loans to financial institutions for providing fire proof Asbestos houses in slums (2217.04.191.II.JS)	423.00	78

Although a sum of Rs 543 lakh was provided in the Budget estimate for the repayment of loans to Housing and Urban Development Corporation (HUDCO). the administrative sanction and guarantee for the loans from HUDCO was issued in May 2000. As the loan proposed by the Board could not be obtained in time this requirement was reduced to Rs 120 lakh for the loans actually obtained from HUDCO and Rs 423 lakh were surrendered in reappropriation.

Serial number	Number and title of Grant	Name of the scheme (Head of Account)	Amount of Surrender (Rupees in lakh)	Percentage of Surrender
10)	37 Environment	Environmental improvement of river Cauvery under the National River Action Plan (3435.04.103.III.SA)	450.00	90

The proposals of Tamil Nadu Water Supply and Drainage Board (TWAD) for Rs 850 lakh sent in October 1999 was reduced to Rs 500 lakh based on progress of work and necessary provision made in budget. In September 2000, Government of India released Rs 250 lakh directly to the TWAD Board for implementation of the scheme. Hence the requirement was reduced by the Director of Environment and necessary sanction obtained in March 2001. The surrender was due to change in pattern of release of funds by Government of India.

Serial number	Number and title of Grant	Name of the scheme (Head of Account)	Amount of Surrender (Rupees in lakh)	Percentage of Surrender
11)	48 Water supply	Grants to Municipalities for water supply scheme (2215.01.191.II.JF)	700.00	100
Based on the Government sanction for water supply and sanitation to the Municipalities Rs 700 lakh were provided in the estimate. This item of work was accommodated as Basic Amenities Programme for Municipalities under Demand 49 and funds obtained in supplementary estimate. Hence the entire amount unspent was surrendered under the Grant.				
12)	56 Capital outlay on Roads, Bridges and Shipping	Special Bridges Schemes (5054.04.800.II.JL)	255.12	64
The Budget Estimate for 2000-01 contained one major scheme *viz.*, Construction of high level bridge at Singarathope for Rs 400 lakh. The Department stated (July 2001) that though estimate for construction of high level bridge at Singarathope was sanctioned in July 1998, due to change in design in various stages of construction of high level bridge at Singarathope the work could not be completed as planned resulting in non-utilisation of the budget provision to the extent of Rs 255.12 lakh and surrendered in reappropriation.				
13)	56 Capital outlay on Roads, Bridges and Shipping	Roads in Cyclone affected areas, CE Project II (5054.04.800.II.JV)	109.13	65
Although the department sent proposals for Rs 69.13 lakh, a sum of Rs 169.13 lakh was provided in the Budget estimate. The department therefore surrendered excess provision of Rs 100 lakh and Rs 9 lakh towards non-settlement of land acquisition.				
14)	56 Capital outlay on Roads, Bridges and Shipping	Tamil Nadu State Highways Project (5054.80.800.II PB)	2386.26	80
The Project Director, Tamil Nadu Road Sector (TNRS) Project obtained Rs 25 crore towards advance payment to contractors for execution of the Project and Rs 5 crore for project coordinating consultancy service for TNRS Project under World Bank loan 4114. The land acquisition was sanctioned in March 2001 and World Bank clearance for taking up the Project was yet to be received. Pending clearance by World Bank, funds were obtained in advance of requirements and surrendered in reappropriation.				
15)	60 Miscellaneous Capital outlay	Construction of buildings for Police Academy recommended by X Finance Commission (4055.00.210.II.JA)	1000.00	100
This was sanctioned as a Turnkey Project for Rs 36.23 crore in July 2000 by Government and a sum of Rs 1000 lakh provided in the Budget for Tamil Nadu Police Housing Corporation for construction of Police Academy and was sanctioned in January 2001 with specific instructions to credit in Deposit Account (8443.00.800.AE). The entire amount was surrendered in March 2001 in reappropriation without any specific reasons. Similarly the entire provision of Rs 73.92 lakh made in 1996-97 and Rs 92.41 lakh provided in 1997-98 and Rs 110.88 lakh in 1998-99 were surrendered due to non-obtaining of approval of plans and estimates and selection of suitable sites in Revenue Demand under 15.Police.				

Appendix VIII

(Reference: paragraph 2.3.9; page 33)

Excess/Unnecessary/Insufficient Reappropriation of funds

(Rupees in lakh)

Serial number	Grant Number and title of Grant / Appropriation	Head of Account	Reappropriation	Final Excess (+)/ Saving (-)
1.	3 Motor Vehicles Acts- Administration	2041.797.II.JA	(+) 199.99	(-) 200.00
2.	4 General Sales tax and other Taxes and Duties – Administration	2040.101.I.AB	(-) 430.04	(-) 853.57
3.	Debt Charges	2049.01.101.I.BV	*(-) 0.02*	*(-) 304.03*
4.		2049.01.101.I.BW	*(+) 641.77*	*(-) 477.12*
5.		2049.01.101.I.CA	*(+) 22.49*	*(+) 349.41*
6.		2049.01.101.I.CD	*(+) 914.87*	*(-) 217.20*
7.		2049.01.200.I.AA	*(+) 1354.21*	*(-) 378.19*
8.		2049.01.200.I.AX	*(-) 155.31*	*(-) 287.89*
9.		2049.03.101.I.AB	*(+) 556.28*	*(-) 2463.78*
10.		2049.03.104.I.AJ	*(+) 1169.99*	*(-) 1886.00*
11.		2049.04.107.I.AA	*(-) 213.85*	*(+) 244.91*
12.		2049.04.108.I.AA	*(+) 213.61*	*(+) 2321.35*
13.		2049.60.101.I.AA	*(-) 0.02*	*(-) 407.47*
14.		2049.60.101.I.AE	*(+) 11.99*	*(-) 233.60*
15.		2049.60.101.I.AN	*(+) 665.60*	*(-) 946.15*
16.	8 Elections	2015.103.I.AA	(+) 3.13	(-) 1033.55
17.		2015.106.I.AA	(-) 21.31	(-) 1714.81
18.		2015.108.I.AA	(+) 21.36	(-) 570.11
19.	11 District Administration	2029.102.I.AG	(-) 366.50	(-) 391.90
20.		2029.102.I.AQ	(-) 200.38	(-) 205.29
21.		2053.093.I.AA	(+) 180.22	(-) 518.92
22.		2053.094.I.AA	(+) 46.93	(-) 206.90
23.		2053.094.I.AB	(-) 363.50	(-) 684.83
24.		2053.094.I.AC	(-) 1324.72	(-) 1293.20
25.		2054.097.I.AA	(-) 331.39	(-) 350.24
26.		3454.01.800.I.AC	(-) 170.58	(+) 1262.51
27.	14 Jails	2056.101.I.AA	(+) 126.98	(-) 247.73
28.	15 Police	2055.001.I.AA	(-) 46.16	(-) 387.83
29.		2055.108.I.AA	(+) 1.61	(+) 226.51

(Rupees in lakh)

Serial number	Grant Number and title of Grant / Appropriation	Head of Account	Reappropriation	Final Excess (+)/ Saving (-)
30.	15 Police	2055.108.I.AB	(-) 1068.81	(+) 391.37
31.		2055.108.I.AC	(-) 39.41	(-) 244.99
32.		2055.108.I.AD	(-) 218.49	(-) 662.58
33.		2055.109.I.AA	(-) 8079.82	(+) 1406.35
34.		2055.109.I.AF	(-) 36.09	(-) 220.08
35.		2055.115.I.AA	(+) 1361.97	(-) 1331.72
36.	16 Fire Services	2070.108.I.AB	(-) 1837.50	(-) 335.78
37.	17 Education	2202.01.101.I.AA	(-) 1958.48	(-) 749.75
38.		2202.01.101.I.AC	(+) 5779.74	(-) 1553.12
39.		2202.01.102.I.AD	(+) 2490.83	(-) 10445.97
40.		2202.01.102.II.JA	(+) 153.23	(+) 405.51
41.		2202.01.102.II.JL	(+) 41.85	(-) 729.33
42.		2202.01.103.I.AA	(+) 5.04	(+) 275.41
43.		2202.01.104.I.AA	(-) 2316.10	(-) 452.52
44.		2202.02.109.I.AA	(-) 7512.83	(-) 1376.49
45.		2202.02.109.I.AB	(-) 684.13	(-) 1184.60
46.		2202.02.109.II.JX	(+) 61.92	(-) 393.71
47.		2202.02.110.I.AA	(+) 3444.89	(-) 1885.07
48.		2202.02.800.II.JE	(-) 586.14	(-) 294.69
49.		2202.03.102.I.AK	(-) 0.01	(-) 228.91
50.		2202.03.103.I.AA	(-) 223.98	(-) 2344.98
51.		2202.03.103.I.AB	(+) 71.92	(-) 790.61
52.		2202.03.104.I.AA	(-) 80.31	(-) 7299.93
53.		2202.03.104.I.AB	(+) 224.33	(-) 462.04
54.		2202.04.200.VI.UA	(+) 482.34	(-) 409.09
55.		2203.104.I.AA	(-) 0.01	(-) 409.36
56.		2203.105.I.AA	(+) 196.19	(-) 523.84
57.		2203.112.I.AA	(+) 52.02	(-) 587.99
58.	18 Medical	2210.01.102.I.AG	(-) 733.10	(-) 908.56
59.		2210.01.110.I.AV	(-) 260.50	(-) 500.73
60.		2210.01.110.I.AW	(-) 78.30	(+) 352.15
61.		2210.05.105.I.AB	(-) 139.15	(-) 312.13
62.		2210.05.105.I.AC	(+) 91.09	(+) 223.87
63.	19 Public Health	2211.101.III.SA	(-) 341.64	(-) 233.23
64.		2211.103.III.SF	(+) 105.87	(-) 360.10
65.	20 Agriculture	2401.103.I.AN	(-) 224.45	(-) 461.03

(Rupees in lakh)

Serial number	Grant Number and title of Grant / Appropriation	Head of Account	Reappropriation	Final Excess (+)/ Saving (-)
66.	20 Agriculture	2401.109.I.AK	(+) 257.14	(-) 715.80
67.		2401.119.VI.UC	(+) 144.99	(-) 592.32
68.		2402.102.III.SE	(-) 870.72	(+) 529.32
69.		2402.102.III.SS	(-) 1801.26	(+) 1195.05
70.		2402.102.VI.UM	(+) 1195.93	(-) 1186.56
71.		2402.102.VI.UN	(+) 655.07	(-) 652.99
72.		2501.02.800.II.JA	(+) 244.04	(-) 502.25
73.	21 Fisheries	2405.800.VI.UA	(+) 141.19	(-) 265.35
74.	22 Animal Husbandry	2403.101.I.AA	(-) 891.95	(-) 254.68
75.	25 Handlooms and Textiles	2851.103.I.AS	(-) 991.00	(-) 611.49
76.		2851.103.I.AW	(+) 46.31	(-) 309.94
77.	27 Rural Development	2236.02.102.I.AF	(-) 965.90	(+) 1221.16
78.		2505.01.702.II.JA	(-) 68.40	(+) 3098.88
79.		2505.01.702.II.JB	(-) 454.42	(+) 1156.89
80.		2505.01.702.II.JE	(+) 26.67	(+) 936.10
81.		2505.01.702.VI.UH	(+) 1199.92	(-) 2399.85
82.		2505.01.789.II.JD	(+) 127.80	(-) 935.96
83.		2515.001.I.AE	(-) 3329.93	(+) 382.77
84.		2515.800.II.JQ	(+) 5.17	(+) 840.59
85.		2515.800.II.JZ	(+) 466.40	(-) 359.32
86.	28 Labour including Factories	2230.01.111.I.AE	(-) 521.35	(-) 379.04
87.	29 Social Welfare	2235.60.102.I.AE	(+) 78.12	(+) 478.66
88.		2236.02.101.II.JN	(-) 926.52	(+) 601.88
89.		2236.02.101.III.SC	(+) 239.74	(+) 288.14
90.	30 Welfare of the Scheduled Tribes and Castes, etc.	2225.01.277.I.AA	(-) 714.63	(-) 1062.80
91.		2225.01.277.I.AB	(-) 62.16	(-) 788.70
92.		2225.01.277.I.AE	(-) 58.91	(-) 490.98
93.	31 Welfare of the Backward Classes, Most Backward Classes and Denotified Communities	2225.03.277.II.KI	(-) 247.71	(-) 609.47
94.	33 Urban Development	2217.05.191.II.JK	(-) 165.47	(+) 237.84
95.		2217.05.191.II.JP	(+) 32.55	(-) 237.84

(Rupees in lakh)

Serial number	Grant Number and title of Grant / Appropriation	Head of Account	Reappropriation	Final Excess (+)/ Saving (-)
96.	34 Civil Supplies	2236.02.102.I.AD	(+) 1652.75	(-) 1551.22
97.		2236.02.102.I.AE	(-) 3294.91	(-) 1488.94
98.	35 Irrigation	2701.80.800.I.AA	(+) 1621.59	(-) 14040.40
99.	38 Roads, Bridges and Shipping	3054.04.337.I.AB	(+) 490.06	(+) 920.11
100.		3054.80.797.I.AA	(+) 233.33	(-) 402.33
101.	41 Pensions and Other Retirement Benefits	2071.01.104.I.AA	(-) 95.69	(+) 281.08
102.	42 Miscellaneous	2075.103.I.AC	(-) 6196.79	(-) 1035.90
103.		2075.103.I.AD	(-) 480.00	(-) 216.81
104.		2235.01.105.I.AC	(+) 63.68	(-) 221.48
105.		2235.60.200.I.AY	(+) 191.99	(+) 291.97
106.		2235.60.200.I.BE	(+) 709.99	(-) 314.50
107.		2235.60.200.I.BL	(+) 577.98	(-) 294.50
108.		2235.60.200.I.CS	(+) 0.03	(+) 303.77
109.		2235.60.800.I.AP	(+) 499.99	(-) 500.00
110.	44 Forest Department	2406.01.001.I.AB	(-) 338.69	(+) 273.50
111.	47 Rural Industries	2851.102.II.LL	(+) 1.57	(+) 2028.79
112.	49 Municipal Administration	2217.05.191.II.PD	(+) 1166.57	(-) 1166.58
113.		3604.200.I.BA	(-) 1834.46	(-) 2891.40
114.	54 Capital Outlay on Irrigation	4701.03.217.II.PA	(-) 30.60	(-) 593.41
115.		4701.03.255.II.PA	(+) 152.77	(-) 302.87
116.		4701.03.258.II.PC	(-) 0.14	(-) 1520.21
117.		4701.03.271.II.PA	(+) 299.99	(-) 448.76
118.		4701.03.288.II.PA	(+) 39.99	(-) 371.51
119.		4701.03.301.II.JA	(+) 399.98	(-) 259.63
120.		4701.80.800.II.PI	(-) 359.69	(-) 259.21
121.	55 Capital Outlay on Public Works-Buildings	4210.01.110.II.JA	(+) 316.62	(-) 654.60
122.	56 Capital Outlay on Roads, Bridges and Shipping	5054.04.337.II.JK	(+) 333.86	(-) 637.63
123.	60 Miscellaneous Capital Outlay	4515.103.II.JA	(-) 4928.81	(-) 348.40
124.		4515.800.II.JE	(+) 4182.23	(-) 2108.52
125.	61 Loans and Advances by the State Government	7610.202.I.AA	(+) 2835.00	(-) 256.69
126.	Public Debt - Repayment	6004.01.102.I.AA	*(+) 231.14*	*(-) 788.85*
127.		6004.02.101.I.AA	*(-) 71.76*	*(-) 29600.00*

Appendix IX

(Reference: paragraph 2.4.3; page 37)

Rush of Expenditure

(Rupees in lakh)

Serial number	Head of account Scheme/Service	Total expenditure	Expenditure incurred in March 2001	Percentage of expenditure in March 2001 to total expenditure
1.	2202.03.102.I.AC	2000.00	1366.74	68
2.	2401.00.800.I.AT	31943.00	31943.00	100
3.	2515.00.800.II.JW	5948.51	3113.53	52
4.	2230.01.111.I.AD	3000.00	3000.00	100
5.	3435.04.103.III.SC	1100.00	1100.00	100
6.	2851.00.102.II.LL	2030.36	2030.36	100
7.	2215.01.102.I.AB	8477.65	4982.23	58
8.	2217.05.191.II.JH	2341.56	2060.89	88
9.	4217.01.190.II.JA	1594.62	1594.62	100
10.	4515.00.103.II.JA	3776.60	3776.60	100
11.	6215.02.190.II.PB	2794.49	2794.49	100
12.	6216.80.800.I.AH	1751.24	1751.24	100
13.	6217.60.191.II.JS	6500.00	6500.00	100
14.	6217.60.191.II.PC	2000.00	2000.00	100
15.	6515.00.800.II.JA	1291.96	1290.59	99
16.	2049.03.104.I.AK	11500.22	11500.00	99
			80804.29	

Appendix X

(Reference: paragraph 2.6 (a); page 38)

Statement showing grant-wise details of expenditure incurred on schemes which constituted New Service/New Instrument of Service met by token provision and through reappropriation

(Rupees in lakh)

Serial number	Grant/ Appro-priation	Head of account Scheme/ Service	Budget provision	Reappro-priation	Expenditure
1.	27	3604.101.I.AA Local Cess Surcharge Matching Grant	0.01	(-) 0.01	112.19
2.	27	3604.200.II.JA Grants to Local Bodies under the Control of Secretary to Government. Rural development Department as per the recommendation of the 10th Finance Commission	0.01	(-) 0.01	145.09
3.	60	4405.105.II.JE Development of Infrastruc-tural facilities in fishing villages	0.02	(-) 0.02	119.88
		Total			377.16

Appendix XI

(Reference: paragraph 2.6 (a); page 38)

Statement showing grant-wise details of expenditure incurred on schemes which constituted New Service/New Instrument of Service

(Rupees in lakh)

Serial Number	Grant/ Appropriation	Head of account Scheme/Service	Budget provision	Reappropriation	Expenditure
1.	3	2235.02.800.I.AA Lumpsum provision for dearness and other allowances	..	..	31.07
2.	11	2053.094.I.DU Establishment for acquisition of land for conversion of NH.7 (Hosur to Krishnagiri) into four laning	..	..	23.59
3.		2053.094.I.CT Establishment for acquisition of Land to set up a foundry Grade Pig Iron Project	..	..	16.55
4.	15	2235.02.104.I.AE Care Camps in Chennai City	..	..	34.64
5.	17	2202.02.800.VI.UA Vocationalisation of Higher Secondary Education	..	..	23.27
6.		2205.105.I.AD Grants to certain libraries	..	..	40.00
7.	19	2235.02.102.I.AA Care of Pre-school Children in the age-group of 2 to 5 years	..	..	19.62
8.	25	2851.103.III.SO Implementation of Integrated Handloom Village Development Programme	..	..	29.47
9.	27	2236.02.102.I.AD Feeding of Children in the Age group 10-14 under Puratchi Thalaivar MGR Noon Meal Programme – Payment of cost to Tamil Nadu Civil Supplies Corporation for supply of food articles	..	..	853.44
10.		2501.06.800.II.JA Development of Women and Children in Rural areas under Integrated Rural Development Programme	..	..	352.07

(Rupees in lakh)

Serial Number	Grant/ Appropriation	Head of account Scheme/Service	Budget provision	Reappropriation	Expenditure
11.	27	3604.200.I.AB Matching Grant to town Panchayat on account of collection of tax on Agricultural Land	..	..	309.76
12.		3604.200.I.AN Local Roads	..	..	23.70
13.		2501.06.789.II.JB Special Component Plan for Scheduled Castes	..	..	17.07
14.		2515.800.I.AA Lumpsum provision for unforeseen expenditure	..	..	14.94
15.		2515.800.II.JA Sammelans	..	..	228.27
16.	29	2235.60.102.I.BK Supply of Dhoties and Sarees to old age pensioners	..	..	78.13
17.	30	2225.01.793.II.LY Extension Officers (Adi-Dravidar Welfare)	..	..	24.60
18.		2225.01.793.II.JE School Education	..	..	20.95
19.		2225.02.800.I.AA Payment for Funeral Rites	..	..	13.73
20.	31	2225.03.277.II.KH Special Coaching to students belonging to MBCs/DNCs	..	..	55.36
21.		2225.03.277.II.JF Post Matric Scholarship to Backward Classes	..	..	22.04
22.		2225.02.277.I.AE Maintenance of Tribal Schools	..	..	14.44
23.	35	2702.01.800.I.AA Special Maintenance - Flood Maintenance Works	..	..	39.58
24.	40	2245.01.102.I.AC Grants to Panchayat Union (Panchayats for transportation and Water Supply in drought affected areas)	..	..	102.34
25.	41	2071.01.101.I.AB Payments to other Governments	..	..	99.19

(Rupees in lakh)

Serial Number	Grant/ Appropriation	Head of account Scheme/Service	Budget provision	Reappropriation	Expenditure
26.	46	2235.60.102.I.AI Pension to distinguished persons and their dependants	..	..	31.99
27.	48	2215.01.101.I.AC Tuticorin Harbour Project 20 MG Water supply scheme	..	..	16.98
28.	52	4401.800.II.JA Add – Percentage charges for establishment transferred from 2059 – Public Works	..	..	10.09
29.		4415.01.800.II.JW Add – Percentage charges for establishment transferred from 2059 – Public Works	..	..	12.89
30.	54	4701.03.255.II.PH Direction and Administration	..	..	113.88
31.		4701.03.273.II.PB Establishment charges on percentage basis	..	..	90.07
32.		4701.03.258.II.PA Direction and Administration	..	..	76.11
33.		4701.80.800.II.PW Add – Percentage charges for establishment transferred from "2059 – Public Works"	..	..	67.47
34.		4702.800.II.JC Add – Percentage charges for establishment transferred from "2701 – Major and Medium Irrigation"	..	..	45.20
35.		4711.01.800.II.JG Add – Establishment charges transferred on percentage basis from "2701 – Major and Medium Irrigation"	..	..	31.52
36.		4702.800.II.JA Add – Percentage charges for establishment transferred from "2059 – Public Works"	..	..	28.91
37.		4701.03.289.II.PB Percentage charges on Establishment	..	..	20.47
38.		4701.03.248.II.PB Direction and Administration	..	..	15.43
39.	55	4225.80.800.II.JA Construction of Baba Saheb Dr. Ambedkar Centenary Memorial	..	..	72.79

(Rupees in lakh)

Serial Number	Grant/ Appropriation	Head of account Scheme/Service	Budget provision	Reappropriation	Expenditure
40.	55	4250.00.800.I.AA Buildings controlled by Commissioner of Hindu Religious and Charitable Endowments	..	..	34.61
41.		4059.01.800.VI.UW Add – Percentage charges for establishment transferred from Major head "2059 – Public Works"	..	..	15.31
42.	58	4415.05.800.II.PA Scheme for Implementation of Agricultural Human Resources Development Project under World Bank Aid Controlled by the Commissioner of Fisheries	..	..	22.29
43.	60	4515.190.II.JA Share Capital Contribution to the Dharmapuri District Development Corporation	..	..	193.54
44.	61	6425.108.I.BC Loans to Cooperative Institutions and Banks controlled by the Commissioner of Sugar	..	..	3000.00
45.		7610.202.II.PD Advances to Village Health Nurses, etc., under DANIDA Project	..	..	96.57
46.		6515.101.II.JA Loans to local bodies controlled by Director of Town Panchayat	..	..	56.09
47.		6215.01.191.I.AH Loans to Maraimalai Nagar Water Supply Schemes – Controlled by the Secretary to Government, Rural Development and Local Administration Department	..	..	28.96
48.		7610.201.I.AB Loans to Government servants for construction of Houses	..	..	24.29
49.		6425.107.II.JA Loans to Cooperative Institutions and Banks – Controlled by Director of Industries and Commerce	..	..	21.45

(Rupees in lakh)

Serial Number	Grant/ Appropriation	Head of account Scheme/Service	Budget provision	Reappropriation	Expenditure
50.	Debt Charges	2049.01.123.I.AA Interest on Special Securities issued to National Small Savings Fund of the Central Government by State Government	..	..	3975.08
51.		2049.01.115.I.AA Interest on Ways and Means advances from Reserve Bank of India	..	..	1640.25
52.		2049.01.101.I.CE Tamil Nadu Government loan 11.85 *per cent* loan – 2009	..	..	106.43
53.	Public Debt – Repayment	6003.109.I.AM Loans from HUDCO Limited for Rural Water Supply schemes through TWAD Board	..	..	789.49
		Total			**13125.98**

Appendix XII

(Reference: paragraph 2.6 (a); page 39)

Statement showing grant-wise details of expenditure incurred on schemes which constituted New Service/New Instrument of Service met by reappropriation

(Rupees in lakh)

Serial number	Grant/ Appropriation	Head of account Scheme/Service	Budget provision	Reappropriation	Expenditure
1.	31	2250.00.800.II.JC Grants to Tamil Nadu Wakf Board	..	20.00	20.00
2.	55	4202.04.105.II.JA Buildings	..	15.08	13.70
3.		4202.01.202.III.SX Vocationalisation of Secondary Education at +2 level (Buildings under the Control of Director of Technical Education)	..	1.34	13.61
		Total			47.31

Appendix XIII

(Reference: paragraph 2.6 (b); page 39)

Statement showing the grant-wise details of schemes assisted by Central Government, where only token provision was made in the Budget Estimates

(Rupees in lakh)

Serial number	Grant/ Appropriation	Head of account Scheme/Service	Budget provision	Reappropriation	Expenditure
1.	17	2204.104.VI.UF Grants to Sports Development Authority of Tamil Nadu for District Level Sports Stadium	0.01	..	15.00
2.	22	2403.105.III.SA Scheme for Integrated Piggery Development	0.01	..	13.94
3.	40	2245.02.193.I.AN Assistance to Local Bodies for repairs and restoration of roads, buildings, street lights, drainage etc.,	0.01	..	174.59
4.		2245.02.193.I.AH Repair and restoration works of Corporation of Chennai, Madurai and Coimbatore	0.01	..	100.00
5.		2245.02.102.I.AA Repairs and Restoration of protected water supply silted wells, pumpsets, etc.	0.01	..	23.81
6.		2245.02.107.I.AA Assistance for repairs and restoration of damaged Government Office Buildings	0.01	..	22.28
7.	58	4551.06.106.III.SN Afforestation for Eco-development., Eco-restoration, Eco-preservation, Conservation of Nature reserves and monitoring of Forestry schemes in Tirunelveli, Madurai, Coimbatore and Kanyakumari districts.	0.01	(-) 0.01	56.24
		Total			405.86

Appendix XIV

(Reference: paragraph 2.8; page 39)

Shortfall/Excess in recoveries exceeding Rs 1 crore

(Rupees in crore)

Serial Number	Number and title of grant	Estimated Recovery	Amount of excess (+)/ shortfall (-) as compared to estimate	Main reasons for the excess/shortfall
1.	11 District Administration	7.19	(+) 10.78	Mainly due to more recovery made under the heads relating to acquisition of Land for the Tamil Nadu Housing Board, State Industries Promotion Corporation of Tamil Nadu Limited and Tamil Nadu Corporation for Industrial Infrastructure Development.
2.	12 Administration of the Tamil Nadu Hindu Religious and Charitable Endowments Act, 1959	18.12	(-) 17.91	Mainly due to non-recovery under Tamil Nadu Hindu Religious and Charitable Endowment Fund Account.
3.	15 Police	7.81	(+) 7.97	Mainly due to more recovery under the heads of account "2055.108.I.AB. Law and Order", 109.I.AA. District Police" and AL Commissioner of Police in Districts".

(Rupees in crore)

Serial Number	Number and title of grant	Estimated Recovery	Amount of excess (+)/ shortfall (-) as compared to estimate	Main reasons for the excess/shortfall
4.	17 Education	35.33	(+) 16.28	Mainly due to more recovery under the heads of account "2202.01.101.I.AC. Salaries to Panchayat Union Elementary School Teachers. 102.II.JA Additional Enrolment of Pupils of the age group 6 to 11" and "2202.02.108.I.AA. Examinations conducted by the Director of Government Examinations".
5.	18 Medical	4.52	(+) 2.72	Mainly due to more recovery made under "2210.01.110.I.AA District Headquarters Hospital. AB. Taluk Headquarters Hospital. AW. Improvements to Teaching Hospitals", 2210.05.105.AL. Improvements to Medical Colleges and various other sub-heads of "2210.01.110 Hospitals and Dispensaries" and "2210.05.105. Allopathy".
6.	21 Fisheries	0.19	(+) 3.41	Mainly due to recovery made under the head of account "2405.800.II.JW Assistance to Fishermen for purchase of diesel/kerosene etc.." against 'Nil' Budget Estimates.
7.	22 Animal Husbandry	0.99	(+) 1.15	Mainly due to more recovery made under the head of account "2403.102.II.PA Livestock Development Project with DANIDA assistance".

Rupees in crore)

Serial Number	Number and title of grant	Estimated Recovery	Amount of excess (+)/ shortfall (-) as compared to estimate	Main reasons for the excess/shortfall
8.	27 Rural Development	1.60	(+) 2.14	Mainly due to recovery made under the head of account "2225.80.800.II.JF Formation of Periyar Ninaivu Samathuvapuram" against 'NIL' Budget Estimate and due to recoveries made under various sub-heads of Major Head "2236" against "NIL" Budget Estimates.
9.	29 Social Welfare	0.80	(+) 6.79	Mainly due to more recovery made under the heads of account "2235.02.103.I.AZ Cash assistance to Pregnant Women below poverty line, 2235.60.102.I.AA Old age pensions and 2235.60.800.I.AS Receipts from Government of India National Social Assistance and various other sub-heads of Major Head "2235" against 'Nil' Budget Estimates.
10.	30 Welfare of the Scheduled Tribes and Castes, etc.	1.49	(+) 6.93	Mainly due to recovery made under the head of account "2225.01.277.III.SA. Educational Concessions" and under "2225.01.902.I.AA Amount met from Tamil Nadu Special Welfare Fund" against "NIL" Budget Estimates.
11.	31 Welfare of the Backward Classes, Most Backward Classes and Denotified Communities	0.52	(+) 2.66	Mainly due to recovery made under the head of account "2225.03.277.I.AG Post Matric Scholarships to Backward Classes" against "Nil" Budget Estimates.

(Rupees in crore)

Serial Number	Number and title of grant	Estimated Recovery	Amount of excess (+)/ shortfall (-) as compared to estimate	Main reasons for the excess/shortfall
12.	35 Irrigation	24.47	(+) 58.24	Mainly due to *pro-rata* adjustments made under the head of account "2701.80.001.I.AJ" *Deduct pro-rata* charges for establishment transferred to individual schemes under the major heads "2701 and 3056" against "Nil" Budget Estimate.
13.	36 Public Works - Buildings	35.13	(-) 18.28	Mainly due to less adjustment made under the head of account "2059.80.001.I.AM *Deduct* – Establishment Charges transferred on percentage basis to various capital major heads.
14.	38 Roads, Bridges and Shipping	86.89	(-) 11.97	Mainly due to less adjustment made under the head of account "3054.80.001.I.AJ *Deduct* – Establishment Charges transferred on percentage basis to capital major heads" off-set by more recovery made under the Head of Account "3054.03.052.I.AC *Deduct* – Machinery and Equipment charges transferred on percentage basis to Capital major heads.
15.	40 Relief on account of Natural calamities	3.10	(+) 100.00	Mainly due to more adjustment made under "2245.05.901.I.AA *Deduct* – Amount met from Calamity Relief Fund".

(Rupees in crore)

Serial Number	Number and title of grant	Estimated Recovery	Amount of excess (+)/ shortfall (-) as compared to estimates	Main reasons for the excess/shortfall
16.	41 Pensions and other Retirement Benefits	61.50	(-) 50.28	Mainly due to non-recovery of amount under the heads of account "2071.01.800.I.AE Interest on belated payment of Terminal Benefits" offset by recoveries made under various minor heads of "2071" against "Nil" Budget Estimates.
17.	42 Miscellaneous	0.14	(+) 1.89	Mainly due to more recovery made under the head of account "2235.01.105.I.AC Refugee Relief measures".
18.	52 Capital outlay on Agriculture	5.00	(-) 2.70	Mainly due to less adjustment of amount under the head of account "5054.80. 902.I.AA" and "II.JA *Deduct* – Amount met from Sugar Cane Cess Fund".
19	60 Miscellaneous Capital outlay	2.20	(+) 337.40	Mainly due to adjustment made under "4801.80.101.I.AC. *Deduct* – Receipts and Recoveries on Capital Account" against "Nil" Budget Estimates. The recovery amount represents the adjustment relating to conversion of equity share capital assistance to Tamil Nadu Electricity Board. into Tariff Compensation.

Appendix XV

(Reference: paragraph 3.2.4.1; page 56)

Funding pattern and proposal for Ninth Five Year Plan

I Funding pattern

	Name of the scheme/programme	Pattern adopted
(1)	Soil conservation schemes/ programmes in hills and plains	Expenditure is met by the State Government initially and later recovered with due interest after deducting subsidy from farmers in 10 equal annual instalments after a moratorium period of 2 years. Farmers are given subsidies at the rate of 25 *per cent* in plains and 40 *per cent* in hills.
(2)	Integrated Tribal Development Programme (ITDP)	100 *per cent* subsidy given to farmers.
(3)	Western Ghat Development Programme (WGDP)	Works are carried out with 50 *per cent* subsidy and 50 *per cent* loan. The loan portion is recoverable from the farmers with due interest in 10 equal annual instalments after a moratorium period of 2 years.
(4)	Hill Area Development Programme (HADP)	Works are carried out with 50 *per cent* subsidy and 50 *per cent* loan. The loan portion is recoverable from the farmers with due interest in 10 equal annual instalments after a moratorium period of 2 years.
		(except works relating to prevention of land slides which are carried out with 100 *per cent* subsidy)
(5)	River Valley Project	This centrally sponsored programme is implemented with 100 *per cent* central assistance of which 50 *per cent* loan to State Government. Assistance to farmers is given at 50 *per cent* subsidy and 50 *per cent* loan. The loan is recoverable with due interest in 10 equal annual instalments after a moratorium period of 2 years.

II Proposal for Ninth Five Year Plan

The outlay approved and the area proposed to be covered under various soil conservation scheme during Ninth Five Year Plan period (1997-2002) and as below:

	Outlay proposed (Rupees in lakh)	Areas proposed to be covered (In Hectares)
Soil conservation in Hills and Plains	4050.00	4,00,000
Tribal areas	370.00	2,000
WGDP	1700.00	4,000
HADP	2230.00	15,000
	8350.00	**4,21,000**

Appendix XVI

(Reference: paragraph 3.4.5.2.6; page 84)

Details showing the percentage of sputum conversion during 1997-98 to 2000-2001

Name of the District	year	Percentage of sputum conversion for			
		New cases after 2 months treatment	New cases after 3 months treatment	Relapse cases after 3 months treatment	Failure cases after 3 months treatment
Chennai	1997-98	60	61	54	56
	1998-99	60	61	59	40
	1999-2000	73	80	65	75
	2000-2001	84	89	82	52
Cuddalore	1997-98	21	25	15	60
	1998-99	30	33	31	26
	1999-2000	94	94	85	88
	2000-2001	90	92	83	65
Kancheepuram	1997-98	12	12	17	NIL
	1998-99	19	19	50	NIL
	1999-2000	20	21	4	NIL
	2000-2001	46	54	34	53
Dindigul	1997-98	37	37	69	100
	1998-99	15	15	19	-
	1999-2000	21	21	23	-
	2000-2001	25	26	21	Nil
Salem	1997-98	66	69	50	40
	1998-99	46	50	41	49
	1999-2000	27	32	30	12
	2000-2001	55	59	37	26
Thanjavur	1998-99	45	57	48	38
	1999-2000	39	32	17	13
	2000-2001	60	64	29	33

Appendix XVII

(Reference: paragraph 3.5.5.3 (i); page 98)

Shortfall in expenditure towards purchase of Teaching and Learning Material

Year	Provision made by GOI Rs	Expenditure incurred by the State Government Rs	Shortfall in expenditure incurred Rs	Percentage of shortfall
1995-96	19,07,500	5,60,000	13,47,500	70.6
1996-97	19,07,500	8,88,170	10,19,330	53.4
1997-98	19,07,500	15,77,380	3,30,120	17.3
Total	**57,22,500**	**30,25,550**	**26,96,950**	**47.1**

Appendix XVIII

(Reference: paragraph 3.5.5.3 (ii); page 98)

Shortfall in expenditure towards training

Year	Allotment made by GOI towards training Rs	Expenditure incurred by the State Government Rs	Shortfall in incurring of expenditure Rs	Percentage of shortfall in incurring of expenditure under training
1995-96	6,79,000	2,66,000	4,13,000	60.8
1997-98	6,79,000	4,40,000	2,39,000	35.2
1998-99	6,79,000	43,000	6,36,000	93.7
1999-2000	6,79,000	94,000	5,85,000	86.2

Appendix XIX

(Reference: paragraph 3.7 (ii); page 103)

Details of subsidy paid for unsurvived seedlings

Nature of subsidy	Area for which subsidies were given in Hectare	Area of actual survival of seedlings (in Hectare)	Area of non-survival in Hectare	Rate of subsidy per hectare fixed by GOI	Total subsidy paid for unsurvived seedlings
(1)	(2)	(3)	(4) (column (2) – (3))	(5) Rs	(6) Rs
1996-97					
Pre-project activities (PPA) (To the companies)					
P.P.A	1227.94	321.42	906.52	3.575 (143[@] x Rs 25)	32.40.809
Area Expansion (To the farmers)					
I year	1227.94	321.42	906.52	4.015	36.39.678
Maintenance Subsidy (To the farmers)					
II year	679.02	321.42	357.60	2.450	8.76.120
III Year	426.27	321.42	104.85	2.800	2.93.580
IV Year	321.42	321.42	NIL	3.235	NIL
				Total (a)	**80,50,187**
1997-98					
Pre-project activities (To the companies)					
I instalment at Rs 20 per seedling	2076.00	434.25	1641.75	2.860 (143 x Rs 20)	46.95.405
II instalment at Rs 20 per seedling	2076.00	434.25	1641.75	2.860 (143 x Rs 20)	46.95.405
Area Expansion (Subsidy to the farmers)					
I year	2076.00	434.25	1641.75	3.014	49.48.235
Maintenance Subsidy (To the farmers)					
II year	1173.16	434.25	738.91	2,450	18.10.330
III Year	739.99	434.25	305.74	2.800	8.56.072
IV Year	434.25	434.25	NIL	2,091	NIL
				Total (b)	**1,70,05,447**
				Grand Total (a + b)	**2,50,55,634**

@ 143 seedlings per hectare was fixed as per the technical recommendation fixed by National Research Center (Oil Palm) of ICAR centre of Andhra Pradesh.

Appendix XX

(Reference: paragraph 3.13.2; page 111)

Details of balances as on 31 March 2001 under "8443 Civil Deposits – 800 Other Deposits"

(Rupees in lakh)

Sl. No.	Name of the Government Undertaking/ Corporation	Opening balance as on 1 April 2000	Receipts during 2000-2001	Withdrawals during 2000-2001	Closing balance as on 31 March 2001
1.	Tamil Nadu Adi Dravidar Housing and Development Corporation	5721.97	6720.54	6030.00	6412.51
2.	Tamil Nadu State Aids Control Society	10.29	Nil	2.25	8.04
3.	Tamil Nadu Civil Supplies Corporation	7245.38	159000.00	150225.17	16020.21
4.	Chennai Metropolitan Water Supply and Sewage Board	1292.14	2351.60	3200.00	443.74
5.	Tamil Nadu Electricity Board	8476.40	14144.96	21980.16	641.20
6.	Electronics Corporation of Tamil Nadu	20.46	358.99	215.71	163.74
7.	Tamil Nadu Energy Development Agency	77.90	147.53	130.32	95.11
8.	Tamil Nadu State Illness Assistance Society	707.90	500.00	29.45	1178.45
9.	Tamil Nadu Institute of Information Technology	600.00	Nil	200.00	400.00
10.	Tamil Nadu Labour Welfare Board.	36.17	69.46	86.17	19.46
11.	Tamil Nadu Maritime Board	103.50	100.00	73.00	130.50
12.	Tamil Nadu State Medical Services Corporation	7222.97	2177.94	7850.00	1550.91
13.	Tamil Nadu Police Housing Corporation	10815.56	17742.56	13870.00	14688.12
14.	Tamil Nadu Slum Clearance Board	442.10	3445.57	3015.00	872.67
15.	Tamil Nadu Text Book Corporation	2654.37	1274.38	631.25	3297.50
16.	Tamil Nadu Water Supply and Drainage Board	7248.10	65857.86	53600.00	19505.96
17.	Tamil Nadu Apex Fisheries Cooperative Federation	246.42	Nil	246.00	0.42

(Rupees in lakh)

Sl. No.	Name of the Government Undertaking/ Corporation	Opening balance as on 1 April 2000	Receipts during 2000-2001	Withdrawals during 2000-2001	Closing balance as on 31 March 2001
18.	Dr. MGR Medical University	224.72	112.50	237.50	99.72
19.	Tamil Nadu Industrial Development Corporation	38061.02	34295.00	42820.95	29535.07
20.	State Industries Promotion Corporation of Tamil Nadu	332.50	1063.48	397.50	998.48
21.	Tamil Nadu Corporation for Development of Women	Nil	2200.00	1200.00	1000.00
22.	Tamil Nadu Manual Workers Social Security Welfare Board	34.00	100.00	34.00	100.00
23.	Tamil Nadu Housing Board	376.73	2999.47	3290.67	85.53
24.	Sports Development Authority of Tamil Nadu	197.76	1481.34	1127.76	551.34
	Total	**921,48.36**	**3161,43.18**	**3104,92.86**	**977,98.68**

Appendix XXI

(Reference: paragraph 3.25; page 132)

Cases of misappropriation pending action as on 30 June 2001

(i) Departmentwise analysis

(Rupees in lakh)

Sl. No.	Department	Number of cases	Amount
1.	Agriculture	38	51.31
2.	Commercial Taxes and Religious Endowments	8	100.96
3.	Co-operation, Food and Consumer Protection	1	0.14
4.	Education	28	20.56
5.	Environment and Forests	2	0.41
6.	Finance	7	6.97
7.	Handlooms, Handicrafts, Textiles and Khadi	4	1.17
8.	Health and Family Welfare	30	35.68
9.	Home	3	7.45
10.	Information and Tourism	1	0.77
11.	Labour and Employment	3	0.19
12	Public	1	1.92
13.	Revenue	288	48.06
14.	Rural Development	11	12.19
15.	Social Welfare and Nutritious Meal Programme	7	2.76
16.	Transport	1	0.03
	Total	**433**	**290.57**

(ii) Yearwise analysis

(Rupees in lakh)

Year	Number of cases	Amount
Upto 1996-97	369	134.88
1997-98	31	31.23
1998-99	17	10.43
1999-2000	10	13.78
2000-2001	6	100.25
Total	**433**	**290.57**

Appendix XXII

(Reference: paragraph 3.25; page 132)

Cases of shortages etc., reported to Audit

(i) Departmentwise analysis

(Rupees in lakh)

Sl. No.	Department	Number of cases	Amount
1.	Agriculture	205	110.61
2.	Animal Husbandry and Fisheries	42	5.23
3.	Backward classes and Social Welfare	1	0.02
4.	Education	26	4.15
5.	Environment and Forests	9	11.78
6.	Finance	6	6.15
7.	Handlooms, Handicrafts, Textiles and Khadi	2	0.62
8.	Health and Family Welfare	31	24.08
9.	Home	1	0.25
10.	Labour and Employment	5	2.99
11	Public	1	0.03
12	Public Works	7141	2867.03
13	Revenue	10	1.71
14	Rural Development	11	6.84
	Total	**7491**	**3041.49**

(ii) Yearwise analysis

(Rupees in lakh)

Year	Number of cases	Amount
Upto 1996-97	4825	1671.53
1997-98	1964	640.89
1998-99	469	471.06
1999-2000	125	206.91
2000-2001	108	51.10
Total	**7491**	**3041.49**

Appendix XXIII

(Reference: paragraph 3.27; page 133)

Inspection Reports issued to various offices upto December 2000 and pending as at the end of June 2001

Year	Number of Inspection Reports	Number of Paragraphs
1983-84	3	6
1984-85	1	1
1986-87	18	21
1987-88	56	104
1988-89	40	89
1989-90	102	176
1990-91	177	349
1991-92	195	369
1992-93	314	765
1993-94	350	737
1994-95	346	810
1995-96	425	1091
1996-97	574	1554
1997-98	599	1842
1998-99	518	2086
1999-2000	664	2585
2000-2001(upto December 2000)	707	3024
Total	**5089**	**15609**

Appendix XXIV

(Reference: paragraph 3.27 (2); page 133)

Serious irregularities pending settlement as of June 2001

(Rupees in lakh)

Serial Number	Nature of Irregularities	Number of paragraphs	Amount
I	**FISHERIES DEPARTMENT**		
1.	Non-refund of unutilised subsidies	6	397.78
2.	Unfruitful expenditure	1	24.31
3.	Excess release of funds	2	41.30
4.	Loss on loans granted to fishermen	2	12.18
5.	Infructuous expenditure	1	27.13
6.	Non-supply of VHF sets	1	90.00
7.	Excess release of subsidy	1	335.00
	Total	**14**	**927.70**
II	**HIGHWAYS DEPARTMENT**		
1.	Excess payments	44	1420.27
2.	Excess over estimates	13	1466.85
3.	Want of sanction	9	442.89
4.	Irregular expenditure to be recovered	36	5752.30
5.	Expenditure to be ratified by Government/CE	37	1554.57
6.	Loss, shortages, theft, stock not handed over etc.	33	1102.78
7.	Recovery from contractors	41	1528.27
8.	Advance payment pending adjustment	25	1860.80
9.	Miscellaneous recoveries/objections	42	2678.70
	Total	**280**	**17807.43**
III	**SERICULTURE DEPARTMENT**		
1..	Irregular utilisation of price stabilisation fund	2	313.68
2.	Acceptance of abnormal condition for loan	1	65.10
3.	Loss due to improper implementation of farm	4	60.98
4.	Non-refund of unutilised funds	2	72.01
	Total	**9**	**511.77**

Appendix XXV

(Reference: paragraph 4.1.1; page 136)

Irrigation potential created *vis-à-vis* potential utilised

(in lakh ha)

Five Year Plan ending	Potential created			Potential utilised					Ground water Irrigation
	Canal	Tank	Total	Canals	Tanks	Total	Short fall	Percentage of shortfall	
Upto 1951	8.81	10.10	18.91	7.94	6.54	14.48	4.43	23	4.98
1956	9.56	10.10	19.66	7.91	8.09	16.00	3.66	19	5.04
1961	10.27	10.10	20.37	8.80	9.40	18.20	2.17	11	6.00
1966	10.54	10.10	20.64	8.10	9.00	17.10	3.54	17	6.40
1974	11.16	10.10	21.26	9.20	9.30	18.50	2.76	13	11.70
1978	11.64	10.10	21.74	9.25	9.10	18.35	3.39	16	9.41
1985	12.00	10.10	22.10	8.96	7.15	16.11	5.99	27	10.07
1990	12.40	10.10	22.50	7.90	5.23	13.13	9.37	42	11.69
1997	12.52	10.10	22.62	8.02	6.23	14.25	8.37	37	13.69
1997-98	12.56	10.10	22.66	8.38	6.75	15.13	7.53	33	14.13
1998-99	12.56	10.10	22.66	8.34	6.90	15.24	7.42	33	14.77
1999-2000	12.56	10.10	22.66	8.67	6.33	15.00	7.66	34	14.54

Appendix XXVI

(Reference: paragraph 4.1.1; page 136)

Statement showing the details of major schemes/projects with their objectives

S.No.	Name of the Project/Scheme	Objective of the Project/Scheme
1.	Tamil Nadu Water Resources Consolidation Project	Rehabilitation and Modernisation of irrigation systems (except Cauvery) to improve the efficiency and productivity of the old irrigation systems and completion of 9 on-going Medium and Minor projects
2.	Medium and Minor Irrigation Schemes	Construction of Reservoirs, Anicuts, Tanks for giving new irrigation facilities bridging gap and stabilisation
3.	Modernisation of Tank with EEC assistance	Modernisation of rain fed tanks between 100 ha and 200 ha and Ex-Zamin tanks of 4-50 ha for creating additional irrigation potential
4.	Desilting in Cauvery delta	To improve the efficiency of rivers, and channels to avoid submersion of cultivable land during flood and supply to tail end lands
5.	Special Minor Irrigation Programme	Formation of new tanks, ponds, Construction of anicuts, excavation of link canals, etc., leading to assured irrigation and erecting additional irrigation potential
6.	Tank desilting scheme	Desilting of tanks 150-400 acres to improve the capacity of the tank
7.	State Tank Irrigation Projects	Standardisation and improvements to Ex-Zamin and PWD tanks to improve irrigation

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Appendix XXVII

(Reference: paragraph 4.1.4.1 (v); page 138)

Statement showing unnecessary provision of funds resulting in savings

Serial Number	Name of the Scheme and year of sanction	Year	Budget Provision	Final Modified Appropriation	Expenditure	Remarks
			(Rupees in crore)			
1.	Andiappanur Odai Reservoir Project (September 1996)	1998-99	3.88	0.24	0.27	As of February 2001, only formation of road, office Building and quarters were constructed. GOI approval for acquiring forest land received in December 2000. Rs 80 lakh deposited with Revenue Department in March 1998. 4 (1) Notification for Land Acquisition (LA) issued in September 2000.
		1999-2000	3.25	1.56	1.29	
2.	Varattar Reservoir Project (April 1997)	1998-99	4.50	1.65	1.35	GOI approval for acquiring forest land obtained in December 2000. Administrative sanction for land acquisition given in July 1999. Rs 0.99 crore were released to Revenue Department as advance payment in March 1999 itself.
		1999-2000	0.56	0.95	0.10	
3.	Shenbagathope Reservoir Project (October 1996)	1998-99	0.52	1.50	0.11	Approval for transfer of forest land accorded by GOI in April 2001. Pre-valuation proposal for LA approved by Collector in November 2000.
		1999-2000	2.67	1.66	0.35	
4.	Malattar Reservoir Project (November 1997)	1998-99	Nil	0.62	0.07	Permission for transfer of forest land awaited from GOI. Pre-valuation proposal for LA approved by Collector in July 2000.
		1999-2000	1.44	0.57	0.08	
5.	Vellakal Kanar Reservoir Project (August 1998)	1999-2000	0.19	0.19	Nil	Approval for transfer of forest land given by GOI in January 2001.

GOI : Government of India

Appendix XXVIII

(Reference: paragraph 4.1.4.2 (iii); page 139)

Statement showing excess expenditure over approved grant by diversion of Letter of Credit (LOC)

(Rupees in lakh)

Year	Head of Account	Name of Division	Budget Estimate	Revised Estimate	FMA	Actual Expenditure	LOC authorised
1999-2000	4701.03.256 - PA. PB. PE	Mordhana RP Dn	52.50	52.50	52.88	61.27	60.00
	4701.03.277- JA	New Veeranam Dn (I & II)	742.50	1688.83	1688.83	1843.76	1688.83
	4701.03.255 - PA to PE	Mordhana RP Dn	536.11	1127.72	1137.72	1390.68	1350.00
1997-98	4701.03.271- PA	Parambikulam RP Dn	1606.00	1121.55	396.00	413.45	545.00
1998-99	4701.03.255 - PA to PE	Mordhana RP Dn	1681.45	894.65	855.68	856.95	894.65
	4701.03.277 - JA	New Veeranam Dn (I & II)	612.22	922.22	877.96	1047.04	922.22
1999-2000	4701.03.292 - JA to JE	Andiappanur Odai RP Dn	325.20	155.75	115.25	122.66	276.42
	4701.03.300 - JA to JD	Varattar RP Dn	55.72	23.78	9.56	10.39	47.27
1999-2000	4701.03.287 - PA	Lower Coleroon Basin Dn	820.00	328.66	328.66	370.27	348.66
1997-98	2701.80.001.JC	Lower Palar Basin Dn	0.28	--	Nil	0.70	Nil
1998-99	2701.80.001.JC	Lower Palar Basin Dn	--	--	Nil	0.56	Nil
	4701.03.269 - PA	Lower Palar Basin Dn	--	10.00	Nil	0.96	Nil
1999-2000	2702.01.101.JH	Lower Palar Basin Dn	--	--	Nil	0.33	Nil

RP : Reservoir Project; Dn : Division

Appendix XXIX

(Reference: paragraph 4.1.6; page 141)

Statement showing the details of projected ayacuts, additional food production and achievement thereagainst for the projects in Dharmapuri and Virudhunagar Districts

Name of the project	Period of Maintenance	Classification of ayacut	Extent projected in the project report (in acre)	Actual development as per revenue records (in acre)	Anticipated additional food production per year as per project report (in tonnes)	Average extent of irrigation per year as per revenue records with Crop pattern (in acre)			Average Annual Food production* (in tonnes)
						Wet crops	Dry crops	Total	
Dharmapuri									
Pambar Reservoir Project	1983-84 to 1998-99	New Dry	4000	1260.77	3876	161.59	262.64	424.23	336.41
Vaniar Reservoir Project	1986-87 to 1998-99	Old wet	1852	1386.05		1386.05	Nil	1386.05	
		New Dry	8550	1008.52		491.28	114.80	606.08	
		Total	10402	2394.57	9388	1877.33	114.80	1992.13	1579.76
Thumbalahalli Reservoir Project	1985-86 to 1998-99	Old wet	433	118.21		118.21	Nil	118.21	
		New Dry	2184	1282.24		155.41	60.21	215.62	
		Total	2617	1400.45	2360	273.62	60.21	333.83	264.73
Ichambadi Anicut Scheme	1985-86 to 1998-99	New Dry	6250	649.07	6172	136.65	53.22	189.87	150.57
Thoppiar Reservoir Project	1987-88 to 1998-99	New Dry Double Crop)	5330	809.57	10574	112.91	249.55	362.46@	287.43
Kesarigulihalla Reservoir Project	1985-86 to 1998-99	New Dry	4000	732.58	3940	27.12	25.89	53.01	42.04
Virudhunagar									
Anaikuttam Reservoir Project	1990-91 to 1999-2000	New Dry	4500	Nil	4405	Nil	Nil	Nil	Nil
Golwarpatti Reservoir Project	1993-94 to 1999-2000	Old wet	332	310.06		230.59	Nil	230.59	
		New Dry	6500	Nil		--	Nil	Nil	
		Total	6832	310.06	6669	230.59	Nil	230.59	182.86
Vembakottai Reservoir Project	1987-88 to 1999-2000#	New Dry	8100	Nil	6273	Nil	Nil	Nil	Nil
Kullursandhai Reservoir Project	1987-88 to 1999-2000	New Dry	2891	946	2702	285.74	26.99	312.73	247.99
Total		**Old wet**	**2617 or 1059 ha**	**1814.32 or 734 ha**		**1734.85 or 702 ha**	**--**	**1734.85 or 702 ha**	
		New Dry	**52305 or 21168 ha**	**6688.75 or 2707 ha**		**1370.70 or 555 ha**	**793.30 or 321 ha**	**2164 or 876 ha**	
		Total	**54922 or 22227 ha**	**8503.07 or 3441 ha**	**56359**	**3105.55 or 1257 ha**	**793.30 or 321 ha**	**3898.85 or 1578 ha**	**3091.79**

* **Source: Seasons and Crops Reports of 1987-88 to 1992-93 (Dharmapuri District) and from 1994-95 to 1998-99 (Virudhunagar District)**

@ **Excluding Vellar Village of Mettur Taluk for which details were not made available by Tahsildar**

\# **Test-check period : 1994-2000**

Appendix XXX

(Reference: paragraph 4.1.6 (iii); page 141)

Statement showing the details of capacity of reservoir, water requirement and actual water released in respect of 9 reservoir projects in Dharmapuri and Virudhunagar Districts

	Pambar Reservoir Project	Vaniar Reservoir Project	Thumbalahalli Reservoir Project	Thoppiar Reservoir Project	Kesarigulihalla Reservoir Project	Anaikuttam Reservoir Project	Golwarpatti Reservoir Project	Vembakottai Reservoir Project	Kullursandhai Reservoir Project
Capacity of Reservoir (in Mcft)	288	416	131	298	126	126	178	399	127
Area proposed for irrigation (in acre)	4000	10402	2617	5330	4000	4500	6832	8100	2891
Water proposed to be stored (in Mcft)	368	833	250	895	252	390	601	797	254
Proposal for storage (fillings)	1.4	2	2	3	2	3.1	3.38	2	2
Water requirement for ayacuts (in Mcft)	300	719	213	800	300	385	601	793	250
Period of storage (in years)	16	15	13	12	8	10	7	13	13
Number of years when the yield exceeded the quantity of water to be stored	10	6	3	3	0	1	4	1	7
Quantity of water released for irrigation during the above years (in Mcft)	147 to 327	397 to 564	131	290 to 301	Nil	Nil	225 to 377	2 to 157	30 to 116
Quantity of water let into river during the above years (in mcft)	49 to 2603	538 to 2884	173 to 501	567 to 901	Nil	1430	1175 to 6579	2365	291 to 1361

Appendix XXXI

(Reference: paragraph 4.1.6 (vii); page 142)

Statement showing average quantity of water released per year, water required for cultivating the area shown as achievement and wastage of water

Name of the project	Average water released per year	Water availability taking into account 5 per cent transmission loss	Water actually required for average area cultivated in a year as per laid down norms	Water wasted	Percentage of wastage
	(in mcft)				
Pambar Reservoir Project	179.14	170.18	45.69	124.49	73
Vaniar Reservoir Project	390.76	371.22	145.52	225.70	61
Thumbalahalli Reservoir Project	92.34	87.72	34.93	52.79	60
Ichambadi Anicut Scheme	494.56	469.83	26.58	443.25	94
Thoppiar Reservoir Project	197.24	187.38	36.65	150.73	80
Kesariguliballa Reservoir Project	72.52	68.89	6.37	62.52	91
Golwarpatti Reservoir Project	271.18	257.62	32.94	224.68	87
Kullursandhai Reservoir Project	67.40	64.03	42.75	21.28	33
Total	**1765.14**	**1676.87**	**371.43**	**1305.44**	**78**

Irrigation efficiency : **22** ***per cent***

Appendix XXXII

(Reference: paragraph 4.1.7.5; page 144)

Statement showing the time and cost overrun of projects due to delay in land acquisition and other avoidable factors

Sl. No.	Name of the scheme	Month and year of sanction	Scheduled year of completion	Avoidable delay due to		Time over run (in years)	Cost of project as per original sanction	Cost overrun[$]
				Land acquisition	Other factors		(Rs in crore)	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
1.	Sothuparai Reservoir Project	August 1982	August 1986	(i) The land plan schedules were sent from March 1989 to December 1993 only for main canal and distributaries. (ii) Special Revenue Staff were sanctioned only in March 1991 (iii) 4 (i) notifications were issued from July 1992 (iv) Avoidable delay in acquisition of forest land from July 1989 to November 1996	Avoidable delay in finalisation of design for treating weak pegmatite zone from March 1988 to December 1998. The suggestions of SE (Designs) of December 1992 to construct an impervious barrier of skin wall on the upstream face of dam parallel to the axis of pegmatite zone was not pursued effectively and the ultimate design finalisation was on the same lines with some improvements.	15	7.91	28.57
2.	Adavinayanar Koil Reservoir Project	May 1990	May 1995	Avoidable delay upto December 1992 in submission of proposals to GOI for transfer of forest land. GOI approval received in January 1997.	--	6	37.69	35.19
3.	Irukkangudi Reservoir Project	May 1992	May 1997	(i) Land plan schedules were sent from May 1993 to April 1996 resulting in avoidable delay (ii) Special Revenue Staff were sanctioned in two spells in May 1995 and July 1998 only. (iii) 4 (i) notifications were issued from March 1997 onwards only.	There was an avoidable delay from January 1996 to March 2001 in taking up an alternate road for a road connecting Irukkangudi from Sattur, submerging in the water spread area due to construction of reservoir. The escalation of Rs 500 lakh in the cost of the road also contributed to the cost overrun of the project	4	28.70	43.30

[$] **Based on Revised Estimate, Reappraisal reports, Revised Administrative sanction etc.**

Appendix XXXII (concld)

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
4.	Malattar Anicut Scheme	February 1994	December 1997	(i) Land plan schedules were sent from December 1995 to December 2000 only. Land acquisition proposal for branch canal and distributories were not submitted as of March 2001 (ii) Special Revenue Staff sanctioned only in March 1999. (iii) 4 (i) notifications issued from June 2000 only and not completed (March 2001).	Avoidable delay from November 1996 to March 1998 due to consideration of alternate proposals which was found non-feasible even before the administrative sanction issued for the scheme	3	15. 40	7.86
5.	Andiappanur Odai Reservoir Project	September 1996	September 2000	(i) Land plan schedules were sent in December 1996 and April 1997 (ii) 4 (i) notification issued only in December 1999	--	Project commenced now	18.28	9.10
6.	Varattar Reservoir Project, Harur	April 1997	April 2001	(i) Land plan schedules were sent in December 1998, March 1999 and September 1999. (ii) Special Revenue Staff sanctioned only in November 1999 (iii) 4 (i) notification issued only in March 2000	--	Project commenced now	19.20	16.75
7.	Shenbagathope Reservoir Project	October 1996	October 2000	(i) Land plan schedules were sent only in October 1997. (ii) Special Revenue Staff sanctioned only in August 1998 (iii) 4 (i) notification issued only in January 2000.	--	Preliminary works commenced now	21.33	12.67
8.	Malattar Reservoir Project	November 1997	November 2001	(i) Land plan schedules were sent in March 1998 (ii) 4 (i) notification was issued only in August 2000.	--	Preliminary works commenced now	29.55	16.17
						Total		169.61

Appendix XXXIII

(Reference: paragraph 4.1.8 (i); page 151)

Excess establishment expenditure due to poor workload

	Name of Division	Period	Amount (Rupees in crore)	Reasons
1	Tank restoration sub-division. Kancheepuram	1998-2000	0.25	Sanctioned in April 1996 for preparing tank memoirs in five river basins. Memoir for 3382 out of 3499 sources were prepared and the sub-division did not conduct any original investigation from 1998-99 as no budget provision was made for this purpose. The sub-division attended to the remarks of SE/EE for 110 out of 204 memoirs returned. Thus the sub-division was continued without adequate workload during 1998-2001.
2.	Water shed Management Board	1995-2000	1.89	Sedimentation studies were conducted from 1973 but the reports were not put to use. The establishment was continued year after year. Entire expenditure on establishment was considered unfruitful as no follow up action was taken up on the conventional studies done by it to prevent siltations. Further, remote sensing methods adopted for other studies by IWS. Tharamani could be adopted for sedimentation study also to have fast, accurate and reliable data.
3.	Tank Modernisation Division	Phase II Extn. (November 1995 to September 1999)	12.48	Expenditure incurred on establishment in excess of 15 per cent of works outlay which was provided in the Project report. This was due to inadequate work load.
4.	Vadakku Pachayar Reservoir Project Division	July 1995 to February 2001	0.47	Crew kept idle due to non-availability of heavy machinery.
5.	a. Andiappanur Odai Reservoir Project b. Shenbagathope Reservoir Project c. Varattar Reservoir Project d. Malattar Reservoir Project	1997-2000	1.79	The projects could be commenced only after acquiring/alienating/transferring the lands required. However, even before ensuring the availability of land a full fledged division was sanctioned. As one sub-division for each project would have been enough for preparation of estimate and other preliminary works, proportionate expenditure on other sub-divisions of the project was wasteful.
6	Public Works workshop	1996-2000	1.61	With the advent of WRO in 1995, design, manufacture and erection of shutters were entrusted to private agencies. Consequently 105 workers in 7 gangs were idle
7.	Machinery Division, Thiruchirapalli	1997-2000	1.38	Idleness of the machinery due to high use hour rate. Delay in attending to repairs resulted in idle establishment.
	Total		**19.87**	

Appendix XXXIV

(Reference: paragraph 4.2 (i); page 153)

Excess expenditure on excess provision of Dense Bituminous Macadam

Serial Number	Name of the Road	Overlay thickness provided (In mm)	Overlay thickness* required (In mm)	Excess thickness (In mm)	Excess qty (in cu.m)	Rate per cu.m	Amount (Rs)
1.	Chennai - Mahabalipuram road km 13/0 - 55/4	75 DBM 25 SDC	0/60 DBM 25 SDC	75/15 DBM	2878	2505	72,09,390
					928	2100	19,48,800
					1210	2000	24,20,000
2.	Vandalur - Walajabad Road km 30/4 - 33/0	75 DBM 25 SDC	25 SDC	75 DBM	180	2312	4,16,160
3.	Marmalong Bridge - Irumbuliyur road Km 12/4 - 21/2	75 DBM 25 SDC	60/65 DBM 25 SDC	15/10 DBM	777	2350	18,25,950
4.	Medavakkam - Sholinganallur road Km 0/0 - 5/2	75 DBM 25 SDC	0/60 DBM 25 SDC	75/15 DBM	462	2350	10,85,700
5.	Vandalur - Kelambakkam road Km 32/4 - 51/1	75 DBM 25 SDC	0/60/65 DBM 25 SDC	75/15/10 DBM	2127	2390	50,83,530
6.	Avadi - Vaniyan chatram road Km 0/0 - 12/2	75 DBM 25 SDC	0/60/65 DBM 25 SDC	75/15/10 DBM	834	2478	20,66,652
7.	Poonamallee - Kunrathur road Km 0/0 - 5/2	75 DBM 25 SDC	60 DBM 25 SDC	15 DBM	381	2400	9,14,400
8.	Pallavaram - Kunrathur road Km 1/0 - 7/8	75 DBM 25 SDC	60/65 DBM	15/10 DBM	175	2400	4,20,000
							2,33,90,582

*** The required thickness of DBM varied in different reaches**

Appendix XXXV

(Reference: paragraph 4.2 (ii); page 153)

Extra expenditure on excess provision of sand gravel mix

(Amount in Rupees)

Sl.No.	Name of road	Agreement rate per cu.m			Extra liability per cu.m*	Additional Qty involved (in cu.m)	Total extra liability
		for sand gravel mix	for earth work excavation	For formation of embankment			
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1.	Chennai - Mahabalipuram road (Km 14/0-16/0)	412	24	-	436	896	3,90,656
2.	Chennai - Mahabalipuram road (Km 34/0-42/0)	275	-	100	175	6126	10,72,085
3.	Medavakkam - Sholinganallur road (km 0/0 - 4/4)	250	-	55	195	1067	2,08,065
4.	Chennai – Mahabalipuram Road (Km42/0- 55/4)	399	-	139	260	8525	22,16,500
						Total	**38,87,306**

* **(3)+(4) or (3)-(5)**

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Appendix XXXVI

(Reference: paragraph 4.2 (iii); page 154)

Extra expenditure on provision of richer specification for paved shoulders

(Rupees in lakh)

Sl. No	Name of the road	Pavement composition*	Actual thickness provided (in mm)	Cost	Required thickness ** (in mm)	Cost	Difference in cost
1.	Chennai –	GSB	200	17.48	300	26.22	
	Mahabalipuram	WBM II	100	13.37	75	10.03	
	Road	WBM III	150	22.44	150	22.44	
	(Km 13/3-27/0)	DBM	75	39.86	-	-	
		SDC	25	13.26	-	-	
		PC	-		20	9.93	
				106.41		**68.62**	**37.79**
2.	Chennai –	GSB	200	22.92	300	34.38	
	Mahabalipuram	WBM II	100	22.92	75	17.19	
	Road	WBM III	150	40.63	150	40.63	
	(Km 27/0-42/0)	DBM	75	65.63	-	-	
		SDC	25	25.00	-	-	
		PC	-	-	20	19.50	
				177.10		**111.70**	**65.40**
3.	Chennai –	GSB	200	26.52	300	39.78	
	Mahabalipuram	WBM II	100	18.28	75	13.71	
	Road	WBM III	150	29.91	150	29.91	
	(Km 42/0-55/4)	DBM	75	49.85	-	-	
		SDC	25	16.62	-	-	
		PC	-	-	20	15.53	
				141.18		**98.93**	**42.25**
4.	Tambaram –	GSB	225	8.87	325	12.81	
	Medavakkam	WBM II	100	9.64	75	7.23	
	Road	WBM III	150	15.77	150	15.77	
	(Km 12/4–16/0 &	DBM	75	30.88	-	-	
	Km 19/0–21/8)	SDC	25	10.16	-	-	
		PC	-	-	20	9.38	
	(Km 16/0–19/0)	GSB	375	7.59	325	9.62	
		WBM II	100	4.95	75	3.71	
		WBM III	150	8.10	150	8.10	
		DBM	75	15.86	-	-	
		SDC	25	5.22	-	-	
		PC		-	20	4.82	
				117.04		**71.44**	**45.60**

Appendix XXXVI (concld)

Sl. No	Name of the road	Pavement composition*	Actual thickness provided	Cost	Required thickness **	Cost	Difference in cost
5.	Avadi – Poonamallee Road (Km 0/0-7/4)	GSB	150	10.58	150	10.58	
		WBM II	75	14.81	150	29.61	
		WBM III	75	12.69	75	12.69	
		DBM	75	52.41	-	-	
		SDC	25	17.48	-	-	
		PC	-	-	20	15.98	
				107.97		**68.86**	**39.11**
6.	Link Road from Pallavaram to join Mahabalipuram road (Km 0/0-10/6)	GSB	150	14.77	250	24.62	
		WBM II	100	24.04	75	18.03	
		WBM III	150	38.47	150	38.47	
		DBM	75	46.17	-	-	
		SDC	25	16.41	-	-	
		PC	-	-	20	17.05	
				139.86		**98.17**	**41.69**
7.	Poonamalle – Kunrathur road (Km 0/0 – 5/2)	GSB	150	9.65	150	9.65	
		WBM II	75	6.12	150	12.24	
		WBM III	75	6.47	75	6.47	
		DBM	75	28.24	-	-	
		SDC	25	8.55	-	-	
		PC	-	-	20	8.89	
				59.03		**37.25**	**21.78**
8.	Pallavaram – Kunrathur road (Km 0/0 – 7/8)	GSB	150	8.11	150	8.11	
		WBM II	75	5.14	150	10.28	
		WBM III	75	5.44	75	5.44	
		DBM	75	23.72	-	-	
		SDC	25	7.18	-	-	
		PC	-	-	20	7.47	
				49.59		**31.30**	**18.29**
							311.91

*** GSB : Granular sub-base;**

WBM : Water Bound Macadam;

DBM : Dense Bituminous Macadam;

SDC : Semi Dense Bituminous Macadam;

PC : Premix Carpet

**** As per MOST specification after allowing GSB to offset level difference. The thickness of SDC and PC were ignored since these were wearing courses.**

Appendix XXXVII

(Reference: paragraph 4.5 (i); page 156)

Payment for fictitious widening of road

Serial number	Item of work	Area	Thickness	Quantity	Rate	Amount Rs
1.	Earth work excavation for widening	5900 m^2	550 mm	3245 m^3	21.00	68145
2.	Gravel filling	5900 m^2	150 mm	885 m^3	442.00	391170
3.	WBM Gr.II	5900 m^2	100 mm	590 m^3	500.00	295000
4.	WBM Gr. III	5900 m^2	150 mm	885 m^3	572.00	506220
5.	DBM	5900 m^2	50 mm	295 m^3	2312.00	682040
6.	SDC	5900 m^2	--	5900 m^2	56.00	330400
7.	Tack coat	5900 m^2	--	5900 m^2	5.25	30975
					Total	**23,03,950**

Appendix XXXVIII

(Reference: paragraph 4.7; page 158)

Statement showing the extra expenditure on provision of higher thickness

Name of the sub-work	Thickness provided		Thickness required		Excess thickness		Quantity (in cu.m)	Rate (Rs)	Amount (Rs)
	For widening	For strengthening	For widening	For strengthening	For widening	For strengthening			
Lean Bituminous Macadam	..	50 mm	..	Nil	..	50 mm	614	1360	8,35,040
Bituminous Macadam	50 mm	50 mm	Nil	Nil	50 mm	50 mm	1031	1525	15,72,275
Dense Bituminous Macadam	100 mm	100 mm	80 mm	80 mm	20 mm	20 mm	435	1700	7,39,500
Bituminous concrete	40 mm	40 mm	25 mm	25 mm	15 mm	15 mm	334	1910	6,37,940
							Total		**37,84,755**

Note : No extra expenditure for sub-base and Water Bound Macadam Courses.

Appendix XXXIX

(Reference: paragraph 6.4; page 168)

Details of Audit entrusted by Government

Sl.No.	Name of Body	Section under which entrusted	Period of entrustment	Date of entrustment
1.	Tamil Nadu State Legal Services Authority, Chennai	19(2)	1997-98 onwards	03 December 1997
2.	State Human Rights Commission, Chennai	19(2)	1997-98 onwards	07 June 1997
3.	Tamil Nadu State Aids Control Society, Chennai	20(1)	1994-95 onwards	15 February 1996
4.	Tamil Nadu State Blindness Control Society, Chennai	20(1)	1997-98 onwards	23 June 1997
5.	Tamil Nadu Maritime Board, Chennai	19(3)	1997-98 to 2001-2002	30 April 1999
6.	District Legal Services Authority, Chennai	19(2)	01 November 1997 onwards	23 May1997
7.	District Legal Services Authority, Chengelpat	19(2)	01 November 1997 onwards	23 May 1997
8.	District Legal Services Authority, Cuddalore	19(2)	01 November 1997 onwards	23 May 1997
9.	District Legal Services Authority, Villupuram	19(2)	01 November 1997 onwards	23 May1997
10.	District Legal Services Authority, Vellore	19(2)	01 November 1997 onwards	23 May 1997
11.	District Legal Services Authority, Thiruvannamalai	19(2)	01 November 1997 onwards	23 May 1997
12.	District Legal Services Authority, Thanjavur	19(2)	01 November 1997 onwards	23 May 1997
13.	District Legal Services Authority, Nagapattinam	19(2)	01 November 1997 onwards	23 May 1997
14.	District Legal Services Authority, Madurai	19(2)	01 November 1997 onwards	23 May 1997
15.	District Legal Services Authority, Dindigul	19(2)	01 November 1997 onwards	23 May 1997

Appendix XXXIX (concld.)

Sl.No.	Name of Body	Section under which entrusted	Period of entrustment	Date of entrustment
16.	District Legal Services Authority, Ramanathapuram	19(2)	01 November 1997 onwards	23 May 1997
17.	District Legal Services Authority, Srivilliputhur	19(2)	01 November 1997 onwards	23 May 1997
18.	District Legal Services Authority, Sivaganga	19(2)	01 November 1997 onwards	23 May 1997
19.	District Legal Services Authority, Krishnagiri	19(2)	01 November 1997 onwards	23 May 1997
20.	District Legal Services Authority, Salem	19(2)	01 November 1997 onwards	23 May 1997
21.	District Legal Services Authority, Coimbatore	19(2)	01 November 1997 onwards	23 May 1997
22.	District Legal Services Authority, Kanyakumari	19(2)	01 November 1997 onwards	23 May 1997
23.	District Legal Services Authority, Erode	19(2)	01 November 1997 onwards	23 May 1997
24.	District Legal Services Authority, Tirunelveli	19(2)	01 November 1997 onwards	23 May 1997
25.	District Legal Services Authority, Thoothukudi	19(2)	01 November 1997 onwards	23 May 1997
26.	District Legal Services Authority, Tiruchirappalli	19(2)	01 November 1997 onwards	23 May 1997
27.	District Legal Services Authority, Pudukkottai	19(2)	01 November 1997 onwards	23 May 1997
28.	District Legal Services Authority, Nilgiris	19(2)	01 November 1997 onwards	23 May 1997
29.	District Legal Services Authority, Perambalaur	19(2)	1999-2000 onwards	27 April 1999
30.	District Legal Services Authority, Karur	19(2)	1999-2000 onwards	27 April 1999
31.	Regional Engineering College, Tiruchirappalli	20(1)	1998-99 to 2002-2003	22 December 1998

Appendix XL

(Reference: paragraph 6.7; page 171)

Details of flats/houses constructed and not allotted as of July 2001

(Rupees in crore)

Name of the scheme	Number of flats/houses	Month of Commencement	Month of Completion	Cost of construction	Units allotted	Units not allotted	
						Number	Proportionate amount
Mogappair Eri Scheme, Chennai - Stage - I - 549 HIG flats	549	November 1996 to January 1997	May 1998 to October 1998	23.65	141	408	17.58
Stage - II - 114 HIG flats	114	July 1999	Advanced stage	1.80	-	-	-
92 HIG flats at Nolambur Phase I in Chennai	92	June and August 1997	March 1999	4.40	Nil	92	4.40
486 HIG flats at JJ Nagar, Chennai	310	April and May 1997, September 1997, January 1999	March 1999 (222) March 2000 (88)	9.47	52	258	7.88
	112	March 1999 August 1999 March 2000	Advanced Stage	2.70	-	-	-
	64	Not taken up due to litigation	-	-	-	-	-
1391 Houses in Madurai North Neighbourhood Schemes (Sector I, II, III and VI)	1391	March 1988 to November 1996	December 1991 to November 1998	25.69	261	1130	20.87
67 HIG houses at Yercaud	67	February 1998	July 1999	3.66	Nil	67	3.66
114 HIG flats at Avaniapuram near Madurai	114	June and July 1997	September 1998	5.14	Nil	114	5.14
Construction completed							
Houses	1458			29.35	261	1197	24.53
Flats	1065			42.66	193	872	35.00
Total				**72.01**			**59.53**
Under construction							
Flats	226			4.50	NIL	-	-

Appendix XLI

(Reference: paragraph 6.7; page 172)

Details of basis on which the schemes sanctioned, deficiencies noticed by Audit and position of sale of houses/flats

Basis on which the schemes sanctioned	Deficiencies noticed by Audit	Action taken to dispose of and the latest position
Construction of 549 Higher Income Group (HIG) flats at Mogappair Eri at Chennai - Stage I		
Demand not assessed and the Chief Engineer (CE) informed the scheme Appraisal Committee (SAC) that there may not be any difficulty in disposal of the flats as the area was already developed and very close to Anna Nagar and Poonamallee Road	The site located at Mogappair Eri Neighbourhood Scheme, where 974 plots were developed and sold. However, only 175 houses were constructed, there were complaints of poor street lighting, water which causes itching sensation, roads required relaying and insufficient water supply.	The Board advertised six times in Newspaper between August 1998 and January 2000 and also made wide publicity. As of July 2001, 141 flats were sold and 408 remained unsold.
Construction of 114 HIG flats at Mogappair Eri at Chennai - Stage II		
The Financial Adviser pointed out (October 1998) that 549 flats constructed under Stage I was yet to be allotted and suggested for deferring the scheme for the next year to avoid unsold stock. The CE, however, stated that 127 out of 549 flats were allotted and there was demand for 100 flats from Central Excise Department. Anticipating demand for the remaining flats, SAC approved the scheme in November 1998 and the Division/Circle Offices were continued.	The demand projected by the CE was not real as only 13 out of 127 allottees accepted the allotment and after negotiation in price. Central Excise Department was allotted 90 flats in April 2000.	The flats are in final stages of completion.
Construction of 92 HIG flats at Nolambur Phase I scheme at Chennai		
Demand not assessed. The Superintending Engineer (Headquarters) brought to the notice of the Board (April 1995) that 19 schemes comprising 3032 flats were constructed in the city without assessing the demand and in view of massive housing activity by the Board without assessment, the policy needs revision (i.e. demand assessment is necessary). However, SAC approved the scheme in May 1993.	The site located in Nolambur Neighbourhood scheme adjacent to Mogappair Eri Scheme. Of the 1169 HIG flats constructed under 9 schemes during 1994-95 and 1995-96, 334 flats were not sold as of September 2000. Hence, the contention of SE (HQ) was found to be correct.	Advertisement issued in April and May 1999. All flats remained unsold as of July 2001.

Appendix XLII

(Reference: paragraph 6.14; page 178)

Road cut restoration charges for 30 cm thick as per the specification adopted by Ambattur Municipality

Serial Number	Item of work	Thickness	Cost per Sq.m (Rupees)
1.	Collection and supply of good quality gravel	10 cm	19.52
2.	Collection and supply of 50 mm Blue metal	7.5 cm	24.50
3.	Collection and supply of 40 mm Blue metal	5 cm	19.33
4.	Labour for spreading Blue metal	--	13.70
5.	Providing Bituminous Macadam	5 cm	88.48
6.	Providing Seal coat	2.5 cm	59.60
			225.13
Add: 15 *per cent* centage			**33.77**
Total			**258.90**

Appendix XLIII

(Reference: paragraph 6.18 (a); page 182)

Balance of unutilised loan obtained from TUFIDCO

(Rupees in lakh)

Month	Loan Received	Payments made	Closing Balance	Minimum Balance	Minimum Balance after allowing for subsequent month expenditure
February 1999	1237.51	-	1237.51	772.47	-
March 1999	562.47	1123.11	696.87	569.37	562.77
April 1999	-	6.60	690.27	690.27	647.74
May 1999	54.00	42.53	701.74	647.94	540.15
June 1999	347.65	107.79	941.60	760.61	252.35
July 1999	866.70	508.26	1300.04	794.06	499.07
August 1999	119.99	294.99	1125.04	1125.04	1007.90
September 1999	113.32	117.14	1121.22	1103.44	897.60
October 1999	390.06	223.62	1287.66	1025.00	1194.97
November 1999	815.79	169.97	1933.48	1287.04	1032.52
December 1999	-	254.52	1678.96	1678.96	1454.20
January 2000	-	224.76	1454.20	1454.20	1173.99
February 2000	340.06	280.21	1514.05	1173.99	639.81
March 2000	192.49	534.18	1172.36	1172.36	959.22
April 2000	-	213.14	959.22	959.22	683.81
May 2000	614.96	275.41	1298.77	1236.82	961.88
June 2000	129.16	274.94	1152.99	1023.83	694.77
July 2000	-	329.06	823.93	823.93	679.99
August 2000	320.00	143.94	999.99	799.99	716.54
September 2000	140.00	83.45	1056.54	998.65	910.55
October 2000	-	88.10	968.44	968.44	826.10
November 2000	-	142.34	826.10	826.10	823.10
December 2000	-	3.00	823.10	823.10	740.67
January 2001	50.00	82.43	790.67	790.01	703.75
February 2001	45.00	86.26	749.41	749.41	726.73
March 2001	-	22.68	726.73	726.73	702.63
April 2001	-	24.10	702.63	702.63	514.70
May 2001	-	187.93	514.70	514.70	507.13
June 2001 (upto 12th June)	-	7.57	507.13	507.13	-
Total	**6339.16**	**5832.03**			**21054.64**

Appendix XLIII (Concld)

Out of the total balance of Rs 21054.64 lakh of loan obtained from TUFIDCO

5/9 relates to World Bank megacity project at the interest of 5 *per cent*		Rs 11697.02 lakh
Balance 4/9 relates to TUFIDCO's own fund at the interest rate of 15 *per cent*		Rs 9357.62 lakh
Interest loss at 15 *per cent*	9357.62 x 15/100 x 1/12 =	Rs 116.97 lakh
Interest loss at 5 *per cent*	11697.02 x 5/100 x 1/12 =	Rs 48.74 lakh
Total interest loss		Rs 165.71 lakh
Less : Interest earned on Fixed Deposit at the rate of 7.5 *per cent* for six months		Rs 22.50 lakh
Net loss		**Rs 143.21 lakh**

Appendix XLIV

(Reference: paragraph 6.20; page 183)

Objectives and pattern of assistance

Sl. No.	Programme/Scheme	Objective	Central Share	State Share
			(in percentage)	
1.	Accelerated Rural Water Supply Programme	To provide access to safe drinking water to all rural habitations	100	At least matching provision under MNP
2.	Sector Reforms Programme	Community participation in rural water supply	90*	Nil
3.	Water Supply in Rural Schools	To provide drinking water facilities to all rural schools by the end of 9th plan.	50	50
4.	Sub-Missions	Control of fluorosis, brackishness, removal of excess iron, etc.	75	25
5.	Water harvesting structures	Conservation of water	75	25
6.	Monitoring and Investigation Units	Collection and maintenance of data	50	50
7.	Human Resources Development	To provide training to local community for maintenance of water supply system	100	Nil
8.	Information, Education and Communication	To provide publicity	100	Nil
9.	Monitoring and Evaluation	To conduct evaluation studies	100	Nil

*** 10 *per cent* beneficiary contribution**

Appendix XLV

(Reference: paragraph 7.1; page 189)

Details showing departmentwise position of arrears in preparation of *pro forma* accounts

Serial Number	Department	Number of undertakings under the department	Name of undertaking	Year from which accounts are due	Investment as per last accounts (Rupees in crore)	Remarks
1	Agriculture	2	Government Agricultural Engineering Workshop, Chennai	1997-98	4.54	Replies for comments on the *pro forma* accounts for the year 1997-98 have not been received in complete shape. Replies to the audit comments in respect of 1998-99 accounts issued in March 2001 still awaited (September 2001).
2			Scheme for Purchase and Distribution of Chemical Fertilisers, Chennai	1980-81	4.46	The Scheme was discontinued in 1978. The State Government's proposal for dispensing with the preparation of *pro forma* accounts from the year 1980-81 onwards accepted (September 2000). Formal orders awaited from Government communicating the decision (September 2001).
3	Animal Husbandry and Fisheries	2	Chank Fisheries, Tuticorin	-	1.17	Accounts have been finalised upto date (2000-01).
4			Chank Fisheries, Ramanathapuram	1997-98	1.31	-

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Appendix XLVI

(Reference: paragraph 7.1; page 189)

Summarised financial position of the Government Commercial/Quasi–commercial undertakings

(Rupees in lakh)

Sl. No.	Name of the Department	Year of Commencement	Period of accounts	Capital at close	Net block of assets	Cumulative depreciation	Turnover	Net Profit (+)/ Net Loss(-)		Mean capital	Percentage of return on Mean Capital		Remarks
								Before charging interest on capital	After charging interest on capital		Before charging interest on capital	After charging interest on capital	
I	**Agriculture Department**												
1	Government Agricultural Engineering Workshop, Chennai	1952	1996-97	453.94	10.72	11.36	21.47	(-) 55.44	(-) 68.14	422.04	..	..	..
2	Scheme for Purchase and Distribution of Chemical Fertilisers, Chennai	1954	1980-81	445.96	..	..	7.32	(-) 14.26	(-) 47.92	440.96	..	..	Provisional
II	**Animal Husbandry and Fisheries Department**												
3	Chank Fisheries, Tuticorin	1909	2000-01	117.04	2.31	2.33	0.44	(-) 1.73	(-) 1.73	115.72	..	..	..
4	Chank Fisheries, Ramanathapuram	1978	1996-97	130.67	0.27	0.66	..	(-) 10.21	(-) 24.90	117.92	..	..	..
								Total	**(-) 142.69**				

Appendix XLVII

Glossary of abbreviations

AAQ	:	Ambient Air Quality
AD&TW	:	Adi-dravidar and Tribal Welfare
ADW	:	Adi-dravidar Welfare
AED	:	Agricultural Engineering Department
AEEs	:	Assistant Executive Engineers
AEL	:	Advanced Environmental Laboratories
AG (A&E)	:	Accountant General (Accounts and Entitlements)
CE	:	Chief Engineer
CR	:	Coursed Rubble
cu.m.	:	cubic metre
cumecs	:	Cubic metre per second
cusecs	:	Cubic feet per second
DADW	:	Director of Adi-Dravidar Welfare
DADWO	:	District Adi-dravidar Welfare Officer
DAEOs	:	District Adult Education Officers
DBCS	:	District Blindness Control Societies
DDHS	:	Deputy Director of Health Services
DEL	:	District Environmental Laboratories
DGHS	:	Director General of Health Services
DM	:	District Manager
DME	:	Director of Medical Education
DMOU	:	District Mobile Ophthalmic Unit
DMRHS	:	Director of Medical and Rural Health Services
DNFAE	:	Director of Non-Formal and Adult Education
DOTS	:	Directly Observed Treatment Short-Course Chemotherapy

DPHPM	:	Director of Public Health and Preventive Medicine
DPM	:	District Programme Manager
DRCS	:	Design, Research and Construction Support
DSWO	:	District Social Welfare Officer
DTC	:	District Tuberculosis Centre
DTCS	:	District Tuberculosis Control Society
DTO	:	District Tuberculosis Officer
DTW	:	Director of Tribal Welfare
EEs	:	Executive Engineers
EGS & AIE	:	Education Guarantee Scheme and Alternative and Innovative Education
EIC	:	Engineer-in-Chief
EP	:	Environment (Protection)
ESI	:	Employees State Insurance
FCs	:	Farmers Councils
FMA	:	Final Modified Appropriation
GA	:	Gas Analyser
GCEIS	:	Girl Child Education Incentive Scheme
GH	:	Government Hospital
GMSD	:	Government Medical Stores Depot
GOI	:	Government of India
GPHC	:	Govrnment Primary Health Centre
GTN	:	Government of Tamil Nadu
ha	:	hectares
HADP	:	Hill Area Development Programme
ICCE	:	Intra Capsular Cataract Extraction
ICMR	:	Indian Council of Medical Research
IEC	:	Information Education and Communication

IES	:	Individual Entrepreneurship Scheme
IP	:	Indian Pharmacopoeia
IOL	:	Intra-ocular lens
ISS	:	Indian Standard Specifications
ITDP	:	Integrated Tribal Development Programme
ITM	:	Institute of Thoracic Medicine
JCB	:	Joint Catah Buller
JDHS	:	Joint Director of Health Services
km	:	kilometre
LAs	:	Laboratory Assistants
LCB	:	Lower Cauvery Basin
LOC	:	Letter of Credit
LTs	:	Laboratory Technicians
M. cu.m.	:	Million Cubic Metre
M-Books	:	Measurement Books
MCB	:	Middle Cauvery Basin
mcft	:	Million Cubic Feet
MD	:	Managing Director
MEL	:	Mobile Environmental Laboratories
mm	:	millimetre
MO	:	Medical Officer
NFE	:	Non-Formal Education
NGOs	:	Non-governmental Organisations
NPCB	:	National Programme for Control of Blindness
NPE	:	National Policy on Education
NSFDC	:	National Scheduled Castes and Scheduled Tribes Finance Development Corporation

NSKFDC	:	National Safai Karmacharis Finance and Development Corporation
O & M	:	Operation and Maintenance
OAs	:	Office Assistants
OPD	:	Out-patient Department
PAC	:	Public Accounts Committee
PCC	:	Plain Cement Concrete
PD	:	Project Director/Personal Deposit
PHCs	:	Primary Health Centres
PHIs	:	Public Health Institutions
PMOAs	:	Para Medical Ophthalmic Assistants
POs	:	Project Officers
PUC	:	Pollution Under Control
PW	:	Public Works
PWD	:	Public Works Department
RE	:	Revised Estimates
RJD (AH)	:	Regional Joint Director (Animal Husbandry)
RNTCP	:	Revised National Tuberculosis Control Programme
RPM	:	Respirable Particulate Matter
RRL	:	Register of Rights and Liabilities
RTOs	:	Regional Transport Officers
RVP	:	River Valley Project
SC	:	Adi-dravidars/Scheduled Castes
SCA	:	Special Central Assistance
SCP	:	Special Component Plan
SDT	:	Silt Detention Tanks
SEs	:	Superintending Engineers
SLRS	:	Scavengers Liberation and Rehabilitation Scheme

SM	:	Stack Monitoring
SMs	:	Smoke Meter
SO_2	:	Sulphur Dioxide
SPM	:	Suspended Particulate Matter
SPS	:	Standard Project Storm
ST	:	Tribals/Scheduled Tribes
TAHDCO	:	Tamil Nadu Adi-dravidar Housing and Development Corporation
TB	:	Tuberculosis
TL	:	Term Loan
TNMSC	:	Tamil Nadu Medical Services Corporation
TNMV	:	Tamil Nadu Motor Vehicles
TNPCB	:	Tamil Nadu Pollution Control Board
TNSBCS	:	Tamil Nadu State Blindness Control Society
TP	:	Town Panchayat
TRC	:	Tuberculosis Research Centre
TSP	:	Tribal Sub-Plan
TU	:	Tuberculosis Unit
UC	:	Utilisation Certificate
VAs	:	Voluntary Agencies
VEM	:	Vehicle Emission Monitoring
WB	:	World Bank
WBCBCP	:	World Bank Assisted Cataract Blindness Control Project
WGDP	:	Western Ghat Development Programme
WHO	:	World Health Organisation
WRCP	:	Water Resources Consolidation Project
WRO	:	Water Resources Organisation
WUA	:	Water Users Association