

EIGHTH KERALA LEGISLATIVE ASSEMBLY

Eighth Session*

BULLETIN—PART I

(Brief record of proceedings)

Friday, August 4, 1989

No. 213

The Assembly met at 8.30 a. m. with Madam Deputy Speaker in the Chair.

Questions :

Five questions in the list of questions posted for the day were answered orally.

Calling Attention :

1. Shri K. P. Viswanathan called the attention of the Minister for Irrigation to the serious situation reported to have arisen consequent on non-commissioning of the Chimony Irrigation Project. The Minister made a statement thereto.

2. Shri Mammen Iype called the attention of the Minister for Food and Civil Supplies to the difficulties reportedly being experienced by cooking gas consumers of the State due to difficulty in getting new gas connection and due to the scarcity of cooking gas. The Minister made a statement thereto.

Papers laid on the Table :

The following papers were laid on the table:—

1. Appropriation Accounts of the Government of Kerala for the year 1987-88.
2. Finance Accounts of the Government of Kerala for the year 1987-88.
3. Report of the Comptroller and Auditor General of India for the year 1987-88 (Civil), Government of Kerala (No. 3 of 1989).

Presentation of Report :

The Report of the Subject Committee on the Kerala District Administration (Amendment) Bill, 1989 was presented.

GPT/2/3818/89/B.

Private Members' Business :

(1) The Thirty-first Report of the Committee on Private Members' Bills and Resolutions was adopted.

(2) (i) Shri V. M. Sudheeran moved for leave to introduce the Kerala Public Men Corruption (Investigations and Inquiries) Amendment Bill, 1989 given notice of by him. Smt. K. R. Gouri Amma, Minister for Industries and Social Welfare made a statement opposing the motion. Then the mover was permitted to make a brief explanatory statement. The statement was not concluded.

(ii) Shri M. V. Mani moved for leave to introduce the Kerala Bamboo Workers' Welfare Fund Bill, 1989 given notice of by him. Since the motion was opposed, the mover was permitted to make a brief explanatory statement. The statement was not concluded.

Resolution :

Discussion on Resolution No.1 given below moved by Shri K. J. Thomas on July 28, 1989 was resumed.

“കേരളത്തിലെ ചെറുകിട റബ്ബർ, തേയില, ഏലം, കാപ്പി തോട്ടങ്ങളിൽ ജോലിചെയ്യുന്ന തൊഴിലാളികൾക്ക് ക്ഷേമനിധി ഏർപ്പെടുത്തണമെന്ന് ഈ സഭ ഗവൺമെന്റിനോട് അഭ്യർത്ഥിക്കുന്നു”.

After discussion and reply by the Minister for Labour, the Resolution was withdrawn by leave of the House.

(ii) Shri K. J. Thomas moved Resolution No. 2. The resolution was as follows :

“ഈ വർഷത്തെ അതിരൂക്ഷമായ പേമാരിയും ഉരുൾപൊട്ടലും കൊടുങ്കാറ്റും വെള്ളപ്പൊക്കവുംമൂലം സംസ്ഥാനത്ത് എഴുപതോളം പേർ മരണമടയുകയും നിരവധി പേർക്ക് പരുക്കുപറ്റുകയും ആയിരക്കണക്കിന് വീടുകളും സ്ഥാപനങ്ങളും തകർന്നു തരിപ്പണമാവുകയും കാർഷിക മേഖല ആകെ നശിക്കുകയും ചെയ്തതുവഴി, പ്രാഥമിക കണക്കനുസരിച്ചുതന്നെ 520 കോടി രൂപയുടെ നാശനഷ്ടങ്ങൾ ഉണ്ടായിരിക്കുകയാൽ അടിയന്തിര ദുരിതാശ്വാസ നടപടികൾ സ്വീകരിക്കുന്നതിനായി സംസ്ഥാന ഗവൺമെന്റ് ആവശ്യപ്പെട്ട 349.84 കോടി രൂപ അനുവദിക്കണമെന്നും മുൻകൂർ ആയി 100 കോടി രൂപ ഉടൻ ലഭ്യമാക്കണമെന്നും ഈ സഭ ഏകകണ്ഠമായി കേന്ദ്ര ഗവൺമെന്റിനോട് അഭ്യർത്ഥിക്കുന്നു”.

After discussion and reply by the Minister for Revenue and Tourism, the Resolution was adopted unanimously in the following amended form:—

“ഈ വർഷത്തെ അതിരൂക്ഷമായ പേമാരിയും ഉരുൾപൊട്ടലും കൊടുങ്കാറ്റും വെള്ളപ്പൊക്കവുംമൂലം സംസ്ഥാനത്ത് എഴുപതിൽ അധികം പേർ മരണമടയുകയും നിരവധി പേർക്ക് പരുക്കു പറ്റുകയും ആയിരക്കണക്കിന് വീടുകളും സ്ഥാപനങ്ങളും തകർന്നു തരിപ്പണമാവുകയും കാർഷിക മേഖല ആകെ നശിക്കുകയും ചെയ്തതുവഴി, പ്രാഥമിക കണക്കനുസരിച്ചുതന്നെ 520

കോടി രൂപയുടെ നാശനഷ്ടങ്ങൾ ഉണ്ടായിരിക്കുകയാൽ അടിയന്തിര ദുരിതാശ്വാസ നടപടികൾ സ്വീകരിക്കുന്നതിനായി സംസ്ഥാന ഗവൺമെന്റ് ആവശ്യപ്പെട്ട 349.84 കോടി രൂപ അനുവദിക്കണമെന്നും മുൻകൂർ ആയി 100 കോടി രൂപ ഉടൻ ലഭ്യമാക്കണമെന്നും ഈ സഭ ഏകകണ്ഠമായി കേന്ദ്ര ഗവൺമെന്റിനോടഭ്യർത്ഥിക്കുന്നു.”

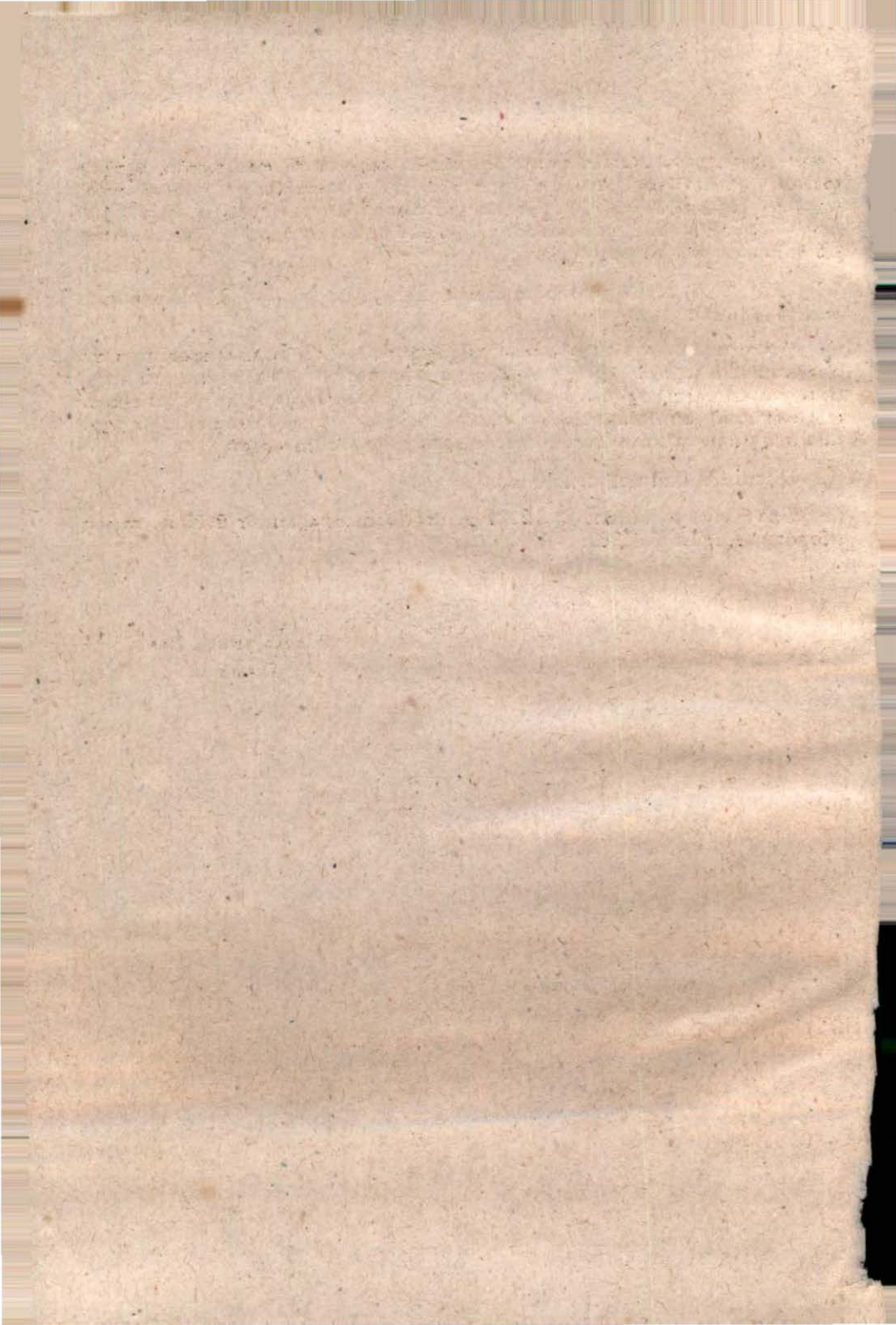
(iii) Shri J. Chitharanjan moved Resolution No.3. The Resolution was as follows :

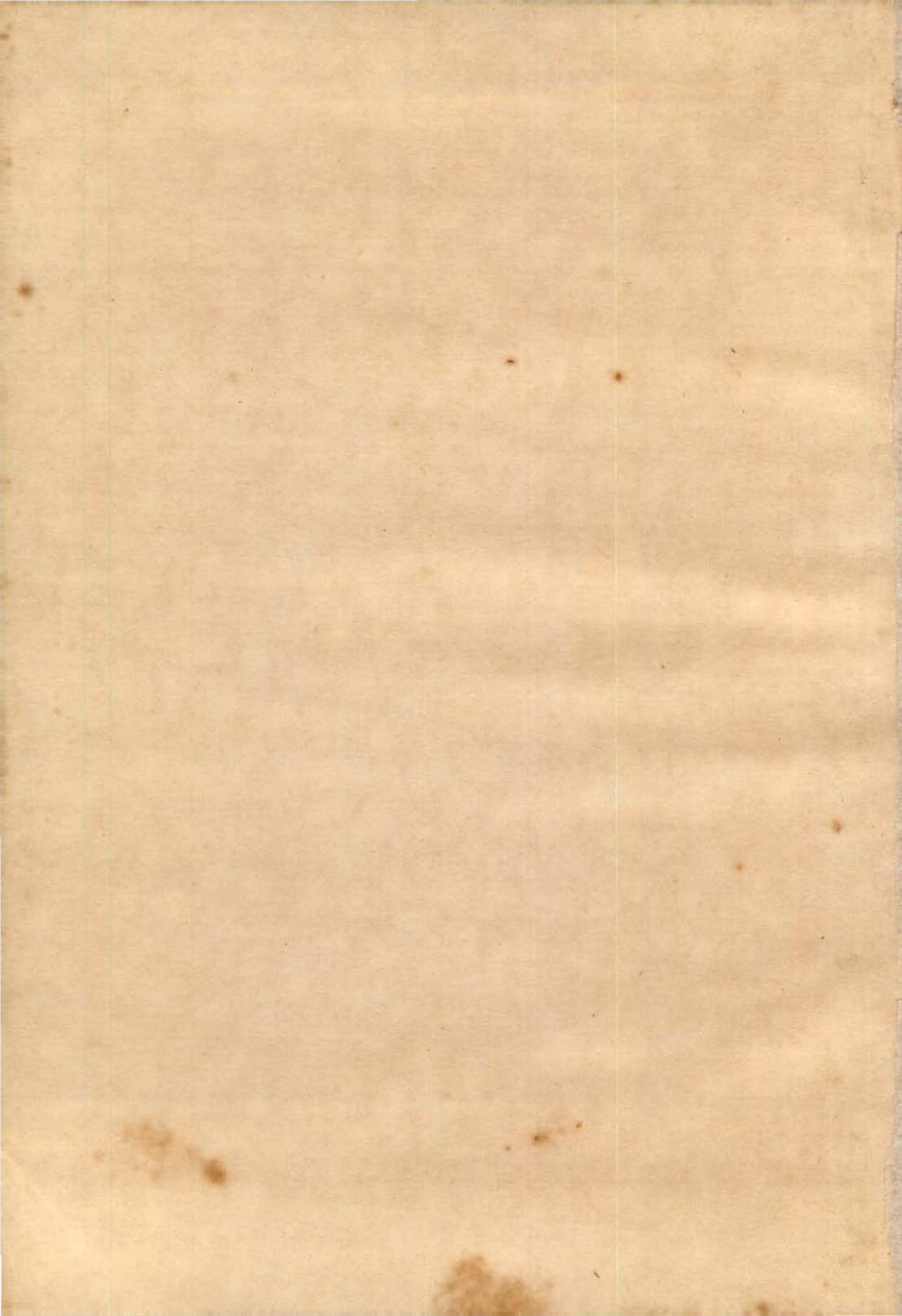
“കശുവണ്ടി തൊഴിലാളികൾക്ക് പൂർണ്ണമായി തൊഴിൽ ലഭ്യമാക്കുന്നതിനും വശ്യമായ തോട്ടങ്ങളിൽ ഉൽപ്പാദിപ്പിക്കുന്നതിനുവേണ്ടി പൊതുമേഖലയിലും, സ്വകാര്യ മേഖലയിലും, കശുമാവ് കൃഷി വികസിപ്പിക്കുന്നതിന് ആവശ്യമായ ഒരു പദ്ധതി അടിയന്തിരമായി ആവിഷ്കരിച്ച് നടപ്പിലാക്കണമെന്ന് ഈ സഭ കേന്ദ്ര-സംസ്ഥാന ഗവൺമെന്റുകൾക്ക് അഭ്യർത്ഥിക്കുന്നു.”

Discussion had not concluded.

The House adjourned at 12.29 p. m. to meet again at 8.30 a. m. on Monday, August 7, 1989.

R. RAJENDRA BABU,
Secretary.





REPORT OF THE COMPTROLLER
AND AUDITOR GENERAL
OF INDIA

FOR THE YEAR ENDED 31 MARCH 1988

No. 3 OF 1989

(CIVIL)

GOVERNMENT OF KERALA

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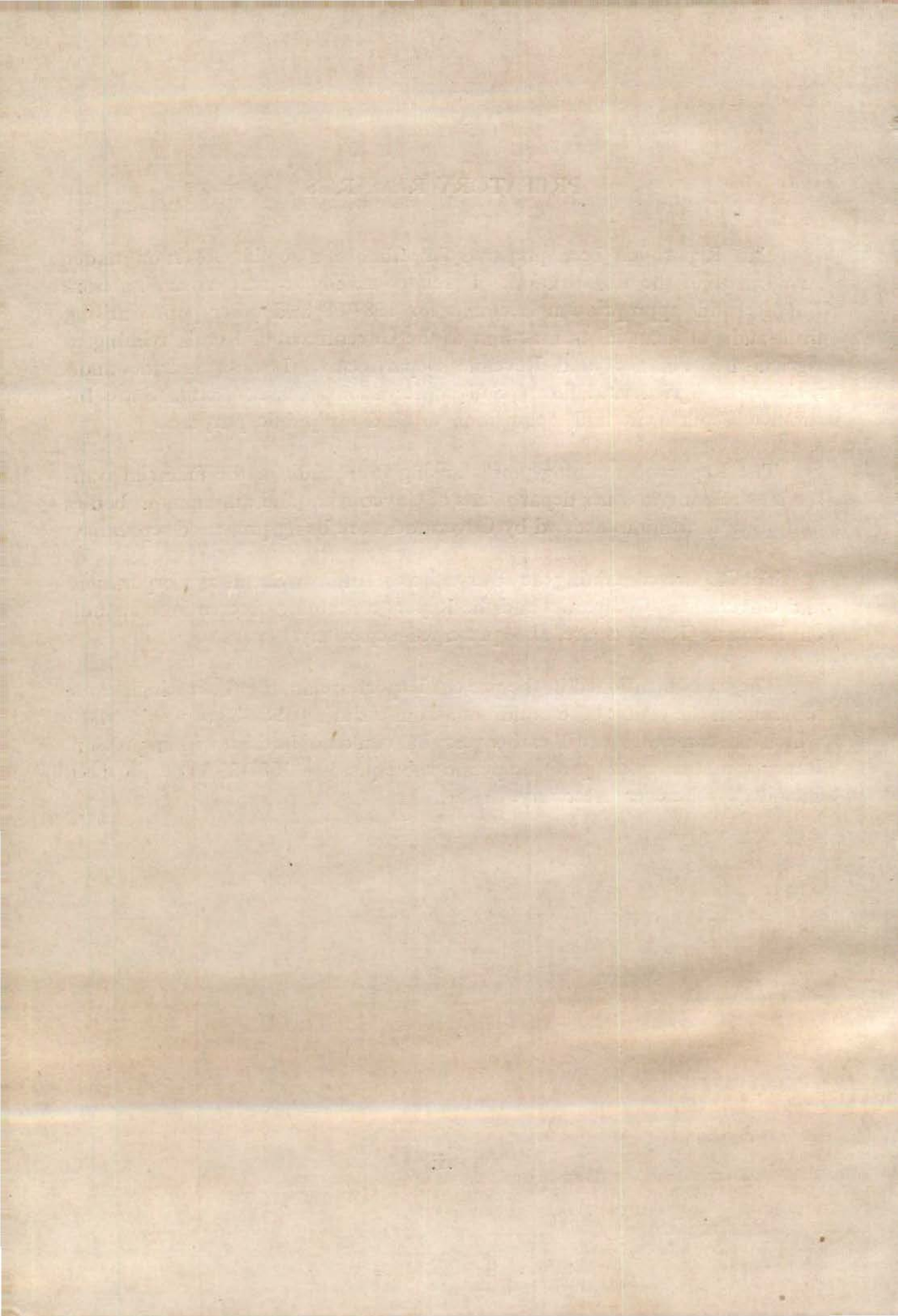
PREFATORY REMARKS

This Report has been prepared for submission to the Governor under Article 151 of the Constitution. It relates mainly to matters arising from Finance and Appropriation Accounts for 1987-88 and other points arising from audit of financial transactions of the Government of Kerala relating to Agriculture, Finance and Revenue Departments. It also includes audit reviews on Agricultural farms, Soil conservation schemes, Kerala State Insurance Department and Acquisition of land for public purposes.

The Reports containing points arising from audit of the financial transactions relating to other departments of Government and autonomous bodies and other institutions assisted by Government are being presented separately.

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

The cases mentioned in the present Report are among those which came to notice in the course of test audit of accounts during 1987-88 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 1987-88 have also been included, wherever necessary.



OVERVIEW

An overview, of audit comments on the financial position of the State, results of audit against Appropriations and points arising out of audit of transactions of Agriculture, Finance and Revenue Departments, contained in the Chapters of this Report, is given below.

1. Financial position

The State's revenue receipts during 1987-88 amounted to Rs. 1586.09 crores against Rs. 1502.53 crores during the previous year. Revenue expenditure during the year was Rs. 1780.67 crores (Plan: Rs. 259.09 crores, Non-Plan: Rs. 1521.58 crores) against Rs. 1654.76 crores (Plan: Rs. 220.35 crores; Non-Plan: Rs. 1434.41 crores) during the previous year. Revenue deficit during the year was Rs. 194.58 crores, while that during the previous year was Rs. 152.23 crores. Revenue arrears at the end of 1987-88 to the extent information was received, was Rs. 485.69 crores, of which collection of Rs. 45.46 crores was under stay.

—Capital expenditure during the year was Rs. 167.40 crores as against Rs. 211.04 crores during 1986-87.

—The amount of loans and advances and interest thereon overdue for recovery at the end of March 1988 was Rs. 183.82 crores (principal: Rs. 48.57 crores and interest: Rs. 135.25 crores).
(Paragraphs 1.1 and 1.2)

2. Appropriation Audit and control over expenditure

—As against total provision of Rs. 3215.67 crores obtained for 1987-88, the actual expenditure was Rs. 3068.93 crores, resulting in overall saving of Rs. 146.74 crores.

—There were excesses aggregating Rs. 49.27 crores in 11 voted grants/charged appropriations which require regularisation under Article 205 of the Constitution.

—In the case of 21 grants (Revenue: 10 and Capital: 11) 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.

(Paragraphs 2.1 and 2.2)

3. Agricultural farms

The Agriculture department has 56 farms to produce quality paddy seeds of high yielding varieties and other planting materials and for their distribution to cultivators and to serve as demonstration centres of modern scientific cultivation:

—The State seed farms failed to supply the quantity of seeds fixed as departmental supply to meet requirements in the State.

—Out of 26 farms, no irrigation facilities were available in six farms. In fifteen farms, they were inadequate.

—Productivity in the farms did not receive adequate attention. It was far below the average for the State and showed decline over the years.

—Expenditure in the farms exceeded receipts substantially.
(Paragraph 3.1)

4. Soil conservation schemes

These are works carried out to protect arable lands from soil erosion under three groups of schemes.

—Fifteen soil conservation works estimated to cost Rs. 13.01 lakhs taken up between August 1984 and November 1986 were at standstill after incurring expenditure of Rs. 5.21 lakhs.

- Thirty-eight works estimated to cost Rs. 32.37 lakhs to cover 409 hectares of land were only partially executed and wound up mid-course.
- Payment to conveners exceeded the amount payable for labour mandays involved by Rs. 8.14 lakhs.
- Reports of the Departmental and Finance Inspection Wings revealed several irregularities including excess expenditure of Rs. 37.72 lakhs, on which action has not been taken.
- Delay in publication of Records of Rights and Liabilities resulted in loss to Government to the extent of Rs. 8.91 lakhs. (Paragraph 3.2)

5. Kerala State Insurance Department

This department transacts life insurance business relating to State Government employees and general insurance business relating to Government undertakings.

- Preparation of *pro forma* accounts by the department is heavily in arrears.
- Policies were issued/renewed without collection of full premia.
- Additional premium under the fire insurance amounting to Rs. 9.23 lakhs was not recovered.
- Provision of insurance cover given to unregistered vessels led to avoidable expenditure of Rs. 3.47 lakhs.
- Crop insurance business led to a loss of Rs. 33.51 lakhs. (Paragraph 4)

6. Acquisition of land for public purposes

The Revenue department acquires all lands required for public purposes following the provisions of the Act to regulate such acquisition.

- Addition to market value to the extent of Rs. 7.36 lakhs was paid, although not covered by the provisions of the Act.
- Due to the lapsing of acquisition proceedings because of the failure to adhere to the statutory time limits, the proceedings had to be renewed leading to extra expenditure or liability of Rs. 6.90 lakhs towards interest.
- Delays in land acquisition affected progress on six works and entailed additional expenditure of Rs. 81.30 lakhs on completion of four other works.

(Paragraph 5)

CHAPTER I

FINANCIAL POSITION

1.1 Summary of accounts

The summarised position of the accounts of the Government of Kerala emerging from the Finance Accounts for 1987-88 is indicated in the following statements:—

I. Statement of financial position of the Government of Kerala as on 31st March 1988.

<i>Amount as on 31st March 1987 (Rs. in crores)</i>	<i>Liabilities</i>	<i>Amount as on 31st March 1988 (Rs. in crores)</i>
466.28	Internal debt including ways and means advances (Market loans, loans from Life Insurance Corporation of India and others and ways and means advances excluding overdrafts)	604.55
	Loans and advances from Central Government—	
737.38	Pre-1984-85 Loans	679.39
315.51	Non-Plan Loans	351.29
425.93	Loans for State Plan Schemes	563.27
8.04	Loans for Central Plan Schemes	11.18
8.71	Loans for Centrally sponsored schemes	10.80
1495.57	Total	1615.93
634.80	Small Savings, Provident Funds, etc.	743.93
162.42	Deposits	184.39
..	Overdraft from Reserve Bank of India	..
	Reserve Funds—	
6.45	Gross	7.06
4.98	Less: Investments	5.00
1.47	Net	2.06
..	Suspense and Miscellaneous balances—other items (Net)	41.71
15.00	Contingency Fund	14.97
2775.54	Grand Total	3207.54

Amount as on
31st March 1987
(Rs. in crores)

Assets

Amount as on
31st March 1988
(Rs. in crores)

Amount as on 31st March 1987 (Rs. in crores)		Assets	Amount as on 31st March 1988 (Rs. in crores)
		Gross capital outlay on fixed assets	
	369.70	Investment in shares of Companies, Corporations, etc.	396.14
	<u>1541.68</u>	Other capital outlay	<u>1682.64</u>
1911.38		Total	2078.78
		Loans and Advances—	
	260.37	Loans for power projects	292.66
	296.47	Other development loans	345.27
	23.39	Loans to Government servants and Miscellaneous loans	28.40
580.23		Total	666.33
2.36		Other advances	3.01
172.77		Remittance balances	167.95
43.16		Suspense and Miscellaneous balances—Other items (Net)	..
		Cash—	
	9.17	Cash in treasuries	8.57
	—1.07	Remittance in transit	—0.23
	1.54	Departmental cash balance	0.77
	0.14	Permanent Advance	0.14
	7.73	Cash balance investment	7.66
	—17.60	Deposits with Reserve Bank of India	14.25
	*	Deposits in other banks	*
—0.09		Total—Cash	31.16
		Deficit on Government Account—	
		Previous year deficit	65.94
		Less: Prior period adjustments	0.21
		Net	65.73
		Add: Revenue deficit during current year	194.58
65.73		Total deficit	260.31
<u>2775.54</u>		Grand Total	<u>3207.54</u>

* Less than Rs. 1 lakh.

II. Abstract of Receipts and Disbursements for 1987-88

SECTION A—REVENUE

<i>Receipts</i>		<i>Disbursements</i>			
1. <i>Revenue receipts</i>		1. <i>Revenue expenditure</i>			
	<i>(Rs. in crores)</i>	<i>Sector</i>	<i>Non-Plan</i>	<i>Plan</i>	<i>Total</i>
			<i>(Rs. in crores)</i>		
(i) Tax Revenue	925.22	(i) General Services	624.92	0.52	625.44
(ii) Non-Tax Revenue	188.54	(ii) Social services	703.37	115.48	818.85
(iii) State's share of Union taxes	289.33	(iii) Agriculture and Allied Activities	66.14	53.21	119.35
(iv) Non-Plan Grants	19.79	(iv) Rural Development	21.63	62.92	84.55
(v) Grants for State Plan schemes	70.42	(v) Special Areas Programmes	..	5.07	5.07
(vi) Grants for Central Plan and Centrally sponsored plan schemes	92.79	(vi) Irrigation and Flood Control	30.71	10.46	41.17
Total	1586.09	(vii) Industry and Minerals	12.48	6.66	19.14
		(viii) Transport	48.88	0.87	49.75
2. Revenue deficit carried to Section B	194.58	(ix) General Economic Services	12.47	3.90	16.37
		(x) Grants-in-aid and contributions	0.98	..	0.98
Total	1780.67	Total	1521.58	259.09	1780.67

SECTION B—OTHERS

<i>Receipts</i>	<i>(Rs. in crores)</i>	<i>Disbursements</i>	<i>(Rs. in crores)</i>
1. Opening cash balance including permanent advance and Cash Balance Investment	—0.09	1. Opening overdraft from Reserve Bank of India	..
		2. Capital outlay—	
		(i) General Services	6.48
		(ii) Social Services	44.12
		(iii) Agriculture and Allied Activities	4.08
		(iv) Special Areas Programmes	0.07
		(v) Irrigation and Flood Control	55.48
		(vi) Industry and Minerals	17.49
		(vii) Transport	38.59
		(viii) General Economic Services	1.09
		Total	167.40
2. Recoveries of Loans and Advances—		3. Loans and Advances disbursed—	
(i) From Government servants	3.85	(i) For power projects	32.60
(ii) From others	13.83	(ii) To Government servants	8.93
		(iii) To others	62.25
Total	17.68	Total	103.78
3. Public Debt receipts—		4. Revenue deficit brought down	194.58
(i) Internal debt other than ways and means advances	122.35	5. Repayment of Public Debt—	
		(i) Internal debt other than ways and means advances	17.70

SECTION B—OTHERS—*Concl'd.*

<i>Receipts</i>	<i>(Rs. in crores)</i>	<i>Disbursements</i>	<i>(Rs. in crores)</i>
(ii) Ways and means advances excluding overdrafts 500.82		(ii) Ways and means advances excluding overdrafts 467.20	
(iii) Loans and advances from Central Government 301.87		(iii) Repayment of loans and advances to Central Government 181.51	
Total 925.04		Total 666.41	
4. Contingency Fund ..		6. Contingency Fund 0.03	
5. Public Account receipts—		7. Public Account disbursements—	
(i) Small Savings, Provident Funds, etc. 631.77		(i) Small Savings, Provident Funds, etc. 522.64	
(ii) Reserve Funds 0.75		(ii) Reserve Funds 0.16	
(iii) Deposits and advances 444.64		(iii) Deposits and advances 423.32	
(iv) Suspense and Miscellaneous 247.06		(iv) Suspense and Miscellaneous 162.19	
(v) Remittances 593.29		(v) Remittances 588.47	
Total 1917.51		Total 1696.78	
6. Closing overdraft from Reserve Bank of India ..		8. Cash balance at end—	
		(i) Cash in treasuries, deposits with Reserve Bank of India and other Banks and Remittances in transit 22.59	
		(ii) Departmental cash balance including permanent advances 0.91	
		(iii) Cash balance investment 7.66	
		Total 31.16	
Grand Total 2860.14		2860.14	

III. Sources and Applications of funds for 1987-88

1. Sources	(Rs. in crores)
(i) Revenue Receipts	1586.09
(ii) Increase in Public Debt and Small Savings	367.76
(iii) Adjustments—	
(a) Increase in deposits and advances	21.32
(b) Effect on Suspense balances	84.87
(c) Increase in Reserve Funds	0.59
(d) Effect on Remittance balances	4.82
	<hr/> 111.60
Total	<hr/> 2065.45
2. Applications	
(i) Revenue expenditure	1780.67
(ii) Capital outlay	167.40
(iii) Expenditure from Contingency Fund	0.03
(iv) Lending for development and other programmes	86.10
(v) Increase in cash balance including permanent advances, Departmental cash balance and cash balance investment	31.25
	<hr/> 31.25
Total	<hr/> 2065.45

1.2. Audit comments

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

1.2.2. Under Deposits with Reserve Bank of India there was a difference of Rs. 141.58 lakhs (net credit) between the figures reflected in the accounts and that communicated by the Reserve Bank. Out of the items contributing to the difference, difference of Rs. 0.31 lakh (net credit) has since been cleared during 1988-89 and the balance of Rs. 141.27 lakhs (net credit) is under reconciliation (January 1989).

1.2.3. The amounts as on 31st March 1987 in respect of 'Gross Capital Outlay on fixed assets', 'Loans and Advances' and 'Deficit on Government Account' shown in this summary differ from those shown in the Report of the Comptroller and Auditor General of India for 1986-87 (Civil) due to *pro forma* adjustments carried out on the progressive balances consequent on conversion of loan into share capital (Rs. 2.76 crores), *pro forma* dropping of capital expenditure due to excess interest adjusted as share capital in 1985-86 (Rs. 0.24 crore) and dropping of balance (minus Rs. 0.45 crore) relating to festival advances to Government servants from loan head.

1.2.4. The net accretion from debt transactions (as adjusted by the effect of deposits, reserve funds, remittances and suspense balances) during 1987-88 aggregated Rs. 479.36 crores. Against this, Rs. 167.40 crores were utilised for capital expenditure and Rs. 86.10 crores for net disbursement under loans and advances for development and other programmes. Out of the balance of Rs. 225.86 crores, Rs. 194.58 crores were utilised for excess revenue expenditure over revenue receipts and Rs. 0.03 crore towards expenditure from Contingency Fund pending recoupment at the end of the year. The balance Rs. 31.25 crores was the increase in cash balance.

1.2.5. The revenue receipts during the year showed an increase of Rs. 83.56 crores over the previous year. Against Rs. 1749.81 crores anticipated as total revenue receipts (budget: Rs. 1602.91 crores plus additional resource mobilisation Rs. 146.90 crores) during the year, the actual receipts were Rs. 1586.09 crores showing a shortfall of Rs. 163.72 crores (9 per cent).

1.2.6. The total tax revenue raised during the year was Rs. 925.22 crores as against Rs. 813.91 crores in the previous year. The increase of Rs. 111.31 crores was mainly under Sales Tax (Rs. 82.93 crores) and State Excise (Rs. 28.09 crores). Non-tax revenue during 1987-88 (Rs. 188.54 crores) was also more by Rs. 24.68 crores compared to that in the previous year (Rs. 163.86 crores). The increase was mainly under State Lotteries (Rs. 22.94 crores).

1.2.7. Receipts from Government of India (excluding loans) during the year (Rs. 472.33 crores) showed a shortfall of Rs. 52.43 crores compared to 1986-87 (Rs. 524.76 crores). The decrease was under State's share of Union taxes (Rs. 49.85 crores) and grants (Rs. 2.58 crores).

1.2.8. The overdue revenue arrears at the end of 1987-88, as compiled from information so far received from departments were Rs. 485.69 crores. Out of them, collection of Rs. 45.46 crores was under stay (by High Court and other judicial authorities: Rs. 45.13 crores and by Government: Rs. 0.33 crore) in Excise and Forest Departments. The electricity duty due from the Kerala State Electricity Board was Rs. 375.61 crores.

1.2.9. The revenue expenditure during 1987-88 was Rs. 1780.67 crores (Plan: Rs. 259.09 crores; Non-plan: Rs. 1521.58 crores) as against Rs. 1654.76 crores (Plan: Rs. 220.35 crores; Non-plan: Rs. 1434.41 crores) during 1986-87 and a total provision of Rs. 1904.56 crores during 1987-88 (budget: Rs. 1733.37 crores; supplementary: Rs. 171.19 crores). The increase of Rs. 125.91 crores in revenue expenditure during 1987-88 compared to previous year was mainly under Interest Payments (Rs. 35.89 crores) and General Education (Rs. 32.41 crores).

1.2.10. The year 1987-88 closed with a revenue deficit of Rs. 194.58 crores as against revenue deficit of Rs. 130.47 crores anticipated in the budget (without taking into account the effect of proposed mobilisation of additional resources and additional commitments).

1.2.11. Capital expenditure during 1987-88 was Rs. 167.40 crores as against Rs. 211.04 crores during 1986-87 and a provision of Rs. 210.91 crores during 1987-88 (budget: Rs. 203.69 crores; supplementary: Rs. 7.22 crores).

1.2.12. Against an aggregate net provision of Rs. 608.74 crores (revenue: Rs. 295.64 crores; capital: Rs. 211.41 crores; loans and advances: Rs. 101.69 crores) for plan schemes during

1987-88, the actual plan expenditure was Rs. 527.71 crores (revenue: Rs. 259.09 crores; capital: Rs. 172.58 crores; loans and advances: Rs. 96.04 crores). Thus the total plan expenditure was less than the net plan provision by Rs. 81.03 crores. The heads of development where there was significant shortfall were Social Services (Rs. 32.47 crores), Agriculture and Allied Activities (Rs. 21.91 crores) and Transport (Rs. 16.79 crores).

1.2.13. The non-plan expenditure of Rs. 2501.55 crores (revenue: Rs. 1521.58 crores; capital: Rs. (—) 5.18 crores; loans and advances: Rs. 7.74 crores; public debt: Rs. 977.41 crores) during 1987-88 was more by Rs. 703.49 crores than that in the previous year, the excess being mainly under ways and means advances from Reserve Bank of India (Rs. 609.42 crores) due to fluctuations of cash balance with the Bank.

1.2.14. In respect of loans and advances, the detailed accounts of which are maintained by Accountant General, (Accounts & Entitlement) including the loans paid to the Kerala State Electricity Board and the Kerala State Road Transport Corporation, the amount overdue for recovery at the end of 1987-88 was Rs. 125.69 crores (principal: Rs. 20.43 crores; interest: Rs. 105.26 crores). Of this, an amount of Rs. 81.19 crores represented interest due from the Kerala State Electricity Board. In respect of loans and advances the detailed accounts of which are maintained by departmental officers, the amount overdue for recovery at the end of 1987-88 (to the extent details have been received) was Rs. 58.13 crores (principal: Rs. 28.14 crores; interest: Rs. 29.99 crores) from 24 Government companies and 2 Boards. This did not include Rs. 6.67 crores (principal: Rs. 5.08 crores; interest: Rs. 1.59 crores) due from 4 Government companies for which moratorium has been sanctioned by Government.

1.2.15. Terms and conditions governing loans aggregating Rs. 20.21 crores given to one statutory corporation and 12 Government companies were yet to be fixed by Government.

1.2.16. Loans (including overdraft with Reserve Bank of India) raised during 1987-88 and discharged during the year were Rs. 1236.04 crores and Rs. 977.41 crores respectively.

1.2.17. Interest paid by Government on debt and other obligations during 1987-88 was Rs. 213.17 crores. The interest received was Rs. 38.34 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. 174.83 crores.

1.2.18. With fresh investments of Rs. 26.44 crores (in statutory corporations: Rs. 4.50 crores; Government companies: Rs. 17.29 crores; other joint stock companies: Rs. 0.14 crore; co-operative banks and societies: Rs. 4.51 crores) during the year, and the conversion of loan as share capital contribution, etc., (Rs. 2.52 crores), total investment of Government in shares as on 31st March 1988 was Rs. 396.14 crores. Return from these investments was poor as dividends received during the year on the investments amounted only to Rs. 0.82 crore, representing return of 0.21 *per cent* on the investment.

1.3. Guarantees given by Government

1.3.1. The contingent liability for guarantees given by Government for repayment of loans, etc., raised by Government companies, statutory boards/corporations, co-operative institutions, local bodies, etc., outstanding on 31st March 1988 was Rs. 913.67 crores (including interest of Rs. 37.16 crores) against the maximum guaranteed amount of Rs. 1508.77 crores.

1.3.2. Government had paid so far Rs. 99.08 lakhs to the Kerala Financial Corporation towards the minimum dividend guaranteed, out of which Rs. 0.20 lakh has been recovered.

1.3.3. To the end of March 1987, Rs. 145.28 lakhs were paid by Government to discharge liabilities arising from guarantees given in favour of 7 bodies. On invocation of the guarantee given in March 1977 by Government for the loans given by the State Bank of India to Regional Fish Marketing Co-operative Society, Parappanangadi for implementation of the scheme 'Intensive Development of Fisheries', Government paid Rs. 114.65 lakhs to State Bank of India in January 1988. Thus the total amount paid by Government to end of March 1988 in respect of guarantees given in favour of 8 bodies aggregated

Rs. 259.93 lakhs. Out of this, a sum of Rs. 35 lakhs has been recovered till March 1988 from Koliat Estates against Rs. 45.59 lakhs paid by Government in September 1978. Recovery of Rs. 4.64 lakhs paid in May 1982 on behalf of Collective Farm Society, Koothali was written off by Government during 1986-87. Further, Government ordered (November 1986) to write off Rs. 0.76 lakh due from the Palghat Co-operative Milk Supply Union Limited towards guarantee liability met in October 1979; but the adjustment has not been effected in the accounts pending provision of funds. Details of further recovery, if any, have not been received (February 1989).

1.3.4. In addition to the above, Government paid loans to the following two institutions on behalf of which it stood guarantee, to discharge the liabilities with the financing institutions:—

<i>Name of Institution</i>	<i>Amount paid</i> (Rs in lakhs)	<i>Period of payment</i>
1. Kerala State Rural Development Board	46.94	March 1979 to April 1984
2. Trivandrum Rubber Works	165.12@	April 1987

1.3.5. Rupees 138.67 lakhs were received by Government during 1987-88 towards guarantee fee. Guarantee fee amounting to Rs. 372.74 lakhs was in arrears as on 31st March 1988 in respect of guarantees given in favour of 42 institutions, to the extent information has been received.

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

@This included also principal and interest on the loan of Rs. 49 lakhs, for which there was no guarantee from Government.

CHAPTER II

APPROPRIATION AUDIT AND CONTROL OVER EXPENDITURE

2.1. Summary of expenditure

2.1.1. The summarised position of actual expenditure during 1987-88 against provision is as follows:—

	<i>Original grant/ appropri- ation</i>	<i>Supple- mentary grant/ appropri- ation</i>	<i>Total</i>	<i>Actual expenditure</i>	<i>Variation Saving(-) Excess(+)</i>
			<i>(Rs. in crores)</i>		
I. Revenue					
Voted	1558.57	164.25	1722.82	1592.06	(-)130.76
Charged	217.33	6.93	224.26	219.11	(-)5.15
II. Capital					
Voted	207.17	6.28	213.45	174.03	(-)39.42
Charged	2.62	0.95	3.57	2.53	(-)1.04
III. Public Debt					
Charged	292.61	642.02	934.63	977.42	(+)42.79
IV. Loans and advances					
Voted	103.56	13.38	116.94	103.78	(-)13.16
Grand Total	2381.86	833.81	3215.67	3068.93	(-)146.74

2.1.2. In addition to the above, Rs. 10 crores were authorised for transfer from Consolidated Fund to Contingency Fund by an Ordinance issued on 1st June 1987 under Article 213 of the Constitution and adjusted in accounts. This Ordinance was not replaced by an Act of the Legislature and lapsed on 17th July 1987. Consequently, the adjustment was reversed in the accounts for 1987-88.

2.2. Results of Appropriation Audit

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

2.2.1. Supplementary provision

Supplementary provision obtained during the year worked out to 35 *per cent* of the original budget provision as against 18 *per cent* in the preceding year.

2.2.2. Saving from/excess over provision

The net saving of Rs. 146.74 crores was due to an overall saving of Rs. 196.24 crores in 99 voted grants/ charged appropriations offset by excess of Rs. 49.50 crores in 12 voted grants/ charged appropriations. Excluding an excess of Rs. 23,16,387 as a result of changes in classification effected from 1st April 1987, which does not need regularisation, excesses of Rs. 6,33,32,021 under 8 voted grants and Rs. 42,93,82,003 under 3 charged appropriations as detailed in Appendix 1 require regularisation under Article 205 of the Constitution.

2.2.3. Unnecessary/excessive/inadequate supplementary provision

In 23 cases final saving was more than the supplementary provisions obtained on 30th March 1988. In these cases, the supplementary provisions aggregating Rs. 11.62 crores obtained on 30th March 1988 were wholly unnecessary or could have been limited to token amounts to satisfy new service cases. In 9 other cases, out of the supplementary provisions aggregating Rs. 141.36 crores obtained on 30th March 1988, the actual utilisation was only Rs. 84.29 crores, resulting in saving of more than Rs. 25 lakhs in each case. In 4 cases, though supplementary provision totalling Rs. 644.33 crores was obtained on 30th March 1988, the provision proved insufficient by more than Rs. 25 lakhs in each case, leaving an aggregate uncovered excess expenditure of Rs. 45.68 crores. In 3 cases where no supplementary provision was obtained in March 1988, there was eventual excess of more than Rs. 25 lakhs, in each case, aggregating to Rs. 3.16 crores.

2.2.4. Major savings

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.

<i>Sl. No.</i>	<i>Number and name of grant</i>	<i>Amount of saving (Rs. in crores) and its percentage to provision (in brackets)</i>	<i>Main reasons for saving</i>
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REVENUE (VOTED) SECTION

1.	XIV—Stationery and Printing and Other Administrative Services	4.27 (21)	Enforcement of economy measures.
2.	XVI—Pensions and Miscellaneous	25.33 (11)	Difficulty in accurate estimation of expenditure on pensionary benefits including computed value of pension.
3.	XIX—Family Welfare	8.81 (32)	Shortfall in payment of compensation due to less number of tubectomy and vasectomy cases.
4.	XX—Water Supply and Sanitation	7.65 (19)	Enforcement of economy measures.
5.	XXIV—Labour and Labour Welfare	5.37 (16)	Non-issue of administrative sanction for disbursement of second instalment of unemployment allowance.
6.	XXVIII—Miscellaneous Economic Services	2.32 (20)	Abolition of 151 posts of Junior Statistical Inspectors in the Bureau of Economics & Statistics and delay in finalisation of compensation payable under the Kerala Land Reforms Act, 1963.
7.	XXXIII—Fisheries	1.58 (23)	Shortfall in payment of subsidy to integrated Pilot Project under NCDC Scheme.

<i>Sl. No.</i>	<i>Number and name of grant</i>	<i>Amount of saving (Rs. in crores) and its per- centage to provi- sion (in brackets)</i>	<i>Main reasons for saving</i>
8.	XXXIV—Forest	8.06 (24)	Enforcement of economy measures and non-finalisation of rules for the operation of Kerala Forest Development Fund.
9.	XXXV—Panchayat	2.15 (14)	Enforcement of economy measures.
10.	XXXVII—Industries	2.42 (11)	Enforcement of economy measures.

CAPITAL (VOTED) SECTION

11.	XV—Public Works	10.79 (22)	Reduction made in State Plan Outlay for roads and bridges.
12.	XIX—Family Welfare	2.47 (14)	Non-arrangement of works and non-availability of letter of credit for payment.
13.	XX—Water Supply and Sanitation	8.64 (18)	Reduced release of funds to the Kerala Water Authority due to various reasons.
14.	XXVII—Co-operation	1.06 (18)	Reduction in outlay due to receipt of less assistance from N.C.D.C.
15.	XXIX—Agriculture	2.71 (25)	Reduction in outlay of Trichur Kole Land Development Project and share capital investment in Government companies.
16.	XXX—Food	1.95 (28)	Enforcement of economy measures.

<i>Sl. No.</i>	<i>Number and name of grant</i>	<i>Amount of saving (Rs. in crores) and its percentage to provision (in brackets)</i>	<i>Main reasons for saving</i>
17.	XXXIII—Fisheries	3.31 (38)	Shortfall in payment of loan to MATSYAFED for integrated Pilot Project for fisheries development.
18.	XXXIV—Forest	1.05 (57)	Enforcement of economy measures.
19.	XXXVII—Industries	6.53 (15)	Reduction in outlay for share capital investment and loan assistance to Government companies.
20.	XXXVIII—Irrigation	6.56 (11)	Enforcement of economy measures and slow progress of work in Kallada Irrigation Project.
21.	XLI—Transport	2.03 (17)	Enforcement of economy measures.

2.2.5. Significant cases of savings in Plan expenditure

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:

<i>Sl. No.</i>	<i>Number and name of grant</i>	<i>Name of scheme</i>	<i>Amount of saving (Rs. in crores) and its percentage to provision (in brackets)</i>
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REVENUE (VOTED) SECTION

1.	XV—Public Works	Railway Safety Works	1.24 (69)
2.	XVIII—Medical and Public Health	Strengthening of existing Public Health Centres and Sub Centres and opening of new centres and sub centres	1.07 (63)

<i>Sl. No.</i>	<i>Number and name of grant</i>	<i>Name of scheme</i>	<i>Amount of saving (Rs. in crores) and its percentage to provision (in brackets)</i>
3.	XIX—Family Welfare	(i) Compensation—Tubectomy	2.58 (47)
		(ii) Rural Family Welfare Planning Centres	1.33 (13)
		(iii) Compensation—Vasectomy	1.16 (93)
4.	XXIX—Agriculture	Command Area Development Authority	2.98 (37)
5.	XXXIII—Fisheries	Integrated Pilot Project for fisheries development subsidy (NCDG)	1.06 (71)
6.	XXXIV—Forest	Ecodevelopment (World Bank assisted social forestry)	2.09 (17)
7.	XXXVI—Community Development	(i) Rural Landless Employment Guarantee Programme (100 per cent Central assistance)	4.79 (20)
		(ii) Scheme for small and marginal farmers for increasing agricultural production (50 per cent Central assistance)	3.18 (42)
CAPITAL (VOTED) SECTION			
8.	XV—Public Works	(i) Development and improvements of State Highway roads	1.39 (61)
		(ii) Development and improvements of other District roads	1.33 (40)

<i>Sl. No.</i>	<i>Number and name of grant</i>	<i>Name of scheme</i>	<i>Amount of saving (Rs. in crores) and its percentage to provision (in brackets)</i>
		(iii) Improvement of roads in the cities of Trivandrum, Cochin and Calicut	1.15 (49)
9.	XIX—Family Welfare	Construction of buildings for Rural Family Welfare Services	1.28 (21)
10.	XXVII—Co-operation	Loans to primary Agricultural Credit societies for integrated development	1.00 (100)
11.	XXXVIII—Irrigation	Kallada Irrigation Project—Major works	8.11 (25)

2.2.6. Significant savings in Non-Plan expenditure

Substantial savings, exceeding 10 per cent of the provision and Rs. 1 crore each occurred in the following Non-Plan items.

<i>Sl. No.</i>	<i>Number and name of grant</i>	<i>Nature of activity</i>	<i>Amount of saving (Rs. in crores) and its percentage to provision (in brackets)</i>
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REVENUE (VOTED) SECTION

1.	XIV—Stationery and Printing and Other Administrative Services	(i) Purchase and supply of stationery stores	2.13 (42)
		(ii) Fire protection and control—Direction and Administration	1.08 (57)

<i>Sl. No.</i>	<i>Number and name of grant</i>	<i>Nature of activity</i>	<i>Amount of saving (Rs. in crores) and its percentage to provision (in brackets)</i>
2.	XV—Public Works	Flood damage repairs	1.15 (38)
3.	XVIII—Medical and Public Health	(i) Hospitals and Dispensaries, Allopathy	7.16 (15)
		(ii) Medical College Hospital, Trivandrum	1.34 (18)
4.	XX—Water Supply and Sanitation	Grant-in-aid to Kerala Water Authority	6.98 (45)
5.	XXIV—Labour and Labour Welfare	Unemployment assistance scheme	5.01 (31)

2.2.7. Totally unused provisions

Cases where provision of over Rs. 25 lakhs totally remained unutilised are listed below:—

<i>Sl. No.</i>	<i>Number, name of grant and head of account</i>	<i>Amount of saving (Rs. in lakhs)</i>	<i>Main reasons for saving</i>
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REVENUE (VOTED) SECTION

1.	XVI—Pensions and Miscellaneous 2075-800-42-Contribution to Railways for purchase of sleepers for the Alleppey-Ernakulam Railway line	50.00	Non-issuance of sanction by Government.
2.	XIX—Family Welfare 2211-200-03-Conventional contraceptives	28.00	
3.	XXII—Urban Development 2217-03-Integrated Development of small and medium towns-191 Assistance to Local Bodies, Corporations, Urban Development Authorities, etc.	40.00	Enforcement of economy measures.

<i>Sl. no. Number, name of grant and head of account</i>	<i>Amount of saving (Rs. in lakhs)</i>	<i>Main reasons for saving</i>
4. XXV—Social Welfare including Harijan Welfare 2225-80-190-01 Kerala State Development Corporation for Scheduled Castes and Scheduled Tribes Limited—Subsidies	35.00	Enforcement of economy measures.
5. XXIX—Agriculture 2401-800-11- Integrated water management works	40.00	
CAPITAL (VOTED) SECTION		
6. XXIX—Agriculture 4401-190-04 Oil Palm India—Investments	75.00	Enforcement of economy measures.
7. XXXVII—Industries (i) 4859-02-190-03- Investments in new viable projects of KSEDC, KSIE, etc.	50.00	Non-finalisation of project reports for new viable units.
(ii) 4885-60-800-03-Development of infrastructure in no-industry districts	75.00	Declaration of the two no-industry districts — Idukki and Wynad as ecofragile districts by Government of India.
(iii) 6851-109-70-Pre-loom processing facilities for cottage type Handloom societies (100 per cent centrally sponsored scheme)	30.00	Delay in location of suitable site for the processing centre and non-receipt of Central assistance during the year.

2.2.8. Persistent savings

Savings exceeding Rs. 25 lakhs each were noticed persistently in all the three years from 1985-86 in the following voted grants/charged appropriations.

<i>Sl. no.</i>	<i>Number and name of grant/ appropriation</i>	<i>Amount of savings (Rs. in lakhs)/ percentage of savings to total provision (in brackets)</i>		
REVENUE SECTION		1985-86	1986-87	1987-88
1.	V—Agricultural Income Tax and Sales Tax	56.29 (7)	59.67 (6)	100.30 (10)
2.	XVIII—Medical and Public Health	213.42 (2)	42.61 (0.4)	1128.46 (9)
3.	XIX—Family Welfare	587.20 (27)	760.37 (30)	881.34 (32)
4.	XXI—Housing	63.42 (12)	45.86 (8)	77.08 (19)
5.	XXII—Urban Development	36.98 (10)	59.60 (15)	47.56 (13)
6.	XXVII—Co-operation	26.80 (2)	48.74 (3)	187.88 (10)
7.	XXVIII—Miscellaneous Economic Services	34.47 (4)	47.26 (5)	232.43 (20)
8.	XXIX—Agriculture	534.50 (9)	121.17 (2)	773.37 (9)
9.	XXXIV—Forest	173.46 (7)	305.39 (10)	806.13 (24)
10.	XXXV—Panchayat	182.72 (17)	75.38 (6)	214.66 (14)
CAPITAL SECTION				
11.	XV—Public Works	2000.66 (32)	131.50 (3)	1079.15 (22)
12.	XVII—Education, Sports, Arts Culture	85.65 (8)	40.12 (4)	49.86 (13)
13.	XXV—Social Welfare including Harijan Welfare	30.11 (9)	27.46 (8)	72.16 (22)
14.	XXVII—Co-operation	1570.31 (56)	118.94 (8)	106.15 (18)
15.	XXIX—Agriculture	418.78 (23)	224.23 (13)	271.23 (25)
16.	XXX—Food	61.79 (15)	29.14 (8)	194.75 (28)
17.	XXXIII—Fisheries	420.86 (38)	558.89 (52)	331.44 (38)
18.	XXXVIII—Irrigation	40.05 (60)	34.40 (37)	79.06 (28)

In respect of serial nos. 4, 6, 9, 10, 14 and 17 there were also savings exceeding Rs. 25 lakhs each during 1983-84 and 1984-85 and in respect of serial nos. 1, 2, 3, 8, 11 and 12 during 1984-85 also.

2.2.9. Persistent excesses

In the following voted grants/charged appropriation, persistent excesses were noted in all the three years from 1985-86:—

<i>Sl. No.</i>	<i>Number and name of grant/ appropriation</i>	<i>Amount of excess (Rs. in lakhs)/ percentage to total provision (in brackets)</i>		
		1985-86	1986-87	1987-88
REVENUE SECTION				
1.	VII—Stamps and Registration	13.61 (2)	15.06 (2)	36.26 (5)
2.	XI—District Administration and Miscellaneous	7.47 (0.8)	4.65 (0.4)	45.32 (4)
3.	XXXI—Animal Husbandry	26.62 (2)	115.35 (9)	10.37 (0.6)
4.	XXXVIII—Irrigation	193.75 (8)	247.56 (8)	207.83 (7)
CAPITAL SECTION				
5.	Public Debt Repayment	214.77 (0.3)	1388.70 (4)	4278.53 (5)

In respect of serial nos. 1 and 3 there were excesses during 1983-84 and 1984-85 also and in respect of serial no. 5 during 1984-85 also.

2.2.10. Surrender of savings

All anticipated savings should be surrendered as soon as the possibility of savings is envisaged. However, out of Rs. 143.03 crores surrendered during 1987-88, surrender of Rs. 142.35 crores or 99.5 per cent was made only on the last working day (30th March 1988) of the financial year.

In the following voted grants, savings exceeding Rs. 1 crore each remained unsurrendered:

<i>Sl. No.</i>	<i>Number and name of grant</i>	<i>Total grant</i>	<i>Actual expenditure</i>	<i>Saving</i>	<i>Unsurrendered saving and its percentage to total saving (in brackets)</i>
<i>(Rs. in crores)</i>					

REVENUE SECTION

1.	XVI—Pensions and Miscellaneous	235.05	209.72	25.33	25.01 (99)
2.	XVIII—Medical and Public Health	125.70	114.42	11.28	6.78 (60)
3.	XIX—Family Welfare	27.74	18.93	8.81	2.03 (23)
4.	XXIX—Agriculture	81.56	73.83	7.73	4.39 (57)
5.	XXXIV—Forest	34.14	26.08	8.06	4.14 (51)

CAPITAL SECTION

6.	XV—Public Works	48.83	38.04	10.79	1.49 (14)
7.	XXIX—Agriculture	11.00	8.29	2.71	1.32 (49)
8.	XXXVII—Industries	42.85	36.32	6.53	3.56 (55)

2.2.11. Injudicious surrenders

In the following voted grants where surrender of funds exceeding Rs. 25 lakhs in each case was made on 30th March

1988, there were eventual excesses indicating injudicious estimation of saving and surrender of funds:—

<i>Sl. No.</i>	<i>Number and name of grant</i>	<i>Total grant</i>	<i>Actual expenditure</i>	<i>Excess</i>	<i>Amount surrendered on 30th March 1988</i>
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(Rs. in crores)

REVENUE SECTION

1.	VII—Stamps and Registration	6.66	7.02	0.36	0.31
2.	XXV—Social Welfare including Harijan Welfare	86.00	86.70	0.70	2.03
3.	XXXVI—Community Development	69.44	71.10	1.66	1.17
4.	XXXVIII—Irrigation	31.64	33.72	2.08	0.34

2.2.12. Injudicious re-appropriation of funds

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. Before withdrawal of funds from a head it is to be ensured that there is a definite or reasonable chance of saving under the head and that before additional funds are provided under a head, it is to be ensured that there is likelihood of increased expenditure under the head. Details of 19 cases where withdrawal of funds/additional provisions proved excessive by over Rs. 25 lakhs in each case are mentioned in Appendix 2.

2.2.13. Irregular reappropriation/resumption of funds

On 30th March 1988 the Finance Department issued an order re-appropriating a sum of Rs. 3,37,80,500 from various heads within 'Grant No. XVII-Education, Sports, Arts and Culture'. This included irregular reappropriation of Rs. 10,36,300 from the Capital head of account '6202-01-203-04 Loans advanced from 1979-80 onwards' to various heads under revenue section of the grant, as no reappropriation is permissible between revenue and capital sections even within the same grant.

Again on 30th March 1988, an order was issued by the Finance Department surrendering Rs. 72 lakhs out of a provision of Rs. 147 lakhs from the head of account '4225-80-190-01 Kerala State Development Corporation for Scheduled Castes/Scheduled Tribes Limited-Investments'. On the same day another order was issued by the Scheduled Caste and Scheduled Tribe Development Department releasing Rs. 48.04 lakhs to the Corporation. The amount was paid to the Corporation on 31st March 1988, resulting in excess expenditure over the resultant provision. Issue of two orders on the same day, one surrendering funds and the other releasing it indicated lack of co-ordination between departments.

2.2.14. Vague reasons for reappropriation

According to the provisions of the State Budget Manual, the sanctioning authority is required to personally ensure that full, frank, forthright and specific reasons are given for the variations of provisions in the reappropriation/resumption order itself. Instructions were also issued by the Finance Department in May 1987 to ensure adherence to the provisions in the Manual. Still, reasons given in the reappropriation orders issued during 1987-88 were generally vague and non-specific and in 32 reappropriation/resumption orders involving increase or decrease of provision to the extent of Rs. 19.72 crores, no reasons were mentioned in the orders. Government stated (June 1988) that in actual practice reappropriation proposals were received at the fag end of the year and it is impossible to return the proposals calling for detailed reasons. However, Government issued a circular in December 1988 reiterating the instructions issued earlier.

2.2.15. Trend of recoveries and credits

During 1987-88, recoveries to be adjusted in accounts as reduction of expenditure were estimated at Rs. 48.63 crores (Revenue Section: Rs. 42.52 crores; Capital Section: Rs. 6.11 crores) against which the actual recoveries were Rs. 39.66 crores (Revenue: Rs. 30.49 crores; Capital: Rs. 9.17 crores), excluding the withdrawal of debit of Rs. 10 crores under '7999-Appropriation to the Contingency Fund'. In the Revenue section, there

were major shortfall in recoveries under 'Public Works' (Rs. 3.93 crores) and 'Irrigation' (Rs. 5.89 crores), while in capital section the major excess was under 'Food' (Rs. 3.79 crores).

2.3. Failure to furnish reason for variation

After the close of each financial year, the detailed appropriation accounts showing the final grant/appropriation, the actual expenditure and resultant variation are sent to the controlling officers by the Accountant General (Accounts & Entitlement) for furnishing promptly reasons for variations in general and those under important sub heads in particular. However, the reasons for variations in respect of important sub-heads were furnished to him on time (November 1988) by the controlling officers only for 254 or less than half of 619 heads of accounts for which the explanations for major variations were to be received.

2.4. Excesses pending regularisation

As on March 1989, excess expenditure in 84 voted grants/charged appropriations relating to the period 1980-81 to 1986-87 was pending regularisation under Article 205 of the Constitution. Out of them, 25 cases of excesses have been recommended by the Public Accounts Committee in March 1989 for regularisation by the Legislature. The year-wise break up of the remaining 59 cases of excess pending consideration by the Public Accounts Committee and regularisation by the Legislature is given below:

Year	Number of cases		Amount of excess	
	Voted grant	Charged appropriation	Voted grant	Charged appropriation
			(Rs. in lakhs)	
1980-81	1	..	75.90	..
1981-82	2	..	84.94	..
1982-83	3	1	380.11	10.84
1983-84	11	..	3163.23	..
1984-85	6	1	3226.01	3.64
1985-86	12	2	4667.61	561.21
1986-87	17	3	2822.78	1389.21

2.5. 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 Contingency Fund was temporarily increased from Rs. 15 crores to Rs. 25 crores by an Ordinance promulgated by the Governor on 1st June 1987. As the Ordinance was not replaced by an Act of the State Legislature within the prescribed time limit, it lapsed on 17th July 1987. Consequently, the corpus of the Fund stood reduced to Rs. 15 crores from that date. The enhanced corpus of Contingency Fund has not been utilised at any point of time. Government stated (March 1988) that enhancement was made on the presumption that considerable assistance from Central Government would be forthcoming to the State for meeting the prevalent drought situation and that the presumption proved incorrect as Central assistance at the expected level was not received.

Fifty-six sanctions were issued during 1987-88 advancing Rs. 21,71.87 lakhs from the fund. Out of them, one sanction for Rs. 0.50 lakh was subsequently cancelled. Eight sanctions, issued during July 1987 to March 1988, advancing a total of Rs. 37.84 lakhs were not operated. At the end of the year, an expenditure of Rs. 2,71,500 met from Contingency Fund remained unrecouped from Consolidated Fund.

2.6. Arrears in departmental reconciliation

Departmental figures of expenditure should be reconciled every month with those in the books of the Accountant General

(Accounts & Entitlement) in order to enable the departmental officers to exercise proper control over expenditure and to detect frauds and defalcations, if any, at an early stage. The reconciliation was in arrears in several departments. The number of controlling officers who had not reconciled (December 1988) their figures upto the end of 1987-88 and the number of reconciliation certificates due from them are indicated below year-wise.

<i>Year</i>	<i>Number of Controlling Officers</i>	<i>Number of monthly reconciliation certificate due</i>
1982-83	1	1
1983-84	1	12
1984-85	5	81
1985-86	14	177
1986-87	22	302
1987-88	46	788
Total		1,361

The departments with heavy arrears were as indicated below:—

<i>Sl. no.</i>	<i>Administrative Department concerned</i>	<i>Pendency in furnishing* monthly reconciliation certificates</i>	
		<i>Year</i>	<i>Number of certificates due</i>
1.	Revenue	1982-83 to 1987-88	248
2.	Health and Family Welfare	1984-85 to 1987-88	220
3.	Local Administration	1984-85 to 1987-88	157

2.7. Co-relation of expenditure with physical progress

Test check of performance under 5 schemes disclosed that although expenditure exceeded provision in 2 cases and provision was substantially utilised in the other 3 cases, physical progress fell short of targets as indicated below:—

Sl. no.	Name of the scheme	Component of the scheme	Physical		Financial	
			Target	Achievements and its percentage (in brackets)	Original provision (Rs. in lakhs)	Actual expenditure (Rs. in lakhs) and its percentage (in brackets)

AGRICULTURE DEPARTMENT

1.	Manures and fertilisers	Quality control of (i) fertilisers (No. of samples)	4000	1680 (42)	12.00	9.70 (81)
		(ii) pesticides (No. of samples)	2000	858 (43)		

HOUSING DEPARTMENT

2.	House sites to landless workers in rural areas	Distribution of developed plots to landless families (No. of sites)	3920	1838 (47)	98.00	95.06 (97)
3.	Middle Income Group Housing Schemes	Disbursement of loans to people whose annual income is between Rs. 7200 and Rs. 18000	59	27 (46)	15.00	13.23 (88)

Sl. no.	Name of the scheme	Component of the scheme	Physical		Financial	
			Target	Achievement and its percentage (in brackets)	Original provision (Rs. in lakhs)	Actual expenditure (Rs. in lakhs) and its percentage (in brackets)

IRRIGATION DEPARTMENT

4.	Ground water survey and investigation	(i) Hydrological Survey to generate irrigation potential (in hectares)	4600	685 (15)	60.00	189.54 (316)
		(ii) siting of open wells (Numbers)	1400	268 (19)		
		(iii) Construction of—				
		(a) tube-wells	24	16 (67)		
		(b) filterpoint wells	400	351 (88)		
		(c) shallow borewells	360	98 (27)		
		(iv) Hydrological and Geological survey (No. of sites)	2000	829 (41)		

SCHEDULED CASTES & SCHEDULED TRIBES
DEVELOPMENT DEPARTMENT

5.	Construction of houses	Financial assistance to scheduled castes for construction of houses (No. of houses)	1166	467 (40)	53.00	57.61 (109)
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2.8. 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 cases substantial amounts were drawn though not required for disbursement before the close of the year.

<i>Sl. No.</i>	<i>Name of drawing/ disbursing officer, amount drawn and month of drawal (in brackets)</i>	<i>Purpose of drawal</i>	<i>Remarks</i>
AGRICULTURE DEPARTMENT			
1.	Joint Director of Agriculture— Rs. 5.60 lakhs (31st March 1988)	For purchase of agricultural implements intended for distribution under Special Component Plan	As the tender conditions stipulated supply before 31st March 1988, the amount was drawn and kept in the cash chest as demand draft. The implements were supplied only in July 1988 and the amount was paid in August 1988. Government stated (December 1988) that the Principal Agricultural Officer, Trichur was being instructed to avoid such instances in future.

CO-OPERATION DEPARTMENT

2.	Registrar of Co-operative Societies— Rs. 5.70 lakhs (30th March 1987)	To give assistance to Kerala State Federation for Scheduled Caste/ Scheduled Tribe Development Cooperatives Limited (Federation) for setting up a <i>Cheevakka</i> Processing Unit. Of this, assistance from National Co-operative Development Corporation (NCDC) was Rs. 4.80 lakhs to be claimed on reimbursement basis.	The amount was deposited in Trivandrum District Co-operative Bank in the name of the Federation. As the scheme has not yet been implemented, Government could not claim reimbursement from NCDC and the validity period of sanction issued by NCDC also expired on 31st March 1988. Government stated (February 1989) that the delay in implementation was due to delay in purchase of land and that the land has been got allotted in July 1988 and plan and estimate for the factory building has been sent for approval and NCDC has been requested to extend the validity period of sanction to end of June 1989.
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<i>Sl. No.</i>	<i>Name of drawing/ disbursing officer, amount drawn and month of drawal (in brackets)</i>	<i>Purpose of drawal</i>	<i>Remarks</i>
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FISHERIES AND PORTS DEPARTMENT

3.	Director of Fisheries— Rs. 30 lakhs (March 1987)	To meet the expenditure towards payment of pension to fishermen	The scheme was implemented through Kerala Fishermen's Welfare Fund Board (Board). The amount was deposited in Board's Savings Bank Account with District Treasury, Trichur. As the scheme was first introduced from 1st March 1987 and stipulated payment of pension for the months of February and March 1987 in the succeeding months and thereafter quarterly, the drawal could have been restricted to Rs. 6 lakhs being the amount immediately necessary for payment of pension for February and March 1987. Therefore the drawal in March 1987 was in excess of actual requirements.
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Sl. No.	Name of drawing/ disbursing officer, amount drawn and month of drawal (in brackets)	Purpose of drawal	Remarks
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GENERAL ADMINISTRATION DEPARTMENT

4.	Director of Tourism—Rs. 12 lakhs (July 1987 & November 1987)	For construction of Yatri Nivas at Trivandrum and Quilon	<p>The work was entrusted to Public Works Department and the amount was drawn and credited to Deposit head. As it was a Government work, the premature drawal for credit to deposit head was irregular, as funds to the extent actually incurred alone should be withdrawn from the treasury.</p> <p>The total expenditure incurred till the end of March 1988 on the Yatri Nivas at Trivandrum was Rs. 3.55 lakhs only, while in respect of Yatri Nivas, Quilon no expenditure was incurred during 1987-88.</p>
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CHAPTER III

AGRICULTURE DEPARTMENT

3.1. Agricultural farms

3.1.1. Introduction

Under the Department of Agriculture, there were 56 agricultural farms as at the end of March 1988. Of them the nine district agricultural farms are intended to serve as demonstration centres of modern scientific cultivation and to produce quality planting materials and make them available to cultivators. The aim of the 34 State seed farms is to produce and distribute high yielding varieties of paddy seeds. The object of the other farms is to produce crops like orange, cardamom, coffee, etc., and to produce and distribute quality seedlings and other planting materials.

3.1.2. Audit coverage

Review of the working of the farms was conducted by Audit between October 1987 and February 1988 with reference to the records in the Directorate of Agriculture, three District Agricultural farms, five State seed farms and four other farms supplemented by information furnished by fourteen other farms.

3.1.3. Highlights

- The State seed farms failed to supply the quantity of seeds fixed as departmental supply to meet requirements in the State.

(Paragraph 3.1.4)

- Out of twenty-six farms, no irrigation facilities were available in six farms. In fifteen other farms, they were inadequate.

(Paragraph 3.1.5)

- Productivity in the farms did not receive adequate attention. It was far below the average for the State and showed decline over the years.

(Paragraph 3.1.6)

- No documents were maintained to show actual output from labourers for comparison with minimum prescribed outputs. No recovery was made for shortfall in expected outputs.

(Paragraph 3.1.7)

- Expenditure in the farms exceeded receipts substantially.

(Paragraph 3.1.9)

3.1.4. Poor land use and output from seed farms

The total area of the 34 seed farms is 358.85 hectares (wet land: 286.17 hectares and dry land: 72.68 hectares). The seed cultivation is confined to wet land only. The seed farms were expected to meet 10 *per cent* of requirements of high yielding variety of paddy seeds during the five years 1982-83 to 1986-87. This implied an average production of 2250 tonnes per year but actual targets were fixed at lower levels and even the reduced targets were not achieved as shown below:

<i>Year</i>	<i>Annual target</i>	<i>Actual production</i> (in tonnes)
1982-83	1500	852
1983-84	1500	859
1984-85	1000	932
1985-86	N.A.*	932
1986-87	1000	1122

3.1.5. Inadequate irrigation facilities

Most of these farms were established between 1905 and 1973. At present, out of 26 farms for which information was made available, six had no irrigation facilities. In 15 other farms, they

*N.A.— Not available.

were inadequate, and only five farms had satisfactory arrangements. Some typical shortcomings in provision of irrigation facilities are given below:

(i) A motor (with pump and other accessories) was purchased in April 1985 for Rs. 2.93 lakhs for District Agricultural Farm, Anchal. It took 22 months thereafter to construct pump-house and to provide electric connection for installing the system. Even after that, the system could not be put to use on account of the faulty wiring and other defects. Consequently, coconut nurseries raised in the farm with over 30,700 seed nuts in 1985-86 and 53,000 seed nuts during 1986-87 could not be irrigated properly. Government stated (September 1988) that the sprinkler irrigation system could not be put to full capacity due to defects which could not be rectified.

(ii) The District Agricultural Farm, Chungathara has six pumpsets out of which two only are working. A pumpset installed in the newly constructed pumphouse in October 1987 is not working for want of electric connection.

(iii) The envisaged irrigation in Central Orchard, Pattambi from Bharathapuzha river through pipes installed in 1981 could not commence due to shift of the river from the pump-house and defects in pipelines. A borewell drilled in 1983 also did not prove successful. Water is at present conveyed through tanker lorry from a distance of three kilometres at high costs. Government stated (September 1988) that there was no chance of having a borewell inside the orchard as permanent source of water supply.

(iv) No irrigation facilities were available in the State Seed Farms at Nadavaramba, Ananganadi, Kottarakkara and Kozha. The Director stated (February 1988) that experiments conducted in some of the seed farms to tap ground water available were not successful and that cropping pattern was being adjusted according to the monsoon.

3.1.6. Lack of attention to productivity

These farms were expected to serve as demonstration centres for high productivity for emulation by farmers of the State.

However, productivity did not receive adequate attention. Crop-wise details of harvest indicating dates of harvest, quantity of yield obtained, etc., were not maintained in two out of three District Agricultural Farms test checked. The productivity of crops in five out of ten farms test checked was far below the average productivity in the State as a whole and also showed a decline over the years as detailed in Appendix 3.

The average production of paddy seeds per hectare expected by the Department was 2296 kg. for first crop and 1900 kg. for second crop. This productivity was achieved only by one seed farm (Okkal) out of five test checked. The performance of Ulloor farm was reasonably close to the expectation but that of Adoor, Nadavaramba and Chirayinkil was inadequate. Details are given in Appendix 4.

Productivity of the paddy seeds in 9 other farms as per details made available ranged between 513 kg. per hectare per crop and 3351 kg. per hectare per crop.

The Additional Director of Agriculture who conducted a review (March 1982) of the working of the Seed Farm, Adoor recommended discontinuance of paddy cultivation in the farm for two years from 1983 but it was not implemented and there was a loss of Rs. 0.76 lakh in the working of the farm during 1983-84 and 1984-85.

3.1.7. Fixation of labour strength

The minimum out-turn of work to be done by each labourer in departmental farms was fixed by the Director and communicated to the Superintendents of the farms in April 1973. In September 1975, the Director instructed the officers to review and refix the workload in consultation with the labour representatives. In September 1981, Government also reiterated that a review should be conducted to assess the actual needs and revise the norms. No documents were maintained in any of the farms test checked about actual outputs to see whether the engagement of staff was commensurate with work load. Besides, deduction from wages for shortfalls from expected out-turns was also not enforced,

though prescribed in March 1972 and July 1973. In District Agricultural Farm, Taliparamba the out-turn norms were substantially reduced in February 1987 to allow more staff for the same quantum of work as below:—

<i>Nature of work</i>	<i>Work load fixed in April 1973</i>	<i>Work load fixed in February 1987</i>
Harvesting of coconut	100 trees per manday	40 trees per manday
Pulling out paddy seeds from nursery	3 cents per womanday	2.1 cents per womanday
Planting of paddy seedlings in main field	8 cents per womanday	5 cents per womanday

Government stated (September 1988) that the revised workload was fixed in a joint meeting of the Farm Superintendent, Joint Director of Agriculture and labour representatives.

The permanent labour strength is to be decided on the basis of the quantum of work available throughout the year and reassessed every year and surplus staff should be given suitable work or should be transferred to adjacent farms. Such annual revisions were in arrears in twelve farms as given below:—

<i>Name of farm</i>	<i>Month in which labour strength was last fixed</i>
District Agricultural Farms, Taliparamba and Chungathara	November 1981
Banana Nursery, Peringammala and Central Orchard, Pattambi	September 1982
Seed Farms, Nadavaramba, Adoor, Chirayinkil and Ulloor	September 1982
Seed Farm, Okkal	March 1983
District Agricultural Farm, Anchal	January 1984
Orange and Vegetable Farm, Nelliampathy	April 1984
Sugarcane Farm, Pandalam	November 1985

Government stated (September 1988) that action has been taken to revive the Works Committee for revision of norms and labour strength and instructions have been issued to officers concerned to record the out-turn of work.

3.1.8. Losses and damages to plants

Losses and damages to plants noticed in two farms are stated below:—

<i>Name of farm</i>	<i>Particulars</i>	<i>Amount of loss</i> <i>(Rs. in lakhs)</i>
District Agricultural Farm, Chungathara	18,230 coconut seedlings raised during 1981-82 were damaged	0.91
	7,388 clove seedlings were damaged due to drought during 1983	0.15
	Pepper garden raised during 1975 in 4.5 hectares was reported during 1982 as lost due to drought and inadequate irrigation facilities.	
Banana Nursery, Peringammala	607 banana plants and 48 coconut trees were damaged by wild elephants during 1985-87.	0.09

3.1.9. Financial losses sustained by the farms

Expenditure in the farms during 1982-83 to 1986-87 exceeded the receipts, indicating the non-viability of the operations in the farms.

In respect of the District Agricultural Farms, receipts in the five years 1982-87 amounted to only Rs. 239.77 lakhs, as against the expenditure of Rs. 475.74 lakhs as detailed below:-

<i>Year</i>	<i>Expenditure</i>	<i>Receipts</i> (Rs. in lakhs)	<i>Loss</i>
1982-83	76.13	42.11	34.02
1983-84	83.59	42.53	41.06
1984-85	95.25	43.65	51.60
1985-86	108.09	49.88	58.21
1986-87	112.68	61.60	51.08
Total	475.74	239.77	235.97

The loss was mainly attributed to low yield due to lack of irrigation facilities and old age of trees, fixation of low price for farm produces in some cases, high rates of wages and pilferage for want of fencing.

As regards seed farms also the expenditure of Rs. 349.98 lakhs exceeded the receipts of Rs. 126.53 lakhs leading to a total loss of Rs. 223.45 lakhs as indicated below:-

<i>Year</i>	<i>Expenditure</i>	<i>Receipts</i> (Rs. in lakhs)	<i>Loss</i>
1982-83	52.50	22.62	29.88
1983-84	64.76	24.48	40.28
1984-85	69.73	25.64	44.09
1985-86	80.21	27.69	52.52
1986-87	82.78	26.10	56.68
Total	349.98	126.53	223.45

The loss was attributed mainly to increased cost of fertilisers, wages and inadequate irrigation facilities.

Details made available about the working results of three other farms also showed that they sustained losses as shown below during the period from 1982-83 to 1986-87:—

<i>Name of the farm</i>	<i>Total expenditure</i>	<i>Total receipts</i>	<i>Loss</i>
	<i>(Rs. in lakhs)</i>		
Orange and Vegetable Farm, Nelliampathy	81.51	25.99	55.52
Sugarcane Farm, Pandalam	13.14	6.87	6.27
Central Orchard, Pattambi	9.84	5.02	4.82

The losses were attributed to high rates of wages, high cost of in-puts, unfavourable weather conditions and drought, inadequate irrigation, old age of trees, pilferages, etc.

Government stated in October 1988 that the farms are maintained as a contribution to the cultivators to produce more products for the favour of the community in general, by way of supply of material at reasonable rates and hence the excess expenditure over receipts is not considered as loss.

3.1.10. Poor monitoring and review

Though forecast estimates of cultivation were prepared by the farms before commencement of each year there was no system of reviewing the actuals with the estimates later, after the close of the year, for identifying the reasons for variation in expenditure/receipts, shortfall in yield, failure of crop, etc. and taking remedial steps.

3.2. Soil conservation schemes

3.2.1. Introduction

Soil conservation and water management works under the following schemes are executed by the Soil conservation unit of the Agriculture Department:—

- (i) Soil and water conservation schemes in arable lands covered under the Kerala Land Development Act, 1964;

(ii) Special Employment Programme in Scheduled Caste/Scheduled Tribe (SC/ST) settlements and

(iii) Land Development Schemes sanctioned in October 1985 as part of flood relief works.

Such works include construction of contour trenches, embankments, earthen bunds and check dams, gully plugging, and provision of retaining walls on the banks of canals, rivers, backwaters, etc. Their objective is to protect the cultivable land from the hazards of soil erosion and to increase agricultural production.

The entire cost of the works under the Special Employment Programme and flood relief works is treated as grant to the beneficiaries. In the case of soil and water conservation schemes in arable lands, 25 *per cent* of cost is treated as subsidy to the beneficiaries and the balance is treated as repayable loan.

3.2.2. Audit coverage

Mention was made in paragraph 3.1 of the Report of the Comptroller and Auditor General of India for the year 1980-81 (Civil) about the delay in processing and execution of soil conservation schemes, abandoned works, arrears in the recovery of loans, utilisation of funds earmarked for SC/ST for the benefit of other categories, etc. A further review of the scheme was conducted by Audit in March-April 1988 with reference to records in the office of the Director of Agriculture (Soil Conservation) and District Soil Conservation Offices at Quilon, Alleppey, Ernakulam and Trichur.

3.2.3. Highlights

- Fifteen works estimated to cost Rs. 13.01 lakhs taken up between August 1984 and November 1986 were at standstill, after incurring expenditure of Rs.5.21 lakhs. Thirty-eight works estimated to cost Rs. 32.37 lakhs to cover 409 hectares of land were only partially executed and abandoned. (Paragraph 3.2.5)

- Payments to conveners exceeded the amount payable for labour mandays involved by Rs.8.14 lakhs. Excess expenditure of Rs. 5.89 lakhs over market cost was incurred on purchase of cement. Reports of Departmental and Finance inspection wings revealed irregular expenditure of Rs. 37.72 lakhs on which action has not been taken. (Paragraph 3.2.6)
- Delay in publication of Records of Rights and Liabilities resulted in loss of Rs. 8.91 lakhs. (Paragraph 3.2.8)
- As at the end of March 1987, the balance amount of loan including interest and penal interest, pending recovery was Rs. 255 lakhs. (Paragraph 3.2.10)

3.2.4. Progress of expenditure

A total amount of Rs. 945.39 lakhs was incurred on soil conservation schemes in the five years 1982-83 to 1986-87 as below:—

<i>Year</i>	<i>Schemes in arable lands</i>	<i>Schemes in SC/ST settlement</i> (Rs. in lakhs)	<i>Flood relief works</i>	<i>Establishment charges</i>	<i>Total</i>
1982-83	56.90	30.12	..	54.71	141.73
1983-84	46.45	64.29	..	64.08	174.82
1984-85	31.92	28.76	..	72.68	133.36
1985-86	31.69	28.18	203.00	67.49	330.36
1986-87	6.78	30.10	24.70	103.54	165.12
Total	173.74	181.45	227.70	362.50	945.39

3.2.5. Incomplete works

Fifteen works estimated to cost Rs. 13.01 lakhs taken up between August 1984 and November 1986 in SC/ST colonies to benefit 1042 persons and for improving 157 hectare area in Quilon and Trichur districts were at standstill after Rs.5.21 lakhs had been spent on them (April 1988). The area bene-

fited from the partly completed works was 74 hectares, nearly half the area involved but only 404 persons or less than half the target were benefited.

Thirty-eight works estimated to cost Rs. 32.37 lakhs and intended to cover 409 hectares in Quilon and Trichur districts, commenced between February 1981 and August 1986 to benefit 2559 SC/ST people were abandoned without completion. The area covered till then was 269 hectares. Only 1651 persons have been benefited though an amount of Rs.22.81 lakhs had been spent. The non-co-operation by the beneficiaries for the execution of the works, unattractive rates adopted for payment, non-availability of stones, etc., were the reasons attributed by the department for the non-completion of the works. Three contractors executing 11 flood relief works stopped work on the ground that facilities were not available to carry materials to the sites, though their agreement stipulated that they were to make arrangements for the conveyance of materials to the worksites. No penalty was imposed on them and payment of Rs. 15.12 lakhs was made to them at the agreed rates for the quantity of work executed releasing their security deposit of Rs.1.39 lakhs, though they executed only 21,380 cubic metres of earth work against 32,833 cubic metres specified in the contracts. Non-completion of the work also endangered the safety of the partially formed bunds.

3.2.6. Irregularities in execution of works

(1) Irregular execution by conveners at higher rates

Special Employment Programme was required to be executed through conveners elected by beneficiary committees and not through contractors. Such beneficiary committees included the representatives of panchayats, co-operative societies, beneficiaries, etc., as members. However, for 67 works costing Rs. 138.64 lakhs taken up in Alleppey District, the beneficiary committees did not include representatives of panchayats and co-operative societies due to non-functioning of panchayats and co-operative societies during the period. All the works, but for two, were executed by 23 conveners, who were

not beneficiaries of the schemes. Forty-nine works costing Rs. 122.14 lakhs were distributed among nine conveners, with value of works ranging from Rs. 2.41 lakhs to Rs. 44.36 lakhs. Two of the conveners who were entrusted with five works costing Rs. 25.33 lakhs were regular contractors of the Public Works Department. Thus the expenditure of Rs. 138.64 lakhs did not result in targeted financial benefits to the community.

Besides these targets, labour-oriented works were not executed by the conveners on no profit no loss basis, as envisaged. For the total quantity of 4,86,330 square metres work executed between January 1979 and February 1986 on 33 works in Alleppey district, the conveners were paid Rs. 26.10 lakhs which exceeded, by Rs. 8.14 lakhs, the amount of Rs. 17.96 lakhs payable for the related 2,07,166 labour mandays at daily wage rates fixed by Government.

(2) Extra expenditure due to delay in award of a work

A flood relief work in Ernakulam district estimated to cost Rs. 7.5 lakhs was awarded to the lowest tenderer only on 3rd February 1986, though the work was approved by Government in October 1985 and was to be completed before 31st March 1986. The tenderer refused to take up the work observing that he could not complete it before the end of March 1986. The work was got executed through another contractor at rates about 50 *per cent* above those of the lowest tenderer. The delayed arrangement caused extra expenditure of Rs. 2.76 lakhs.

(3) Avoidable expenditure on stacking charges

Payment for construction of contour bunds is made on the basis of length and height of bunds constructed. Separate payment of stacking charges for stones collected for construction of bunds is not envisaged. However, in Quilon and Alleppey districts, stacking and rehandling charges amounting to Rs. 1.17 lakhs were paid irregularly in 18 works during 1983-87.

(4) Extra expenditure on construction of contour bunds and retaining walls.

The economical height prescribed for stone pitched contour bunds on land for certain slopes was only one metre. However, in 36 works executed under the Special Employment Programme in Alleppey district, the average height provided was more than 1.5 metres, resulting in an unjustified extra expenditure of Rs. 7.11 lakhs.

In Ernakulam and Trichur districts, contour bunds and retaining walls were constructed with oversized rubble not provided in the specification for the works leading to extra expenditure of Rs. 9.92 lakhs.

(5) Usage of cement

In Ernakulam, Alleppey and Trichur districts, more cement than the requirement as per specification was allowed to be used and paid for resulting in extra expenditure of Rs. 5.11 lakhs.

The works were to be executed on no profit no loss basis, if necessary by procuring cement from market. However, in respect of 15 flood relief works executed in Ernakulam and Trichur districts between January 1986 and March 1987, procurement was arranged through contractors, allowing a profit margin of about 7 per cent, in addition to actual costs of procurement by contractors. The extra expenditure of Rs. 5.89 lakhs could have been avoided if the department had procured the cement directly from the market.

(6) Irregularities noticed by departmental officers

A total irregular payment of Rs. 37.72 lakhs was detected by departmental officers as described below but no action has been taken so far, to recover these irregular payments.

(i) Inspection by the Finance Inspection Wing of the Government conducted between May 1986 and March 1987, of fifteen works executed in Alleppey district disclosed large scale discrepancies in measurements, execution of sub standard works,

payments to the conveners for works actually executed by the beneficiaries themselves, etc. The overpayments to the conveners on these counts were assessed as Rs. 30.67 lakhs representing 43 per cent of the value of work done.

(ii) Departmental inspection (December 1987) of another work executed at a cost of Rs. 14.22 lakhs under Special Employment Programme in Ernakulam district between November 1982 and March 1985 revealed excess payment of Rs. 5.54 lakhs to the convener towards charges for the conveyance of rubble.

(iii) Inspection of works by the Joint Director (Soil survey) and by the Finance Inspection Wing found execution not in conformity with the prescribed specifications and the cost of such sub standard works in four cases was assessed as Rs. 1.51 lakhs.

3.2.7. Failure to effect recoveries

The beneficiaries of 35 works included 601 persons who did not belong to SC/ST and therefore were eligible only for assistance of half and not full cost of works. However, Rs. 7.90 lakhs due from them were not recovered. The Director stated (October 1988) that non-SC/ST people who are also economically poor, refrain from executing soil conservation works in their land, if full subsidy is not paid to them also, and consequently, there is no continuity for the soil conservation works in the area.

3.2.8. Loss due to delay in publication of Record of Rights and Liabilities

The officers executing schemes in arable lands, have to prepare a Statement of Rights and Liabilities setting forth *inter alia* the name of the owner of the land, the cost of work executed in his land, amount treated as loan and the period within which the amount is to be recovered. The statement is to be published within a period of three months from the date of completion of work and the amount treated as loan is recoverable from beneficiaries in twenty half yearly instalments, commencing from the date of expiry of six months from the date of publication of the Statement of Rights and Liabilities. The statements, however, were not prepared and published in accordance with

this time schedule. Consequently, the loan component did not get recovered from the beneficiaries promptly and the resultant loss has been assessed by the department at Rs. 8.91 lakhs. Government stated (March 1989) that the matter was being re-examined on the basis of explanations furnished by the officers concerned and that action would be taken for recovery wherever necessary.

3.2.9. Defective maintenance of loan accounts

The Tahsildars are responsible for the recovery of loan from each loanee under the scheme. They have to maintain separate registers for individual cases and furnish monthly statements of collection to the District Soil Conservation Officers (DSCOs). The DSCO has to verify the figures furnished by the Tahsildar, reconcile them with the accounts of the treasury and maintain loan-wise accounts. He is also responsible to watch the progress of collection and report promptly any slackness to the District Collector. The monthly progress of collection is to be watched by the Director of Agriculture (S.C. Unit) who is required to maintain details of amounts overdue for recovery at the close of each year which should contain *inter alia* year wise break-up of the outstanding dues.

A review of the register maintained by 4 DSCOs showed that the returns due from Tahsildars were not being received regularly. The returns wherever received were not reconciled with the treasury figures. Inordinate delay was noticed in posting the details of collection in the loan ledgers maintained by the DSCOs. Year-wise break-up of the outstanding balances were not available either with the DSCOs or at the Directorate. Correct and up-to-date accounts of loans were also not available with the department.

3.2.10. Arrears in recovery of loans

In the Directorate, the Demand, Collection and Balance statement relating to recovery of loans has been prepared only up to end of March 1987. This showed a balance of Rs. 255 lakhs, including interest and penal interest, pending recovery. The statement, however, contained a number of errors such as, arithmetical mistakes, differences in balances carried over and disagreement of figures

with the statements received from districts. The balance amount pending collection as per the records of the Board of Revenue was only Rs. 17 lakhs (September 1987). The discrepancy in the two sets of accounts has also not been investigated and reconciled.

The outstanding balance included Rs. 3.28 lakhs due from a single beneficiary (Alleppey district) recovery of which was stayed by High Court (August 1988) pending decision of the Land Board on the quantum of compensation payable to him on the excess land taken over by the Government. The decision of the Land Board was still awaited (November 1988). In respect of another scheme completed in September 1982 (Alleppey district) at a cost of Rs. 5.77 lakhs, of which the loan portion was Rs. 4.33 lakhs, recovery has not been commenced as action of Government on representations made by certain beneficiaries to exempt them from repayment of loan was pending (November 1988).

CHAPTER IV

FINANCE DEPARTMENT

4. Kerala State Insurance Department

4.1. Introduction

The Kerala State Insurance Department was established by the erstwhile Government of Travancore in 1896. After the nationalisation of life insurance business under Life Insurance Act, 1956, the department continues to transact the life insurance business relating to State Government employees only. General insurance business relating to the properties of the State industrial undertakings in which State Government or other State financial institutions have got substantial interest is continued to be conducted by the department under the provisions of General Insurance (Nationalisation) Act, 1972. The Department has two branches, namely; (i) Life insurance branch for handling (a) life insurance business relating to Government servants and (b) group insurance and (ii) General insurance branch for handling business pertaining to (a) fire insurance, (b) marine insurance, (c) accident insurance, (d) crop insurance and (e) miscellaneous insurance. There is a Tariff Advisory Committee established under the Insurance Act, 1938 to control the rates, advantages, terms and conditions that may be offered by insurance in respect of general insurance business.

4.2. Organisational set up

The department is headed by the Director of Insurance. He is assisted by three Deputy Directors who supervise the work in the three wings, namely; (a) Life insurance, (b) General insurance and (c) Group insurance. Under the department, there are seven district offices-one each at Quilon, Kottayam, Alleppey, Ernakulam, Trichur, Kozhikode and Cannanore.

4.3. Audit coverage

Mention was made in paragraph 6.2 of the Report of the Comptroller and Auditor General of India for the year 1981-82 (Civil) of some defects/shortcomings in the working of the department such as (i) failure of the department to attract *cent per cent* insurance for the business of all public sector undertakings

in the State, (ii) failure to bring under insurance cover, a large number of entrants to State Government service, (iii) issue/renewal of policies before collection of premium, (iv) payment of compensation before getting the loss assessed by licensed surveyors. After examination of the paragraph, the Public Accounts Committee (1984-86) in its 101st Report recommended *inter alia* (i) introduction of commercial accounting system, (ii) evolving a machinery to exercise continuous check so that all Government undertakings place their insurance business exclusively with the department and (iii) proper verification and scrutiny of applications for policies and claims.

A further review was conducted by Audit in August-September 1988 with reference to the records in the Directorate.

4.4. Highlights

- **Preparation of *pro forma* accounts by the department is heavily in arrears.**
(Paragraph 4.5)
- **Though the premium income has gone up steadily, the number of life, group and marine insurance policies declined in 1987-88.**
(Paragraph 4.6)
- **There were deficiencies in maintaining accounts.**
(Paragraph 4.7)
- **Policies were issued/renewed without collection of full premia.**
(Paragraph 4.8)
- **Additional premium under fire insurance amounting to Rs. 9.23 lakhs was not recovered.**
(Paragraph 4.9)
- **Provision of insurance cover given to unregistered vessels led to avoidable payment of compensation of Rs. 3.47 lakhs.**
(Paragraph 4.10)
- **Crop insurance business led to a loss of Rs. 33.51 lakhs**
(Paragraph 4.13)

4.5. Profitability

The *pro forma* accounts of the department to be prepared on commercial principles, to disclose the profitability of the insurance business are heavily in arrears. Though *pro forma* accounts were required to be prepared from 1967 onwards they have been prepared only for the years 1983 and 1984. Government stated in May 1989 that it was difficult to prepare the accounts for the period up to 1982 at this distance of time. Therefore it was not possible to ascertain whether the department was working profitably and had built up adequate balances in the Insurance Funds to meet all liabilities. The balance in the Insurance Funds has, however, grown steadily as below:

	1985-86	1986-87	1987-88
	(Rs. in lakhs)		
Opening balance	1724.91	2223.85	2856.83
Receipts	659.88	841.03	1068.85
Payments	160.94	208.05	302.17
Closing balance	2223.85	2856.83	3623.51

4.6. Volume of business

The premium collections have risen steadily in the last two years. But the number of policies issued/renewed under life insurance, group insurance and marine insurance showed a decline in 1987-88 as shown below:

	<i>Number of policies issued/renewed</i>			<i>Amount of premium received</i> (Rs. in lakhs)		
	1985-86	1986-87	1987-88	1985-86	1986-87	1987-88
State life insurance	14,842	11,968	11,837	100.85	159.00	116.70
Group insurance	49,274	34,002	14,328	216.12	251.37	270.67
Marine insurance	1,055	1,170	941	78.80	82.44	61.74

The number of claims received steeply rose in 1987-88 and despite settlement of more claims, the pendency has steadily

gone up. In 1987-88, the pending claims were more than double the number of claims received in that year. Further details are as below:

	1985-86	1986-87	1987-88
Opening balance	2,150	2,444	2,733
Claims received	675	857	1,498
Total	2,825	3,301	4,231
Claims settled	381	568	1,229
Closing balance	2,444	2,733	3,002

4.7. Deficiencies in maintenance of accounts

Consolidated/detailed accounts of demand, collection and balance of premia had not been maintained and it was not possible to check that all amounts due have been recovered.

Collections as appearing in departmental accounts had not been reconciled with treasury figures.

Reinsurance accounts are to be prepared and settled quarterly. However, reinsurance accounts in respect of marine insurance branch had been settled only up to the end of 1984 and those in respect of fire insurance branch up to the end of June 1986.

4.8. Issue/renewal of policies without collection of full premia

Under the Insurance Act, 1938, risks for which premium can be ascertained in advance, should not be assumed earlier than the date of payment of the premium. In respect of risks arising out of insurance of marine hull and cargo, where the premium is ascertainable in advance, realisation of premium before acceptance of proposals and issue of policies is mandatory. Notwithstanding this, the department had issued insurance policies without receipt of premia or bank guarantee as provided under the Insurance Rules, leading to accumulation of arrears in the collection of premia. Test check disclosed that in eight

cases the premia pending collection for the period from 1972-73 onwards amounted to Rs. 22.50 lakhs as at the end of 1986-87. Similarly, in eighteen cases settled during 1984-88 by payment of Rs. 20.12 lakhs, liability was assumed though premia had not been paid at the time when the events leading to the claims had occurred. Government stated (January 1989) that the clients being Government Companies, there has to be a lenient approach in the matter of collection of premia, holding of risk, etc., and that the arrear premia will be collected early.

Besides, premium for fire insurance is not to be accepted in instalments or by deferred payments in any form. However, the department accepted a claim of Fertilisers and Chemicals (Travancore) Limited (FACT) lodged (July 1986) for fire damage to plant and machinery although the company had paid only Rs. 9.02 lakhs against Rs. 26.21 lakhs due as premium on fire policy for the plant. The surveyors assessed the loss at Rs. 9.50 lakhs, but payment has not yet been made.

4.9. Short collection of premia

(i) The FACT had insured its petro-chemical and non-petro-chemical plants under the fire policy issued by the department. As it had not complied with the minimum requirements under the provisions of the petro-chemical tariff in respect of electrical installations an extra premium of Rs. 9.23 lakhs for 1985-86 and 1986-87 was recoverable from it. But the recovery has not been made so far.

The department provided fire insurance cover to the Kerala Minerals and Metals Limited, Quilon for the Titanium Dioxide Pigment unit valued at Rs. 92.64 crores for a period of three months from 16th January 1986 and it was renewed from time to time for periods of two to three months. Instead of collecting the premium at the prescribed rate of 20 *per cent* of the annual rate for renewal for one month, 30 *per cent* for two months and 40 *per cent* for three months for each spell of renewal, the department levied only proportionate amount of annual premium. This resulted in short realisation of Rs. 34.5 lakhs as premia for the period from 16th January 1986 to 18th December 1987. Government stated (January 1989) that a concession was shown as it was a Government Company and was facing financial problems.

4.10. Avoidable payment of compensation for unregistered vessels

According to the conditions governing insurance of fishing vessels, such vessels are to be insured only if they are licensed and certified for trading by competent authorities. It was, however, noticed that insurance policies had been issued to vessels without ensuring that they had valid licence. Consequently, the department had to make an avoidable payment of Rs. 3.47 lakhs as compensation for vessels which had no valid licence at the time of accident insurance.

4.11. Injudicious procurement

With a view to streamlining the documentation work and supplying printed renewal notices to policy holders, two Bradma machines were purchased in January 1984 at a cost of Rs. 2.04 lakhs. Although, even earlier in July 1983, the department had issued more than 50 thousand insurance policies, the capacity of the machine procured was limited to handling 30 to 40 thousand policies only. Therefore the machines could not be put to use and they are lying without proper utilisation.

4.12. Inadequate control over life insurance

According to orders issued by Government in August 1976, life insurance with the State Insurance Department was compulsory for all new entrants to Government service. However, the department did not have any machinery to watch whether proposals for life insurance cover had been received from all new entrants to Government service. It was found that as against 52,981 new entrants to Government service during the three years from 1985-86 to 1987-88, life insurance policies had been issued by the department only in 41,143 cases (78 per cent).

More than 3,500 proposals (including proposals received prior to May 1988) were pending (August 1988). As recovery of premium commences only after issue of policy, delay in its issue results in forgoing of premium income. Reckoned at the

prescribed minimum monthly premium of Rs. 30, the premium income lost by the department on account of delay in issue of policies in 3,500 cases amounted to Rs. 12.60 lakhs.

The Insurance Department had returned to other departments 2,750 insurance proposals, received during January-March 1988 on the ground that they were defective. The return of the proposals after rectification of the defects had not, however, been monitored by the Insurance Department.

4.13. Crop insurance scheme

Government of India sponsored a country-wide crop insurance scheme in 1985 and in Kerala such insurance was taken by the department as a co-insurer alongwith the General Insurance Company. However, the scheme was not financially viable. From April 1985 to January 1988, the department paid Rs. 61.38 lakhs as its share of indemnity to farmers for shortfall in yield against receipt of Rs. 27.87 lakhs as its share of premium income. The crop insurance led, therefore, to a loss of Rs. 33.51 lakhs to the department.

CHAPTER V

REVENUE DEPARTMENT

5. Acquisition of land for public purposes

5.1. Introduction

The Kerala Land Acquisition Act, 1961 to regulate acquisition of land for public purposes came into force on 1st April 1963 and was effective till 24th September 1984 when it was replaced through Amendment Act 1984 (Central Act) to the Land Acquisition Act 1894 (Central Act) as modified from time to time.

The important stages in land acquisition are:

- The selection of land for acquisition for public purposes by the department which requires the land and placement of requisition with Land Acquisition Officers authorised by the Act.
- Issue after scrutiny by the Land Acquisition Officer of a preliminary notification in the official gazette and in two daily newspapers giving wide publicity and inviting objections.
- Detailed survey of the land, scrutiny of records, hearing of objection to the proposed acquisition, etc., by the Land Acquisition Officer culminating in issue of a formal declaration to acquire the land, to be published in gazette and two newspapers and given wide publicity.
- Award of compensation.
- Payment of compensation and taking possession of land thereafter. However, in urgent cases, possession can also be taken in advance after payment of 80 per cent of estimated compensation.

- The Act has specified that the declaration as above shall not be made after the expiry of one year from the date of publication of the notification. It also provides that award of compensation should be made within a period of two years from the date of declaration. If these two limits are exceeded, the entire proceedings for the acquisition of land lapse and they have to be started afresh if the land is still to be acquired.

The compensations payable are:

- Market value of land on the date of notification.
- Solatium at 30 *per cent* (15 *per cent* prior to 30th April 1982) of the market value.
- Addition to market value in cases not settled before 30th April 1982 at 12 *per cent* per annum for the period from the date of notification to the date of award or date of taking possession of land, whichever is earlier.
- Interest at 9 *per cent* per annum from first year and 15 *per cent* thereafter for delay in payment of compensation after taking possession till the date of payment.

5.2. Organisational set up

Revenue Department is in overall charge of all land acquisitions by Government for public purposes and Special Tahsildars (Land Acquisition), Tahsildars and Revenue Divisional Officers exercise statutory powers of Land Acquisition Officers. District Collectors have powers to award compensation upto Rs. 50 lakhs. The Board of Revenue has power upto Rs. 100 lakhs, beyond which Government approval is necessary.

5.3. Audit coverage

A review of the land acquisition cases was conducted by Audit between January and June 1988 with reference to records in 29 Land Acquisition Offices, Board of Revenue and 9 Departmental Offices.

5.4. Highlights

- Addition to market value to the extent of Rs. 7.36 lakhs was paid, although not covered by the provisions of the Act.
(Paragraph 5.5)
- Partial adjustment of advance compensation towards interest payable on final compensation, resulted in excess payment of interest of Rs. 0.52 lakh.
(Paragraph 5.6)
- Due to the lapsing of acquisition proceedings because of the failure to adhere to the statutory time limits, the proceedings had to be renewed leading to extra expenditure or liability of Rs. 6.90 lakhs towards interest.
(Paragraph 5.8)
- Delay in payment of compensation resulted in extra expenditure of Rs. 1.67 lakhs towards interest for the periods covered by the delays.
(Paragraph 5.9)
- Delays in provision of funds by the departments which requested acquisition of the lands led to extra expenditure.
(Paragraph 5.10)
- Delays in land acquisition affected progress on six works and entailed additional expenditure of Rs. 81.30 lakhs on completion of four other works.
(Paragraph 5.13)
- An amount of Rs. 307.62 lakhs is outstanding recovery from the agencies for which lands were acquired.
(Paragraph 5.14)

5.5. Irregular payment of addition to market value

The new element of compensation, representing addition to market value payable on cases not settled by 30th April 1982 is calculated at 12 *per cent* per annum for the period from the date of notification to the date of award or to the date of taking possession whichever is earlier. In cases where the possession of land had been taken, even before issue of notification such addition to market value is not payable, in terms of the wordings of the Act. Out of 29 land acquisition offices test-checked,

the land acquisition offices in Palghat District however made irregular payment of such addition to market value for lands which were taken possession of even before publication of notification to the extent of Rs. 7.36 lakhs in 52 cases.

5.6. Adjustment of advance compensation

The advance compensation of 80 *per cent* of estimated compensation paid to the persons entitled is to be adjusted against the final compensation payable. Besides, for the period from the date of taking possession till the payment of final compensation, interest is also payable. Instead of adjusting the entire advance compensation paid against the final compensation payment and calculating the interest for the balance, only a part of the advance was so treated leading to an excess payment of interest of Rs. 0.52 lakh in seven cases finalised by Revenue Divisional Officer, Fort Cochin.

5.7. Excess payment due to adoption of wrong dates

The additional amount of 12 *per cent* per annum on the market value payable as compensation is to be calculated from the date of publication of preliminary notification. The Act stipulates that last of the three dates stated below will be the date of publication of the notification:

- (i) Publication of notification in the official gazette.
- (ii) Publication of notification in two local newspapers.
- (iii) Public notice of the substance of such notification at convenient places in the locality.

It was, however, noticed that in seven cases, while computing the amount payable, the last of the three dates mentioned above was not taken which resulted in excess payment of Rs. 0.31 lakh.

5.8. Lapsed proceedings

If the proceedings are not completed within the statutory time limits laid down, the proceedings automatically lapse and have to be started afresh. Renewal of proceedings involves

extra expenditure because of rise in market value after issue of the first notification. If the lands had been already taken over, the period for which interest is payable from the date of taking over to the date of payment of compensation also increases, increasing the interest liability. Such extra expenditure and liability of Rs. 6.90 lakhs towards interest arose in three cases as indicated below:

<i>Work for which acquired</i>	<i>Month of taking possession</i>	<i>Month in which initial proceeding lapsed</i>	<i>Month of revised proceeding</i>	<i>Extra expenditure and liability due to</i>	
				<i>Increase in market value</i>	<i>Interest</i>
				<i>(Rs. in lakhs)</i>	
1. Edakkattuvayal Distributory	November 1983	February 1987	February 1988	0.35	0.57
2. Additional buildings for Taluk Headquarters Hospital, Pathanamthitta	January 1984	September 1986	Yet to be finalised	Not quantifiable	3.88*
3. Expansion of College of Music and Institute of Fine Arts, Thripunithura	December 1982	do.	do.	do.	2.45*
Total					6.90

5.9. Extra expenditure due to delay in payment

The Government directed in December 1984 the re-opening of all cases pending on 30th April 1982 but were finalised thereafter for making payment of additional compensation payable with retrospective effect. It was stressed that delay in revision

*Only upto March 1988. Further liability of Rs. 2.59 lakhs and Rs. 1.63 lakhs accrues every year respectively.

of these cases will result in additional liability to Government by way of payment of interest for the period covered by delay. However, 10 cases settled in 1983 were reopened and additional compensation was paid by Special Tahsildar (LA) Railways, Alleppey only between August 1986 and February 1987 resulting in extra expenditure of Rs. 0.72 lakh towards interest for the periods covered by the delays.

Besides, in two cases the payment of compensation was delayed by the Land Acquisition Officers even though the requisitioning departments had made available funds for the payment. The delays of 3 and 2 months in arranging payment in these two cases led to additional expenditure of Rs. 0.95 lakh towards interest for the periods covered by the delay.

5.10. Adverse consequences of failure to provide funds

The requisitioning departments are expected to make available adequate funds to the Land Acquisition Officers to meet the cost of advance compensation for lands which are to be taken over in advance as well as to make the final payment at the time of passing awards. However, there was failure to provide such funds in three cases which led to extra expenditure as shown below:—

(1) For construction of Edakkattuvayal Distributory, a request to acquire land was made in May 1983 and advance possession of the land was also taken in November 1983, without any payment of advance compensation. In February 1987 when the compensation was to be determined as Rs. 5.20 lakhs no funds were provided for payment and the entire proceedings lapsed. With the renewal of the lapsed proceedings extra expenditure had to be incurred as shown at Sl. 1 of the table in Paragraph 5.8 *ante* on "Lapsed proceedings".

(2) Advance possession of land was taken in January 1984 for the construction of additional buildings for Taluk Headquarters Hospital, Pathanamthitta and buildings were constructed on the land. However, funds for payment of compensation were not provided and the proceedings lapsed in September

1986. The consequence of renewal of the proceedings which is inevitable has been covered under Sl. 2 of the table in Paragraph 5.8 *ante* on "Lapsed Proceedings".

(3) In respect of awards passed after April 1982 by Special Tahsildar (LA), Chitturpuzha Project, Chittur an amount of Rs. 40 lakhs was required by the end of September 1987 for paying the additional market value. However, the three departments concerned have not provided funds (June 1988) and the liability for the interest is steadily rising.

5.11. Unproductive staff expenditure

A special land acquisition office for acquisition of land for Indian Rare Earths Limited, Chavara started functioning from October 1986. Though requisition for the acquisition of land was received during 1986-88, even the survey work could not be done owing to objections of the land owners. Consequently, all the land acquisition proceedings are held up at the initial stage. Therefore, the expenditure of Rs. 6.69 lakhs incurred on the establishment for the period 1986-88 was largely unproductive.

5.12. Delay in utilisation of land acquired

In the following cases the land taken possession of has not been put to use for over seven years:-

<i>Name of the work for which land was taken</i>	<i>Area (in hectares)</i>	<i>Cost (Rs. in lakhs)</i>	<i>Date of taking possession</i>
Construction of buildings for press and staff quarters at Vazhoor	1.2	2.84	July 1979
Azhikkal Branch Canal	2.1	3.67	February 1980
Kakkadavu Project Dam and connected works	7.2	2.50	February 1980 to March 1981

5.13. Impact of delays

On one hand the delays in land acquisition led to extra expenditure due to increase in market value, interest for extended periods, etc. On the other hand, the delays also affected progress

on works and led to increase in construction costs, due to rise in prices, necessity to terminate contracts and execution by other agencies, etc.

During the test check it was noticed that the following works could not be completed as planned due to delays in land acquisition:

<i>Name of work</i>	<i>Date of issue of preliminary notification</i>	<i>Extent of delay in completion</i>
1. Sasthamkotta-Sooranad Rural Water Supply Scheme	October-November 1981	Land required for filter house and collecting tank has not been acquired. The scheme on which Rs. 76 lakhs has been spent upto December 1985 could not be commissioned in full.
2. Quilon Drainage Scheme	May 1984	Land required for treatment plant and quarters has not been acquired and the construction work has not been started.
3. Kovalam Fishing Harbour Project	December 1982	Awards were passed during March to December 1987. Compensation amount (Rs. 151 lakhs) was drawn from treasury and kept under Revenue deposit. Pending solution to the rehabilitation of the fishermen who were to be evicted from the site, amount has not been disbursed and land has not been taken possession. Consequently, the third stage works of the Project could not be commenced.
4. Fish Landing Centre at South Paravoor	October 1986	Land required for the building to house the plant has not been acquired. The equipment purchased for Rs. 5 lakhs could not be commissioned.
5. Approach road at Kandamthuruthy to National Highway	July 1986	Though requisition for land was received in June 1982, preliminary notification was issued only in July 1986. As the declaration was not published before July 1987, the proceedings lapsed and the work could not be taken up.

<i>Name of work</i>	<i>Date of issue of preliminary notification</i>	<i>Extent of delay in completion</i>
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- | | | |
|-------------------------------------|--|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 6. Pampakuda Lift Irrigation Scheme | | The proposal to acquire a portion of land by free surrender from land owners did not materialise. Consequently, canal work started in October 1978 could not be completed until formal land acquisition proceedings are over. |
|-------------------------------------|--|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

In four cases detailed below extra expenditure of Rs. 81.30 lakhs had to be committed due to termination of contracts as a result of non-availability of land and subsequent execution at higher cost after the land acquisition was belatedly completed.

<i>Name of work</i>	<i>Extra commitments (Rs. in lakhs)</i>	<i>Reasons</i>
1. Construction of bridge across Neyyar and Chakariar in Poovar-Sankuruthy Road	32.68	The contractor who was awarded the work in October 1979 stopped work in June 1982 because of non-availability of land. He sought enhancement in rates which was agreed to.
2. Reconstruction of Pandalam Bridge	27.50	The contract awarded in April 1980 had to be cancelled due to non-availability of land. The work was rearranged in September 1984 at higher cost.
3. Approach Road to underbridge at Cannanore	11.88	The contract awarded in April 1984 had to be terminated due to non-availability of land. Work was completed in November 1987 at higher cost.
4. Construction of a bridge in Malappuram District	9.24	The contract awarded in May 1980 had to be terminated due to non-availability of land. Work was completed in July 1985 at higher cost.
Total	81.30	

5.14. Delay in recovery of establishment cost:

In cases where separate establishments were sanctioned for the acquisition of land for State Government Companies and autonomous bodies or for Central Government and its autonomous bodies, the establishment charges were to be recovered from them. An amount of Rs. 307.62 lakhs is outstanding recovery on this account, as on June 1988 and some of the recoveries are pending for over eight years. Details are given in Appendix 5.

CHAPTER VI

MISCELLANEOUS

6.1. Misappropriations, losses, etc.

Fifty-five cases of misappropriations, losses, etc., involving Government money and reported to Audit to the end of March 1988 in respect of Agriculture, Finance and Revenue Departments were pending at the end of September 1988. Department-wise details of the cases are given below:—

<i>Sl. No.</i>	<i>Name of department</i>	<i>Number of cases</i>	<i>Amount (Rs. in lakhs)</i>
1.	Agriculture Department		
1.	Agriculture	6	0.28
2.	Animal Husbandry	3	1.15
3.	Dairy Development	1	0.11
2.	Finance Department		
1.	Lotteries	1	0.90
2.	Treasuries	10	2.54
3.	Revenue Department	34	15.60
Total		55	20.58

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

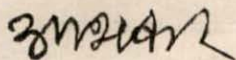
<i>Year</i>	<i>Number of cases</i>	<i>Amount (Rs. in lakhs)</i>
1982-83 and prior years	46	13.28
1983-84	1	0.41
1984-85	1	0.56
1985-86	2	0.21
1986-87	3	5.79
1987-88	2	0.33
Total	55	20.58

The reasons for pendency are indicated below:—

	<i>Number of cases</i>	<i>Amount (Rs. in lakhs)</i>
1. Awaiting departmental and criminal investigation	18	1.92
2. Departmental action started but not completed	19	13.87
3. Awaiting order for recovery/write off	8	3.47
4. Pending in courts of law	10	1.32
Total	55	20.58

6.2. Writes off

According to information received by Audit, 33 items amounting to Rs. 1.43 lakhs were written off during 1987-88 by the Agriculture Department (Agriculture: 3 items for Rs. 0.38 lakh, Animal Husbandry: 27 items for Rs. 1.01 lakhs and Dairy Development: 3 items for Rs. 0.04 lakh.)



Trivandrum,

(ANANDA SHANKAR)

The

20 JUL 1989

Accountant General (Audit)—I, Kerala.

Countersigned

T. N. Chaturvedi
(T.N. CHATURVEDI)

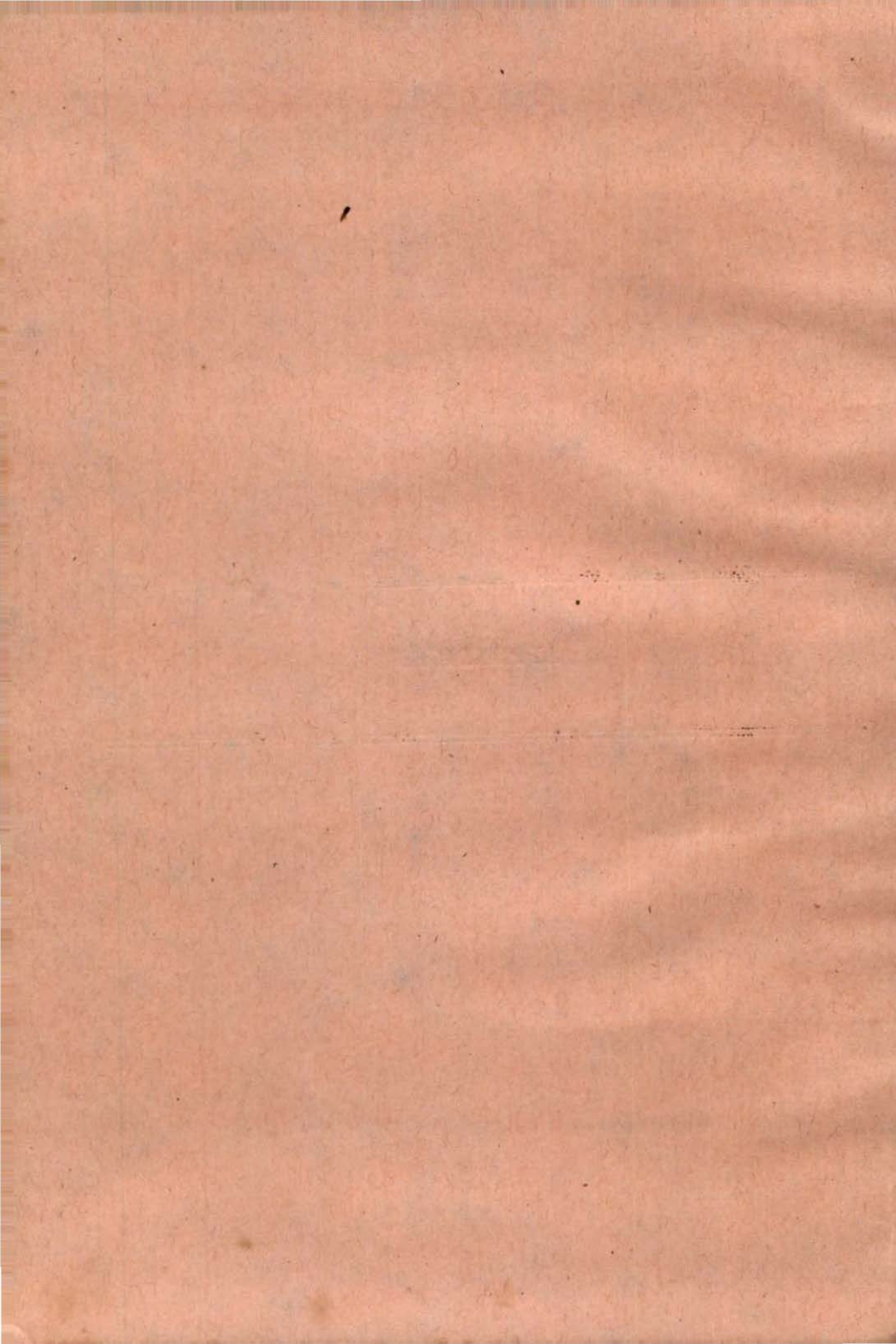
New Delhi,

The

26 JUL 1989

Comptroller and Auditor General of India.

APPENDICES



APPENDIX I

Voted grants/charged appropriations where excess requires regularisation

(Reference: Paragraph 2.2.2. at page 13)

Sl. No.	Number and name of grant	Total grant/ appropriation	Actual expenditure	Excess
		Rs.	Rs.	Rs.
REVENUE SECTION (Voted Grant)				
1. III—Administration of Justice		12,65,15,700	13,45,36,899	80,21,199
2. VII—Stamps and Registration		6,66,32,700	7,02,58,451	36,25,751
3. X—Treasury and Accounts		6,99,80,400	7,17,43,307	17,62,907
4. XI—District Administration and Miscellaneous		12,28,76,700	12,74,08,710	45,32,010
5. XXV—Social Welfare including Harijan Welfare		86,00,16,300	86,70,11,849	69,95,549
6. XXXI—Animal Husbandry		16,14,93,700	16,25,31,046	10,37,346
7. XXXVI—Community Development		69,44,22,000	71,09,96,644	1,65,74,644
8. XXXVIII—Irrigation		31,63,60,200	33,71,42,815	2,07,82,615
	Total			6,33,32,021

REVENUE SECTION (Charged appropriation)

9. II—Heads of States, Ministers and Headquarters staff	3,10,97,500	3,12,40,412	1,42,912
10. III—Administration of Justice	1,90,75,000	2,04,61,110	13,86,110

CAPITAL SECTION (Charged appropriation)

11. Public Debt repayment	9,34,63,27,500	9,77,41,80,481	42,78,52,981
	Total		42,93,82,003

APPENDIX 2

Injudicious reappropriation of funds

(Reference: Paragraph 2.2.12 at page 24)

Sl. No.	Number and name of grant and head of account	Provision (original plus supplementary)	Re-appropriation	Total provision	Actual expenditure	Excess (+) Saving (—)
(Rs. in lakhs)						
(a)	<i>Surplus withdrawals</i>					
	XV—Public Works					
1	3054-80-800-01 Ordinary repairs	723.00	(—)51.15	671.85	697.13	(+)25.28
2	3054-80-800-02 Renewals of Communications	1684.00	(—)164.20	1519.80	1544.98	(+)25.18
3	5054-80-800-06 Roads in Harijan settlements—Special Component Plan for SCs—Major Works XVIII—Medical and Public Health	453.05	(—)131.51	321.54	379.57	(+)58.03
4	2210-05-105-03 Medical College, Kozhikode	289.50	(—) 93.60	195.90	240.82	(+)44.92
	XIX—Family Welfare					
5	2211-105-02 Tubectomy	550.00	(—)286.00	264.00	291.71	(+)27.71
	XXV—Social Welfare including Harijan Welfare					
6	2235-60-102-01 Destitute pension	1136.00	(—) 52.74	1083.26	1319.37	(+)236.11
7	4225-80-190-01 Kerala State Development Corporation for SCs/STs Ltd. Investments	147.00	(—) 72.00	75.00	123.04	(+) 48.04
	XXXVI—Community Development					
8	2505-60-101-01 Rural Landless Employment Guarantee Scheme	2350.00	(—)550.00	1800.00	1871.09	(+)71.09

Sl. No.	Number and name of grant and head of account	Provision (original plus supplementary)	Re-appropriation	Total provision	Actual expenditure	Excess (+) Saving (—)
9.	2505-60-103-01 Scheme for small and marginal farmers for increasing agricultural production XXXVIII—Irrigation	755.00	(—) 356.36	398.64	436.81	(+) 38.17
10.	4701-04-103 Kabini (Karapuzha) Scheme	127.21	(—) 97.66	29.55	127.22	(+) 97.67
(b)	Surplus additions					
	XVI—Pensions and Miscellaneous					
11.	2071-01-109-02 Grant of retirement benefits to private college staff XXV—Social Welfare including Harijan Welfare	174.00	(+) 34.00	208.00	7.67	(—) 200.33
12.	2235-60-102-02 Agricultural workers pension XXIX—Agriculture	1500.00	(+) 82.14	1582.14	1545.02	(—) 37.12
13.	2401-103-09 Kerala Agricultural Development Project XXXVI—Community Development	23.57	(+) 31.06	54.63	18.10	(—) 36.53
14.	2501-01-101-Subsidy to District Rural Development Agencies	39.00	(+) 36.71	75.71	37.37	(—) 38.34
15.	2505-01-701-05 Housing	344.00	(+) 172.00	516.00	459.83	(—) 56.17
16.	2505-01-701-08 Roads XXXVII—Industries	1016.00	(+) 430.00	1446.00	1099.06	(—) 346.94
17.	4859-02-190-01 Kerala State Electronics Development Corporation—Investments	250.00	(+) 44.73	294.73	194.73	(—) 100.00
18.	6854-01-190-01 Loans to Malabar Cements, Walayar	507.47	(+) 74.31	581.78	533.28	(—) 48.50
19.	XXXVIII—Irrigation 4701-04-104 Chimoni-mupli Scheme works	149.83	(+) 63.70	213.53	160.77	(—) 52.76

APPENDIX 3

Productivity in agricultural farms

(Reference: Paragraph 3.1.6. at page 37)

<i>Name of farm</i>	<i>Crop</i>	<i>Year</i>	<i>Productivity in the farm</i>	<i>Average productivity for the State (per hectare)</i>
1. Orange & Vegetable Farm, Nelliampathy	(a) Orange (Kg.)	1982-83 1983-84 1984-85 1985-86 1986-87	1,594 901 278 41 90	N.A. N.A. N.A. N.A. N.A.
	(b) Cardamom (Kg.)	1982-83 1983-84 1984-85 1985-86 1986-87	4 2 4 7 4	35 20 48 56 40
	(c) Coffee (Kg.)	1982-83 1983-84 1984-85 1985-86 1986-87	102 41 28 52 53	246 149 732 359 359
2. Central Orchard, Pattambi	Mango (Kg.)	1982-83 1983-84 1984-85 1985-86 1986-87	1,165 2,090 1,678 668 2,036	4,431 3,668 3,176 3,179 3,235
3. Sugarcane Farm, Pandalam	Sugarcane (Kg.)	1983-84 1984-85 1985-86 1986-87	16,042 17,583 2,500 1,667	N.A. N.A. N.A. N.A.
4. District Agricultural Farm, Taliparamba	Pepper (Kg.)	1982-83 1983-84 1984-85 1985-86 1986-87	127 135 20 227 127	228 214 208 229 236
5. District Agricultural Farm, Chungathara	Coconut (Numbers)	1986-87	1,388	4,579*

N.A.—Information is not available

* State average for 1985-86

APPENDIX 4

Production of paddy seeds in seed farms

(Reference: Paragraph 3.1.6 at page 37)

<i>Year and crop</i>	In kilograms per hectare				
	Name of farms				
	<i>Adoor</i>	<i>Nadavaramba</i>	<i>Chirayinkil</i>	<i>Ulloor</i>	<i>Okkal</i>
1982-83/ I	Nil	Nil	2080	2350	2196
II	2075	777	492	1774	2385
1983-84/ I	Nil	Nil	1443	3153	2543
II	530	859	868	1461	1930
1984-85/ I	1207	Nil	2264	3472	2205
II	1453	830	1044	1908	Nil
1985-86/ I	992	1635	2563	2887	3121
II	1216	903	927	2040	2148
1986-87/ I	875	158	1182	2772	2103
II	1471	886	894	1181	2224

APPENDIX 5

Establishment charges pending recovery

(Reference: Paragraph 5.14 at page 66)

<i>Sl. No.</i>	<i>Name of institution from whom due</i>	<i>Amount (Rs. in lakhs)</i>	<i>Period of claim</i>
I. State Government Corporations, Autonomous Bodies and Companies			
1.	Kerala State Housing Board	91.79	1979-80 to 1987-88
2.	Kerala State Electricity Board	85.98	1979-80 to 1987-88
3.	Greater Cochin Development Authority	31.27	1981-82 to 1986-87
4.	Kerala Minerals and Metals Limited	26.49	1981-82 to 1987-88
5.	Trivandrum Development Authority	24.74	1979-80 to 1987-88
6.	Calicut Development Authority	24.71	1979-80 to 1987-88
7.	Steel Industrials Kerala Limited	5.70	1979-80 to 1982-83
8.	Kasaragod Municipality	4.90	1984-85 to 1986-87
9.	Kerala Financial Corporation	1.94	1987-88
10.	Kerala Toddy Workers Welfare Fund Board	0.46	1987-88
II. Central Government Departments			
11.	Southern Railway	4.75	1981-82 to 1986-87
12.	Central Public Works Department	1.34	1984-85
III. Central Government Corporations and Autonomous Bodies			
13.	Employees State Insurance Corporation	1.92	1984-85 to 1987-88
14.	Coffee Board	1.63	1980-81
Total		<u>307.62</u>	

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