REPORT OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA

FOR THE YEAR 1985-86

(CIVIL)

GOVERNMENT OF KERALA

ERRATA

Report of the Comptroller and Auditor General of India for the year 1985-86 (Civil) Government of Kerala

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APPENDICES

PREFATORY REMARKS

This Report has been prepared for submission to the Governor under Article 151 of the Constitution. It relates mainly to matters arising from the Appropriation Accounts for the year 1985-86 and other points arising from audit of financial transactions of the Government of Kerala. It also includes:—

(i) certain points of interest arising from the Finance Accounts for the year 1985-86; and

(ii) comments on Small Scale Industries, Multi-State Cashew Project, Coconut Development, Cattle Development, Production Programme for Pulses and Oil Seeds, Health Cards for School Children, Purchase of pipes and valves by erstwhile Public Health Engineering Department, Text Books Office and Financial assistance to Kerala Livestock Development and Milk Marketing Board Limited.

2. The Report containing the observations of Audit on Statutory Corporations and Government Companies and the Report containing the observations of Audit on Revenue Receipts are being presented separately.

3. The cases mentioned in the present Report are among those which came to notice in the course of test audit of accounts during the year 1985-86 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 1985-86 have also been included, wherever considered necessary.

CHAPTER I

GENERAL

1.1. Summary of accounts

The summarised position of the accounts of the Government of Kerala emerging from the Finance Accounts for the year 1985-86 is indicated in the following statements:—

I. Statement of financial position of the Government of Kerala as on 31st March 1986.

Amount as on 31-3-1985 (*Rs. in crores*)		*Liabilities*		*Amount as on* 31-3-1986 (*Rs. in crores*)
3,27.35		Internal Debt including ways and means advances (Market Loans, Loans from Life Insurance Corporation of India and others and ways and means advances but excluding overdrafts)		3,73.76
9,54.96		Loans and Advances from Central Government		13,82.13
	8,53.58	Pre 1984-85 Loans	7,95.04	
	26.15	Non-Plan Loans	3,17.64	
	69.19	Loans for State Plan Schemes	2,58.19	
	2.53	Loans for Central Plan Schemes	4.91	
	3.51	Loans for Centrally Sponsored Schemes	6.35	
4,55.28		Small Savings, Provident Funds, etc.		5,63.60
1,07.12		Deposits		1,13.90
1,92.32		Overdraft from Reserve Bank of India		..
2.76		Reserve Funds		1.56
	8.70	Gross	6.52	
	5.94	Less:Investments	4.96	
..		Suspense & Miscellaneous balances—Other items (Net)		8.34
14.61		Contingency Fund		15.00
1,56.75		Surplus on Government Account		86.27
		Previous year	1,56.75	
		Less: Revenue deficit during current year	74.17	
		Add :Other adjustments	3.69	
22,11.15		Total		25,44.56

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Amount as on 31-3-1985 (*Rs. in crores*)		*Assets*		*Amount as on* 31-3-1986 (*Rs. in crores*)
14,91.79		Gross capital outlay on fixed assets		16,97.61
	3,02.84	Investment in shares of Companies, Corporations, etc.	3,38.94	
	11,88.95	Other capital outlay	13,58.67	
4,62.90		Loans and Advances		5,05.23
	2,24.94	Loans for power projects	2,30.13	
	2,21.94	Other development loans	2,56.04	
	16.02	Loans to Government servants and miscellaneous loans	19.06	
1.66		Other Advances		1.81
1,60.24		Remittance balances		1,50.91
54.19		Suspense and Miscellaneous balances—Other items (Net)		..
40.37		Cash		1,89.00
	9.13	Cash in treasuries	7.97	
	(—) 0.37	Remittances in transit	0.09	
	0.94	Departmental cash balance	1.15	
	0.12	Permanent advances	0.13	
	6.91	Cash balance investment	1,24.10	
	23.64	Deposits with Reserve Bank of India	55.56	
	(*)	Deposits in other Banks	(**)	
22,11.15		Total		25,44.56

(*) Rs. 11,874 only.

(**) Rs. 65,347 only.

Abstract of Receipts and Disbursements for the year 1985-86

SECTION A—REVENUE

Receipts	*(Rs. in crores)*	*Disbursements*				*(Rs. in crores)*
I. Revenue Receipts	13,71.17	I. Revenue Expenditure				14,45.34
		Sector	*Non-plan*	*Plan*	*Total*	
(i) Tax Revenue	7,30.50	(i) General Services	3,91.77	7.93	3,99.70	
(ii) Non-tax Revenue	1,41.73	(ii) Social and community Services	7,10.01	62.92	7,72.93	
(iii) State's share of Union taxes	2,08.49	(iii) General economic Services	19.32	5.19	24.51	
(iv) Non-Plan Grants	1,17.34	(iv) Agriculture and allied services	62.87	1,16.32	1,79.19	
(v) Grants for State Plan Schemes	87.65	(v) Industries and Minerals	13.25	5.36	18.61	
(vi) Grants for Central and Centrally sponsored schemes	85.46	(vi) Water and Power Development	13.25	0.65	13.90	
		(vii) Transport and Communications	31.18	2.07	33.25	
		(viii) Grants-in-aid and contributions	3.25	..	3.25	
			12,44.90	2,00.44	14,45.34	
II. Revenue Deficit carried to Section B	74.17					
	14,45.34					14,45.34

SECTION B—OTHERS

Receipts		(Rs. in crores)	Disbursements		(Rs. in crores)
III. Opening cash balance including Permanent Advance and Cash Balance Investment		40.37	III. Opening overdraft from Reserve Bank of India ..		1,92.32
			IV. Capital Outlay		2,05.81
			(i) General Services	7.84	
			(ii) Social and Community Services	44.39	
			(iii) General Economic Services	2.98	
			(iv) Agriculture and Allied Services	15.70	
			(v) Industry and Minerals	23.61	
			(vi) Water and Power Development	71.05	
			(vii) Transport and Communications	40.24	
IV. Recoveries of Loans and Advances		18.31	V. Loans and Advances disbursed		60.64
(i) From Government servants	7.36		(i) For Power projects	5.47	
(ii) From Others	10.95		(ii) To Government servants	10.40	
			(iii) To others	44.77	
			VI. Revenue deficit brought down		74.17
Carried over		58.68			5,32.94

Receipts		*(Rs. in crores)*	*Disbursements*		*(Rs. in crores)*
Brought forward		58.68			5,32.94
V. Public Debt Receipts		7,64.68	VII. Repayment of Public Debt		2,91.10
(i) Internal debt other than ways and means advances	93.86		(i) Internal debt other than ways and means advances	16.37	
(ii) Ways and means advances excluding overdrafts mentioned against item VIII below	3.19		(ii) Ways and means advances excluding overdrafts	34.27	
(iii) Loans and advances from the Central Government	6,67.63		(iii) Repayment of loans and advances to Central Government	2,40.46	
VI. Contingency Fund		0.39	VIII. Contingency Fund		..
VII. Public Account Receipts		18,65.29	IX. Public Account Disbursement		16,76.00
(i) Small Savings, Provident funds, etc.	5,32.03		(i) Small Savings, Provident funds, etc.	4,23.71	
(ii) Reserve funds	2.82		(ii) Reserve funds	4.02	
(iii) Suspense and miscellaneous	4,71.34		(iii) Suspense and miscellaneous	4,05.12	
(iv) Remittances	5,44.79		(iv) Remittances	5,35.47	
(v) Deposits and advances	3,14.31		(v) Deposits and advances	3,07.68	
VIII. Closing overdraft from Reserve Bank of India		..	X. Cash balance at end		1,89.00
			(i) Cash in treasuries and local remittances including deposits with Reserve Bank of India	63.62	
			(ii) Departmental cash balance including permanent advances	1.28	
			(iii Cash Balance Investment	1,24.10	
Total		26,89.04			26,89.04

III. **Sources and Application of funds for 1985-86**

			(Rs. in crores
I.	Sources		
1.	Revenue Receipts		13,71.17
2.	Increase in Public Debt and Small Savings		5,81.90
3.	Decrease in Overdraft from Reserve Bank of India		(—)1,92.32
			17,60.75
	Adjustments		
	Net contribution from Contingency Fund	(+) 0.39	
	Net adjustment under miscellaneous Government Account	(+) 3.69	
	Increase in Deposits and Advances	(+) 6.63	
	Effect on Suspense Balance	(+) 62.53	
	Reduction in Reserve funds	(—) 1.20	
	Effect on Remittance Balances	(+) 9.32	(+)81.36
			18,42.11
II.	Application		
1.	Revenue Expenditure		14,45.34
2.	Capital Outlay		2,05.81
3.	Lending for development and other programmes		42.33
4.	Increase in Cash balance Investment		1,17.19
5.	Increase in Cash balance		31.44
			18,42.11

Notes:

1.01. Government accounts being on cash basis, the balances shown in the statement of financial position indicate the position on cash basis, as opposed to accrual basis of commercial accounting.

1.02. The abridged accounts in the foregoing statements have to be read with the comments and explanations in the Finance Accounts.

1.03. Under Deposits with Reserve Bank of India there was a difference of Rs. 5.20 crores (net credit) between the figures reflected in the accounts and that communicated by the Reserve Bank. The difference has been reduced to Rs. 4.44 crores (October 1986) after reconciliation.

1.04. The opening balance as on 1-4-1985 in respect of 'Capital outlay', 'loans and advances' and 'surplus on Government account' differ from those shown in the Report of the Comptroller and Auditor General of India for the year 1984-85 (Civil) due to the net effect of the following *pro forma* adjustments carried out in 1985-86 accounts:—

(i) Loans aggregating Rs. 21.76 crores given mainly to Steel Industrials Kerala Limited (Rs. 1.65 crores), Oil Palm India Limited (Rs. 0.10 crore), Kerala State Industrial Enterprises Limited (Rs. 0.30 crore), Kerala State Industrial Development Corporation Limited (Rs. 0.90 crore), Kerala State Cashew Development Corporation Limited (Rs. 18.25 crores), Kerala Agro-Machinery Corporation Limited (Rs. 0.25 crore) and Federation of Harijan Girijan Co-operatives (Rs. 0.16 crore) were converted into share capital.

(ii) Grant-in-aid for Central Tool Room paid to Kerala State Electronics Development Corporation Limited during 1976-77 to 1978-79 was converted into equity share capital (Rs. 0.33 crore).

(iii) Expenses on preparation of feasibility studies/project reports paid to Kerala State Industrial Development Corporation Limited during 1979-80 to 1982-83 had since been treated as share capital (Rs. 0.28 crore).

(iv) Subsidy given during 1983-84 under the scheme for Scheduled Caste fishermen under Special Component Plan was converted as loan (Rs. 0.14 crore).

1.2. Comments on accounts

The following points emerge from the accounts given in the foregoing statements.

1.2.01. The net accretion from debt transactions (as adjusted by the effect of deposits, reserve funds, remittance and suspense balances) and the net contribution from the Contingency Fund during 1985-86 aggregated Rs. 467.25 crores. Out of this, Rs. 205.81 crores were utilised for capital expenditure and Rs. 42.33 crores for net disbursement under loans and advances for development and other programmes. The balance (Rs. 219.11 crores) together with Rs. 3.69 crores representing the net effect of miscellaneous adjustments on Government account aggregated Rs. 2,22.80 crores.

After setting off the revenue deficit of Rs. 74.17 crores, the transactions resulted in an increase of Rs. 148.63 crores in cash balance including Rs. 1,17.19 crores under cash balance investment.

1.2.02. Against the total revenue receipts of Rs. 11,78.50 crores anticipated (budget : Rs. 11,56.30 crores plus additional taxation : Rs. 22.20 crores) the actual receipts were Rs. 13,71.17 crores showing an increase of Rs. 1,92.67 crores (16.3 *per cent*).

1.2.03. The revenue receipts during the year showed an increase of Rs. 2,46.18 crores over the previous year. The total tax revenue raised during the year was Rs. 7,30.50 crores as against Rs. 6,21.65 crores in the previous year. The increase of Rs. 1,08.85 crores was mainly under Sales Tax (Rs.83.23 crores), Taxes and Duties on Electricity (Rs. 9.88 crores), Taxes on Vehicles (Rs. 6.63 crores), Taxes on Agricultural Income (Rs. 2.11 crores) and stamps and Registration fees (Rs. 3.24 crores).

1.2.04. Non-tax revenue during 1985-86 was also more by Rs. 8.31 crores compared to that in the previous year. While there was increase in Forest revenue (Rs. 8.63 crores), there was decline in interest receipts (Rs. 6.52 crores).

1.2.05. Receipts from Government of India (excluding loans) during the year (Rs. 4,98.94 crores) showed an increase of Rs. 1,29.02 crores compared to 1984-85 (Rs. 3,69.92 crores). The increase was under Central Grants (Rs. 1,53.81 crores).

1.2.06. The year 1985-86 closed with a revenue deficit of Rs. 74.17 crores as against revenue deficit of Rs. 79.12 crores anticipated in the budget.

1.2.07. The overdue revenue arrears at the end of 1985-86 were reported to be Rs. 3,79.90 crores out of which collection of Rs. 31.39 crores was under stay (by High Court and other judicial authorities: Rs. 27.80 crores; by Government: Rs. 3.59 crores) in Agricultural Income Tax and Sales Tax Departments.

1.2.08. The revenue expenditure during the year was Rs. 14,45.34 crores (Plan: Rs. 2,00.44 crores; Non-Plan : Rs. 12,44.90 crores) as against Rs. 11,38.66 crores (Plan: Rs. 2,12.90 crores; Non-Plan: Rs. 9,25.76 crores) during 1984-85 and a total provision of Rs. 14,37.23 crores during 1985-86 (budget: Rs. 12,35.42 crores; supplementary: Rs. 2,01.81 crores). The increase of Rs. 3,06.68 crores in revenue expenditure during 1985-86 compared to previous year was mainly under Relief on account of natural calamities (Rs. 1,06.60 crores), Education (Rs. 66.78 crores), Pension and other retirement benefits (Rs. 26.98 crores) and Social Security & Welfare (Rs. 21.36 crores).

1.2.09. Capital expenditure during the year was Rs. 2,05.81 crores as against Rs. 1,67.05 crores during 1984-85 and a provision of Rs. 2,43.10 crores during 1985-86 (budget: Rs. 2,06.21 crores; supplementary: Rs. 36.89 crores). The increase in capital expenditure during 1985-86 compared to the previous year was mainly under Consumer Industries (Rs. 11.75 crores) and Roads and Bridges (Rs. 15.18 cores).

1.2.10. In respect of loans and advances, the detailed accounts of which are maintained by Accountant General, amount overdue for recovery at the end of 1985-86 was Rs. 1,32.76 crores (principal: Rs. 18.39 crores; interest: Rs. 1,14.37 crores). Of this, an amount of Rs. 1,06.34 crores represented interest due from the Kerala State Electricity Board.

Information regarding arrears in the recovery of loans, the detailed accounts of which are maintained by departmental officers, has not been received from any of the departments (February 1987). However, according to information furnished by 60 out of 75 Government Companies, Rs. 45.57 crores (principal: Rs. 28.38 crores; interest: Rs. 17.19 crores) were overdue from 28 of them (this does not include Rs. 1.17 crores due from one company and covered by moratorium). In addition, moratorium has been sanctioned by Government for a sum of Rs. 2,19.88 lakhs (principal: Rs. 1,86.14 lakhs; interest: Rs. 33.74 lakhs) due from 4 other Government companies. Terms and conditions governing loans aggregating Rs. 2,23.82 lakhs given to 11 Government Companies were yet to be fixed.

1.2.11. Loans raised during 1985-86 and discharged during the year were Rs. 12,24.15 crores and Rs. 9,42.89 crores respectively.

Interest paid by Government on debt and other obligations during 1985-86 was Rs. 1,27.15 crores. The interest received was Rs. 24.11 crores including interest on loans given to Public Sector undertakings and capital contributions given to departmental commercial undertakings. The net interest burden was thus Rs. 1,03.04 crores.

1.2.12. With the investment of Rs. 36.10 crores (in statutory corporations: Rs. 3.15 crores; Government companies : Rs. 30.21 crores; co-operative Banks and societies: Rs. 2.89 crores; Industrial Finance Corporation Bonds:

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Rs. (—) 0.15 crore) during the year, the total investment of Government in shares and debentures as on 31st March 1986 was Rs. 3,38.94 crores. Interest and dividends received during the year on such investments was Rs. 64.78 lakhs representing 0.19 *per cent*.

The investments in different categories of institutions and the returns thereon during 1985-86 were as shown below:—

Category of institution	*Amount invested (Rs. in crores)*	*Return on investment*	
		Amount (Rs. in lakhs)	*As percentage of investment*
1. Statutory Corporations	39.69	4.92	0.12
2. Government Companies	243.63	37.67	0.15
3. Other Joint stock companies	3.68	10.38	2.82
4. Co-operative institutions	51.91	11.43	0.22

The accumulated loss of 51 Government companies and 2 Statutory Corporations in which investment as on 31st March 1986 was Rs. 227.20 crores, amounted to Rs. 2,43.88 crores. Six institutions (two Government companies and 4 joint stock companies) in which Government had invested Rs. 54.73 lakhs were under liquidation. In 21 cases (one statutory corporation and 20 Government companies), the accumulated loss was more than the investment made up to the end of March 1986. In the case of the following Statutory Corporation/Government Companies, the accumulated loss as per the latest accounts was more than twice the investment.

Name of undertaking	*Total investment at the end of March* 1986	*Accumulated loss*	
		Amount	*As on*
		(*Rs. in crores*)	
1. Kerala State Road Transport Corporation	33.56	86.42	31-3-1986
2. The Kerala Fisheries Corporation Limited	4.85	10.16	31-3-1984
3. The Kerala Ceramics Limited	1.08	7.06	31-3-1985
4. Kerala Soaps and Oils Limited	1.44	7.52	31-3-1986
5. Travancore Plywood Industries Limited	0.49	1.66	31-3-1986

	Name of undertaking	Total investment at the end of March 1986	Accumulated loss	
			Amount	As on
			(Rs. in crores)	
6.	Trivandrum Rubber Works Limited	2.75	5.74	31-3-1983
7.	The Kerala State Civil Supplies Corporation Limited	2.41	10.38	31-3-1986
8.	Kerala State Construction Corporation Limited	0.88	2.34	31-3-1983
9.	Oil Palm India Limited	0.51	2.44	31-3-1986
10.	Transformers & Electricals Kerala Limited	2.92	18.88	31-3-1985
11.	Forest Industries (Travancore) Limited	0.09	0.34	31-3-1986
12.	Metropolitan Engineering Company Limited	0.26	0.95	31-12-1982

1.2.13. The contingent liability for guarantee given by the State Government for repayment of loans, etc., by companies, statutory boards/ corporations, local bodies, etc., on 31st March 1986 was Rs. 6,55.80 crores (including interest of Rs. 29.25 crores) against the maximum guaranteed amount of Rs. 11,58.28 crores. The total amount paid by Government between December 1973 and March 1985 to discharge liabilities arising out of guarantees given in favour of 5 bodies aggregated Rs. 94.32 lakhs. A sum of Rs. 35.25 lakhs was recovered till March 1986 from Koliat Estates against Rs. 45.59 lakhs paid by Government. Details of recovery from other bodies are awaited (December 1986).

To enable the Kerala State Rural Development Board to meet the liabilities arising from the loans taken by it from the Life Insurance Corporation of India under guarantee provided by Government, short term loans aggregating Rs. 46.94 lakhs were paid by Government to the Board between March 1979 and April 1984. The loans have not yet been repaid by the Board.

Government had provided guarantee for the loans given by Trivandrum District Co-operative Bank Limited to Trivandrum (North) Regional Fish Marketing Society Limited, Anjengo and by the Malabar Co-operative

Central Bank Limited to the Kozhikode Regional Fish Marketing Co-operative Society Limited, Pudiappa. The loanees defaulted repayment of loans and the outstanding dues as at the end of June 1985 amounted to Rs. 60.99 lakhs in the case of Kozhikode society and Rs. 1,15.61 lakhs in the case of Anjengo society. Though the guarantee was invoked, the bank agreed to convert the entire dues outstanding against the two societies into a funded loan (bearing 10 *per cent* interest) repyable in 20 half-yearly instalments, commencing from 31st December 1985. The first instalment amounting to Rs. 8.46 lakhs was paid by Government during 1985-86.

Rupees 39.96 lakhs were received by Government during 1985-86 towards guarantee fee. Guarantee fee amounting to Rs. 3,22.78 lakhs was in arrears as on 31st March 1986 in respect of guarantees given in favour of 38 companies.

No law under Article 293 of the Constitution has been passed by the State Legislature laying down the limits within which the Government may give guarantee on the security of the Consolidated Fund of the State.

1.2.14. Against an aggregate net provision of Rs. 5,27.64 crores (Revenue: Rs. 2,19.75 crores; capital: Rs. 2,39.61 crores; loans and advances: Rs. 68.28 crores) for Plan schemes during 1985-86 the actual plan expenditure was Rs. 4,57.78 crores (Revenue: Rs. 2,00.43 crores; capital: Rs. 2,06.86 crores; loans and advances: Rs. 50.49 crores). Thus the total Plan expenditure was less than the net Plan provision by Rs. 69.86 crores. The shortfall was mainly under general economic services (Rs. 17.11 crores) agriculture and allied services (Rs. 15.80 crores) and transport and communications (Rs. 19.07 crores).

1.2.15. The non-Plan expenditure of Rs. 15,45.10 crores (revenue: Rs. 12,44.90 crores; capital Rs. (—) 1.04 crore; loans and advances: Rs. 10.14 crores; public debt, excluding overdraft: Rs. 2,91.10 crores) during 1985-86 was more by Rs. 3,97.13 crores than that in the previous year, the excess being mainly under revenue expenditure (Rs. 3,19.14 crores).

CHAPTER II

APPROPRIATION AUDIT AND CONTROL OVER EXPENDITURE

2.1. General

2.01. The summarised position of actual expenditure during 1985-86 against provision is as follows:—

	Original grant/ appropriation	*Supplementary grant/ appropriation*	*Total*	*Actual expenditure*	*Variation Saving(—) /Excess(+)*
			(Rupees in crores)		
I. Revenue					
Voted	1141.43	193.45	1334.88	1350.07	(+)15.19
Charged	*118.87*	*8.35*	*127.22*	*132.19*	*(+)4.97*
II. Capital					
Voted	213.13	36.74	249.87	214.93	(—)34.94
Charged	*0.92*	*0.15*	*1.07*	*0.53*	*(—)0.54*
III. Public Debt					
Charged	*405.27*	*535.47*	*940.74*	*942.89*	*(+)2.15*
IV. Loans and Advances					
Voted	61.42	23.60	85.02	60.64	(—)24.38
Grand Total	1941.04	797.76	2738.80	2701.25	(—)37.55

2.2. Results of appropriation audit

The broad results emerging from Appropriation Audit are set out in the following paragraphs:—

2.2.01. *Supplementary provision*

Supplementary provision obtained during the year worked out to 41 *per cent* of the original budget provision, as against 31 *per cent* in the preceding year.

2.2.02. *Unnecessary/ excessive/inadequate supplementary provision*

Supplementary provision of Rs. 8.35 crores obtained in 11 cases during March 1986 proved totally unnecessary. In 16 other cases, against supplementary grants/appropriation aggregating Rs. 1,73.94 crores, the actual utilisation of funds was only Rs. 1,54.63 crores, resulting in a saving of more than Rs. 20 lakhs in each case. In 13 other cases, though supplementary provision totalling Rs. 5,85.02 crores was obtained, the provision proved insufficient by more than Rs. 25 lakhs each, leaving an aggregate uncovered excess expenditure of Rs. 65.20 crores.

2.2.03. *Saving/excess over provision*

There was an overall saving of Rs. 1,03.60 crores in 82 grants/charged appropriations. In 24 grants/charged appropriations, as detailed in Appendix 2.1, there was an overall excess of Rs. 66.05 crores. The excesses require regularisation under Article 205 of the Constitution.

2.2.04. *Unutilised provision*

In the following grants, the expenditure in each case fell short by more than Rs. 1 crore and also by more than 10 *per cent* of the total provision.

Sl. no.	*No. and name of grant*	*Amount of saving (rupees in crores) and its percentage to provision (in brackets)*	*Main reasons for saving*
	REVENUE (VOTED) SECTION		
1.	XV—Public Works	10.34 (19)	The saving was mainly under 'stock' where provision is made on net basis. Saving was due to issue of large quantities of bitumen for maintenance works from 'stock'.
2.	XIX—Family Welfare	5.87 (27)	Reasons awaited (January 1987).

Sl. no.	*No. and name of grant*	*Amount of saving (rupees in crores) and its percentage to provision (in brackets)*	*Main reasons for saving*
3.	XXI—Public Health Engineering	1.97 (22)	Reasons awaited (January 1987).
4.	XXXVI—Panchayat	1.83 (17)	do.
	CAPITAL (VOTED) SECTION		
5.	XV—Public Works	20.01 (32)	do.
6.	XXI—Public Health Engineering	13.81 (33)	do.
7.	XXVIII—Co-operation	15.70 (56)	Shortfall in the number of co-operatives becoming eligible for conversion of short-term loans into medium-term loans (Rs. 9.60 crores).
8.	XXX—Agriculture	4.19 (23)	Belated allotment of funds by Government of India (Rs. 2.84 crores) for release of short term loan to cultivators, non-acquisition of site for construction of quarters, slow progress of works, etc.
9.	XXXV—Forest	1.04 (22)	Drought in the northern districts (Rs. 76.95 lakhs).

2.2.05. *Significant cases of savings under schemes*

(a) In the following cases, substantial savings of not less than Rs. 1 crore each had occurred owing to non-implementation or slow implementation of Plan schemes.

Sl. no.	*No. amd name of grant*	*Name of scheme*	*Amount of saving (rupees in crores) and its percentage to provision (in brackets)*
REVENUE (VOTED) SECTION			
1.	XIX—Family Welfare	(i) Vasectomy	2.00 (99.8)
		(ii) Ex-gratia assistance in case of fatality/ complication	2.00 (*Cent per cent*)
2.	XXVI—Social Welfare including Harijan Welfare	Welfare of Scheduled Castes, Scheduled Tribes and other backward classes—Special Central Assistance for Tribal Sub Plan	1.16 (93)
3.	XXX—Agriculture	Soil conservation in the River Valley Project—Kabini (100% Centrally sponsored scheme)	1.00 (*Cent per cent*)
4.	XXXVII—Community Development	(i) Implementation of Integrated Rural Development Programme (IRDP) in all blocks except Command Area Development Blocks (Centrally sponsored—50% Central assistance)	2.13 (22)

Sl. no.	*No. and name of grant*		*Name of scheme*	*Amount of saving (rupees in crores) and its percentage to provision (in brackets)*
		(ii)	Implementation of IRDP in all blocks except Command Area Development Blocks—Special Component Plan	4.48 (99.6)
5.	XXXVIII—Industries		Cochin Export Processing Zone—External Infrastructure	2.00 (*cent per cent*)

CAPITAL (VOTED) SECTION

6.	XV—Public Works	(i)	State roads of economic or inter-State importtance (Centrally sponsored scheme having 100% Central assistance)	19.96 (99.8)
		(ii)	State highways	
			(a) Developments and improvements	2.63 (89)
			(b) Bridges and culverts	1.05 (91)

Sl. no.	No. and name of grant	Name of scheme	Amount of saving (rupees in crores) and its percentage to provision (in brackets)
		(iii) District and other roads— Developments and improvements	2.34 (73)
7.	XXI—Public Health Engineering	(i) Loans and contributions to the Kerala Water Authority	13.81 (33)
8.	XXVIII—Co-operation	(i) Share capital contribution and loans to consumer co-operative stores (Centrally sponsored scheme 100%)	2.94 (99)
		(ii) Assistance to co-operative credit institutions towards conversion of short-term loans into medium-term loans in flood affected areas	9.60 (74)
9.	XXX—Agriculture	Agricultural Research—Buildings	1.29 (26)
10.	XXXIX—Irrigation	Idamalayar Project—Works	14.21 (73)

(b) In addition, substantial savings, exceeding 10 *per cent* of the provision and Rs. 1 crore each, occurred in the following non-Plan programmes/schemes/activities.

Sl. no.	*No. and name of grant*	*Name of the programme/ scheme/activity*	*Amount of saving (rupees in crores) and its percentage to provision (in brackets)*
REVENUE (VOTED) SECTION			
1.	XV—Public Works	Ordinary repairs and renewals of communications	1.28 (11)
2.	XVI—Pensions and Miscellaneous	Pension to Kerala Government pensioners	7.30 (13)
3.	XXI—Public Health Engineering	Setting up of Kerala Water Authority (Non-Plan)	1.54 (18)
4.	XXVI—Social Welfare including Harijan Welfare	Destitute pension	2.00 (19)
5.	XXXVI—Panchayat	Basic tax grant to Panchayats	1.38 (55)
CAPITAL (VOTED) SECTION			
6.	XXX—Agriculture	Manures and fertilisers–Loans to cultivators for short term credit	2.99 (75)

2.2.06. *Persistent savings*

Savings exceeding Rs. 25 lakhs each were noticed persistently in all the three years from 1983-84 in the following voted grants:—

Sl. no.	*No. and name of grant*	*Amount of savings (rupees in lakhs) (percentage of savings in brackets)* 1983-84	1984-85	1985-86
REVENUE (VOTED) SECTION				
1.	XX—Public Health	49.63 (6)	97.66 (10)	40.86 (3)
2.	XXII—Housing	91.42 (21)	65.78 (11)	63.42 (12)
3.	XXVIII—Co-operation	314.83 (18)	176.22 (12)	26.80 (2)
4.	XXXI—Food	41.26 (6)	131.32 (23)	54.65 (13)
5.	XXXIV—Fisheries	86.70 (20)	33.43 (7)	84.38 (11)
6.	XXXV—Forest	159.82 (10)	52.14 (3)	173.46 (7)
7.	XXXVI—Panchayat	58.74 (5)	113.39 (9)	182.72 (17)
8.	XXXVII—Community Development	302.29 (6)	430.01 (6)	409.69 (5)
9.	XXXVIII—Industries	110.75 (7)	73.41 (5)	52.88 (3)
CAPITAL (VOTED) SECTION				
10.	XXVIII—Co-operation	438.89 (18)	643.60 (36)	1570.31 (56)
11.	XXXIV—Fisheries	36.77 (11)	110.89 (31)	420.86 (38)
12.	XXXV—Forest	79.57 (34)	49.48 (22)	104.35 (22)

2.2.07. *Significant cases of excesses*

In the following voted grants, the expenditure during the year exceeded the approved provision by more than Rs. 1 crore and also by more than 10 *per cent* of the total provision:—

Sl. no.	*Description of the grant*	*Amount of excess (rupees in lakhs) and its percentage (in brackets)*	*Reasons for excess*
	REVENUE (VOTED) SECTION		
1.	XIV—Stationery and Printing and Other Administrative Services	2,89.41 (26)	Purchase of more stationery articles to replenish stock, purchase of paper for printing of ration cards, increased expenditure on pay and allowances due to introduction of revised pay scales, etc.
2.	XXV—Labour and Employment	1,97.25 (10)	Awaited (November 1986).

2.2.08. *Persistent excesses*

In the following voted grants, persistent excesses were noted in all the three years from 1983-84:—

Sl. no.	*Description of the grant*	*Amount of excess (rupees in lakhs) and its percentage (in brackets)* 1983-84	1984-85	1985-86
	REVENUE (VOTED) SECTION			
1.	VII—Stamps and Registration	1,39.94 (28)	10.39 (2)	13.61 (2)
2.	XVII—Education, Art and Culture	3,57.72 (1)	29,35.61 (9)	34,29.68 (9)
3.	XXXII—Animal Husbandry	12.48 (1)	36.11 (3)	26.62 (2)
	CAPITAL (VOTED) SECTION			
4.	XXXIX—Irrigation	58.52 (1)	1,24.71 (2)	2,78.35 (4)

2.2.09. *Injudicious re-appropriation*

Re-appropriation is transfer of funds within a Grant, from one unit of appropriation where savings are anticipated to another unit where additional funds are needed. The State Budget Manual enjoins that re-appropriation is permissible only when there is a definite or reasonable chance of saving under the unit from which funds are proposed to be re-appropriated or it is meant to curtail expenditure under that unit, to meet more urgent expenditure under another. Scrutiny of re-appropriation orders issued during 1985-86 revealed non-observance of this requirement, in a number of cases. The details of 12 such instances where re-appropriation for sums exceeding Rs. 20 lakhs each turned out to be injudicious on account of expected savings not materialising under the head of account from which funds were transferred or the actual expenditure falling short of even the original provision under the head to which additional funds were transferred, are given in Appendix 2.2.

2.2.10. *Surrender of savings*

(a) The rules require that all anticipated savings should be surrendered as soon as the possibility of savings is envisaged. Out of Rs. 69.63 crores surrendered during 1985-86, surrender of Rs. 64.04 crores was made only on the last day (31st March 1986) of the financial year.

(b) In the following grants, savings exceeding Rs. 1 crore each remained unsurrendered.

Sl. no.	*No. and name of grant*	*Total grant*	*Total saving*	*Unsurrendered saving and its percentage to total saving (in brackets)*
		(*rupees in crores*)		
REVENUE (VOTED) SECTION				
1.	XVIII—Medical	88.63	2.13	1.05 (49)
2.	XXX—Agriculture	58.65	5.35	2.52 (47)
CAPITAL (VOTED) SECTION				
3.	XV—Public Works	62.59	20.01	1.78 (9)
4.	XXX—Agriculture	18.23	4.19	1.17 (28)

(c) In the following grants, surrenders exceeding Rs. 50 lakhs in each case were made far in excess of savings actually available for surrender.

Sl. no.	*No. and name of grant*	*Total grant*	*Total saving*	*Actual surrender*	*Amount surrendered in excess*
			(rupees in	*lakhs)*	
	REVENUE (VOTED) SECTION				
1.	XX—Public Health	11,75.99	40.86	78.09	37.23
2.	XXVIII—Co-operation	14,26.36	26.80	66.46	39.66
3.	XXXVII—Community Deve-lopment	75,78.00	4,09.69	5,11.68	1,01.99

(d) In the following voted grants in the Revenue Section, surrenders (exceeding Rs. 25 lakhs each) were made on the last day though the expenditure had already exceeded the authorised appropriation.

Sl. no.	*No. and name of grant*	*Total grant*	*Actual expenditure*	*Excess*	*Surrenders made on 31st March* 1986
			(rupees in lakhs)		
	REVENUE (VOTED) SECTION				
1.	XVI—Pensions and Miscellaneous	109,76.79	119,73.26	9,96.47	28.54
2.	XVII—Education, Art and Culture	382,01.82	416,31.50	34,29.68	42.67
3.	XXVI—Social Welfare including Harijan Welfare	72,25.83	73,60.79	1,34.96	59.15

2.2.11. *Rush of expenditure*

The financial rules of Government enjoin that no attempt should be made to prevent the lapse of an appropriation by undue rush of expenditure during March. In spite of this codal provision and repeated recommendations of the State Public Accounts Committee, heavy rush of expenditure in March 1986 was noticed in the following 5 cases.

Sl. no.	*Description of grant*	*Total provision*	*Total expenditure*	*Expenditure during March* 1986	*Percentage of expenditure in March* 1986 *to total expenditure*
		(*rupees in crores*)			
	REVENUE (VOTED) SECTION				
1.	XXXIV—Fisheries	7.76	6.91	3.68	53
2.	XXXVII—Community Development	75.78	71.68	23.01	32
3.	XXXI—Food	4.17	3.63	1.29	36
4.	XXXV—Forest	23.57	21.84	6.36	29
	CAPITAL (VOTED) SECTION				
5.	XXXIV—Fisheries	10.99	6.79	3.00	44

2.3. Budgetary procedure and control over expenditure

2.3.01. *Defective Budgeting*

According to the State Budget Manual, budget estimates should be as accurate as practicable and should neither be inflated nor be underpitched. The Manual enjoins upon the Administrative Departments concerned and Finance Department to scrutinise the budget proposals carefully to ensure accuracy before submission of the estimates to the Legislature. The following instances illustrate that the pre-budget scrutiny exercised was inadequate/defective.

(i) *Excessive/inflated provision*

Against a proposal of the Chief Engineer, National Highways seeking a provision of Rs. 40 lakhs, a sum of Rs.20 crores was provided for Calicut-Nilambur-Gudallur road under the head "537(c)1. State roads of economic or inter-State importance " in the Budget for 1985-86. The actual expenditure during the year was Rs.4.33 lakhs only. Out of the savings, Rs. 19.51 crores were surrendered on the last day of the financial year. Finance Department stated (September 1986) that provision of Rs.20 crores was made on the basis of schematic break-up of Plan allocation received from the Planning and Economic Affairs Department/State Planning Board.

(ii) *Erroneous provision of funds*

The provision sought for under the head of account "533B(t). Idamalayar Project" by the Chief Engineer, Projects-II was only Rs.1.49 crores. However, based on the schematic allocation of funds fixed by the Planning and Economic Affairs Department, a provision of Rs.15 crores was made under the head by Government. Out of this, a sum of Rs. 13.91 crores was reappropriated to other projects on 9th January 1986. Subsequently, Government obtained a supplementary grant of Rs. 5 crores in March 1986 for payment to the Kerala State Electricity Board being the irrigation share cost towards construction of the dam. On 28th March 1986, a sum of Rs.30 lakhs was also reappropriated to other projects.

The allocation of Rs.15 crores made by the Planning and Economic Affairs Department included Rs. 8 crores intended for the power portion of the project which was to be met from the Kerala State Electricity Board's own resources. As such, there was no justification for providing Rs. 15 crores initially for the irrigation portion of the project.

(iii) *Provision for discontinued schemes*

In March 1984, Government ordered the discontinuance of 'one meal-a-day-programme' with effect from 1st April 1985. However, provision of Rs.34 lakhs was made for the scheme in the Budget for 1985-86. Out of this provision, a sum of Rs. 33.52 lakhs was reappropriated to other heads on the last day of the financial year. Provision of funds for a scheme ordered to be wound up and its retention till the close of the financial year, were irregular. The Director of Social Welfare stated (September 1986) that provision was included for settling outstanding payments relating to 1984-85 which could not be assessed at the time of preparation of the Budget.

(iv) *Under-estimation of recoveries*

The administrative surcharge pertaining to the Grain Supply Scheme is credited as recovery under the Major head '509–Capital outlay on Food'. During 1985-86, a provision of Rs. 1,73.71 lakhs was made although the department had estimated the recovery as Rs. 4,50 lakhs. The actual administrative surcharge recovered during the year amounted to Rs. 7,34.89 lakhs. Reasons for curtailing the provision proposed by the department are awaited from the Government (October 1986).

There was similar under-pitching of provision during 1983-84 and 1984-85 also, when actual recoveries amounted to Rs. 4,85.37 lakhs and Rs. 4,74.92 lakhs respectively against provision of Rs. 1,18.30 lakhs and Rs. 1,25.09 lakhs respectively.

(v) *Unnecessary provision in supplementary grant*

A supplementary grant of Rs. 2,50 lakhs was obtained in March 1986 for reimbursement of loss sustained by different agencies in purchase of copra. The relevant Appropriation Bill was assented to by the Governor on 29th March 1986. However, no scheme for utilisation of the provision during the year was finalised and consequently, no expenditure was incurred. The Director of Agriculture stated (September 1986) that the supplementary provision was made at Government level and that the department had not submitted any proposals in this regard. Government's decision to obtain such a huge provision at the fag end of the year when the scheme was yet to be finalised, was injudicious.

2.3.02. *Control over expenditure*

Test check of records in 11 chief controlling offices revealed various defects like non-maintenance/defective maintenance of several registers prescribed in the State Budget Manual, non-furnishing (to Government) of monthly returns of expenditure, non-reconciliation of departmental figures with those booked in accounts, etc. Particulars of the offices where the defects were noticed, are given in Appendix 2.3. These defects indicate that the control of expenditure by the chief controlling officers could not be effective.

2.3.03. *Expenditure in violation of codal provision*

Paragraph 95 (3) of the State Budget Manual lays down that when additional appropriation is urgently required by any authority for meeting expenditure on any object not constituting 'New Service', Government may permit the authority to incur the expenditure subject to the conditions that(i) expenditure shall be regularised by re-appropriation or supplementary grant before the close of the year and (ii) the grant as a whole is not exceeded before supplementary grant has been made by the Legislature.

In August 1985, Government sanctioned a loan of Rs. 60 lakhs to the Kerala State Financial Enterprises Limited (a Government Company) to meet its immediate financial commitments and the Director of Registration was authorised under paragraph 95 (3) of the Manual to draw the amount by debit to the loan head of account '700. Loans to General Financial and Trading Institutions' under 'Grant No. XXIX—Miscellaneous Economic Services' although the total provision in the Capital portion of the Grant was only Rs. 33.05 lakhs. The loan of Rs. 60 lakhs was drawn on 20th August 1985, adjusting simultaneously, a sum of Rs. 50 lakhs towards overdue interest recoverable from the company. The additional expenditure was regularised by obtaining a Supplementary Grant in March 1986. Between 20th August 1985 and 28th March 1986, the expenditure in the Capital portion of the 'Grant' exceeded the sum authorised by the Legislature.

Government stated (August 1986) that even though the additional expenditure authorised was for Rs. 60 lakhs, the actual cash outgo was Rs. 10 lakhs only after adjusting Rs. 50 lakhs towards interest. This is not tenable as the gross expenditure was not covered by the budget provision until it was augmented by the Supplementary Grant in March 1986.

Sanction accorded by Government in August 1985 to incur the expenditure under paragraph 95 (3) of the Manual was irregular, because even the entire budget provision in the Capital portion of the Grant was not adequate to cover the loan sanctioned and there was no possibility of identifying savings in the Grant to cover the drawal of loan and ensuring that the relevant provision in the Grant was not exceeded.

2.4. Advances from the Contingency Fund

The Contingency Fund of the State is in the nature of an imprest placed at the disposal of the Governor, to enable him to make advances for meeting unforeseen expenditure, pending authorisation by the Legislature. Advances from the fund are to be made only for meeting expenditure of an emergent character, the postponement of which, till its authorisation by the Legislature, would be undesirable. The corpus of the fund is Rs. 15 crores.

Forty sanctions were issued during 1985-86 advancing Rs. 16,33.50 lakhs from the fund, out of which the amounts of five sanctions (Rs. 44.37 lakhs) were later reduced by Rs. 37.12 lakhs. In one case, the advance of Rs. 15 lakhs was drawn only on 26th March 1986 though it was sanctioned on 17th October, 1985. Sanctions in these cases had thus been issued without ensuring that the advance was wholly required or that the expenditure was of an emergent nature.

2.5. Absence of departmental reconciliation

The State Budget Manual requires that departmental figures of expenditure should be reconciled every month with those compiled by the Accountant General. Such reconciliation enables the departmental officers to exercise proper control over expenditure and to detect frauds and defalcations, if any, at an early stage. The Controlling Officers are to reconcile the figures and send monthly reconciliation certificates to the Accountant General.

The number of Controlling Officers who had not reconciled (January 1987) their figures up to the end of 1985-86 and the number of reconciliation certificates due from them are indicated below year-wise:—

Year	*Number of Controlling Officers*	*Number of reconciliation certificates due*
1980-81	1	12
1981-82	2	22
1982-83	6	80
1983-84	16	184
1984-85	40	351
1985-86	101	1208

2.6. Expenditure on New Service

In April 1985, Government sanctioned a loan of Rs. 25.4 lakhs to Kerala Fisheries Corporation Limited (a Government Company) for implementation of its voluntary retirement scheme. The loan amount was to be set apart by the Company for payment of compensation for retrenching surplus employees. There was no specific provision in the Budget Estimates for this purpose. The expenditure was met by re-appropriation in June 1985.

According to the criteria laid down by the State Public Accounts Committee, payment of loans and advances exceeding Rs. 2 lakhs for purposes not contemplated in the Annual Financial Statement, constitute 'New Service'. As such, the re-appropriation was irregular and the expenditure should not have been incurred without obtaining a supplementary grant or advance from the Contingency Fund.

2.7. Trend of recoveries and credits

During the year 1985-86, recoveries to be adjusted in accounts as reduction of expenditure were estimated at Rs. 32.72 crores (Revenue: Rs. 24.88 crores; Capital: Rs. 7.84 crores) against which the actual recoveries were Rs. 46.56 crores (Revenue: Rs. 36.93 crores; Capital: Rs. 9.63 crores). In the Revenue Section, excess recovery was mainly under 'Public Works' (Rs. 12.01 crores) while in the Capital Section, the excess recovery was mainly under 'Food' (Rs. 5.38 crores). There was, however, shortfall in recoveries under 'Public Health Engineering'* (Capital: Rs. 2.50 crores).

2.8. Non-receipt of explanations for savings/excesses

After the close of each financial year, the detailed appropriation accounts showing the final grant/appropriation, the actual expenditure and the resultant variation are sent to the Controlling Officers, requiring them to explain the variations in general and those under important sub-heads in particular. The provision in the State Budget Manual requires the Controlling Officers to furnish promptly to the Accountant General all information required by him in connection with the preparation of Appropriation Accounts. It is, however, seen that the reasons for variations in regard to many important sub-heads every year are not furnished in time to Audit by the Controlling Officers.

For the Appropriation Accounts 1985-86, the explanations for variations are yet to be received (December 1986) in 217 out of 426 important sub-heads.

2.9. Excess of earlier years pending regularisation

Under Article 205 of the Constitution, expenditure in excess of grants/appropriations voted by the Legislature, is to be regularised in the manner

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*The activities of the erstwhile Public Health Engineering Department were taken over by the Kerala Water Authority from 1st April 1984.

prescribed by the Constitution. Fifty-four excesses over voted grants/charged appropriations relating to the period 1980-81 to 1984-85 are pending regularisation (February 1987). The year-wise break-up is given below:—

Year	*Number of cases*		*Amount of excess*	
	Voted	*Charged*	*Voted*	*Charged*
			(rupees in lakhs)	
1980-81	3	1	1,15.50	*0.01*
1981-82	6	..	1,12.54	..
1982-83	9	2	12,01.64	*10.84*
1983-84	19	1	39,76.37	*2,35.71*
1984-85	11	2	41,96.47	*32,37.68*

2.10. Co-relation of expenditure with physical progress

Test check of performance under 11 schemes revealed that although expenditure exceeded provision in 4 cases and provision was substantially utilised in 7 other cases, physical progress largely fell short of target as indicated below:—

Sl. no.	*Name of the scheme*	*Components of the scheme*	*Physical* *Target*	*Physical* *Achievement and its percentage (in brackets)*	*Financial* *Provision (rupees in lakhs)*	*Financial* *Actual expenditure (rupees in lakhs) and its percentage (in brackets)*
	AGRICULTURE DEPARTMENT					
1.	Rapid multiplication of hybrid pepper in the Central Nursery and its distribution	Local pepper cuttings	40 lakhs	14.14 lakhs	12.29	9.39 (76)
		Panniyur pepper cuttings	30 lakhs	6.38 lakhs		
		Nutmeg seedlings	0.15 lakh	0.07 lakh		
		Clove seedlings	1 lakh	0.51 lakh		

Sl. no.	Name of the scheme	Components of the scheme	Physical: Target	Physical: Achievement and its percentage (in brackets)	Financial: Provision (rupees in lakhs)	Financial: Actual expenditure (rupees in lakhs) and its percentage (in brackets)
2.	Soil conservation works in the lands of Harijans—Special Component Plan		457 ha.	264 ha. (58)	29.70	28.18 (95)
	INDUSTRIES DEPARTMENT					
3.	Assistance for revitalisation of sick SSI units		80 units	25 units (31)	20.00*	11.53 (58)
	HOUSING DEPARTMENT					
4.	Co-operative housing scheme for economically weaker sections	No. of houses	10,000	Nil	50.00*	39.97 (80)
		No. of houses-spill over works	22,124	2,427 (11)		
5.	Police housing scheme	No. of buildings	198	49 (25)	76.59	75.35 (98)
6.	Quarters to Government servants	No. of buildings	64	6 (9)	49.03	60.20 (123)
	PUBLIC WORKS AND TRANSPORT DEPARTMENT					
7.	Public buildings—civil works	No. of works	193	26 (13)	427.70	459.22 (107)
	GENERAL EDUCATION DEPARTMENT					
8.	Secondary education—buildings	No. of works	629	111 (18)	307.92	273.03 (89)

*Original provision.

Sl. no.	Name of the scheme	Components of the scheme	Physical Target	Physical Achievement and its percentage (in brackets)	Financial Provision (rupees in lakhs)	Financial Actual expenditure (rupees in lakhs) and its percentage (in brackets)
9.	Primary education—buildings	No. of works	924	138 (15)	1,93.21	2,03.30 (105)
	HIGHER EDUCATION DEPARTMENT					
10.	University and other higher education—buildings	No. of works	100	16 (16)	1,35.18	1,25.94 (93)
	SCHEDULED CASTES AND SCHEDULED TRIBES DEVELOPMENT DEPARTMENT					
11.	Assistance to Scheduled Castes for construction of houses	New houses	150	63 (42)	13.34	14.58 (109)
		Spill over works	3,024	433 (14)		

2.11. Drawal of funds in advance of requirements

The financial rules of Government prohibit drawal of money from the treasury unless it is required for immediate disbursement. In the following three cases, moneys were drawn though not required for disbursement before the close of the year. The premature drawal was made mainly to avoid lapse of budget provision.

AGRICULTURE DEPARTMENT

(i) An amount of Rs. 1.93 lakhs intended to be paid as assistance to the farmers in the drought affected areas of Kozhinjampara was drawn by the Agricultural Development Officer, Kozhinjampara on 29th March 1986 and kept in the cash chest of the Sub Divisional Agricultural Officer, Chittur as there was no cash chest in the former's office. The amount has not been utilised so far (May 1986). The procedure followed is fraught with the risk of temporary misappropriation of public funds.

(ii) A sum of Rs. 1.98 lakhs was drawn on 31st March 1986 by the Director of Agriculture towards cost of 2 photo-copying machines. The machines were supplied only in June 1986 and payment had not been made yet (August 1986). The amount was being retained in the form of two demand drafts drawn in favour of the supplier firm.

HOME DEPARTMENT

(iii) In November 1985, administrative sanction was issued by the Chemical Examiner to Government to place a sum of Rs. 1.05 lakhs at the disposal of the Executive Engineer, Buildings Division, Trichur for construction of a separate gas house adjacent to the Regional Chemical Examiner's Laboratory at Thrikkakkara and provision of pipe arrangement. In March 1986, the amount was drawn and credited under 'Public Works Deposits' although no such deposit was to be made for Governmental works. The work had not been arranged so far (August 1986).

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CHAPTER III

CIVIL DEPARTMENTS

INDUSTRIES DEPARTMENT

3.1. Small Scale Industries

3.1.01. *Introduction*

Small Scale Industries play an important role in industrialisation because of their dispersal in rural and semi-urban areas, low capital investment and high employment potential. Manufacturing and repairing units with investment in plant and machinery up to Rs. 35 lakhs and ancillary units with such investment up to Rs. 45 lakhs are treated as small scale industries from 1st April 1985. Prior to that date, the monetary limits were Rs. 20 lakhs and Rs. 25 lakhs respectively.

3.1.02. *Objectives*

Several schemes have been launched by the Central and State Governments for promotion of industries in general and small scale industries in particular. Some of the more important schemes implemented with this objective are (i) establishment of mini industrial estates and development plots, (ii) grant of investment subsidy and margin money loan to entrepreneurs, (iii) training for entrepreneurs and (iv) assistance to industrial co-operatives, handloom/powerloom co-operatives and coir co-operatives.

3.1.03. *Organisational Set-up*

The Director of Industries and Commerce is in overall charge of the Small Scale Industries Sector excluding handloom and coir for which there are separate Directors. The General Managers of District Industries Centres (DICs) are in immediate charge of the schemes at the district level, except for schemes of coir development for which there are separate Project Officers.

3.1.04. *Expenditure*

The expenditure incurred by the State Government on Village and Small Industries during 1980-81 to 1985-86 was Rs. 62.79 crores (revenue: Rs. 57.70 crores; capital: Rs. 5.09 crores).

3.1.05. *Audit coverage and results*

An audit review (October 1985 to April 1986) of the schemes for development of village and small industries, with reference to the records in the Directorates of Industries and Commerce, Handloom and Coir Development, DICs at Quilon, Alleppey, Ernakulam and Cannanore and Coir Project Offices at Chirayinkil, Quilon, Alleppey, Parur and Cannanore disclosed that (i) there were shortfalls in achievement under several schemes, (ii) many of the facilities created/concessions granted had not yielded the expected results and (iii) the schemes had not accelerated the pace of industrialisation to any significant extent. The details are given in the succeeding paragraphs.

3.1.06. *Small Scale Industries Units*

3.1.06.1. The physical targets and achievements relating to (i) registration of small scale industries (SSI) units and (ii) generation of employment by SSI units in the State during the period 1980-81 to 1984-85 are indicated below:—

Year	*Registration of S.S.I. Units*		*Generation of employment*	
	Cumulative target	*Cumulative achievement*	*Target for jobs*	*Reported achievement for the year*
1980-81	19,560	18,954	*	26,820
1981-82	22,980	21,977	24,200	27,812
1982-83	25,960	24,884	40,400	26,744
1983-84	29,280	28,117	36,500	29,744
1984-85	32,570	31,499	64,700	31,114

The figures of employment generated were based on the average employment per unit as disclosed by a survey conducted by the department from 1982 onwards.

The number of SSI units registered with the department at the time of commencement of the Sixth Five Year Plan was 15,974 which rose to 31,499 by the end of the Sixth Plan period. The reported achievement did not indicate the real position as a survey covering 29,878 units conduced by the department between 1982 and 1985 showed that 5,907 units were closed and that 1,755 units were sick. The investments of the closed and sick units amounted to Rs. 24.60 crores and Rs. 14.76 crores respectively. The closure of the units was attributed by the department to various reasons like

* Not available with the department.

(i) shortage of working capital, (ii) non-availability of raw materials, (iii) labour problems, (iv) inefficiency of management and (v) marketing problems. It was stated by the department that 57 sick units were rehabilitated during 1980-81 to 1984-85 and the assistance paid for their revival amounted to Rs. 18.79 lakhs.

Details of targets fixed and acheivements made during the Sixth Five Year Plan period by the DICs, Quilon, Alleppey and Cannanore Districts in respect of registration of units and generation of employment as also investment in and production by the industrial units are furnisheded below:—

	Quilon		*Alleppey*		*Cannanore*	
	Target	*Achievement*	*Target*	*Achievement*	*Target*	*Achievement*
Registration of SSI units	2,510	1,426	2,100*	1,091*	1,700	1,983
Generation of employment	52,200	18,243	13,505*	7,964*	14,700	20,933
Value of production (Rs. in lakhs)	750	528	F	N	F	N
Investment (Rs. in lakhs)	3,000	2,110	1,781	1,076	F	N

The details of achievement mentioned above are those collected by the department during survey.

The General Managers of DICs, Quilon and Alleppey stated (January 1986 and May 1986) that the targets could not be achieved as registration of units was not a statutory function and that SSI registration was given only to those SSI units which applied for it. All the same, the shortfall points to the inadequacy of extension and promotional efforts on the part of the department.

* Figures relate to the period from 1981-82 to 1984-85.

F. Not fixed

N. Not monitored

3.1.06.2. *Establishment of Mini Industrial Estates*

In 1975, Government launched a scheme for the establishment of 1,000 Mini Industrial Estates for starting 10,000 new industrial units over a period of 4 years from 1975-76 to 1978-79. The scheme was implemented through Kerala State Small Industries Development and Employment Corporation Limited (SIDECO) and the District Mini Industrial Co-operative Societies. Assistance provided by Government for construction of sheds for the units amounted to Rs. 100.07 lakhs-Rs. 45.57 lakhs by way of share capital participation in Mini Industrial Estate Co-operative Societies and Rs. 54.50 lakhs towards construction subsidy.

However, only 110 estates were established and the programme was discontinued in March 1979. Out of 1,104 sheds available in the 110 estates, 92 sheds were not allotted as entrepreneurs could not be identified. Though the remaining 1,012 sheds were allotted, industrial units were yet to be started in 229 of them. Out of 783 units commissioned, 303 units were dormant and only 480 units were functioning. Shortage of sufficient working capital and lack of entrepreneurial talent were the reasons adduced for the non-functioning of the industrial units.

In Quilon and Cannanore Districts where 189 sheds were allotted, production had not been started in 28 units and 52 others were dormant. Only the remaining 109 units were functioning (January 1986).

3.1.07. *Development Plots*

3.1.07.1. A scheme for the establishment of development plots was sanctioned by Government in March 1962. It envisaged acquisition and development of land by providing amenities like power, water supply, roads, etc., and allotment of developed plots to entrepreneurs on out-right sale or on hire purchase basis for starting industries. Information furnished by the department in February 1986 showed that out of 323.97 acres of land acquired for the scheme, 282.08 acres were earmarked for distribution to entrepreneurs and 41.89 acres for providing common amenities and establishment of functional industrial estates. Out of 282.08 acres earmarked for distribution, 241.61 acres were distributed to entrepreneurs and 40.47 acres remained to be distributed. The reasons for non-distribution of 12.22 acres were (i) reluctance of entrepreneurs to set up industrial units in the area due to fear of labour unrest and (ii) delay in completion of work for infrastructural facilities. The reasons for non-distribution of the remaining area of 28.25 acres are awaited from the department (February 1987).

Information about the amount overdue for recovery from the allottees as at the end of March 1986 was not available with the Directorate (February 1987).

3.1.07.2. In test check it was noticed that out of 49 small scale industries in the development plots in Quilon District, 5 units were not working and 4 others were sick. In Ernakulam District, where 150 development plots were allotted, 23 allottees (13 in Kalamassery and 10 in Angamaly) did not utilise the allotted plots for starting industries. Though 24 other allottees started industries (21 in Kalamassery and 3 in Angamaly), the units were not functioning because of financial problems.

3.1.07.3. An area of 21.05 acres of land leased out to the Travancore Cements Limited was taken over by the Industries Department in November 1978 on termination of the lease. The land was declared by Government as a development plot in April 1982. However, part of the area was allotted by Government to Revenue Department (1 acre for setting up a rural dispensary), Public Works Department (2.41 acres for widening a road and setting up a rest house) and Kerala State Road Transport Corporation (5 acres for construction of a bus stand). No action has been taken to develop infrastructural facilities in the balance 12.64 acres and allot the plots to entrepreneurs.

3.1.07.4. In 1977, the Deputy Commissioner (Small Industries), Malappuram, sent a proposal for establishment of a development plot in 8.31 acres of land near Tirur. The proposed area comprised 2.39 acres of excess land surrendered by landlords and vested with Government and 5.92 acres owned by private parties. After a lapse of nearly 8 years, Government in May 1985, sanctioned the assignment of the vested land for setting up the development plot. Development works were yet to be started there. The remaining 5.92 acres could not be acquired owing to resistance from the residents of the area. In effect, a development plot was yet to take shape in the district, though industrially backward.

3.1.08. *Construction of buildings for District Industries Centres*

A District Industries Centre (DIC) has been set up in each district for development of small scale and cottage industries in rural areas and to provide under a single roof, all services and support needed by small and rural entrepreneurs. During 1978-79 the State Government received from Government of India, a grant of Rs. 55 lakhs for construction of buildings, purchase of vehicles, furniture, etc., for 11 DICs at Rs. 5 lakhs per centre. In addition a grant of Rs. 2.5 lakhs was also received for the construction of a DIC building in Wynad District. The construction of buildings for 4 DICs (Alleppey, Trichur, Kozhikode and Cannanore) was completed during 1983-84 and 1984-85. The building for DIC, Malappuram was reportedly nearing completion (March 1986). In 3 other districts (Trivandrum, Quilon and Palghat) though land was made available during 1983-84 construction was yet to be started owing to non-finalisation of estimates/tenders. In the remaining 4 districts (Kottayam, Wynad, Ernakulam and Idukki) even land had not been acquired (March 1986).

3.1.09. *Investment subsidy from Government of India*

With a view to promoting growth of industries in backward areas, Government of India introduced a scheme for grant of subsidy for setting up new industrial units or substantial expansion of existing industrial units. The scheme was launched in Alleppey District in October 1970, in Malappuram and Cannanore Districts in August 1971 and in Idukki, Wynad, Trichur and Trivandrum Districts in April 1983. In Idukki and Wynad Districts, new small scale industrial units were eligible for subsidy at the rate of 25 *per cent* of fixed capital investment in land, buildings and plant and machinery subject to a maximum of Rs. 25 lakhs. Existing units were eligible for similar subsidy for additional capital investment. In Cannanore, Malappuram and Alleppey Districts, the subsidy was admissible at the rate of 15 *per cent* subject to a maximum of Rs. 15 lakhs per unit and in Trichur and Trivandrum Districts, at the rate of 10 *per cent* subject to a maximum of Rs. 10 lakhs per unit. Subsidy paid to large, medium and small scale industries during the Sixth Plan period amounted to Rs. 8,06.31 lakhs. The details of subsidy paid to small scale units were not separately available with the department.

In test check, it was found that a society which had obtained land free of cost for starting an industrial unit and which had received a subsidy of Rs. 3.5 lakhs from Government for construction of building, was paid industrial investment subsidy taking into account the estimated cost of land and the cost of construction of the building as investment made by the society; this resulted in excess payment of Rs. 0.82 lakh as subsidy.

A subsidy of Rs. 1.83 lakhs was paid to a tourist home at Tellicherry between January 1982 and October 1982. The tourist home which started functioning in February 1985, was converted into a hospital in April 1985.

In December 1985, DIC requested the District Collector, Cannanore to recover from the unit the subsidy with interest under the provisions of the Revenue Recovery Act. Further developments are awaited (November 1986).

According to the scheme for grant of Central subsidy, each unit receiving subsidy exceeding Rs. 15,000 is to furnish audited annual statement of accounts and balance sheet to the concerned DIC for a period of 5 years from the year of payment of subsidy and each unit receiving subsidy of Rs. 15,000 or less is to furnish a *pro forma* report indicating the date of commencement of production, quantity and value of production, sales, employment, etc. However, there was no indication that the receipt of these returns was being watched by the DICs. In DIC, Cannanore, the returns were not received and no action had been taken to obtain them. Government stated (November 1986) that the Director of Industries and Commerce had issued necessary instructions to the General Managers to obtain audited statement of accounts from beneficiary units regularly.

3.1.10. *Investment subsidy from State Government*

In April 1979, the State Government sanctioned a scheme for the grant of 10 *per cent* investment subsidy subject to a maximum of Rs. 10 lakhs per unit in districts where the scheme of Central investment subsidy was not in operation. The subsidy was available to industries for diversification, expansion or fresh investment after 1st April 1979. In December 1979, Government clarified that the rules relating to Central investment subsidy would be followed for grant of State subsidy also. Subsequently, Government in June 1981 issued orders treating Quilon District as most backward and raised the investment subsidy to 15 *per cent* subject to a maximum of Rs. 15 lakhs per industrial unit with effect from 1st April 1981.

Subsidy amounting to Rs. 80.21 lakhs sanctioned to 413 units (Rs. 0.27 lakh sanctioned to 3 units upto 1983-84 and Rs. 79.94 lakhs sanctioned to 410 units in 1984-85) remained undisbursed for want of funds. Further, 293 applications received during 1984-85 for subsidy of Rs. 91.56 lakhs were also pending (September 1985). The department stated (October 1985) that against the assessed requirement of Rs. 295 lakhs for payment of subsidy during 1985-86, the provision made in the budget was only Rs. 90 lakhs and that the delay in sanction and disbursement of subsidy was likely to delay the commissioning of the units.

Subsidy amounting to Rs. 2.47 lakhs was paid to 6 units in excess owing to reckoning of inadmissible items (like cost of spares, items acquired prior to introduction of the scheme, etc.) while computing investment qualifying for subsidy.

In two DICs (Quilon and Ernakulam) no follow-up action was taken to monitor the functioning of the assisted small scale units for a period of 5 years as required under the scheme. According to Government (November 1986), the Director had issued necessary instructions to the General Managers to keep a close watch on the working of the assisted units.

3.1.11. *Grant of margin money loan*

In May 1979, Government sanctioned a scheme for the grant of margin money loans to small scale industrial units set up under the New Industries Programme, which were unable to raise margin money on their own for availing institutional finance for meeting 70 to 80 *per cent* of their capital requirements. Margin money loans amounting to Rs. 53.75 lakhs sanctioned to 243 units (Rs. 4.03 lakhs sanctioned to 17 units prior to April 1984 and Rs. 49.72 lakhs sanctioned to 226 units during 1984-85) remained undisbursed (September 1985) owing to inadequate budget provision. Further, 713 applications received during 1984-85 for margin money loan of Rs. 1,57.70 lakhs were also pending (September 1985) for the same reason. The Department stated (October 1985) that against a requirement of Rs. 3,78 lakhs for payment during 1985-86, the budget provision was only Rs. 56 lakhs and that the delay in sanction and disbursement of assistance would lead to delay in commissioning of the units.

According to the guidelines issued by the department, margin money loan was not to be given in the form of reimbursement. It was, however, noticed that in 10 cases (7 cases in Ernakulam District and 3 in Alleppey District) involving payment of Rs. 2.20 lakhs as margin money loan during March 1983 to April 1986, the units had received funds from the financial institutions between May 1982 and September 1985,i.e., before release of margin money loan by the department. As a result, margin money loans given by the department constituted reimbursement (of amounts initially contributed by the entrepreneurs themselves) which was not envisaged in the scheme.

In Cannanore District, where Rs. 21.16 lakhs were paid as margin money loan to 127 units during 1980-81 to 1984-85, utilisation certificates were still awaited from 38 units which had received Rs. 6.73 lakhs. The loan was to be utilised within six months from the date of its disbursement. The delay in utilisation was ascribed to delay in getting power connection, plant and machinery, etc.

3.1.12. *Entrepreneurial training*

With a view to alleviating the problem of unemployment among the educated, Government approved (July 1981) a scheme for provision of stipendiary training and grant of interest-free loans to successful trainees for starting Small Scale Industries (SSI) units. The training programme was of two types, (1) entrepreneurial motivation and development training and (2) job-oriented training/inplant training. The training was conducted by the department or organisations approved by the department. For starting new units, the trainees were eligible for interest-free loan equal to 50 *per cent* of the cost of the project, subject to a maximum of Rs. 15,000 in the case of those belonging to Scheduled Castes (SC) and Scheduled Tribes (ST) and Rs. 10,000 for others. The loan was repayable in 100 equal monthly instalments, the first instalment falling due on expiry of 20 months from the date of disbursement of the loan.

During the Sixth Plan period, against a budget provision of Rs. 16.12 lakhs, the expenditure incurred on training programme was Rs. 13.21 lakhs. The department stated that financial assistance amounting to Rs. 59.45 lakhs was given to 648 persons out of 2,556 persons trained under the scheme; in addition 144 persons were assisted under the special component plan for SC/ST. Lack of sufficient budget provision was the reason attributed by the department for not giving assistance to all the trained persons. Selection of trainees for giving assistance was reportedly done with reference to the feasibility of the project reports submitted by them.

No steps were taken by the department to monitor whether the assisted units had been commissioned and whether they continued to function.

In Cannanore District, out of 46 SSI units which received assistance under the scheme upto 1984-85, only 38 units were functioning (January 1986). Of the remaining eight units, four had refunded the assistance (Rs. 0.21 lakh). The assistance of Rs. 0.22 lakh paid to the remaining four units was lying in banks unutilised (January 1986). The General Manager, District Industries Centre, Cannanore, stated (February 1986) that action was being taken to get the amount refunded.

In Ernakulam District, out of Rs. 2.23 lakhs released as loan to 23 beneficiaries during 1981-82 to 1983-84, Rs. 0.82 lakh remained unutilised (February 1986). Reasons for non-utilisation, called for from the department are awaited (February 1987).

3.1.13. *Assistance to Industrial Co-operative Societies*

With a view to promoting profitable industrial units in the co-operative sector, the State Government framed rules in 1976 for Government's share participation in industrial co-operative societies engaged in small scale industries other than coir and handloom. To the end of March 1985, Rs. 1,86.94 lakhs were paid by Government to 415 societies towards share capital contribution. Government had so far received dividend (Rs. 0.21 lakh) only from 4 of these societies. According to reports furnished by the General Managers of DICs, 20 societies which had received share capital assistance amounting to Rs. 7.06 lakhs were subsequently closed. The department stated (March 1986) that a detailed survey of all registered industrial co-operatives conducted during 1979-83 disclosed that the main causes for failure of the societies were (i) inadequate finance and (ii) lack of (a) supervision and management, (b) technical guidance and (c) proper marketing arrangements.

According to the rules, share participation assistance was admissible only if more than 90 *per cent* of the members of the society are workers engaged in the industry. However, it was noticed that the percentage of members provided with work by 24 societies in four districts which had received Rs. 15.19 lakhs as share participation assistance during 1976-77 to 1985-86 was low as indicated below:—

Number of societies	*Total number of members*	*Number of workers provided with employment*	*Percentage of member workers provided with employment*
3	899	21	Less than 5
7	609	86	6 to 25
10	644	196	26 to 50
3	146	85	51 to 75
1	56	43	Above 75

The table shows that despite substantial assistance from Government, the workers remained largely unemployed. The under-employment was attributed by the department to shortage of working capital with the societies.

3.1.14. *Harijan Welfare Industrial Co-operative Societies*

In order to settle Harijan workers trained in various trades and prevent their drift back to their hereditary occupations, Government accorded (March 1982 and March 1983) sanction for registration of 10 industrial co-operative societies exclusively for Harijans trained in carpentry and rattan work, in 10 districts*. The total membership in each society was fixed as 50 in the first instance. Each member was to purchase one share of Rs. 100 contributing Rs. 10, the balance of Rs. 90 being paid by Government as share capital grant. The society was to construct worksheds and employ one or two master-craftsmen to supervise and guide the workers in each workshed and also to arrange supply of raw materials and marketing of finished products by arrangement with apex organisations. The Department of Scheduled Castes and Scheduled Tribes was to provide funds for the societies while the Industries Department was to ensure their effective management as they were under the statutory control of the Director of Industries and Commerce.

Assistance of Rs. 30.55 lakhs including Rs. 12.50 lakhs towards grant for purchase of land and construction of building was sanctioned to the ten societies between March 1982 and March 1984.

Information about the progress in the implementation of the scheme was awaited from two societies (Quilon and Cannanore). The details received in respect of the 8 other societies indicated that progress of implementation was tardy and that no master-craftsman had been appointed in any of them except Palghat. Only two societies (Trichur and Malappuram) had constructed worksheds; 2 other societies (Kozhikode and Kottayam) had purchased land but had not started construction. The other 4 societies had not even purchased land. Out of the eight societies, only 6 had started production; the other 2 societies (Kottayam and Malappuram) had not started production yet. Of the six societies which started production, two (Ernakulam and Trivandrum) were reportedly dormant. The number of persons employed by three of the remaining four societies (Alleppey, Kozhikode and Palghat) was 21 against a target of 150. While production and sales of Palghat society was around Rs. 4 lakhs, the production by the other three societies (Alleppey, Trichur and Kozhikode) upto December 1985 was not appreciable (less than Rs. 0.60 lakh each). The societies in Ernakulam,

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* Trivandrum, Alleppey, Ernakulam, Trichur, Palghat, Kozhikode, Quilon, Kottayam, Malappuram and Cannanore.

Malappuram, Palghat and Kozhikode districts had deposited between June 1982 and November 1985 part of the assistance received (Rs. 5.95 lakhs) in call deposit accounts for various periods. The amount continues to be retained in deposit accounts (February 1987).

Out of Rs. 18.34 lakhs paid to 6 societies (Alleppey, Ernakulam, Trichur, Kozhikode, Kottayam and Malappuram) till the end of March 1985, the amount utilised upto April 1986 was Rs. 7.10 lakhs. Information about the extent of utilisation by the other 4 societies was still awaited (February 1987). The General Managers of DICs (Ernakulam, Alleppey and Kozhikode) attributed the poor performance of the societies to (i) failure of the workers to produce quality goods; (ii) poor off-take of goods produced; (iii) high cost of production; and (iv) failure of the workers to attend to work regularly.

3.1.15. *Government Ceramic Service Centre, Mangattuparamba*

In August 1963, when Ceramic Service Centre, Mangattuparamba established at a cost of Rs. 6.37 lakhs, was still to be commissioned, Government transferred its management on agency basis to the Kerala State Small Industries and Employment Corporation Limited (now SIDECO) for being run as a Common Service Facility Centre. It was commissioned in August 1966. However, it did not function as a common facility centre as it failed to attract local entrepreneurs. The unit incurred heavy losses. The excess of expenditure over income of the unit for the years 1966-67 to 1984-85, amounted to Rs. 35.92 lakhs. According to the department, diversification of products and increase in production were necessary to make it economically viable. The department felt (July 1985) that with the ownership of the unit lying with Government and its management with SIDECO, such diversification would be ineffective. In August 1985, the unit was transferred to Kerala Clays & Ceramic Products Limited, Cannanore, a State Government Company.

3.1.16. *Non-implementation of a project for manufacture of power capacitors*

In March 1975, the State Government appointed a company (Metropolitan Engineering Company Limited) as the agency for implementing a scheme for manufacture of power capacitors in the co-operative sector. A sum of Rs. 4.66 lakhs was released by Government to the company towards Government's share capital contribution to the co-operative society to be set up under the scheme (Rs. 4.43 lakhs) and Rs. 0.23 lakh as stipend grant. Share contribution amounting to Rs. 1.01 lakhs was collected by the implementing agency from 34 applicants and the society was registered in July 1975.

It was proposed to provide employment to about 176 educated unemployed persons. The society acquired 5 acres of land at a cost of Rs. 3 lakhs in February 1976. In August 1976 the implementing agency entrusted to a Delhi firm the work of preparation of a project report and paid it Rs. 2.50 lakhs towards 50 *per cent* of the technical consultation fee. After adjusting the expenditure of Rs. 0.32 lakh incurred as pre-operational expenses, the implementing agency transferred to the society the balance amount of Rs. 0.10 lakh out of the assistance received from Government and interest of Rs. 0.15 lakh accrued thereon. Government sanctioned to the society Rs. 12.36 lakhs as share contribution in March 1977 and Rs. 1.25 lakhs as consultancy grant in March 1979. In addition, a managerial grant of Rs. 0.42 lakh was also paid by Government to the society for the first 3 years. The total assistance paid by Government for implementing the project was Rs. 18.69 lakhs. In August 1980, Government of India turned down the application of the society for a letter of intent on the ground that there was hardly any scope for creating additional capacity for power capacitors and that the type of technology proposed by the society as suggested by the consultant firm was obsolete and involved a health hazard. As a result, the scheme could not be taken up. An amount of Rs. 15.99 lakhs out of Government's contribution to the share capital of the society (after adjusting incidental expenses) with interest thereon was lying unutilised in the bank account of the society. The stipend grant of Rs. 0.23 lakh which was not utilised by the implementing agency, has not been refunded yet (August 1986).

3.1.17. *Assistance to Handloom Co-operative Society*

3.1.17.1. As at the end of the Sixth Five Year Plan, 2.75 lakh workers were employed in the handloom sector, out of whom 1.36 lakh workers were in the co-operative sector.

Out of 565 handloom co-operative societies which stood registered as at the beginning of 1984-85, 39 societies were dormant and 92 were under liquidation at the end of March 1985. Against a production target of 666 million metres of cloth for the five year period from 1980-81 to 1984-85, the achievement was 409 million metres. The shortfall worked out to 39 *per cent.* According to the Director of Handloom, the reasons for the non-achievement of target were (1) soaring prices of yarn, dyes and chemicals; (2) accumulation of stock; and (3) competition from outside the State and from the Mill sector.

3.1.17.2. *Grant for construction of warehouses*

In July 1977 Government issued rules for the grant of loans to primary handloom weavers' co-operative societies having 100 looms or more (either directly or through their weaver members) for construction of warehouse buildings. It was noticed during test check that one society in Palghat District which had only 78 looms was paid assistance of Rs. 0.66 lakh in 1984-85. In 9 cases (Trivandrum 3; Quilon 3; Ernakulam 2 and Alleppey 1), Rs. 4.42 lakhs out of Rs. 7.43 lakhs paid during 1979-80 to 1984-85 were diverted by the societies for construction of compound wall/office building, purchase of furniture, etc., and not for construction of warehouses.

3.1.17.3. *Grant of assistance to ineligible societies*

(a) According to the rules framed by Government in May 1971 for grant of loans to Handloom Weavers' Industrial Co-operative Societies for purchase of land and/or construction of buildings, assistance was payable only to newly formed societies which did not have sufficient funds to invest on land and buildings. It was noticed that in Cannanore District, a Weavers' Co-operative Society which was registered and had started functioning in March 1972 was paid a loan of Rs. 1.51 lakhs between 1978-79 and 1984-85 for the construction of an additional building. As the society already owned a building, it was not eligible for the assistance.

(b) In March 1977 the State Government framed rules for contribution to the share capital of factory type weaver's industrial co-operatives identified as viable or potentially viable. According to the rules, a viable society was one having a minimum of 50 working looms or having a cost of production of not less than Rs. 2 lakhs annually with not less than 25 working looms. It was noticed during test check that two factory type industrial co-operative societies in Alleppey District which were registered in February 1980/June 1980 and which had no looms and had not commenced production at the time of applying for Government share participation (November 1984 and February 1985) were irregularly paid assistance amounting to Rs. 0.70 lakh between May 1985 and November 1985. As the societies had not installed any loom and commenced production, they were neither viable nor potentially viable and hence ineligible for the assistance. Of the 2 societies, one society had deposited the assistance (Rs. 0.24 lakh) in co-operative bank while the other society utilised the amount (Rs. 0.46 lakh) for purchase of land for construction of factory building.

In Cannanore District, four societies which were neither viable nor identified as potentially viable were paid assistance amounting to Rs. 0.96 lakh during the years 1984-85 and 1985-86. Of these, three societies had only 25 working looms each with cost of production less than Rs. 2 lakhs while the fourth society had 25 working looms but had not commenced production.

3.1.18. *Assistance to Powerloom Co-operative Societies*

3.1.18.1. The targets and achievements of the powerloom sector in regard to generation of employment and production are given below:—

Year	*Generation of employment*			*Production*		
	Target *(figures*	*Achievement* *in thousands)*	*Percentage of shortfall*	*Target* *(in million*	*Achievement* *metres)*	*Percentage of shortfall*
1980-81	4.75	1.70	64	2.2	4.5	..
1981-82	3.37	1.70	50	9.0	4.5	50
1982-83	3.37	2.00	41	9.0	5.0	44
1983-84	3.40	2.00	41	9.0	15.0	..
1984-85	5.50	2.00	64	10.5	10.5	..

No reasons were given by the department for the shortfall in generation of employment.

According to the department, the shortfall in production during 1981-82 and 1982-83 was due to the dependence of the powerloom sector for raw materials on private dealers who charged high prices.

3.1.18.2. *Defective functioning of powerloom units*

Under a scheme formulated in May 1979 for providing margin money loan to SSI units, Government released Rs. 11.26 lakhs as margin money loan in favour of 314 units during 1979-80 and Rs. 1.35 lakhs in favour of 34 units during 1980-81. The loan was paid to the State Bank of Travancore, Ernakulam with instructions to credit the amount to the bank account of the loanees. In the loan application pertaining to each unit, the looms were stated as installed in the wokshed provided by a mother concern, viz., Kizhakambalam Textiles Ltd. (an SSI unit registered with the department) which provided working space to the powerloom units, on rental basis.

A report forwarded in April 1985 by the General Manager, DIC, Ernakulam to the Director indicated that out of 348 units for which margin money loan was paid, the mortgage deeds were executed by the loom owners only in 213 cases while in the remaining 135 cases, the deeds were executed by other individuals, stated to be holders of Power of Attorney. The power of attorney was, however, not available for verification in any case.

The extent of utilisation of margin money loan of Rs. 12.61 lakhs had not been reported by the Bank to the department nor had the latter ascertained it.

According to the General Manager, DIC, Ernakulam, the amount due to Government as on 31st March 1985 towards loan dues in these cases aggregated Rs. 5.97 lakhs (principal: Rs. 1.20 lakhs; interest: Rs. 4.50 lakhs and penal interest : Rs. 0.27 lakh). Though registered notices demanding payment was sent by the department to the units, 44 of them were returned unaccepted; 138 notices were acknowledged by the loanees. In 137 other cases, the notices were acknowledged by the General Manager, Kizhakambalam Textiles Ltd., claiming to be the holder of power of attorney. However, no proof of the power of attorney was produced; mortgage deeds in these cases were signed by different persons each claiming himself as the holder of the power of attorney.

Representations (signed by the General Manager, Kizhakambalam Textiles) seeking extension of the period of payment by 2 or more years had been received in 180 cases. During inspection of Kizhakambalam Textiles Ltd., by General Manager, DIC, Ernakulam, it transpired that (i) the individual loom owners were not aware of the ownership of their looms and were working on piece rate basis, (ii) the loanees lacked proof of proprietorship of the looms, (iii) no records relating to production and sale of yarn by individual looms were available for scrutiny, and (iv) the cost of looms was shown in the balance sheet of the mother concern as its asset. Details about the functioning of the 348 powerlooms for which assistance had been released were not available with the department.

The circumstances in which the loan was released without proper verification of (i) the credentials of the mother unit, (ii) the nexus between the mother unit and the individual loom owners, and (iii) how different persons happened to sign the mortgage deeds on behalf of the mother concern have not been clarified by the department.

3.1.19. *Assistance to Coir Co-operative Societies.*

3.1.19.1. Kerala accounts for over 85 *per cent* of coir production in the country. According to the Director of Coir Development (January 1986), the number of coir workers in the State brought under the co-operative fold till June 1980 was 1,97,869 and out of them only 74,543 workers (or 38 *per cent*) could be provided with employment. The target for the Sixth Five Year Plan was to bring 60 *per cent* of the total strength of coir workers under the co-operative fold. However, out of 4.30 lakh coir workers in the State as at the end of the Sixth Plan, only 2,30,852 workers (54 *per cent*) were reportedly brought under the co-operative fold and only 1,01,759 workers (44 *per cent*) could be provided with employment as at the end of June 1985. Thus the object of the scheme, namely, to provide full employment to all the workers under co-operative sector remained largely unfulfilled. As at the end of March 1985, there were 562 coir co-operative societies in the State including 55 societies which had become sick. The year-wise targets of production and employment as also the achievements thereagainst are given in the following table:—

Year	*Target for producing coir yarn*	*Actual production*	*Shortfall*	*Percentage of shortfall*	*Provision of employment in Coir sector*		*Percentage of shortfall*
		(in tonnes)			*Target*	*Actual*	
1980-81	30,050	12,473	17,577	58	1,47,400	68,656	53
1981-82	22,480	16,016	6,464	29	94,770	88,802	6
1982-83	26,970	15,860	11,110	41	1,13,720	89,450	21
1983-84	20,000	11,502	8,498	42	1,36,460	84,752	38
1984-85	20,000	10,797	9,203	46	1,15,000	1,01,759	12

The Director of Coir Development stated (May 1986) that (i) the non-achievement of targets was due to non-availability of raw material (husk) in adequate quantities and at reasonable price, (ii) as against the annual requirement of 80 to 90 crores of husk for providing regular work to the members of primary societies, the average collection was only 20 crores per annum and (iii) difficulties in marketing coir and coir products and want of sufficient working capital also affected production.

3.1.19.2. *Implementation of the Centrally sponsored scheme of co-operative coir industry*

A scheme of co-operative coir industry was formulated by Government of India in August 1982 which envisaged the formation of viable coir co-operatives, revitalisation of the potentially viable dormant societies and bringing coir workers under the co-operative fold to improve the quality of production and to provide full employment and better wages to them.

During the period 1982-83 to 1985-86 the State Government had spent Rs. 6,43.81 lakhs on the scheme out of which an amount of Rs. 3,21.91 lakhs was reimbursable by Government of India. The amount actually reimbursed by Government of India till March 1986 was Rs. 3,15.58 lakhs.

The objective of the scheme was to provide full employment to all workers brought under the co-operative fold. On a test check of 62 cases involving assistance of Rs. 28.51 lakhs during the period 1982-83 to 1984-85 it was seen that the percentage of workers provided with employment was low *vide* details given below:—

Number of societies	*Total number of members*	*Number of members provided with employment*	*Percentage of workers provided with the employment to total number of workers in the society*
17 (including 6 which provided no employment)	5,575	193	Less than 10
12	6,278	1,228	10 to 25
20	10,572	4,031	26 to 50
9	6,350	3,577	51 to 75
4	2,196	1,881	Above 75

According to the guidelines issued by Government of India and rules framed by the State Government, primary coir co-operative societies were eligible for assistance under the scheme, provided contribution at the rate of Rs. 20 per member (Rs. 50 in the case of weavers' co-operative societies) was collected by the society. However, it was noticed that assistance of Rs. 20.27 lakhs towards share capital contribution was paid to 46 societies during the period 1982-83 to 1984-85 though the required minimum contribution was not collected from the members. The Director of Coir Development stated (October 1986) that Government contribution was paid with the expectation that the societies should become viable and collect member's share in full within two or three years.

3.1.19.3. *Payment of assistance to ineligible societies*

Under the scheme for co-operativisation of coir industry, assistance was admissible only to primary coir co-operative societies engaged in the production of yarn and weaver's co-operative societies engaged in the production of coir products. As such, primary coir co-operative societies not engaged in the production of yarn and weavers' co-operative societies which had not commenced production of coir products were not eligible for assistance.

It was noticed during test check that in Coir Project, Cannanore assistance amounting to Rs. 4.23 lakhs was paid during 1982-83 to 1984-85 to 11 primary co-operative societies engaged only in the production and sale of fibre. It was stated (February 1986) by the Project Officer (Coir), Cannanore that though the societies were engaged only in the production of fibre at the time of submission of application for assistance, they had furnished an action plan for production of yarn within a period of three years and that on this basis the applications were recommended for assistance.

Seventeen new weavers' co-operative societies (15 societies in Alleppey District and 2 societies in Trivandrum District) which had not commenced production, were paid assistance amounting to Rs. 55.62 lakhs (loan: Rs. 37.08 lakhs; subsidy: Rs. 18.54 lakhs) during 1983-84 to 1985-86 for purchase/modernisation/renovation of equipment, looms, etc. The Director of Coir Development stated (October 1986) that assistance was given only to primary yarn societies and weaving societies which were registered and were expected to start production.

3.1.19.4 *Excess payment of subsidy*

A scheme formulated in August 1982, provided for grant of subsidy to Apex Co-operative Society for opening outlets for sale of coir and coir products. The quantum of subsidy was limited to Rs. 60,000 per outlet for a period of 3 years on a tapering basis, i.e., at half the estimated recurring expenditure limited to Rs. 30,000 in the 1st year, one-third of expenditure limited to Rs. 20,000 in the 2nd year and one-sixth of expenditure limited to

Rs. 10,000 in the third year subject to the condition that the assistance should not exceed the deficit of the showroom/sales outlet in the particular year. In the rules subsequently issued by the State Government in March 1984, the stipulation of Government of India that the assistance payable should be 50 *per cent* of the estimated expenditure subject to a maximum of Rs. 60,000 and should not exceed the deficit of the sales outlet in the particular year was omitted and the quantum of assistance payable to the Kerala Co-operative Coir Marketing Federation (Apex Society) for setting up new sales outlets was fixed at a flat rate of Rs. 30,000 per outlet for the first year, Rs. 20,000 for the second year and Rs. 10,000 for the third year irrespective of the working results of the outlets.

The Kerala State Co-operative Marketing Federation applied between January and March 1983 for first year's subsidy for 30 sales outlets proposed to be opened in various places in India. The estimated recurring expenditure per outlet was shown in the application as Rs. 76,000. Based on the recommendation of the Director of Coir Development, the State Government sanctioned (March 1983) payment of Rs. 8 lakhs (the budget provision for the year) to the Federation as subsidy for opening 27 outlets (at Rs. 30,000 for 26 outlets and Rs. 20,000 for another outlet). The amount was paid on 30th March 1983. An amount of Rs. 0.40 lakh was paid during 1984-85 towards second year's assistance at Rs. 0.20 lakh for two outlets. During 1985-86, an amount of Rs. 1.80 lakhs was paid towards 2nd year's subsidy at Rs. 0.20 lakh for 8 outlets and third year's subsidy at Rs. 0.10 lakh for two outlets.

Based on the estimated recurring expenditure of Rs. 76,000 per outlet, the Federation was eligible for a maximum subsidy of Rs. 38,000 in respect of each outlet. However, subsidy for the first year was paid at Rs. 30,000 for 26 outlets and Rs. 20,000 for one outlet instead of Rs. 19,000 per outlet. Similarly, subsidy for the second year was paid for 10 outlets at Rs. 20,000 instead of at Rs. 12,667 per outlet and subsidy for third year was paid for 2 outlets at Rs. 10,000 instead of Rs. 6,333. The excess payment worked out to Rs. 3.68 lakhs.

It was noticed that out of 27 outlets to be opened for which assistance (advance of Rs. 10.20 lakhs) was paid, only 11 outlets were opened till the end of December 1985.

According to the guidelines of Government of India, and rules issued by State Government, subsidy was admissible only in respect of sales outlets set up at places approved by the Coir Board. However, the places proposed for the opening of the sales outlets by the Federation for which subsidy was paid had not been got approved by the Coir Board. Also, the location of six sales outlets for which subsidy was sanctioned by the State Government was subsequently changed by the Federation without obtaining the prior approval of the Government.

3.1.19.5. *Non-utilisation of assistance*

Out of Rs. 2,83.41 lakhs paid as assistance to coir co-operative societies in 5 coir project offices during the period 1983-84 and 1984-85, for purchase/renovation of equipments/modernisation, assistance amounting to Rs. 2,08.39 lakhs remained to be utilised (March 1986). The amount stands deposited in co-operative banks. This has resulted in non-installation of ratts and looms in the areas covered by the societies thereby affecting the generation of employment and out-turn of coir and coir products in the co-operative sector. The non-utilisation was attributed by the department to delay in getting the designs/specifications from the Coir Board for the manufacture of ratts and looms, lack of experienced persons for their fabrication and inadequacy of the quantum of assistance provided for items like shearing machine, willowing machine, etc.

Summing up

The important points that emerge are

— Generation of employment by SSI units fell short of the targets during 1982-83 to 1984-85.

— Out of 31,499 SSI units registered to the end of 1984-85, a survey covering 29,878 units showed that 5,907 units (investment: Rs. 24.60 crores) were closed and 1,755 units (investment: Rs. 14.76 crores) were sick.

— Out of 1,104 sheds constructed in 110 mini-industrial estates to the end of 1978-79, 92 sheds were still lying un-allotted and industries in 229 out of 1,012 sheds allotted were yet to be started. Of 783 units started, 303 were reportedly dormant.

— Out of 282.08 acres earmarked for distribution to entrepreneurs in development plots, 40.47 acres still remain to be distributed.

— Buildings were yet to be constructed for 7 DICs.

— Central investment subsidy of Rs. 0.82 lakh was paid in excess to one industrial unit.

— There was no monitoring of the units which had received Central/ State investment subsidy.

— Rupees 2.47 lakhs were paid in excees to 6 units as State Government subsidy, due to inclusion of inadmissible items in computation of investment.

— State investment subsidy amounting to Rs. 80.21 lakhs sanctioned to 413 units up to the end of 1984-85 remained undisbursed for want of funds.

— Margin money loans amounting to Rs. 53.75 lakhs sanctioned to 243 units to the end of 1984-85 remained undisbursed for want of funds.

— The industrial co-operative societies could provide employment only to a small percentage of their members.

— Out of 10 Harijan Industrial Co-operatives started in 10 districts, 2 were yet to start production. Working of other societies (except one) also showed that production and sales were too low.

— The excess of expenditure over income of the Government Ceramic Service Centre, Mangattuparamba for the years 1966-67 to 1984-85 amounted to Rs. 35.92 lakhs.

— A scheme for manufacture of power capacitors in co-operative sector had to be abandoned owing to obsolescence of technology proposed for it.

— Production of handloom cloth (409 million metres) during 1980-81 to 1984-85 fell short of target (666 million metres), the shortfall being 39 *per cent.*

— Rupees 4.42 lakhs out of Rs. 7.43 lakhs paid to 9 societies for construction of warehouses were diverted by them for construction of compound wall, office building, purchase of furniture, etc.

— A loan of Rs. 1.51 lakhs for construction of building was paid to a weavers' co-operative society, which was already having building of its own.

— Assistance intended for viable weaver's societies/potentially viable societies was paid to two co-operatives which had not commenced production.

— In Cannanore District, 4 societies which were neither viable/potentially viable nor identified as potentially viable were paid Rs. 0.96 lakh as share contribution assistance intended for viable societies.

— Margin money loan of Rs. 12.61 lakhs was paid to intermediaries without proper verification of the existence of units; repayment of the loan was in default. Registered notices sent to 44 defaulters had come back unaccepted.

— The percentage of employment provided to member workers by coir societies was very low.

— Societies engaged in production of fibre were given loan assistance intended for societies producing yarn.

— Seventeen coir weavers' societies which had not commenced production were paid Rs. 55.62 lakhs during 1983-84 to 1985-86 for purchase/modernisation/renovation of equipments treating them as engaged in production.

— Subsidy paid to Kerala State Co-operative Coir Marketing Federation for opening sales outlets was excessive by Rs. 3.68 lakhs.

AGRICULTURE DEPARTMENT

3.2. Multi-State Cashew Project

3.2.1. *Project profile*

Multi-State Cashew Project, aided by the World Bank (IDA) was launched in the State in September 1980 for implementation over a period of 5 years at an estimated cost of Rs. 7,82.75 lakhs. The project which was eligible for World Bank credit equal to 48 *per cent* of the expenditure, had three components, viz,:—

(i) Promotion of cashew cultivation in an area of 10,000 hectares of private land owned by small holders in the districts of Kasaragod, Cannanore, Kozhikode, Wynad, Malappuram and Palghat to be implemented by the State Agriculture Department at an estimated cost of Rs. 4,38.80 lakhs;

(ii) New planting of cashew in an area of 2,275 hectares to be implemented by the Plantation Corporation of Kerala Limited (PCK) at an estimated cost of Rs. 1,71.95 lakhs; and

(iii) Improvements in about 200 kilometres of feeder roads in the project area (estimated cost: Rs. 1,72.00 lakhs) by the State Public Works Department.

The production programme under the project was to be financed mainly by institutional credit channelled through ARDC* (now NABARD)** and participating banks such as co-operative land mortgage banks and commercial banks and supplemented by subsidy from the State Government. Other elements such as, staff, vehicle, equipment, operating cost of supporting services, etc., were to be financed by the State Government and Government of India.

As the physical targets were not achieved within the target period of five years ending September 1985, extension was granted for one year, i.e., upto 30th September 1986. The targets and achievements under the three components are indicated in the following table:—

	Component	*Expenditure to the end of* 1985-86 (*in lakhs of rupees*)	*Target*	*Achievements*	*Reasons for shortfall*
(A)	Planting by small holders	440.23	10,000 hectares	9,353 hectares	Difficulties/ delays in getting bank loans.
(B)	New planting	36.26	2,275 hectares	544.5 hectares	Non-availability of vested forest land for cashew cultivation.
(C)	Improvement of roads	180.45	200 km. of roads	194.26 km. of roads	

The points noticed during audit review conducted in March-June 1986 of the implementation of the project by State Agriculture Department are given in the succeeding paragraphs.

3.2.2. *Plantation by small holders*

(*i*) *Agency for implementation*

The responsibility for the implementation of the project in the State was vested in the Department of Agriculture under the overall supervision of the Director of Agriculture.

* Agriculture Refinance and Development Corporation.

** National Bank for Agriculture and Rural Development.

(ii) *Pattern of assistance and expenditure*

The net cost of planting, development and maintenance of one hectare of cashew plantation for 5 years was estimated as Rs. 5,210. Small holders taking up cultivation under the project were, eligible for a loan of Rs. 4,310 payable in five annual instalments by the financing banks and a subsidy of Rs. 900 (at the rate of Rs. 300 per year during the first three years) from the State Government. The amount of loan disbursed by banks from 1980-81 to 1985-86 aggregated Rs. 2,39.93 lakhs while subsidy disbursed by Government amounted to Rs. 61.94 lakhs. The expenditure on supporting services during the period amounted to Rs. 1,38.36 lakhs against Rs. 76.90 lakhs envisaged in the World Bank's appraisal report. The excess was attributed to revision of pay scale of staff, employment of staff in excess of norms and increase in travel expenses.

In the World Bank's appraisal report the provision for meeting travel expenses during 5 years was estimated at Rs. 6.37 lakhs. Against this, the actual expenditure to the end of 1985-86 came to Rs. 14.74 lakhs, the excess working out to 131 *per cent*.

(iii) *Targets and achievements*

Against a target of 10,000 hectares, only 8,920 hectares were planted during the target period of five years ending 30th September 1985. Extension was granted for one more year up to 30th September 1986. The total area reported as planted up to the end of March 1986 was 9,353 hectares while the total expenditure on the programme including loans given by banks was Rs. 4,40.23 lakhs. The shortfall in achievement was attributed mainly to the difficulties and delays in getting bank loans sanctioned and disbursed in time.

The physical achievement reported did not reflect the real position as a large number of beneficiaries brought under the programme during one year dropped out in subsequent years. Thus, beneficiaries of 291 hectares of 1980-81 plantation, 820 hectares of 1981-82 plantation and 633 hectares of 1982-83 plantation dropped out by 1985-86. The dropping out by the beneficiaries was attributed to (i) delays and difficulties in sanctioning/ disbursing the loans, (ii) misutilisation of assistance received, (iii) switch over of the beneficiaries to rubber/coconut cultivation, (iv) smallness of the fourth and fifth instalments of the loan and consequent lack of interest on the part of the small holders, (v) sale/partition of property and (vi) destruction of the crop by wild animals, fire, drought, etc. A sample survey of drop outs conducted by the department revealed (December 1985) that over ten *per cent* of drop outs had switched over to rubber cultivation. However, no measures had been taken to make cashew cultivation more attractive and competitive.

(iv) *Selection of small holders*

The project co-ordination committee constituted by Government in October 1980 suggested (December 1980) a norm of 2 hectares (5 acres) for identification of small holders under the project. Test check of the records relating to Kozhikode and Malappuram Districts revealed that this norm was not adhered to in selecting the beneficiaries. In the register maintained by the district office, Kozhikode, the total area of land owned by each beneficiary was not indicated. Apparently, there were beneficiaries owning more than 2 hectares, for in the case of twenty beneficiaries, assistance aggregating Rs. 3.05 lakhs (loan: Rs. 2.67 lakhs; subsidy: Rs. 0.38 lakh) was paid for covering an aggregate area of 63.50 hectares. In two circles of Malappuram District, loan (Rs. 8.42 lakhs) and subsidy (Rs. 0.96 lakh) were, paid to 86 beneficiaries owning more than 5 acres of land each, the total area covered being 524.95 acres (210 hectares approximately). This shows that the beneficiaries included farmers other than small holders also.

(v) *Subsidy*

Under the project, subsidy of Rs. 900 per hectare payable by the State Government to the beneficiary in three annual instalments of Rs. 300 each is routed through the bank which finances the loan. Fifty *per cent* of the subsidy so paid is reimbursed as grant by the Central Government. The total subsidy paid under the project during 1980-81 to 1985-86 came to Rs. 61.94 lakhs. The procedure for the drawal and disbursement of subsidy, watching its utilisation, etc., was not laid down. In the absence of any prescribed procedure, participating banks followed different procedures for accounting and disbursing the subsidy. There was, however, no indication that the deparment kept any watch over the actual disbursement of subsidy by the bank to the beneficiary.

No orders/instructions regarding the recovery of subsidy in cases of non-utilisation/misutilisation were issued. While the mortgage deed adopted by the Land Mortgage Bank included a provision for lump sum recovery of subsidy with interest in case of non-utilisation, the promissory note obtained by the South Malabar Gramin Bank, another participating bank, did not contain any such provision.

Scrutiny of the registers in the district office, Kozhikode, revealed that out of 436 beneficiaries relating to the period up to the end of 1984-85, 109 beneficiaries who received assistance (loan: Rs. 2.24 lakhs; subsidy: Rs. 0.46 lakh) for cashew cultivation in an area of over 100 hectares had misutilised the assistance. A sum of Rs. 0.03 lakh towards subsidy paid in 13 cases was recovered. Recovery of the balance subsidy of Rs. 0.43 lakh was yet to be effected.

In Wandoor Circle in Malappuram District also, 58 cultivators(representing 33 *per cent* of the total beneficiaries)who received during 1980-81 and subsequent years Rs. 1.14 lakhs as loan and Rs. 0.31 lakh as subsidy for covering an area of 135.50 acres (54.2 hectares) were reported to have misutilised the assistance. Recovery of the subsidy misutilised is yet to be effected from the beneficiaries. Government stated (October 1986) that necessary directions had been issued to all the implementing officers to recover the amount by advising the banks.

Full details of non-utilisation/misutilisation of subsidy covering all the districts concerned are awaited.

(vi) *Vehicles and equipment*

In the World Bank's appraisal report, the requirement of vehicles for the project was estimated as 8 jeeps with trailers and 3 trucks (7 tonne capacity). The erstwhile office of the Joint Director (Cashew Development) which was converted as the Project Office was already in possession of 6 vehicles (one Ambassador Car and 5 Jeeps). While according sanction to the project, Government had stipulated that new vehicles should not be purchased if vehicles already available with the department could be provided to the project by redeployment. In view of this, the purchase was to be restricted to 5 vehicles. All the same, eight jeeps and three trucks (7.5 tonne capacity: 1; 1.77 tonne capacity: 2) were purchased during 1980-81 and 1981-82 at a total cost of Rs. 10.71 lakhs. The purchase of 6 additional vehicles disregarding Government's directive in the matter resulted in avoidable expenditure of Rs. 5.20 lakhs.

One of the six jeeps purchased in 1981-82 had been allotted from the date of purchase to the Assistant Executive Engineer (Agriculture), Kozhikode who was not connected with the project. No sanction/ authority for this diversion was available on record. The State Government intimated (October 1986) that the jeep had since been taken back from the officer in August 1986.

The truck (7.5 tonne capacity) purchased in July 1981 was brought to use after body building in March 1982. It was used for the purposes of the project only to a limited extent, that is, for a total of 110 days during the years 1981-82 to 1985-86 (1981-82: 7 days; 1982-83: 29 days; 1983-84: 12 days; 1984-85: 22 days and 1985-86: 40 days) and for only 13, 505 km. or 14 *per cent* of its total run of 95, 348 km. during this period. The vehicle was mostly used by the Agriculture Department and other departments for purposes not related to the project.

The project contained a provision of Rs. 1.79 lakhs for the purchase of miscellaneous equipment including audio visual equipment intended for extension/ training purposes. However, no such equipment had been purchased.

(vii) *Staff*

The staff strength required for implementation of the project as assessed by the World Bank included 7 posts of Junior Agricultural Officers and Technical Assistants, 50 posts of field assistants and 20 posts of nursery supervisors and 42 posts of clerical and other supporting staff. The working strength in the cadre of Junior Agricultural Officers, however, exceeded the requirement as envisaged in the appraisal report, by 6 posts during 1980-81 and 1982-83; by 7 posts during 1981-82, 1983-84 and 1984-85 and by one post during 1985-86. Similarly the strength of clerical and supporting staff engaged during 1982-83 to 1985-86 was 48 which exceeded the projected strength by 6 posts. Thus, while the physical achievement fell short, the staff actually operated exceeded the strength envisaged in the World Bank's appraisal report by 6 to 13 posts during the years 1980-81 to 1985-86. Further, 2 mechanics not provided for in the Appraisal Report were also posted to the project in 1983-84 for one year and were retained up to the end of 1985-86. The extra expenditure on account of pay and allowances of the staff (Junior Agricultural Officers, clerical and supporting staff and mechanics) employed in excess worked out to Rs. 6.31 lakhs approximately.

As per the appraisal report of the World Bank, a field Assistant was to cover 200 small holders against which the average number actually covered during the years 1980-81 to 1985-86 ranged from 41 to 136 as shown in the following table:—

Year	*Number of field assistants in position*	*Number of beneficiaries*	*Average number of beneficiaries covered by a field assistant*
1980-81	18	738	41
1981-82	52	2,670	51
1982-83	52	4,237	81
1983-84	52	5,745	110
1984-85	52	6,302	121
1985-86	52	7,073	136

The reasons for the shortfall have not been analysed by the department (February 1987).

(viii) *Distribution of cashew seedlings*

According to the norms fixed, one kilogram of cashew seeds is expected to yield a minimum of 100 quality cashew seedlings. In 1982-83, for 3,428 kg. of seeds procured and used for nursery, only 2,93,860 seedlings were produced and distributed, the shortfall being 48,940 seedlings (value: Rs. 0.29 lakh). The Government attributed (October 1986) the shortfall to unprecedented drought during the year and withering up of seedlings for want of proper watering. Details regarding the quantities of cashew seeds used for nursery during 1980-81, 1983-84 and 1984-85 called for from the department in May 1986 are awaited (August 1986).

The procedure to be followed for the distribution of seedlings and recovery or adjustment of cost thereof was not prescribed by the department. The practice followed was to distribute seedlings to the prospective beneficiaries who had applied for loans from the participating banks and to deduct the cost thereof from the subsidy when subsequently sanctioned. It was noticed that in many cases the farmers to whom seedlings had been issued on the basis of applications submitted by them to bank did not get loan and subsidy for various reasons and in such cases, no steps were taken to recover the cost of the seedlings already supplied to them.

During the years 1981-82 and 1983-84 to 1985-86, the actual number of seedlings dstributed was 12,95,312 while the number of seedlings required for distribution to *bona fide* new beneficiaries was only 9,75,300. The balance of 3,20,012 seedlings (value: Rs. 1.83 lakhs approximately) mostly represented seedlings distributed without recovery of cost, to prospective beneficiaries who ultimately did not get loan and subsidy. The State Government stated (October 1986) that the question of waiving recovery of the cost of seedlings distributed to cultivators whose applications for loans were rejected by the banks was under consideration.

(ix) *Soil testing , hedging and soil conservation*

Soil test including sub soil testing was to be done before any plot was selected for cashew cultivation with a view to excluding unsuitable plots and ensuring soil nutrients and correct application of fertilizers. Nevertheless, there was no indication that soil test was conducted before selection of plots or any time thereafter. Measures like hedging and soil conservation were also not done though suggested by a supervision mission of the World Bank in March /May 1982.

(x) *Training*

Special training on vegetative propagation technique was to be given to departmental staff and selected farmers and private nurseries. Though departmental officers and staff attended certain training courses, no training was imparted to any farmers or private nurseries. The reasons for the omission are awaited.

(xi) *Monitoring and evaluation of the project*

The new planting was expected to come into bearing in the fourth year and incremental production per hectare was estimated as 50 kg. during the fourth year, 150 kg. during the fifth year, 400 kg. during the sixth year and 600 kg. duing the seventh year.

The new planting by the small holders under the project should accordingly have started yielding from 1983-84 onwards. The yield data had not, however, been collected by the department.

Though the project envisaged regular monitoring of the success of extension efforts, no monitoring has been done. No evaluation to ascertain the impact of the project in promoting cashew cultivation has also been undertaken.

3.2.3 *New planting by Plantation Corporation of Kerala Limited (PCK)*

The total area planted under the programme is 544.5 hectares (1981:225 hectares; 1982:280 hectares; 1983: 39.5 hectares). In the World Bank Appraisal Report, the expenditure (excluding that on civil works, vehicles and equipments) for planting cashew in 2,275 hectares was estimated as Rs. 1,14.22 lakhs. The proportionate estimate for 544.5 hectares worked out Rs. 27.34 lakhs. Against this, the actual expenditure to the end of March 1985 was Rs. 34.05 lakhs (excluding expenditure on temporary sheds debited to operating expense). The PCK attributed the excess to increase in labour charges.

The total provision for civil works and equipment for covering 2,275 hectares made in the World Bank Appraisal Report was Rs. 57.73 lakhs. The proportionate provision for 544.5 hectares worked out to Rs. 13.81 lakhs. Against this, the actual expenditure to the end of March 1986 was just Rs. 2.21 lakhs. The shortfall in expenditure was attributed to non-construction of buidings and roads as envisaged in the programme.

No lease deed had yet been executed by PCK in respect of land transferred to it by the Forest Department. The arrears of lease rent payable to Government by PCK were over Rs. 15.61 lakhs (November 1986).

Cashew plants start yielding in the fourth year of planting, the yield per hectare expected being 50 kg. in the 4th year, 150 kg. in the 5th year, 400 kg. in the 6th year, 600 kg. in the 7th year and increasing to 900 kg. by tenth year. At this rate, the aggregate yield expected from 225 hectares of 1981 planting and 195 hectares of 1982 planting (excluding 95 hectares where pre-1981 plantation also existed) to the end of 1985 was 54,750 kg. Against this, the actual yield was a mere 240 kg.

3.2.4 *Improvement to roads*

The original proposal was to improve 32 feeder roads for a total length of 200 km at an estimated cost of Rs. 1,72 lakhs. However, administrative sanction was accorded only for 29 works to end of 1985-86. Of these, 27 works have been completed; the remaining 2 were in progress (October 1986). According to the World Bank Appraisal Report, construction of roads including earth work and gravel surfacing was to be got done through beneficiary committees; design, overall supervision and asphalt surfacing alone were to be done by the Public Works Department. Nevertheles no attempt was made to constitute beneficiary committees; instead works were got executed by the P.W.D. through contractors. A test check of 2 of the works brought out the following points:—

Improvement to Adhur-Baliyathaduka road (6 km. in length and passing through reserve forest and an unbridged river) was proposed as part of the programme with a view to connecting two important Public Works Department roads. The work including the construction of a causeway across the river was originally estimated to cost Rs. 26.67 lakhs. In order to suit the project cost, the estimate was reduced to Rs. 4.8 lakhs dropping the proposal for the construction of the causeway. The work was entrusted to a contractor in Septemer 1982. Though the stipulated date of completion was August 1984, permission for forming the road through reserve forest area was sought by the Executive Engineer, Roads Division, Cannanore, only in June 1983. Considering the delay in getting the forest land, the Superintending Engineer foreclosed the contract in July 1984 on a request made by the contractor. The work has not been resumed and the expenditure of Rs.2.61 lakhs incurred on it remains unfruitful.

(ii) The work 'imrovement to Manalampuram-Thallachira road' was entrusted to a contractor in November 1984 and was completed in June 1986 at a cost of Rs. 5.20 lakhs. Though the estimate for the work provided for 14 pipe/box type culverts, this was changed by the Executive Engineer during execution into 14 slab culverts. According to the Superintending Engineer, pipe/box culverts were cheaper and more suited to soil condition of the area. The deviation resulted in an extra expenditure of Rs. 0.78 lakh.

Summing up

The following are the more important points that emerge:—

—Against a target of 12,275 hectares of new planting, the actual area covered was only 9,897.5 hectares.

—Physical achievement reported did not reflect the real position as a large number of beneficiaries brought under the programme during one year dropped out in subsequent years for various reasons.

—Though the scheme was intended to benefit small farmers owning 5 acres or less, the assistance under the scheme was extended to cultivators owning more than 5 acres of land each.

—In the case of misutilisation, subsidy paid has not been recovered in most cases.

—Purchase of vehicles in excess of the pattern suggested by the World Bank had resulted in an avoidable expenditure of Rs. 5.20 lakhs.

—A jeep and a truck purchased for the project were utilised for other purposes.

—Against the estimate of Rs. 6.37 lakhs, the actual expenditure on travel expenses to the end of 1985-86 was Rs. 14.74 lakhs.

—Staff engaged in the project was excessive; the excess ranged from 6 to 13 posts during the period 1980-81 to 1985-86.

—Outurn of the field assistants was below the prescribed norm.

—Cashew seedlings (costing Rs. 1.83 lakhs) were distributed to ineligible farmers.

—Soil testing and measures for hedging and soil conservation were not done.

—Expenditure on new planting by the Plantation Corporation of Kerala Limited in 544.5 hectares exceeded the estimate by Rs. 6.71 lakhs. Against the expected yield of 54,750 kg. from 1981 and 1982 plantation, the actual yield of cashew upto 1985 was 240 kg.

—No attempt was made to constitute beneficiary committee for construction of roads, though envisaged in the World Bank Appraisal Report.

—Against a target of 32 feeder roads, only 27 works have been completed.

—An expenditure of Rs. 2.61 lakhs became unfruitful owing to discontinuance of a road work. In another road work, construction of slab culverts instead of pipe/box type culverts resulted in an extra expenditure of Rs. 0.78 lakh.

3.3. Coconut Development

3.3.1. *Introduction*

Coconut is the most important traditional cash crop grown in the State, accounting for nearly a third of the gross cropped area and agricultural income. Several schemes have been launched in the State with a view to producing and distributing good quality coconut seedlings, controlling pests and diseases of coconut palms, bringing more area under coconut cultivation and increasing productivity. These schemes are implemented by the Agriculture Department under the overall supervision of the Director of Agriculture. The expenditure incurred on 16 such schemes during the period 1980-81 to 1984-85 amounted to Rs. 22.44 crores.

Details of area under coconut cultivation, production and average yield per hectare during the period from 1980-81 to 1984-85 are given in the following table:—

Year	*Area under cultivation (in thousand hectares)*	*Production (in million nuts)*	*Average yield of nuts (per hectare)*
1980-81	651.37	3008	4618
1981-82	652.88	3024	4632
1982-83	674.38	3184	4721
1983-84	676.38	2695	3984
1984-85	689.30	3395	4925

Productivity of coconut palms has over the years been adversely affected by the spread of root-wilt and leaf-rot diseases.

According to a survey conducted by the Central Plantation Crops Research Institute in 1979, the incidence of root-wilt disease was about 55 *per cent* in Alleppey and about 50 *per cent* in Kottayam Districts. A further survey conducted by the Institute in 1985 showed that the incidence of the disease had increased to 71 *per cent* in Alleppey District and 76 *per cent* in Kottayam District. The estimated production loss attributable to the disease had increased from 340 million nuts in 1976 to 968 million nuts in 1985. Various schemes implemented by the department for combating the disease have not apparently been successful.

Results of an audit review (March-June 1986) of the following schemes implemented by the department are given in the succeeding paragraphs:—

I. Coconut spraying scheme

II. Scheme for rejuvenation of diseased and unproductive coconut plantations

III. Comprehensive Coconut Development Programme

3.3.2. *Coconut spraying scheme*

(i) *Scheme profile*

In order to arrest the deterioration in coconut production and productivity of coconut palms due to the spread of root-wilt and leaf-rot diseases, Government decided in April 1980 to implement a comprehensive scheme for spraying chemicals twice in a year (once in pre-monsoon and once in post-monsoon season) on 5 crore trees in disease-affected areas in the districts of Trichur, Ernakulam, Idukki, Kottayam, Alleppey, Quilon and Trivandrum. The scheme was to be implemented through local bodies who were to constitute popular committees for the purpose. The department was to supply to the local bodies, sprayers and chemicals required for spraying. The local bodies were to purchase other materials, their cost being reimbursed by the department. Spraying was to be done through casual labourers. The local bodies were to collect the spraying charges from the cultivators at the rate of 30 paise (enhanced to 50 paise from December 1980) per tree. Labour charges payable were fixed at 22 paise per tree for climber and 16 paise per tree for pumpman. These rates were enhanced to 30 paise and 20 paise respectively from December 1980. For meeting labour charges, advances were to be given to local bodies who were later to render final accounts with supporting documents. Each local body was to be given a grant of Rs.500 for operational expenses. However, owing to non-co-operation and lack of interest on the part of local bodies, Government subsequently ordered (August 1984) the department to implement the scheme directly instead of through local bodies. Accordingly, spraying since then had been done departmentally.

(*ii*) *Targets and achievements*

The targets and achievements of the scheme for the years 1980-81 to 1984-85 were as follows:—

Year	*Number of sprayings*			*Expenditure*		
	Target	*Achievement*	*Percentage of achievement*	*Target*	*Achievement*	*Percentage of achievement*
	(*in lakhs*)			(*inlakhs of rupees*)		
1980-81	10,00	79.74	8	1,67.50	1,67.28	100
1981-82	10,00	47.40	5	50.00	33.73	67
1982-83	40	14.13	35	12.24	10.78	88
1983-84	40	4.28	11	8.00	3.39	42
1984-85	40	35.01	88	4.86	2.51	52
Total	21,20	1,80.56	9	2,42.60	2,17.69	90

While 90 *per cent* of the funds provided during 1980-81 to 1984-85 had been spent, the achievement in terms of sprayings done was only 9 *per cent*. The achievement in spraying was only 8 *per cent* of the target in 1980-81 and decreased to 5 *per cent* in 1981-82. Thereafter, the annual target itself was reduced from 1000 lakh sprayings to 40 lakh sprayings and even against this drastically reduced target, the achievements during 1982-83 and 1983-84 were poor. The reduced target was not fully achieved during 1984-85 also, even after Government ordered the department in August 1984 to implement the scheme directly.

(iii) *Purchase and distribution of sprayers and hoses*

The scheme envisaged the supply of 10,000 sprayers to local bodies, at the rate of 2 sprayers per ward. The requirement of sprayers was proposed to be met (i) from the stock already available with the department, (ii) by hiring the sprayers already distributed under subsidy schemes implemented by the department in earlier years, and (iii) by purchasing new sprayers through local bodies, the cost being reimbursed by the department.

According to an assessment made in April 1980, 7672 sprayers distributed under the subsidy schemes of the Agriculture Department were available with the farmers in the operational area of the scheme. Though the Director of Agriculture asked the departmental officers in April 1980 to make use of these sprayers for implementation of the scheme, there was no indication of effective follow-up. The Principal Agricultural Officer (PAO), Quilon stated (January 1986) that sprayers could not be taken on hire from the farmers on account of stiff resistance from them.

Out of the stock available with the department, 1827 sprayers were distributed to the local bodies by May 1980. Subsequently, on sanctions accorded by Government in May 1980 and November 1980, 600 sprayers with hoses and 5000 sprayers without hoses were purchased at a total cost of Rs. 25.64 lakhs and distributed by Agriculture Department during May-June 1980 and November 1980—May 1981.

During February-March 1981, 5000 PVC hoses were purchased at a cost of Rs. 7 lakhs; 1815 more PVC hoses were procured at a cost of Rs. 2.55 lakhs in March-April 1981. All the 6,815 hoses were distributed along with the 5,000 hose-less sprayers to the local bodies through the district level officers of the Agriculture Department in March-May 1981. The excess hoses were stated to be kept as reserve stock.

According to the norm fixed by the department, 50 sprayings can be done with a sprayer daily. On an average, spraying can be carried out for about 100 days in a year (50 days each during the pre-monsoon and post-monsoon seasons). Thus, a total of 91.35 lakh sprayings could be done with 1827 sprayers in a year. The annual achievement of sprayings during 1980-81 to 1984-85 ranged from 4.28 lakhs to 79.74 lakhs only, indicating that even the 1827 sprayers available with the department at the time of launching the scheme were not fully utilised. Further, the maximum number of 79.74 lakh sprayings was in 1980-81, ie., before the distribution of the additional 5,000 sprayers in March-May 1981. In other words, the purchase of 5,000 sprayers and 6,815 hoses, costing Rs. 35.19 lakhs did not serve the intended purpose. While processing offers for purchase of new sprayers, the Director of Agriculture had requested (May 1980) Government to consider whether purchase of additional sprayers was necessary in view of the fact that it would be possible to spray 91,350 trees per day with the then available sprayers. This advice was apparently disregarded by the State Government in ordering the purchase of new sprayers. The Director of Agriculture stated (December 1986) that the sprayers purchased would not have been adequate to meet the total requirement, had the local bodies taken active interest in the implementation of the scheme.

Of the 5,000 sprayers purchased, 2,000 were purchased from two firms at higher prices (Rs. 501.42 each for 650 sprayers and Rs. 500 each for 1350 sprayers) on the ground of quicker supply. The extra expenditure on their purchase compared to the lowest offer (Rs. 403.75 each) amounted to Rs. 1.93 lakhs. The Director of Agriculture stated (December 1986) that (i) sprayers had to be procured to undertake post-monsoon sprayings expeditiously and (ii) it was to facilitate this, that the purchase order was split among three firms. The fact, however, remains that the sprayers were not put to use indicating that there was no emergent need for the purchase.

(iv) *Purchase and distribution of copper sulphate and copper oxychloride.*

Mention was made in paragraph 5.4 of the Report of the Comptroller and Auditor General of India for the year 1984-85 (Civil) about the poor off-take of 721.50 tonnes of copper sulphate purchased during 1980-81 at a cost of Rs. 97.10 lakhs for the purpose of spraying. At the time of that purchase, 32.5 tonnes copper oxychloride usable for spraying were available with the department. The quantity required for a single spray was 15 grams of copper sulphate or 7.5 grams of copper oxychloride. At this rate, for the 180.56 lakh sprayings done to the end of 1984-85, the requirement of copper sulphate, after making allowance for the stock of copper oxychloride, was only 205.84 tonnes. Thus, 515.66 tonnes of copper sulphate (cost: Rs. 69.40 lakhs) were purchased in excess.

The Director of Agriculture stated (December 1986) that the unutilised stock had been diverted for other schemes. The particulars of utilisation are awaited (February 1987).

(v) *Implementation by local bodies*

Though local bodies were the implementing agency for the scheme, the nature of accounts and other records to be maintained by the local bodies were not prescribed when the scheme was launched in April 1980; Government orders for the printing and supply of muster rolls, registers, receipt books, cash books, etc., were issued only in June 1980. The forms were got printed and distributed to the local bodies by the Director of Panchayats in December 1980–January 1981 by which time the first pre-monsoon spraying of 34 lakh trees was already over.

In the absence of definite instructions, there was no uniformity in the accounting procedure followed by local bodies for crediting collections of spraying charges to Government account. For 1,46.21 lakh sprayings done during the years 1980-81 to 1983-84 the amount to be collected from the cultivators at the prescribed rate worked out to Rs. 62.95 lakhs. Information about the amount actually collected and the balance pending collection was not available in the Directorate. While reimbursing labour charges to the local bodies, no steps were taken by the department to ensure that amounts collected from the cultivators by the local bodies had been remitted to Government. Test check in the Principal Agricultural Office, Quilon revealed that an amount of Rs. 0.35 lakh was reimbursed to 11 local bodies in 1981-82, while they were yet to remit a sum of Rs. 0.41 lakh collected by them from cultivators.

The scheme was to cover the entire disease-affected areas without leaving pockets which might later become centres for the spreading of the disease. However, out of 530 local bodies in those areas, 19 did not come forward to take up spraying and were not supplied with sprayers and chemicals. The reasons for their disassociation from the scheme, called for from the Director of Agriculture, are awaited.

Test check in Quilon District showed that there was a marked fall in the number of local bodies which participated in the scheme after 1980-81. While all the 105 local bodies in the district implemented the scheme during 1980-81, only 69 local bodies undertook spraying in 1981-82 and their number went down further to 24 in 1982-83. The PAO, Quilon stated that there was no co-ordinated attempt by the Panchayats to mobilise farmers and to take up the scheme in a collective manner and that the Panchayats totally failed to muster popular participation in the implementation of the scheme.

According to a report (September 1982) sent by the PAO, Trivandrum to the Director of Agriculture, 45 local bodies in the district which received assistance worth Rs. 4.16 lakhs towards operational grants, advances, sprayers, chemicals, etc., did not conduct any spraying operations.

In terms of working instructions issued by the Director of Agriculture in April 1980, ward level committees of local bodies were to meet at least thrice during a season for ensuring proper conduct of the scheme. But no details of such meetings held were available in the two District Agricultural Offices (Quilon and Alleppey) test checked by Audit.

(vi) *Progress Reports*

According to instructions issued by the Directorate of Agriculture in April 1980, the Agricultural Demonstrators were to collect details about sprayings done and send daily reports to District Offices. Such reports were not received regularly in the District Offices. There was also no system in the District Offices to monitor the receipt of the progress reports.

(vii) *Field inspection by departmental officers*

The Regional Joint Directors of Agriculture, Deputy Directors of Agriculture and Subject Matter Specialists were required to conduct respectively 15, 10 and 15 monthly inspections during the spraying season. The inspections were not conducted regularly. The PAO, Alleppey stated that field inspections were done only at the initial stages and that no records of inspections were kept. In the absence of regular inspection, it is not clear how the department ensured that the sprayings reported had been done by the local bodies.

(viii) *Non-return of sprayers, unutilised chemicals, etc., by local bodies*

While issuing orders to relieve the local bodies from the responsibility for implementing the scheme, Government had ordered (August 1984) resumption, within two months, of the sprayers, chemicals, etc., entrusted to the local bodies for the scheme. The time limit for this was later extended up to August 1985 by the Director of Agriculture. However, the resumption had not been completed yet (May 1986). Details of equipment and chemicals still lying with the local bodies are awaited from the department.

PAO, Pathanamthitta reported in July 1985 that out of 54 Panchayats and 2 Municipalities, stock in 48 Panchayats and 2 Municipalities had been taken back by him. But since the details of the materials originally issued to these local bodies by the PAO, Quilon prior to 1st July 1983 (the date of formation of the Pathanamthitta District) were not available with the PAO, Pathanamthitta, it could not be verified whether all the stores had been received back.

(ix) *Consumption of chemicals*

The prescribed norm for consumption of chemicals is 7.5 gm of Copper oxychloride or 15 gm of Copper Sulphate per spraying. Details collected from 50 local bodies in Trivandrum and Alleppey Districts showed that 33 of them used 2,532 kg of Copper oxychloride and 9,866 kg of Copper Sulphate for conducting 9.32 lakh sprayings. The consumption was excessive as with the same quantity of chemical, 9.95 lakh sprayings could have been done at the prescribed rate. The excess consumption of the chemicals over the prescribed norm ranged from 22 *per cent* to 171 *per cent* in the case of 7 local bodies (Vallikunnam, Chingoli, Nellanad, Kallara, Kandallur, Neyyattinkara and Panavely). In the case of two other local bodies (Chirayinkil and Cheriyanad) the consumption was less than the norm by 25 *per cent.*

(x) *Assessment/evaluation*

Statistical data regarding the number of trees affected in each local body/ward and the inputs required for implementation of the scheme were not collected/assessed at any stage. The reasons for the failure in implementation of the scheme were also not analysed/assessed by the Agriculture Department with a view to taking remedial action. The impact of the scheme on combating the leaf-rot disease has also not been assessed and evaluated. The Director of Agriculture stated (December 1986) that it would be possible to control the leaf-rot disease by spraying during pre-monsoon and post-monsoon seasons.

3.3.3. *Scheme for the rejuvenation of diseased and unproductive coconut plantations*

(i) One of the major factors adversely affecting the productivity of coconut palms was the spread of root-wilt disease. A comprehensive scheme for identifying diseased trees and undertaking extensive under-planting with hybrid coconut seedlings in the severely disease affected areas in the districts of Trivandrum, Quilon, Alleppey, Kottayam, Ernakulam and Trichur and adoption of scientific package of practices and plant protection technology which would keep the root-wilt disease under check was approved by the Government of India in June 1977. Administrative sanction for its implementation was accorded by the State Government in July 1977. The scheme was eligible for Central assistance to the extent of 100 *per cent* during 1977-78 and 1978-79 and 50 *per cent* thereafter.

The scheme envisaged survey and identification of disease-affected trees and distribution of hybrid seedlings, fertilisers, pesticides, etc., at subsidised rates of 50 *per cent* cost for under-planting in coconut plantations (for the first three years). The scheme was started in Trichur and Trivandrum Districts in 1977-78 and was extended to Quilon and Ernakulam Districts during 1979-80.

The total disease-affected area under coconut in the State from Trichur District in the north to Trivandrum District in the south was estimated as 2,98,000 hectares, out of which 19,800 hectares were to be under-planted by hybrid coconut seedlings by the end of 1978-79 and the remaining area of 2,78,200 hectares in the subsequent years at the rate of 25,000 hectares per year so that the entire area could be covered by the end of 1989-90.

(ii) *Provision and expenditure*

The details of financial and physical targets and achievements for the period 1977-78 to 1985-86 are given below:—

Year	*Provision*	*Expenditure*	*Central assistance*	*Target area to be under-planted by hybrid seedlings*	*Actual area under-planted with fresh seedlings of all varieties*	*Percentage of achievement with reference to the target*
	(*in lakhs of rupees*)			(*in hectares*)		
1977-78 to 1979-80	49.59	45.17	37.31	44,800	17,475	39
1980-81 to 1984-85	1,79.18	1,66.63		1,25,000	80,035	64
1985-86	39.50	25.58		25,000	3,859	15
Total	2,68.27	2,37.38	37.31	1,94,800	1,01,369	52

An area of 1,94,606 hectares was surveyed under the scheme to the end of 1985-86. The actual area under-planted with fresh seedlings, however, was only 1,01,369 hectares or 52 *per cent* of the target of 1,94,800 hectares. The reasons for the shortfall called for from the department are awaited (July 1986).

Though the entire disease-affected areas were proposed to be covered in 13 years from 1977-78 to 1989-90, the scheme has not so far been introduced in Kottayam and Alleppey Districts where the incidence of the disease is the highest. The Director stated (December 1986) that as the programme in Quilon and Ernakulam Districts had not been completed, the scheme could not be extended to Kottayam and Alleppey Districts.

(iii) *Distribution of hybrid seedlings*

Though the scheme envisaged distribution of hybrid seedlings, it was done only during 1977-78 to 1979-80 and part of 1980-81; thereafter, only other varieties were distributed.

Against 22.49 lakhs of root-wilt affected palms identified during 1977-78 to 1985-86, the total hybrid seedlings issued was only 4.30 lakhs (19 *per cent*). Insufficiency of hybrid seedlings and lack of funds were the reasons attributed by the department for this shortfall.

(iv) *Analysis of performance in Quilon District*

The scheme was introduced in Quilon District in 1979-80. The target was to cover 81,381 hectares in the district by the end of 1985-86 at the rate of 12,500 hectares per year. Against this, the achievement upto August 1985 was only 61,994 hectares. According to the working instructions issued by the Deputy Director of Agriculture, Quilon, an Agricultural Demonstrator was to cover 5 hectares a day in areas having 200 palms per hectare. A test check of the weekly/monthly progress reports sent to the Director of Agriculture by the Deputy Director of Agriculture, Quilon, during 1980-81 to 1983-84 revealed that the actual achievement was far below the prescribed minimum in most of the weeks/months.

The shortfall was attributed to the diversion of staff to other works relating to comprehensive coconut development programme, Coconut Development Board's scheme, drought relief work, etc.

A test check of 5 agricultural offices in Quilon revealed that in 1982 season, while the requirement of seedlings of areas already surveyed were not met, 31,024 seedlings involving subsidy of Rs. 0.78 lakh were distributed in areas where no survey was conducted. This was attributed by the department to distribution of seedlings to cultivators who came first with money.

(v) *Removal of diseased trees*

The scheme envisaged that the diseased trees would be cut and removed as soon as the new under-planted hybrid seedlings came to bearing stage i.e., by the fourth year. But no action was taken by the department to ensure that the diseased trees were cut and removed. The Director stated (December 1986) that in the absence of compensation for cutting and removal of trees cultivators could only be persuaded in the matter. The non-removal of the diseased trees would defeat the purpose of the scheme as the foci of the infection in the area would continue to exist with chances of further infection of healthy trees.

3.3.4. *Comprehensive Coconnt Development Programme*

A scheme for comprehensive development of coconut was sanctioned by Government in July 1980. It was proposed to be implemented as a pilot scheme in selected areas in the disease-affected districts of Ernakulam, Kottayam, Alleppey and Quilon. The scheme envisaged cutting and removing of uneconomic coconut trees in a time-bound manner and re-planting the area with quality seedlings. Compensation at Rs. 75 per palm was payable to the owner who was to get the palms cut and removed at his own cost. Quality coconut seedlings were to be supplied at 50 *per cent* cost for re-planting in the place of palms cut and removed.

Fertilisers and soil ameliorants were to be distributed to the cultivators at 50 *per cent* subsidised cost and green manure seeds with a subsidy of 33⅓ *per cent* of cost. For construction undertaken for provision of irrigation facilities, 25 *per cent* of cost or Rs. 1500 per unit whichever was less was payable as subsidy. Transport subsidy for silt application in coconut gardens was also to be paid at Rs. 0.75 per palm per year to cultivators owning one hectare or less.

No definite physical and financial targets were fixed for the scheme. Between July 1980 and October 1981, areas in 114 local bodies were selected for implementation of the scheme. But before completing the work in those local bodies, Government in October 1982 approved a fresh list of 104 local bodies in supersession of the earlier list on the ground that the programme was to be implemented in contiguous Panchayats where the disease was prevalent. In November 1982, the scheme was extended to 19 other local bodies.

The provision and expenditure relating to the scheme for the years 1980-81 to 1984-85 were as follows:—

Year	*Provision*	*Expenditure*
	(rupees in lakhs)	
1980-81	1,45.87	1,96.64
1981-82	2,05.00	2,11.03
1982-83	1,09.92	59.52
1983-84	56.50	43.27
1984-85	5.54	4.77
	5,22.83	5,15.23

Shortfall in expenditure during 1982-83 was attributed to the enforcement of economy measures.

The physical targets and achievements under the various activities are given in Appendix 3.1.

The number of uneconomic plants cut and removed during 1980-81 to 1984-85 was 4.35 lakhs against a target of 8.5 lakhs. As against the 4.35 lakhs cut and removed, only 3.05 lakh seedlings were supplied. Achievements under supply of green manure seeds, soil ameliorants and fertilisers ranged between 4 *per cent* and 27 *per cent* of the targets. The scheme was discontinued from1985-86 onwards without fully achieving the targets. Reasons for the shortfall in achievements and for the discontinuance of the scheme from 1985-86 are awaited.

Summing up

The following are the more important points that emerge:—

— During 1979-85, the incidence of root-wilt disease had increased from 55 *per cent* to 71 *per cent* in Alleppey District and from 50 *per cent* to 76 *per cent* in Kottayam District. The estimated production loss due to disease had increased from 340 million nuts in 1976 to 968 million nuts in 1985.

— A test check of coconut spraying scheme showed that the physical achievement of the spraying during the period 1980-81 to 1984-85 was just 9 *per cent* while utilisation of budget provision was 90 *per cent*.

- The department purchased 5,000 sprayers and 6,815 hoses (cost: Rs. 35.19 lakhs) during 1980-81 when the department had already a stock of 1,827 sprayers. As the number of sprayings done in any year did not exceed the optimum number of sprayings that could be done with the 1,827 sprayers, the purchase of new sprayers and hoses was avoidable. Of these, 2000 sprayers were purchased at higher cost, ignoring cheaper rates and entailing an extra expenditure of Rs. 1.93 lakhs.

- Excessive purchase of copper sulphate during 1980-81 resulted in accumulation of stock of over 515 tonnes costing Rs. 69.40 lakhs for over 5 years.

- Though the implementation of the scheme through local bodies was discontinued during 1984-85, major portion of the equipments/chemicals entrusted to them has not been returned by them.

- There was no machinery in the department to watch receipt of progress reports from the local bodies.

- Field inspection of sprayings was not conducted by the department regularly.

- Under the scheme for rejuvenation of diseased and unproductive coconut plantation, the area covered during 1977-78 to 1985-86 was 1.01 lakh hectares against a target of 1.95 lakh hectares.

- Though the scheme envisaged distribution of hybrid coconut seedlings for under-planting, the actual number of high yielding seedlings distributed was 4.30 lakhs, against 22.49 lakh diseased trees identified in the disease-affected areas.

- Test check in Quilon District showed that the out-turn by Agricultural Demonstrators fell short of the norm of 5 hectares a day.

- Under the 'Comprehensive Coconut Development Programme', the number of uneconomic palms cut and removed during 1980-81 to 1984-85 was 4.35 lakhs against a target of 8.45 lakhs. Achievement in the implementation of other components of the scheme like supply of fertilisers, soil ameliorants, green manure seeds, etc., was poor and ranged between 4 *per cent* and 27 *per cent* of the targets.

3.4. Cattle Development Schemes

3.4.01 *Introduction*

The main aim of Cattle Development Programme is to improve the quality of cattle through cross-breeding and thereby increase the per capita availability of milk to the norm of 280 grams a day recommended by the World Health Organisation. The programme is implemented by the Animal Husbandry Department headed by the Director of Animal Husbandry (DAH). Important schemes under the programme are: (1) Cross-breeding Centres, (2) Intensive Cattle Development Projects, (3) Livestock farms and (4) Fodder development schemes.

Cross-breeding centre at Chalakudy started in 1955 is the only such centre in the State. There are six Intensive Cattle Development Projects, their headquarters being at Trivandrum, Kottarakkara, Alwaye, Calicut, Palghat and Cannanore. There are 4 Livestock farms, namely, District Livestock Farm, Kodappanakunnu (started in 1953), Jersey Cattle-breeding-cum-Cross-Bred Farm, Vithura (started in 1976), Jersey Farm extension Unit, Palode (started in 1980) and Buffalo Breeding Farm, Kuriottumala (started in 1981).

The total number of cattle in the State according to 1982 livestock census was 30,96,775 against 30,06,059 under the 1977 livestock census. The number of buffaloes as per 1977 census was 4,54,400 which declined to 4,08,580 by the time of 1982 livestock census. The milk production during 1984-85 in the State was estimated at 12.20 lakh tonnes against 8.24 lakh tonnes during 1979-80. The per capita availability of milk per day has improved from 90 grams in 1979-80 to 122 grams in 1984-85 which was still very low compared to the norm of 280 grams recommended by the World Health Organisation.

Budget provision for cattle development programmes and expenditure thereon during 1980-81 to 1985-86 were as follows:

Period	*Plan*		*Non-Plan*	
	Provision	*Expenditure*	*Provision*	*Expenditure*
	(*In lakhs of rupees*)			
1980-81 to 1984-85	273.32	331.42	549.51	517.25
1985-86	28.47	68.36	171.41	150.98

While there was marginal shortfall in Non-Plan expenditure compared to provision, the Plan expenditure exceeded the provision by 22 *percent* during the Sixth Plan and by 140 *per cent* during 1985-86.

Year-wise details of artificial insemination done, calving recorded and castration done from 1980-81 to 1984-85 are given below:—

Year	*Number of artificial inseminations done*	*Number of calving recorded*		*Castrations done*
		Male	*Female*	
1980-81	6,08,059	63,480	60,859	45,077
1981-82	5,84,042	65,000	62,396	42,964
1982-83	6,67,439	66,227	63,646	39,770
1983-84	7,40,996	76,270	74,837	37,116
1984-85	7,55,853	75,138	70,506	36,062

An audit review conducted during April-May 1986 of the Intensive Cattle Development Projects, Calicut and Trivandrum, Jersey Cattle-breeding-cum-cross-bred farm, Vithura and its extension unit at Palode and Buffalo breeding farm, Kuriottumala revealed the following:—

3.4.02. *Intensive cattle development projects, Calicut and Trivandrum*

The Intensive Cattle Development Project, Calicut, sanctioned by Government in August 1979 started functioning in December 1979. It is intended to cover 1.5 lakhs of cattle in the districts of Kozhikode and Malappuram and in parts of Cannanore District. There are four Regional Artificial Insemination Centres (at Kozhikode , Koothuparamba, Nilambur and Meenangadi) under the project. Against 101 sub-centres to be started, 100 have been started. Government stated (January 1987) that the remaining one centre could not be opened as no post was sanctioned to man it.

The Trivandrum project was sanctioned in June 1984 to cover 1.4 lakhs of cattle and buffaloes in Neyyattinkara, Trivandrum, Nedumangad and Chirayinkil Taluks of Trivandrum District. The Project commenced in October 1984. There are four Regional Artificial Insemination Centres (at Parassala, Aralummoodu, Trivandrum and Nedumangad) under the project. Out of 100 breeding sub-centres to be opened, only 98 have been started; Government stated (January 1987) that the remaining 2 centres could not be started for want of qualified hands.

Receipt and expenditure of the 2 projects for the period 1980-81 to 1985-86 were as follows:—

Period	*Calicut project* *Receipts*	*Calicut project* *Expenditure*	*Trivandrum project* *Receipts*	*Trivandrum project* *Expenditure*
		(*in lakhs of rupees*)		
1980-81 to 1984-85	12.07	99.16	0.63	5.50 (1984-85)
1985-86 (up to December 1985)	2.36	17.38	1.67	16.19

Besides extension education, the main activities of the 2 projects are (i) village-wise survey to collect base-level data on livestock production, milk yield,etc., (ii) controlled breeding to ensure improvement in the genetic make-up of the stock and (iii) registration and milk recording of all milch animals and their progeny.

Details of performance under the various activities are given below:—

(i) Village-wise survey

A village-wise bench mark survey to assess the base level data on health cover of animals, milk production and marketing, feed and fodder resources, etc., was to be undertaken as the first step in the implementation of the project. While such a survey was conducted before starting the Calicut project, it was started in Trivandrum only in July 1985 long after commencement of the project in October 1984. Though the survey in Trivandrum project was completed in November 1986, its results are yet to be processed by the department (February 1987).

(ii) Measures to improve genetic make up of stock

(a) Artificial insemination

Artificial insemination is the major activity under the scheme. The annual target fixed for insemination in Calicut project during 1980-81 to 1983-84 ranged between 40,000 and 75,000. Against this, the percentage of achievement during the period ranged from 51 to 81. During 1984-85 a reduced target of 60,000 was fixed against which achievement was 86 *per cent*. For 1985-86, the target was still lowered and consequently the achievement rose to 104 *per cent*. The low achievement upto 1984-85 was attributed (January 1987) by Government to lack of qualified livestock inspectors.

In Trivandrum Project no target was fixed for 1984-85 as it was started only in October 1984. Against a target of 60,000 fixed for insemination during 1985-86, the achievement was 38,459, working out to 64 *per cent.* Government stated (January 1987) that the shortfall was due to non-starting of the targeted number of sub centres for want of qualified hands.

Percentage of calving recorded to artificial insemination done in Calicut project during the period 1980-81 to 1985-86 ranged from 16 to 19 as against the expected conception rate of 35 *per cent.* The corresponding figure for Trivandrum Project was 22 *per cent* during 1984-85 and 25 *per cent* during 1985-86.

Government stated (January 1987) that all the calves born could not be recorded owing to migration of pregnant cows from one place to another.

(b) *Grant of assistance for purchase of improved breeding stock*

During the year 1979-80, the Calicut Project purchased and distributed 87 milch cows at subsidised rates to 87 marginal farmers/agricultural labourers. The quantum of subsidy was 50 *per cent* cost subject to a maximum of Rs. 1,000 in each case.

During 1980-81, subsidy of Rs. 4.09 lakhs was paid to 451 marginal farmers/agricultural labourers including 230 beneficiaries belonging to Scheduled Castes (SC) and Scheduled Tribes (ST) for purchase of milch animals/ heifers. The maximum rate of subsidy was Rs. 1,200 in the case of SC/ST beneficiaries and Rs. 600 in the case of others. Subsidy at Rs. 500 was also paid to 64 farmers (total: Rs. 0.32 lakh) for the construction of cattle sheds.

No follow-up action was taken by the department to ascertain how far the farmers/agricultural labourers had been benefited by the scheme and whether they continued to retain the animals. The project officer ascribed this to paucity of technical staff.

(iii) *Registration and milk recording*

Yearly survey for evaluation of work done under the project and registration and milk recording of all milch animals and progenies and progeny testing programmes were not carried out in Calicut project though envisaged in the scheme. The omission was attributed to lack of sufficient qualified staff

The number of milk-recordings done during 1984-85 and 1985-86 in Trivandrum Project was 3,526 and 4,232 respectively against 4,243 and 8,339 calf births recorded. The coverage was 83 *per cent* during 1984-85 and 51 *per cent* during 1985-86.

The average milk production per day per animal in Calicut project area which was 2 litres during 1979-80 increased to 3 litres during 1985-86. This was still low compared to norm of 6 litres for a cross-bred cow envisaged in the package of practices published by the Kerala Agricultural University. The fact that milk production is only around 50 *per cent* of the norm shows that the project has not been able to upgrade the genetic make up of the stock to any significant extent.

As Trivandrum Project was only in its initial stage, it was yet to make its impact on milk production.

3.4.03. *Jersey Cattle breeding-cum-cross bred farm, Vithura and its extension unit at Palode*

(i) *Profile of the farm*

Mention was made in paragraph 3.4 of the Report of the Comptroller and Auditor General of India for the year 1979-80 (Civil) about the working of the Jersey cattle breeding-cum-cross-bred farm at Vithura for the period ended 1979-80. The dry stock farm at Palode was converted into an extension unit of Jersey farm with effect from January 1980 with the object of developing it as a pure bred Jersey farm. Details of the receipts and expenditure of the farm and its extension unit at Palode for the years 1980-81 to 1985-86 are given below: —

Period	*Vithura Farm* *Receipt*	*Vithura Farm* *Expenditure*	*Palode Farm* *Receipt*	*Palode Farm* *Expenditure*
		(*in lakhs*	*of rupees*)	
1980-81 to 1983-84	3.10	54.94	1.91	32.43
1984-85	2.11	15.45	0.96	9.82
1985-86	2.14	15.83	2.12	10.83

There was no indication whether the department had prepared any action plan for each farm and periodically reviewed its activities in terms of milk production, mortality of animals, expenditure on feed per cattle head, production of fodder, calving interval, insemination index, etc.

Though Government in August 1979 ordered the import of 50 pure Jersey heifers for the Palode farm to be bred up as bull mother stock, only 35 heifers–6 from Pune and 29 from Rajasthan-were purchased (February 1980) at a total cost of Rs. 1.32 lakhs. Reasons for not importing the remaining 15 heifers are awaited (August 1986).

In August 1979, Government directed the transfer of animals fit for breeding work fromVithura farm to Palode unit. No animal was, however, shifted; the reasons therefor are awaited from the department (July 1986).

When the drystock farm at Kuriottumala (Quilon District) was converted into a Buffalo Breeding Farm in July 1981, 28 animals (10 cows and 18 heifers) were transferred from there to Palode farm. Breed-wise, these animals were 15 Sindhi cross, 7 Sindhi-Jersey cross, 5 Jersey cross and one Jersey Holstein Fresian cross. The transfer of these animals belonging to different stock was not in conformity with Government's intention to develop Palode farm into a pure bred Jersey farm.

In May 1980 Government sanctioned the purchsae of 200 indigenous heifers for the Vithura farm for cross breeding work; but only 83 indigenous heifers were purchased to end of July 1986. Reasons for the shortfall in purchase are awaited from the department (July 1986).

(ii) *Purchase of Holstein Fresian cows and Heifers*

Forty-three Holstein Fresian cows/heifers of Canadian origin costing Rs. 1.68 lakhs were purchased from Anand and brought to the Vithura farm in March 1981 for breeding purposes. The animals purchased were, lifted by lorries to the farm during the hot summer season. Upto April 1986, 32 out of the 43 animals died; 19 deaths occurred during 1981-82, i. e., in the first year after purchase itself. In October 1981, the Assistant Project Officer, Vithura farm reported to DAH that (i) the environment of the locality was unpleasant and its climate unfavourable for the Holstein Fresian breed, (ii) the newly constructed cattle sheds in the farm had no ceiling to prevent heat and the slope of the floor was not suitable for the animals, (iii) the water supply from a nearby stream was polluted and contaminated and was a source of infection to the animals; and (iv) improper disposal of slurry led to propagation of flies, mosquitoes, etc., in the farm.

Thus, the purchase of animals without proper investigation regarding their suitability and adaptability to the environment and failure to make proper arrangement for their upkeep resulted in the death of 32 out of the 43 animals purchased. One animal was sold (May 1983) to the Meat Products of India Ltd.

(iii) *Breeding operation*

The mating programme for the Vithura farm and the extension unit at Palode for each year is fixed by the Kerala Livestock Development and Milk Marketing Board (the Board) which supplies the required doses of semen. When male calves are born in the farm, the fact is intimated to the Board for selecting and lifting calves for breeding purposes. Out of 91 bull calves produced in the farm during 1981-82 to 1984-85, only 11 were lifted by the Board. Of these, only one was retained by the Board for semen collection. Others were either slaughtered or sold in auction within a period of 9 to 31 months. Reasons for rejecting more than 90 *per cent* of the calves are awaited from the department (May 1986).

(iv) *Construction works*

The civil construction works at Vithura farm and at the extension unit at Palode have been entrusted to the Kerala State Construction Corporation Ltd. The department pays advances to the Corporation which sends bills (invoices) showing the value of work done.

There was no machinery in the department to verify the expenditure reported by the Corporation.

The department had paid Rs. 50.19 lakhs to the Corporation as advance till May 1985. According to an invoice sent by the Corporation in May 1985, total value of works done in the 2 farms till then amounted to Rs. 69.08 lakhs.

Out of the works entrusted to the Corporation, one cow-shed, a calving shed, a Veterinary dispensary, 5 quarters, and a canteen hall have been completed at the extension unit at Palode. At the Vithura farm, though construction of 3 cow-sheds had been completed, only 2 cow-sheds have been handed over to the department; the third has not been handed over as power connection is yet to be provided (January 1987). Among other works, 4 quarters and one calving pen were completed and handed over to the department. One type III quarter (twin type), though completed, has not been handed over, pending provision of power connection. Work on hay store has also not been completed. Work on administrative block, canteen hall, feed store, labourlines, gate watcher's cabin, pump house, etc., has not been started. Works on land development, street lighting, etc., have also not been started (January 1987). On account of the rise in cost of materials and revision of schedule of rates, the Kerala State Construction Corporation Ltd., revised the estimates for construction from Rs. 34.12 lakhs to Rs. 1,01.95 lakhs. This was not sanctioned by Government and therefore the Corporation practically stopped the works.

(v) *Fodder cultivation*

Out of arable land available in Jersey farm, Vithura (91.11 hectares) and in the extension unit, Palode (50 hectares), the area brought under fodder cultivation up to 1985-86 was 55 hectares and 35 hectares respectively. Non-utilisation of the balance area for fodder cultivation was attributed by the department to lack of irrigation facilities (both farms), low productivity of labour and declining fertility of soil due to continuous cultivation (Palode unit). Production in Palode farm was very low, ranging from 11 tonnes and 13 tonnes per hectare during 1980-81 to 1984-85, as against 27 to 29 tonnes in Vithura farm during the same period. During the period 1981-82 to 1985-86, the two farms spent an aggregate amount of Rs. 1.19 lakhs on purchases of straw while, 221 tonnes of green fodder were supplied to other farms from the extension unit, Palode during the same period. The reasons why the excess green fodder available at Palode could not be utilised and the purchase of straw could not be reduced are awaited from the department.

3.4.04. *Buffalo Breeding Farm, Kuriottumala*

(i) *Farm Profile*

In July 1981, Government sanctioned the conversion of the Drystock Farm at Kuriottumala (Quilon District) into a buffalo breeding farm. The buffaloes additionally required were to be produced from the respective breeding tracts. The objective of the farm was to make sufficient number of buffalo bulls available for breeding purposes. The farm started functioning in November 1981. Receipts and expenditure of the farm for the period 1981-82 to 1985-86 aggregated Rs. 4.87 lakhs and 51.54 lakhs respectively.

The farm was to maintain a foundation stock of 50 she-buffaloes. In November 1981, 51 buffaloes were transferred to the farm from the District Livestock Farm, Kodappanakunnu to form part of the foundation stock. A scrutiny of the milk recording register revealed that their average daily yield of milk was only about 2 litres and hence they were unfit to be maintained as foundation stock.

Five she-buffaloes (cost: Rs. 0.21 lakh) were purchased in April 1983 and nine more (cost: Rs. 0.39 lakh) in November 1983.

In the case of the first set of 5 animals, the milk yield was only 4 to 8.5 litres as against the expected yield of 8.5 to 12.5 litres per animal per day. In the case of the second set of 9 animals, the expected milk yield of 6 to 8 litres was obtained only in 2 cases; the yield ranged from 2 to 5.5 litres in 6 cases and no milk could be obtained in one case owing to death of the calf.

Fourteen she-buffaloes with calves (cost: Rs. 0.70 lakh) were purchased for the farm in December 1984. The milk yield of these animals could not be verified as their identification numbers were not noted in the milk recording register.

A proposal made by the Superintendent of the farm in September 1982 to purchase 4 pedigree buffalo bulls from the Central Cattle Breeding Farm, Avadi was not sanctioned by the Director of Animal Husbandry as frozen buffalo semen was expected to be available with the Kerala Livestock Development and Milk Marketing Board. But a request made by the DAH in May 1984, for supply of 100 doses of frozen buffalo semen at regular intervals and one liquid Nitrogen container to the farm, was not complied with by the Board and therefore artificial insemination could not be started in the farm so far. No further action to obtain frozen semen was taken by the DAH. Owing to non-availability of frozen semen and liquid Nitrogen, the buffalo bulls transferred from Kodappanakunnu farm and maintained reportedly at a very high cost, continue to be utilised for breeding purposes. No records showing the breeding qualities of these animals and of those purchased from outside were available with the farm.

(ii) *Tuberculosis affected and Johnin Positive animals*

The Chief Disease Investigation Officer, Palode, after examining the animals in Kuriottumala farm reported (March 1986) that (i) 33 animals in the farm were suffering from tuberculosis, (ii) 6 animals were reactors of Johnin. Though he advised the farm to keep the animals separately until re-test, this had not been done for want of a separate shed. The milk obtained from these animals was also being used for distribution.

(iii) *Non-maintenance/defective maintenance of register*

The livestock register maintained in the farm was defective as it did not contain important details such as the daily average milk yield, total yield for a lactation period, number of days in milk, date of drying, etc., for each animal. Particulars of insemination were also not noted. The milk recording register showing the name and number of buffaloes, date of calving, number of days in milk, total yield, etc., was maintained only up to August 1982. Thereafter, only the number of the animals and the yield per day were noted till February 1984 (excluding the periods September and October 1982, and February and March 1983). From March 1984, only serial number of buffaloes (without identification number) and milk yield were recorded. From January 1985 the maintenance of this register was discontinued. The defective maintenance/non-maintenance of the registers makes evaluation of each breed of buffalo difficult thereby defeating the very objective of producing pedigree buffalo bulls.

(iv) *Fodder cultivation*

Out of 288.06 acres of land available with the farm, the area brought under fodder cultivation was 150 acres (130 acres: green grass; 20 acres: fodder trees). Out of the balance, 35 acres are under cashew cultivation, 90 acres are kept unutilised and the remaining area is used for officer's buildings, cattle sheds, roads, etc. Non-utilisation of 90 acres of land for fodder cultivation was attributed to lack of irrigation facilities and shortage of labourers.

According to the 'package of practices' published by the Kerala Agricultural University, even in the absence of irrigation facility, fodder produced by cultivating one acre of land, will be sufficient for two animals under Kerala conditions. However, even by cultivating 130 acres of land with green fodder, the farm was not able to produce sufficient fodder for its livestock and had to purchase straw. Details of the area cultivated, herd strength, etc., for the period 1981-82 to 1985-86 are given below:—

Year	*Number of animals maintained*	*Area required as per norm (in acres)*	*Actual area under fodder cultivation (in acres)*
1981-82	85	43	120
1982-83	102	51	120
1983-84	131	56	130
1984-85	165	83	130
1985-86	137	68	150

During these five years, 205 tonnes of straw (cost: Rs. 1.78 lakhs) were purchased by the farm. The reasons ascribed for the short production of green fodder were scarcity of labour, lack of irrigation facilities and unfavourable climatic conditions.

No facilities were available in the farm to collect and use the slurry for fodder cultivation.

3.4.05. *Purchase of ear tags*

A Centrally sponsored scheme 'Control of Livestock diseases of National Importance', was sanctioned by Government in April 1983, with a view to establishing a disease-free zone in the districts of Trivandrum, Quilon and Pathanamthitta and a buffer zone consisting of a contiguous area of about 40 km. north of the above districts. The scheme consisted of systematic vaccination of livestock against Foot and Mouth disease and Rinderpest and ear tagging of the vaccinated animals. The vaccination programme was started in Trivandrum District in December 1983. A mid term evaluation of the programme in Trivandrum District by the Project Officer revealed that the vaccination programme could not be completed by March 1986 as scheduled. The programme of vaccination in Quilon and Pathanamthitta Districts was yet to be started (July 1986).

For ear tagging the vaccinated animals, 5.34 lakh metal ear tags costing Rs. 5.20 lakhs were purchased in August 1984. Out of these, 4.25 lakh ear tags were used upto June 1986 and the balance 1.09 lakh ear tags costing Rs. 1.08 lakhs were lying unused in the various field offices in Trivandrum and Quilon Districts (July 1986). The Project Officer informed (November 1984) the DAH that the system of identifying the vaccinated animals with metal ear tags and recording the details of vaccinations in 'Vaccination Cards' issued to farmers was not practicable since 90 *per cent* of the cattle owners were not maintaining the cards. To overcome this difficulty, the purchase of plastic ear tags with facility to mark the details of vaccination in the ear tags itself was suggested by the Project Officer. Accordingly, tenders for the purchase of plastic ear tags were invited by DAH in December 1984 and were considered by the departmental purchase committee. Based on the committee's recommendation, Government accorded sanction (February 1986) for the purchase of 5 lakh plastic ear tags (at Rs. 6.25 plus sales tax per tag) and 250 applicators (at Rs. 150 each) at a total cost of Rs. 31.62 lakhs from a Bombay firm and also for payment of 90 *per cent* of the cost as advance to this firm, subject to its executing an agreement with bank guarantee. The firm executed the agreement in February 1986 and was paid an advance of Rs.28.45 lakhs in March 1986. No time limit for the supply was specified either in the purchase order or in the agreement with the firm. The firm supplied 2.1 lakh ear tags between April 1986 and June 1986. Details of further supply and adjustment of the advance are awaited from the department (February 1987).

Summing up

The important points that emerge are:—

— The achievement under artificial insemination fell short of targets in all the years from 1980-81 to 1984-85 under Calicut Project. In Trivandrum project it was started in 1984-85. The achievement was far below the target during 1985-86.

— Though assistance of Rs. 4.41 lakhs was given to 515 beneficiaries for the purchase of cows and construction of cattle sheds, the project had not taken follow up action to ascertain its impact.

— The average daily milk production in Calicut project area ranged between 2 and 3 litres against a norm of 6 litres for a cross bred cow.

— Animals belonging to different stock are kept in the extension unit at Palode, although it is intended to work as a pure-bred Jersey farm.

— Out of 43 Holstein Fresian cows/heifers purchased in 1981, 32 had died by April 1986 for various reasons like unfavourable climate, defective cattle sheds, polluted water supply, etc.

— Several civil construction works at Vithura and Palode extension unit remained incomplete.

— The quantity of fodder produced at Palode farm was very low, being only 11 to 13 tonnes per hectare.

3.5. Production programme for Pulses and Oil seeds

3.5.1. *Pulses*

With the object of increasing production of pulses—a rich source of vegetable protein—several schemes (both State sector and Centrally sponsored) were implemented in the State under successive Five Year Plans. Notwithstanding this, the area under cultivation of pulses declined from 48,000 hectares in 1956-57 to 34,885 hectares in 1979-80. In order to reverse this trend, the pulses development programme included in the Sixth Five Year Plan envisaged efforts to bring an area of 50,000 hectares under cultivation of pulses.

An audit review of the schemes under the programme, conducted during November 1985 to February 1986, with reference to records in seven district offices* and 28 development units under the Department of Agriculture revealed the following points:—

A. Centrally sponsored/assisted schemes

The scheme 'production programme for pulses' launched by Government of India in 1972 was continued during Sixth Plan period. The expenditure on the scheme during 1980-81 to 1984-85 was Rs. 23.15 lakhs. Central assistance/grant received during the period amounted to Rs. 17.45 lakhs. The component-wise targets were only partially achieved under the programme during the 5 years ending 1984-85, *vide* details given below:—

Component	*Target*	*Achievement*	*Percentage*
(i) Demonstration (hectares)	1,913	1,430	75
(ii) Supply of seeds at subsidised rates (quintals)	8,700	6,256	72
(iii) Rhizobium culture (Kg.)	20,505	6,199	30
(iv) Application of plant protection chemicals (hectares)	10,133	5,989	59
(v) Purchase of plant protection equipments (number)	1,376	740	54

Further points noticed in test check of the first three components are indicated in the following paragraphs:-

(1) The department provided inputs (upto Rs. 375 per hectare) free of cost for laying out demonstrations. The object was to demonstrate the efficacy of improved/recommended farm practices for inducing farmers to adopt them. According to the guidelines issued by Government of India, demonstration plots were to be laid out in compact areas of 6 to 10 hectares with a minimum of 5 farmers. Details collected from 22 units showed that

*Trivandrum, Alleppey, Ernakulam, Trichur, Palghat, Malappuram and Cannanore.

the minimum requirement regarding area and number of farmers was not ensured by the department in a large number of cases as indicated below:—

Year	*Number of units test checked*	*Number of units not satisfying the minimum requirement*	*Expenditure involved (Rupees)*
1980-81	6	5	2,976
1981-82	17	14	7,904
1982-83	10	8	4,234
1983-84	11	9	8,970
1984-85	14	14	7,671

Government stated (September 1986 and November 1986) that because of the smaller and fragmented nature of the farm holdings in most of the areas, it was very difficult to get compact areas of 6 to 10 hectares with a minimum of 5 farmers and hence the programme was implemented in contiguous areas taking 0.4 hectare as a compact plot for a farmer.

The schemes envisaged maintenance of registers to record particulars of the various cultural operations carried out, cost, yield, etc., to find out the cost benefit ratio. The register was not maintained in 13 out of 28 units test checked. The register maintained in another unit was found incomplete. There were, however, no details with the department to ascertain to what extent the adoption of the recommended package of practices had contributed to increase in production and generation of additional income and whether the units had induced farmers to adopt the package of practices in other areas. Government stated (September 1986) that the Director of Agriculture had issued strict instructions to district level officers in August 1986 to maintain the registers.

2. *Subsidy on sale of seeds*

The scheme envisaged payment of subsidy for sale of certified and truthfully labelled seeds to cultivators. According to instructions issued by Government of India, the maximum Central subsidy per quintal was Rs. 150 till 1981-82 and Rs. 200 thereafter. The subsidy was to be limited to the difference between (i) the cost price of seeds and (ii) 120 *per cent* of the wholesale market price or 115 *per cent* of retail market price of pulse grains, whichever was higher. Instead of linking the subsidy to the market price of pulse grains, the department allowed subsidy at a flat rate of Rs.200 per quintal on 3,571 quintals of seeds distributed during the period 1982-83 to 1984-85, resulting in excess payment of Rs. 2.16 lakhs. Over and above the Central subsidy, a subsidy of Rs. 100 per quintal on seeds was also allowed by the State Government from State funds. This had the effect of bringing down the price of seeds to a level below the market rate of pulse grains, and encouraging diversion of seeds for consumption although the Government of India had advised the State Government to take measures to prevent the diversion. Test check in 28 development units showed that only in 5 units had the department verified the bonafides of the purchasers by obtaining applications. In the remaining cases, there was neither application nor any other record to evidence that the sale was made to genuine farmers for cultivation purposes.

3. *Production of rhizobium culture*

Rhizobium culture inoculant when mixed with pulse seeds causes better germination and production. The microbiological laboratory (attached to the soil testing laboratory) at Pattambi manufactures rhizobium culture for the purpose. Against a target of 20,505 kg. for the 5-year period from 1980-81 to 1984-85, the actual production was only 6,199 kg. This shortfall was ascribed to breakdown of equipments and consequent stoppage of production in the laboratory for 4 months in 1981, 5 months in 1983, 4 months in 1984 and 5 months in 1985.

The culture which was distributed in 200 gram packets had only a shelf life of 3 to 6 months from the date of manufacture. Out of 438 packets distributed by 10 units between May 1981 and March 1985, 335 packets were distributed 4 to 42 months after expiry of the potency period. Government stated (September 1986) that strict instructions had been issued to the officers concerned in this regard.

B. *State Sector schemes*

(1) In November 1979, the State Government sanctioned a subsidy scheme for increasing the area under pulses by subsidising the cost of seeds and fertilisers. The subsidy was payable (i) for seeds at the rate of Re. 1 per kg. and (ii) for fertilisers at the rate of Rs. 70 per hectare for areas in compact blocks of 5 hectares and following the package of practices. Against a budget provision of Rs. 28.89 lakhs for the period 1980-81 to 1984-85, the department spent only Rs. 23.03 lakhs, of which Rs. 6.26 lakhs were paid as subsidy on seeds for a total quantity of 6,256 quintals (target: 8,700 quintals) and Rs. 15.45 lakhs as subsidy on fertilisers for 22,076 hectares (target: 28,870 hectares).

In 24 units, there was nothing on record to show that the plots of land offered for demonstration were laid out in compact blocks of 5 hectares. There was also no register on demonstrations/trials describing the operations carried out. In many cases, fertilisers were purchased merely out of the subsidy given and fell short of the requirement as per package of practices. On a test check of 24 cases in 4 units (2 units in Cannanore District and 2 in Trivandrum District) for the period 1981-82 to 1984-85, it was found that against a total requirement of 382 kg. of nitrogen, 574 kg. of phosphorus and 192 kg. of potassium, the actual quantities purchased by framers were only 70 kg. of nitrogen, 185 kg. of phosphorus and 81 kg. of potassium.

Fertiliser was to be purchased by the beneficiary farmers on permits issued by the department specifying a validity period. In the case of 29 permits issued in Kollayil unit in Trivandrum District., fertilisers were purchased by the farmers 3 to 34 days after expiry of the validity of the permit. In such cases, it was not clear whether the fertilisers were applied to the soil well in time.

(2) *Impact of the schemes*

The table below gives the details of area under pulses and production of pulses during the period from 1979-80 to 1984-85 in the State:

Year	*Area (in hectares)*	*Production (in tonnes)*	*Productivity (kilogram per hectare)*
1979-80	34,885	23,443	672
1980-81	33,859	22,479	664
1981-82	33,910	22,286	657
1982-83	29,531	18,875	639
1983-84	33,478	21,356	638
1984-85	28,715	20,384	710

As may be seen from the table, (a) productivity declined from 1979-80 to 1983-84; (b) there was no increase in the area under cultivation compared to that in 1979-80 and the target of bringing an area of 50,000 hectares under cultivation of pulses remained unrealised (November 1986) despite Rs. 46.18 lakhs spent for pulses development during the Sixth Plan period.

3.5.2. *Oil Seeds*

On an audit review of the programme included in the Sixth Plan for development of groundnut, sesamum and oil palm, the following points were noticed:—

(1) *Groundnut*

For the purpose of encouraging cultivation of groundnut, the State Government sanctioned two schemes—one for distribution of groundnut seeds allowing a subsidy of Rs. 2 per kg. and the other for inter-cropping of groundnut with tapioca. During the period from 1980-81 to 1984-85 an expenditure of Rs. 22.96 lakhs was incurred against a budget provision of Rs. 27.29 lakhs for groundnut development. During the 5 years the department distributed 1,295 tonnes of seeds at subsidised rates and provided assistance to cultivators for inter-cropping in an area of 1,536.33 hectares.

The total area under cultivation of groundnut and production of groundnuts during the period 1979-80 to 1983-84 were as given below:—

Year	*Area (hectares)*	*Production (tonnes)*	*Productivity (kg. per hectare)*
1979-80	12,671	11,202	884
1980-81	9,399	8,225	875
1981-82	9,707	8,572	883
1982-83	9,707	8,572	883
1983-84	10,092	8,823	874

As may be seen from the table, the area and production had declined when compared to those in 1979-80 and productivity had not improved. Thus, the programme had not achieved its objectives.

(2) *Sesamum*

The department spent Rs. 5.24 lakhs during 1980-81 to 1984-85 on various schemes for increasing production of sesamum. However, area under cultivation of sesamum in the State declined from 17,607 hectares in 1979-80 to 15,037 hectares in 1983-84. Production also dwindled from 4,582 tonnes to 4,050 tonnes during the same period.

(3) *Oil Palm*

An Oil Palm Station started in an area of 40 hectares near Thodupuzha was taken over by the State Government from the Indian Council of Agricultural Research in March 1969.

The expected annual yield of palm oil in ideal conditions is 2000 kg. per hectare. The yield per hectare actually obtained by the station was 500 kg. during 1980-81, 313 kg. during 1981-82, 286 kg. during 1982-83, 285 kg. during 1983-84 and 804 kg. during 1984-85.

During the 5 year period, the expenditure on running the station amounted to Rs. 13.66 lakhs while sale proceeds of oil produced was only Rs. 5.49 lakhs.

The station lacked facilities for rapid extraction of oil from fruits under hygienic conditions and as a result the oil produced there was reported to be inferior in quality. Government stated (November 1986) that additional facilities for rapid extraction of oil from fruits were being provided.

A sum of Rs. 0.92 lakh was pending realisaion from one State Government Company towards cost of oil sold to them during 1983-84 (November 1986).

Summing up

— Though the department spent more than Rs. 46.18 lakhs on pulses development schemes during 1980-81 to 1984-85, there has been no increase in area under pulses, production and productivity compared to 1979-80.

— Failure of the department to link the subsidy to the market prices of pulse grains resulted in excess payment of Rs. 2.16 lakhs.

— Concurrent grant of Central and State subsidies for the same quantity of pulse seeds had the effect of reducing the price of seeds to a level below the market rate of pulse grains.

— Despite an expenditure of Rs. 22.96 lakhs incurred on programme for development of groundnut during the years 1980-81 to 1984-85, the area under groundnut had declined over the years.

— The annual per hectare yield of oil palm in Oil Palm Station near Thodupuzha during 1980-81 to 1984-85 ranged between 285 and 804 kg. as against the optimum of 2,000 kg. per hectare per annum.

ELECTION DEPARTMENT

3.6. Infructuous expenditure due to non-conduct of election to District Councils

Section 3 of the Kerala District Administration Act, 1980 envisages the constitution of a District Council for each district, consisting mainly of elected members. Government decided (June 1980) to hold elections for constituting District Councils, fixing 15th November 1980 as the target date for completing elections. For attending to the election work including revision and publication of electoral rolls, Government sanctioned (July 1980) 158 additional temporary posts (Deputy Collectors: 11; Deputy Tahsildars: 57; Lower Division Clerks: 68; Lower Division Typists: 11; Peons: 11) for a period of 5 months. The posts were allowed to continue upto March 1981. During 1980-81, electoral rolls were revised and got printed. However, elections to the District Councils have not been held so far (February 1987). In January 1986, Government instructed the District Collectors to destroy the electoral rolls prepared for the election on the ground that they had become obsolete. The total expenditure on the election work including printing of electoral rolls amounted to Rs. 46.99 lakhs (salary and travel expenses: Rs. 13.76 lakhs; printing and publication of electoral rolls: Rs. 25.98 lakhs; other expenses: Rs. 7.25 lakhs). As the elections were not held, the entire expenditure had become infructuous.

Government stated (October 1986) that as a matter of policy, Government had decided to amend the Act and as the Committee constituted in this connection had not finalised its Report, a decision on the holding of elections could not be taken so far and that the expenditure became infructuous under unforeseen circumstances.

FINANCE DEPARTMENT

3.7. Defalcation

Judicial stamps, non-judicial stamps and revenue stamps are kept in treasuries under double lock, for sale to stamp vendors. When stamps are sold to stamp vendors, the value thereof less discount is collected in cash by the treasurer and remitted to the bank. On a test check of transactions for the period June 1982 to April 1986 conducted by Audit in Sub Treasury, Quilandy in May 1986, it transpired that the treasurer did not remit the cash collections in full, during the period 1982 to May 1986, resulting in short-remittance of about Rs. 1.58 lakhs. On this being pointed out by Audit, the Sub Treasury Officer reported the matter to the Director of Treasuries who arranged for a detailed verification. The verification done(May 1986) by the staff of the Directorate revealed that the amount short-remitted was Rs. 1.38 lakhs. Further , a physical verification of stamps conducted by the staff of the Directorate disclosed shortage of stamps worth Rs. 0.24 lakh. Thus the total amount involved in the defalcation and shortage worked out to Rs. 1.62 lakhs.

Apparently, the Treasury Officer had not ensured that the value of stamps sold had been correctly remitted in the bank. The misappropriation was also not detected by the District Treasury Officer who inspected the treasury in January 1984, January 1985 and December 1985. Government stated (December 1986) that a case had been registered by the Police and that departmental action had also been initiated against the accused.

HEALTH AND FAMILY WELFARE DEPARTMENT

3.8. Health Cards for school children

3.8.01. *Introduction*

A scheme for comprehensive physcial examination and medical test of school-going children was sanctioned by Government in August 1980 for implementation from 2nd October 1980. The objective of the scheme was to: (i) examine each school-going child medically and prepare cumulative health-cards indicating complete medical details and corrective action, (ii) update the medical records from year to year after follow-up medical examination, (iii) impart knowledge to selected teachers for educating pupils in health matters, (iv) make arrangements in school for giving first aid and emergency treatment for minor ailments, and (v) provide services (including medical check up) for protecting health of teachers and other school personnel. Two cards were to be prepared for each child– the original to be retained in the school and the duplicate to be entrusted to the parent. The medical examination was to be conducted by school medical examiners (Paediatricians) attached to Primary Health Centres (PHCs) and taluk headquarters hospitals. The scheme aimed at covering all school children within a period of 5 years in a phased manner. It was launched in October 1980, merging with it another scheme viz., 'School Health Programme' which was being mplemented in 17 selected PHCs from 1977-78 onwards. The scheme is being continued during the Seventh Plan.

3.8.02. *Organisational set up*

The Director of Health Services (DHS) is responsible for the overall supervision of the scheme. He is assisted by an Additional Director who functions as the State Programme Officer for the scheme.

3.8.03. *Review of implementation*

The important points noticed during audit conducted between November 1985 and January 1986, of the implementation of the scheme with reference to the records in the Directorate of Health Services, 5 district offices, 24 PHCs/hospitals and 27 schools are given in the following paragraphs:—

(i) *Budget provision and expenditure*

The details of budget provision and expenditure for the period from 1980-81 to 1985-86 are given in the following table:—

Year	*Budget provision*	*Expenditure*		*Savings (—)/ excess (+) with reference to accounts figure*	
		Departmental figure	*Accounts figure*		
		(in lakhs of rupees)			
1980-81	43.00	23.48	37.52	(—)	5.48
1981-82	100.00	42.83	54.52	(—)	45.48
1982-83	100.00	40.90	40.90	(—)	59.10
1983-84	99.00	55.33	66.11	(—)	32.89
1984-85	58.00	33.30	51.29	(—)	6.71
1985-86	60.00	47.10	74.54	(+)	14.54

Against an expenditure of Rs. 3,24.88 lakhs booked in accounts to the end of March 1986, the departmental figure was Rs. 2,42.94 lakhs only. The difference has not been reconciled. Government stated (September 1986) that action would be taken to reconcile the figures.

The savings during 1981-82, 1982-83 and 1983-84 were due to non-clearance of proposals for: (i) creation of additional posts of Medical Officers and (ii) purchase of vehicles and first aid kits.

(ii) *Coverage*

Year-wise details of targets and achievements for the period upto 1985-86 are given in the following table:—

Year	*Fresh medical check up*			*Follow-up medical examination*		
	Standard selected	*Target*	*Achievement*	*Standard selected*	*Target*	*Achievement*
			(number of children in lakhs)			
1980-81	X	3.49	1.49	Nil	Nil	Nil
1981-82	I and X	10.12	4.89	Nil	Nil	Nil
1982-83	I and VII	11.98	4.10	II	2.13	1.01
1983-84	I and VII	11.88	3.83	II	2.03	1.41
1984-85	I and VII	12.00	4.19	II	1.75	1.61
1985-86	V	6.00	4.06	Nil	Nil	Nil

Under the scheme of selection, 29 lakh children of standards I, II, VI, VII and VIII of 1980-81 were not covered even once.

Further, out of about 49.47 lakh children belonging to standards selected for coverage from 1980-81 to 1984-85, the actual number of children subjected to medical examination during the period was only 18.50 lakhs. Out of them, 1.49 lakh children of standard X of 1980-81 and 2.25 lakh children of standard X of 1981-82 would have left schools during the respective academic years. Thus, the number of medically examined children continuing in schools during 1984-85 was only 14.76 lakhs against a total pupil population of 56.81 lakhs. Thus, the achievement to the end of 1984-85 was only 26 *per cent* of the total pupil population of 1984-85.

Out of six lakh children selected for fresh medical check up during 1985-86, 2.13 lakh children were those subjected to first check up during 1981-82 while they were in standard I and included 1.01 lakh children who had also received follow-up examination during 1982-83. This shows that while more than 42 lakh children (74 *per cent*) of the pupil population were still to get the benefit of medical examination even once, 1.01 lakh children got the benefit more than once, i.e., first during 1981-82 for first medical check up while in standard I and follow-up medical examination during 1982-83 while in standard II. Apparently, selection for fresh check up during 1985-86 was done without regard to the coverage already made and also the backlog remaining to be covered. Of 8.03 lakh children of standard I checked up during 1980-81 to 1984-85, the number of children who were subjected to follow-up examination was only 4.03 lakhs. None of the 6.21 lakh children of standard VII who were medically examined during 1982-83 to 1984-85 got the benefit of recheck.

Shortfall in coverage was attributed by Government (September 1986) to non-sanctioning of additional posts, fall in the number of school days due to strike of students/teachers, declaration of local holidays, etc.

In the proposals made by the DHS, in June 1980, it was estimated that a Medical Officer (MO) could check 6000 pupils in a year. On this basis, 169 posts of MOs were estimated as required for medical check up of 10.12 lakh pupils targeted to be covered during 1981-82. However, only 150 posts were sanctioned by Government for the year. The DHS sent proposals for creating 165 additional posts during 1982-83, adopting a norm of 5400 pupils per MO (at the rate of 30 pupils per day per MO); against this, only 36 additional posts were sanctioned. These posts were attached to 10 taluk headquarters hospitals to enable the MOs to work as 10 teams. The DHS estimated the requirement of additional posts during 1983-84 as 154, adopting a norm of 5000 pupils per MO. However, 90 posts were proposed to be made available by diversion from Primary Health Centres and rural dispensaries. Though the DHS proposed creation of 64 additional posts during 1983-84, no additional post was sanctioned during the year. No proposal for additional posts was made during the year 1984-85.

The strength of MOs proposed and sanctioned and the number of pupils checked per MO are given in the following table:—

Year	*Number of posts of MOs proposed*	*Number of posts sanctioned*	*Number of MOs in position*	*Number of pupils covered including follow-up examination (in lakhs)*	*Number of pupils per MO in position*	
					Target	*Achievement*
1981-82	169	150	134	4.89	6000	3649
1982-83	315	186	170	5.11	5400	3006
1983-84	340	186	183	5.24	5000	2863
1984-85	No fresh proposal	186	184	5.80	5000	3152
1985-86	No fresh proposal	186	183	4.06	3225	2219

The shortfall in medical examination per MO was due to coverage of fewer children per day than the minimum envisaged (30 pupils per day per MO) and non-implementation of the programme on many school working days owing to delay in finalisation of programme and non-observance of approved programme.

In Idukki District, the programme could not be carried out for six months (June to December 1984) owing to want of school health medical examiners, which in turn was attributed to failure of candidates sponsored by the Employment Exchange to join duty.

(iii) *Under-utilisation of service of Medical Officers*

According to the instructions issued by the DHS, the Medical Officers detailed for the programme were to be present in the school during the entire working hours of the school. On a test check of the log books of the vehicles used by the MOs for visits to schools in Ernakulam District, it transpired that the MOs did not attend to the programme in the afternoon of several days.

In Cannanore District, where the programme was proposed to be implemented for 192 days during 1984-85, it was carried out only for 157 days. The shortfall was attributed to non-availability of vehicles for 13 days, declaration of holidays for the school and other unspecified reasons. In the district, 15 MOs did not check any pupil from 1st to 18th June 1984 and from 1st to 6th January 1985.

In Quilon District, no school programme was arranged between 25th August 1984 and 9th September 1984; further no alternative duty was allotted to the MOs from 1st to 9th September 1984 resulting in a loss of 138 mandays. The extent of mandays lost in 3 other districts covered by test-check (Ernakulam, Trivandrum and Pathanamthitta) could not be ascertained as the relevant records were not made available to Audit.

A test-check of coverage of schools by the MOs posted to 3 taluk headquarters hospitals, namely, Muvattupuzha, Nedumangad and Mavelikara revealed the following:—

In Muvattupuzha, the total number of pupils covered by 3 MOs during 1984-85 was only 8,259 against the prescribed minimum of 15,000. The number of days on which the programme was implemented during 1984-85 was only 119 against 182 school days. The District Medical Officer of Health (DMO) attributed the shortfall to want of vehicles.

In Mavelikara, against 4 posts sanctioned, only 2 MOs were appointed and their activities were confined to the schools at taluk headquarters.

In Nedumangad, the activities of the team were confined to Municipal area and the number of children covered by the 3 MOs attached to the headquarters hospital did not exceed 2000 a year. The inadequate coverage was attributed by the DMO to want of vehicles.

(iv) *Non-utilisation of services of Medical Officers for the minimum period prescribed*

While introducing the programme, Government ordered that fresh recruits of School Medical Examiners would be permitted to go to the general side in the hospitals only on completion of three years. This period was subsequently reduced (August 1983) to two years. It was, however, noticed that the School Medical Examiners were transferred frequently, adversely affecting the implementation of the programme.

In Quilon District, 22 MOs worked under the programme for less than six months, 8 MOs worked for periods between 6 months and 1 year, 8 MOs between 1 and 2 years, 4 MOs between 2 and 3 years and only 4 MOs remained for more than 3 years.

(v) *Results of medical check up*

In cases where medical examination revealed any deficiencies, defects, disease symptoms, etc., the medical examiner was to send an intimation to the parent requesting him to take the child to a medical institution for treatment. Though the number of cases where defects were detected had increased from 57,514 in 1980-81 to 1,96,073 in 1984-85, the number of cases referred for treatment was considerably less *vide* details in the following table:—

Year	*Number of cases checked (in thousands)*	*Number found defective (in thousands) and its percentage to number checked in brackets*	*Number referred for treatment (in thousands) and its percentage to number found (defective)*
1980-81	149	58 (39)	19 (33)
1981-82	438	131 (30)	41 (31)
1982-83	511	157 (31)	13 (8)
1983-84	524	156 (30)	17 (11)
1984-85	580	196 (34)	12 (6)

Increase in the number of defective cases shows that notwithstanding the implementation of the programme, the health of children had not only not improved but had marginally deteriorated. The percentage of children with health problems had increased from 30 in 1981-82 to 34 in 1984-85.

(*vi*) *School health committees*

The programme envisaged constitution of district advisory committees to monitor the progress in the implementation of the programme. Committees have not been constituted in Pathanamthitta, Wynad and Kasaragod Districts. A test check revealed that the Committees constituted in other districts did not meet regularly. For example, the Committee in Cannanore District met only twice in 1981 and had not met after May 1981; and the Committee in Ernakulam District met twice in 1980-81 and 1981-82 and once in 1984-85 and did not meet at all during 1982-83, 1983-84 and 1985-86.

(vii) *Progress reports*

Each MO posted under the programme is required to furnish monthly work reports to the concerned DMO and the DHS. Consolidated progress reports for each month are to be forwarded by the DMOs to the DHS, before 5th of the succeeding month. Three posts of clerks were sanctioned (August 1980) in the Directorate for collection and consolidation of monthly progress reports and printing and distribution of health cards, besides attending to correspondence relating to the programme. A scrutiny of the records maintained at the Directorate, revealed that the regular receipt of work reports from MOs was not ensured and that the progress reports received from the DMOs were not subjected to any scrutiny for ensuring adequacy of coverage.

A test check of the records of 5 district officers (Trivandrum, Quilon, Ernakulam, Pathanamthitta and Cannanore) revealed several common defects such as non-preparation of monthly programmes in advance, non-adherence to the programme where it was prepared in advance, exclusion of many school working days from the programme, exclusion of certain days of duty from the monthly progress reports, non-utilisation of the services of doctors during school holidays, etc.

A scrutiny of the progress reports given in Quilon District by the School Health Medical Officers during July 1984 showed that in 32 schools the coverage reported by the MOs exceeded the roll strength of pupils in the standards selected for medical examination. A few examples are given below:—

Name of school and standard	*Date of medical examination (July 1984)*	*Roll strength of selected standards*	*Number of pupils reported as checked by the Health Team*
Kadappakkada LPS I & II	3rd	115	154
D.B.L. P. S. Thirumullavaram I & II	10th	129	156
Vadakkevila Panchayat LPS I & II	13th	360	430
MBUPS Pulamon VII	23rd	71	160
Pavithreswaram UPS VII	30th	106	306
Talachira UPS II & VII	31st	265	521
Chengamanadu MTSS LPS I & II	29th	91	144

This would show that the progress reports furnished were not factual and that the statistics about total coverage compiled on the basis of the progress reports did not reflect the correct position.

(viii) *Diversion of medicines*

To ensure that children referred to medical institutions by the school health medical examiners got necessary attention, treatment and medicines, the programme contemplated purchase of medicines worth Rs. 1 lakh annually for each district in the State, till 1983-84. The Government Medical Store (GMS), Trivandrum purchased medicines for Rs. 39.25 lakhs during the years 1980-81to 1983-84 and distributed them to the various districts. During 1984-85, the DMOs were sanctioned (October 1984) Rs. 0.20 lakh each for purchase of medicines under the programme. In 1985-86, Government sanctioned purchase of medicines worth Rs. 0.50 lakh for each district. The bulk of the medicines so purchased and distributed to the various hospitals, PHCs and dispensaries in the State were, however, not utilised for the programme but were transferred to the general stock and utilised for general patients not covered by the programme.

In test-check, it was revealed that out of medicines costing Rs. 1.56 lakhs received by 24 hospitals/PHCs in 5 districts, medicines worth Rs. 1.27 lakhs i.e., 81 *per cent* were diverted to the general side.

Medicines costing Rs. 0.23 lakh supplied by the District Medical Stores, Trivandrum on 15th September 1981 and 330 bottles of Application BB (value: Rs. 0.05 lakh) supplied on 10th November 1982 were not taken to stock by DMO, Trivandrum.

In Government Hospital, Alwaye, 12,000 Sulphadimidine tablets costing Rs. 1,234 and 73 vials of Ophthalmic eye drops costing Rs. 16,425 provided under the programme were utilised for general patients during July to December 1984. Government stated that instructions had been given to all the DMOs to utilise the medicines supplied under the scheme for the treatment of school children under the scheme.

(ix) *Referral system*

The PHCs and hospitals to which children are referred under the programme are to maintain registers for entering particulars of such cases and send follow-up reports regularly to the DHS and DMOs. It was, however, noticed that none of the institutions covered in test-check maintained the prescribed registers and furnished the follow-up reports. The DMOs and the DHS neither insisted on the maintenance of the register nor watched the receipt of follow-up reports.

(x) *Health education and training of teachers*

Under the programme, training in health education was to be given to 12,000 selected teachers every year. Achievement in this regard was far below the target in all the years. While no teachers were trained during 1980-81 and 1984-85, the number of teachers trained was 9,600 during 1981-82, 7,300 during 1982-83 and 3,002 during 1983-84. The reasons adduced for the shortfall were (i) want of time, (ii) want of funds (1984-85) and (iii) shortage of vehicles and MOs.

(xi) *Health service fee*

Headmasters of schools were to collect a health service fee at 50 paise per head from pupils other than those belonging to Scheduled Tribes (ST)/ Scheduled Castes (SC) and credit the amount to Government account. As per the progress reports compiled in the Directorate, 22.05 lakh children were brought under the programme upto the end of 1985-86. Estimating SC/ST students at 13 *per cent* of the student population, the number of pupils from whom the fee was leviable worked out to 19.18 lakhs. The fee realisable from them amounted to Rs. 9.59 lakhs. As per accounts, only a sum of Rs. 4.81 lakhs had been collected to end of March 1986. Government stated (August 1986) that as the Headmasters did not promptly send the reports of collection and remittance of health service fees, the DMOs could not send the consolidated statements to the DHS and hence the demand, collection and balance register was not maintained in the Directorate. Government stated (January 1987) that instructions had been issued to all DMOs to gather from the Headmasters of schools the details of collection of health service fee and furnish a consolidated report to DHS.

(xii) *First aid kits*

Though the programme envisaged provision of a first aid kit to each of the 12,000 schools, this was not done. Funds provided for the purchase of kits during the years 1980-81 to 1983-84 could not be utilised for want of timely action. In October 1984, Government dropped the proposal and advised the Director of Public Instruction to provide the kits to schools with financial and other assistance from agencies like Parent Teacher Associations, Student Organisations, etc.

(xiii) *Purchase of a mini-lorry*

Purchase of a mini-lorry for the programme was sanctioned in April 1981. Though the chassis (cost: Rs. 1 lakh) was received in November 1981, it took nearly 3 years to get a body built on it. A scrutiny of the log book showed that out of 15,264 km covered by the lorry till December 1985, only 2,926 km were for School Health Programme.

(*xiv*) *Printing and distribution of School Health Cards*

(a) Under the programme, school health cards were to be maintained in schools. The school health medical examiners were to record in the cards the full details of medical check up, follow-up action, etc. Duplicate health cards with summary findings of medical check up were to be simultaneously entrusted to the parents of the pupils for pursuing the results of the medical examinations wherever necessary. The original card was designed in a larger size than the duplicate and 24.85 lakhs of original cards (cost: Rs. 23.39 lakhs) and 12.53 lakhs of duplicate cards (cost: Rs. 5.18 lakhs) were got printed between September 1980 and January 1985. The department also purchased 9.92 lakhs of PVC covers for the original cards and 10 lakhs of PVC covers for the duplicate cards at a total cost of Rs. 14.05 lakhs. A test-check in 2 districts revealed that out of 1,44,000 covers received in the 2 districts, 29,300 covers were still to be distributed (November 1985). The school health cards (original) were utilised on the programme till the end of 1984-85. However, most of the pages of the original card remained unfilled. In May 1985, the Directorate informed the field officers that the duplicate cards would do for both original and duplicate. The department admitted that the original card was a colossal waste as most of its pages could not be filled in. This would indicate that the original health cards also could have been printed in smaller size like the duplicate cards and that printing the original health cards in larger size and providing them with covers involved an avoidable expenditure of about Rs. 17 lakhs. The format of health cards has since been simplified by the Director of Health Services with the approval of Government (October 1985). The Government stated (August 1986) that health cards would be in the simplified form from next printing.

(*xv*) *Medical check up of teachers and other personnel in schools*

The programme envisaged medical check up of the teachers and other school personnel and provision of services for protecting their health. Government stated (September 1986) that though the medical check up of teachers and other personnel in schools was one of the objectives of the scheme, it could not be carried out owing to lack of manpower.

(*xvi*) *Monitoring and evaluation*

The monitoring of the scheme by the Directorate of Health Services is far from effective. The Directorate had also not attempted any internal evaluation of it. Though Government ordered (September 1983) the State Planning Board to conduct an evaluation of the programme, it was yet to be taken up.

Summing up

The following are the main points that emerge:—

—Against a target of 49.47 lakh children for fresh medical check up during 1980-81 to 1984-85, the actual coverage was only 18.5 lakhs.

—Against a target of 5.91 lakhs for follow-up medical examination during the same period, achievement was only 4.03 lakhs.

—Though the number of cases where defects were detected had increased, the percentage of cases referred for treatment had declined from 33 in 1980-81 to 6 in 1984-85.

—Progress reports of the scheme received in the Directorate of Health Services were not subjected to any scrutiny for ensuring adequacy of coverage.

—A test check of progress reports of Quilon District showed that in 32 schools the coverage reported by the Medical Officers exceeded the roll strength of the standards selected for medical examination.

—Medicines purchased for the scheme were transferred to general stock for issue to patients including those not belonging to the category of school children.

—Against 12,000 teachers to be trained annually, the number trained was 'Nil' during 1980-81 and 1984-85 while it wass 9,600 during 1981-82, 7,300 during 1982-83 and 3,002 during 1983-84.

—Though the programme envisaged provision of a first aid kit to each of the 12,000 schools, this has not been done.

—Printing of large size school health cards resulted in an avoidable expenditure of Rs. 17 lakhs.

—Medical check up of teachers and other staff in schools had not been carried out for want of manpower.

—There was no effective monitoring of the scheme.

LOCAL ADMINISTRATION DEPARTMENT

3.9. Infructuous expenditure due to postponement of Panchayat elections

With a view to holding Panchayat elections during 1984-85, Government sanctioned (December 1984) the creation of 240 temporary posts of various categories (including one post of special officer in the grade of Joint Director of Panchayats) for a period of six months from January 1985 and purchase of two Ambassador cars. The Panchayat elections have not, however, been held so far (February 1987). The posts were continued up to 31st March 1986 when 148 posts were abolished; the continuance of the remaining 92 posts (including that of the Special Officer) up to 30th September 1986 was sanctioned by Government in March 1986. The Director stated (October 1986) that the work to be done prior to the conduct of the election was being carried out by the department, utilising the services of the continuing staff.

The two cars were purchased in April 1985 at a cost of Rs. 1.62 lakhs and allotted to two Deputy Directors of Panchayats.

As election had not been held yet, the expenditure of Rs. 27.43 lakhs incurred up to March 1986 on pay and allowances of election staff was largely unfruitful.

GENERAL

3.10. Misappropriation, losses, etc.

One hundred and eightyeight cases of misappropriations, losses, etc., involving Government money and reported to Audit to the end of March 1986 were pending finalisation at the end of September 1986. Department-wise analysis of the outstanding cases is given in Appendix 3.2.

Year-wise analysis of the outstanding cases is given below:—

Year	*Number of cases*	*Amount (in lakhs of rupees)*
1980-81 and prior years	135	45.21
1981-82	6	1.02
1982-83	10	0.50
1983-84	5	3.98
1984-85	5	1.95
1985-86	27	5.05
	188	57.71

The reasons for the pendency are indicated below:—

	Number	Amount (in lakhs of rupees)
(i) Awaiting departmental and criminal investigation	48	7.84
(ii) Departmental action started but not completed	83	28.63
(iii) Awaiting orders for recovery/write off	26	6.98
(iv) Pending in courts of law	31	14.26
Total	188	57.71

3.11. Writes off and waivers

Information received in Audit about writes off and waivers made during 1985-86 is given in Appendix 3.3.

CHAPTER IV

WORKS EXPENDITURE

IRRIGATION DEPARTMENT

4.1. Pazhassi Irrigation Project—Excess payment to a contractor

The work of 'forming main canal from ch. 8,249.16 m. to 8,645.16 m. with cut and cover' (estimated cost: Rs. 56.42 lakhs) under Pazhassi Irrigation Project was awarded by the Superintending Engineer, Irrigation, North Circle, Calicut to a contractor (lowest tenderer) in February 1975 for Rs. 54.32 lakhs, stipulating the date of completion as 20th February 1977. The work was completed in March 1978. Against an estimated quantity of 8,390 cubic metres of blasting in hard granite rock, the actual quantity done by the contractor was 27,649 cubic metres. In September 1979, the contractor approached the Chief Engineer (Arbitration) requesting for (i) enhanced rates for rock blasting done in excess of the agreed quantity and also for other items of wokdone after the stipulated date of completion and(ii) release of bank guarantee provided by him in connection with the contract. In its counter statement, the department contested (November 1979) the contractor's claim for enhanced rates. As regards non-release of bank guarantee, the department stated that the amount payable to the contractor as per the final bill was not sufficient to cover his liabilities and hence the bank guarantee would be released only after full and final settlement of the contract. According to the department, the contractor's liabilities proposed to be recovered from the final bill worked out to Rs. 4.31 lakhs comprising various items like excess payment due to erroneous grant of enhanced rate for blasting in Narikkal (Rs.3.38 lakhs), hire and repair charges of tools and plant (Rs. 0.89 lakh) and miscellaneous dues (Rs. 0.04 lakh). The Arbitrator passed his award in March 1980 which was decreed by the court in June 1980. The award granted increased rates for excess blasting and 15 *per cent* increase in rates for other items of work done after the stipulated date of completion. The award also required payment of a sum of Rs. 1.01 lakhs (including amount held under deposit) to the contractor, modifying (without break-up) the recoveries proposed by the department in the final bill prepared earlier.

The amount payable to the contractor as per the award was worked out by Pazhassi Irrigation Division as Rs. 7.92 lakhs. It was paid to the contractor in September 1980 together with interest of Rs. 0.12 lakh. While working out the amount payable towards 15 *per cent* escalation in rate for works done after 20th February 1977, the division allowed the increase for the gross cost of the work done after the stipulated date instead of restricting it to the net cost excluding the cost of departmental materials. This resulted in excess payment of Rs. 1.60 lakhs. Though this amount was recovered from the contractor in February 1982, it was paid back to him in September 1982 based on an interim order of High Court on a writ petition filed by the contractor. Pending final decision in the case, the amount has not been recovered from him yet (July 1986).

The facts mentioned above were confirmed by Government in August 1986.

4.2. Periyar Valley Irrigation Project—Loss in the construction of a branch canal

The construction of 'Panaveli Branch Canal-first reach first section—Ch. 0 to 2,085 metres including cross drainage work' (estimated cost: Rs. 8.37 lakhs) under the Periyar Valley Irrigation Project was entrusted to a contractor in January 1978 for Rs. 6.86 lakhs at 20.7 *per cent* below estimate. The work was to be completed by January 1979. The stipulated date of completion was extended first up to the end of September 1979 and again up to May 1980. But, after executing 85 *per cent* of the work and receiving payment of Rs. 6.69 lakhs in eight part bills, the contractor stopped further work in March 1981, demanding enhanced rates for excess quantities and for work done after the stipulated date of completion. As the department did not concede the demand, the contractor filed a petition before the Chief Engineer (Arbitration) in February 1982 alleging *inter alia* departmental lapses like part-handing over of site, delay of 1½ years in the disposal of 2 houses in the alignment of the canal bund, change in design, non-availability of departmental roller for filling and delay in issue of cement and steel. At the instance of the Chief Engineer (Arbitration), the department prepared the contractor's final bill which showed that recovery amounting to Rs. 0.99 lakh was due from him on various counts like (i) excess payment made for earth work excavation based on tape measurements (Rs. 0.37 lakh), (ii) cost of departmental materials (M. S. rods and gelatine) pending recovery (Rs. 0.28 lakh), (iii) hire charges of tools and plant (Rs. 0.06 lakh) and (iv) supervision charges, penalty, etc,.

due in respect of unaccounted materials (Rs. 0.28 lakh). Overriding the proposed recovery, the Arbitrator directed (May 1982) the department to pay the contractor Rs. 2.50 lakhs in final settlement of his claim and also absolved him of the risk and cost for the balance work. The award was filed in the court which passed a decree confirming the award. As a result, the dues from the contractor could not be recovered, resulting in a loss of Rs. 0.99 lakh. The loss in question arose from the failure of the department to comply with the departmental regulations which required (i) withholding of a reasonable percentage of payments for earth work based on tape measurements to cover possible overpayments, (ii) recovery of dues from the contractor in time, (iii) holding departmental materials issued to the contractor under joint custody to prevent unauthorised removal and (iv) prompt recovery of hire charges, supervision charges, penalty, etc., from part bills. In February 1986, the Government directed the Chief Engineer to take suitable disciplinary action against the officers responsible for the lapses and to report the result of the action within three months. The report has not yet been sent by the Chief Engineer (November 1986). Government in the Irrigation Department stated (December 1986) that the Chief Engineer (General) and the Government in the Public Works and Transport Department were being addressed to expedite the disciplinary action against the departmental officers concerned.

4.3. Idamalayar Irrigation Project

Idamalayar Irrigation Project is intended to utilise the waters of 'Idamalayar' (a tributary of the Periyar) for irrigation and power development. It envisages construction of a 90 metre high dam at Ennakkal with a live storage of 1,010 million cubic metres (35.9 TMC) and a catchment area of 381 square kilometres. The water released from the power house of the project is proposed to be diverted for irrigation by the Periyar barrage at Bhoothathankettu after making necessary modifications to raise the reservoir level to +34.95 metres. The canal system proposed comprises a main canal for 33.567 kilometres, a link canal for 7.80 kilometres and a low level canal for 27.25 kilometres with necessary branches. The scheme was expected to provide irrigation to 28,177 hectares in Ernakulam and Trichur Districts. In addition, the capacity of the Chalakudy right bank canal was also proposed to be augmented by remodelling the canal. The additional annual food production estimated was 92,000 tonnes of rice.

The construction of the dam and the appurtenant works attended to by the Kerala State Electricity Board, are nearing completion. The total cost of a comprehensive scheme for utilisation of waters of Idamalayar for irrigation was estimated in 1972 at Rs. 19.67 crores including apportioned cost of Ennakkal dam (Rs. 5.14 crores). Out of this, the share of the Idamalayar Project was estimated as Rs. 13.57 crores (headworks: Rs. 2.86 crores; canals: Rs. 10.71 crores) and that of Periyar Valley Irrigation Project as Rs. 6.10 crores (headworks: Rs. 3.17 crores; canals: Rs. 2.93 crores).

The estimate of Idamalayar Project was revised to Rs.17.85 crores in 1978. A further revised estimate of Rs. 61.47 crores was prepared by the department in 1982 and sent to the Central Water Commission. Against this, an estimate of Rs. 56.50 crores only was approved by the Rates and Cost Directorate of the Central Water Commission in June 1984.

On the basis of the administrative sanction issued by Government (May 1980 and April 1981) for unit estimates amounting to Rs. 9.85 crores, construction of main canal from 17,502 metres, staff quarters, division office building, subdivision office building, roads, etc., was taken up for execution in 1981. Construction of 3,228 metres of the canal had been completed and construction of another 1,783 metres was in progress (March 1986). The total expenditure on canal and appurtenant works till March 1986 amounted to Rs. 4.10 crores. Construction of roads, office buildings for division and subdivision, store and quarters had been completed at a cost of Rs. 66.53 lakhs. Between December 1982 and March 1986, an amount of Rs. 14 crores was paid to the Electricity Board by the department towards its share of the cost of the dam at Ennakkal based on sanctions accorded by Government. Including establishment expenditure of Rs. 66.97 lakhs, the total expenditure on the project till March 1986 amounted to Rs.19.43 crores.

In the meantime, it was felt that the project as contemplated could not be completed within the cost estimate cleared by the Rates and Cost Directorate of the Central Water Commission. The first 17 kilometres of the main canal passed through forest lands. In order to reduce the cost of construction and the extent of forest land to be transferred, it was proposed to reduce (i) the canal width and (ii) the discharge at start of the canal from 33.2 cubic metres to 20 cubic metres per second. In April 1985, Government constituted a technical cell for review of the project. The committee submitted its report in August 1985. Based on its recommendation, the estimate for the scheme was being revised (August 1986). Pending finalisation of alternative proposals, all the contract arrangements were terminated (the last one in June 1985). As a result, the project works are at a standstill.

Information on the extent to which the canal works already completed/left incomplete would fit in under the contemplated revised proposals and the additional expenditure that may have to be incurred is awaited (February 1987). Meanwhile, the amount spent on the project remains unfruitful.

According to a revised estimate sent by the division to the Superintending Engineer in July 1986, the cost of the project would go up to Rs. 78.12 crores including Rs. 9 crores towards apportioned cost of Ennakkal dam. In the revised estimate which was still to be approved (February 1987), the ultimate ayacut of the Idamalayar Project has been reduced to 13,437 hectares, on account of the proposed reduction in discharge and the canal width. As a result of inadequate studies about ecological and environmental factors before commencement of the project, a reappraisal had to be made after commencement of execution, necessitating a reduction in irrigation potential from 28,177 hectares to 13,437 hectares, while the estimated cost had gone up from Rs. 13.57 crores to Rs. 78.12 crores.

4.4. Unfruitful expenditure on Venganellur Irrigation scheme

Based on a proposal (July 1957) of the Trichur District Development Committee, the Minor Irrigation Wing of the Irrigation Department prepared in 1960, an estimate amounting to Rs. 7.50 lakhs for construction of a bund in Venganellur village to benefit an area of 300 acres of fields in Venganellur and Killimangalam villages. The main components of the scheme were (i) a dam with supply sluice and surplus arrangements, (ii) a canal system for a length of 11.50 km, (iii) Office building and staff quarters, and (iv) an approach road (1.5 km long). The estimate, forwarded by the Chief Engineer (CE) in November 1963, was sanctioned by Government only in April 1967. Meanwhile, the schedule of rates had been revised several times. The department, therefore, prepared a revised estimate for Rs. 28.08 lakhs and forwarded it to Government in November 1971 for sanction. Though the area to be benefited by the scheme was increased in the revised estimate to 900 acres, the estimated cost per acre was very high, i.e., Rs. 3,120 against the then prevailing ceiling of Rs. 1,000 per acre. Government, therefore, informed (April 1972) the CE that the work could not be taken up as a minor irrigation work.

Attempts were made to enlarge the scope of the scheme so as to reduce the per acre cost. In June 1976, the CE sent a revised proposal increasing the ayacut of the scheme to 1,052 acres and also merging with it, a drinking water scheme to be implemented by the Public Health Engineering Department (PHED). An estimate for Rs. 30.80 lakhs for the revised scheme was sanctioned by Government in October 1977, stipulating that the PHED should meet the portion of expenditure on the water supply component. The work on the scheme was commenced in November 1978.

The revised scheme envisaged acquisition of 57.87 hectares of land for construction of reservoir and 5.5 km of canals. Against this, 43.99 hectares of land were acquired by the department between May 1979 and March 1981. A mile long approach road for the reservoir was also constructed by the department. In July 1982, the PHED informed the Irrigation Department that they were not interested in drawing water from the Venganellur reservoir, as a comprehensive water supply scheme with Bharathapuzha as the source had been prepared separately. Hence the water supply component was dropped, necessitating further revision of the estimate. The department prepared a revised estimate for Rs. 79.30 lakhs and forwarded (July 1984) it to Government for sanction. In the revised estimate, the ayacut was reduced to 900 acres (364 hectares) and the per hectare cost worked out to Rs. 21,786, which was much higher than the ceiling of Rs. 10,500 prevalent then. Further, the total cost of the scheme also exceeded the ceiling of Rs. 50 lakhs prescribed for minor irrigation works.

Stating that the scheme was 'uneconomic', Government advised (March 1986) the CE to abandon it and to take steps to reconvey the land already acquired to its original owners, provided it was not required for any other Government purpose. In the absence of any alternative use for the land, the Executive Engineer, Minor Irrigation Division, Trichur requested (April 1986) the District Collector to reconvey the land to its original owners.

Thus, the scheme was abandoned midway and the expenditure of Rs. 27.25 lakhs incurred on it remains unfruitful.

The matter was reported to Government in October 1986; their reply is awaited (January 1987).

4.5. Unfruitful outlay

Preliminary approval to the Kuriarkutty-Karappara Project, which was formulated as a multi-purpose project with two components for hydro-electric power generation and irrigation, was accorded by Government in December 1980. The project envisaged (i) construction of 3 dams across

Kuriarkutty, Karappara and Pulikkal rivers (tributaries of Chalakudy river) to generate power and (ii) utilisation of the tail race waters for irrigating an ayacut of 12,376 hectares in the drought prone areas of Kozhinjampara, Muthalamada, Chemmanampathy and Elavancherry in Chittur Taluk with a view to augmenting food production by 61,560 tonnes and sugar cane yield by 1,84,770 tonnes annually. The energy anticipated to be generated annually was 184 million units of firm power and 59 million units of secondary power.

According to the project report forwarded to the Central Water Commission in February 1979, the irrigation component was estimated to cost Rs. 26.85 crores. In 1982, it was revised to Rs. 32.36 crores. The total cost of the power project was estimated by the Kerala State Electricity Board as Rs. 48.55 crores of which the proportionate share to be borne by the irrigation component was estimated to be Rs. 16.49 crores. Thus, the total estimated cost of the irrigation component worked out to Rs. 48.85 crores including apportioned cost of the power project. In anticipation of clearance from Central Water Commission, the work was commenced in June 1979.

The work on the project including the hydro-electric component was stopped when the Department of Environment, Government of India declined (May 1983) to accord environmental clearance for it on the ground that the proposed dams of the project would submerge evergreen forests and plantation. As a sequel, the Kerala State Electricity Board dropped the hydro-electric component of the project. Government, however, wanted to continue the irrigation component after identifying alternative sources of water. In April 1985, Government constituted a committee of officials to make proposals in this regard. Final decision on the alternative scheme has not yet been taken (December 1986).

Total expenditure on the project up to February 1986 amounted to Rs. 89.86 lakhs. Another Rs. 37.77 lakhs remained to be paid towards land acquisition charges, cost of materials received and cost of works already executed. As the original project has been dropped and no alternative scheme has been finalised yet, the expenditure already incurred (Rs. 1,27.63 lakhs) remains unfruitful. The Government stated (December 1986) that on resuming work after obtaining clearance to the alternative scheme, the works already done would form part of the new project.

PUBLIC WORKS AND TRANSPORT DEPARTMENT

4.6. Unfruitful outlay on a bridge

Construction of a bridge at Eruva across Karipuzha canal in Alleppey District at an estimated cost of Rs. 12.40 lakhs was administratively sanctioned by Government in August 1981. In the sanction, it was stipulated that the work was to be undertaken only after the approaches to the bridge were taken over from the Kayamkulam Municipality. However, before taking possession of the land for the approaches, the work was awarded to a contractor in August 1982 at 79 *per cent* above estimate on the basis of tenders invited in December 1981, by the Superintending Engineer (SE), Buildings and Roads, South Circle, Trivandrum. The entire work was to be completed by March 1984. The construction of the bridge proper was completed in October 1984. The land for formation of approaches was handed over by the Municipality to Public Works Department in December 1985. The approaches have not, however, been formed so far (October 1986). In December 1984, the contractor requested for relief from execution of the balance work alleging delay on the part of the department in making the land available to him. Following this, the SE terminated (April 1985) the contract without any risk and cost to the contractor.

Owing to non-formation of the approach road, the bridge could not be put to use yet (October 1986). As a result, the expenditure of Rs. 7.68 lakhs incurred on its construction up to the end of September 1984 remains unfruitful.

The facts mentioned in the paragraph were confirmed by Government in October 1986.

4.7. Construction of Nellikuthu bridge in Manjeri-Olipuzha road

According to the Kerala Public Works Department Manual, in no case should tenders for a work be invited before finalising the detailed design and drawings and before making sure that the land required for the work had been acquired or would other wise be available for starting it. Contrary to these instructions, the work 'Construction of Nellikuthu bridge at km. 9/600 of Manjeri-Olipuzha road' (estimated cost: Rs. 12.60 lakhs) was awarded to a conrtactor in April 1979 (at 10.5 *per cent* below estimate rate) without finalising the detailed design and drawing of the bridge and without acquiring the full extent of the required land (including a portion containing two houses). The work was scheduled to be completed by April 1980. The department took advance possession of a portion of the land (excluding the site of the two houses) and handed it over to the contractor in April 1979. The drawings of the bridge were made available to the contractor piecemeal in April 1979, May 1979 and March 1980. The detailed design of the bridge was finalised only in August 1980.

After completing about 20 *per cent* of the work, the contractor stopped further work in May 1980. The cost of work done by him till then amounted to Rs. 2 23 lakhs. Alleging departmental delays in handing over the site and supplying drawings for the sub structure and super structure of the bridge, the contractor demanded (September 1980) enhanced rates for the execution of the balance work. The department did not concede his demand. As the contractor did not resume the work, his contract was terminated in May 1981, without risk and cost to him.

On an arbitration petition filed by the contractor, the Chief Engineer (Arbitration) passed an award (July 1983) directing the department to pay a sum of Rs. 0.87 lakh towards compensation for extra work done and Rs. 1.63 lakhs towards compensation for damages suffered by the contractor due to delay on the part of the department in handing over site, supply of drawings, etc. The award was confirmed by the court in August 1984. The award amount was paid to the contractor in March 1986.

As ordered by Government in February 1982, the balance work was executed departmentally. It was completed in January 1985. The extra expenditure on re-arrangement of the work as reported by Government (March 1986) worked out to Rs. 5.74 lakhs.

Had the department ensured the availability of site and detailed designs before finalising the contract as envisaged in the departmental instructions, the delay in completing the work and the extra expenditure including payment of compensation of Rs. 2.50 lakhs could have been avoided. As reagrds the delay in handing over part of the land, Government stated (October 1986) that the land in question belonged to two women and that though the consent of their husbands was obtained, the land owners obstructed entry into the land at the time of execution. Government, however, did not clarify why the department did not verify the title of the land before obtaining the consent letters.

4.8. Radio and Electrical Wings of the Public Works Department

A Radio wing and an Electrical wing function as part of the Public Works Department. An analysis of the manpower employed by the 2 wings brought out the following points:—

A. Radio Wing

There are eight sub divisions in the wing. Of these, one is responsible for the maintenance and operation of sound system in the Legislative Assembly Chamber and maintenance of internal telephone system in the Secretariat and attached offices. The other sub divisions are responsible for the purchase, supply, installation and maintenance of radio sets, electronic and audio-visual equipment in Panchayats, Government departments and educational institutions.

The working strength of technicians in the wing was 60. Number of radio sets/installations attended to by them (including new installations) was 3,060 during 1982-83, 3,596 during 1983-84 and 3,514 during 1984-85, that is, about 3,390 annually, on an average. The number of sets attended to by a technician in a month would thus work out to less than 5. The output is rather low, indicating considerable under-utilisation of manpower. In addition to the general staff pattern, one post of Assistant Engineer is attached to Radio sub divisions at Trivandrum, Quilon, Trichur and Calicut. The average performance of these 4 sub divisions during 1984-85 was upkeep of 1,249 equipments, installation of 11 new equipments and repair of 342 sets. This was, however, less than the average performance of upkeep of 1,913 equipments, installation of 58 new equipments and repair of 610 sets in Kottayam and Cannanore sub divisions, where no additional post was provided.

Government stated (October 1986) that 'there was only one sub division for 2 Revenue Districts' and that 'considering the area of operation and the official functions in which their services are required present staff pattern is the minimum required'.

B. *Electrical Wing*

There are 13 electrical sub divisions under the wing. The percentage of establishment expenditure to works expenditure in the various electrical sub divisions varied from 18 to 241 during 1982-83, 10 to 112 during 1983-84 and 18 to 277 during 1984-85. Staff pattern in all sub divisions was almost uniform.

Works expenditure in 2 sub divisions (Pathanamthitta and Ernakulam) was less than the establishment expenditure during 1984-85, as detailed below:—

Name of sub division	*Works expenditure*	*Establishment expenditure*
	(in lakhs of rupees)	
Pathanamthitta	0.84	2.23
Ernakulam	3.84	6.33

In the Central Public Works Department, the minimum out-turn expected from an electrical sub division is Rs. 18 lakhs. In the State, in all the sub divisions except Calicut, the out-turn was nowhere near this norm. The out-turn in the various sub divisions of the State ranged between Rs. 1.10 lakhs and Rs. 14.49 lakhs during 1982-83, Rs. 0.58 lakh and Rs. 47.13 lakhs during 1983-84 and Rs. 0.84 lakh and Rs. 29.46 lakhs during 1984-85. This indicates that the workload of the sub divisions is not uniform and that there is considerable under-utilisation of manpower in almost all the sub divisions except Calicut.

In each sub division there were about 3 or 4 clerks. In all the sub divisions except Calicut, the average number of papers received and disposed of during a year was around 1,200. The out-turn which worked out to just about one paper per person per day was rather low.

Government stated (October 1986) that a Committee had been entrusted with the task of formulating proposals for the re-organisation of Electrical and Radio wings and that on receipt of the Committee's report, the two wings would be re-organised for ensuring effective utilisation of the services of the staff.

FOREST, ENVIRONMENT AND WILDLIFE DEPARTMENT

4.9. Analysis of Man-power in Timber Sales Divisions

Timber depots of the Forest Department were functioning as part of its territorial divisions till July 1974 when Government sanctioned the formation of 4 sales divisions at Trivandrum, Punalur, Perumbavur and Kozhikode with the object of expediting timber sales and augmenting revenue. In July 1981, one more sales division was formed at Kalady by bifurcating the existing one at Perumbavur, thereby increasing the number of sales divisions to 5. Each sales division is under the charge of a Divisional Forest Officer and has 6 to 10 sales depots under it. Each depot is under the charge of a Ranger or Deputy Ranger or Forester, depending upon the magnitude of the activities. Subordinate staff of each sales division consists of a manager, a head accountant, 11 clerks, 2 typists, 1 driver and 2 or 3 peons. In each depot, there are 2 clerks and 1 peon besides 1 to 6 watchers for guarding the stock of timber and other forest produce.

The points noticed in an audit review, conducted during July-September 1985, of the working of timber sales divisions and depots for the years 1982-83 to 1984-85 are outlined below:—

(i) The main functions of the timber sales divisions are periodical auction sale of timber, proper accounting of revenue, scrutiny of returns received from depots, allotment of soft wood to quota holders, supply of timber to Government departments, etc. An analysis of the activities in the 5 sales divisions and 36 sales depots showed that there was no apparent co-relation between work load and staff deployment. The department had neither prescribed nor adopted any work standard or staff norm. The full complement of staff sanctioned to each office on *ad hoc* basis had been allowed to continue as a matter of course, despite steep fall in receipt and disposal of timber and consequent decline in revenue during the period 1982-83 to 1984-85 as may be seen from the following table:—

Year	*Staff strength*	*Timber*		*Revenue earnings*	*Establishment expenditure*
		Receipts (in cubic metres)	*Disposals (in cubic metres)*	*(in lakhs of rupees)*	
1982-83	306	92,162	1,42,138	28,15.31	29.46
1983-84	308	41,509	82,382	24,58.11	34.55
1984-85	304	27,457	33,745	17,85.55	37.19

The volume of timber sold had declined from 1.42 lakh cubic metre in 1982-83 to 0.33 lakh cubic metres in 1984-85, i.e., by 76 *per cent.* Not withstanding this, no action had been taken for re-deployment of staff elsewhere.

In most of the depots, receipts and disposals of timber by auction sale fluctuated widely from year to year and also from depot to depot. Details pertaining to 10 depots for the period 1982-83 to 1984-85 are given in

Appendix 4.1. While receipts in Kannoth depot declined from 11, 212 cubic metres in 1982-83 to 379 cubic metres in 1984-85, in another depot viz., Shencottah, receipts increased from 148 cubic metres in 1982-83 to 4,356 cubic metres in 1984-85. Similarly, in Trichur depot, the disposal declined from 9,024 cubic metres in 1982-83 to 6 cubic metres in 1984-85. In Maravanchira depot, it declined from 6,700 cubic metres to 'nil' during the same period.

An analysis of receipts and sales in 35 out of 36 depots during 1984-85 showed that in 28 depots, the volume of transactions (aggregate of receipts and sales) was less than 3,000 cubic metres each. Of these, in 11 depots there were no transactions while in one depot, it was as low as 6 cubic metres. In 9 other depots, the volume of transactions during the year ranged between 101 and 1,000 cubic metres. In 4 other depots, it was between 1,000 and 2,000 cubic metres and in 3 other depots, between 2,000 and 3,000 cubic metres. In the remaining 7 depots, it was more than 3,000 cubic metres. At the rate of Rs. 0.40 lakh per depot per annum, the pay and allowances of the staff in the 28 depots where the volume of work was relatively low, i.e., less than 3,000 cubic metres during 1984-85, worked out to Rs. 11.20 lakhs.

The position in Ernakulam depot during 1983-84 and 3 other depots (Kallai, Varapuzha and Chettikulam) during 1982-83 and 1983-84 was also not different. The unproductive expenditure on establishment of these four depots for the period (3 depots for 1982-83 and 1983-84 and 1 depot for 1983-84) amounted to Rs. 2.80 lakhs.

(ii) In Konni depot, 2 extra watchers were employed paying Rs. 0.19 lakh as wages between May 1983 and November 1984, while regular watchers with little work were available in some other depots with negligible transactions.

(iii) For watch and ward duties in 158 acres of plantation under Veetoor depot, the Conservator of Forests, High Range Circle, Kottayam diverted two forest guards from another division. Pay and allowances paid to them from July 1984 to June 1985 amounted to Rs. 0.25 lakh.

(iv) Kalady Sales Division was formed by Government in July 1981 by bringing 6 depots under its control. The earnings of the division declined from Rs. 3,61.26 lakhs in 1982-83 to Rs. 70.26 lakhs in 1984-85. Out of 6 depots under the division, 5 depots had nil or negligible transactions during 1981-82 to 1984-85. Nevertheless, the full complement of staff was retained in the depots. As all the depots under Kalady Division were being managed by the Sales Division, Perumbavur till July 1981, the creation of a new division at Kalady without significant volume of transactions lacked justification. The establishment expenditure of Rs. 8.68 lakhs incurred on the division from August 1981 to March 1985 was largely unproductive. A proposal for amalgamating the division with Perumbavur division was stated to be under consideration.

(v) While the timber sales divisions were languishing and the services of their staff remained under-utilised, the conservancy divisions were resorting to direct sale of timber from their own dumping sites, without utilising the services of the sales depots under the sales divisions. This was against standing instructions which stipulated that teak, rose wood and other hard wood species of prime demand and billets of teak and rose wood were to be worked down to the sales depots.

In fifteen out of 22 conservancy divisions, such direct sales amounted to 18,581.547 cubic metres of various species, 13,09,534 teak poles and 16,908 tonnes of teak wood and firewood during 1982-83 to 1984-85. The selling rates realised were too low, compared to those of the sales depots even if allowance is made for additional expenditure necessary for transportation of timber from the conservancy divisions to the sales depots. The resultant loss on the direct sales effected during 1982-83 to 1984-85 worked out to Rs. 63.45 lakhs.

(vi) The timber returns for each month, showing receipts and disposals are to be submitted by the depots and ranges to the division by 7th of the succeeding month. The returns are to be checked by the division to ensure their correctness and to monitor the stock position of timber in each depot. However, the submission of returns by the depots/ranges and their check by the divisions were in heavy arrears as indicated below:—

Name of division	*Number of depots under the division*	*Details of timber accounts due*	*Oldest period of arrears*
Trivandrum Sales Division	6	3 to 15 months	January 1984
Perumbavur Sales Division	6	1 month to 12 months	April 1984
Kozhikode Sales Division	10	4 months to 15 months	January 1984
Territorial Divisions at Wynad, Nilambur & Kozhikode	Various dumping sites in forest	36 months	April 1982

The scrutiny exercised by the division was also not effective. On a test check of the returns for February and March 1984, received from Achancoil depot in Trivandrum Division, it was noticed that the opening balance brought forward and the closing balance worked out for many species of timber including costly teak wood were incorrect. The incorrect accounting in the return for March 1984 alone resulted in short accountal of 651.286 cubic metres of timber valued at Rs. 4.67 lakhs as per the 1983-84 schedule of rates.

Summing up

The main points that emerge are as follows:—

—In timber sales divisions, there was no direct relation between work load and staff deployment. The department had neither prescribed nor adopted any work standard or staff norms. The volume of sales declined by 76 *per cent* between 1982-83 and 1984-85.

—There were several depots with nil or negligible transactions during the period 1982-83 to 1984-85. The full complement of staff were, however, retained and the cost of establishment of such depots for the period amounted to Rs. 14.00 lakhs.

—When the services of staff of timber sales divisions were under-utilised, timber sales were effected through the conservancy divisions at rates lower than those fetched by the former; the estimated loss of revenue on sales effected by the conservancy divisions during 1982-83 to 1984-85 amounted to Rs. 63.45 lakhs.

—Notwithstanding the provision of full complement of staff, preparation and scrutiny of timber returns in timber sales depots were heavily in arrears, indicating under-utilisation of manpower. The scrutiny of timber returns was also defective as in one case (March 1984 return of Achancoil depot) short accountal of timber valued at Rs. 4.67 lakhs was not detected by the Division.

The matter was reported to Government in July 1986; their reply is awaited (January 1987).

4.10. Tourist Hall at Thekkady

To provide accommodation facilities to tourists visiting Thekkady, the renowned wild life sanctuary, the construction of a tourist hall with a plinth area of 1,126.77 square metres and estimated to cost Rs. 3.10 lakhs at 1976 schedule of rates, was sanctioned by the Chief Conservator of Forests (CCF) in November 1977. According to the estimates, the building was to be provided with asbestos cement (AC) roofing.

The work was put to tender in March 1978. The only tender received for Rs. 3.57 lakhs (16.9 *per cent* above the estimate) was rejected by the department as the tender excess was beyond the CCF's powers of acceptance. On retender in June 1978, two offers were received. The lower of the two offers, which was for Rs. 4.12 lakhs i.e., 35 *per cent* above the estimate, was accepted by the Government in September 1978 and accordingly, the contract was entrusted to the tenderer in October 1978 stipulating the period of completion as 12 months from the date of handing over of site. The standing trees in the site were cleared by the Forest Department only by March 1979. On 22nd October 1979, just 10 days prior to the stipulated date of completion, the department decided to provide RCC roofing, instead of AC roofing on the plea that the area was prone to hurricanes. A revised estimate for Rs. 5.88 lakhs providing for this change and also for electrification and water supply arrangements (which were not provided in the original estimate) was sanctioned by Government in November 1982. While sanctioning it, Government observed (November 1982) that there was lack of proper planning and programming for the work.

According to the conditions of the contract, the contractor was to make his own arrangements for procurement of cement. However, on account of difficulties in procuring cement from local market, the department arranged for issue of cement from the Public Works District Stores at Kottayam.

As the contractor did not complete the work despite several extensions of time, the department terminated his contract in September 1983, at his risk and cost. The total value of work done till then was Rs. 3.33 lakhs. Based on tenders, the balance work (estimated cost: Rs. 2.70 lakhs) was awarded to another contractor in May 1984 for Rs. 3.93 lakhs.

The agreement with the original contractor provided for arbitration by the CCF for resolving disputes. In November 1983, the contractor approached the Sub Court, Trivandrum for changing the Arbitrator contending that he could not expect an unbiased and impartial award from the CCF. The court appointed a retired Chief Engineer as Arbitrator. Alleging that the delay in completion of the work was due to delay on the part of the department in final selection of site as also in the removal of trees and changes effected in specifications after award of the contract, the contractor filed an arbitration petition demanding enhanced rates and also requesting relief from all liabilities for the balance work. The Arbitrator gave his award in November 1985, which was decreed by the court in March 1986. The total amount payable to the contractor on the basis of the award (including interest upto August 1986) worked out to Rs. 1.23 lakhs. It has not been paid to him yet (August 1986). Further, the extra cost (Rs. 1.88 lakhs) on rearrangement of the balance work could not be recovered from the contractor as the Arbitrator exonerated him from the liability.

The following points emerge:—

(i) Had the work been entrusted to the single tenderer of March 1978, the cost of the work would have been less by Rs. 1.78 lakhs (difference in rate: Rs. 0.55 lakh; arbitration award: Rs. 1.23 lakhs).

(ii) In May 1978, Government had issued orders laying down that provision for recourse to arbitration should not be made in work contracts where the probable amount of contract exceeded Rs. 2 lakhs. Although the contract in this case was for more than Rs. 2 lakhs, provision for arbitration was still included in the agreement (October 1978), overlooking the instructions issued by Government. In December 1986, Government stated that the CCF had been instructed to initiate action against the officers concerned.

(iii) Delay on the part of the department in fixing the site of construction and the changes in specification including substitution of RCC roofing for AC roofing provided the grounds for the claims for extra rates, made by the contractor before the court and the Arbitrator. Government stated (December 1986) that the reasons for the delay were being examined for taking appropriate action in the matter.

As a result of delay at various stages, the building on which work was commenced during 1978-79 and Rs. 4.56 lakhs were spent, still remains incomplete.

4.11. Extra expenditure on a forest road work

Formation of Charpa-Orukombankutty road, third stage—5.00 kilometres (Ch. 8/00 to 13/00 km) under Industrial Plantation Division, Vazhachal (estimated cost: Rs. 4.80 lakhs) was sanctioned by the Chief Conservator of Forests (CCF) in October 1980. The work was put to tender in October 1980. It was awarded to the lowest tenderer in November 1980 for Rs. 3.91 lakhs, stipulating its completion by January 1982. The time of completion was later extended up to August 1982. Against 35,640 cubic metres of earth work excavation and 565 cubic metres of rock blasting estimated, the actual quantities executed were 47,945 cubic metres and 1,325 cubic metres respectively. Though the contractor demanded enhanced rates for excess quantities, the request was turned down by the department. After completing the work in August 1982, the contractor filed a suit in the Sub Court, Trivandrum, seeking arbitration. In February 1984, the court appointed a retired District and Sessions Judge as Arbitrator. In his claim filed before the Arbitrator, the contractor demanded: (i) enhanced rates for excess quantities and for work done after the stipulated date of completion and also, (ii) extra rates for rectification of damages caused by an 'Urul Pottal' (land slide). The Arbitrator awarded (September 1984) extra payments aggregating Rs. 9.65 lakhs towards earth work, rock blasting, rectification works, etc. The court accepted the award and decreed payment with 6 *per cent* interest. As directed by the court, an amount of Rs. 12.03 lakhs was deposited in the court in December 1985.

In January 1986, the Government directed the CCF to investigate and report whether there was any lapse on the part of the officers concerned in the execution of the work or in the conduct of the arbitration case. A report on this is yet to be submitted by the CCF (January 1987).

The facts mentioned above were confirmed by Government in October 1986.

GENERAL EDUCATION DEPARTMENT

4.12. Extra expenditure due to delay in finalisation of tender

Construction of a building for Tribal Welfare Lower Primary School at Chulliyode in Wynad District was sanctioned by Government in December 1977. Though the work (estimated cost: Rs. 1.32 lakhs) was put to tender by the Executive Engineer (EE), Additional Buildings Division, Calicut in May 1979 and August 1979, there was no response. In October 1979, the EE invited quotations from local contractors. Only one contractor responded, his quoted rate being 45 *per cent* above the estimate and firm for three months from 26th October 1979. The EE forwarded the quotation to the Superintending Engineer (SE) on 8th November 1979, recommending its acceptance.

The SE took nearly three months to obtain certain additional details from the EE and to process the quotation before forwarding it to the Chief Engineer on 15th February 1980. Meanwhile, the firm period had expired on 25th January 1980. Though the department requested (February 1980 and May 1980) the contractor to extend it, he declined to do so.

The work was again tendered in November 1980 after revising the estimate to Rs. 1.90 lakhs. As the tender call did not elicit any response, the EE invited quotations from local contractors. Only one quotation was received and it was from the same contractor who had earlier offered (October 1979) to undertake the work at 45 *per cent* above the estimate. His new rate was 62 *per cent* above the revised estimate. The offer was accepted and the work awarded to him in August 1981. The work was completed in July 1984 at a cost of Rs. 2.58 lakhs.

Thus,the delay in taking a decision on the original quotation of October 1979 led to retender and awarding of work at higher cost, entailing an extra expenditure of Rs. 0.97 lakh.

In October 1986, Government confirmed the facts mentioned above and stated that there was some delay on the part of the departmental officers in processing the case and settling the contract and that investigation was being made to fix the responsibility.

GENERAL

4.13. Irregular withdrawal from Public Works Deposits

On formation of Kerala Water Authority with effect from 1st April 1984, the Public Health Engineering (PH) Divisions were transferred to the control of the Authority. From that date, divisional officers of the erstwhile PH Divisions ceased to be Government officers and were placed in funds through separate personal ledger accounts. Though they were no longer competent to issue Government cheques for withdrawing moneys from treasury on Government account, five* divisional officers withdrew after 31st March 1984, a total sum of Rs. 1,75.83 lakhs from the balance under 'Public Works Deposits' by issuing Government cheques on treasuries and transfer credited the amounts to their personal ledger accounts. Such withdrawal from 'Public Works Deposits' from treasury after 31st March 1984 without sanction of Government was irregular. In the case of one division the amount withdrawn included Rs. 31.79 lakhs wrongly credited under 'Public Works Deposits'. The amount

* PH Divisions, Idukki and Perumbavur, PH Investigation, Planning and Design Divisions, Ernakulam and Trichur, World Bank Project Division, Alwaye.

represented the cost of materials received under DGS&D* rate contract for which payment particulars were still awaited. On receipt of materials, the value thereof was adjusted by debiting the works concerned and affording per-contra credit to 'Public Works Deposits' incorrectly instead of the relevant head, namely, 'Purchase'. The erroneous adjustment thus enabled the division to transfer Rs. 31.79 lakhs unauthorisedly to the personal ledger account.

The matter was reported to the Managing Director of the Authority, the Director of Treasuries and the Government in April 1986; their remarks are awaited (October 1986).

4.14. Circumvention of Letter of Credit System

In order to enforce strict control over expenditure, Government introduced a 'letter of credit' system in Public Works Department, with effect from 1st April 1974. Under the system, Finance Department issues to each divisional officer (with a copy to the treasury officer) a letter of credit, specifying the monthly limit for drawal of funds out of the budgetary provision for the year. The divisional officer is to restrict his drawal on the treasury to the limit specified.

The Kerala Public Works Account Code, enjoins that if any contractor delays receiving payment for more than one month after his final bill for a work has been passed, the amount should be debited to the work concerned and credited to 'Public Works Deposits' for eventual payment later. Such debits to the works form part of the expenditure accounted against budgetary provision and fall outside the letter of credit issued in favour of the divisional officers. The head 'Public Works Deposits' is under 'Public Account' (outside the Consolidated Fund) and disbursement therefrom is not subject to letter of credit. Taking advantage of this provision, several divisional officers circumvented the ceiling under letter of credit by passing contractors' final bills, transfer crediting the amounts of the bills to 'Public Works Deposits' by debit to the works concerned and later releasing payment to the contractors as refund of 'Public Works Deposits'. Test check in three divisions (Irrigation Division, Trichur, Buildings Division, Cannanore, Minor Irrigation Division, Kottayam) showed that Rs. 28.03 lakhs were paid to contractors in 25 cases during 1985-86 by routing the transactions through 'Public Works Deposits' and bypassing the letter of credit. Of this, Rs. 16.75 lakhs credited to 'Public Works Deposits' in 16 cases in 2 divisions were released to contractors within a month of transfer credit to 'Public Works Deposits'.

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* Director General of Supplies and Disposals.

The procedure followed by the divisional officers, apart from being irregular, had the effect of nullifying the efforts of Government to secure stricter budgetary control and better financial management. Government stated (December 1986) that instructions had been issued to obtain explanation of the Executive Engineers and Divisional Accountants who contravened the Codal provisions.

CHAPTER V

STORES AND STOCK

LOCAL ADMINISTRATION DEPARTMENT

5.1. Purchase of pipes and valves by erstwhile Public Health Engineering Department

Between April 1982 and March 1984, the erstwhile Public Health Engineering Department (PHED) procured pipes and valves worth more than Rs. 50 crores. A test check by Audit in July–September 1986 revealed the following points:—

(i) According to delegation of powers, the Chief Engineer (CE) was competent to sanction purchase of materials other than tools and plant without monetary limit. The Superintending Engineer (SE) and Executive Engineer (EE) were authorised to sanction at a time purchases up to Rs. 10,000 and Rs. 2,500 respectively. These monetary limits were enhanced to Rs. 1,00,000 and Rs. 25,000 respectively in April 1983. In August 1978, the CE had issued instructions that as purchase of all kinds of pipes, m.s. materials and cement would be centrally arranged by him, such items should not be directly purchased by SEs/EEs. However, the SEs and EEs purchased pipes and valves during 1983-84 in excess of their financial powers as a matter of course. A test check of the transactions in 5 circles and 18 divisions revealed that the amount involved in purchase orders placed by these circles and divisions during 1983-84 for supply of High Density Poly Ethylene (HDPE) pipes and Gun Metal (GM) valves amounted to Rs. 9.83 crores and Rs. 1.48 crores respectively. The EEs, PH Divisions, Perumbavoor (formerly Water Supply Division, Cochin) and Thiruvalla stated (August 1984/October 1984) that the purchases were made as personally/orally ordered by higher authorities.

(ii) In the case of items covered by rate contracts by Director General of Supplies and Disposals (DGS&D), the department was required to operate on such contracts for meeting its requirements. For purchases under these rate contracts, the Pay and Accounts Officer of the Administrative Ministry for DGS&D makes payments to the suppliers in the first instance and effects monetary settlement against the balance of State Government through Reserve Bank of India. Ninety *per cent*/ninety-eight *per cent* of the price is payable to the supplier firms on proof of despatch of stores after inspection and acceptance by DGS&D. Balance 10 *per cent*/ 2 *per cent* is payable when the firm produces concerned inspection note-cum-receipt obtained from the consignee.

On receipt of intimation from the Reserve Bank of India about the monetary settlement, the Accountant General classifies the items under a Remittance Head—'Items adjustable by Public Works Department' and sends advices to the division for incorporating the debit in divisional accounts by charging the expenditure to stock/work. However, such adjustments had not been carried out by the divisions in a large number of cases. The amount relating to 1982-83 to 1985-86 pending adjustment in the divisions aggregated Rs. 65.47 crores* (approximately) as at the end of 1985-86. Due to non-adjustment, the expenditure accounted was under-stated, thereby affecting budgetary discipline of the department as well as legislative control over appropriation.

Government stated (February 1987) that enormity of the balance pending adjustment needed a detailed scrutiny and that arrangements had been made to collect the details of the outstanding items for taking further action.

(iii) Each division receiving supplies was to maintain various records like register of purchase orders, goods received sheets, bin cards, priced stores ledgers, material-at-site (MAS) accounts, register of debit advices received from the Accountant General, etc. However, in most divisions, the prescribed registers were not maintained or were not kept up-to-date. In view of this, it was not possible for Audit to ascertain whether the materials indented and paid for, had actually been received.

(iv) The Ordinance creating the Kerala Water and Waste Water Authority, later renamed as Kerala Water Authority (KWA), to take over the functions of the Public Health Engineering Department, was promulgated and published on 1st February 1984. The date of effect of the Ordinance was fixed as 1st April 1984. Departmental Officers were thus aware in February 1984 itself that in the changed set-up, the officers of the KWA would not be direct demanding officers under DGS&D's rate contracts. Still, the departmental officers continued to place orders operating on DGS&D contracts and continued to extend delivery schedules beyond the

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* Includes cost of cement, pipes and specials, valves, etc., procured through DGS&D.

date of formation of the KWA. As a result, the value of stores procured through DGS&D and adjusted against the State Government remains unadjusted in the accounts of the KWA. An amount of Rs. 21.09 crores being debits advised from April 1984 to September 1986 by Pay and Accounts Officers of DGS&D as pertaining to PH divisions, is still outstanding in the books of the Accountant General. The clarification of the KWA about the circumstances in which supply orders were placed even after promulgation of the Ordinance is awaited.

(v) Orders for supply of stores were not based on realistic assessment of requirements or indents received from subordinate offices. Even where the executing divisions intimated that they had sufficient stock with them, supply orders were placed by the SE on his own accord. Instances of a few excessive purchases are given below:—

(a) Executive Engineer, PH Division, Calicut had intimated in April 1983 that the division did not anticipate any additional requirement of Poly Vinyl Chloride (PVC)/HDPE pipes in 1983-84. Later, in March 1984, the division intimated to the CE a quantity of 0.98 lakh metres of pipes as its requirement. Against this, 5.68 lakh metres of PVC pipes (cost: Rs. 1,48.44 lakhs) and 1.25 lakh metres of HDPE pipes (cost: Rs. 67.60 lakhs) were purchased. Further, the requirement of 0.98 lakh metres included 0.95 lakh metres of pipes for a work which was sanctioned and started long after, that is, during 1985-86. Apparently, there was no immediate requirement of the pipes.

(b) The annual requirement of PH Division, Malappuram for 1983-84 was intimated to the CE as 0.18 lakh metres of AC/GI pipes. Against this, 5.07 lakh metres of PVC pipes (cost: Rs. 1,13.38 lakhs) and 0.66 lakh metres of HDPE pipes (cost: Rs. 29.84 lakhs) were purchased for the division.

(c) In PH Division, Irinjalakuda, out of a total quantity of 7.79 lakh metres of PVC pipes purchased during 1983-84, 2.18 lakh metres were transferred to other divisions during April 1983 to January 1986; 1.27 lakh metres remained in stock (May 1986) which was adequate to meet the requirement for 3 years.

(d) The annual requirement of pipes of PH Division, Thiruvalla reported to CE in April 1983 was 0.46 lakh metres of HDPE pipes. Against this, the division procured 2.16 lakh metres of PVC pipes and 1.82 lakh metres of HDPE pipes during that year. In January 1986, the division had a balance of 0.41 lakh metres of HDPE pipes. Of this, 0.34 lakh metres were proposed to be utilised for an accelerated rural water supply scheme which was yet to be sanctioned. The balance quantity of 0.07 lakh metres (cost: Rs. 6.05 lakhs) was reported as surplus.

(e) The total requirement of pipes for the comprehensive water supply scheme in Nattika Firka in Trichur District for providing protected water supply to 10 Panchayats was 3.50 lakh metres of pipes of varying sizes. Against this, the PH Division, Nattika Firka, Valapad procured 3.78 lakh metres of pipes by transfer from other divisions and by purchase. The PH Division, Irinjalakuda which was attending to the scheme had already laid 0.46 lakh metres of pipes for the distribution system and the work of laying another 0.18 lakh metres was in progress. Thus, the stock procured by PH Division, Nattika Firka, Valapad exceeded the requirement by 0.92 lakh metres.

(f) In the case of PH Division, Kottayam, the excess procurement could not be precisely computed in the absence of initial rec ords. According to the information furnished by the division in May/June 1986, 213 supply orders involving an amount of Rs. 12.86 crores were placed during 1983-84, though the reserve limit of stock was only Rs. 4 lakhs. Against this, the value of supplies received was Rs. 4.87 crores (HDPE pipes: Rs. 2.79 crores; PVC pipes: Rs. 2.08 crores) and 110 orders for Rs. 7.99 crores placed by the EE with various firms between December 1983 and February 1984 were later cancelled by the SE, PH Central Circle, Trichur. Notwithstanding this, materials worth Rs. 65.60 lakhs were received against the cancelled supply orders.

According to the KWA, bulk of the purchase was made by the division for works arranged without administrative or technical sanction and without assessing the position of funds or examining their technical feasibility. The works were mostly beyond the EE's powers of sanction. On an analysis of 44 works arranged between May 1983 and August 1984, it was seen that 41 works were those without administrative and technical sanction and that 2 works had administrative sanction, but no technical sanction. In 6 cases, works were arranged without execution of agreements with the contractors. The total amount paid for the works by the division for works without administrative/technical sanction and those arranged without execution of agreements amounted to Rs. 11.96 lakhs. The KWA reported to Government in September 1985 that an amount of Rs. 126.14 lakhs would be necessary to complete them. In January 1986, Government sanctioned Rs. 75 lakhs to the KWA as capital contribution to enable it to complete the works undertaken by the division, though without sanction.

(g) Thirty-five wagons carrying 0.32 lakh metres of HDPE pipes (cost: Rs. 54.24 lakhs) were received at Ernakulam railway station during November 1984—January 1985. Another consignment of 10 wagons of HDPE pipes (cost: Rs. 15 lakhs approximately) was received at Kottayam railway station in July 1984, September 1984 and March 1985. Details of the consignments received in Kottayam Railway Station indicated that all the stores were offered for inspection on 10th February 1984 and inspection notes released by the DGS & D between 16th February 1984 and 21st February 1984. The DGS & D advised (January 1985) the KWA that it was in the Government's interest to take delivery of material from Railways as payment for stores has already been made. The consignments received at Ernakulam and Kottayam railway stations were, however, not cleared by the Authority and subsequently the Railways sold them in public auction for Rs. 10.95 lakhs in May 1986. The payment for the consignments had already been made by the Pay and Accounts Officer who in turn had adjusted it against State Government balances through the Reserve Bank of India; in effect, the State Government had not received the materials though paid for.

It was seen in this connection that based on the request made by the CE (Rural), Trivandrum, the DGS & D had in September 1984 instructed the Directors of Inspection under his organisation not to make any further inspection of HDPE pipe consignments and also advised the Controller of Accounts, Department of Supply not to make payments for such supplies. However, even after these instructions, HDPE pipes continued to be inspected and despatched in some cases. It may be observed that the CE had alleged (August 1984) that pre-dated supply orders for HDPE pipes were being issued by some of the subordinate officers against DGS & D rate contracts even after formation of the KWA. In a telegram dated 25th September 1984, the Director of Inspection, Calcutta stated that the letter sent by the division on 30th January 1984 for extending delivery period was received by him only on 21st July 1984. Evidently, the division had sent pre-dated letters long after the formation of the Kerala Water Authority.

(vi) *Excess expenditure due to purchase of costlier types of pipes and valves*

(a) *High Density Poly Ethylene pipes*

According to the directions of the Government of India, only the most economic size and type of pipes should be used for Accelerated Rural Water Supply Schemes, for which funds are allotted by them. The Chief Engineer had also issued instructions that costlier variety of HDPE pipes should be used only for works involving canal/river crossings where other types could not be used. Nevertheless, the EEs and SEs of the department placed supply orders during 1983-84 for costly HDPE pipes worth Rs. 9.83 crores, according to information collected by Audit. The extra financial commitment to Government on this account, computed on the basis of average prices of corresponding sizes of PVC pipes, amounted to Rs. 4,50.41 lakhs.

The quantity of HDPE pipes retained as stock by eighteen divisions as at the end of March 1986/May 1986 was 3.52 lakh metres (cost: Rs. 2,40.61 lakhs). The actual physical balance would, however, be much higher in view of the fact that in almost all divisions pipes were shown as issued from stock to works in advance of actual requirement and without physical movement of pipes. For example, in PH Division, Calicut, while the book balance of HDPE pipes was shown as nil, the physical balance as on 7th May 1986 (as communicated to the Chief Technical Examiner) was 0.16 lakh metres (cost: Rs. 8.55 lakhs).

Excessive purchase of HDPE pipes prompted the KWA to issue (March 1985) instructions to the engineers to use this costlier variety to the maximum extent in the place of PVC pipes so as to liquidate the idle stock. This resulted in usage of HDPE pipes for ongoing water supply schemes, entailing increase in cost of construction in many cases. The extra financial commitment on this account, in the case of two works examined in audit, amounted to Rs. 20.66 lakhs.

In September 1985, the KWA directed 5 divisions (Trivandrum, Kottayam, Trichur and Irinjalakuda PH Divisions and World Bank Project Division, Alwaye) to transfer 363 km. of PVC pipes of various sizes and 2 divisions (Alleppey and Ernakulam PH divisions) to transfer 110 km. of HDPE pipes to other divisions. Even after this, there were still excess pipes in Southern Region. In January 1986, the Chief Engineer, Southern Region, identified that 229 km. of HDPE pipes of varying dimensions from 40 mm to 250 mm (approximate value: Rs. 1.76 crores) were surplus to requirement. He requested the

Chief Engineer, Central Region, Cochin in January 1986, to advise the divisions under the latter's control to place indents with the divisions in the Southern Region for meeting their requirement. It was, however,seen that Central Region itself was having surplus stock of 287 km. of HDPE pipes as on 31st December 1985 in the divisions under it.

(b) *Gun metal valves*

According to information furnished to Audit by 18 divisions and 5 circles, Gun Metal (GM) valves costing Rs. 1,82.86 lakhs were purchased during 1982-84 by the PHED/KWA. According to the Authority's records, most of the valves purchased were lying unused and the purchasing officers had not apparently considered the fact that cheaper cast iron (CI) valves could be used instead of costlier GM valves. The extra financial commitment on purchase of GM valves of sizes 50 mm and above amounted to Rs. 88.29 lakhs compared to CI valves of same sizes, which were available on rate contracts.

GM valves of various sizes costing Rs. 1,27.38 lakhs (0.33 lakh items) were held in stock by nineteen divisions as on 31st March 1986/7th May 1986. Apart from the extra expenditure on purchase of these valves, funds had been locked up in idle stock for the last two years. The actual physical balances could be more, as in some cases valves were shown as issued from stock for utilisation on works which were started subsequently. In the case of PH Division, Ernakulam which had a balance of 2,694 valves in November 1985, 2,080 valves were shown as issued to four water supply schemes. In a report furnished in January 1986, the probable date by which valves could be utilised on the works was indicated as January 1988. The division was unable to state the prospective date by which the remaining valves would be utilised. Evidently, there had been excessive purchase of GM valves.

The IPD Division, Trichur had procured 4,599 valves (cost: Rs. 5.76 lakhs) for use in the work of Augmentation of Trichur Water Supply Scheme. A major portion (4,437 valves; cost: Rs. 5.36 lakhs) is lying unutilised (May 1986). The division has reported that 2,448 valves (cost: Rs. 3.32 lakhs) is surplus and can be spared for other divisions. In this case also, there had been excess purchase.

The Water Supply Division, Trivandrum, purchased 200 GM valves (cost: Rs. 2.48 lakhs) in March 1986, from a Jullundur firm. The purchase order was placed by the SE, PH South Circle, Trivandrum at a time when almost all other divisions under KWA were having surplus stock.

In February 1986, KWA decided to initiate disciplinary proceedings against officials who had made excessive purchase of HDPE pipes and GM valves in violation of specific instructions issued by CE in August 1978.

(*vii*) *Quality of pipes*

The quality of pipes was reported to be inferior in a number of cases. The Chief Engineer (Central), Cochin reported (February 1986) that out of 22.30 km. of HDPE pipes (cost: Rs. 14.24 lakhs) identified as surplus to requirement in three divisions in the Central Region, 13 km. of pipes (cost: Rs. 8 lakhs) were inferior in quality and hence, unserviceable.

(*viii*) *Stacking of pipes*

In the divisions, there was no arrangement for keeping the pipes safely. The EE, PH Division, Perumbavoor stated (July 1986) that the pipes were stacked along road sides, spread over 4 taluks. In Thodupuzha division, the materials were kept in the open yard. According to specifications, continuous exposure of PVC/HDPE pipes to sun/rain would render them useless.

In July 1985, Assistant Engineer, PH Section, Palai reported that 6 km. of 110 mm HDPE pipes were being kept in the open yard and that pipes kept at the top layer of the stack were "getting cracked longitudinally".

(*ix*) *Undue haste in placing supply orders*

(a) Four supply orders for costlier HDPE pipes for a total length of 0.31 lakh metres (cost: Rs. 10.59 lakhs) were placed by the EE, Water Supply Division (North), Trivandrum (later converted as World Bank Project Division, Trivandrum) on a Calcutta firm on 8th July 1983. The decision to purchase the pipes was stated to be due to non-availability of cheaper PVC pipes of the required sizes in the division. In the notings made in the divisional files on 5th July 1983, based on which the decision to purchase the pipes were made by the EE on 7th July 1983, it was mentioned that 'during the conference with the District Collector on 8th July 1983 regarding the progress of implementation of water supply schemes benefiting Harijans (SC/ST), it has been stressed to complete the schemes at the earliest'. It is apparent that the notings and recording of EE's decision to purchase were false, as these could not have been made on the purported dates, citing the proceedings of a conference of a later date.

In a telegram seeking confirmation of two of the supply orders, the firm requested the EE on 30th July 1983 for placing further bulk orders. Two more supply orders for HDPE pipes for a total length of 0.63 lakh metres (cost: Rs. 19.38 lakhs) were accordingly placed on the same firm on 27th October 1983 by the same EE. The necessity for placing these orders was not apparent from the divisional records.

(b) After the formation of the Authority, a parallel rate contract was entered into by the Chief Engineer, Southern Region, Trivandrum with a Jullundur firm on 20th February 1985 for supply of gate/globe valves and the period of rate contract was shown as February 1985 to October 1985. However, before execution of the contract, on 15th February 1985, the SE, PH Circle, Cochin (who was in charge of the Chief Engineer, Central Region, Cochin) placed supply orders with the firm for 3,150 valves of sizes ranging from 15 mm to 100 mm (cost: Rs. 14.10 lakhs) for PH Divisions, Irinjalakuda, Thiruvalla and Kottayam (1,050 numbers for each). There were no written requests from the divisions for procurement of the valves; the requirement was reportedly assessed from the divisions concerned over telephone. According to the information furnished by PH Division, Thiruvalla, the division had a stock of 453 valves (February 1985) and issue to works between 15th February 1985 and 31st December 1985 was only 19. Apparently, there was no justification for placing the supply order.

(c) The Superintending Engineer, PH Circle, Cochin placed supply order for 800 GM valves (cost: Rs. 5.79 lakhs) with the Jullundur firm on 30th March 1984 for use by PH Division, Ernakulam. It was noticed that the concerned EE too placed another supply order with the same firm on the same date for the same quantity and sizes. The division stated that it was not aware of the supply order placed by the SE.

(x) *Issue of pipes for works in excess of estimated requirements*

There had been issue of pipes in excess and far in advance of requirements. In certain works analysed in Audit, the following facts were noticed.

(a) The work of Accelerated Rural Water Supply Scheme (ARWSS) for Neyyattinkara (portion) Zone I, Perumpazhuthoor village was administratively sanctioned in August 1984 for Rs. 32.19 lakhs. The work was entrusted to a contractor by the SE, PH Circle, Trivandrum. The total requirement of PVC pipes as noted in the agreement schedule was 0.22 lakh metres of sizes ranging from 32 mm to 160 mm. Against this requirement, the contractor was supplied with 0.37 lakh metres of pipes in June 1985 and November 1985. The supply included 0.17 lakh metres of 90 mm pipes which were not envisaged in the agreement schedule. The division stated that the issue was in substitution of 110 mm and 75 mm sizes (total quantity: 0.11 lakh metres) and that the excess quantity issued was to cover the anticipated lines to be laid in the course of execution. Issue of pipes for unsanctioned additional lines was not justified.

(b) The work of ARWSS for Kunnathukal in Trivandrum District was administratively sanctioned in March 1983. The work was awarded to a contractor in March 1984. The work provided *inter alia* for the laying of 0.06 lakh metres each of 90 mm and 63 mm PVC pipes. Against this requirement, 0.17 lakh metres of 90 mm pipes and 0.15 lakh metres of 63 mm pipes were issued to the work. As per part bill paid in September 1985, 0.10 lakh metres of 90 mm pipes and 0.10 lakh metres of 63 mm pipes were shown as laid and the balance quantities were shown as with the contractor. The division stated that additional quantities were procured to meet the anticipated orders for pipe line extension likely to be received during the course of actual execution. Issue of pipes for extension of pipe line which had not been sanctioned was irregular.

(c) The work of ARWSS for Vilavoorkal in Trivandrum District was administratively sanctioned by the Authority in October 1984 for Rs. 19.50 lakhs. The work was tendered and awarded to a contractor in April 1985. A quantity of 0.21 lakh metres of pipes of sizes 63 mm to 140 mm were issued to the work in October 1984, though the work had been neither technically sanctioned nor tendered. In the absence of technical sanction, it is not clear how the division assessed the estimated requirement of pipes. Even at the time of payment of part bill in March 1986, the entire quantity of 0.05 lakh metres of 110 mm pipes issued in October 1984 remained unused with the contractor. Issue of materials to the work when the contract for its execution was still to be finalised was unusual and the possibility of a mere book transfer, without any physical movement of pipes, could not be ruled out.

(d) The work of Kadangode Rural Water Supply Scheme in Trichur District was sanctioned in October 1980 for Rs. 13.35 lakhs. The source of water was not finalised then. In February 1985, a tube well constructed by the Government of India at Chiranellur was fixed as the source of water supply schemes of Kadangode, Erumapetty and Choondal

Panchayats. The estimates for water supply scheme to Choondal was approved for Rs. 6.14 lakhs and the work was awarded in January 1986. Estimates for water supply scheme to Kadangode and Erumapetty Panchayats are yet to be sanctioned. But materials costing Rs. 15.39 lakhs were issued to the works from February 1982 onwards. Materials costing Rs. 14.96 lakhs were later transferred to other works in December 1985 and January 1986. The EE also reported in August 1982 that seven works were 'financially commenced' (i.e., by booking expenditure) though not physically started.

(e) The work of comprehensive water supply scheme for Chavakkad-Guruvayoor–Kunnamkulam and adjoining Panchayats which was proposed to be taken up under LIC assistance, was sanctioned for Rs. 4,09 lakhs in November 1983. In June 1985, the Chief Engineer, Central Region intimated that the first instalment of LIC assistance of Rs. 45 lakhs was sanctioned and issued directions to ensure maximum expenditure for the work. The EE, therefore, debited to the work the cost of pipes available with the division. Against the target of Rs. 67.5 lakhs, the division showed an expenditure of Rs. 55.47 lakhs as at the end of December 1985. There was no physical progress of the work though the LIC insisted on physical progress proportionate to financial progress. The materials, the cost of which was debited to the work, were mainly pipes of smaller sizes and GM valves which were required for distribution system of the scheme. The materials for pumping main and gravity main which were required in the first stage of the work, were not procured. Though the work on distribution system had been awarded in December 1985, the work on pumping main and gravity main were yet to be started.

(xi) *Indiscriminate transfer of pipes between divisions*

(a) Out of 0.49 lakh metres of HDPE pipes and 0.61 lakh metres of PVC pipes received in PH Division, Trivandrum between September 1983 and April 1984, 0.39 lakh metres of HDPE pipes and 0.32 lakh metres of PVC pipes were transferred to other divisions between November 1985 and June 1986.

The transfers included 0.23 lakh metres of PVC pipes and 0.09 lakh metres of HDPE pipes of various sizes transferred to PH Division, Sultan Battery in November 1985 and 0.05 lakh metres of PVC pipes and 0.10 lakh metres of HDPE pipes transferred to PH Division, Shornur in

January 1986 incurring an expenditure of Rs. 0.73 lakh on transport. The expenditure incurred on the conveyance of the pipes from Trivandrum to Sultan Battery (distance 637 km) was Rs. 2.16 lakhs.

Similarly, 2.18 lakh metres of PVC pipes were transferred from PH Division, Irinjalakuda to 14 other divisions between April 1983 and January 1986 incurring an expenditure of Rs. 1.68 lakhs. The expenditure on conveyance could have been avoided had the requirement been realistically assessed and the consignments got despatched to the proper divisions.

(b) Up to 31st January 1986, PH Division, Palghat transferred (March 1984) to PH Division, Calicut, 63 km. of HDPE pipes of various sizes (50 mm to 110 mm); out of which 39 km. were transferred back (March 1985 & March 1986) to PH Division, Palghat itself. Further, 13 km. of pipes received in PH Division, Calicut from PH Division, Palghat were later transferred (September 1985) to PH Division, Edappal.

(c) While the pipes were transferred, the specials relevant to the size of pipes were not transferred even though the pipes could not be laid without the relevent specials. At the end of March 1986, there were huge quantities of specials lying in stock in PH Division, Trivandrum, but with practically no pipes in stock.

Summing up

The following are the important points that emerge:

— SEs and EEs purchased pipes and specials during 1983-84 far in excess of their financial powers.

— The amount pending adjustment against Public Health Divisions towards value of supplies received against DGS & D contracts aggregated Rs. 65.47 crores as at the end of 1985-86.

— Necessary records to watch the receipt of supplies against purchase orders, accountal of stores received and adjustment of the cost of supplies received against DGS & D contracts were not maintained in most divisions.

— The PH divisions operated on DGS & D contracts, even after the formation of Kerala Water Authority on Ist April 1984 when the officers of the Authority ceased to be Direct Demanding Officers. The debits raised by Pay and Accounts Officers from April 1984 to September 1986 for supplies made against DGS&D contracts amounted to Rs. 21.09 crores.

— Orders for supply of stores were not based on any realistic assessment of requirement/indent from subordinate offices.

— In PH Division, Kottayam, 213 supply orders for an amount of Rs. 12.86 crores were placed during 1983-84. The purchases were made even for works without technical or administrative sanction and works were arranged without assessing the position of funds/ executing agreements with contractors.

— Consignments of pipes received in 45 wagons at Ernakulam and Kottayam Railway stations were not cleared by PH Division, Kottayam and the Railways sold the consignments in auction for realising demurrage charges.

— The purchase of HDPE pipes, instead of PVC pipes, resulted in avoidable financial commitment of Rs. 4,50.41 lakhs.

— Compared to the cost of cast iron valves, which were available on rate contract, purchase of costlier GM valves resulted in an extra financial commitment of Rs. 88.29 lakhs.

— There was undue haste in placing supply orders for GM valves.

— There was indiscriminate transfer of pipes among divisions.

Government stated (February 1987) that the KWA had already been directed to conduct a thorough enquiry in the matter and submit a detailed report. At the instance of the Government, the Chief Technical Examiner (Finance Department) was also conducting an investigation. He stated (February 1987) that "the investigation is of gigantic proportion and may take some more time".

PUBLIC WORKS AND TRANSPORT DEPARTMENT

5.2. Idling of bitumen tankers

In July 1980, Government sanctioned a scheme for obtaining bitumen in bulk. The scheme was to be implemented in a phased manner in various divisions. The approximate initial cost of providing infrastructural facilities like site storage tank, trucks, bitumen tanks, masonry tanks, etc., in each division was estimated at Rs. 5 lakhs, and recurring expenditure on staff, maintenance, etc., of each division, at Rs. 1.68 lakhs. On the basis of proposals made by the Chief Engineer (CE), Buildings and Roads, Trivandrum between June 1981 and August 1983, Government sanctioned (February 1982/April 1983/October 1983) purchase of 13 bitumen tanker trucks at a total cost of Rs. 33.26 lakhs. However, no steps were taken to provide facilities like site storage tanks, masonry tanks, etc., to store bitumen as envisaged in the scheme. Nine Roads* Divisions received 9 tanker trucks (cost: Rs. 24.89 lakhs) between November 1981 and May 1984. Out of the 9 tankers, 3 received in Roads Divisions, Trivandrum†, Kottayam‡ and Kozhikode had been remaining almost idle from the dates of their receipt (i.e. from November 1983, May 1984 and December 1982 respectively). The tanker received in Roads Division, Cannanore in May 1984 was being used to supply drinking water to hospitals and other Government institutions. The tankers received in the remaining 5 divisions, *viz.*, Quilon, Alleppey, Idukki, Ernakulam and Palghat were used for short spells to transport 7,665 tonnes of bitumen upto May/July 1984 *vide* details given below:—

Sl. no.	*Name of division*	*Date of receipt of the tanker*	*Number of trips*	*Quantity of bitumen carried (in tonnes)*	*Idle from*
1	Quilon	March 1982	195	1,950	June 1984
2	Alleppey	November 1981	248	2,476	May 1984
3	Idukki	December 1981	..	340	July 1984
4	Ernakulam	November 1981	130	1,899	May 1984
5	Palghat	February 1982	100	1,000	May 1984

Information about the purchase of the remaining four tankers is awaited.

The divisions attributed the non-use of the tankers to non-supply of bitumen by Cochin Refineries Limited. Apparently, the non-utilisation/under-utilisation of the tankers was due to non-provision/inadequate provision of infrastructural facilities.

While the tankers were remaining idle, the divisions obtained bitumen supplies in containers from oil refineries in Madras and Bombay by rail. In one division (*viz.*, Roads Division, Palghat) private tankers were engaged

* B & R Divisions were renamed as Roads Divisions in November 1985.

† Though the tanker lorry was received in November 1983, it was registered only on 27th August 1984. The tanker had transported 165 tonnes of bitumen during June—September 1986.

‡ The tanker had carried 10 tonnes of bitumen on its trip from Madras in May 1984, after completion of its fabrication.

on contract during January 1983 to May 1984 to convey 2,027 tonnes of bulk bitumen, incurring an expenditure of Rs. 5.66 lakhs. This expenditure could have been avoided, had the department diverted the tanker available in the Roads Division, Kozhikode from December 1982 onwards to the Roads Division, Palghat. In Roads Division, Trivandrum while the tanker purchased in November 1983 was idle, bulk bitumen was got conveyed by private tankers up to December 1984 incurring an expenditure of Rs. 0.41 lakh. Roads Division, Quilon also engaged private tankers between March 1982 and December 1984 for conveyance of bulk bitumen, incurring expenditure of Rs. 8.56 lakhs.

As two of the tankers had not yet been put to use and the other 7 tankers were used only for negligible periods, the expenditure of Rs. 25* lakhs (approximately) incurred on the scheme so far, remained largely unfruitful.

The CE had directed (January 1986) the divisions to dismantle the bitumen tanks from the trucks and to install them on masonry platform. Government stated (February 1987) that the proposal to dismantle the tanker had been dropped.

5.3. Prolonged idling of stone crushers

Mention was made in paragraph 5.4 of the Report of the Comptroller and Auditor General of India for the year 1980-81 about the non-utilisation of three stone crushers purchased at a cost of Rs. 3 lakhs by the Public Works Department in 1979. Government informed Audit in January 1982 that the Chief Engineer had been instructed to take steps to erect the stone crushers and also to ensure their continuous utilisation. Nevertheless, only one of the crushers has been brought into use so far (February 1987). This stationary crusher (cost: Rs. 1 lakh and capacity: 20 tonnes per hour) purchased by Buildings and Roads Division, Muvattupuzha in October 1979 was transferred to Buildings and Roads Division, Trichur in August 1980. As the latter division also could not utilise the plant for want of land for its erection, it was transferred in August 1982 to Special Buildings† Division, Kozhikode, where it was finally commissioned in March 1985, that is, 65 months after its purchase. Government stated (October 1986) that it had worked for 570 hours at the site of Naranipuzha bridge and that hire charges of Rs. 0.12 lakh had been realised (August 1986). Even after commissioning, it was kept idle for 358 days for want of power supply.

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* Excludes expenditure on infrastructural facilities.

† Renamed as Bridges Division from 1985-86.

The remaining two crushers are still remaining idle, as indicated below:—

(i) The stationary stone crusher (cost: Rs. 1 lakh) purchased by Buildings and Roads Division, Ernakulam in August 1979 was transferred to Buildings and Roads Division, Cannanore in May 1980. Owing to delay in selection of a suitable site for erection and belated receipt of certain parts like toggle plant and bearing, it could be erected only in November 1984. The plant has not, however, been put to use for want of power supply (January 1987). A sum of Rs. 0.85 lakh was paid by the division to the Kerala State Electricity Board in May 1986 for providing power connection to the stone crusher. Government stated (January 1987) that the Board had been addressed at Government level to expedite the power connection.

(ii) The portable crusher (cost: Rs. 1 lakh) purchased (April 1979) by the Kerala Newsprint Project Division, Kottayam was erected in February 1980. It developed some defects and was got repaired at a cost of Rs. 0.39 lakh. After repairs, it was transferred to Roads Division, Idukki in 1986. The details about its commissioning in the latter division and the extent of utilisation are awaited (January 1987).

According to codal provisions, each plant is expected to be used for 10 months in a year. On account of the delay in commissioning/utilising the stone crushers, nearly 220 effective crusher-months have already been lost.

HEALTH AND FAMILY WELFARE DEPARTMENT

5.4. Stores and stock of Health Transport Organisation

Health transport organisation of the Health Services Department is responsible to (i) keep proper control over the vehicles of the department, (ii) carry out preventive maintenance of vehicles with a view to reducing repair costs, (iii) purchase of spare parts including batteries and tyres and (iv) ensure effective vehicle utilisation. The organisation is under the immediate control of the State Health Transport Officer who functions under the overall supervision of the Director of Health Services (DHS). As at the end of 1984-85, there were 885 vehicles (four-wheelers: 757; motor cycles: 128) under the control of the organisation.

For undertaking repair and maintenance of vehicles, the organisation has under it a central store and a central workshop at Trivandrum besides a regional workshop at Kozhikode and mobile workshops at seven* district

* Quilon, Kottayam, Alleppey, Ernakulam, Trichur, Malappuram and Kozhikode.

headquarters. Purchase of spare parts including tyres and batteries is made by the central store from where it is distributed to workshops for issue to vehicles. The total expenditure incurred on purchase of spare parts including tyres and batteries was Rs. 7.13 lakhs during 1983-84, Rs. 9.41 lakhs during 1984-85 and Rs. 7.15 lakhs during 1985-86.

On a test check (July-August 1986) of records maintained in the Directorate of Health Services, Central Store and Central Workshop, Trivandrum and the mobile workshop at Quilon, the following points were noticed:

(1) *Procurement of stores*

(i) According to financial rules, every officer purchasing stores should, before commencement of the financial year, prepare a reasonable estimate of requirements taking into account the consumption during the previous years and stock in hand, and get sanction of the competent authority for effecting purchases. However, the organisation is neither preparing annual forecast of requirements nor obtaining sanction of higher authorities/Government before effecting purchase.

Up to July 1985, the DHS was delegated with powers to sanction purchase of spares up to Rs. 1,000 at a time (subject to an annual limit of Rs. 15,000) from authorised dealers without observing Store Purchase Rules. These limits were enhanced to Rs. 3,000 and Rs. 30,000 respectively from 30th July 1985. The details given in the table below would show that local purchases have been made by the DHS far in excess of his delegated powers.

Year	*Expenditure (Rs. in lakhs)*	*Number of occasions when the limit fixed for purchase at a time was exceeded*	*Average expenditure per occasion (Rs.)*
1983-84	4.04	61	6,623
1984-85	3.73	72	5,181
1985-86	2.86	11	26,000

No action has been taken to get the purchases ratified by Government. The reasons why the department did not prepare the annual indent and effect bulk purchase at competitive rates following tender procedure, have also not been clarified by the department (August 1986).

(2) *Custody and issue of stores*

(i) Stores ledgers have not been prepared since 1975-76. The reserve limit of motor spares (other than those supplied free of cost and excluding tyres and batteries) was enhanced from Rs. 6,000 to Rs. 50,000 from 30th July 1985. In the absence of stores ledgers, the value of stores held in stock from time to time and whether it exceeded reserve limit could not be ascertained.

(ii) The cardex system of accounting of stores was introduced in the Central Stores in January 1976. The physical balance as per an inventory prepared in January 1976 was taken as the opening balance in the cardex. Reconciliation of the physical balance and book balance as on 1st January 1976 had not been conducted.

(iii) The entries in the cardex regarding the receipt and issue of stores have not been checked and authenticated by any responsible officer.

(iv) Stores are seen issued on several occasions although the book balance as per cardex was either 'nil' or inadequate to cover the issue.

A few instances are given below:—

Name of article	*Date of issue*	*Book balance on the date of issue*
Clutch repair kits	12th January 1983 and 17th January 1983	Nil
Clutch pressure plate springs	1st December 1980	Nil
Carburettor Assembly solex	13th October 1983 20th October 1984 4th February 1985	Nil
Fuel filter insert element	29th May 1982 to 22nd October 1982.	Nil

(v) In respect of issues made from Central Stores, accepted copies of the issue notes from the recipients of stores have not been obtained and filed with the office copies in most cases.

(3) *Consolidated Stock Accounts*

(i) An audit scrutiny (September-October 1976) of the stock accounts for the years 1973-74, 1974-75 and 1975-76 revealed the following defects:—

(a) Correct closing balances of materials had not been arrived at for working out the value of closing stock.

(b) Closing balances in the stock accounts did not tally with ledger balances.

(c) Handling charges, Sales Tax, etc., had not been taken into account for valuation of stock.

(d) Quantities shown in the issue notes and the corresponding entries in the ledgers did not tally; and

(e) Balance of stores with the mobile workshops had not been included.

The defects have not been rectified so far. The department stated (December 1985 and July 1986) that the work could not be taken up for want of staff and that proposals for creation of additional posts had been sent to Government.

(ii) The stock accounts for the period from 1976-77 have not been prepared.

(iii) In the case of purchase of spare parts made at the time of repairs of vehicles at authorised private workshops, the Foreman/Chargeman of the mobile workshop records the stock certificate and the spare parts are not taken to stock in the Central Store. No procedure has been evolved so far, to bring these purchases into the stock accounts.

(iv) Periodical inspection of the stores is not being conducted to segregate and dispose of unserviceable and perishable stores.

(v) Annual physical verification of stores has not been conducted during the years* 1977 to 1985.

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* Physical verification conducted in 1982 was incomplete due to non-completion of stock account.

(4) *Accounting of old/unserviceable stores*

(i) Proper accounts of old/unserviceable spare parts have not been maintained in the Central Workshop and the mobile workshop at Quilon.

(ii) Register of old tyres has not been maintained in the Central Workshop till 30th April 1986. The register maintained in the mobile workshop at Quilon and that maintained from 1st May 1986 in the Central Workshop do not contain the details of tyres sent for resoling as also of the tyres awaiting condemnation/disposal.

(5) *Register of vehicles*

The register of vehicles maintained in the Directorate does not contain complete details of all vehicles with the department. In cases where the vehicles have been disposed of, the details thereof have not been noted in the register.

(6) *Disposal of old/unserviceable vehicles*

Ninety-six vehicles which were off road from various dates from 1968 onwards are awaiting condemnation and disposal at the Central Workshop (84 vehicles) and the mobile Workshop, Quilon (12 vehicles).

(7) *Retreading/reconditioning of tyres*

(i) Government had entered into a rate contract with a Kozhikode firm for retreading/reconditioning of vehicle tyres during 1981-82 to 1985-86. In terms of the contract, the firm was to return the retreaded/reconditioned tyres within three weeks of the date of their receipt in the factory. In the event of delay, a penalty at the rate of 2 *per cent* of the firm's basic rate for the work was to be levied on the firm for every week of delay or part thereof. However, in the case of belated return of tyres, no penalty has been levied. As complete records were not produced for scrutiny, total penalty due could not be worked out in audit. The penalty due in the case of 3 work orders placed in 1982 amounted to Rs. 0.03 lakh.

(ii) The firm had not returned 57 tyres issued to it between January 1982 and January 1985. No steps have, however, been taken to get back the tyres or to realise their cost.

(iii) Under a system introduced in the organisation, a card is to be maintained to keep the record of mileage obtained in respect of each tyre before resoling and after resoling. However, as necessary details were not noted in the cards, the system had not helped to evaluate the performance of tyres.

(8) *Purchase of tachographs*

The State Health Transport Officer purchased twenty-five tachographs in September 1983 from a Bangalore firm, without obtaining sanction of the DHS or Government, at a cost of Rs. 1.42 lakhs. Out of them, only twenty tachographs were fitted in vehicles (April and June 1984). The remaining five have not been installed (August 1986). Six of the tachographs installed in vehicles went out of order by or before July 1984, that is, within 11 days to three months of their installation. They have not been repaired yet (August 1986).

Tachographs were purchased to ensure better control over the operation of vehicles and thereby save fuel and reduce maintenance cost. To facilitate this, the firm had supplied about 100 cards along with each instrument for recording data on driving pattern of the vehicle. The cards were sufficient for collection of data only for a period of 4 months. The department had not purchased any new cards thereafter. This would indicate that the tachographs would have been used only for 4 months and that they were not being used for the last twenty months.

Further, there was no indication that the department had analysed the data collected from the tachographs for the period they had actually worked. Thus, the expenditure of Rs. 1.42 lakhs incurred on purchase of tachograph was largely unfruitful.

The matter was reported to Government in September 1986; reply is awaited (February 1987).

FISHERIES AND PORTS DEPARTMENT

5.5. Stores and stock of Ports Department

On a test check of the records in the Directorate of Ports and 3 Port Offices at Quilon, Neendakara and Beypore conducted during July-September 1986, the following points were noticed:—

(i) The Port Officer of each port is competent to purchase stores and stock costing up to Rs. 2,000 at a time and up to Rs. 10,000 in a year. These limits were exceeded in 23 cases (value: Rs. 2.67 lakhs) in 1983-84, in 28 cases (value: Rs. 3.81 lakhs) in 1984-85 and in 22 cases (value: Rs. 1.78 lakhs) in 1985-86 by the Port Officer, Quilon.

(ii) In October 1984, Government fixed a reserve limit of stock of Rs. 1 lakh for the Central Stores Organisation attached to the Mechanical Engineering Wing. As the stock accounts did not show the value of stores held in stock in the two units at Neendakara and Beypore, it was not possible to ascertain whether the reserve limit had been exceeded or not.

(iii) Expenditure on purchases of diesel oil, spare parts, wire ropes, paints, etc., by the dredging units during the four years 1982-83 to 1985-86 amounted to Rs. 27.03 lakhs. An amount of Rs. 62.59 lakhs was also spent on repair of various dredgers during the period. But most of the purchases were not routed through stock registers. The repair works undertaken were not recorded in measurement books.

(iv) The Dredging Superintendent is competent to purchase tools and plant including stores and stock up to Rs. 1,000 at a time and up to Rs. 5,000 in a year. These limits were exceeded in 20 cases (value: Rs. 4.94 lakhs) in 1983-84, in 26 cases (value: Rs. 10.18 lakhs) in 1984-85 and in 28 cases (value: Rs. 6.42 lakhs) in 1985-86. No reserve limit of stock has been fixed for the dredging wing.

(v) Arrangements for physical verification of stores had not been made so far (August 1986). Annual physical verification of stores had not been done in the Port Offices at Trivandrum, Neendakara, Alleppey, Kodungallur, Ponnani, Cannanore and Kasaragod and in the dredging wings at Neendakara and Beypore.

Other defects noticed included (a) failure to note the value of materials in stock registers, (b) failure to obtain indents from the indenting offices and acknowledgement for issues from the recipients, (c) non-maintenance/defective maintenance of log books of vessels, (d) failure to record stock certificates in invoices, etc.

Government stated (December 1986) that suitable instructions had been issued to the concerned officers to rectify the defects mentioned above.

5.6. Purchase of the tug 'M. T. Padmasree'

In July 1981, Government accorded sanction to entrust the construction of an 'all weather sea-going' rescue tug to a Bombay firm at a cost of Rs. 53 lakhs. The tug was due for delivery in February 1983, but was actually received at Neendakara only in April 1986. The delay was ascribed (January 1987) by Government to (i) some unfortunate developments in the yard of the firm and (ii) delay on the part of the department in effecting certain payments claimed by the firm. A sum of Rs. 60.14 lakhs was paid to the firm between August 1981 and March 1986. The Port Officer, Quilon, reported to the Director in April 1986 that navigational aids like radar and echo sounding machine of the vessel were not working and that some parts like switch box, electrical fittings, etc., were found to be second hand. Though the Port Officer took up the matter with the supplier firm in July 1986, no reply has been received. Meanwhile, the firm was paid further sums of Rs. 4.18 lakhs in April 1986 and Rs. 2.09 lakhs in June 1986. Government stated (January 1987) that the firm had since deputed an engineer to rectify the defects.

The tug is mainly intended to undertake rescue operations in rough sea. The Port Officer reported (June 1986) that the vessel would not be able to do any rescue operation at Neendakara, especially during monsoon on account of close proximity of the breakwater and huge waves. Government, however, stated (January 1987) that the vessel was sent out to sea during monsoon on 10 occasions.

According to the Port Officer (June 1986), there is a rocky patch on the northern side of the wharf, constituting a navigational hazard. After a trip in the tug, he observed (June 1986) that it required at least 3 metres of water for safe navigation and it was very difficult to manoeuvre it in the basin and in the channel during low water. As a result, the vessel had to be 'removed of the anchor to avoid touching the ground' during low water level.

Apparently, the tug (total cost: Rs. 66.41 lakhs) was purchased without examining its sea-worthiness and manoeuvrability in the area.

CHAPTER VI

COMMERCIAL ACTIVITIES

6.1. General

This chapter deals with the results of audit of departmentally managed Government commercial and quasi-commercial undertakings.

(a) On 31st March 1986, there were three departmental commercial undertakings in the State as indicated below:—

(i) Text Books Office, Trivandrum.

(ii) State Water Transport Department, Alleppey.

(iii) State Insurance Department, Trivandrum.

The extent of arrears in preparation of *pro forma* accounts by the above commercial undertakings is indicated in the following table:—

Sl. no.	*Name of undertaking*	*Period for which preparation of pro forma accounts is in arrears*	*Remarks*
1.	Text Books Office, Trivandrum	1977-78 to 1985-86	Delay in preparation of *pro forma* accounts has been attributed (January 1987) by the department to lack of employees experienced in commercial accounting. The Committee on Public Accounts 1984-86 in their 94th Report presented in March 1986, have recommended that a time-bound programme should be evolved to clear the entire arrears.
2.	State Water Transport Department, Alleppey	1982-83 to 1985-86	The delay in preparation of *pro forma* accounts had been attributed by Government to shortage of qualified hands.
3.	State Insurance Department, Trivandrum	1967 to 1982, 1984 & 1985	Government stated in October 1986 that special staff had been posted for preparing *pro forma* accounts.

(b) Besides the undertakings mentioned above, *pro forma* accounts were due from Sitaram Spinning and Weaving Mills, Trichur* for the year 1979-80 and from Bleaching and Calendering Plant, Pappanamcode** for the years 1974-75 to 1980-81.

(c) *Pro forma* accounts of the following trading schemes have also not been received from the concerned departmental officers for the years shown against each:

Sl. no.	*Name of department/ scheme*	*Period for which due*	*Remarks*
I. AGRICULTURE DEPARTMENT			
(i)	Manure Supply Scheme	1979-80 to 1985-86	In July 1986, Government issued orders declaring these schemes as 'Service activities' and requiring the Director of Agriculture to prepare self contained accounts of receipts and expenditure for these schemes and submit them to Government within 6 months after closing of the financial year.
(ii)	Scheme for purchase and sale of plant protection chemicals	1976-77 to 1985-86	
(iii)	Scheme for purchase and sale of banana suckers	1977-78 to 1985-86	
(iv)	Scheme for purchase and sale of pulses	1974-75 to 1985-86	
(v)	Scheme for purchase and sale of paddy seeds	1974-75 to 1985-86	
2. AGRICULTURE (ANIMAL HUSBANDRY) DEPARTMENT			
(i)	Intensive Poultry Development Blocks at Muvattupuzha and Pettah	1970-71 to 1985-86	Non-submission of *pro forma* accounts is attributed to non-finalisation of rules and forms.
(ii)	Egg Collection and Marketing Scheme, Chengannur	do.	do.

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* The assets of Sitaram Spinning and Weaving Mills, Trichur were transferred to Sitaram Textiles Limited (a Government Company) with effect from 20th February 1980.

** The Bleaching and Calendering Plant, Pappanamcode was transferred to the Kerala State Textiles Corporation Limited (a Government Company) with effect from 1st April 1981.

Sl. no.	*Name of department/ scheme*	*Period for which due*	*Remarks*
(iii)	Poultry Feed Manufacturing and Distribution Scheme, Chengannur	1970-71 to 1985-86	Non-submission of *pro forma* accounts is attributed to non-finalisation of rules and forms.
(iv)	Livestock and Poultry Feed Compounding Factory, Malampuzha	1965-66 to 1975-76 and April 1976	do.
3. FOOD DEPARTMENT			
	Grain Supply Scheme	1985-86	
4. HOME DEPARTMENT			
	Rubber Plantations run by the Open Prison, Nettukaltheri	1985-86	

GENERAL EDUCATION DEPARTMENT

6.2. **Text Books Office**

6.2.01. *Introduction*

The Text Books Office was established in 1950 for printing and publishing text books prescribed for schools in the State. In October 1952, it was declared commercial. The main activities of the department are (i) printing, stocking and distribution of text books, (ii) manufacture and distribution of note books and (iii) purchase of paper required for text books and note books.

The Text Books Office functions under a Text Books Officer under the overall control and supervision of the Director of Public Instruction (DPI). The distribution of text books and note books is arranged through three central stores at Trivandrum, Ernakulam and Shoranur and depots situated in each educational district.

Some points noticed in audit, relating to the working of the Text Books Office, like delay in the preparation of accounts, incorrect fixation of price, delay in printing and distribution of text books, etc., were mentioned in paragraph 6.2 of the Report of the Comptroller and Auditor General of India for the year 1980-81 (Civil). After considering the audit paragraph, the Committee on Public Accounts (1984-86) in its 94th Report recommended (March 1986) that 'a time-bound programme should be evolved to clear the arrears in accounting'.

On a further review* conducted during August-September 1986, the following points were noticed:—

6.2.02 *Purchase of paper at concessional rates*

(i) White printing paper for text books is procured by the department at concessional rates from various Paper Mills on the basis of allotments made by the Paper Controller (Department of Education, Ministry of Human Resources Development), Government of India. On receipt of the allotment, the department places purchase orders on the specified mills along with 25 *per cent* of the cost as advance. The balance amount is paid on receipt of documents in proof of despatch through banks.

According to the terms of allotment, the mills are to effect supply within 45 days of receipt of purchase order with advance. However, there was considerable delay on the part of the mills in effecting supply/refunding the advance. In the case of 6 orders placed on 4 mills between September 1983 and July 1985, it was noticed that: (i) one mill did not effect any supply against the order and it refunded the advance (Rs. 3.15 lakhs) after a delay of nearly 4 months and (ii) the other 3 mills effected partial supplies (value: Rs. 18.28 lakhs) and refunded the balance of advance (Rs. 12.29 lakhs) after a delay of 12 to 27 months.

No action was taken by the department to levy interest on advances retained by the mills beyond 45 days. Government stated (December 1986) that the matter was under correspondence with the Government of India.

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* Some other points pertaining to text book receipts are given in paragraph 7.2 of the Report of the Comptroller and Auditor General of India for the year 1985-86 (Revenue Receipts).

(ii) An additional allotment of 300 tonnes of paper to the State was made by the Government of India in November 1983. The DPI placed (December 1983) a supply order on the specified mill along with an advance of Rs. 4.43 lakhs. However, the mill returned the supply order and the advance stating that it had returned the allocation to the Paper Controller. The Text Books Officer reported (December 1983) the matter to the Controller of Stationery who functions also as the convener of the State level committee on paper distribution in the State. On a request made by the Controller of Stationery, the Paper Controller directed (January 1984) the mill to accept the allocation already made and effect the supplies. Thereupon, the Text Books Officer wrote to the mill in February 1984 enquiring whether it had accepted the allocation. The mill informed the Ministry of Industry and the convener of State level committee in June 1984, that it had intimated its acceptance of the allocation to the allottee in May 1984 telegraphically and by letter. Pointing out that he had received neither the telegram nor the letter, the Text Books Officer placed (August 1984) a fresh supply order on the mill with 25 *per cent* advance. The mill returned (August 1984) the order and the advance stating that the order had been delayed very much. Thus, the department's failure to follow up the allocation effectively resulted in its lapsing. The resultant extra expenditure, computed with reference to the open market rate at which paper was procured by the department subsequently during 1985-86, amounted to Rs. 13.20 lakhs.

6.2.03. *The purchase of paper from open market*

Owing to short supply of concessional paper, Government accorded (October 1985) sanction to purchase 1,000 tonnes of white printing paper from open market under limited tender system through the Controller of Stationery. Accordingly, the Controller of Stationery invited limited tenders on 16th October 1985 fixing 31st October 1985 as the last date for receipt of offers. The lowest, out of thirty-six offers received, was from a Cochin firm. Its quoted rate was Rs. 11,383 per tonne, which was reduced to Rs. 11,250 on negotiation held on 7th December 1985. It had offered to supply the paper within 15 days of the receipt of supply order. However, supply order for 1,000 tonnes was placed on it only in January 1986. In the meantime, at a meeting held at Government level on 19th October 1985, it was decided to purchase 500 tonnes of paper after negotiation of rates with a few supplier firms. Accordingly, the Controller of Stationery ascertained rates from a few firms afresh and placed orders on 3 of them (including the Cochin firm) to supply 500 tonnes of paper against which they supplied only 400 tonnes till 7th November 1985 as shown below:—

	Rate per tonne (*Rs.*)	*Quantity ordered* (*in tonnes*)	*Quantity supplied* (*in tonnes*)
Cochin firm	11,400	125	125
Paper mill at Adoni	12,235	125	123
Paper mill at Punalur	11,547	250	152

Compared to the rate quoted by the Cochin firm in response to the limited tender enquiry, purchase at higher rates resulted in an extra expenditure of Rs. 1.85 lakhs.

Further, it was seen that the Cochin firm had offered to supply the entire quantity of 500 tonnes within 7 days at Rs. 11,400 per tonne and as such, there was no justification for the split-up of the purchase order entailing extra expenditure of Rs. 1.25 lakhs.

Government stated (December 1986) that negotiated purchase of white printing paper from the open market was effected to avoid disruption of text books printing at Thrikkakara Press for want of reel paper. The circumstances in which the stock position became critical have not, however, been elucidated by Government.

6.2.04. *Printing of text books through private presses*

Government accorded sanction (February 1985) for printing two new text books, namely 'Basic Science' and 'Social Science' (4 colour print) for Standard VI at presses outside the State. The DPI was authorised to arrange the work after negotiation with the presses. Accordingly, he obtained (March 1985) rates from three presses. The lowest offer was from a Sivakasi firm 'A' which quoted a rate of Rs. 2.70 per book of 128 pages (4 colour print). Its rate was inclusive of the cost of artpulls for the Tamil, Kannada and English versions of the book. In the case of Malayalam version, the artpull was to be supplied by the DPI. Orders were placed with the firm on 15th March 1985 for the supply of 7.60 lakh copies (in four languages) of 'Basic Science' text book for Standard VI. The firm completed the supply by the end of June 1985.

In April 1985, Government gave sanction for printing 'Mathematics' text book for Standard VI (2 colour print) also through private presses. On 19th April 1985, the Text Book Officer visited Sivakasi and obtained rates from 7 firms. The lowest rate (Rs. 1.70 per book of 128 pages) was offered by the same firm 'A' mentioned earlier and the Text Book Officer recommended (April 1985) its acceptance. The D.P.I., however, obtained (25th April 1985) another quotation from an Ernakulam firm 'B'. Its rate was also Rs. 1.70 per book of 128 pages. Though it had specified no delivery schedule, the DPI on 30th April 1985 placed an order on the firm for supply of 7.60 lakh copies of the book within 45 days. On 21st May 1985 the firm requested at least 90 days' time to complete the work. Since this was not acceptable to the department, the order was cancelled. Almost at the same time, a Madras firm 'C' offered (23rd May 1985) to supply Social Science (4 colour print) and Mathematics (2 colour print) at Rs. 3 and Rs. 2 per book (128 pages each) respectively. Though the firm did not specify any delivery schedule, the DPI on 27th May 1985, placed an order on it for supply of 7.60 lakh copies each (in 4 versions) of 'Social Science' and 'Mathematics' for standard VI within 45 days. Firm 'C' commenced the supply in July 1985 and completed it by February 1986.

The following points were noticed in this connection:—

(i) Though the rates quoted in March 1985 and April 1985 by firm 'A' for 4 colour print and 2 colour print respectively were the lowest and the stipulated periods of supply were acceptable, no orders were placed on it for printing 'Social Science' and 'Mathematics' text books. Two months after the receipt of its quotation, order was placed on another firm 'C' for printing the books at a higher rate without even ascertaining the delivery schedule. This resulted in an avoidable extra expenditure of Rs. 4.56 lakhs on printing charges.

Government stated (December 1986) that the criteria of accepting the lowest tenders could not be strictly observed in the case of printing of text books as timely publication/distribution of text books was the main concern of the department. In view of the fact that the Madras firm 'C' could complete the supply of printed text books only by February 1986, the contention that the work was awarded to it to get the printing work executed within time-limit, is not tenable.

(ii) The rate quoted by firm 'A' was inclusive of artpulls except for Malayalam version. The rates quoted by firm 'C' to whom the job was awarded did not include the cost of artpulls which had therefore to be prepared and supplied by the department. The additional expenditure incurred for the preparation of artpulls (3 versions excluding Malayalam) for Social Science and Mathematics amounted to Rs. 1.18 lakhs which could have been avoided, had the printing been entrusted to firm 'A'.

(iii) Though firm 'C' was required to complete the supplies within 45 days, that is, by 10th July 1985, it completed the supplies only by February 1986, which resulted in delay in distribution of text books, causing much hardship to pupils. Though as per the work order, a reduction was to be made in the printing charges to the extent of 10 *per cent* for slippage in delivery schedule up to one month and 25 *per cent* for slippage by more than one month, no such cut was made by the department. The recovery forgone by the department amounted to Rs. 9.50 lakhs.

Government stated (December 1986) that the penal provision could not be imposed as the required quantity of white printing paper could not be supplied in time.

6.2.05. *Printing of text books through private presses for* 1986-87

The DPI invited (September 1985) tenders from printers in and outside the State for printing and supplying 38 lakh copies of 4 colour books, 39 lakh copies of single colour books and 7.60 lakh copies of 2 colour books. The last date for receipt of tenders was fixed as 31st October 1985.

Of the 31 tenders received, the lowest rate was that of a Madras firm 'C' and the second lowest was that of a Sivakasi firm 'A'. As the entire books were to be supplied befoie 31st March 1986, the DPI recommended (November 1985) to Government to entrust the work to the two firms.

On further negotiations by the DPI in December 1985 with the above two printers and 4 other printers in Kerala, the lowest rates quoted were as follows (for 1000 forms containing 16 pages each):—

Sl. no.	*Tenderer*	*Rate for single colour*				*Rate for double colour*	*Rate for 4 colour*
		Malayalam	*English*	*Tamil*	*Kannada*		
		(in rupees)					
1.	Quilon firm 'X'	94	94	94	94	232	332
2.	Madras firm 'C'	94	125	220	313	232	332
3.	Sivakasi firm 'A'	94	160	160	160	240	332

Though the rate quoted by the Quilon firm 'X' was the lowest for single colour print, the printing of text books only in 2 subjects ('Biology' and 'India and World') for Standard X was entrusted to it. The printing of single colour books (Basic Mathematics for Standard VII and Geography for Standard X) was, after negotiation, entrusted (February 1986) to 2 other presses at Alleppey and Kunnamkulam at higher rates, i. e., Rs. 97 and Rs. 99 as against the rate of Rs. 94 quoted by the Quilon firm. The resultant extra expenditure was Rs. 1.19 lakhs.

The department stated that the Quilon firm 'X' did not have capacity to undertake printing of 2 books at a time. In this connection, it was, however, observed that the firm was entrusted with the printing of two books in 4 colour for which two other printers 'A' and 'C' had quoted the same rate as firm 'X'. As such, the extra expenditure could have been avoided, had the department entrusted the printing of all the 4 books in single colour to the Quilon firm at its quoted rate and the 4 colour books to the other two firms viz., 'A' and 'C'.

Government stated (December 1986) that as it was felt not desirable to entrust printing of all text books to one local printer, it was decided to entrust printing to two other printers in the State even though the rates quoted by the latter were a little higher.

6.2.06. *Delay in printing and distribution of text books*

Syllabus of core subjects for Standards VI and IX was revised from 1985-86. According to a schedule prepared by Government for completing the various stages of printing before June 1985, the work on manuscripts of all the books were to be completed by May 1985. However, the work was completed only by July 1985. As a sequel, printing was delayed and 12 books for Standard IX and 5 books for Standard VI could not be distributed till September 1985. Out of 43.92 lakh copies printed through Kerala Books and Publications Society, 18.95 lakh copies were supplied after September 1985. The printing of Mathematics text book for Standard IX in Tamil was completed only in December 1985. Economics and Political Science text books for Standard IX were made available only on 1st November 1985. Owing to delay in printing and distribution of books, the pupils of the 2 standards were handicapped in their studies. Apparently, their studies were deficient due to hustled coverage/non-coverage of prescribed portions.

The delay in printing text books was attributed by the presses to: (i) failure of the department to give timely instructions regarding the mode of composing, position of diagram, etc., and (ii) incorporation of new matter at the time of proof correction.

Government stated (December 1986) that sufficient care would be taken in getting the manuscripts prepared without any delay on the part of the State Institute of Education.

6.2.07. *Wastage allowance*

In the case of private presses, a wastage allowance at the rate of 1 *per cent* per colour subject to a maximum of 4 *per cent* for 4 colours is allowed. However, wastage allowance allowed to Kerala Books and Publications Society, Thrikkakara was 8 *per cent*. In this connection, it was seen that the wastage allowance fixed in the case of a similar text book press set up by Bihar Government was only 4 *per cent*.

On finalisation of paper account of Kerala Books and Publications Society for 1978-79 to 1980-81, 207 tonnes were treated as wastage, reckoning wastage allowance at 8 *per cent*. The cost of wastage allowed in excess worked out to Rs. 16.14 lakhs at current market rates.

While fixing the wastage allowance at 8 *per cent*, Government had ordered (April 1983) that the sale proceeds of the wastage should be remitted to Government. Though the society realised Rs. 1.39 crores by way of sale of waste paper as on 31st March 1986, the sale proceeds had not been remitted to Government so far (December 1986).

Government stated (December 1986) that 8 *per cent* wastage was allowed irrespective of the number of colours used, due to the peculiar lay out of the Web Off-set machines installed in the Thrikkakara Press.

6.2.08. *High cost of printing at Thrikkakara Press*

Compared to the cost of printing in private presses, the rate charged by the Kerala Books and Publications Society Press at Thrikkakara was very high. While the Thrikkakara Press charged Rs. 1530 for thousand single colour books of 128 pages, the corresponding rate charged by a private press was only Rs. 752. Similarly, for 1000 copies of 4 colour books of 80 pages the amount charged by the Thrikkakara Press was Rs. 2,330 whereas the rate charged by a private press was Rs. 1,660 only. The department has not taken up with the Thrikkakara Press the question of reducing its printing charges.

Government stated (December 1986) that the society was formed during 1978-79 to undertake the printing work of entire school text books without depending on private printers and that printing was being entrusted to the society without taking into account its higher rates.

6.2.09. *Internal audit*

Internal audit is heavily in arrears in two Central Stores and in 28 out of 31 district depots. The extent of arrears was 4 years in the case of 2 Central Stores and 12 district depots, 3 years in 4 district depots and 2 years in 7 district depots. In 5 district depots, it was in arrears for one year. The arrears were attributed by the department to paucity of staff.

Government stated (December 1986) that the DPI had been directed to re-deploy staff for clearing the arrears.

6.2.10. *Arrears in preparation of pro forma accounts*

Pro forma accounts of Text Books Office have to be prepared for each year and submitted to the Accountant General, before 30th June of the succeeding year. Preparation of *pro forma* accounts from 1977-78 onwards is in arrears.

6.2.11. *Shortages of stock*

A verification of the stock in the District Text Book Depot, Trivandrum conducted by the Internal Audit Wing in July 1985 revealed shortages of books worth Rs. 0.50 lakh. The concerned Store Keeper had retired from service in April 1983. No recovery has, however, been effected. A sum of Rs. 0.28 lakh is pending recovery in Quilon Depot from another Store Keeper, who had retired in August 1985. In District Depot, Alleppey, shortage of books worth Rs. 0.41 lakh detected during 1983 remained to be made good.

Summing up

The following are the important points that emerge:—

—In the case of orders placed for supply of paper with 25 *per cent* advance, no interest has been levied for delay in effecting supply/refunding advance.

—Failure to take effective follow-up action on concessional allotment of paper resulted in extra expenditure of Rs. 13.20 lakhs.

—Failure to avail a favourable offer for supply of paper entailed extra expenditure of Rs. 1.85 lakhs.

—Award of printing contract to a private firm in 2 cases disregarding favourable offers from others resulted in extra expenditure of Rs. 6.93 lakhs.

—There was delay in printing and distribution of text books during the academic year 1985-86.

—Wastage allowance given to the Kerala Books & Publications Society, Thrikkakara while computing the consumption of paper, was found to be excessive.

—Printing charges paid to the Society were found to be much higher than those given to private presses.

—*Pro forma* accounts of the Text Books Office had not been prepared from 1977-78 onwards.

—In three cases, shortages of stock worth Rs. 1.19 lakhs still remained to be made good.

CHAPTER VII

FINANCIAL ASSISTANCE TO LOCAL BODIES AND OTHERS

SECTION I

7.1. General

This chapter deals with:

(i) results of audit of bodies and authorities substantially financed by grants/or loans,

(ii) results of scrutiny of procedure for watching fulfilment of conditions governing grants and/loans paid for specific purposes, and

(iii) results of audit of Kerala Water Authority.

SECTION II

7.2. Bodies and Authorities substantially financed by Government grants and loans

According to Section 14 of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971, the bodies/authorities substantially financed by grants or loans from the Consolidated Fund are to be audited by the Comptroller and Auditor General of India. A body/authority is, for this purpose, deemed to be substantially financed from the Consolidated Fund if the aggregate of grants and loans to it in a financial year is not less than Rs. 25 lakhs (Rs. 5 lakhs up to 1982-83) and the amount of such assistance is not less than 75 *per cent* of the total expenditure of that body/authority.

Government and Heads of Departments are to furnish to Audit every year information about (i) grants and loans given to various bodies and authorities in each financial year and (ii) the expenditure incurred by the recipient bodies/authorities. This is to enable Audit to identify the bodies/authorities attracting audit under Section 14 of the Act. Though Heads of Departments and Government were required (May 1986) to furnish the information in respect of grants and loans paid during 1985-86, the requisite details were still awaited (February 1987) from 10 departments of Government and 9 Heads of Departments. On the basis of information received from others, the details of the number of bodies/authorities which received grants/loans of not less than Rs. 25 lakhs in a year during 1983-84 to 1985-86 and the extent of arrears in receipt of the accounts from them are shown below:—

	1983-84	1984-85	1985-86
(i) Number of bodies/authorities which received grants/loans of not less than Rs. 25 lakhs per annum	87	83	67
(ii) Out of the bodies/authorities at (i) above, the number from which accounts have been received	61	64	43
(iii) Out of the bodies/authorities mentioned at (i) above, the number from which accounts have not been received	26	19	24

Apart from the above, 132 accounts for old periods up to 1982-83 were still awaited from 102 institutions which had received grants/loans of not less than Rs. 5 lakhs during the respective years (February 1987).

AGRICULTURE DEPARTMENT

7.3. Financial assistance to Kerala Livestock Development and Milk Marketing Board Limited

The Kerala Livestock Development and Milk Marketing Board Limited (the Board) was incorporated as a company in November 1975 with a view to integrating and revitalising various schemes relating to production, procurement and marketing of milk. In September 1979, Government agreed to give grant to the Board to finance its non-commerical operations which included running of Indo-Swiss Project and a Bull Station at Dhoni. The commercial activities of the company were transferred to the Kerala Co-operative Milk Marketing Federation, with effect from 1st April 1983. From that date, the Board is mainly engaged in cattle breeding and fodder development activities. The total assistance paid by Central and State Governments for financing the activities of the Board during the period 1976-77 to 1984-85 amounted to Rs. 7,77.05* lakhs, of which Rs. 6,37.68 lakhs (grants: Rs. 5,07.18 lakhs and loans: Rs. 1,30.50 lakhs) were paid by Government of Kerala and the balance (Rs. 1,39.37 lakhs) by Government of India as grants.

Important points noticed on an audit scrutiny of the activities undertaken by the Board utilising assistance given by Government are given in the succeeding paragraphs:

(1) Out of Rs. 5,07.18 lakhs paid as grant-in-aid by State Government during 1978-79 to 1984-85, Rs. 3,92.18 lakhs were released through the Department of Dairy Development and Rs. 1,15 lakhs through the Department of Animal Husbandry. But utilisation certificates and statements of accounts for these grants had not been furnished by the Board to the two departments. Separate accounts of these grants and the asset registers showing the details of assets acquired out of these grants were not maintained in the Directorates.

(2) Out of Rs. 1,30.50 lakhs paid to the Board as loan during 1976-77 to 1984-85, no amount had been repaid (March 1986). The amount overdue at the end of March 1985 was Rs. 1,08.22 lakhs (principal: Rs. 38.42 lakhs; interest: Rs. 67.80 lakhs; penal interest: Rs. 2 lakhs). Government stated (January 1987) that (i) the commercial activities of the Board for which the loan was taken, resulted in loss and that (ii) a request made by the Board for conversion of the loan to grant would be considered after taking a final decision on the future set up of the Board.

(3) The terms and conditions of 11 loans amounting to Rs. 53.50 lakhs granted during 1979-83 were prescribed by Government only in January 1984. Out of these, two loans amounting to Rs. 34.50 lakhs paid in 1979-80 and ordered to be repaid in 13 equal annual instalments commencing from the 3rd anniversary of the date of drawal were treated as interest free. Computed at the normal rate (10.5 *per cent* per annum) of interest applicable to long term loans to Government companies effective on the date of disbursement of the two loans, interest forgone by Government for the period of repayment of the two loans works out to Rs. 32.60 lakhs.

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*This does not include financial assistance paid to the Board for implementation of schemes under Western Ghats Development Programme.

(4) *Cross breeding of cattle and improvement of buffaloes*

In March 1982, Government of India sanctioned a Centrally sponsored scheme of 'Cross breeding of cattle with exotic dairy breeds and improvement of buffaloes using frozen semen techniques outside Operation Flood II area' and released Rs. 85 lakhs to the State Government for its implementation. The assistance was to be utilised before March 1985 on capital items in the districts of Palghat, Trichur, Malappuram, Kozhikode, Wynad and Cannanore (which were outside the Operation Flood II area). The amount was released by the State Government to he Board only in December 1984. The expenditure incurred by the Board to the end of September 1985 was only Rs. 34.47 lakhs including Rs. 11.05 lakhs spent on purchase of equipment for use in Operation Flood II areas, which was outside the purview of the scheme. Out of the assistance, an amount of Rs. 49.28 lakhs was diverted by the Board till February 1986 for its other activities. The diversion had been neither reported to nor got regularised by Government of India. Though the scheme was eligible for a further assistance of Rs. 15 lakhs as grant from the Government of India during Sixth Plan period, the Board did not move for it till the close of the Sixth Plan. Government stated (January 1987) that Government of India had since been moved for release of Rs. 15 lakhs as the scheme had been included in the Seventh Plan.

(5) *Progeny testing and selection of breeding bulls*

The scheme sanctioned in January 1980 aims at identifying bulls of superior breeding value of pure-bred exotic and cross-bred cattle through progeny testing. Against Rs. 54.37 lakhs released for the scheme by Government of India to the State Government during 1979-80 to 1984-85, the expenditure incurred to the end of 1984-85, was Rs. 53.89 lakhs. Under the scheme six progeny testing units were started at 4 centres.

In order to collect data for identifying superior bull mothers from which the male calves could be raised, milk recording of the cows was to be done under the scheme. The milk yield of each bull mother was to be recorded for its entire lactation period before its final selection as elite cow for raising male calves. During the lactation period large number of bull mothers were sold out and had, therefore, left the progeny testing area. In test check it was found that in Vaikom unit, out of 1,229 cows selected for milk recording during 1983-84, the recording could be completed only for 459 cows. Similarly during 1984-85, recording could be completed only in the case of 347 out of 720 cows. No effective steps were taken by the Board to prevent the migration of selected bull mothers. According to the norms fixed by the Board, the number of lactations to be recorded annually was 4,800 at the rate of 50 per recorder. Against this, the number of lactations recorded was 2,575 during 1982-83, 1,671 during 1983-84 and 1,704 during 1984-85.

(6) *Production of frozen semen*

The quantity of frozen semen required for use in the State during each year was not ascertained from the user departments. The targets for collection of semen was fixed by the Board on *ad hoc* basis every year after assessing the annual requirements of frozen semen based on flow of frozen semen to Artificial Insemination Centres in the previous year. According to experts, a bull in collection has a potential for producing 10,000 doses of semen per annum. However, the Board has estimated collection per bull at 8,500 doses in a year. The number of bulls maintained for collecting the targeted doses of semen was found to be largely excessive as shown below:—

Year	*Target fixed*	*Number of bulls required for producing targeted quantity of semen*	*Number of bulls actually maintained*	*Bulls maintained in excess*
1980-81	8,50,000	85	128	43
1981-82	9,00,000	90	157	67
1982-83	9,00,000	90	183	93
1983-84	10,00,000	100	157	57
1984-85	11,50,000	115	140	25

The average maintenance cost of a bull worked out to Rs. 8,560 per annum. At this rate, maintenance of excess bulls during the period 1980-81 to 1984-85 resulted in an extra expenditure of Rs. 2.44 lakhs.

The total collection of semen during 1980-81 to 1984-85 was 44.72 lakh doses against a production potential of 76.50 lakh doses. The quantity of frozen semen distributed during 1984-85 was 11.08 lakh doses. As at the end of March 1985, 11.29 lakh doses of frozen semen (estimated value: Rs. 79 lakhs) equal to 12 months' consumption were retained in stock. The retention of such a large stock involved extra expenditure on storage.

According to experts, a semen collection schedule is essential for maintaining sexual function of each bull in collection and semen can be collected from a bull at an interval of 3 to 4 days. On a test check it was noticed that (i) no collection schedule was maintained in the farm, (ii) number of effective collections from a bull in a month varied from 1 to 8, (iii) many of the bulls appeared for collection at odd intervals and (iv) semen was not collected on many days owing to shortage of staff, want of containers, etc. In Mattupatty farm, semen was not collected for 136 days during 1981-82 and 144 days during 1982-83.

(7) *Production of liquid nitrogen*

The Board maintains nitrogen plants to produce liquid nitrogen for preserving semen. Production of liquid nitrogen fell short of plant capacity during all the years from 1980-81 to 1984-85.

Against the optimum production capacity of 23.39 lakh litres for the years 1980-81 to 1984-85, the quantity of liquid nitrogen produced during the period was 13.52 lakh litres; the shortfall was 42 *per cent.* While the plant thus remained under-utilised, the Board purchased a quantity of 17,206 litres of liquid nitrogen (cost: Rs. 0.42 lakh) during 1980-81 to 1984-85 from outside agencies.

Aggregate loss of liquid nitrogen due to evaporation/handling increased from 13 *per cent* in 1981-82 to 24 *per cent* in 1984-85. In the case of Peermade plant, the loss rose from 12 *per cent* in 1980-81 to 29 *per cent* in 1984-85 In Muvattupuzha plant, the loss was about 28 *per cent* in all the years and was as high as 41 *per cent* during 1980-81 and 40 *per cent* during 1984-85.

(8) *Training*

A training centre was established at Mattupatty, in September 1975 for imparting training in the field of cattle breeding to technical persons from within and from outside the State. Of 2,291 courses targeted for the period 1979-80 to 1984-85, only 1,686 courses were conducted. The expenditure incurred was Rs. 6.53 lakhs. The fees prescribed for various courses were not collected in advance. A sum of Rs. 0.29 lakh towards fees for various courses conducted from March 1981 onwards was still pending recovery from outside agencies and individuals (January 1987).

(9) *Herd Book Organisation*

The scheme envisaged the establishment of a Herd Book Organisation which was to maintain a herd book as a consolidated history sheet of cows including lactation record. Against a target of 20,000 cows to be registered during 1983-84 and 1984-85 by the organisation, the actual number registered was 13, 517. During the period 1979-80 to 1984-85, a grant of Rs. 7.50 lakhs was released to the Board for the scheme. However, the expenditure incurred to the end of 1984-85 was only Rs. 2.55 lakhs and the balance was diverted by the Board for its other activities.

(10) *Fodder development activities*

Fodder development activities undertaken by the Board include production and supply of fodder seeds of improved species, multiplication of seeds through selected growers, demonstration of new varieties, transfer of technology to the extension agencies, etc. Out of grants totalling Rs. 28.65 lakhs paid to the Board during 1979-80 to 1984-85 for the scheme for 'Fodder seed farm and certified seed production', the expenditure incurred by the Board to the end of March 1985 was Rs. 23.68 lakhs. Reasons for the shortfall in expenditure are awaited from the Board.

For production of foundation seed, a fodder seed farm was established at Chundale (Wynad District) in 60 hectares of land allotted to the Board in 1979 by the Forest Department. Out of this, 16 hectares of land were brought under cultivation. In 1984, the farm was closed and the land was returned to Forest Department mainly on the ground that foundation seed required could be procured from Indo Australia fodder seed production farm at Bangalore and that climate in Chundale was not ideal for seed production. The total expenditure of Rs. 11.20 lakhs incurred on the farm up to 1983-84 thus did not fully serve the intended purpose.

(11) *Peermade farm*

From 1982-83 Peermade farm is functioning as a bull mother farm for the production of bull calves for breeding purposes. The number of bull calves obtained from the farm was 67 during 1982-83, 61 during 1983-84, 92 during 1984-85. The farm's contribution to the general stock of bull calves under the Board was below 30 *per cent* in all the years. The total expenditure on the farm during 1982-83 to 1984-85 was Rs. 52.42 lakhs, while the receipts amounted to Rs. 11.75 lakhs only.

Summing up

Following are the important points that emerge:—

— Utilisation certificates and statement of accounts for grants aggregating Rs. 5,07.18 lakhs paid to the Board had not been furnished to the Animal Husbandry and Dairy Development Departments.

— Against Rs. 1,30.50 lakhs received by the Board as loan from Government during 1976-77 to 1984-85 for its commercial activities, no amount had been repaid. Interest forgone on 2 loans worked out to Rs. 32.60 lakhs.

— Out of Rs. 85 lakhs received by the Board from Government of India for implementation of a cross breeding scheme outside Operation Flood II area, Rs. 11.05 lakhs were spent in Operation Flood II area. Further, an amount of Rs. 49.28 lakhs was diverted for other activities.

— The number of bulls maintained by the Board for collection of semen during 1980-81 to 1984-85 was excessive. The total collection of frozen semen during 1980-81 to 1984-85 was 44.72 lakh doses against a production potential of 76.50 lakh doses.

— Against the optimum production capacity of 23.39 lakh litres of liquid nitrogen, the aggregate quantity produced during 1980-81 to 1984-85 was 13.52 lakh litres. Loss of liquid nitrogen due to evaporation/wastage in handling increased from 13 *per cent* in 1981-82 to 24 *per cent* in 1984-85.

— For maintaining a consolidated history of cows including lactation record of cows, a 'Herd Book Organisation' was established. Against a target of 20,000 cows to be registered during 1983-84 and 1984-85 by the organisation, the actual number registered was 13,517. Though a grant of Rs. 7.50 lakhs was received by the Board for the scheme during 1979-80 to 1984-85, the amount spent was only Rs. 2.55 lakhs.

— A fodder farm established at Chundale in Wynad District in 1979 was closed down in 1984 after incurring an expenditure of Rs. 11.20 lakhs.

7.4. Sugandhagiri Cardamom Project

The Sugandhagiri Cardamom Project intended to settle 750 tribal families of South Wynad area and estimated to cost Rs. 1,60.86 lakhs was sanctioned in 1976 by Government as a fully assisted Centrally sponsored scheme for implementation over a period of 4 years from 1976-77. It envisaged organisation of a co-operative farm for cultivation of cardamom in an area of 1,500 hectares of vested forest lands on co-operative basis for uplifting the tribal families. Accordingly, a society named South Wynad Girijan Joint Farming Co-operative Society Limited was formed in February 1978 for implementation of the project. Prior to its formation, preliminary works were done in the area by a Project Administrator (in the rank of Deputy Collector), working under the overall supervision of District Collector.

The details of funds received by the society from Government and other sources and the expenditure incurred by it during the period 1978-79 to 1985-86 are given in the following table:—

Year	*Receipts*				*Expenditure (Rs. in lakhs)*
	From Government	*Sale of cardamom*	*Other sources*	*Institutional finance*	
	(in lakhs of rupees)				
1978-79 to 1981-82	2,64.21	7.16	10.51		2,81.88
1982-83 to 1985-86	1,38.43	1,25.78	0.47	96	3,21.81
Total	4,02.64	1,32.94	10.98	96	6,03.69

An audit review (conducted in April/May 1986 under Sections 14 and15 of the Comptroller and Auditor General's (Duties, Powers, and Conditions of Service) Act, 1971, of the implementation of the project revealed the following:—

(1) *Settlement of families*

Against a target of 750, the number of families settled in the project area was 715 (March 1986). This included 31 families belonging to non-tribals even though the project report approved by the Government of India envisaged only settlement of tribal families. The deviation has not been got ratified by the Government of India (May 1986).

(2) *Non-assignment of land to the settlers*

The project envisaged assignment of two hectares of land to each settler family for cardamom cultivation through a joint farming co-operative society. Though the society was registered on 15th February 1978, no land has been assigned to the settlers yet as a dispute about ownership of the land was pending in the Supreme Court.

(3) *Membership of the society*

The scheme envisaged enrolment of both husband and wife of the settler families as members of the society. Though 715 families were settled in the area, only 557 beneficiaries belonging to the settled families had become members of the society so far (October 1986). Membership of the society included 31 non-tribals also although under the scheme, membership was to be confined to tribals. Government stated (October 1986) that reluctance on the part of some of the settlers to pay share capital contribution was the reason for the shortfall in the number of members enrolled.

(4) *Revision of estimates and financing*

The project which was initially estimated to cost Rs. 1,60.86 lakhs was proposed to be financed from Central assistance (Rs. 58.26 lakhs) and institutional finance (Rs. 1,02.60 lakhs). The estimate was prepared on the expectation that the cardamom seedlings for planting would be supplied by the Cardamom Board. Expressing inability to supply the seedlings, the Board advised the Government to raise nurseries for producing seedlings. This necessitated revision of the estimate to Rs. 3,31 lakhs for implementing the project over a period of 7 years from 1976-77 to 1982-83. In order to extend the plantation programme upto 1983-84 and also to provide for items like electrification, acquisition of private lands, hospitals, schools, etc., the estimate was further revised to Rs. 4,33.75 lakhs in December 1979, and the span of the project was extended upto 1983-84. The revision was approved by the Planning Commission in November 1980. The project cost was revised further to Rs. 5,31.90 lakhs in November 1981, on account of escalation in cost.

The total expenditure on the project upto the end of 1985-86 was Rs. 6,50.15 lakhs including that incurred prior to formation of the society. The Central assistance received by the society for the project to end of March 1986 was Rs. 3,70.08 lakhs. In addition, a sum of Rs. 32.56 lakhs was provided for the project by the State Government by diversion of funds earmarked for 'Tribal sub Plan' under Agriculture Department. The balance expenditure (Rs. 96 lakhs) was met from institutional finance (Rs. 1,43.92 lakhs) and internal resources generated by the society mainly from the sale of cardamom.

The component-wise break-up of the revised estimate and expenditure is given below:—

Sl. no.	*Component*	*Estimate*	*Expenditure upto end of*	
			March 1984	*March* 1986
			(*Rupees in lakhs*).	
1.	Planting of cardamom including nurseries	1,55.25	2,26.09	3,04.38
2.	Staff	55.00	62.28	91.38
3.	Weather protection, medical, etc.	20.00	26.72	35.19
4.	Cultivation of other items	30.00	13.71	21.98
5.	Vehicles	7.00	17.81	21.13
6.	Housing for members and staff	1,18.00	65.08	65.27
7.	Communication	40.00	39.26	39.26
8.	Office Building	6.00	0.50	0.50
9.	Hospital	12.00	1.59	1.59
10.	Other items	88.65	62.22	69.47
	Total	5,31.90	5,15.26	6,50.15

The estimate of November 1981 had not yet been revised further although the expenditure upto March 1986 had exceeded it by Rs. 1,18.25 lakhs. Infrastructural works such as housing, hospital, etc., still remained to be completed (October 1986).

For financing the entire cost of raising plantation of cardamom and other crops, institutional finance of Rs. 1,55.25 lakhs was anticipated in the project reports of December 1979 and November 1981 as against Rs. 1,02.60 lakhs estimated in the original project report. Based on a request made by the society in 1979, the Kerala State Co-operative Central Land Mortgage Bank released to the society a loan of Rs.96 lakhs between June 1983 and September 1984 on a guarantee provided by the State Government. The delay in getting bank finance was stated to be due to the inability of the society to mortgage the land as a case about its ownership was pending in the Supreme Court. On account of the delay in getting institutional finance, almost the entire expenditure on plantation activities till 1983-84 was met by the society by diverting funds provided by Government of India for other activities.

(5) *Discrepancy in the progress reports*

According to monthly/annual reports furnished by the project officer/society to the State and Central Governments, the total area planted upto 1982-83 was 1,000 hectares. However, a survey conducted by a Bangalore firm between April 1981 and April 1982 in 5 units of the society showed that against plantation of 753 hectares reported in these units, the actual area of plantation was only 508.9 hectares.

A further survey conducted by the Superintendent of Survey and Land Records in May 1986 showed that the total area planted was only 789 hectares and that the balance area was mostly waste land. The details of land utilisation as disclosed by the survey are given in the following table:—

	Area utilised (in hectares)	*Area yet to be put to use (in hectares)*	
Plantation			
Cardamom	641	Grass	71
Coffee	104		
Pepper	2	Waste land	685
Pepper and Coffee	2		
Fuel trees	14		
Fuel trees Eucalyptus	26		
Total plantation area	789		
Office and other buildings	6		
Total area utilised	795	Total area not utilised	756

The survey revealed that the actual area under cardamom was only 641 hectares as against 1,000 hectares reported earlier. This would indicate that the progress reports sent by the society did not reflect the correct position.

Government stated (October 1986) that the project had already started a count of plants to ascertain the correct extent of plantation area and that it was expected to be completed shortly.

(6) *Manpower analysis*

Taking into consideration the low efficiency of tribal labourers, the project report had estimated the labour input required for the various operations in the plantation at a high level, compared to the norm followed by the Cardamom Board. The actual deployment of manpower was even higher as shown in the table below:—

Year	*Man power in terms of mandays per hectare*			*Percentage of excess*	
	Norm fixed by Cardamom Board	*Norm approved for the project*	*Actually utilised in the project*	*As compared to (2)*	*As compared to (3)*
(1)	(2)	(3)	(4)	(5)	(6)
I year	272	408	515	89	26
II Year	164	270	435	165	61
III Year	192	195	410	114	110
IV Year on wards	453	not mentioned	606	34	..

Government attributed (October 1986) the excess deployment of manpower to low out—turn of work by the society's settler labourers.

Further, the manpower utilisation was worked out by the project authorities taking 1,000 hectares as cardamom area. If the actual area of 641 hectares under cardamom as revealed by the latest survey report was taken as the basis, the actual manpower engaged per hectare would be higher by 56 *per cent* than that worked out by the project authorities for the first three years.

(7) *Target and achievement*

In regard to raising of plantation, the targets and achievements (March 1986) were as under:—

Plantation	*Target*	*Achievement*	*Percentage of achievement*
	(in hectares)		
Cardamom	1,000	641	64
Coffee	200	104	52
Fuel wood	100	40	40

In the revised project report (November 1981), the cost of planting cardamom upto 1983-84 was estimated at Rs. 1,55.25 lakhs. Against this, the expenditure actually incurred on cardamom plantation upto March 1984 was Rs. 2,26.09 lakhs. There was thus excess expenditure of Rs. 70.84 lakhs though the planted area was short of the target by 36 *per cent*.

(8) *Cost over-run*

In November 1984, the society computed its actual expenditure for cardamom planting and maintenance for the first four years as Rs. 29,000 per hectare, that is, nearly 3 times the norm of Rs. 10,350 per hectare envisaged at project report stage. The increase was ascribed by the society to increase in wage rates, increase in cost of planting materials and low out-turn by tribal labourers.

(9) *Heavy casualty in plantations*

According to norms in the project report, the cardamom plantation was to have about 1,000 plants in each hectare and the vacancy was not to exceed 10 *per cent* of the total planted. At this rate, the vacancy in the planted area of 641 hectares, should not have exceeded 64,100 whereas the number of plants utilised for gap filling was 5,13,208 during the period 1980-81 to 1985-86. The cost of the excessive gap filling, computed on the basis of rates estimated in the project report, worked out to Rs. 11 lakhs. One of the reasons for the heavy casualty was the use of planting materials without examining their suitability for the region. Though the society had the benefit of services of the officers from the Cardamom Board, there was no regular feedback on the suitability of different 'cultivars'. As a result, the plantation was raised with whatever seedling that could be procured from time to time and when the plantation reached bearing stage, large scale gap filling had to be done on account of high rate of casualty and low yield of surviving plants.

(10) *Disposal of excess seedlings*

The society earmarked 1.81 lakh seedlings for sale to outsiders from 1981-82 secondary nursery. The planting season expired by the end of June and only 10,397 seedlings could be sold up to July 1981. While forwarding the progress report for June 1981, the Chief Plantation Officer had stressed the need for urgent action to open up new areas for utilising the balance seedlings to avoid huge loss due to non-utilisation of seedlings. In the monthly progress report for August 1981, it was stated that the excess seedlings were being planted in between plants in immature areas for being thinned later if found over-crowded and that a six hectare cardamom enclave in 5th unit was being developed for utilising a portion of the excess seedlings. The expenditure incurred on raising the excess seedlings, interplanting and subsequent thinning was largely avoidable.

The following points are noteworthy:—

(a) No records of the nurseries maintained were produced by the society for audit scrutiny. The society also did not furnish to Audit, information regarding number of seedlings produced in primary nursery, number of seedlings transferred to secondary nursery, nature of disposal of seedlings from the secondary nursery, etc; though called for in April 1986.

(b) In a report to District Collector, Wynad the Project officer pointed out (July 1982) that there were complaints that best seedlings were sold away and that sub-standard seedlings were planted in the project area.

(11) *Production of cardamom*

According to the project report, both soil and climatic conditions of the area were conducive to cardamom cultivation. In the project report it was estimated that the production of cardamom per hectare would be 35 kg.in the 3rd year, 100 kg. in the 4th year and 125 kg. annually thereafter. At this rate, the yield anticipated in the project report to the end of 1984-85 from 1,000 hectares of plantation was 242.50 tonnes. Taking the estimated production proportionate to the reduced area of 641 hectares of actual plantation, the minimum yield that ought to have been obtained was 155.44 tonnes. Against this, the actual yield to the end of 1984-85 was only 36.50 tonnes.

The maintenance cost of cardamom plantation (excluding establishment charges which worked out to Rs. 12 lakhs per annum) was Rs. 44.69 lakhs during 1984-85 and Rs. 33.60 lakhs during 1985-86. Against this, the income from plantation was Rs. 37.27 lakhs during 1984-85 and Rs. 41.62 lakhs during 1985-86. Government attributed (October 1986) the shortfall to severe crash in prices after 1983-84.

(12) *Working results of the project*

According to the provisional balance sheet as on 31st December 1985 prepared by the society, the project had incurred an accumulated loss of Rs. 3,55.97 lakhs. Government attributed (October 1986) the loss to the sluggish growth of cardamom crop and heavy overheads.

(13) *Arrears in repayment of loan*

The provisional balance sheet of the society as on 31st December 1985 indicated that an amount of Rs. 20.90 lakhs which had fallen due for payment to the Kerala Land Mortgage Bank during 1984-85 and 1985-86 towards interest and repayment of principal had not been paid.

Further, according to the principles of allocation of funds released by the Government of India, 50 *per cent* of the amount released to the State Government upto 1980-81 and 90 *per cent* of the funds released thereafter were to be treated as grant and the balance as loan. On this basis, Rs. 1,07.75 lakhs were to be treated as loan to the State Government. However, the State Government have not issued any orders for apportioning the assistance given to the society as share capital contribution, grant and loan.

(14) *Construction of houses*

In terms of the project report, each family settled in the area was to be provided with permanent residential houses with drinking water supply, sanitary arrangements, electricity, etc. The expenditure on construction of houses to end of 1985-86 was Rs. 46.36 lakhs against Rs. 95 lakhs provided in the project report. Only 226 families have so far been provided with permanent houses. In addition, 180 families have been accommodated in thatched sheds. Permanent houses remained to be provided for more than 60 *per cent* of the members/settlers. The project authorities could not indicate whether the remaining families had been provided with shelters.

Government stated (October 1986) that all the 715 families settled in the project had been provided with either permanent or temporary sheds and that in certain cases two or more families were residing in one house. Eighty houses under flood relief scheme and 10 houses under RLEGP* scheme were stated to be nearing completion. Two hundred more houses had also been proposed to be constructed in the coming years under RLEGP scheme. No register of buildings with details of occupants was being maintained.

Contracts for construction of 400 houses were awarded to 5 contractors in 1978-79 without inviting tenders and without verifying their financial soundness. It was stipulated that the construction was to be completed

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* Rural Landless Employment Guarantee Programme.

within 2 months of the award of contract. Rupees 8.3 lakhs representing 80 *per cent* of the contract amount in four cases and 20 *per cent* in one case were paid to the contractors as advance. However, only 10 houses (5 duplex) were completed by them. As regards the remaining houses, the work done was nil or negligible. The advance outstanding against them after adjusting the value of work done amounted to Rs. 7.20 lakhs. The extra cost on making alternative arrangement for completing the remaining houses, was estimated at Rs. 5.12 lakhs. For recovering the outstanding advance and extra cost, the society filed arbitration cases before Deputy Registrar of Co-operative Societies in 1983. The cases are still pending.

Despite the poor progress in the construction of 400 houses, three of the contractors were given (October 1979 and December 1979) new contracts for construction of 150 additional houses and were paid Rs. 8.30 lakhs as 20 *per cent* advance. None of the four contractors executed any part of the new work and the society had to treat the advance paid for the new work also as additional advance under the original contract.

One of the contractors who received an advance of Rs. 0.35 lakh in April 1979 did not do any work and his movable properties worth Rs. 0.06 lakh were attached in January 1980. As his whereabouts were not known, the society could take no action for realising the balance due.

(15) *Construction of 32 bedded hospital*

The society decided to construct a 32 bedded hospital (estimate: Rs. 6.60 lakhs) for the benefit of the settlers on the assumption that Plantation Labour Act applied to them. The contract for the work was awarded to the lowest tenderer for Rs. 11.41 lakhs in January 1981. After executing the work up to the basement level, the contractor discontinued the work from June 1981. The Managing Director of the society terminated the contract at the risk and cost of the contractor in June 1982. However, the District Collector reversed the order in February 1983 and absolved the contractor of the liability for balance work. On an appraisal made by the society in August 1982, it was found that the construction could be pruned as the settlers were owners of the land and not mere labourers and the Plantation Labour Act did not, therefore, apply to them. Accordingly, it was decided (November 1985) by the project authorities to construct a 6 bedded hospital instead of the 32 bedded hospital originally planned. As a result, a major portion (approximately Rs. 1.10 lakhs) of the expenditure already incurred on the construction had become infructuous. The work as pruned has not been resumed (May 1986).

(16) *Monitoring*

Government stated (October 1986) that the project started during 1976-77 was one of the earliest projects taken up under WGDP* and that its project formulation was imperfect and monitoring ineffective.

Summing up

—Number of families settled in the project was 715 against a target of 750. No land has been assigned to the settlers though envisaged in the scheme.

—Thirty-one non-tribals were admitted to a co-operative society formed for implementation of the scheme, though the scheme was to be confined to tribals.

—Against an estimated cost of Rs. 5,31.90 lakhs, the total expenditure on the project up to 1985-86 was Rs. 6,50.15 lakhs.

—Though the society had reported thousand hectares as having been brought under cardamom plantation up to 1982-83, a survey showed that the actual area of cardamom was only 641 hectares.

—The manpower employed in the project was excessive compared to the norms of the Cardamom Board and the liberal norms adopted in the project report.

—The expenditure on cardamom planting was three times the norm specified in the project report.

—Casualty of cardamom seedlings worked out to 8 times the norm which was highly excessive.

—There was excess production of seedlings in the nurseries, resulting in avoidable expenditure and wastage.

—The production of cardamom fell short of the norms assumed in the project report. Against a production of 242.50 tonnes from 1,000 hectares estimated in the project report to the end of 1984-85, the production was only 36.50 tonnes from 641 hectares actually planted.

—The accumulated loss of the society as at the end of December 1985, amounted to Rs. 3,55.97 lakhs.

—Only 226 out of 715 families settled in the area had been provided with houses.

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*Western Ghats Development Programme

—The contractors to whom the construction of 400 houses was entrusted, had abandoned the work after completing 10 houses. The amount pending recovery from them was Rs. 12.32 lakhs.

—After constructing the foundation and basement for a 32 bedded hospital, the society decided to prune its size to a 6 bedded hospital. This has rendered an expenditure of Rs. 1.10 lakhs largely infructuous.

INDUSTRIES DEPARTMENT

7.5. Kerala Mineral Exploration and Development Project

Kerala Mineral Exploration and Development Project was started in April 1977 as a departmental unit with the Director of Mining and Geology as Ex-officio Director for conducting intensive exploration and economical evaluation of known and partially developed mineral resources of the State. In September 1979, it was merged with the Centre for Earth Science Studies (CESS). During the years 1980-81 to 1984-85, Government paid Rs. 1,09.30 lakhs to CESS as grants for the project. An audit of the accounts of the CESS under Section 14 of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971 conducted during February—March 1986 revealed the following points about the working of the project:—

(i) Though the project was functioning as a unit of CESS from September 1979 and the grants for the project were paid to CESS, the transactions of the project were not incorporated in the accounts of CESS. Also, the value of assets of the project on the date of merger had not been assessed and incorporated in the accounts of CESS. The accounts of CESS did not, therefore, portray the correct position.

(ii) The project document contemplated that on confirmation of techno-economic feasibility of mineral deposits by the project, Government would set up public sector units for commercial exploitation of minerals and creation of primary and secondary employment. Information about the number of techno-economic feasibility reports submitted to Government by the project so far and follow-up action taken thereon is awaited (January 1987).

(iii) Contingent advances were paid to officers of the project for meeting field expenses. There was, however, no system to watch receipt of accounts of the expenses and adjust the advances. As on 31st March 1985, an amount of Rs. 0.80 lakh was shown as pending adjustment. Government stated (January 1987) that most of the officers had submitted their vouchers in respect of the advances and that due to paucity of staff and frequent changes of staff the accounts could not be processed in time.

(iv) In the following cases, the lowest offers were not accepted while effecting purchases:—

(a) In March 1983, orders were placed with (i) a Madras firm for the supply of wire line diamond bits and reaming shells (cost: Rs. 1.10 lakhs) and (ii) a Bombay firm for Diamond Core Drilling Machinery Association (DCDMA) bits (cost: Rs. 0.82 lakh). The supplies were received during June-July 1983 and Rs. 1.40 lakhs and Rs. 1.04 lakhs respectively, were paid to the firms including excise duty and Central sales tax. It was, however, seen that in response to quotations invited by the project, another Bombay firm had quoted lower rates (Rs. 0.72 lakh and Rs. 0.74 lakh) for the items, stating that it had supplied diamond bits for Rs. 75 lakhs during 1982-83 to the Geological Survey of India. The extra expenditure due to rejection of the lower offer worked out to Rs. 0.58 lakh including excise duty and Central sales tax.

(b) The project purchased 47 numbers of 600 x 16 Nylon 8 PR tyres and tubes and 20 numbers of 750 x 16 Nylon 10 PR tyres and tubes for its vehicles during March 1984 for Rs. 0.89 lakh from firm 'A', observing that nylon tyres were essential to meet the road conditions and rejecting the offer of another firm 'B' to supply the items (with rayon tyres) for Rs. 0.55 lakh. It was seen that (i) the project had purchased rayon tyres during 1982 as Drilling Engineer had found them suitable for field use and (ii) the quotations invited by the project in February 1984 did not specify the nature of the tyre as nylon. In the circumstances, there was no justification for ignoring the lower offer for the supply of rayon tyres. The purchase of nylon tyres in preference to cheaper rayon tyres resulted in an extra expenditure of Rs. 0.34 lakh. Further, out of 67 nylon tyres purchased in March 1984, 21 tyres (cost: Rs. 0.25 lakh) had not been used yet (January 1987).

(c) Out of three quotations received for the supply of 7 items of impregnated bits required for drilling operations, the lowest offer (Rs. 0.79 lakh) of a Bombay firm was rejected and the highest offer (Rs. 1.26 lakhs) of a Madras firm was accepted, on the plea that earlier supplies from the latter firm were good. Orders for the tender items were placed on the Madras firm in April 1984. Orders for the supply of 8 numbers each of 2 other bits were also included in the supply order though they were not mentioned in the quotation notice. The supply was completed in June 1984 at a total cost of Rs. 2.10 lakhs, including taxes and duties. Compared to the cheaper offer of the Bombay firm, the extra expenditure on the purchase from the Madras firm amounted to Rs. 0.47 lakh. It was further seen that out of 60 numbers of drill bits purchased, 21 numbers (cost: Rs. 0.69 lakh) had not been put to use so far (December 1986).

SECTION III

7.6. Grants and loans for specific purposes

Where any grant or loan is given for any specific purpose from the Consolidated Fund, Section 15 of the Comptroller & Auditor General's (Duties, Powers and Conditions of Service) Act, 1971, provides for scrutiny by Audit of the procedure by which the sanctioning authority satisfies itself as to the fulfilment of the conditions governing such grants and loans.

Important points noticed on a scrutiny under Section 15 are given in the succeeding paragraph.

REVENUE DEPARTMENT

7.7. Financial assistance to Kerala Wakf Board

Mention was made in paragraph 7.5 of the Report of the Comptroller and Auditor General of India for the year 1984-85 (Civil) about a special grant of Rs. 15 lakhs sanctioned to the Kerala Wakf Board in November 1984 for its social welfare activities. The utilisation certificate in respect of the grant,which was disbursed in March 1985, has not been furnished by the Board yet (July 1986).

Another special grant of Rs. 15 lakhs was sanctioned to the Board in September 1985 for its social welfare activities though there was no written application from the Board. The grant was disbursed to the Board on 30th March 1986 by crediting the amount to the Personal Deposit Account maintained by the Board in District Treasury, Ernakulam.

No bond or agreement had been obtained as required in Note 3 below article 211 of Kerala Financial Code Volume I, from the Board for ensuring proper utilisation of the grant or its refund in the event of non-utilisation/misutilisation.

Government stated (December 1986) that the grant was to be utilised by the Board for social welfare activities under a scheme approved by Government in November 1985. Particulars of utilisation are awaited (February 1987).

SECTION IV

LOCAL ADMINISTRATION DEPARTMENT

7.8. Kerala Water Authority

7.8.1. *Non-finalisation of accounts*

Under an Ordinance promulgated on 1st February 1984, Government constituted the Kerala Water Authority with effect from 1st April 1984 for the development and regulation of water supply and waste water collection and disposal. The assets and liabilities of the erstwhile Public Health Engineering Department were vested in the Authority from that date. The Ordinance was extended from time to time and was later replaced by an Act, namely, Kerala Water Authority Act, 1986.

The Ordinance/Act empowered Government to make grants, subventions, capital contributions, loans, etc., to the Authority. The total amount thus paid by Government to the end of 1985-86 amounted to Rs. 77.67 crores (capital contribution: Rs. 40.86 crores; grant in aid: Rs. 20.76 crores; loans: Rs. 12.50 crores; assistance for drought relief works: Rs. 3.55 crores). The accounts of the Authority have not been finalised. Further, necessary adjustments in the accounts to reflect the transfer of assets and liabilities from the Government to the Authority have not been carried out yet (December 1986).

7.8.2. *Purchase of a foreign car*

In April 1984, the Kerala Water Authority (the Authority) decided to purchase from the State Trading Corporation of India or from the open market a good foreign car at a cost not exceeding Rs. 5 lakhs, for use by the Authority's Chairman and very important guests including those from the World Bank. Accordingly, a Benz car (1977 model 200 D) was purchased by the Authority through the Kerala Tourism Development Corporation Limited (KTDC) at a cost of Rs. 4.9 lakhs. The car had run a distance of 1,71,621 km. till it was received by the Authority in September 1984. The registration of the car was yet to be transferred in the name of the Authority (February 1987). Up to November 1984, the Authority spent Rs. 0.54 lakh on repair charges of the car.

The car met with an accident on 16th November 1984. The Authority, in November 1984, approached the Insurance Company with whom the car stood insured, to meet the repair charges of the vehicle. The latter informed (March 1985) the Authority that the policy stood in the name of India Tourism Development Corporation (ITDC) and that under the policy condition, the claim was not payable as the insurant had sold out the car. The car which was sent to a private workshop in November 1984 for repairs had not been got back after repairs yet (February 1987). The cost of the repair was estimated at Rs. 1.69 lakhs in 1984.

On further enquiry by Audit, it transpired that:

(i) the car was purchased by the ITDC in 1977 for Rs. 2,85,437; and

(ii) the car stood insured for Rs. 1.75 lakhs and was disposed of by the ITDC in 1984 to a private party in Bangalore for Rs. 3,27,101.

There was no indication as to how the Authority had satisfied itself about the reasonableness of the price of Rs. 4.9 lakhs paid by it and why the Authority could not directly negotiate with the ITDC. The Authority also did not take prompt action to get the ownership and insurance rights transferred to it or take a fresh policy for 1984-85. As a result, the Insurance Company had declined to bear the cost of repairs. As regards the delay in transfer of registration and taking insurance cover, the Authority stated (October 1986) that the necessary documents required for registration of the vehicle could be obtained only after protracted correspondence and that even thereafter the registration was further held up owing to inability of the Authority to produce the vehicle in working condition before the Registering Authorities on account of the delay in carrying out the repairs.

Government in the Local Administration Department confirmed the facts in the paragraph and stated (December 1986) that the Authority had no information about the transactions pertaining to the car, prior to its purchase. Government have not, however, clarified why the Authority/KTDC could not purchase the car directly from the ITDC.

Trivandrum,
The 3 APR 1987

(ANANDA SHANKAR)
Accountant General (Audit), Kerala.

Countersigned

T. N. Chaturvedi

New Delhi,
The 16 APR 1987

(T. N. CHATURVEDI)
Comptroller and Auditor General of India.

APPENDICES

APPENDIX 2.1

Grants/charged appropriations where excess requires regularisation

(Reference: Paragraph 2.2.03 at page 14)

Sl no.	*Number and name of grant*	*Total grant*	*Expenditure*	***Excess***
	(a) **Grants**	Rs.	Rs.	**Rs.**
		REVENUE SECTION		
1.	I—State Legislature	1,38,88,000	1,39,39,720	**51,720**
2.	III—Administration of Justice	10,63,19,200	10,77,48,877	**14,29,677**
3.	VI—Land Revenue	18,69,78,600	19,83,09,523	**1,13,30,923**
4.	VII—Stamps and Registration	5,48,49,600	5,62,10,457	**13,60,857**
5.	XI—District Administration and Miscellaneous	9,29,27,900	9,36,74,663	**7,46,763**
6.	XII—Police	58,82,78,600	59,22,50,011	**39,71,411**
7.	XIV—Stationery and Printing and Other Administrative Services	11,02,63,100	13,92,04,038	**2,89,40,938**
8.	XVI—Pensions and Miscellaneous	1,09,76,78,800	1,19,73,26,428	**9,96,47,628**
9.	XVII—Education, Art and Culture	3,82,01,81,700	4,16,31,49,609	**34,29,67,909**
10.	XXIV—Information and Publicity	1,98,51,900	2,08,90,207	**10,38,307**
11.	XXV—Labour and Employment	19,18,63,900	21,15,89,029	**1,97,25,129**
12.	XXVI—Social Welfare including Harijan Welfare	72,25,83,000	73,60,78,872	**1,34,95,872**
13.	XXXII—Animal Husbandry	11,04,09,800	11,30,71,692	**26,61,892**
14.	XXXIII—Dairy	2,17,76,100	2,32,46,867	**14,70,767**
15.	XXXIX—Irrigation	25,48,12,700	27,41,88,116	**1,93,75,416**
16.	XLII—Transport	3,32,78,600	3,41,12,784	**8,34,184**
		CAPITAL SECTION		
17.	XVIII—Medical	4,51,75,000	4,96,53,013	**44,78,013**
18.	XXXIII—Dairy	14,98,600	15,02,942	**4,342**
19.	XXXIX—Irrigation	69,31,61,600	72,09,96,519	**2,78,34,919**
20.	XLI—Ports	2,04,67,000	2,15,81,595	**11,14,595**
	(b) **Charged appropriations**			
		REVENUE SECTION		
21.	III—*Administration of Justice*	*1,24,21,300*	*1,27,99,409*	***3,78,109***
22.	*Debt Charges*	*1,21,84,28,300*	*1,27,45,38,834*	***5,61,10,534***
		CAPITAL SECTION		
23.	XVII—*Education, Art and Culture*	*1,04,600*	*1,15,112*	***10,512***
24.	*Public debt Repayment*	*9,40,74,32,800*	*9,42,89,09,761*	***2,14,76,961***

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APPENDIX 2.2

Injudicious re-appropriation of funds

(Reference: Paragraph 2.2.09 at page 22)

Sl. no.	*Number and name of grant and head of account*	*Provision (original plus supplementary)*	*Reappropriation*	*Total grant*	*Actual expenditure*	*Excess (+) Saving (—)*
					(in lakhs of rupees)	
	XV—Public Works					
1.	337 (M) 1. Ordinary repairs and renewals of communications (Non-Plan)	1140.35	(—) 200.00	940.35	1012.71	(+) 72.36
2.	537 (f) 7—Village Roads New construction (Plan)	908.00	(—) 185.72	722.28	848.44	(—) 126.16
	XVI—Pensions and Miscellaneous					
3.	266A (a) 1. Pension to Kerala Government Pensioners (Non-Plan)	5795.00	(—)1650.53	4144.47	5065.28	(+)920.81
	XVII—Education, Art and Culture					
4.	277—E(d) 1. Teaching Grant (Non-Plan)	3215.95	(—)374.09	2841.86	2970.00	(+)128.14
	XVIII—Medical					
5.	280—A(f) 2. Dispensaries (Non-Plan)	583.03	(—)24.41	558.62	630.66	(+)72.04
	XIX—Family Welfare					
6.	281 (f)1. I. U. C. D. (Plan)	200.00	(—)120.00	80.00	109.60	(+)29.60
7.	281(f)2. Tubectomy (Plan)	200.00	(—)120.00	80.00	252.16	(+)172.16
	XXVII—Relief on account of natural calamites					
8.	289—B(b) Repairs and restoration of damaged irrigation and flood control works (Non-Plan)	1620.00	(—)400.00	1220.00	1268.56	(+)48.56
	XXVIII—Co-operation					
9.	498 (d) 1 and 2 Primary and Apex processing societies-Investment (Plan)	5.00	(+)26.22	31.22	3.32	(—)27.90
	XXX—Agriculture					
10.	305(a) 2—Superintendence Regional District Control (Non-Plan)	82.43	(—)25.98	56.45	66.73	(+)10.28
	XXXVII—Community Development					
11.	314.C (i) 3—Implementation of Integrated Rural Development Programme in all blocks except command area development blocks (Centrally sponsored scheme-50% Central assistance)-Plan	974.00	(—)472.05	501.95	761.45	(+)259.50
	XXXIX—Irrigation					
12.	333—B(c). Suspense	1058.00	(—)133.36	924.64	1082.37	(+)157.73

APPENDIX 2.3

Particulars of defects noticed in regard to control of expenditure by Chief Controlling Officers

(Reference: Paragraph 2.3.02 at page 26)

Description of grant	*Name of Chief Controlling Officer*	*Nature of defects*
XX—Public Health	(i) Director of Health Services	A, B, C, D, E, F
	(ii) Drugs Controller	A, B, C, D, E, F
	(iii) Chemical Examiner to Government	B. C, D, E, F
XXX—Agriculture	(i) Director of Agriculture	B. C. D
	(ii) Director, SADU	B. C. D
	(iii) Director of Agriculture (Soil Conservation Unit)	A, B, C, D, E
	(iv) Director, Ground Water Department	C, E, F
XXXI—Food	(i) Director of Social Welfare	C, E
	(ii) Director of Civil Supplies	B, C, E, D,
XXXV—Forest	Chief Conservator of Forests (Development)	C, G
XXXVII—Community Development	Secretary, Rural Development Department	B, C, D

A. Non-receipt of monthly statement of expenditure from subordinate controlling officers.

B. Non-maintenance/defective maintenance of register of expenditures and liabilities.

C. Non-maintenance/defective maintenance of liability register.

D. Non-maintenance/defective maintenance of consolidated register of expenditure and liabilities.

E. Non-furnishing of monthly returns to Government showing progressive expenditure.

F. Non-completion of reconciliation of departmental figures.

G. Non-preparation of expenditure statements in forms KBM 19,20 and 21 prescribed for Forest Department.

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APPENDIX

Comprehensive Coconut

Targets and achievements

(Reference:

	Cutting and removing uneconomic palms		*Supply of quality seedlings at subsidised rates*		*Supply of green manure seeds*	
	Numbers		*Numbers*		*Tonnes*	
	Target	*Achievement (and its percentage in brackets)*	*Target*	*Achievement (and its percentage in brackets)*	*Target*	*Achievement (and its percentage in brackets)*
1980-81	2,00,000	2,09,756 (105)	3,86,100	41,393 (11)	30.200*+	30.200 (100)
1981-82	2,28,000	1,44,700 (63)	3,42,300	1,88,000 (55)	66	9.746 (15)
1982-83	2,20,000	69,600 (32)	2,20,000	69,600 (32)	80	13.030 (16)
1983-84	1,18,000	9,400 (8)	1,80,000	5,800 (3)	80	0.496 (1)
1984-85	78,942	1,147 (1)	78,942	..	39	..
Total	8,44,942	4,34,603 (51)	12,07,342	3,04,793 (25)	295.200	53.472 (18)

* As no targets were shown for 1980-81 in these cases, the achievements have been

. . 1

Development Programme

under various components

Paragraph 3.3.4 at page 77)

Supply of soil ameliorants		*Supply of fertilisers*		*Irrigation units installed*	
Tonnes		*Number of palms*		*Numbers*	
Target	*Achievement (and its percentage in brackets)*	*Target*	*Achievement (and its percentage in brackets)*	*Target*	*Achievement (and its percentage in brackets)*
143*	143 (100)	3,86,100	..	4,000	6,043 (151)
670	477 (71)	..	..	4,000	4,160 (104)
800	135.682 (17)	19,098	19,098 (100)	4,500	3,310 (74)
800	..	38,000	..	4,500	1,454 (32)
390	..	2,090	..	2,350	200 (9)
2,803	755.682 (27)	4,45,288	19,098 (4)	19,350	15,167 (78)

adopted as the targets for the purpose of working out the overall achievements.

APPENDIX 3.2

Department-wise details of cases of misappropriation, losses, etc.

(*Reference: Paragraph* 3.10 *at page* 110)

Sl. no.	*Name of the Department*	*Number*	*Amount (in lakhs of rupees)*
I.	Agriculture Department		
	1. Agriculture	13	1.72
	2. Animal Husbandry	5	2.47
	3. Dairy Development	1	0.11
II.	Forest, Environment and Wild Life Department	11	2.52
III.	General Education Department	11	6.02
IV.	Higher Education Department	6	1.41
V.	Labour and Rehabilitation Department	1	0.32
VI.	Social Welfare Department	1	0.02
VII.	Taxes Department		
	1. Agricultural Income tax and Sales Tax	6	0.15
	2. Excise	2	0.33
	3. Registration	2	0.03
VIII.	Public Works and Transport Department		
	1. Public Works	9	9.78
	2. Motor Vehicles	2	0.91
IX.	Finance Department		
	1. Lotteries	1	0.90
	2. Treasuries	8	0.82
X.	Health Department		
	1. Health	11	3.47
	2. Medical	3	3.42
XI.	Fisheries and Ports Department Fisheries	1	0.06
XII.	Local Administration Department	2	0.33
XIII.	Revenue Department	52	11.16
XIV.	Rural Development Department	17	5.18
XV.	Industries Department	1	0.17
XVI.	Scheduled Castes and Scheduled Tribes Development Department	3	0.24
XVII.	Home Department		
	1. Police	4	0.25
	2. Judiciary	4	0.22
XVIII.	Irrigation Department	11	5.70
	Total	188	57.71

APPENDIX 3.3

Writes off and waivers

(*Reference: Paragraph* 3.11 *at page* 111)

Sl. no.	*Name of Department*	Writes off* *No. of cases*	Writes off* *Amount (in lakhs of rupees)*	Waivers* *No. of cases*	Waivers* *Amount (in lakhs of rupees)*
I.	Agriculture Department				
	1. Agriculture	248	1.50	..	..
	2. Animal Husbandry	2	0.16	..	..
	3. Dairy Development	3	0.01	..	..
II.	Finance Department	3	0.46	..	..
III.	Fisheries and Ports Department				
	1. Ports	..	..	2	0.07
	2. Fisheries	4	0.66	..	..
IV.	Food Department	14	0.59	..	..
V.	Forest Environment and Wild Life Department	3	0.19	..	..
VI.	General Administration Department	1	0.07	..	..
VII.	General Education Department	12	0.15	2	0.11
VIII.	Health Department				
	1. Health Services	12	2.81(A)	..	..
	2. Medical Education	23	3.62(B)	..	..
	3. Indian Systems of Medicine	14	0.18	1	0.01
IX.	Higher Education Department				
	1. Collegiate Education	10	0.28	1	0.05
	2. Stationery	1	0.01	..	..

(A) Includes Rs. 1,72,868 being book value of condemned and unserviceable articles in District Hospital, Cannanore and Government Hospital, Badagara and Rs. 79,058 being the cost of time-expired medicines in District Medical Stores, Alleppey and Calicut.

(B) Includes Rs. 1,90,131 being book value of condemned linen and unserviceable articles in Medical College, Calicut.

APPENDIX 3.3—*Concld.*

Sl. no.	*Name of Department*	*Writes off** *No. of cases*	*Writes off** *Amount (in lakhs of rupees)*	*Waivers** *No. of cases*	*Waivers** *Amount (in lakhs of rupees)*
X.	Home Department				
	1. Jails	5	0.06	..	..
	2. Police	6	0.09	..	..
XI.	Housing Department	..	..	1	0.10
XII.	Industries Department	5	0.20	2	0.55
XIII.	Irrigation Department	4	0.96(C)	..	..
XIV.	Labour and Rehabilitation Department	1	0.01	..	..
XV.	Public Works and Transport Department	13	2.77	1	0.05
XVI.	Scheduled Castes and Scheduled Tribes Development Department	18	0.16	..	..
XVII.	Rural Development Department	4	0.05	1	0.20
	Total	406	14.99	11	1.14

(C) Includes Rs. 94,630 being the cost of materials found short in the store of Minor Irrigation Division, Ernakulam.

* The details for 1985-86 are still awaited from:

1. The Motor Accidents Claims Tribunal, Trivandrum.
2. The Registrar of Co-operative Societies, Trivandrum.

APPENDIX 4.1

Volume of timber transactions in 10 depots during 1982-83 to 1984-85

(*Reference: Paragraph* 4.9 *at page* 122)

Name of depot	*Volume of transactions*					
	1982-83		1983-84		1984-85	
	Receipt	*Disposal*	*Receipt*	*Disposal*	*Receipt*	*Disposal*
			(*in cubic metres*)			
Thenmala	7,298	8,150	66	4,077	441	1,819
Maravanchira	3,356	6,700	..	3,646	..	..
Shenkottah	148	634	196	457	4,356	288
Thirumala	1,187	3,278	292	383	528	29
Angamuzhi	5,801	10,909	2,725	1,425	3,457	3,812
Nedumgayam	3,943	4,641	187	2,261	248	433
Nenmara	981	654	963	1,127	147	262
Kannoth	11,212	7,347	1,020	7,540	379	463
Chalakudy	380	3,215	179	126	37	117
Trichur	6,956	9,024	43	358	..	6

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