

Report / Govt
22/11/79

03619

538



GOVERNMENT OF KERALA

REPORT
OF THE
COMPTROLLER
AND
AUDITOR GENERAL OF INDIA
FOR THE YEAR 1978-79

CIVIL

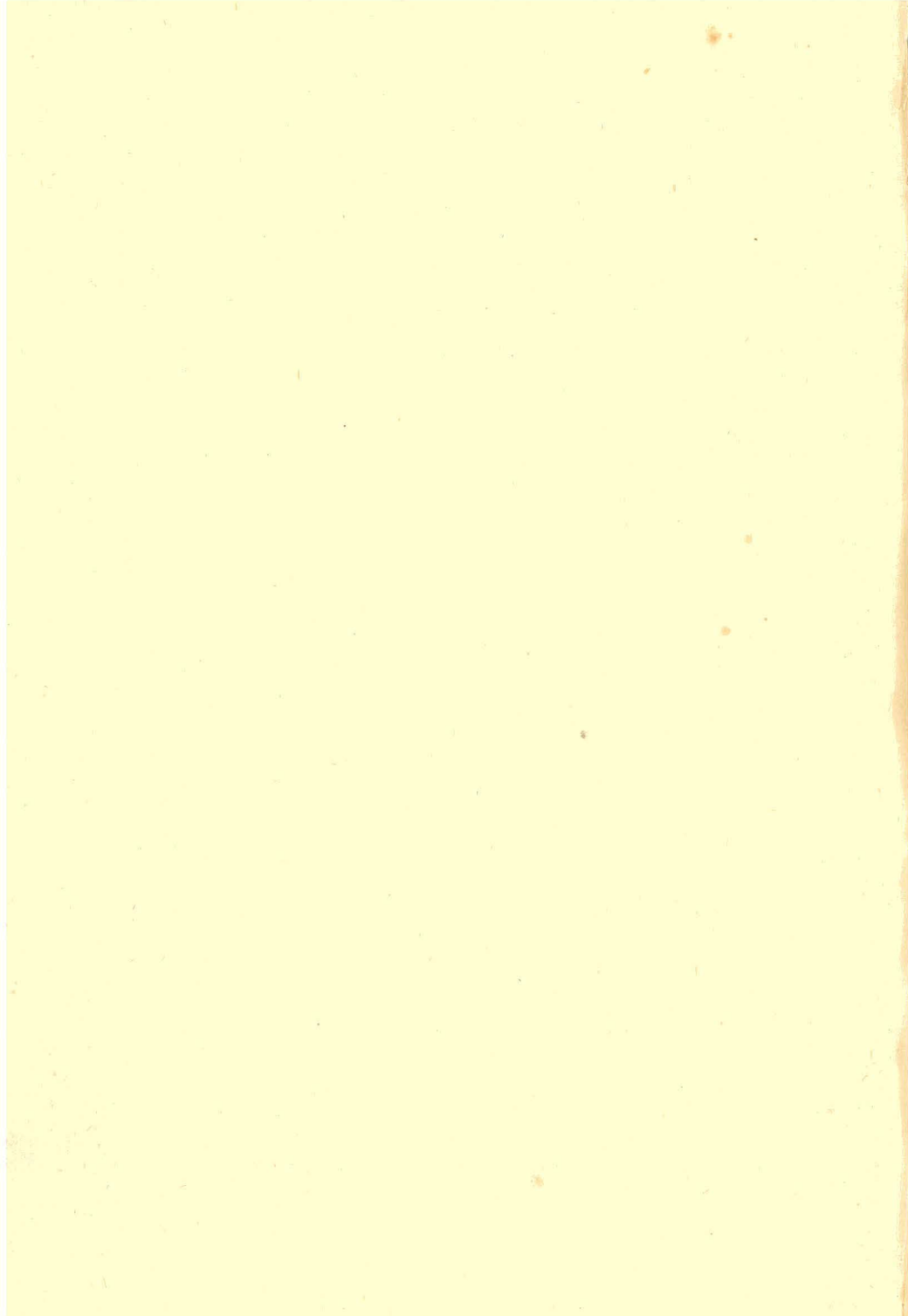
✓

REPORT OF THE COMPTROLLER
AND AUDITOR GENERAL
OF INDIA

FOR THE YEAR 1978—79

GOVERNMENT OF KERALA

(CIVIL)



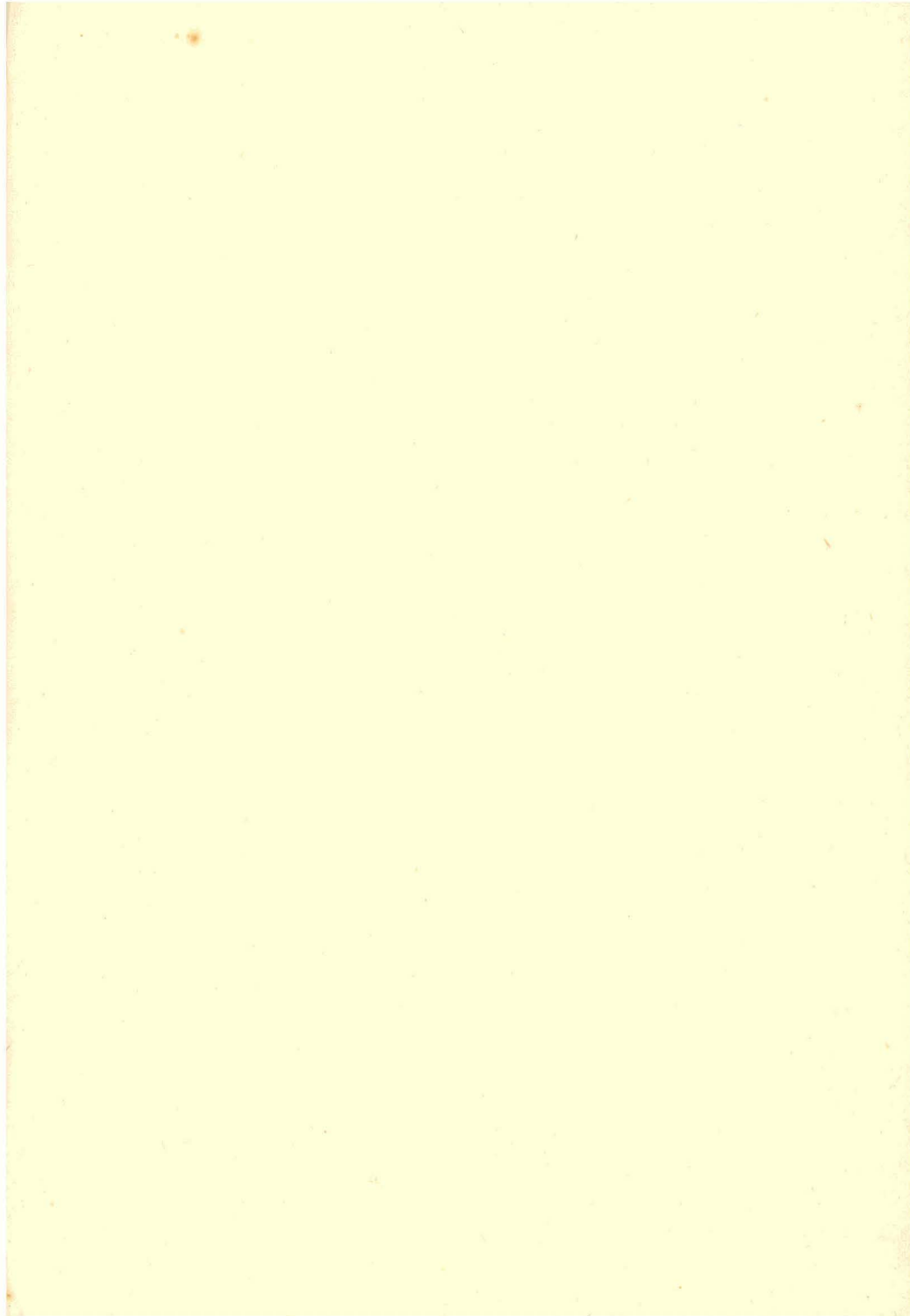


TABLE OF CONTENTS

	<i>Reference to</i>	
	<i>Paragraph</i>	<i>Page</i>
Prefatory remarks		vii
CHAPTER I—GENERAL		
Summary of transactions	1. 1	1— 2
Revenue surplus/deficit	1. 2	2— 3
Revenue receipts	1. 3	3— 4
Expenditure on revenue account	1. 4	5— 7
Expenditure on capital account	1. 5	7— 9
Loans and advances by Government	1. 6	9—13
Sources of funds for capital expenditure and for net outgo under loans and advances	1. 7	14
Debt position of Government	1. 8	14—17
Guarantees	1. 9	17—18
Investments	1.10	18—19
Financial results of irrigation works	1.11	20
CHAPTER II—APPROPRIATION AUDIT AND CONTROL OVER EXPENDITURE		
Summary	2.1	21—22
Excess over grants/charged appropriations requiring regularisation	2.2	22—24
Supplementary grants/charged appropriations	2.3	24—31
Unutilised provision	2.4	31
Advances from the Contingency Fund	2.5	31—32
Shortfall/excess in recoveries adjusted in the accounts in reduction of expenditure	2.6	32
Reconciliation of departmental figures	2.7	33
Withdrawal of funds in advance of requirements	2.8	33
Premature release of funds to the Kerala Forest Research Institute	2.9	34

	<i>Reference to</i>	
	<i>Paragraph</i>	<i>Page</i>

CHAPTER III—CIVIL DEPARTMENTS

Fisheries and Ports

Intensive Development of Fisheries, Anjengo	3. 1	35—41
Mechanisation of Fishing Boats	3. 2	41—47
Cold Storage Plant at Chengannur	3. 3	47

Industries Department

Mini Industrial Estates	3. 4	48—52
Foundry service centre, Trichur	3. 5	52—53

General Administration and Public Relations Department

Kerala State Film Awards	3. 6	53—54
--------------------------	------	-------

Revenue Department

Scheme for Cadastral Survey in the State	3. 7	54—57
--	------	-------

Housing Department

Provision of house sites to landless rural workers	3. 8	57—59
--	------	-------

Health Department

Establishment of a Blood Bank in Government Dispensary, Kalpetta	3. 9	59
--	------	----

Agriculture Department

Extra expenditure on transportation of milk	3.10	59—61
---	------	-------

General

Misappropriations, losses, etc.	3.11	61—62
Writes off, waivers and ex-gratia payments	3.12	62



CHAPTER IV—WORKS EXPENDITURE

Water and Transport Department		
Pazhassi irrigation project	4. 1	63—71
Kallada irrigation project—Payment beyond the terms of the contract	4. 2	71—72
Agriculture Department		
Delay in execution of work owing to non-availability of land	4. 3	72—73
Avoidable expenditure	4. 4	73—74
Extra expenditure owing to departmental lapse	4. 5	74—75
Public Works Department		
Construction of a bridge at Vadakkekara	4. 6	75—77
Bridge across Mulakanchira canal	4. 7	77—79
Reconstruction of Eroor bridge	4. 8	79—80
Reconstruction of bridge at 0/1 Blangad beach road	4. 9	80—82
Delay in filing of appeal	4.10	82—83
General		
Extra expenditure on account of delay in acceptance of tenders	4.11	83—84

CHAPTER V—STORES AND STOCK

Synopsis of stores and stock accounts	5. 1	85—87
Health Department		
Purchase of Glycerine	5. 2	87—90
Purchase of Panendoscope for Medical College Hospital, Kozhikode	5. 3	90—91
Development and Local Administration Department		
Infructuous expenditure on chlorine cylinders	5. 4	91—92

Reference to

Paragraph Page

CHAPTER VI—COMMERCIAL ACTIVITIES

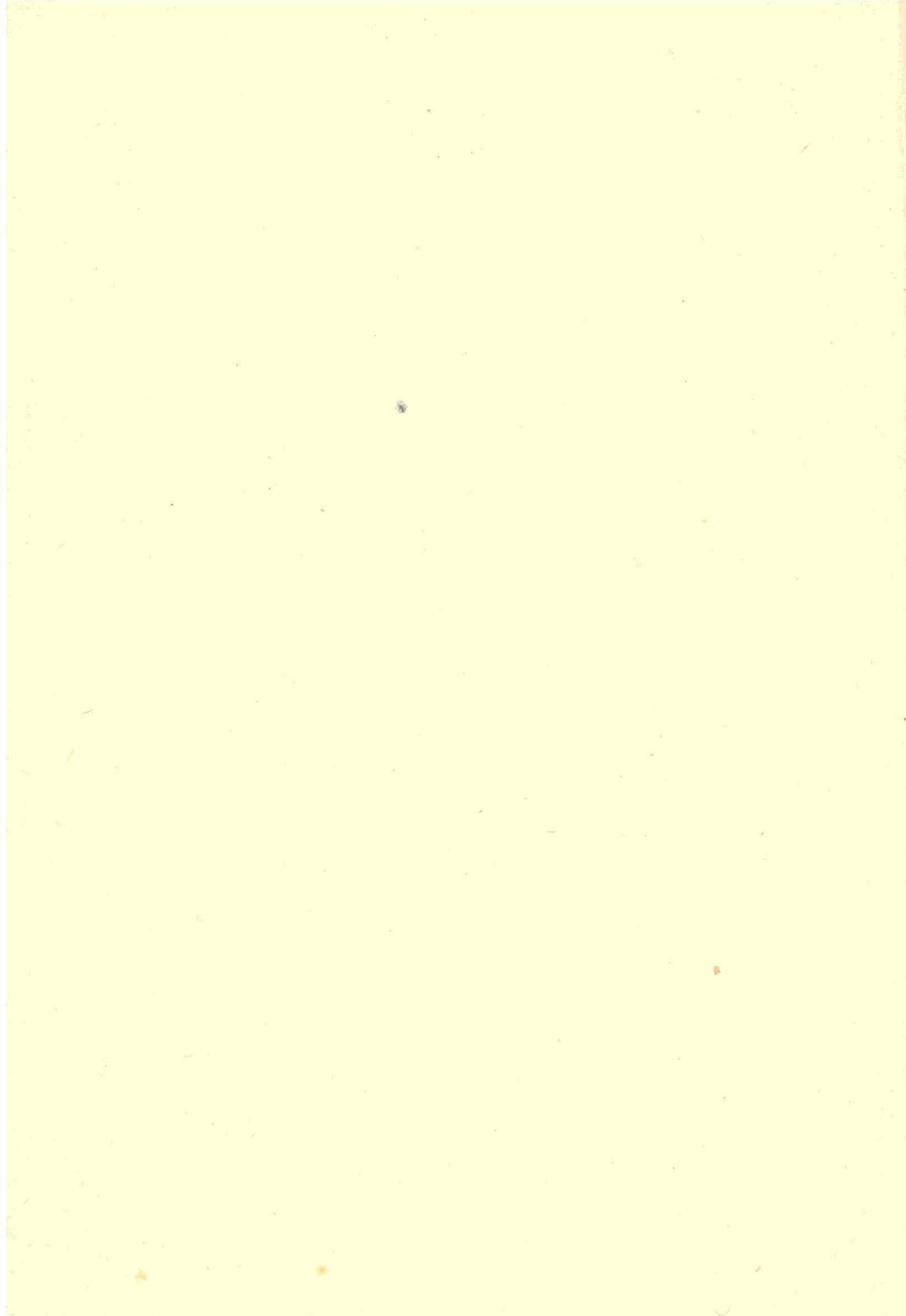
General	6.1	93—94
Industries Department		
Take over of 'ENCOS'	6.2	94—96
Water and Transport Department		
State Water Transport Department	6.3	96—98

CHAPTER VII—FINANCIAL ASSISTANCE TO LOCAL BODIES AND OTHERS

Introductory	7.1	99—100
Higher Education Department		
State Institute of Languages—Extra expenditure on purchase of white printing paper	7.2	100—101
Industries Department		
Assistance to Lapidary Co-operative Societies	7.3	101—102
Agriculture Department		
Financial assistance to Kerala State Co-operative Marketing Federation	6.10.89 7.4	102—103
Development and Local Administration Department		
Assistance to Ernakulam District Labour-cum-Development Co-operative Bank Limited	7.5	104
Financial assistance to Calicut Town Planning Trust	6.10.89 7.6	105—106
General		
Utilisation certificates ✓	6.10.89 7.7	106—107

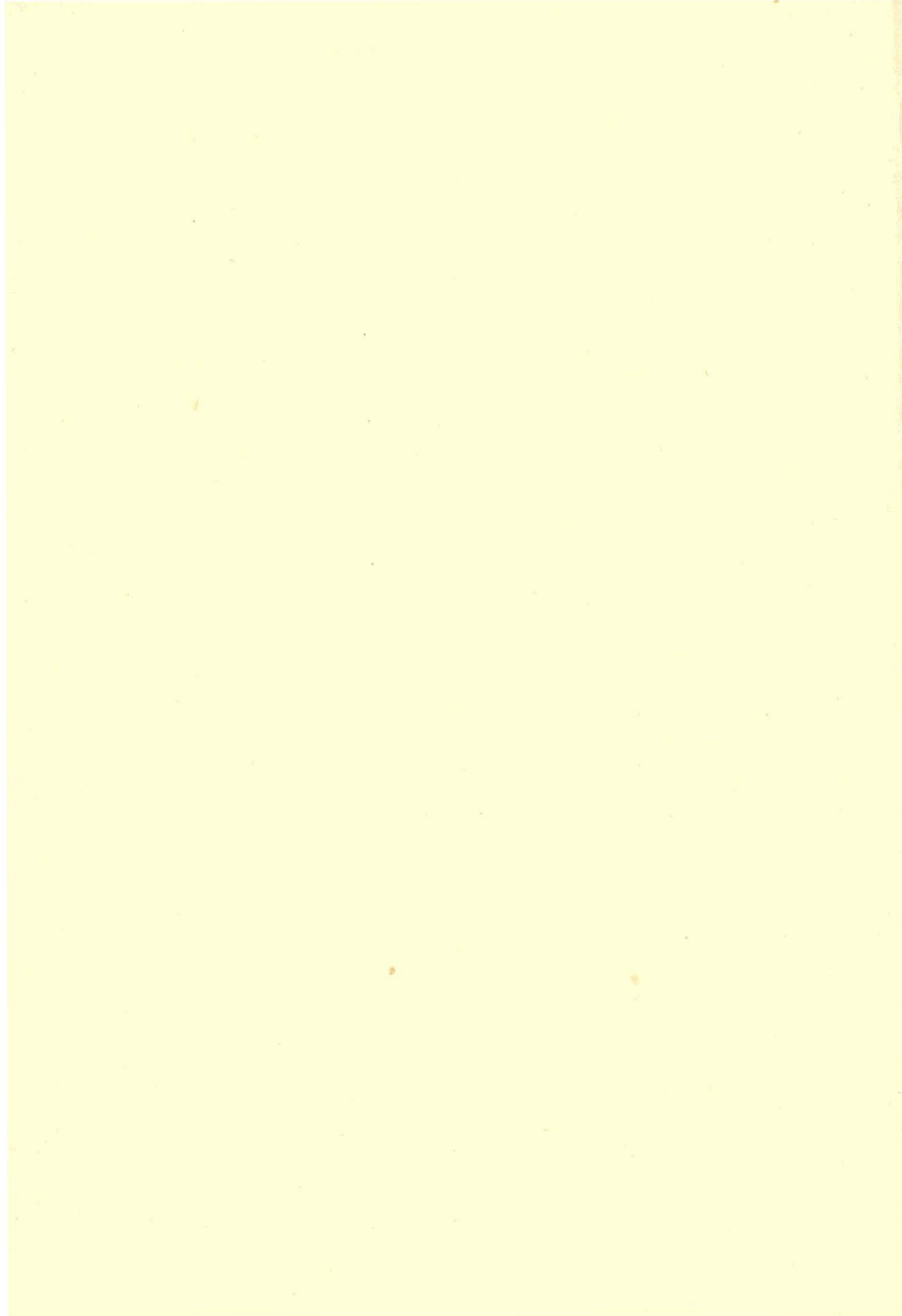
CHAPTER VIII—OUTSTANDING AUDIT OBSERVATIONS AND INSPECTION REPORTS

Outstanding audit observations	8.1	108—112
Advances remaining unadjusted	8.2	112—113
Outstanding inspection reports	8.3	113—116



APPENDICES

	<i>Page</i>
I Variations in expenditure during 1978-79 over the previous year	119—122
II Grants and charged appropriations where the savings (more than Rs. 10 lakhs in each case) were more than 10 per cent of the total provision	123
III Major schemes where provision remained substantially or wholly unutilised	124—126
IV Details of cases of withdrawal of funds in advance of requirements	128—133
V Details of Mini Industrial Estates where no units had been commissioned	134
VI Statement showing rates at which the vendors purchased the land and value paid by Government	135
VII Department-wise details of cases of misappropriations, losses, etc.	136
VIII Writes off, waivers and ex-gratia payments	137
IX Details of overpayment made to transporting contractors due to incorrect computation of data rate	138
X Cases of non-acceptance of tenders within the validity period of the tender	139
XI Synopsis of stores and stock accounts (1978-79)	140—141
XII Stores and stock accounts not received/not certified being defective	142—144
XIII Summarised financial results of Government Commercial Undertakings	146—147
XIV Utilisation certificates	148



PREFATORY REMARKS

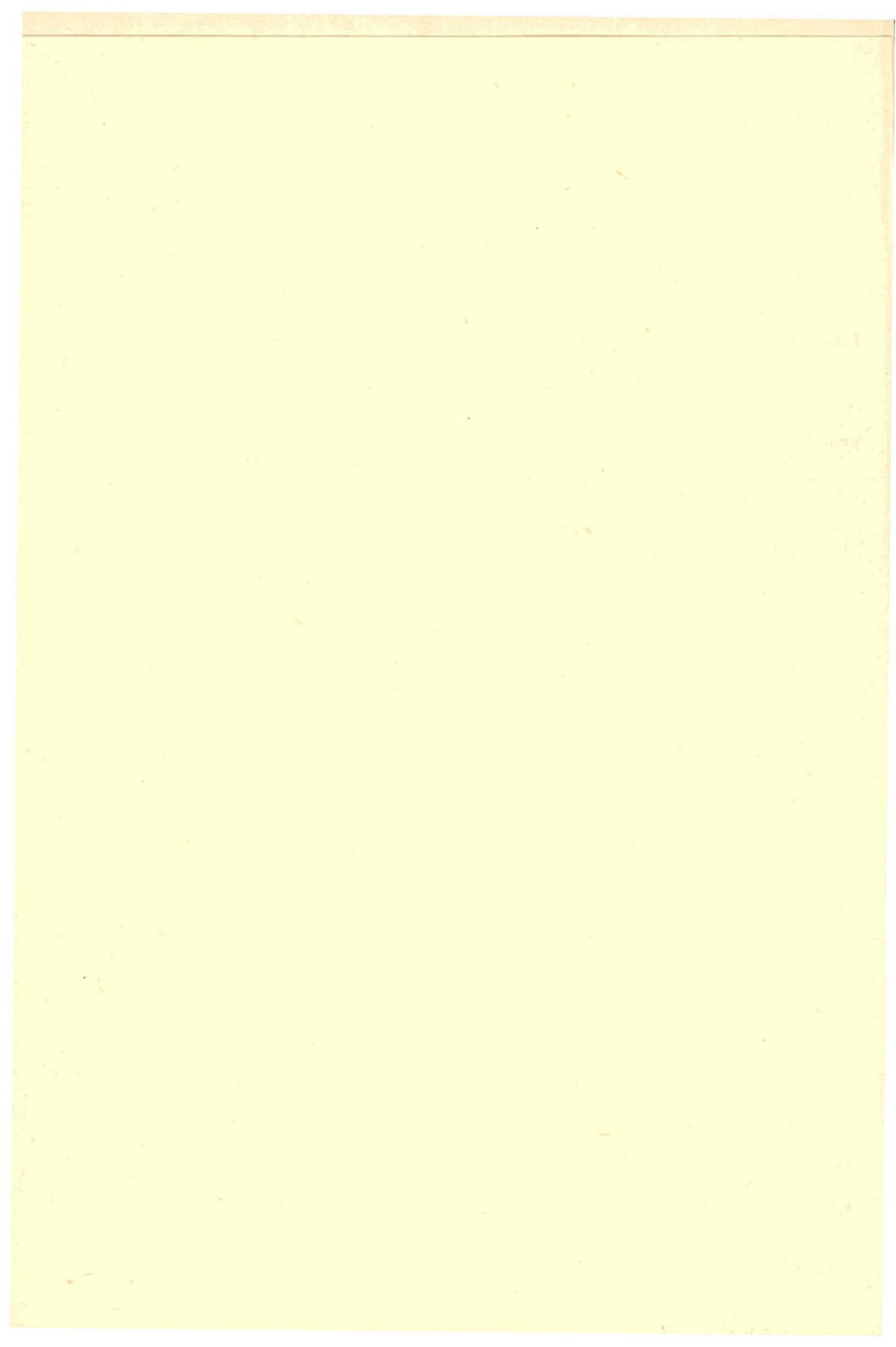
This Report has been prepared for submission to the Governor under Article 151 of the Constitution. It relates mainly to matters arising from the Appropriation Accounts for the year 1978-79 and other points arising from audit of financial transactions of Government of Kerala. It also includes:—

- (i) certain points of interest arising from the Finance Accounts for the year 1978-79; and
- (ii) comments on schemes relating to intensive development of fisheries, Anjengo, mechanisation of fishing boats, mini industrial estates and Pazhassi irrigation project.

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

3. The cases mentioned in the present Report are among those which came to notice in the course of test audit of accounts during the year 1978-79 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 1978-79 have also been included, wherever considered necessary.

4. The points brought out in this Report are not intended to convey or to be understood as conveying any general reflection on the financial administration by the departments/bodies/authorities concerned.



CHAPTER I

GENERAL

1.1. Summary of transactions

The receipts, expenditure and surplus/deficit of Government for the year 1978-79 are given below with the corresponding figures of the previous year:—

	1977-78	1978-79
	<i>(in crores of rupees)</i>	
(1) Revenue		
Revenue receipts	4,44.94	5,22.15
Revenue expenditure	4,15.89	4,79.14
<u>Revenue surplus (+)</u>	(+) 29.05	(+) 43.01
Revenue deficit (—)		
(2) Public Debt		
Internal Debt of the State Government (net)		
<u>Increase (+)</u>	(—) 19.17	(+) 15.58
Decrease (—)		
Loans and Advances from the Central Government (net)		
<u>Increase (+)</u>	(+) 39.07	(+) 78.55
Total Public Debt (net)		
<u>Increase (+)</u>	(+) 19.90	(+) 94.13
(3) Loans and Advances by the State Government (net)		
<u>Increase (—)</u>	(—) 14.53	(—) 30.84
(4) Transfer to Contingency Fund	(—) 2.00	(—) 3.00
(5) Contingency Fund (net)		
<u>Increase (+)</u>	(+) 1.05	(+) 3.47

		1977-78	1978-79
		<i>(in crores of rupees)</i>	
(6)	Public Account (net)		
	Increase (+)		
	<hr/>		
	Decrease (—)	(+)	33.13 (—) 8.96
(7)	Capital Account (net)		
	Increase (—)	(—)	72.91 (—) 67.13
	Net surplus (+)		
	<hr/>		
	Net deficit (—)	(—)	6.31 (+) 30.68
	Opening Cash Balance	(—)	8.79 (—) 15.10
	Net surplus (+)		
	<hr/>		
	Net deficit (—)	(—)	6.31 (+) 30.68
	Closing Cash Balance	(—)	15.10 (+) 15.58*

1.2. Revenue surplus/deficit

(a) Revenue receipts:

The actuals of revenue receipts for 1978-79 compared with (i) the budget estimates and (ii) the budget estimates plus additional taxation during the year along with the corresponding figures for 1976-77 and 1977-78 are shown below:—

Year	Budget	Budget plus additional taxation	Actuals	Variation between columns (4) and (3)		
				Amount	Percentage	
(1)	(2)	(3)	(4)	(5)	(6)	
				<i>(in crores of rupees)</i>		
1976-77	3,87.76	3,99.76	3,86.18	(—)	13.58	3.40
1977-78	4,30.71	4,33.71	4,44.94	(+)	11.23	2.59
1978-79	4,67.63	4,81.13	5,22.15	(+)	41.02	8.53

*There was a difference of Rs. 6,05.94 lakhs between the figures reflected in the accounts (Rs. 12,81.42 lakhs) and that communicated by the Reserve Bank of India (Rs. 18,87.36 lakhs). Difference to the extent of Rs. 5,24.56 lakhs has since been reconciled and the remaining difference of Rs. 81.38 lakhs is under reconciliation (February 1980).

(b) *Expenditure on revenue account:*

The expenditure on revenue account as compared with (i) the budget estimates and (ii) the budget estimates plus supplementary provision is shown below:—

Year	Budget	Budget plus supplementary	Actuals	Variation between columns (4) and (3)	
				Amount	Percentage
(1)	(2)	(3)	(4)	(5)	(6)
		<i>(in crores of rupees)</i>			
1976-77	3,88.48	4,14.33	3,89.48	(—) 24.85	6.00
1977-78	4,19.02	4,43.49	4,15.89	(—) 27.60	6.22
1978-79	4,73.42	5,19.84	4,79.14	(—) 40.70	7.83

(c) The year ended with a revenue surplus of Rs. 43.01 crores as against a revenue deficit of Rs. 5.79 crores anticipated in the budget.

1.3. Revenue receipts

The revenue receipts during 1978-79 (Rs. 5,22.15 crores) increased by Rs. 77.21 crores over those in 1977-78 (Rs. 4,44.94 crores). The increase (counterbalanced by decrease under certain heads) compared to 1977-78 is analysed below:—

	1977-78	1978-79	Amount of increase (+) / decrease (—)	
	<i>(in crores of rupees)</i>			
(a) Tax Revenue				
(i) Taxes on income other than Corporation Tax	26.48	27.70	(+)	1.22
(ii) Taxes on Agricultural Income	10.03	11.14	(+)	1.11
(iii) Other Taxes on Income and Expenditure	0.01	0.04	(+)	0.03
(iv) Land Revenue	2.88	3.78	(+)	0.90
(v) Stamps and Registration Fees	17.25	22.05	(+)	4.80
(vi) Estate Duty	0.44	0.46	(+)	0.02

	1977-78	1978-79	<i>Amount of increase(+)/ decrease(-)</i>
	<i>(in crores of rupees)</i>		
(vii) Taxes on Immovable property other than Agricultural Land	0.38	0.30	(-) 0.08
(viii) State Excise	39.08	42.30	(+) 3.22
(ix) Sales Tax	1,18.74	1,46.88	(+) 28.14
(x) Taxes on vehicles	18.88	20.84	(+) 1.96
(xi) Taxes on goods and passengers	0.27	0.11	(-) 0.16
(xii) Taxes and Duties on Electricity	5.55	6.51	(+) 0.96
(xiii) Other Taxes and Duties on Commodities and Services	0.29	0.29	—
Total	2,40.28	2,82.40	(+) 42.12
(b) Non-Tax Revenue	80.64	92.03	(+) 11.39
(c) Grants and Contributions			
(i) Grants from Central Government			
A—Non-Plan grants	46.09	50.12	(+) 4.03
B—Grants for State Plan Schemes	22.28	32.82	(+) 10.54
C—Grants for Central Plan Schemes	4.66	3.68	(-) 0.98
D—Grants for Centrally Sponsored Plan Schemes	8.85	14.10	(+) 5.25
(ii) State's share of Union Excise Duties	42.14	47.00	(+) 4.86
Total	1,24.02	1,47.72	(+) 23.70
Total Revenue Receipts	4,44.94	5,22.15	(+) 77.21

More information on the subject will be found in the Report of the Comptroller and Auditor General of India for the year 1978-79, Revenue Receipts—Government of Kerala.

1.4. Expenditure on revenue account

(i) The following table compares the expenditure on revenue account during 1978-79 under broad headings with the provision of funds made thereunder:—

<i>Head of expenditure</i>	<i>Plan</i>			
	<i>Budget estimate</i>	<i>Budget plus supplementary</i>	<i>Actuals</i>	<i>Variations</i>
	<i>(in crores of rupees)</i>			
1. Organs of State	..	..	..	..
2. Fiscal Services	3.09	3.09	2.59	(—) 0.50
3. Interest payment and servicing of debt	..	..	..	..
4. Administrative services	0.11	0.21	0.06	(—) 0.15
5. Pensions and Miscellaneous General Services	..	..	..	..
6. Social and Community Services	28.14	30.81	37.58	(+) 6.77
7. General Economic Services	7.85	7.86	3.80	(—) 4.06
8. Agriculture and Allied Services	23.21	24.71	23.19	(—) 1.52
9. Industry and Minerals	3.93	4.67	5.21	(+) 0.54
10. Water and Power Development	0.76	2.06	1.77	(—) 0.29
11. Transport and Communications	1.03	4.88	4.88	..
12. Grants-in-aid and contributions	..	..	..	..
Total	68.12	78.29	79.08	(+) 0.79

Head of expenditure	Non-Plan			
	Budget estimate	Budget plus supplementary (in crores of rupees)	Actuals	Variations
1. Organs of State	5.78	6.11	5.64	(—)0.47
2. Fiscal Services	13.86	13.97	13.11	(—)0.86
3. Interest payment and servicing of debt	45.76	45.76	44.01	(—)1.75
4. Administrative services	38.62	41.09	37.44	(—)3.65
5. Pensions and Miscellaneous General Services	21.77	22.47	21.01	(—)1.46
6. Social and Community Services	2,14.82	2,37.05	2,11.83	(—)25.22
7. General Economic Services	9.12	9.14	8.11	(—)1.03
8. Agriculture and Allied Services	29.72	36.22	29.29	(—)6.93
9. Industry and Minerals	1.64	1.65	1.00	(—)0.65
10. Water and Power Development	8.20	10.06	10.44	(+)0.38
11. Transport and Communications	15.21	17.23	17.72	(+)0.49
12. Grants-in-aid and contributions	0.80	0.80	0.46	(—)0.34
Total	4,05.30	4,41.55	4,00.06	(—)41.49

(ii) The expenditure during 1978-79 is compared below with that during the previous year.

Head of expenditure	1977-78		1978-79	
	Plan	Non-Plan	Plan	Non-Plan
	(in crores of rupees)			
1. Organs of State	..	5.43	..	5.64
2. Fiscal Services	2.18	12.45	2.59	13.11
3. Interest payment and servicing of debt	..	41.95	..	44.01

<i>Head of expenditure</i>	1977-78		1978-79	
	<i>Plan</i>	<i>Non-Plan</i>	<i>Plan</i>	<i>Non-Plan</i>
	<i>(in crores of rupees)</i>			
4. Administrative Services	0.01	33.49	0.06	37.44
5. Pensions and Miscellaneous General Services	..	18.20	..	21.01
6. Social and Community Services	26.90	1,87.57	37.58	2,11.83
7. General Economic Services	5.48	8.80	3.80	8.11
8. Agriculture and Allied Services	16.28	24.59	23.19	29.29
9. Industry and Minerals	3.60	2.09	5.21	1.00
10. Water and Power Deve- lopment	0.70	8.37	1.77	10.44
11. Transport and Communi- cations	2.87	14.47	4.88	17.72
12. Grants-in-aid and contri- butions	..	0.46	..	0.46
Total	58.02	3,57.87	79.08	4,00.06

Variations in expenditure during 1978-79 over the previous year under the broad sections are analysed in Appendix—I.

1.5. Expenditure on capital account

(i) The capital expenditure during the three years ending 1978-79 as compared with (i) the budget estimates and (ii) the budget estimate plus supplementary provision is given below:—

<i>Year</i>	<i>Budget</i>	<i>Budget plus supplementary</i>	<i>Actuals</i>	<i>Variation between columns (4) and (3)</i>	
				<i>Amount</i>	<i>Percentage</i>
(1)	(2)	(3)	(4)	(5)	(6)
	<i>(in crores of rupees)</i>				
1976-77	50.89	63.56	56.80	(—)6.76	10.64
1977-78	64.41	80.59	72.91	(—)7.68	9.53
1978-79	91.01	99.40	67.13	(—)32.27	32.46

(ii) The following table compares the expenditure on capital accounts during 1978-79 under broad headings with the provision of funds made there-under.

<i>Head of expenditure</i>	<i>Plan</i>			
	<i>Budget estimate</i>	<i>Budget plus supplementary</i>	<i>Actuals</i>	<i>Variations</i>
	<i>(in crores of rupees)</i>			
1. General Services	2.24	2.25	1.97	(—)0.28
2. Social and Community Services	14.71	19.41	(—)2.62	(—)22.03
3. General Economic Services	3.74	3.74	4.03	(+)0.29
4. Agriculture and Allied Services	5.80	6.15	5.79	(—)0.36
5. Industry and Minerals	9.67	10.04	7.26	(—)2.78
6. Water and Power Development	40.02	42.57	41.46	(—)1.11
7. Transport and Communications	13.41	13.77	9.60	(—)4.17
Total	89.59	97.93	67.49	(—)30.44

<i>Head of expenditure</i>	<i>Non-Plan</i>			
	<i>Budget estimate</i>	<i>Budget plus supplementary</i>	<i>Actuals</i>	<i>Variations</i>
	<i>(in crores of rupees)</i>			
1. General Services	..	..	..	..
2. Social and Community Services	0.50	0.50	0.29	(—)0.21
3. General Economic Services	0.86	0.86	(—)0.04	(—)0.90
4. Agriculture and Allied services	0.02	0.02	(—)0.64	(—)0.66
5. Industry and Minerals	..	0.05	..	(—)0.05
6. Water and Power Development	..	..	..	..
7. Transport and Communications	0.04	0.04	0.03	(—)0.01
Total	1.42	1.47	(—)0.36	(—)1.83

(iii) The expenditure during 1978-79 compared with that during the previous year is shown below:—

Head of expenditure	1977-78		1978-79	
	Plan	Non-Plan	Plan	Non-Plan
	<i>(in crores of rupees)</i>			
1. General Services	1.47	..	1.97	..
2. Social and Community Services	13.68	0.34	(—)2.62	0.29
3. General Economic Services	4.43	0.37	4.03	(—)0.04
4. Agriculture and Allied Services	5.06	(—)2.67	5.79	(—)0.64
5. Industry and Minerals	6.47	0.05	7.26	..
6. Water and Power Development	36.54	..	41.46	..
7. Transport and Communications	7.16	0.01	9.60	0.03
Total	74.81	(—)1.90	67.49	(—)0.36

1.6. Loans and advances by Government

(i) The actuals of disbursement of loans and advances by Government for 1978-79 as compared with (i) the budget estimates and (ii) the budget estimates plus supplementary grants along with the corresponding figures for 1976-77 and 1977-78 are shown below:—

Year	Budget	Budget plus supplementary	Actuals	Variation between columns (4) and (3)	
				Amount	Percentage
	<i>(in crores of rupees)</i>				
(1)	(2)	(3)	(4)	(5)	(6)
1976-77	18.98	24.63	24.46	(—)0.17	0.69
1977-78	18.82	27.48	26.15	(—)1.33	4.84
1978-79	33.06	46.34	41.04	(—)5.30	11.44

(ii) The budget and actuals of recoveries of loans and advances for the three years ending 1978-79 are given below:—

Year	Budget	Actuals	Variations	
			Amount	Percentage
			(in crores of rupees)	
1976-77	15.45	14.62	(—)0.83	5.37
1977-78	13.66	11.62	(—)2.04	14.93
1978-79	18.61	10.20	(—)8.41	45.19

(iii) The loans and advances outstanding at the end of the last three years were as under:—

Categories of loans and advances	Balances outstanding on 31st March		
	1977	1978	1979
	(in crores of rupees)		
1. Loans for Social and Community Services	17.68	19.26	23.54
2. Loans for Economic Services			
(i) General Economic Services	16.55	18.90	19.74
(ii) Agriculture and Allied Services	16.64	18.30	20.51
(iii) Industry and Minerals	19.55	25.78	38.71
(iv) Water and Power Development	1,77.48	1,78.92	1,86.15
(v) Transport and Communications	0.09	0.09	0.09
3. Loans to Government servants, etc.	2.75	4.05	7.50
4. Loans for Miscellaneous purposes	0.35	0.32	0.22
Total	2,51.09	2,65.62	2,96.46

Further details are given in Statement Nos. 5 and 18 of the Finance Accounts 1978-79.

(iv) Recoveries in arrears

(a) Loans and advances the detailed accounts of which are maintained by the Audit office (amount outstanding recovery: Rs. 0.40 lakh).

Year-wise break-up of the details of arrears of the loans as on 31st March 1979 is given below:-

	<i>Principal</i>	<i>Interest</i>
	<i>(in lakhs of rupees)</i>	
1977-78	0.11	0.07
1978-79	0.16	0.06
Total	0.27	0.13

(b) The details of arrears in recovery of loans as on 31st March 1979, detailed accounts of which are maintained by the departmental officers (amount outstanding recovery: Rs. 1,37.07 lakhs) to the extent information has been received are given below:-

	<i>Amount overdue</i>	
	<i>Principal</i>	<i>Interest</i>
	<i>(including penal interest)</i>	
	<i>(in lakhs of rupees)</i>	
Agriculture Department		
Loans for dairy development	10.58	17.57
Loans to co-operative societies	44.40	13.67
Education Department		
Miscellaneous loans (Loan scholarship to technical students)	2.40	0.53
Industries Department		
Loans for coir development	36.98	10.94

(c) The departmental officers who maintain the detailed accounts of loans are required to intimate to Audit by 15th July each year the arrears (as on 31st March) in recovery of principal and interest of loans. The information in regard to arrears in recovery of loans and advances as on 31st March 1979 had not been supplied in the following cases:-

<i>Name of department</i>	<i>Category of loans</i>
Agriculture	Agricultural loans Loans for animal husbandry Loans for soil conservation schemes

<i>Name of department</i>	<i>Category of loans</i>
Fisheries and Ports	Loans for fishery schemes Loans for port development
Development, Harijan Welfare and Local Administration	Loans to scheduled castes/ scheduled tribes Loans under community development programme
Education	Loans under National Loan Scholarship Scheme
Industries	Loans to Government companies Loans for power loom schemes Loans for handloom schemes Loans under small scale industries schemes Loans under State Aid to Industries Act
Labour and Social Welfare	Loans to repatriates from Burma/Sri Lanka Loans for housing schemes Loans for social welfare schemes
Revenue	Colonisation schemes Loans to cultivators affected by floods Other loans
Health	Medical loans

(v) Rules require that departmental officers who administer loans should furnish to Audit by 15th July every year a certificate that the aggregate balances shown as recoverable at the end of the preceding March in the registers maintained by them agree with those communicated to them by the

Accountant General. In 348 cases, the certificates of acceptance of balances had not been received from the departmental officers (March 1980) as shown below:—

<i>Department</i>	<i>Number</i>	<i>Balance of loans on 31st March 1979 (in crores of rupees)</i>
Agriculture	143	20.09
Industries	111	28.47
Development	33	7.65
Revenue/Local Administration and Social Welfare	18	9.18
Education	7	3.11
Labour and Housing	14	0.89
Health	3	1.24
Others	19	2.14
Total	348	72.77

Out of the 348 cases, 150 pertain to 1970-71 and earlier years, 51 to 1971-72 to 1973-74, and 147 to 1974-75 to 1978-79.

In respect of loans the detailed accounts of which are maintained by the Audit Office, the arrears in respect of receipt of certificates of acceptance of balances as at the end of March 1980 were as given below:—

	<i>Number of certificates</i>	<i>Balance of loans as on 31st March 1979 (in lakhs of rupees)</i>	<i>Earliest year to which the outstanding certificates pertain</i>
Municipalities	12	8.48	1978-79
Corporation/Boards	12	19.06	1978-79
Panchayats	628	46.47	1975-76
Kerala State Electricity Board	1	1.02	1978-79
Total	653	75.03	

1.7. Sources of funds for capital expenditure and for net outgo under loans and advances

The sources from which capital expenditure (Rs. 67.13 crores) and the net expenditure under 'Loans and Advances by the State Government' (Rs. 30.84 crores) during 1978-79 were met are shown below:—

	<i>(in crores of rupees)</i>
I. Net additions to	
(i) Internal Debt of the State Government	15.58
(ii) Loans and advances from the Central Government	78.55
(iii) Small Savings, Provident Funds, etc.	52.40
II. Miscellaneous (mainly deposits, etc., received by Government less the amounts refunded)	(—)28.70
III. Investments and drawing down of cash balances	(—)59.87
IV. Revenue surplus	43.01
V. Amount transferred to Contingency Fund	(—)3.00
Net amount available for expenditure	97.97

1.8. Debt position of Government

(i) The outstanding public debt of the State Government at the end of 1978-79 was Rs. 6,75.40 crores. An analysis of the debt compared with the corresponding amounts as at the end of the two preceding years is given below:—

	<i>Public debt as on 31st March</i>		
	1977	1978	1979
	<i>(in crores of rupees)</i>		
Loans and advances from the Central Government	4,29.82	4,68.89	5,47.44
Market loans	84.06	92.57	1,05.17
Ways and means advances from the Reserve Bank of India	29.92	..	..
Other loans	16.92	18.58	21.26
Compensation and other bonds	0.65	1.23	1.53
Total	5,61.37	5,81.27	6,75.40

(ii) The details of the transactions under public debt during 1978-79 are given below:—

	<i>Loans raised</i>	<i>Loans discharged</i>	<i>Increase (+)</i>
	<i>(in crores of rupees)</i>		
Loans and advances from the Central Government	1,09.90	31.35	(+) 78.55
Market loans	16.32	3.72	(+) 12.60
Ways and means advances from the Reserve Bank of India	10.84	10.84	..
Other loans	4.00	1.32	(+) 2.68
Compensation and other bonds	0.33	0.03	(+) 0.30
Total	1,41.39	47.26	(+) 94.13

(iii) *Other debt and obligations*

In addition to public debt, the balances under small savings, provident fund, deposits, etc., to the extent they have not been separately invested but are merged with the general cash balance of the State Government constitute the liability of the State Government. Taking the public debt and this liability together, the debt position of the Government was as follows:—

	<i>Total debt as on 31st March</i>		
	1977	1978	1979
	<i>(in crores of rupees)</i>		
1. Public debt	5,61.37	5,81.27	6,75.40
2. Small savings, Provident Fund ^s , etc.	1,04.39	1,28.68	1,81.08
3. Interest bearing obligations such as depreciation reserve funds of Government commercial undertakings	0.64	0.65	0.65
4. Non-interest bearing obligations such as deposits of local funds, civil deposits, other ear-marked funds, etc.	79.00	85.86	73.72
Total	7,45.40	7,96.46	9,30.85

(iv) *Ways and means advances from Reserve Bank of India*

Under an agreement with the Reserve Bank of India, Government of Kerala have to maintain with the Bank a minimum cash balance of Rs. 60 lakhs on all days. The Bank gives ways and means advances when the cash balance falls short of this minimum.

The advances carry interest at 1 per cent above the Bank Rate beyond 90 days and upto 180 days and 2 per cent above the Bank Rate beyond 180 days. The bank charges interest on the shortfalls in the minimum balance at 1 per cent below the Bank Rate and on overdraft at the Bank Rate upto and including the seventh day and 3 per cent above the Bank Rate thereafter.

During 1978-79, the State Government availed of ways and means advances amounting to Rs. 10.84 crores from the Reserve Bank of India. The entire advance of Rs. 10.84 crores was repaid during the year. Interest of Rs. 2.14 lakhs was paid in 1978-79 on these advances.

(v) *Interest charges*

Interest payments on account of the debt are analysed below:

	1977	1978	1979
	<i>(in crores of rupees)</i>		
Interest paid by the State Government	33.59	37.99	40.32
Interest received by the State Government			
(a) Interest received on loans and advances and capital contributions given by Government	5.70	10.76	13.80
(b) Interest received on investment of cash balances	0.23	0.23	1.09
Net burden of interest on revenue	27.66	27.00	25.43
Net interest as percentage of total revenue receipts	7.16	6.07	4.87

In addition there were other receipts and adjustments of interest charges (Rs. 2.60 crores) such as interest received from departmental commercial

undertakings, etc. If these are also taken into account the net burden of interest during 1978-79 would be Rs. 22.83 crores (4.37 per cent of the total revenue receipts). Government also received during the year Rs. 1,13.44 lakhs as dividend on investments in commercial undertakings, etc.

1.9. Guarantees

(i) Government have given guarantees for repayment of loans, etc., received by Statutory Corporations, Boards, Government Companies, Local Bodies, Co-operative Societies and other institutions as below:—

	<i>Maximum amount guaranteed (principal only)</i>	<i>Sums guaranteed outstanding as on 31st March 1979</i>	
		<i>Principal</i>	<i>Interest</i>
		<i>(in crores of rupees)</i>	
(a) Working Capital raised by the Kerala Financial Corporation and dividends thereon	2.60	2.60	--
(b) Loans, debentures, bonds, etc., raised by			
(1) Statutory Corporations and Boards	1,67.41	1,48.96	3.64
(2) Government Companies	1,03.57	61.88	4.16
(3) Co-operative Banks and Societies	1,51.80	82.40	0.99
(4) Municipalities, Corporations, Townships and other local bodies	27.76	15.35	1.96
(5) Other institutions	5.53	1.96	0.16
Total	4,58.67	3,13.15	10.91

Note: (1) The details of amount outstanding as on 31st March 1979 have not been intimated by Government in respect of guarantees given to a few institutions.

(2) In cases where details of amounts of principal and interest are not separately available, the entire amount has been shown under "Principal".

(ii) Government stood guarantee in November 1966 for a loan of Rs. 46.61 lakhs (subsequently reduced to Rs. 43.58 lakhs) obtained by Koliat Estates from the Central Bank of India for developing the estates. In February 1975, the Bank invoked the guarantee and, accordingly, Government paid Rs. 45.59 lakhs in September 1978 in final settlement of the claim. Though Government decided (January 1978) to take over the estate with a view to realising the amount due, the firm filed (October 1978) a suit in the Sub Court, Tellicherry seeking injunction on the take over. Further developments are awaited (December 1979).

(iii) Rupees 15.69 lakhs were received by Government during the year towards guarantee commission. As at the end of March 1979, arrears in respect of guarantee commissions due from 14 institutions were reported by Government to be Rs. 39.85 lakhs.

Further details of the guarantees are given in Statement No. 6 of Finance Accounts 1978-79. Government had also guaranteed payment of minimum dividend of $3\frac{1}{2}$ per cent on the share capital of the Kerala Financial Corporation. Upto the end of 1978-79, Government paid Rs. 17.45 lakhs towards the guaranteed minimum dividend on the share capital of the Corporation. (No amount was paid towards the guarantee during 1978-79). Of this, Rs. 0.20 lakh only have been recovered (December 1979).

1.10. Investments

During 1978-79, Government invested Rs. 2,70.00 lakhs in Statutory Corporations, Rs. 10,33.84 lakhs in Government Companies and Rs. 3,73.33 lakhs in Co-operative banks and societies. No investment was made during 1978-79 in other Joint Stock Companies and in Industrial Finance Corporation Bonds. Rupees 13.20 lakhs was repaid to Government on redemption of shares in one Joint Stock Company. Progressive expenditure on investments was also decreased by Rs. 14.53 lakhs due to *proforma* adjustments.

The following table shows the extent of Government's investments during 1978-79 and to the end of 1978-79 in the shares of Statutory Corporations, Government Companies, Other Joint Stock Companies, Co-operative societies and banks, debentures and bonds of banks and other concerns and returns therefrom.

Categories of bodies	Investment				Dividend/ Interest received during the year with percentage of return on cumulative investment in brackets (in lakhs of rupees)
	During 1978-79		To end of 1978-79		
(1)	No. of concerns	Amount (in lakhs of rupees)	No. of concerns	Amount (in lakhs of rupees)	(6)
1. Statutory Corporations	3	2,70.00	3	19,62.36	1.59 (0.08)
2. Government Companies and Other Joint Stock Companies	40	(a) 10,20.64	106*	76,49.74	74.33 (0.97)
3. Co-operative Societies and Banks	**	3,73.33	**	28,20.24	28.46 (1.01)
4. Debentures and Bonds	..	..	1	64.60	3.69 (5.71)

Further details of investments of Government are given in Statement No. 14 of the Finance Accounts 1978-79 and in the Report of the Comptroller and Auditor General of India for the year 1978-79 (Commercial).

Six institutions in which Government had invested Rs. 35.93 lakhs are under liquidation.

(a) During 1978-79 Rs. 10,33.84 lakhs were invested in Government Companies; no investment was made in other Joint Stock Companies. Rupees 13.20 lakhs were repaid to Government on redemption of shares in one Joint Stock Company during the year. Thus the figure of net investment during 1978-79 was Rs. 10,20.64 lakhs.

* Includes 5 Central Government Companies (Investment: Rs. 2,73.79 lakhs) and one subsidiary company of a State Government company (Investment: Rs. 32.00 lakhs).

** Details not available.

1.11. Financial results of irrigation works

Capital and revenue accounts are kept in the State for eight irrigation works which have been completed. Water from all the eight works is being used for irrigation.

The total revenue from these works during 1978-79 was Rs. 46.45 lakhs while the working expenses were Rs. 70.53 lakhs. Taking into account the interest (Rs. 2,34.49 lakhs) on capital, the loss during the year was Rs. 2,58.57 lakhs, which was 6.64 per cent of the capital outlay against 6.54 per cent in 1977-78.

Comparative figures for the eight works for the last three years are given below:—

	1976-77	1977-78	1978-79
	<i>(in lakhs of rupees)</i>		
Capital outlay to end of the year	29,70.82	34,58.05	38,93.30
Total revenue during the year	56.07	45.41	46.45
Working expenses	63.65	66.80	70.53
Net profit/loss excluding interest	(—)7.58	(—)21.39	(—)24.08
Interest on Capital	1,79.26	2,04.79	2,34.49
Loss after meeting interest	1,86.84	2,26.18	2,58.57
Percentage of loss	6.29	6.54	6.64

CHAPTER II

APPROPRIATION AUDIT AND CONTROL OVER EXPENDITURE

2.1. Summary

(a) The following table compares the total expenditure during the year with the totals of grants and charged appropriations:—

<i>Grant/ Charged appropriation</i>	<i>Expenditure</i>	<i>Excess(+) Saving(-)</i>	<i>Percentage</i>
---	--------------------	--------------------------------	-------------------

(in crores of rupees)

VOTED

Original	5,76.03				
Supplementary	67.53				
Amount transferred to the Contingency Fund under the Kerala Contingency Fund (Amendment) Act, 1979	3.00				
	3.00				
	6,46.56	5,97.39	(-)49.17	7.60	

CHARGED

Original	3,47.50				
Supplementary	0.56				
Total	9,94.62	9,94.62	6,91.46	(-)3,03.16	30.48

The overall saving of Rs 3,03.16 crores was the net result of saving of Rs. 37.87 crores in 39 grants and 28 charged appropriations in the Revenue Section and Rs. 2,67.24 crores in 22 grants and 12 charged appropriations in the Capital Section and excess of Rs. 1.95 crores in 3 grants and 1 charged appropriation in the Revenue Section and Rs. 0.002 crore in 3 grants and 2 charged appropriations in the Capital Section.

(b) Further details are given below:—

	Revenue	Capital	Loans and Advances	Public Debt	Transfer to Contin- gency Fund	Total
(in crores of rupees)						
Authorised to be spent (grants and charged appropriations)						
Original	4,95.72	95.88	33.06	2,98.87	..	9,23.53
Supplementary	46.42	8.39	13.28	..	..	68.09
Amount transferred to the Contingency Fund under the Kerala Contingency Fund (Amendment) Act, 1979	..	..	..	..	3.00	3.00
Total	5,42.14	1,04.27	46.34	2,98.87	3.00	9,94.62
Actual expenditure (grants and charged appropriations)	5,06.22	93.94	41.04	47.26	3.00	6,91.46
Shortfall	(—) 35.92	(—) 10.33	(—) 5.30	(—) 2,51.61	..	(—) 3,03.16

2.2. Excess over grants/charged appropriations requiring regularisation

(a) Grants:

There were excesses of Rs. 1,94,71,903 in three grants in the Revenue Section and Rs. 18,839 in three grants in the Capital Section. The excesses, the details of which are given below, require regularisation under Article 205 of the Constitution.

Revenue Section

Sl. no.	Number and name of grant	Total grant Rs.	Expenditure Rs.	Excess Rs.
1.	XII Police	22,68,85,200	22,83,35,300	14,50,100

Excess was stated to be due to allocation of more funds for modernisation of Police force.

<i>Sl. no.</i>	<i>Number and name of grant</i>	<i>Total grant Rs.</i>	<i>Expenditure Rs.</i>	<i>Excess Rs.</i>
2.	XXVII Famine	7,35,24,000	7,48,26,465	13,02,465

Excess was due to increased expenditure on relief measures following unprecedented floods in November 1978.

3.	XXXVIII Irrigation	13,64,84,300	15,32,03,638	1,67,19,338
----	--------------------	--------------	--------------	-------------

Excess was attributed to (i) procurement of more materials for stock and increase in the cost of building materials, (ii) adjustment of more interest charges in proportion to works expenditure and (iii) execution of more works necessitated by unprecedented floods during the year.

Capital Section

1.	XXIII Urban Development	1,37,25,100	1,37,38,611	13,511
----	-------------------------	-------------	-------------	--------

Excess was due to more expenditure on slum improvement schemes in city corporation areas.

2.	XXXIII Dairy	53,21,300	53,21,311	11
----	--------------	-----------	-----------	----

Excess was due to more expenditure on buildings for 'Cannanore Milk Supply Scheme'.

3.	XLII Tourism	37,00,100	37,05,417	5,317
----	--------------	-----------	-----------	-------

Excess was due to more investments in Kerala Tourism Development Corporation Limited.

(b) Charged appropriations:

Excesses of Rs. 165 in one appropriation in the Revenue Section and Rs. 133 in two appropriations in the Capital Section, the details of which are given below, also require regularisation.

Revenue Section

<i>Sl. no.</i>	<i>Number and name of appropriation</i>	<i>Total appropriation Rs.</i>	<i>Expenditure Rs.</i>	<i>Excess Rs.</i>
1.	XXXVIII Irrigation	11,400	11,565	165

The excess occurred under 'Walayar Project—Works'.

Capital Section

<i>Sl. no.</i>	<i>Number and name of appropriation</i>	<i>Total appropriation Rs.</i>	<i>Expenditure Rs.</i>	<i>Excess Rs.</i>
1.	XXXI Food	31,700	31,784	84

The excess occurred under 'Grain Supply Scheme'.

2.	XXXII Animal Husbandry	..	49	49
----	------------------------	----	----	----

The excess occurred under 'Cattle Development—Buildings'.

2.3. Supplementary grants/charged appropriations

During the year supplementary grants of Rs. 46.28 crores and Rs. 21.25 crores were obtained under 37 and 20 grants respectively in the Revenue and Capital Sections. Supplementary appropriations of Rs. 0.15 crore and Rs. 0.41 crore were also obtained for charged expenditure under 13 grants and 9 appropriations respectively in the Revenue and Capital Sections.

Details of significant cases of unnecessary, excessive and inadequate supplementary grants are given below:—

(i) Unnecessary supplementary grants

In the following cases, supplementary provision (exceeding Rs. 5 lakhs in each case) of Rs. 8.75 crores in the Revenue Section and Rs. 0.34 crore in the Capital Section remained wholly unutilised as the expenditure did not come up even to the original provision.

Revenue Section

<i>Sl. no.</i>	<i>Number and name of grant</i>	<i>Original grant</i>	<i>Supplemen- tary grant</i>	<i>Expenditure</i>	<i>Saving</i>
<i>(in lakhs of rupees)</i>					
1.	II Heads of States, Ministers and Head- quarters staff	4,06.57	9.64	3,99.91	16.30



Shortfall was mainly due to non-purchase of machinery and equipment from the German Democratic Republic owing to non-finalisation of certain import formalities by the supplier firm and non-payment of grant to the Kerala University for the construction of a building for the data processing centre (Rs. 14.53 lakhs) consequent on non-finalisation of estimates.

<i>Sl. no.</i>	<i>Number and name of grant</i>	<i>Original grant</i>	<i>Supplemen- tary grant</i>	<i>Expenditure</i>	<i>Saving</i>
----------------	---------------------------------	-----------------------	------------------------------	--------------------	---------------

(in lakhs of rupees)

2.	VIII Excise	1,89.48	6.30	1,82.78	13.00
----	-------------	---------	------	---------	-------

Shortfall was attributed mainly to the difficulty in estimating the arrears payable consequent on revision of pay scales ordered in December 1978.

3.	XIV Stationery and Printing and other Administrative Services	3,61.50	13.75	2,97.01	78.24
----	---	---------	-------	---------	-------

Shortfall was mainly due to non-finalisation of the proposal for purchase of typewriters from the open market (Rs. 23 lakhs), non-allocation of sufficient quantity of paper under D.G.S.D. rate contract (Rs. 20 lakhs) and non-receipt of machinery for the new press at Cannanore (Rs. 5 lakhs).

4.	XVI Pensions and Miscellaneous	21,18.19	68.23	20,64.31	1,22.11
----	--------------------------------	----------	-------	----------	---------

Shortfall was attributed mainly to (i) less payment of gratuity than anticipated (Rs. 1,01 lakhs), (ii) non-payment of first prize of State lotteries pending production of documents (Rs. 12 lakhs) and (iii) less cases of remittance of pension by money order than anticipated (Rs. 11 lakhs).

Saving was partly counterbalanced by excess under other heads.

5.	XVII Education, Art and Culture	1,66,04.97	21.01	1,61,70.98	4,55.00
----	---------------------------------	------------	-------	------------	---------

Shortfall was mainly due to non-filling up of vacancies in Upper Primary Schools (Rs. 1,32 lakhs), decrease in the number of cadets of National Cadet Corps and non-filling up of vacancies meant for ex-servicemen (Rs. 37 lakhs), delay in the appointment of officers and staff for the propagation of adult education and in chalking out the programmes (Rs. 14 lakhs), non-payment of

non-Plan grant in full to the Cochin University (Rs. 12 lakhs), procedural delay in acquisition of land for the Institute for promotion of Development Administration and Adaptive Technology (Rs. 10 lakhs), etc.

<i>Sl. no.</i>	<i>Number and name of grant</i>	<i>Original grant</i>	<i>Supplemen- tary grant</i>	<i>Expenditure</i>	<i>Saving</i>
----------------	---------------------------------	-----------------------	------------------------------	--------------------	---------------

(in lakhs of rupees)

6.	XVIII Medical	35,95.12	1,88.39	34,36.39	3,47.12
----	---------------	----------	---------	----------	---------

Shortfall was mainly due to over-estimation of requirements on account of revision of pay scales and increase in dearness allowance (Rs. 1,78 lakhs), non-finalisation of supply orders for the purchase of materials, machinery and equipment (Rs. 88 lakhs), non-provision of diet in certain Public Health Centres (Rs. 9 lakhs), non-filling of certain posts in Medical College, Kozhikode (Rs. 8 lakhs), etc.

The reasons for the balance saving are awaited (March 1980).

7.	XX Public Health	4,70.59	17.86	4,18.26	70.19
----	------------------	---------	-------	---------	-------

Shortfall was attributed to over-estimation of expenditure on salaries following revision of pay scales (ordered in December 1978), grant of additional dearness allowance and surrender of earned leave.

8.	XXX Agriculture	23,10.32	5,49.97	22,40.40	6,19.89
----	-----------------	----------	---------	----------	---------

Shortfall was mainly due to (i) less purchase of paddy under the Price Support Scheme and the quantities purchased towards the close of the year not being sold out (Rs. 4,93 lakhs), (ii) non-sanctioning of the scheme for plant protection measures for cashew in private gardens (Rs. 55 lakhs), (iii) less demand from cultivators for subsidy for cashew cultivation (Rs. 31 lakhs), (iv) non-implementation of the scheme "Timely reporting of Agricultural Statistics" pending receipt of administrative approval from Government of India (Rs. 10 lakhs), etc.

Capital Section

1.	XV Public Works	8,10.10	13.57	7,91.40	32.27
----	-----------------	---------	-------	---------	-------

Shortfall was ascribed to non-commencement of construction works relating to certain State Highways for want of lands and non-finalisation of detailed estimates, slow progress in certain other works, delay in the commencement of construction of a new building for the North Block of the Secretariat due to delay in demolition of old buildings and slow progress in construction of a building for the State Public Administration Institute.

Saving was partly counterbalanced by excess under other heads.

Sl. no.	Number and name of grant	Original grant	Supplementary grant	Expenditure	Saving
---------	--------------------------	----------------	---------------------	-------------	--------

(in lakhs of rupees)

2.	XXVIII Co-operation	7,93.88	10.01	6,99.60	1,04.29
----	---------------------	---------	-------	---------	---------

Shortfall was attributed mainly to (i) non-disbursement of loans to Co-operative Central Banks for procurement of paddy owing to discontinuance during the year of the agency system of procurement of paddy in two districts (Rs. 2,65 lakhs), (ii) purchase of ordinary/special debentures of Kerala Co-operative Land Mortgage Bank direct by Government of India instead of through the State Government and delay in getting administrative sanction for schemes under the Special Agricultural Development Unit and the Agricultural Refinance and Development Corporation (Rs. 64 lakhs), (iii) non-disbursement of loans to the Co-operative Sugars Limited, Chittur due to the Society's decision not to set up a confectionary unit (Rs. 30 lakhs), (iv) non-disbursement of long-term loans to Wholesale Co-operative Stores for revitalisation (Rs. 12 lakhs), (v) less requirement of funds for matching share contribution by Government to Industrial Co-operatives owing to non-establishment of new societies during the year, etc.

Saving was partly counterbalanced by excess under other heads.

3.	XXIX Miscellaneous				
	Economic Services	1,06.49	10.00	58.23	58.26

Shortfall was due to less issue than anticipated of 4½ per cent Kerala Land Reforms (payment of compensation for excess lands) Bonds due to stay orders from the court against take over of surplus lands (Rs. 68 lakhs).

Saving was partly counterbalanced by excess under other heads.

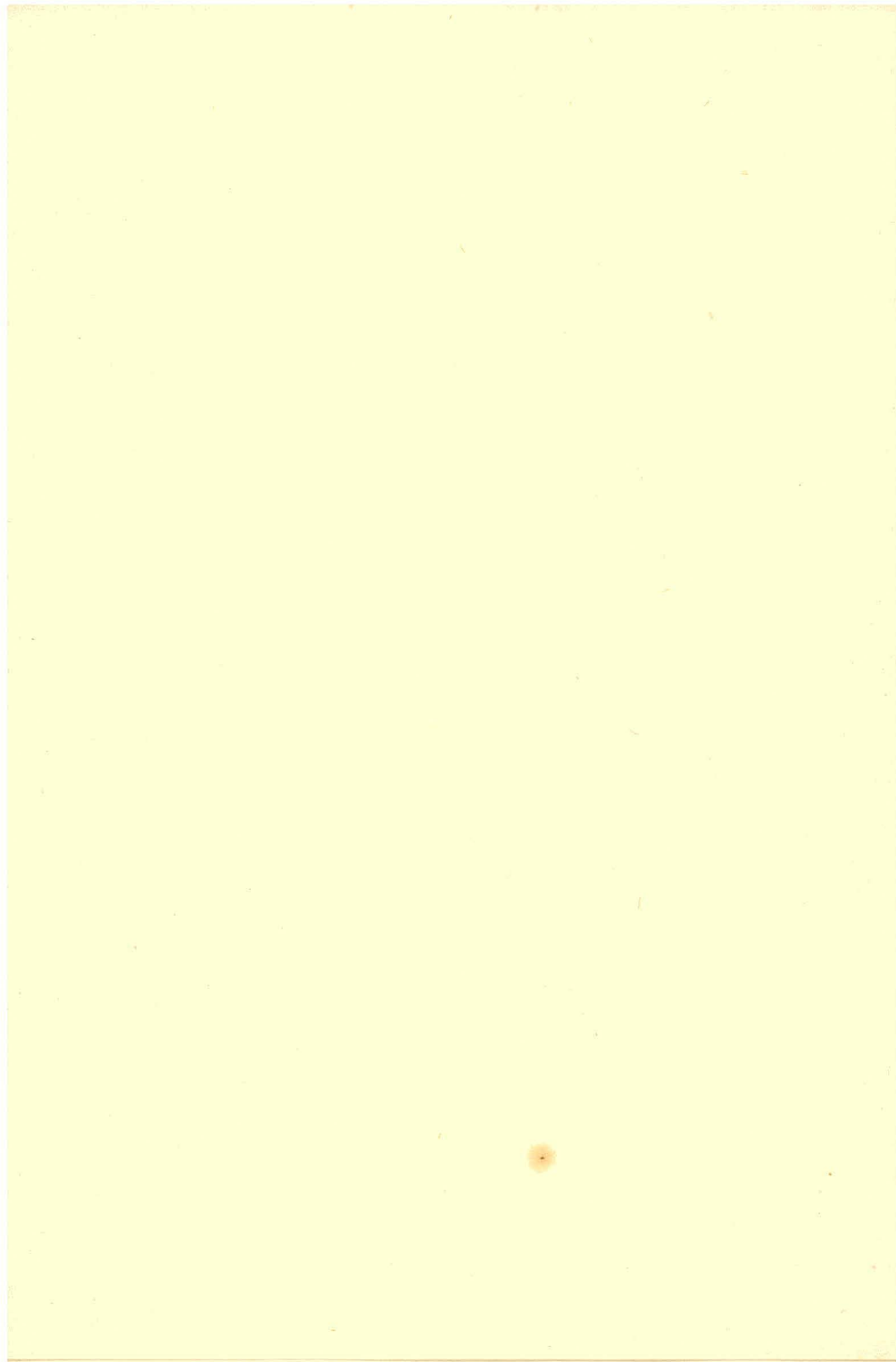
(ii) *Supplementary grants/charged appropriations which proved excessive*

In the following cases, the supplementary provision (exceeding Rs. 5 lakhs in each case) proved excessive.

Revenue Section

1.	III Administration of Justice	4,03.07	21.83	4,12.61	12.29
----	-------------------------------	---------	-------	---------	-------

Shortfall was mainly due to (i) less expenditure on criminal courts, (ii) non-filling of posts, (iii) non-purchase of furniture, etc.



<i>Sl. no.</i>	<i>Number and name of grant</i>	<i>Original grant</i>	<i>Supplementary grant</i>	<i>Expenditure</i>	<i>Saving</i>
				<i>(in lakhs of rupees)</i>	

2.	XXII Housing	3,03.85	3,10.07	5,39.11	74.81
----	--------------	---------	---------	---------	-------

Shortfall was mainly due to (i) non-levy of employment tax, the proceeds of which were to feed the Kerala State Poor Housing Fund (Rs. 54 lakhs), (ii) non-payment of second instalment of subsidy under the Housing Scheme for Plantation Workers due to non-completion of the houses in time by the applicants (Rs. 8 lakhs), etc.

3.	XXV Labour and Employment	3,17.08	10,00.00	9,32.15	3,84.93
----	---------------------------	---------	----------	---------	---------

Shortfall was attributed to less payment of unemployment relief due to shortage of eligible applicants.

4.	XXVI Social Welfare including Harijan Welfare	17,49.33	2,66.47	19,76.63	39.17
----	---	----------	---------	----------	-------

Shortfall was mainly due to less expenditure on 'monetary concessions and full freeships to students of other communities' owing to belated receipt of applications (Rs. 16 lakhs), non-release of grants to orphanages (Rs. 13 lakhs) and fall in expenditure on destitute pension (Rs. 10 lakhs).

5.	XXXIV Fisheries	2,86.65	50.00	3,22.38	14.27
----	-----------------	---------	-------	---------	-------

Shortfall was mainly due to (i) non-finalisation of the scheme for introduction of purse-seine fishing (Rs. 45 lakhs), (ii) non-completion of land acquisition for additional nurseries and fish ponds (Rs. 14 lakhs), (iii) a post-budget decision not to take up new orders for boat building until after a study of working of the boat yards (Rs. 12 lakhs) and (iv) non-receipt of sanction for purchase of jeep and trailers (Rs. 7 lakhs).

Saving was partly counterbalanced by excess under other heads.

6.	XXXVI Community Development	11,72.94	1,97.20	13,27.00	43.14
----	-----------------------------	----------	---------	----------	-------

Shortfall was attributed to non-assessment of the eligibility of basic tax grant to panchayats pending receipt of consolidated accounts from the District Collectors (Rs. 1,05 lakhs).

Saving was partly counterbalanced by excess under other heads.

<i>Sl. no.</i>	<i>Number and name of grant</i>	<i>Original grant</i>	<i>Supplementary grant</i>	<i>Expenditure</i>	<i>Saving</i>
<i>(in lakhs of rupees)</i>					

7.	XXXVII Industries	5,56.41	75.24	6,20.96	10.69
----	-------------------	---------	-------	---------	-------

Shortfall was mainly due to payment of less grant to Kerala Khadi and Village Industries Board owing to non-finalisation of staff proposals for implementation of Special Employment Programme (Rs. 28 lakhs).

Saving was partly counterbalanced by excess under other heads.

Capital Section

1.	XVII Education, Art and Culture	5,09.34	1,67.01	6,31.24	45.11
----	---------------------------------	---------	---------	---------	-------

Shortfall was mainly due to (i) non-payment of cost of the barracks at Malappuram to Government of India as the transfer of the barracks did not take place during the year (Rs. 36 lakhs) and (ii) non-disbursement of National Loan Scholarships in a number of cases due to defects in the bonds executed and lack of time for completion of formalities (Rs. 10 lakhs).

Saving was partly counterbalanced by excess under other heads.

2.	XXI Public Health Engineering	9,83.02	1,95.00	11,62.16	15.86
----	-------------------------------	---------	---------	----------	-------

Shortfall was attributed to slow progress of work under Rural Water Supply Schemes for want of pipes and other materials (Rs. 45 lakhs).

Saving was partly counterbalanced by excess under other heads.

3.	XXII Housing	2,14.50	2,20.27	4,05.36	29.41
----	--------------	---------	---------	---------	-------

Shortfall was attributed mainly to (i) lack of time for full utilisation of the

supplementary provision under the Village Housing Project Scheme which was obtained towards the close of the year (Rs. 20 lakhs) and (ii) non-implementation of the Scheme for 'Industrial Housing to Employees' consequent on the discontinuance of subsidy by Government of India (Rs. 10 lakhs).

Saving was partly counterbalanced by excess under other heads.

<i>Sl. no.</i>	<i>Number and name of grant</i>	<i>Original grant</i>	<i>Supplementary grant</i>	<i>Expenditure</i>	<i>Saving</i>
<i>(in lakhs of rupees)</i>					

4.	XXXVII Industries	13,32.85	8,13.09	21,11.82	34.12
----	-------------------	----------	---------	----------	-------

Shortfall was due to (i) limiting the share capital contribution to M/s. Kerala Automobiles Limited during the year to Rs. 5 lakhs against the provision of Rs. 25 lakhs as the Company was only in a preliminary stage, (ii) post-budget decision not to pay seed capital margin money to the Kerala State Small Industries Development and Employment Corporation Limited (Rs. 20 lakhs), (iii) non-payment of loan to M/s. Scooters Kerala Limited as the Company switched over to assembling of scooters with components instead of manufacturing them and no loan assistance was required (Rs. 10 lakhs), etc.

Saving was partly counterbalanced by excess under other heads.

5.	XXXVIII Irrigation	40,52.87	2,32.90	42,17.06	68.71
----	--------------------	----------	---------	----------	-------

Shortfall was mainly due to (i) non-utilisation of the provision for Idamalayar Project (Rs. 91 lakhs) and (ii) delay in acquisition of land for Moovattupuzha Project (Rs. 31 lakhs).

Saving was partly counterbalanced by excess under other heads.

6.	XLV Miscellaneous Loans and Advances	5,23.21	1,76.03	6,63.36	35.88
----	--------------------------------------	---------	---------	---------	-------

Shortfall was mainly due to less payment of Onam advance to officers (Rs. 33 lakhs).

(iii) *Inadequate supplementary grants/charged appropriations*

In the following cases, supplementary provision (exceeding Rs. 5 lakhs in each case) of Rs. 11.21 crores proved inadequate by more than Rs. 10 lakhs in each case; the final uncovered excess was Rs. 1.95 crores.

<i>Sl. Number and name of no. grant</i>	<i>Original grant/appropriation</i>	<i>Supplementary grant/appropriation</i>	<i>Expenditure</i>	<i>Excess</i>
	<i>(in lakhs of rupees)</i>			
	Revenue Section			
1. XII Police	21,38.87	1,29.98	22,83.35	14.50
2. XXVII Famine	60.00	6,75.24	7,48.26	13.02
3. XXXVIII Irrigation	10,49.19	3,15.66	15,32.04	1,67.19

2.4. Unutilised provision

(i) Rupees 37.87 crores remained unutilised in the Revenue Section (Rs. 35.61 crores in thirty-nine grants and Rs. 2.26 crores in twenty-eight charged appropriations).

(ii) Rupees 2,67.24 crores remained unutilised in the Capital Section (Rs. 15.51 crores in twenty-two grants and Rs. 2,51.73 crores in twelve charged appropriations).

(iii) In eleven grants and two charged appropriations in the Revenue Section and in nine grants and one appropriation in the Capital Section, the savings (more than Rs. 10 lakhs in each case) were more than 10 per cent of the total provision. The details of these grants and charged appropriations are given in Appendix II.

(iv) Some of the major schemes, other than those mentioned in paragraph 2.3, where the provision remained substantially/wholly unutilised are given in Appendix III.

2.5. Advances from the Contingency Fund

A Contingency Fund of Rs. 5,00 lakhs (enhanced to Rs. 8,00 lakhs with effect from 17th November 1978) has been placed at the disposal of the Government to meet unforeseen expenditure, pending authorisation by the Legislature.

The advances from the Fund are to be obtained for meeting expenditure of only an emergent character, the postponement of which, till its authorisation by the Legislature, would be undesirable.

Eighty-seven sanctions were issued during 1978-79, advancing Rs. 9,10.58 lakhs, of which the amount of one sanction was subsequently reduced by Rs. 2.19 lakhs.

Ten sanctions issued between 28th October 1978 and 30th March 1979 advancing Rs. 6.56 lakhs were not operated till the close of the year.

2.6. Shortfall/excess in recoveries adjusted in the accounts in reduction of expenditure

Under the system of gross budgeting followed by Government, the demands for grants presented to the Legislature are for gross expenditure and exclude all credits and recoveries which are adjusted in the accounts in reduction of expenditure. The anticipated recoveries and credits are shown separately in the budget estimates. During 1978-79 such recoveries were anticipated at Rs. 29.96 crores (Revenue: 25.10 crores; Capital: Rs. 4.86 crores). Actual recoveries during the year, however, were Rs. 53.89 crores (Revenue: Rs. 27.08 crores; Capital: Rs. 26.81 crores) resulting in excess of Rs. 23.93 crores (Revenue: Rs. 1.98 crores; Capital: Rs. 21.95 crores). Some of the important cases of shortfall/excess in recoveries are detailed below; reasons therefor have not been intimated (February 1980).

Sl.no.	Number and name of grant	Budget estimates		Actuals		Amounts of shortfall/excess of recoveries over estimates	
		Revenue	Capital	Revenue	Capital	Revenue More (+) Less (-)	Capital More (+) Less (-)
(in crores of rupees)							
1.	XV Public Works	6.62	..	8.46	..	(+) 1.84	..
2.	XXI Public Health Engineering	4.69	0.01	6.12	21.54	(+) 1.43	(+) 21.53
3.	XXII Housing	0.54	..	..	0.04	(-) 0.54	(+) 0.04
4.	XXVII Famine	3.10	..	2.80	..	(-) 0.30	..
5.	XXVIII Co-operation	..	0.15	..	0.27	..	(+) 0.12
6.	XXIX Miscellaneous Economic Services	1.50	..	0.26	0.10	(-) 1.24	(+) 0.10
7.	XXX Agriculture	0.67	0.75	0.71	0.32	(+) 0.04	(-) 0.43
8.	XXXII Animal Husbandry	0.87	..	0.06	..	(-) 0.81	..
9.	XXXVII Industries	..	..	..	0.30	..	(+) 0.30
10.	XXXVIII Irrigation	6.91	0.53	8.48	0.92	(+) 1.57	(+) 0.39

2.7. Reconciliation of departmental figures

According to the standing instructions of Government, expenditure recorded in the departmental books should be reconciled every month with that recorded in the books of the Accountant General. Such reconciliation enables the departmental officers to exercise proper control over expenditure and to detect frauds and defalcations, if any, at an early stage. As at the end of March 1980, out of 4,288 certificates covering Rs. 3,92.94 crores, 1,306 certificates of reconciliation covering an expenditure of Rs. 37.46 crores for the year 1978-79 were due from 56 controlling officers.

Besides, one controlling officer (Special Secretary to Government, Local Administration and Social Welfare Department) had not reconciled the expenditure of Rs. 4.64 crores incurred from April 1974 to March 1979 under two minor heads (March 1980).

2.8. Withdrawal of funds in advance of requirements

The financial rules of Government prohibit drawal of money from treasury unless it is required for immediate disbursement. According to details furnished to Audit, one drawing and disbursing officer drew Rs. 13 lakhs in March 1978 and twenty-five others drew funds aggregating Rs. 9.91 lakhs in March 1979 and earlier months and retained them either in the cash chest (in the form of cash or bank draft) or in deposit account with the treasury/bank.

Out of Rs. 13.00 lakhs drawn in March 1978, Rs. 8.20 lakhs were disbursed between January and April 1979, Rs. 3.50 lakhs in August 1979 and Rs.1.30 lakhs in December 1979.

Out of Rs. 9.91 lakhs drawn in March 1979 and earlier months, Rs. 6.43 lakhs were disbursed between April 1979 and March 1980 and Rs. 0.30 lakh were refunded into the treasury. Information regarding the disbursement/refund of the balance of Rs. 3.18 lakhs is still awaited (March 1980).

Details of the amounts drawn, disbursed/refunded and retained by each of the drawing/dischursing officers are given in Appendix IV.

AGRICULTURE DEPARTMENT

(FOREST)

2.9. Premature release of funds to the Kerala Forest Research Institute

In February 1978, Government sanctioned the establishment of a Teak Museum and Study Centre at Nilambur at an estimated cost of Rs. 5.70 lakhs and entrusted the construction and management of the museum to the Kerala Forest Research Institute, Trichur. The terms and conditions under which the Institute was to construct and maintain the museum have not been finalised (February 1980). However, in March 1978 and in March 1979, the Chief Conservator of Forests, Trivandrum drew Rs. 1 lakh each and paid the amount to the Institute on the basis of the provision of Rs. 1 lakh available in the budgets for 1977-78 and for 1978-79. The construction of the museum has not commenced so far. Tenders for the work were invited in January 1979; but there was no response. On retender (April 1979), two offers were received. Meanwhile, the Kerala State Construction Corporation Limited (a State Government Undertaking) also came forward to take up the work. However, no decision on the offers has yet been taken (February 1980). The amount spent by the Institute on the work up to the end of July 1979 was Rs. 0.11 lakh (advertisement charges: Rs. 0.03 lakh; architect's fee: Rs. 0.08 lakh).

Government stated in February 1980 that funds were released to the Institute to enable it to proceed with preliminary works without waiting for completion of formalities and that the desired progress could not be achieved due to unforeseen circumstances.

Reexamined by PAC on 1-9-68.
partially. Decided to examine the
piece again.

CHAPTER III
CIVIL DEPARTMENTS
FISHERIES AND PORTS
(FISHERIES)

3.1. Intensive Development of Fisheries, Anjengo

In December 1974, Government sanctioned a scheme for development of fisheries at Anjengo at an estimated cost of Rs. 66.40 lakhs, revised in November 1975 to Rs. 78.80 lakhs. The scheme was to be implemented through Trivandrum District (North) Regional Fish Marketing Co-operative Society, Anjengo during the three year period 1974-75 to 1976-77. The scheme envisaged supply of 45 mechanised boats with nets to each group of fishermen consisting of seven members to be sponsored by Primary Societies and establishment of infrastructural facilities. The groups of fishermen who were supplied with boats were to supply the catches to this Marketing Society for processing, storage and marketing the fish. The income from each boat accruing to the fishermen was estimated at Rs. 0.17 lakh per year. On repayment of the loan with interest advanced by the Kerala State Co-operative Bank referred to in the succeeding paragraph, the title of the boats was to be transferred to the fishermen.

Source of finance:

The Kerala State Co-operative Bank was to advance to the Marketing Society a loan of Rs. 59.10 lakhs (75 per cent of the estimated outlay on the scheme) repayable with interest at 11 per cent per annum. For this purpose, the Agricultural Refinance Development Corporation agreed in October 1974 to provide refinance to the bank. The balance 25 per cent cost of the scheme was to be met out of assistance from Government (Rs. 10.98 lakhs by way of share capital contribution to the society and Rs. 8.72 lakhs towards subsidy on engines purchased by the society for being fitted on to the boats). A Project Officer assisted by three Fisheries Development Officers and other supporting staff was appointed by Government for implementation of the scheme. The entire cost of the Project Officer and his staff was to be met by

Government. Payments for the various activities connected with the scheme were made by the Kerala State Co-operative Bank on the basis of authorities issued by the Director of Fisheries/Project Officer and the amounts so paid by the bank were treated as loan to the society.

A test check in audit of the implementation of the scheme in the Project Office, Anjengo, conducted in May 1979 disclosed the following points:—

(1) *Expenditure incurred*

Till the end of March 1979, the society availed of a loan of Rs. 69.20 lakhs from the Kerala State Co-operative Bank. As the expected refinance from the Agricultural Refinance Development Corporation did not materialise owing to the delay in the implementation of the scheme, the bank charged interest on the loan advanced to the society at 15 1/2 per cent per annum. Government's share of the assistance of Rs. 19.70 lakhs was deposited by the Director of Fisheries in the Kerala State Co-operative Bank in March 1976 and March 1977. No portion thereof had been passed on to the society by the bank on the ground that the amount would be adjusted to the credit of the society on receipt of the balance 75 per cent of the assistance from the Agricultural Refinance Development Corporation. The circumstances under which the entire assistance was drawn in March 1976 and March 1977 and deposited in the Co-operative Bank, called for from the Director of Fisheries are awaited (March 1980).

Expenditure incurred on the scheme by the society to the end of March 1979 was Rs. 71.30 lakhs.

(2) *Progress in the implementation of the scheme*

The scheme commenced in January 1975, was to be implemented fully by 1976-77. It has, however, not been completed. Several activities are still in varying stages of implementation as indicated below:—

The scheme envisaged issue of 15 boats to fishermen in the first year of implementation viz., 1974-75 and 30 boats in the second year viz., 1975-76. It was only in February 1976 that Government issued orders entrusting the construction of 45 boats to a boat building firm. Though all the 45 boats were constructed and supplied by the firm and taken delivery by the Project Officer in May 1977 and June 1977, 15 boats were still retained with the firm. The Director of Fisheries stated in October 1979 that these boats had been kept with the firm under proper receipts as there was no scope to operate more than 30 boats under the scheme and that the boats were proposed to be taken

over by the department for which orders of Government were awaited since August 1978. The Project Report did not indicate how the number of boats to be distributed was fixed at 45. The circumstances under which the scheme provided for issue of 45 boats when there was no scope to issue more than 30 boats had not been elucidated by the department. Investment of Rs. 17.90 lakhs on these boats has become unfruitful.

Government stated in November 1979 that the Director of Fisheries had been asked to send up specific proposal for take-over of the 15 boats after negotiating with the Kerala State Co-operative Bank.

Thirty boats were issued to the fishermen between July 1977 and March 1979. Delay of one month to twenty-two months in issuing the boats to fishermen was attributed to serious defects noticed in the boats and delay in the selection of group of fishermen by the society. Even after the issue of the boats, fishing operations could not be commenced as the repairs to the boats were carried out by the society by February 1979 after spending over Rs.2.90 lakhs (vide also paragraph 3 (i) below). According to the Director of Fisheries, all these boats commenced regular operation only by May 1979. Information regarding the fish catches after commencement of the fishing operations as compared to the anticipations has not been furnished by the department. It was, however, noticed in Audit that the total number of days for which the 30 boats were operated during the period July to December 1979 (724) worked out to 24 per cent of the target fixed (3000 days). The society has not commenced repayment as the amount advanced by the bank has been treated as cash credit accommodation which is yet to be converted into loan by the bank; the repayment guarantee given by Government has not been invoked so far (April 1980).

Machinery costing Rs. 4.74 lakhs purchased between July 1976 and June 1978 for the Ice-cum-Fish storage plant and the Freezing Plant have not been erected till the end of October 1979. Though a building for housing the Ice-cum-Fish storage plant was completed in May 1977 at a cost of Rs.0.74 lakh, the supplier firm did not turn up to erect the machinery reportedly due to delay in receipt of payments towards 98 per cent of the cost of machinery supplied by them. A building (cost: Rs. 2 lakhs) to house the freezing plant was completed only in June 1979. The Director of Fisheries stated in October 1979 that the supplier firm had been asked to commence the erection work.

A workshop equipped at a cost of Rs.1.34 lakhs has not been commissioned till October 1979 as it was constructed at an unsuitable place. The site was selected by the then Project Officer and the President of the society and got

approved by the Board of Directors of the Society; the circumstances in which an unsuitable place was selected have not been stated by the department (December 1979).

Two boat jetties constructed in March 1977 and May 1977 at a cost of Rs. 0.33 lakh were dismantled in June 1979 as the site on which the jetties were constructed was unsuitable and not accessible to the project boats; it is not clear from the records why this site had been chosen. Land for establishing an oil bunk was yet to be acquired.

A net making hall constructed in August 1977 (cost: Rs. 0.95 lakh) has also not been put to use reportedly due to lack of funds with the society while the peeling sheds constructed in the same month at a cost of Rs. 0.91 lakh could not be put to use due to non-commissioning of the freezing plant.

An insulated van and a Matador van purchased in July 1976 and March 1977 respectively at a total cost of Rs. 2 lakhs have not been put to the use for which they were intended. The former was intended for the transport of fish and ice within the project area and pending commissioning of the ice-plant and freezing plant, this vehicle has been hired out to a private party on a monthly rental of Rs. 4,101 from 3rd November 1978 and Rs. 4,251 from 3rd May 1979. The latter vehicle intended for transporting fish to the retail stalls to be opened at Kottarakkara and Punalur is used as a transport vehicle for the officials of the society pending decision on establishment of the retail stalls.

(3) *Other points of interest*

(i) *Payment for the cost of incomplete boats*

According to the contract of May 1976 with a firm for construction and supply of 45 boats, the boats were to be supplied by 15th September 1976. Payment towards the cost of the boats was to be made in four stages depending upon the progress of construction and final payment was to be made on the basis of a certificate of the Project Officer and the Joint Director of Fisheries (Mechanisation) that the boats had been delivered and entries made in the stock register in the Project Office, trial runs had been conducted satisfactorily, the work had been carried out satisfactorily, the materials used were in accordance with the specification furnished by the department and that the workmanship was good. Although final payment had been made for all the 45 boats between March 1977 and July 1977, the construction of 7 boats had not been completed in all respects when they were taken over from the boat building firm and none of the boats had been provided with compass, mechanical horn, brass bell, etc. The cost of the three items not supplied alone worked

out to Rs. 0.90 lakh approximately. There were also many defects in the construction of the boats and the quality of materials used for the construction was sub-standard. As the supplier firm did not rectify the defects in spite of repeated requests, these had to be rectified by the society. The expenditure thereon was more than Rs. 2.90 lakhs. As the firm refused (June 1978) to reimburse the repair charges on the ground that the repairs were carried out without their prior approval, the Director of Fisheries in December 1978 directed the Project Officer to file a suit against the firm for the recovery of the expenditure incurred on the repairs during the guarantee period. Further developments are awaited (December 1979).

The circumstances in which false certificates were issued by the Project Officer and the Joint Director (Mechanisation) that the work had been carried out satisfactorily, that the workmanship was good and that the materials used were in accordance with the specification of the department, etc., have not been elucidated by the department. The Director of Fisheries informed Audit that the responsibility for issuing the inspection certificates has been fixed and draft memo of charges framed against the officials concerned.

(ii) *Extra expenditure incurred on purchase of nets*

Fifty cotton nets (cost:Rs.0.60 lakh) and fifty nylon nets (cost:Rs. 1.05 lakhs) were purchased from the Kerala Fisheries Corporation on the basis of orders placed by the Project Officer in January 1977. The Fisheries Development Officer reported (November 1977) to the Project Officer that the nets were out of date and unsuitable for fishing operations. As a result, the nets had to be modified spending an amount of Rs. 700 per nylon net and Rs. 400 per cotton net. An extra expenditure of Rs. 0.55 lakh was incurred on this account. According to the Director of Fisheries (October 1979), the nets were got manufactured through the Corporation in accordance with the design furnished by the then Project Officer which was faulty. The circumstances in which the faulty design was given by the Project Officer have not been intimated by the Department.

(iii) *Extra expenditure on purchase of engines*

In May 1975, Government sanctioned the purchase of fifteen 3 YDAM engines at a cost of Rs. 66,975 per engine from a Madras firm (from which purchase of 50 engines had been made for a different scheme earlier), on the basis of a report (February 1975) of the Director of Fisheries that if tenders were invited according to Stores Purchase Rules, the price of engines might go up; the basis on which the Director of Fisheries made such a report apprehending price increase was not available on record. Accordingly, orders were placed in May 1975 with the firm for fifteen Ruston 3 YDAM engines at

Rs. 66,975 per engine. However, when tenders for the remaining 30 engines were invited in December 1975, the same firm quoted Rs. 61,193 for the same type of engine. The fifteen engines for which orders were placed early in May 1975 at the higher rate, as well as the thirty engines at a lower rate were taken delivery of from the supplier firm simultaneously in August 1976 by the Project Officer. The purchase of the first lot of fifteen engines, without tenders, at a higher cost resulted in extra expenditure of Rs. 0.90 lakh. The Director of Fisheries stated in October 1979 that the reduction in price might have been due to keen competition among the tenderers.

(iv) *Excess payment of subsidy element*

According to the scheme, 25 per cent of the cost of the engines purchased was to be paid to the society as subsidy from Government. The amount of subsidy payable at 25 per cent of the total cost of Rs. 30.24 lakhs for 45 engines was Rs. 7.56 lakhs against which Rs. 8.72 lakhs were paid to the society in March 1978. The Director of Fisheries stated that excess payment of subsidy could be regularised only by the end of December 1979 when the scheme was expected to be completed.

Summing up

The following are the main points that emerge:

(i) The scheme commenced in January 1975 and to be completed fully by 1976-77 has not been completed so far. Ice-cum-storage plant, freezing plant, workshop, boat jetties, peeling sheds and net making hall costing in all Rs. 11 lakhs had not been commissioned.

(ii) Out of 45 boats constructed, only 30 boats had been issued to the fishermen on the ground that there was no scope for issue of more than 30 boats under the scheme. Investment of Rs. 17.90 lakhs on fifteen boats has not been fruitful.

(iii) None of the boats supplied was provided with 3 items of accessories costing about Rs. 0.90 lakh though final payment had been made while more than Rs. 2.90 lakhs had to be spent on repairing the defective boats.

(iv) Extra expenditure of Rs. 0.90 lakh was incurred on the purchase of fifteen engines at higher cost. Rupees 0.55 lakh had to be spent to modify the nets purchased from the Kerala Fisheries Corporation to make them usable.

(v) The information regarding the quantity of catch and increase, if any, in the earnings of fishermen on account of implementation of the scheme

P21
W2A

Amendment to Rules with } PAR. 0 (MS) 36/72/100 dt 7/3/1972
 } R. 0 (MS) 79/76/100 dt 10/7/76

P153
W2A

Rules for issue of books - PP125 - 129/W2A

Repairs year - mainly instalments. $\frac{1}{5}$ the cost within
 - no page in the month of June, July, August

P157
W2A

(modified - $\frac{1}{6}$ the cost the repair
 within 8yrs

was not available with the department or the society. It was, however, noticed in Audit that the total number of days for which the 30 boats were operated during the period July to December 1979 (724) worked out to 24 per cent of the target fixed (3000 days).

(vi) Excess subsidy paid by Government to the society amounting to Rs. 1.16 lakhs remains to be recovered.

Government stated in November 1979 that disciplinary action was being taken against the Project Officers and Joint Director of Fisheries for the mismanagement of the scheme and for the irregularities in the construction of boats.

3.2. Mechanisation of Fishing Boats

The scheme for mechanisation of fishing crafts started by Government in June 1956 envisaged the improvement in living standards of fishermen by supplying mechanised boats, built or purchased by Government, to bonafide fishermen as also to fishermen's co-operative societies at subsidised cost on hire purchase basis.

The subsidy which was 50 per cent of the cost of engine and 25 per cent of the cost of hull was withdrawn in stages from 1969-70 and discontinued altogether from 1971-72. After 1971-72, full cost of the boats is recoverable from the beneficiaries as loan.

A test check in audit of the implementation of the scheme conducted during May-July 1979 disclosed the following points:—

(1) Construction and issue of boats

To end of 1978-79, the department had constructed 1,380 boats at a total cost of Rs. 10,11.47 lakhs. The performance is compared in the following table with targets:

Period	Target number of boats to be constructed and issued	No. of boats constructed	No. of boats issued
Upto 1968-69	1,099	953	953
1969-70 to 1973-74	800	322	322
1974-75 to 1978-79	540	105	50(a)
Total	2,439	1,380	1,325

(a) Includes 3 boats issued since March 1979.

The shortfall of about 50 per cent in construction of boats was attributed (November 1979) by the Director of Fisheries to cuts in the actual budget provision year to year compared to the plan outlay without any revision of the physical target. Twentyeight boats constructed (cost: Rs. 34.59 lakhs) in 1977-78 which have not been issued till April 1980 pertain to a different scheme called the 'Package Scheme' sanctioned by Government in January 1978 and the issue of these boats to the fishermen is reported to be held up due to belated finalisation of the preliminary work on the scheme and the list of beneficiaries under the scheme.

No record was kept of the quantity of fish catches made day to day, nor was 30 per cent of the catches collected by the department from the beneficiaries as laid down in the scheme. Hence, the benefit by way of increase in catches could not be ascertained. It was, however, seen that the fish catches for the State as a whole, according to the department, registered a decline from 4.76 lakh tonnes in 1974-75 to 3.42 lakh tonnes in 1977-78; information for 1978-79 was awaited.

(2) *Utilisation of boats*

Out of 1,322 boats issued on hire purchase, full recovery of the cost had been made only in respect of 85 boats. The position in regard to the remaining 1,237 boats is given below:

Number of boats in use	540
Number of boats requiring repairs	164
Number of boats condemned and awaiting disposal	98
Number of boats auctioned	124
Number of boats missing	79
Number of boats lost/sunk	76
Particulars awaited	156

Of the 164 boats which require repairs, 72 relating to the districts of Quilon, Alleppey and Ernakulam were awaiting repairs for periods ranging from six months to over nine years. Lack of adequate servicing and repair facilities, lack of earnestness on the part of the hirers to attend to the timely servicing and repairing of boats, lack of trained personnel to attend to the repairs of the various types of engines fitted to the boats, etc., were adduced by Government as some of the reasons for the large number of boats requiring

P523
W2c

All new huct issued under General Mechanism Scheme must intended for 'Package Scheme'.

vide LWT reply DPAB

Rule 2 - Part 13
W2E

Also see LWT's reply about the impracticability of enforcing this condition.

P396
W2B.

74-75	-	4,75,535	MA
75-76		4,07,923	"
76-77		3,17,494	"
77-78		3,41,525	"
78-79		3,67,866	"

vide also
LWT's reply

yearwise details @ P427/W2B
y hct issue

P57
W13

More Relat
LWT reply in DPAB re.
Relat position.

Rw's copy
dt 1/4/81

RA proceedings
under way

Rw's copy
on 1-4-81

Loss of Rs 14180/60 +
1422/96
with the m

P11, 31 & 33

VA 4.

Padinjera Kambhalu

MUCS PR 458

Ter. dt.

Rule 17 - $\frac{P27}{W2A}$

RA see Rw's
copy dt 1/4/81
B.K.R.

P17
W13

Gubbato Quilon dt - 40 INR boats -
Kunjathun SD
contemplated.

repairs. Information regarding the number of boats on which repair works had already started and the number of boats yet to be taken up for repairs is awaited from the department.

Of 124 boats disposed of in auction as at the end of March 1979, Rs. 25.56 lakhs towards hire purchase dues were recoverable, after setting off the sale proceeds in auction, from the hirers in respect of 49 boats relating to the districts of Quilon, Alleppey and Ernakulam for which particulars could be gathered in test check in audit. Particulars of action taken by the department to effect recovery of the dues are awaited. Ninety-eight boats which had been condemned are yet to be disposed of. An instance of delay in disposing of an unserviceable boat leading to loss to Government noticed in test check is mentioned below:—

Boat No. Kerala 116 costing Rs. 0.94 lakh which was issued to a co-operative society in May 1969 was seized by the department in May 1970 as the society did not remit the dues. After three years, in May 1973, the department reallocated the boat to a new party who did not accept the allotment as the hull was in an unserviceable condition even though it had been repaired in 1972-73 at a cost of Rs. 0.05 lakh. More than two years later, in July 1975, the department auctioned the hull of the boat for Rs. 0.11 lakh which resulted in a loss of Rs. 0.56 lakh.

(3) *Physical verification of boats*

Physical verification of each boat by the departmental officers required to be conducted once in three months was not done. The boats were physically verified at irregular intervals and without any programme for covering all the boats once in 3 months. No consolidated record was available with the department to show whether all boats had physically been verified and at what intervals. Owing to this lapse in conducting physical verification in accordance with the prescribed periodicity of three months, the fact that several boats were found missing came to the notice of the department belatedly and the boats could not be located. As at the end of March 1979, seventy-nine boats were missing, some of which were missing even prior to 1971. Cost of 68 of these boats relating to the districts of Quilon, Alleppey and Ernakulam was Rs. 12.18 lakhs; details of the cost of the remaining boats are awaited. The department has not so far located any of these boats. Hire purchase dues recoverable from the fishermen in respect of 68 boats worked out to Rs. 5.89 lakhs.

4/5
1978

Several cases of pilferage of the parts of the boats also came to the notice of the department only belatedly as some of these were detected only when the boats were physically verified at irregular intervals. According to the details available with the department, in 30 cases, parts of the engine/boat had been lost or pilfered; but, the resultant loss had not been assessed by the department except in one case for Rs. 2,000.

Random physical verification also resulted in delay in detecting cases of abandonment or illegal transfer of the boats by the hirers leading to non-recovery of the hire purchase dues from them. Two such cases are detailed below:—

(i) Boat No. K.119 costing Rs. 0.64 lakh issued to a co-operative society in July 1971 was found abandoned in October 1975 with almost all parts of the engine missing. In April 1976, the department condemned the boat and more than a year later, in June 1977, they disposed of the boat in auction for Rs. 2,010. Loss sustained on this account was Rs. 0.63 lakh not taking into account interest charges of Rs. 0.17 lakh. While sanctioning the disposal of the boat in March 1977, Government instructed the Director of Fisheries to fix responsibility on the departmental officers for their inaction to collect the hire purchase dues amounting to Rs. 0.54 lakh in time from the society and to realise the loss from the officials concerned. This has not yet been done (December 1979).

(ii) Boat No. KLA. 33 costing Rs. 0.52 lakh was issued to a co-operative society in December 1966. Nearly four years later, in July 1970, the department found out that the boat was in illegal possession of another party. After a lapse of another two and a half years, the department seized the boat in January 1973, but by that time the engine of the boat had been stolen. The engine was retrieved in July 1975 with certain parts missing. The boat has not so far been disposed of though it was stated to be beyond repairs. Rupees 0.36 lakh were recoverable from the beneficiary towards hire purchase dues of the boat.

(4) *Insurance of boats*

Under the rules, insurance premia on the boats paid by the department were recoverable from the hirers.

Though 1,322 boats had been issued till the end of 1978-79 insurance has been taken out for much smaller number. Details regarding the number of boats which had not been insured after issue to the beneficiaries and the reasons therefor are awaited.

49 of 111
 10/2/77

PP 1, 2, 11
GA

LWT's reply dt 1/4/61 } LWT wanted No Dy. Div to
be responsible in the
matters concerned, but
No Dy. Div. He stated that
he is taking RR action against the
hivers.

PROP
2A

169, 215 & 137
RAS

LWT's reply dt 1/4/61 } The boat is now under
proposal for disposal. Only
cost disposal of boat, dues from
hivers could be recovered.

170
WIS

Insurance to be paid by the deptt.

~ vide Rule 14(2) - Page 135 / v/12

LWT's reply
dt 1/4/61

Insurance for non-working boats / and
boats under repair / engine replacement, etc
as not renewed to economise expenditure.

Low's reply
dt 1/4/61

Action under way to
revise the demand.

P133
Wx

Low's reply
dt 1/4/61

Rectification report
awaited from the
Min.

Low's reply
dt 11/1/61

Stk up to June 4/61
completed

Low's reply
dt 11/1/61

301,947 Reckles leaving
collection as on 31. 3. 4/61

Low's reply
dt 1/4/61

Due to clerical error in the
number of working
locks

Test check conducted in the office of the Assistant Director of Fisheries, Alleppey, disclosed that in 28 cases, where premia of Rs. 0.28 lakh had been paid by the department, no demand had been raised by the department on the hirers and consequently the amount had not been recovered.

(5) *Maintenance of loan accounts*

The detailed accounts of the loan (cost of boats issued to the hirers) are to be maintained by the Deputy Director of Fisheries/Assistant Director of Fisheries. Test check in audit showed that the loan accounts maintained were incomplete in several respects as mentioned below:

(i) the entries in the ledgers were not up-to-date (in Quilon district, the registers had not been posted from October 1975 onwards and in a large number of cases, the entries for the periods between October 1971 and September 1975 were wanting),

(ii) date of remittance of the dues together with the chalan number had not been indicated in several cases,

(iii) attestation of the Heads of the offices was wanting in most cases,

(iv) dues recoverable towards interest, insurance premia, repair charges, etc., had not been indicated in many cases.

Preparation of the statement showing the demand, collection and balance (DCB) of hire purchase and other dues recoverable from the beneficiaries under the scheme was also in arrears. The statement had been prepared only to end of April 1978 though the statement to end of April 1979 should have been prepared by June 1979.

As per the DCB statement to end of March 1978, Rs. 2,73.21 lakhs were overdue for recovery from the beneficiaries.

The DCB statement for the period ending April 1978 prepared by the department was defective; the omissions, discrepancies, etc., noticed are indicated below:

(i) As per the registers, the opening balance as on 1st April 1973 was Rs. 1,43.53 lakhs. Taking into account the total demand raised (Rs. 1,79.02 lakhs) and the total collections made (Rs. 80.45 lakhs) towards principal from 1st April 1973 to 31st March 1978 the closing balance should work out to Rs. 2,42.10 lakhs as against Rs. 1,93.32 lakhs shown in the statement. The difference of Rs. 48.78 lakhs had not been reconciled by the department.

(ii) In eight cases Rs. 0.27 lakh representing the cost of new engines supplied to the beneficiaries in 1967-68 had not been included in the demand raised against the hirers in Quilon district.

All sums due to Government under this scheme are recoverable under the Revenue Recovery Act. Information regarding the cases advised for recovery under this Act and progress made thereagainst is awaited from the department (December 1979).

(6) It may be mentioned that on consideration of para 7 of the Report of the Comptroller and Auditor General of India for the year 1970-71, wherein defaults in repayment of loan under the Fisheries Scheme had, *inter alia*, been commented upon, the Public Accounts Committee had recommended in paragraphs 2.52 and 2.53 of their Twentyfirst Report 1974-75 that the entire scheme of advancing loan under the Fisheries Scheme should be re-examined by Government, that the recovery of the loan amount should be expedited and that responsibility should be fixed on the officials who were responsible for mismanagement of the entire scheme. Government intimated the Committee in February 1978 and in March 1979 that as the scheme for the issue of mechanised boats was not working satisfactorily, it was being replaced by another scheme known as 'Package Scheme' which had been started at three centres in the State, that directions had been issued to the Director of Fisheries in a number of cases to fix responsibility for the loss due to delay in disposal of the idling boats and huge accumulation of arrears and that a Committee was proposed to be constituted to enquire into the causes for the losses sustained by the Government on the mechanisation programme as a whole. Further developments are awaited (December 1979).

To sum up, the following are the main points that emerge:

(i) Against 2,439 boats proposed to be constructed and issued, the department had constructed only 1,380 boats and issued only 1,325. Only 540 boats issued were in working condition. The remaining boats had either been lost or were missing or required repairs or had been condemned and auctioned.

(ii) One hundred and sixty four boats requiring repairs had not been repaired, for periods from six months to over nine years in respect of 72 of those boats.

(iii) Periodical physical verification of the boats had not been conducted as envisaged under the scheme.

312,321
M.B.S

L.W.'s reply
dt 1.4.81

The Dy. Mr. Service letter n/a
to include the cost of new
engines. d to collect the
costs.

ds.

262 cases
under RR

Rs
73,81,269/12
the amount.

58 cases returned by the RD, as
no action was possible.

See L.W.'s
reply to the
d.p

Rs 16,05,335 proposed for milk Mr,
L.W. Low milk Mr Rs 37,963/17
in 4 cases.

(iv) The maintenance of loan accounts by the Directorate suffered from several defects. Hire purchase dues overdue for recovery as at the end of March 1978, the latest period for which data were available amounted to Rs. 2,73.21 lakhs.

(v) Details of marine catches due to the implementation of this scheme were not available with the department and no records were kept in this regard. It was therefore not possible to evaluate how far the scheme has succeeded in improving the living standards of fishermen.

The points mentioned above were reported to Government in October 1979; their reply is awaited (December 1979).

3.3. Cold Storage Plant at Chengannur

With a view to providing facility for scientific storage of fish and to popularise the scientific method of storage, the Fisheries Department commissioned in October 1968 a cold storage plant (installed capacity: one tonne) at Chengannur at a total cost of Rs. 0.91 lakh (cost of building: Rs.0.45 lakh and cost of machinery and erection: Rs. 0.46 lakh). During the short period from June 1970 to September 1972, the plant had to be shut down for repairs on ten occasions for periods ranging from four days to nearly two months. The plant again went out of order on 9th January 1973. After a lapse of nearly four years, Government accorded (December 1976) sanction for entrusting the repair work to a Cochin firm at a cost of Rs. 0.09 lakh. The delay in according sanction was attributed by Government to the fact that further defects like leakages in the condenser pipe and other parts were noticed after January 1973 necessitating thorough checking of the plant and preparation of a detailed estimate for repairs which took time till April 1976. When the plant was recommissioned in December 1978 after repairs, it was noticed that the water supply system had become defective by then due to the idling of the plant from January 1973 onwards. An estimate for Rs.0.09 lakh prepared by the Public Health Engineering Department for repairing the water supply system was sanctioned by the Director of Fisheries in March 1979. Government stated in September 1979 that the work was being completed by the Public Health Engineering Department. The Assistant Director of Fisheries, Alleppey reported in March 1980 that the repair works of the plant had not been completed.

Thus, the plant intended to provide facilities for scientific storage of fish has been idle for more than six years due to failure to arrange for prompt repairs. Expenditure on salaries/wages paid to the staff attached to the idle plant from 1st April 1973 to 31st March 1979 amounted to Rs.0.59 lakh.

INDUSTRIES DEPARTMENT

3.4. Mini Industrial Estates

As part of a massive effort for development of small industries, the Industries Department prepared a scheme for the establishment of 10,000 new small scale industrial units over a period of four years from 1975-76 to 1978-79. One mini-industrial estate was to be established in each of the 967 Panchayats of the State with small industries units in groups of an average of ten in each such estate.

Kerala State Small Industries Development and Employment Corporation (SIDEKO) and the District Mini Industrial Co-operative Societies implemented the programme.

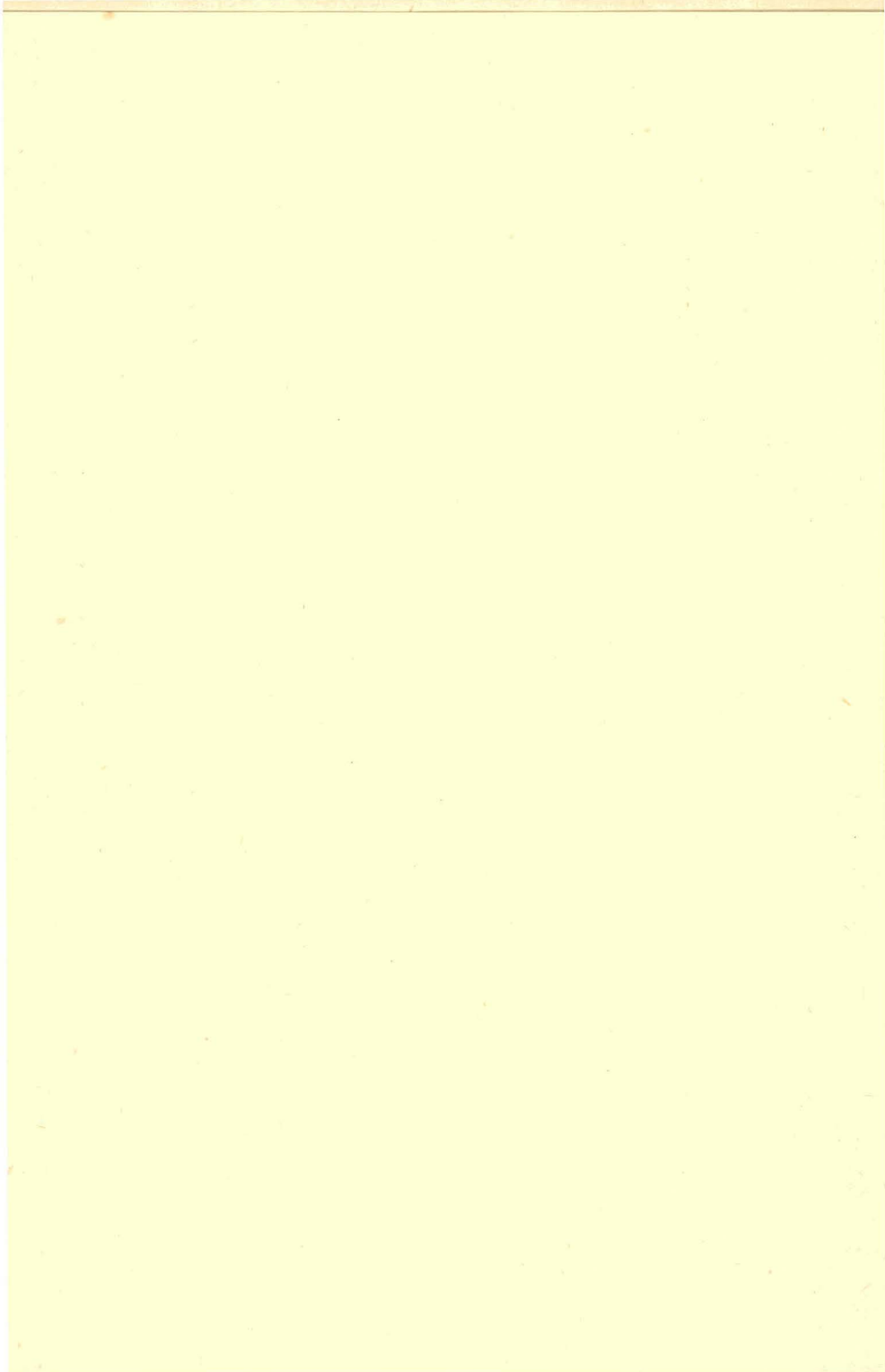
Estimated capital outlay on the establishment of 10,000 units was Rs. 100 crores. Ten per cent of the outlay was to be contributed by Government, 10 per cent by the entrepreneurs and the remaining 80 per cent was to be raised by the units from the Kerala Financial Corporation, banks and other financing institutions. Expenditure incurred by Government on the programme to end of March 1979 was Rs. 64.37* lakhs.

Review conducted in July-August 1979 by Audit of the implementation of the programme in the Directorate of Industries and Commerce and in the District Industries Centres disclosed the following points:—

(1) No project report was prepared setting out the number of estates, location, types of industries, cost of construction, machinery and infrastructure facilities, etc. Apart from a pamphlet issued by the Industries Development Commissioner in April 1978 indicating the guidelines for the setting up of the mini industrial estates, Government had not issued orders whether the scheme was to be implemented direct by the department or through agencies, and whether Government's share of the cost of the scheme was to be in the form of loan or grant or share capital participation or direct expenditure for specified purposes.

(2) No consolidated accounts were available with the department showing the total expenditure incurred on the scheme so far and the expenditure incurred from Government funds by way of loan, subsidy, share

*Figures as per Accounts and no further break up is available. Does not include loans paid to SIDEKO for payment of margin money to the units and loans paid to the units direct.



capital investment and direct expenditure on other items. The percentage of Government contribution to the scheme to the total expenditure as at a given point of time has not been determined nor is it ascertainable in the absence of such consolidated accounts.

(3) There was considerable shortfall in the establishment of the industrial units vis-a-vis the targets fixed by the Industries Development Commissioner as indicated in the following table:—

<i>Year</i>	<i>No. of estates to be constructed</i>		<i>No. of units to be set up and commissioned</i>	
	<i>Target</i>	<i>Achievement</i>	<i>Target</i>	<i>Achievement</i>
1975-76	100	11	1000	84
1976-77	200	25	2000	209
1977-78	300	48	3000	155
1978-79	400	20	4000	104
1979-80	..	2	..	25
Total	1000	106	10000	577

The reasons for the heavy shortfall in achievement are awaited from the department (December 1979).

Out of 106 estates constructed, no unit had been commissioned in eight estates. Subsidy paid by Government to SIDECO and District Mini Industries Co-operative Societies for the construction of these estates at Rs. 0.50 lakh per estate amount to Rs. 4 lakhs. Details of these estates are given in Appendix—V.

Out of 577 units commissioned so far, 95 were reported to be not working at the end of August 1979 due to various reasons such as defective machinery, marketing difficulties and lack of adequate working capital.

(4) In each of the 106 estates constructed, 300 sq. ft. were set apart for use as 'office'. In none of these estates had the space so earmarked been utilised as the offices were functioning at the District Industries Centres or elsewhere located at district headquarters. Proportionate cost of unutilised space of 31,500 sq. ft. would work out to Rs. 10.58 lakhs.

In respect of 33 industrial estates constructed during the period upto July 1978, 300 sq. ft. of space were set apart in each estate for starting a branch of the commercial banks to transact business of the small industries units. The space remained unutilised as no bank had come forward to open branches in the estates. Out of the unutilised space, 4500 sq. ft. had been allotted to entrepreneurs as additional space for godowns. The remaining area of 5400 sq. ft. has not been utilised so far. Proportionate cost of the unutilised area would work out to Rs. 1.89 lakhs.

(5) Terms and conditions for the allotment of sheds to the industrial units had not been laid down when the scheme was started in 1975-76. Out of 106 estates set up as at the end of August 1979, 36 are under the control of SIDECO (cost borne by SIDECO : Rs. 1,04.71 lakhs and Government subsidy: Rs. 18 lakhs). Though all the sheds in the estates had been allotted during October 1975 to April 1978, the terms and conditions of allotment were determined by SIDECO only in January 1979. Details of overdue amounts of hire purchase instalments have not been furnished by the department (December 1979). Out of 348 allottees who had been allotted sheds as at the end of August 1979, only 15 had executed the hire purchase agreements.

In respect of the remaining 70 estates (about 700 sheds) under the control of the District Mini Industrial Estates Co-operative Societies which were constructed between 1976-77 and 1979-80 at a cost of Rs. 1,80.12 lakhs, (Government subsidy: Rs. 35 lakhs) sheds had been allotted in 660 cases. The District Mini Industrial Estates Co-operative Societies have not so far taken a decision whether the sheds allotted should be on lease or on sale on hire purchase.

(6) The programme of setting up 10,000 industrial units was taken up without making an estimate of the increased volume of industrial production consequent on the starting of the industries. Information regarding the value of production by the mini industrial units was also not available. The department stated (September 1979) that no study to evaluate the overall impact of the programme was undertaken by them.

(7) Each unit was expected to provide direct employment to 10 persons on an average. Employment generated to end of August 1979 in 106 estates set up so far was reported to be only for 2,838** persons against the target of 10,600 persons.

**Does not include figures relating to Malappuram District.

(8) In September 1978, Government sanctioned payment of subsidy on the industrial units on interest payable by the units on the term loans obtained by them from the banks/financing institutions. According to the rules regulating the payment of subsidy, the difference between actual rate of interest charged by the banks and $5\frac{1}{2}$ per cent limited to $3\frac{1}{2}$ per cent per annum was payable as subsidy.

The units were to pay interest to the bank and claim reimbursement of the interest subsidy from Government. It was noticed in audit that in 3 districts, interest subsidy (Rs. 1.76 lakhs) was paid to units during March 1979 though they had defaulted in payment of interest to the bank in full or in part. Subsidy in these cases was paid in contravention of rules.

(9) In order to provide margin money assistance to entrepreneurs of small scale industrial units in the mini industrial estates, Government paid a loan of Rs. 40 lakhs in March 1977 and Rs. 20 lakhs in January 1978 to SIDECO, repayable in eight quarterly instalments after the fifth year of disbursement. No time limit for the utilisation of the loan by SIDECO had been laid down by Government. As at the end of June 1979, Rs. 24.54 lakhs only had been distributed by SIDECO as margin money to 282 units during 1976-77 to 1978-79. The balance of Rs. 35.46 lakhs was lying unutilised with SIDECO from February 1978 onwards.

Summing up

(i) The programme was launched by the department without preparing a project report.

(ii) Consolidated accounts of the total expenditure incurred on the programme and the expenditure incurred by Government on the estates had not been maintained by the department.

(iii) Against 10,000 units to be established by entrepreneurs over a four year period ending 1978-79, only 577 units had been set up and commissioned (March 1980).

(iv) Ninety-five of the commissioned units were not in working condition.

(v) Proportionate cost of unutilised space in 106 estates worked out to Rs. 12.47 lakhs.

(vi) Terms and conditions of allotment in respect of 660 sheds handed over to beneficiaries are yet to be fixed.

(vii) Interest subsidy of Rs. 1.76 lakhs paid to the units was in contravention of rules.

(viii) Loan of Rs. 35.46 lakhs paid between March 1977 and January 1978 to SIDECO for disbursement as margin money to the units remained unutilised.

The matter was reported to Government in October 1979; their reply is awaited (March 1980).

3.5. Foundry service centre, Trichur

In March 1970, the Industries Department commissioned a foundry service centre at Trichur with a capital investment of Rs. 2.63 lakhs on land, buildings, machinery and equipment. The centre was to provide facilities for quality control by testing raw materials and finished products of the foundry industry in the Small Scale sector.

Though the centre was to run on no-profit-no-loss basis, it rendered free service till 4th October 1974 under orders of Government. This was despite an assurance to discontinue free service beyond May 1971 given by Government in January 1972 to the Public Accounts Committee during examination of paragraph 34 of the Report of the Comptroller and Auditor General of India for the year 1969-70. The expenditure on raw materials and establishment incurred by the centre during the extended period of free service from May 1971 to 4th October 1974 amounted to Rs. 1.14 lakhs.

Though the centre was to realise charges for tests from 5th October 1974, the rates of service charges to be realised for the various tests to be conducted by it were fixed by Government only in October 1976 after a lapse of two years. Pending approval of the rates by Government, the centre started realising service charges only from 10th February 1976 at provisional rates under orders of the Industries Development Commissioner. No tests were undertaken in the period 5th October 1974 to 9th February 1976 pending decision on recovery rates. Expenditure incurred on the pay and allowances of the staff during this period when no tests were undertaken by the centre amounted to Rs. 0.80 lakh.

The rates of service charges were fixed on the assumption that the centre would conduct in all 36,600 tests of different types every year. As against this, only 496 tests were conducted by the centre from 1970-71 to 1978-79. Four types of tests viz., the microscope test, flaw detection test,

carbon determination test and sulphur determination test were not at all conducted, reasons for which are awaited (December 1979). The Superintendent of the centre stated in July 1979 that a photo metallurgical microscope, an ultrasonic flaw detector and a carbon and sulphur determination apparatus costing in all Rs. 0.43 lakh purchased during June 1967 to January 1970 for conducting these tests could not be put to use so far.

Although the centre was equipped to conduct chemical analysis of metals, both ferrous and non-ferrous and according to the Superintendent of the centre, there was great demand from almost all foundry units in the district for chemical testing of pig iron, coke and lime shell, no such chemical test could be undertaken by the centre so far (July 1979) mainly for want of a qualified chemist to conduct chemical analysis of the samples.

The expenditure (Rs. 6.93 lakhs) incurred on the centre has thus remained practically unproductive in view of the low utilisation of the facilities provided. Proposals for the effective functioning of the centre were reported to be under consideration (July 1978) of the Industries Development Commissioner; final orders in this regard are still awaited (December 1979).

The matter was reported to Government in September 1979; their reply is awaited (March 1980).

GENERAL ADMINISTRATION AND PUBLIC RELATIONS DEPARTMENT

3.6. Kerala State Film Awards

With the object of encouraging the production of Malayalam films of high aesthetic and technical standard and of social, educational and cultural value, Government introduced in 1969 a scheme for giving State Awards for Malayalam films. Between December 1974 and December 1978, the Award Nights were conducted on five occasions for the distribution of the awards for the years 1973 to 1977. An expenditure of Rs. 12.33 lakhs was incurred on the conduct of the award nights and Rs. 32.36 lakhs were realised by sale of tickets for admission to the functions. No rules were framed by Government laying down the procedure for the account of transactions connected with the Award Night functions. While expenditure on the function was met from State funds, the revenue from the sale of tickets was not credited to Government; but utilised for financing local

development projects and for feeding other funds constituted for the welfare of cine artists, technicians, journalists, etc., under orders of Government. Funds for these local projects had not been voted by the Legislature and the projects were decided upon by a Committee constituted for conducting the Award Night functions. Part of the expenditure incurred from Government funds on the Award Night function held in 1977 was reimbursed from the collections effected through sale of tickets while no such reimbursement was made in respect of the other three functions. Funds for meeting the expenditure on the functions (Rs. 12.88 lakhs) were drawn as advance on abstract contingent bills but there was delay ranging from 10 to 33 months in finalisation of the accounts and adjustment of such advances.

Government stated in November 1979 that it had been decided to dispense with such functions on sale of tickets and that all possible steps would be taken to avoid delay in adjustment of advances.

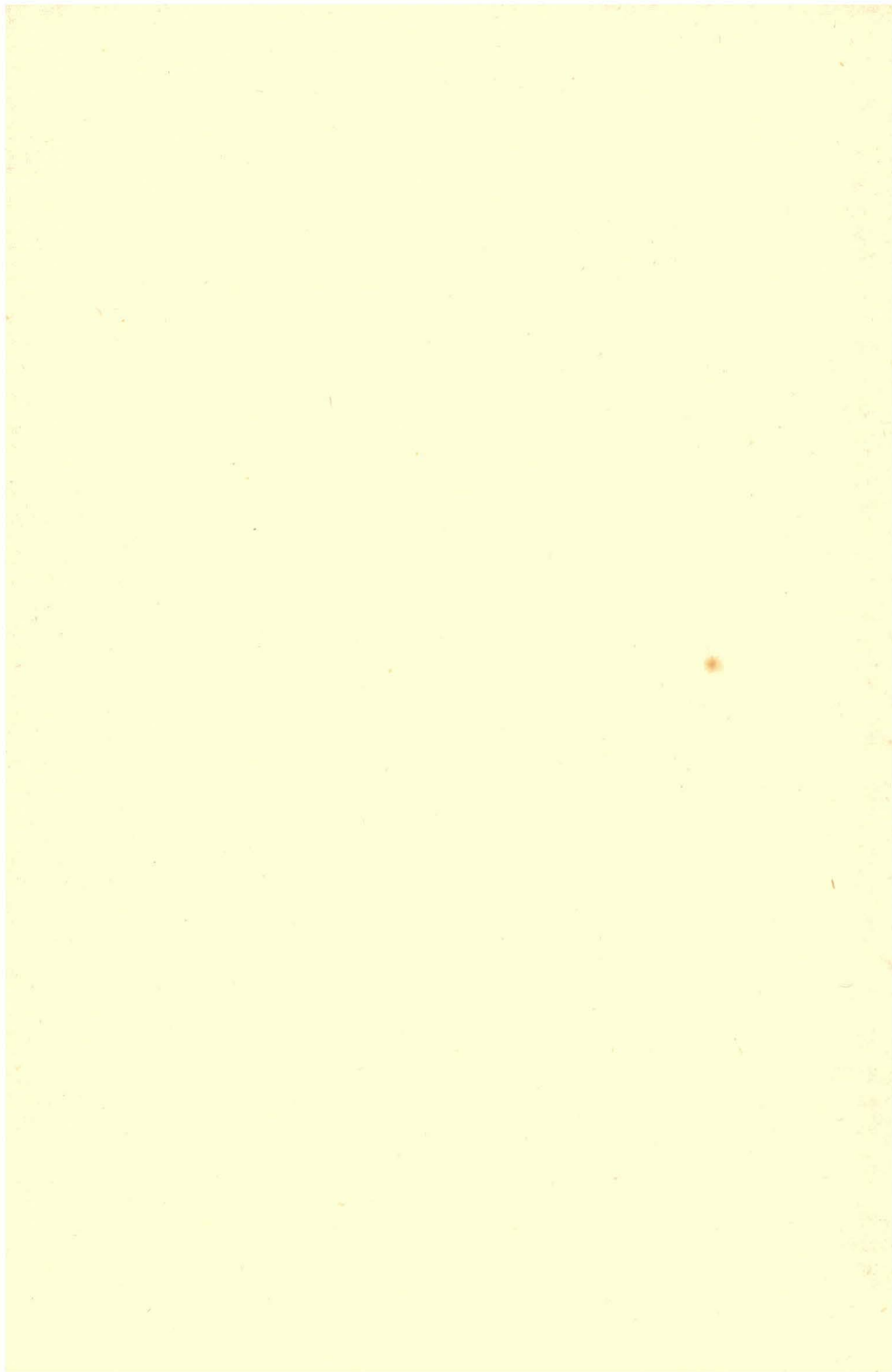
REVENUE DEPARTMENT

3.7. Scheme for Cadastral Survey in the State

Based on a proposal from the Board of Revenue in 1964 that 11,300 square miles (29,267 square kilometres) in the State might be resurveyed at an estimated cost of Rs. 15.78 crores with a view to making the land records up-to-date for the implementation of land reforms, collection of agricultural statistics and for effective revenue administration, Government sanctioned (October 1965) in principle the conduct of a resurvey in the State. However, in view of the heavy cost involved, Government ordered that, as the first phase in the implementation of the scheme, the resurvey might be confined to areas where the survey records were in bad shape, to be completed, as far as practicable, during the Fourth Plan period itself. Accordingly, resurvey in the areas forming the former Travancore State and the taluks of Palghat, Valluvanad and Wynad of Malabar area was taken up from June 1966 onwards.

The survey comprised (i) field work like preliminary examination of the area, taking of measurements, recording the results in systematic form and (ii) office work like preparation of drawings and maps. Expenditure incurred on the scheme to end of March 1979 amounted to Rs. 17.56 crores.

Mention was made in paragraph 34 of the Report of the Comptroller and Auditor General of India for the year 1970-71 of certain aspects connected



with the implementation of the scheme. A further review conducted by Audit in the Directorate of Survey and Land Records and in the Offices of the Assistant Directors (Re-survey) at Neyyattinkara, Quilon, Ernakulam and Palghat, during March-April 1979 disclosed the following points.

1. The total area to be resurveyed by 1973-74 as per the first phase of the scheme was 15,290 square kilometres. As at the end of March 1979, field work had been completed only in respect of 12,448 square kilometres and office work in respect of 7,284 square kilometres. The year-wise details of the targets fixed and achieved as furnished by the Department are indicated below:—

<i>Year</i>	<i>Target</i>		<i>Achievement</i>	
	<i>Field work</i>	<i>Office work</i>	<i>Field work</i>	<i>Office work</i>
	<i>(in square kilometres)</i>			
1966-67 to 1970-71	5,118	5,118	1,534	138
1971-72	1,350	1,350	969	142
1972-73	1,350	1,350	1,060	259
1973-74	1,350	1,350	935	405
1974-75	1,350	1,350	706	311
1975-76	1,350	1,350	1,614	1,262
1976-77	1,744	1,744	1,828	1,670
1977-78	2,025	2,025	1,639	1,547
1978-79	2,100	2,100	2,163	1,550
Total	17,737	17,737	12,448	7,284

During consideration of paragraph 34 of the Report of the Comptroller and Auditor General of India for the year 1970-71 by the Public Accounts Committee, Government informed the Committee in August 1972 that a firm target date for completing the entire survey had not been fixed and that the poor progress in survey was due to several factors like paucity of funds, fixation of unrealistic targets each year necessitating frequent lowering of the targets, non-availability of the full complement of staff sanctioned for the survey, lack of trained personnel, time taken for the observance of statutory formalities, difficulties in obtaining regular supply of survey stones, etc. Government informed the Committee in October 1974, that the resurvey of the area included

in the first phase of the programme was expected to be completed by the end of 1977-78. In reply to Audit enquiry, Government stated (November 1979) that proposals for converting two of the Forest Survey parties into Re-survey parties were under consideration and that with the increase in the number of re-survey parties it was expected that the entire area (29,267 square kilometres) for re-survey in the State would be completed by 1990. It may, however, be mentioned that even the first phase remains substantially incomplete as indicated earlier.

2. As at the end of March 1979, both field work and office work had been completed in five taluks while field work alone had been completed in three taluks and it was in progress in 14 other taluks. The resurvey was commenced in 12 taluks in 1977-78 and in the remaining 23 taluks, the survey is yet to start. Even in respect of five taluks where both field work and office work had been completed for an area of 2,276 square kilometres completion of certain other connected items of work contemplated in the Kerala Survey and Boundaries Act, 1961 like issue of gazette notification regarding completion of survey work under Section 13 of the Act, determination of boundaries as undisputed and issue of notices under Sections 9 (1) and (2) of the Act, issue of notices to beneficiaries determining and apportioning the survey charges under Section 6 (5) of the Act, etc., are yet to be completed. The result is that the resurvey commenced in 1966-67 has not been completed in all respects even in a single taluk, even after lapse of 12 years.

Under Section 6 (5) of the Kerala Survey and Boundaries Act, 1961, the cost of labour employed and of the survey marks used is to be recovered from the persons who have interest in the land or in the boundaries of which the survey has been ordered. Such recovery is to be made after issue of individual notices to the persons concerned indicating how the cost in this regard has been determined and apportioned and after hearing and disposing of their objections, if any. Pending completion of these statutory requirements, Rs. 21.74 lakhs were recovered on this account upto end of March 1979 against a demand of Rs. 1,37.97 lakhs raised by the department. Government stated in November 1979 that due to the cumbersome statutory requirement, the expected progress in collection could not be made and that the collection so far made was from persons willing to pay.

3. Owing to the implementation of the Kerala Land Reforms Act, 1963 with effect from 1st April 1964 several changes have taken place in the extent and ownership of the land holdings. Although these changes have to be

incorporated in the records prepared after resurvey to make them up-to-date and delay in this regard might render the survey already completed obsolete, work in this regard has not started so far. Government stated (July 1979) that comprehensive proposals received from the Board of Revenue for finalisation of the records in taluks where resurvey had been completed were under their active consideration.

4. *Summing up*

The main points that emerge are:

(i) No firm date for the completion of resurvey was fixed at the time the scheme was sanctioned. The resurvey of the entire area (29,267 square kilometres) in the State is now expected to be completed only by 1990 but even the first phase of the scheme (15,290 square kilometres) fixed for completion by end of 1973-74 remains incomplete.

(ii) Resurvey has not been completed in all respects even in a single taluk though the work commenced in 1966-67.

(iii) Changes in regard to the extent and ownership of land holdings owing to the implementation of the Kerala Land Reforms Act, 1963 are yet to be incorporated in the records prepared after resurvey.

(iv) Recovery of part cost of the survey from the beneficiaries was in arrears to the extent of Rs. 1,16.23 lakhs.

HOUSING DEPARTMENT

3.8. Provision of house sites to landless rural workers

In October 1976, Government introduced a scheme for providing house sites to landless workers in rural areas of the State who are not eligible for similar assistance under any other scheme. The selection and purchase of land for laying out of house sites for allotment are to be made by the Panchayats. After certification of the reasonableness of the price and suitability of the proposed sites by the revenue authorities, the purchase is to be effected by the Panchayats on behalf of Government with the funds placed at their disposal by Government on the basis of Government sanctions for the purchase. Lands purchased are to be developed and laid out by the Panchayats as house sites and allotted to eligible landless workers free of cost.

The following points were noticed in test check in audit of the accounts of the implementation of the scheme in Kozhikode District from 1976-77 to 1978-79:—

(1) *Purchase of land*

The purchase price paid by the department was much higher in some cases than the price at which the sellers had earlier bought these lands—vide instances in Appendix VI which lists cases where the resale had been made by the owners within three years after purchase. The amount paid in excess on this account was Rs. 1.42 lakhs in 9 cases. This included one case in which 0.92 acre of land was purchased by Quilandy Panchayat in March 1979 at a cost of Rs. 0.22 lakh from a landowner who had purchased the same land earlier in the same month for Rs. 0.10 lakh. The department stated that the price had increased due to influx of foreign money and that the purchasers had declared lower rates in the original sale deeds with a view to saving stamp duty.

Government endorsed (December 1979) the views of the department and stated (i) that the value of property shown in the sale deeds did not always represent the market value, but only the “consideration”, (ii) that in the purchases involved in this case, the negotiated price was fixed by the panchayats concerned taking into account the market price of land and the value of trees and other improvements in the land and (iii) that the District Collector had satisfied himself about its reasonableness.

(2) *Allotment of houses*

Out of 92 acres of land costing Rs. 26.70 lakhs purchased during the period 1976-77 to 1978-79, 71 acres have been distributed so far (February 1980), leaving a balance of 21 acres costing Rs. 8.82 lakhs undistributed. Reasons for their non-allotment are awaited (March 1980).

(3) *Construction of houses in the sites allotted*

About half the house sites allotted upto 1978-79 remained unutilised as shown in the table below:—

<i>Year</i>	<i>Area acquired</i>	<i>Area allotted</i>	<i>No. of plots allotted</i>	<i>No. of plots used</i>	<i>No. of plots remaining unutilised</i>
	<i>(in acres)</i>				
1976-77	39.39	34.96	200	142	58
1977-78	26.70	24.70	510	324	186
1978-79	26.00	10.92	688	291	397
Total	92.09	70.58	1398	757	641

The approximate expenditure on 641 plots remaining unutilised was Rs. 8.70 lakhs.

The department stated that the low percentage of utilisation of house sites was due to difficulties faced by the beneficiaries and panchayats in raising the funds required for constructing the houses.

Government stated (December 1979) that the allottees had been allowed to mortgage their sites to Kerala State Housing Board or other financial agencies for raising loans and hence it was expected that they would construct more houses availing of the facility.

HEALTH DEPARTMENT

3.9. Establishment of a Blood Bank in Government Dispensary, Kalpetta

In August 1970, the Indian Red Cross Society donated to the Government dispensary, Kalpetta, a set of equipments required for starting a blood bank. A building for the purpose constructed by the Junior Chamber, Kalpetta, was also handed over to the dispensary in December 1971.

Blood is not stored in the dispensary. Transfusion was given only on one occasion in January 1979 for which blood was donated by a private party. The unit has been practically idle since August 1970. The Medical Officer in charge of the dispensary stated in July 1979 that the main reason for the blood bank remaining idle was lack of chemicals. Due to non-provision of essential chemicals, the blood bank has been inoperative for the last eight years and Rs. 0.36 lakh have been spent upto end of July 1979 on the pay and allowances of the staff of the idle unit.

The Director of Health Services stated (November 1979) that as there was no stock of chemicals in the District Medical Stores, and as the chemicals were also not available in the market, the blood bank could not function. Government agreed (December 1979) with the above statement.

AGRICULTURE DEPARTMENT

(DAIRY)

3.10. Extra expenditure on transportation of milk

In October 1974, the Director of Dairy Development invited tenders for the transportation of milk from various collection centres to three milk chilling

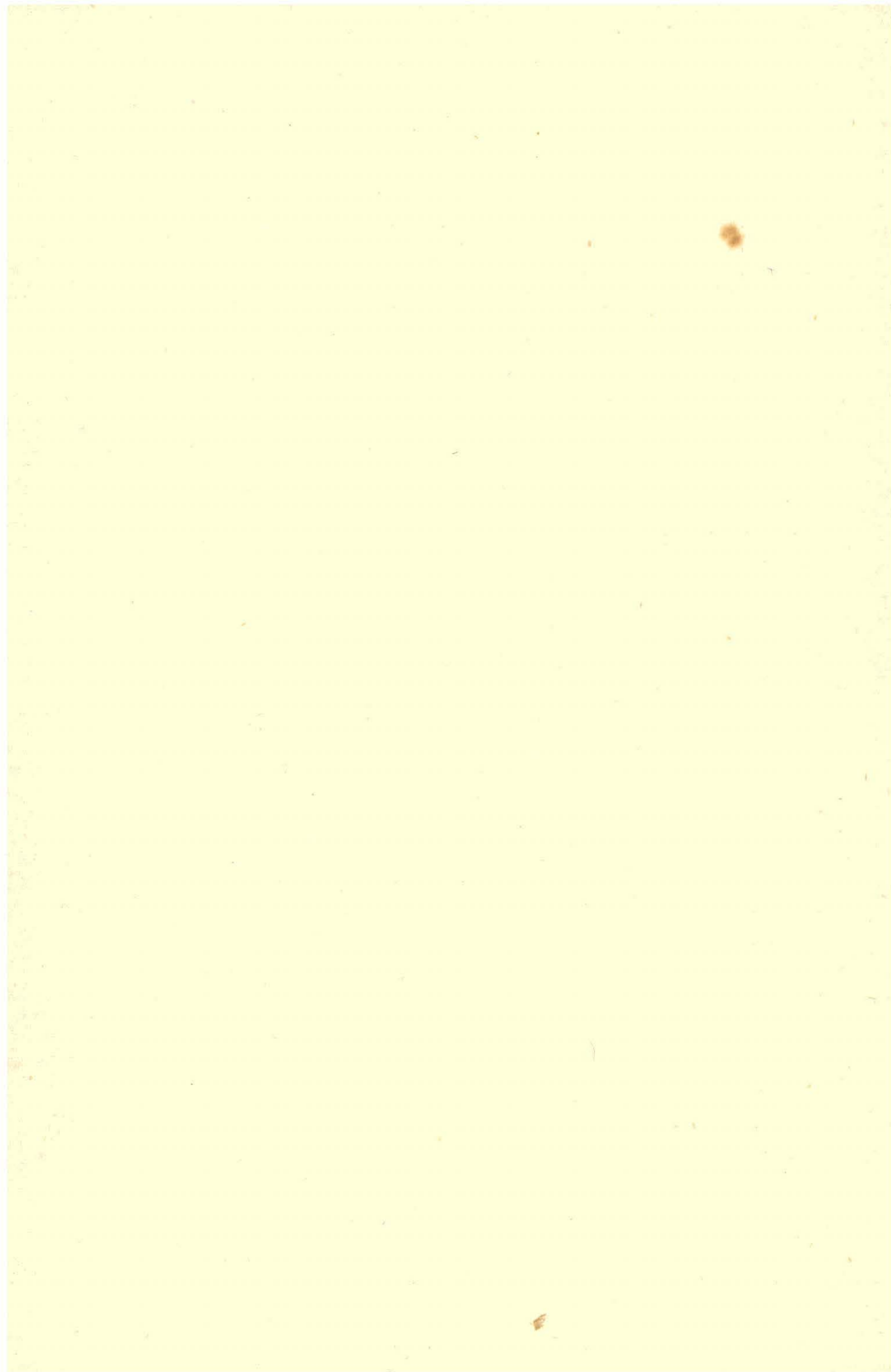
plants. For the transportation to the Munnar chilling plant by three different routes, 11 tenders were received, out of which only two tenders ('A' and 'B') were valid. The lowest and the second lowest rates were quoted by tenderers 'D' and 'C' respectively both of whom had not produced the solvency certificate and had not executed the preliminary agreements as required under conditions of the tender notice. The rates quoted by the four tenderers for the three different routes were as under:

<i>Name of tenderer</i>	<i>Rate per kilometre</i>		
	<i>Yellapetty</i>	<i>Gundumala</i>	<i>Vellathuval</i>
A	Rs. 1.40	Rs. 1.30	Rs. 1.30
B	Rs. 1.24	Rs. 1.23	Rs. 1.50
C	Re. 0.80	Re. 0.85	Re. 1.00
D	Re. 0.75	Re. 0.80	Re. 1.00

In December 1974, Government ordered award of the contract for the transportation of milk by all the three routes for a period of one year from December 1974 to the lowest tenderer 'D' provided he executed the agreement and furnished the solvency certificate within 21 days. Government also ordered that in case he failed to fulfil these conditions, the contract for the transportation of milk by the Yellapetty and Gundumala routes was to be awarded to the tenderer 'B' and that for the Vellathuval route to the tenderer 'C' at their quoted rates. When asked by the department to commence work immediately, the tenderer 'D' represented (December 1974) that he should be granted a little more time to commence the transportation of milk. The department thereafter awarded the contract for the transportation of milk by Yellapetty and Gundumala routes to the tenderer 'B' and the contract for the Vellathuval route to 'C' as ordered by Government. The two tenderers commenced the work in January 1975 and the contracts were in force upto January 1976.

By awarding the contract for the transportation of milk by the Yellapetty and Gundumala routes to the tenderer 'B' in preference to the tenderer 'C', who was awarded the contract only in the Vellathuval route though he had quoted lower rates for all the three routes, the department incurred an extra expenditure of Rs. 0.50 lakh. No reasons were on record for ignoring the lowest offer of 'C' in these cases.





When this was pointed out in audit, Government admitted (October 1979) that the reasons for not awarding the contract to tenderer 'C' were not clear from the records and stated (January 1980) that they had no further remarks to offer.

GENERAL

3.11. Misappropriations, losses, etc.

Cases of misappropriations, losses, etc. of Government money reported to Audit upto the end of March 1979 and pending finalisation at the end of September 1979 were as follows:—

	<i>Number</i>	<i>Amount (in lakhs of rupees)</i>
Cases reported to end of March 1978 and outstanding at the end of September 1978	179	57.19
Cases reported during April 1978 to March 1979	19	5.03
Cases disposed of till September 1979	20	5.43
Cases outstanding at the end of September 1979	178	56.79

Department-wise analysis of the outstanding cases is given in Appendix—VII.

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

<i>Year</i>	<i>No. of cases</i>	<i>Amount (in lakhs of rupees)</i>
1968-69 and prior years	42	21.11
1969-70	10	2.91
1970-71	7	0.69
1971-72	15	4.42
1972-73	11	6.75
1973-74	18	7.96
1974-75	10	0.89
1975-76	18	3.31
1976-77	16	1.59
1977-78	12	2.13
1978-79	19	5.03
Total	178	56.79

The reasons for the outstandings are analysed below:

	<i>Number</i>	<i>Amount</i> <i>(in lakhs of rupees)</i>
(i) Awaiting departmental and criminal investigation	12	1.46
(ii) Departmental action started but not finalised	130	39.52
(iii) Awaiting orders for recovery or write off	15	7.64
(iv) Pending in courts of law	21	8.17
Total	178	56.79

3.12. Writes off, waivers and ex-gratia payments

According to information received in Audit, during 1978-79, losses due to theft, fire, etc., irrecoverable revenue, duties, advances, etc., totalling to Rs. 25.08 lakhs were written off or waived in 909 cases and ex-gratia payments amounting to Rs. 1.88 lakhs were made in 46 cases. Department-wise details of these cases are indicated in Appendix VIII.



CHAPTER IV

WORKS EXPENDITURE

WATER AND TRANSPORT DEPARTMENT

4.1. Pazhassi irrigation project

The Pazhassi irrigation project is a diversion scheme across Valapattanam river in Cannanore District for irrigating 16,200 hectares. It comprises a barrage 245 metres long with 16 radial gates to regulate the flow of water, a main canal 55 kilometres long, 6 branch canals for a total length of 134 kilometres and distributaries and field bothies for about 77 kilometres.

The original estimate of the project sanctioned in July 1965 was for Rs. 4,42.40 lakhs which was revised in April 1975 to Rs. 14,81.85 lakhs due to increase in costs of land, cement, steel and labour. According to the revised estimate sent in September 1979 by the Chief Engineer (Projects) to the Central Water Commission, the cost of the project is expected to go up to Rs. 38,58 lakhs. The reasons for the second upward revision are the same as for the first. While approving the estimate for Rs. 14,81.85 lakhs in March 1975, the Planning Commission had observed that the main reason for the increase in cost was the long period of construction and that other contributory factors were increase in the quantity of earthwork excavation owing to faulty design of canals, increase in the number of cross-drainage works and foot-bridges and increase in the cost of barrage gates, special tools and plant, etc.

The first revision to Rs. 14,81.85 lakhs, raised the cost per hectare of gross area irrigated from Rs. 1,570 to Rs. 4,570 which was considered exceptionally high by the Planning Commission. The per hectare cost is now expected to go up to Rs. 11,907 with the proposed revision of the estimate to Rs. 38,58 lakhs. Expenditure up to the end of March 1979 was Rs. 19,16.68 lakhs.

A review of the project implementation conducted by Audit in July-August 1979 disclosed the following points:—

1. *Progress of works*

Work on the project commenced in 1961-62 and was expected to be completed in 1967-68. Delay in the completion of the project was

commented upon in paragraph 39 of the Report of the Comptroller and Auditor General of India for the year 1970-71. During the examination of the above comments, Government informed (January 1972) the Public Accounts Committee that work on the project prolonged indefinitely due to paucity of funds and that it was expected to be completed by 1979-80. The physical progress achieved so far (September 1979) in respect of the major components of the project is indicated below:—

Barrage and headworks	98	per cent
Main Canal	47	per cent
Branch Canals	33	per cent
Distributaries and field bothies	5	per cent

Work on the major portion of the main canal is yet to be completed. On 3 out of 6 branch canals the work is yet to be started. There has been practically no progress in the formation of distributaries and field bothies. Specific reasons for the delay in completion called for from the Chief Engineer (Projects) in September 1979 are awaited.

2. *Area to be irrigated and area irrigated*

According to the original project estimate, 16,200 hectares were to be irrigated for the first crop of paddy and 12,530 hectares for the second crop. Water was to be made available for irrigation from the fourth year of the commencement of the project. In the revised estimate for Rs. 14,81.85 lakhs, water was proposed to be released from 1974-75 initially in 2,400 hectares, the entire area of 16,200 hectares being irrigated both for the first crop and second crop by 1979-80. Although the project was inaugurated in January 1979, no water has been made available for irrigation so far, as the hoist mechanism is yet to be installed (September 1979).

3. *Ayacut development*

According to the recommendations contained in paragraph 19.24 of the Report of the Irrigation Commission, 1972, a comprehensive plan of ayacut development was to be prepared for major and medium irrigation projects simultaneously with the preparation of a plan for the project. This was not done. No cropping pattern has also been prepared so far in respect of the ayacut of 1,600 hectares covered by the Mahe canal which is reported to have been completed in all respects and ready for irrigation.

4. *Other points*

(i) *Extra expenditure owing to defective investigation*

(a) According to the Kerala Public Works Department Manual, while conducting detailed investigation for the canals, trial pits are to be taken along the centre line of the canals at intervals not exceeding 100 metres up to the proposed bed level of the canal or at least to the level of the hard rock requiring blasting. In respect of the work "forming Mahe branch canal from chainage 12,000 metres to 14,200 metres", trial pits were taken at intervals of 300 metres only. The quantity of earthwork excavation as per the estimate was 83,710 cubic metres comprising 9,675 cubic metres of ordinary soil, 13,275 cubic metres of hard soil and 60,760 cubic metres of ordinary rock. A composite rate for excavation in the three kinds of soil was worked out by the department as per departmental data at Rs.63.43 per 10 cubic metres and this rate was included in the agreement.

During execution by a contractor to whom the work had been awarded based on tenders, it was found that beyond a certain depth, the soil in the entire reach was loose. This necessitated a change in the design of the side slopes of the canal from 1/2:1 to 1:1. As a result, the estimated quantity of earth work increased to 1,30,100 cubic metres comprising 76,300 cubic metres of ordinary soil, 37,060 cubic metres of hard soil and 16,740 cubic metres of ordinary rock. As the proportion of ordinary soil had increased compared to other soils, the composite rate as per the departmental data for the changed quantities of the different kinds of soil would work out only to Rs.36.33 for 10 cubic metres. But, the contractor had to be paid (May 1974) at the higher rate of Rs.63.43 as per the agreement. Failure to conduct the prescribed detailed investigation thus led to extra expenditure of Rs.1.38 lakhs on 93,150 cubic metres of earthwork excavated.

Similar extra expenditure on the work "forming Mahe branch canal from chainage 9,400 metres to 10,700 metres" on account of the change in the side slopes of the canal from 1/2:1 to 1:1 during the course of execution of the work amounted to Rs.4.76 lakhs on 1,94,157 cubic metres of earth excavated till the end of January 1974 (the work was abandoned by the contractor in June 1974).

(b) For the work "constructing pressure aqueduct at reach No. 1 of Mahe branch canal" with 10 piers, trial borings had not been taken at the site of location of six piers though required to be done according to the prescribed

procedure. In September 1971, the Superintending Engineer, Irrigation, North Circle, Kozhikode, ordered provision of well foundation for the first 4 piers and pile foundation for the remaining six. The work was given out to a contractor for Rs.15.83 lakhs. During execution, the Superintending Engineer inspected the work and ordered that the sub soil conditions should be studied before casting the piles. Fresh borings were, therefore, taken for 2 piers and rock was met with at levels higher than originally anticipated making pile driving impossible. The design for these 2 piers was, therefore, changed in April 1975 and May 1975 to well foundation. By this time, the department had incurred an expenditure of Rs.0.05 lakh on the casting of piles for these two piers. In respect of the remaining four piers, fresh borings were not taken and piles when driven at one of the pier sites did not reach the required depth due to presence of rock. Thereupon, the Superintending Engineer ordered change in the design to well foundation and pulling out the piles already driven. Expenditure incurred (between December 1974 and March 1975) on casting 24 piles and driving them down was Rs.0.30 lakh. Pulling out the piles cost another Rs.0.27 lakh (April 1976). Failure to conduct detailed investigation of soil and sub soil strata as required under the rules thus resulted in an infructuous expenditure of Rs.0.62 lakh.

(ii) *Payment outside the terms of the contract*

Under the contract settled with the contractor for "construction of bucket portion of barrage at Kuilur including guide walls", he was to blast hard rock at Rs.303.19 for 10 cubic metres. During the execution of the work, the contractor demanded enhanced rate for blasting on the ground that he had to blast under wet conditions as the surface of the rock was always wet. Under orders of the Superintending Engineer, Irrigation Circle, Kozhikode issued in December 1976, the contractor was paid (October 1977) for blasting in hard rock at the enhanced rate of Rs.534.87 for 10 cubic metres worked out on the basis of observed data. As the contract did not differentiate between blasting under dry or wet conditions and as, under the contract, separate rates were payable* to the contractor for dewatering, payment at the enhanced rate was outside the terms of the contract. Payment on this account for blasting 5,078 cubic metres of rock was Rs.1.18 lakhs.

*Rupees.0.52 lakh had actually been paid to the contractor for dewatering as provided in the contract.

It may be pointed out in this connection that another contractor, who had been entrusted with this work earlier and whose contract had been terminated by the department in September 1975 had put forward a claim before the arbitrator, *inter alia*, for enhanced rate for blasting under water. The department had held that the claim was not tenable on the ground that the contract provided for payment for dewatering. This was also upheld (June 1977) by the arbitrator.

Similar extra payment made (June 1978) for blasting hard rock in wet condition based on higher rate in respect of the work "forming main canal from chainage 8,249.16 M to 8,645.16 M" amounted to Rs.3.72 lakhs.

(iii) *Non-utilisation of and short recovery in respect of departmental rubble obtained from blasting*

(a) Out of 22,522 cubic metres of rubble obtained from blasting during "construction of the barrage at Kuilur" and "construction of bucket portion of barrage including guide walls", the department had with them about 16,800 cubic metres of the rubble when the works had been stopped by the contractors in May 1974. The department sold about 14,785 cubic metres of this rubble in public auction in May 1975 for Rs.0.02 lakh which worked out to 13 paise per cubic metre. During the subsequent execution of the left over work on the construction of the barrage at Kuilur, the contractor was paid in August 1978 cost of 13,600 cubic metres of his own rubble at the rate of Rs.32.91 per cubic metre. According to a report sent by the Chief Technical Examiner to Government in 1976, the contractor was actually using the blasted rubble obtained in auction from the department at throw-away rates. Thus, the department had, in effect, repurchased the material at much higher cost; had the department taken action to utilise the blasted rubble directly on the work, extra expenditure of Rs.3.67 lakhs would have been avoided.

(b) A total quantity of 41,473 cubic metres of rubble was obtained from blasting in the contract of February 1975 for "forming the main canal from chainage 8,249.16 M to 8,645.16 M with cut and cover". The blasted rubble was sold to the contractor at Rs. 5 per cubic metre and records did not indicate how this rate was fixed.

As per 1974 schedule of rates, the cost of rubble was Rs.9 per cubic metre and computed with reference to this rate, there was short recovery of Rs.1.66 lakhs from the contractor.

(c) The contract concluded in February 1976 for 'construction of the bucket portion of the barrage including guide walls' provided for the use of contractor's own rubble for masonry and concrete items of work, for which he was to be paid the cost of rubble at Rs. 29 per cubic metre. During inspection of the work on 20th June 1976, the Chief Technical Examiner to Government noticed that the contractor was using departmental rubble. Six thousand nine hundred and seventy two cubic metres of departmental rubble had by that time been obtained by blasting. The department regularised the unauthorised appropriation of the departmental rubble by the contractor by obtaining a receipt from him on 21st June 1976. A further quantity of 645 cubic metres of rubble was also later issued to the contractor. Cost of 4,140 cubic metres of rubble reported to have been used on the work was recovered from the contractor at Rs. 15.05 per cubic metre. As the cost of contractor's own rubble was fixed at Rs. 29 per cubic metre, recovery of the cost of the departmental rubble utilised by him should have been made at that rate. Short recovery on the cost of rubble amounted to Rs. 0.58 lakh.

The balance quantity of 3,477 cubic metres of rubble was reported by the Assistant Engineer as having been issued in June 1977 to the contractor for use on two other works on which the department was to issue rubble free of cost. It was, however, noticed in audit that one of these works had already been executed by a different contractor who had completed the work in May 1977 itself and in respect of the other work, rubble had been brought by the contractor from a place situated at a distance of 100 metres from the site of work, for which he had been paid for collecting, sorting and transporting charges to the work site. Thus, the department had not accounted for 3,477 cubic metres of rubble.

(iv) *Excess payment owing to adoption of incorrect rate*

(a) The rate worked out by the department for the transport of material from the railway station to a point within 6 kilometres in contractor's own lorry included the operations of clearing and unloading the materials from the railway wagons, stacking the materials at the railway yards, counting, measuring or weighing, providing protection from rain, etc., loading the materials in the contractor's lorry, transporting the materials to departmental godowns and unloading the materials and stacking them at the godowns.

In the five cases mentioned in Appendix IX, where transport of materials from railway station to departmental godowns had been awarded to contractors during 1975-76 to 1979-80, payment for the transport of 2,55 tonnes of cement items and 2,131 tonnes of M.S. materials from location

other than the railway station to the departmental godown was made at the same rate as applicable for the transport of materials from railway station, though the transport of these materials did not involve the operations of unloading the material from the railway wagons, stacking them at the railway yards, counting, measuring or weighing and providing protection from rain, etc. Extra payment made to the contractors for items of work not done by them worked out to Rs. 0.58 lakh to end of June 1979.

(b) Under the rules, where the tenderers quote for a work as a percentage above or below estimate, such percentage excess or reduction is not to be applied to the cost of departmental materials issued for the work while determining the amount payable to the contractor. In the following three cases, excess payments amounting to Rs. 1.05 lakhs were made to the contractors on materials issued to them departmentally:—

<i>Name of work</i>	<i>Value of departmental materials issued</i> <i>(in lakhs of rupees)</i>	<i>Percentage of tender excess</i>	<i>Excess amount paid</i> <i>(in lakhs of rupees)</i>
1. Construction of bucket portion of barrage at Kuilur including guide walls	0.19	52	0.10 October 1977
2. Forming Mahe branch canal from chainage 9,400 M. to 10,700 M.	0.76	42	0.32 June 1978
3. Forming main canal from chainage 8,645.16 M. to 9,437.16 M.	1.43	45	0.63 March 1979

(v) *Extra expenditure due to delay in acceptance of the tender*

Tenders were invited (6th June 1973) by the Executive Engineer, Project Division No. I, Mattannur for the supply of 4,000 kg. of annealed copper sheets to be received by 10th July 1973 and to be valid for three months. The lowest tender for Rs. 25.75 per kilogram was from a Madras firm which was valid only up to 25th July 1973. This offer was not considered by the Executive Engineer. Instead, the next higher offer of a Chalakudy firm

(Rs. 26.86 per kilogram) was considered based on the erroneous conclusion that it was entitled to 10 per cent price preference on its products. The tenderer had not executed the preliminary agreement while submitting the tender and had also restricted the period of validity of the tender to one month, i.e. till 7th August 1973. The firm was addressed by the Executive Engineer on 4th August 1973 to execute the preliminary agreement and to indicate whether the validity period would be extended. Though the firm executed the preliminary agreement, it was not agreeable to extend the validity period. The Madras firm also, when addressed on 25th August 1973 to extend the validity period of its tender, declined. The Superintending Engineer to whom the above facts were reported by the Executive Engineer in September 1973, ordered retender on the ground that the Chalakudy firm was not entitled to any price preference on its products as the copper sheets were not actually manufactured by it. On the basis of fresh quotations, 4,027 kilograms of copper sheets were purchased at Rs. 49.52 per kilogram between August 1974 and November 1974. Consideration of an offer higher than the lowest on grounds of price preference which was not admissible and consequent non-acceptance of the lowest offer of the Madras firm resulted in extra expenditure of Rs. 1.05 lakhs.

Summing up

The following main points thus emerge:—

- (i) The project on which Rs. 19.17 crores had been spent and commenced in 1961-62 has not been completed even after 17 years.
- (ii) The cost estimated at Rs. 4,42.40 lakhs in 1961-62 is now expected to rise to Rs. 38,58 lakhs as per the revised estimate.
- (iii) Water has not been let out for irrigation though the expectation was to provide water from the fourth year of commencement.
- (iv) A plan for ayacut development has not been drawn up.
- (v) Test Audit disclosed:
 - (a) a few cases of extra expenditure totalling Rs. 16.38 lakhs—three cases on account of defective investigation, two cases due to payment outside the terms of the contract, one case due to non-utilisation of rubble obtained from blasting of rock and one case due to non-acceptance of the lowest tender,

- (b) short recovery of Rs. 2.24 lakhs towards cost of rubble issued to two contractors, and
- (c) excess payment of Rs. 1.63 lakhs in respect of 8 works owing to adoption of incorrect rate.

The points mentioned above were reported to Government in October 1979; their reply is awaited (March 1980).

KALLADA IRRIGATION PROJECT

4.2. Payment beyond the terms of the contract

Mention was made in paragraph 4.5. (ii) of the Report of the Comptroller and Auditor General of India for the year 1977-78 (Civil) of payment of Rs. 4.26 lakhs towards controlled blasting of rock done in Pamba irrigation project which was beyond the terms of the contract. Another such case in the Kallada irrigation project is mentioned below:—

According to the agreement executed in September 1974 with a contractor to whom the work of formation of right bank main canal 4th km. from chainage 2,824.50 M to 4,000 M (Kallada Irrigation Project—Estimate cost: Rs. 19.35 lakhs) was awarded in July 1974 at 9.9 per cent above estimate, the contractor was to undertake blasting and removal of hard rock at the rate of Rs. 132.52 for 10 cubic metres. The work commenced in December 1974 and was scheduled for completion in March 1977; it was actually completed in December 1977. During the course of execution of the work, the Kerala State Electricity Board constructed in October 1975 a 220 K.V. high tension line to convey energy from the Idukki Hydro-Electric Project to Tamil Nadu and this line ran parallel to the canal upto chainage 3,280 M where it crossed the canal. The contractor represented to the department in November 1975 that he should be paid extra rates for controlled blasting of rock in the reach between chainage 3,130 M and 3,285 M so as to avoid any damage to the electric line. According to the specification of the canal work which formed part of the agreement, the contractor was bound to do controlled blasting work without damaging the electric line and claim for extra payment was not tenable. Nevertheless, on a directive from the Superintending Engineer in February 1976, a supplementary agreement was executed with the contractor in July 1976 providing for payment for rock blasted in the chainage between 3,130 and 3,285 metres at an enhanced rate of Rs. 354.20 for 10 cubic metres.

Extra payment made (March 1979) on this account for blasting of 11,141 cubic metres of rock worked out to Rs. 2.72 lakhs which was outside the terms of the contract.

Government stated (December 1979) that as the Kerala State Electricity Board laid out the new 220 K. V. line by October 1975 without informing the department, the contractor was directed to do careful blasting to avoid damages to the high tension line. This does not, however, explain why a higher rate was paid for such blasting when even under the original contract, the contractor was to do protective blasting work without damage to adjacent properties, transmission lines, telegraph lines, cables, etc.

AGRICULTURE DEPARTMENT

(MINOR IRRIGATION)

4.3. Delay in execution of work owing to non-availability of land

Under the Kerala Public Works Department Manual, tenders for carrying out a work should, in no case, be invited before making sure that land would be ready for being handed over to the contractor. Such land should either have already been acquired or be otherwise available or land acquisition proceedings should have reached a stage where there is reasonable prospect of its becoming available before the contractor starts the work.

In July 1964, Government sanctioned the work of improvements of Manchadimoodu-Narangavattom Thodu in Chirayinkil Taluk of Trivandrum District (estimated cost: Rs. 3.25 lakhs) to prevent flooding and entry of salt water in about 129.50 hectares of land. The sanctioned estimate included acquisition of 6.07 hectares for improvement to the 'thodu' and 2.02 hectares of land for borrow pits. In July 1965, the department sent a requisition to the Revenue Department for acquisition of the land. The work was put to tender in January 1966 without waiting for land acquisition and was awarded to the lowest tenderer for Rs. 1.47 lakhs in June 1966 (to be completed by December 1966) on the expectation "that the Revenue Department would realise the urgency and acquire and hand over the lands in time." It was only 8 years later, viz. in March 1975 that part of the land (1 hectare and 12 ares) was acquired and made available for the work. The contractor had stopped work

by the end of December 1967 after executing some work (Rs. 0.24 lakh) in the first mile of the main 'thodu' and its tributaries where the owners did not object to the execution of the work before acquisition by the Revenue Department. As the work was left incomplete by the contractor Government cancelled the contract in February 1974 and ordered the execution of the balance work at the contractor's risk and cost. Subsequently in April 1975, they revised their order limiting the contractor's liability to the balance work in the first mile only as land was not available in other reaches even after the stipulated date of completion of work. The contractor accordingly completed the balance work in the first mile in June 1976 and his accounts were finally settled in November 1976. The work remaining to be done is estimated to cost Rs. 6.55 lakhs and includes formation of bund, earthwork, masonry work, repairing an existing regulator and providing pumping facilities.

The Superintending Engineer, Minor Irrigation Circle, Trivandrum stated (March 1979 and November 1979) that the balance work would be taken up for execution after the revised estimate forwarded to the Chief Engineer in February 1979 is sanctioned.

The work which was considered urgent by the District Development Committee, Trivandrum in its resolution passed in January 1959 and was sanctioned in July 1964, remains incomplete even after 15 years and an expenditure of Rs. 1.78 lakhs has been incurred on the incomplete work.

Government agreed that the inordinate delay in execution of the scheme was attributable to the delay in land acquisition.

(FOREST)

4.4. Avoidable expenditure

On 28th February 1975, the Divisional Forest Officer, Konni, forwarded to the Government Press a tender notification* for publication in the Government Gazette. The receipt of the notification was acknowledged by the Press on 1st March 1975. It was published in the Gazette dated 25th March 1975. According to the notification, the last date for receipt of tenders was

* For extraction and transport of timber and firewood from the Neduvathumuzhy Range.

29th March 1975. Tenders received could not be considered in the absence of the minimum prescribed interval of seven days between publication of the notice in the Gazette and the last date for receipt of tenders.

A fresh tender notice was again sent to the Press on 11th April 1975 fixing 12th May 1975 as the last date for receipt of tenders. This was published on 6th May 1975. No tender form was issued by the department as the time available for submission of tenders was again less than seven days.

Finally, in pursuance of a third notification published in the Gazette on 8th July 1975 (last date for receipt of tenders was 30th July 1975), the work was awarded to the lowest tenderer in October 1975 whose offer was higher than the lowest offer received in March 1975 by 25 per cent.

Delay in publication of the tender notification in the Gazette thus resulted in an avoidable expenditure of Rs. 1.22 lakhs on 5,387 cubic metres of timber and 158 tonnes of firewood extracted and transported.

Government stated (January 1980) that the delay in the Government Press in publishing the tender notification in the Gazette was being investigated.

(ANIMAL HUSBANDRY)

4.5. Extra expenditure owing to departmental lapse

Under the Kerala Public Works Department Manual, where an officer receiving tenders is not competent to settle the contract, tenders together with the tender documents like tender forms, notice inviting tenders, special conditions of contract and descriptive specification sheets should be forwarded to the higher authorities for their orders. In respect of the work of construction of quarters, store house and extension of bull-shed in the Regional Artificial Insemination Centre, Kanjirappally, the lowest tender received in January 1974 was for Rs. 1.38 lakhs against the estimated contract amount of Rs. 1.03 lakhs. The acceptance of this tender required sanction of Government. The Executive Engineer, Buildings and Roads Division, Kottayam forwarded the tender to the Superintending Engineer in February 1974 without forwarding the other tender documents along with the tender schedule. These documents were, therefore, called for by the Chief Engineer in March 1974

but the Executive Engineer intimated the Chief Engineer that tender forms were not available with the division and that the other documents would be attached at the time of executing the agreement. After a lapse of nearly two months, the Chief Engineer informed the Executive Engineer on 20th May 1974 that the tender could not be recommended to Government without the documents and directed him to obtain the copies of the forms from the Circle office or other Public Works Department offices and submit the documents in complete shape before 8th June 1974. By that time the validity of the tender had expired on 30th April 1974 and the tenderer was not willing to extend the validity period further owing to increase in the cost of materials and labour.

The estimate for the work was revised to Rs. 1.64 lakhs in December 1975 and the work was retendered in December 1975 and February 1976. As no tenders were received, the work was awarded in September 1976 at the lowest rate among quotations obtained from local contractors. The work was completed in October 1978 at a cost of Rs. 2.35 lakhs.

Non-acceptance of the lowest tender received in January 1974 due to non-observance of the prescribed procedure and execution of the work later at higher rates resulted in extra cost of Rs. 0.75 lakh.

The matter was reported to Government in October 1979; their reply is awaited (March 1980).

PUBLIC WORKS DEPARTMENT

4.6. Construction of a bridge at Vadakkekara

Construction of a bridge at Vadakkekara near Parur Town (estimated cost: Rs. 4.70 lakhs) was awarded to a contractor in August 1971 at 10 per cent above the estimate rate, to be completed within 18 months from the date of the agreement or the date of handing over the site whichever was later. The contractor executed the agreement in November 1971 and commenced work in a portion of the work-site handed over to him in February 1972.

One of the items in the contract was driving of pre-cast R. C. C. piles. The plan attached to the tender papers specifically indicated both raking and vertical piles. In November 1972, the contractor represented that the agreed item contemplated driving of vertical piles only and that he should be paid extra rates for driving down raking piles as it involved extra labour and higher

expenditure. The Superintending Engineer, Central Circle, Alwaye sought the approval of the Chief Engineer in February 1973 for working out a separate rate for driving down raking piles on the ground that it had not been contemplated in the agreement. The Chief Engineer replied in March 1973 that the matter was within the powers of the Superintending Engineer and that he might make necessary arrangements in this regard as per rules and based on agreement conditions. The department took measurements for the items of work connected with the driving down of raking piles as extra items and got the measurements accepted by the contractor, though payment was made to him at the agreed rates only.

Under the provisions of the Kerala Public Works Department Manual, after location of pier sites, at least one boring at each pier site should be taken to determine the nature of the soil and sub soil. Of the two piers for the bridge, bore hole data were taken for pier I and two abutments. No boring was conducted by the department at the site of pier II on the ground that it was "rather difficult to take a boring there." During pile driving in pier II in December 1972, it was noticed that the soil below river bed being very loose, the length of the piles cast was insufficient and that the piles had to be extended from 12 metres to 18 metres so that they would get a firm grip or set. In order to keep the extended piles in raking position in equilibrium with some sort of support, the Superintending Engineer sanctioned in February 1973 the formation of a temporary island at an approximate cost of Rs. 0.26 lakh and entrusted the work to the contractor. The formation of the island was completed by the contractor during April-May 1973. He was paid Rs. 0.21 lakh in May 1973 as part payment for this item of work.

As the contractor did not show adequate progress in the execution of the work even after issue of several notices, the Superintending Engineer (there was a change of incumbent in December 1973) terminated the contract in January 1974 at the contractor's risk and cost. In June 1974, he rejected the contractor's request for allowing extra rates for driving down raking piles on the ground that the plan based on which tenders were invited and agreement executed provided for raking piles in batter position and that the contractor was bound to carry out the item of pile driving at the agreed rate itself. In December 1974, he ordered that payment made for the formation of the temporary island was inadmissible and disallowed the item from the final bill of the contractor. In February 1975, he worked out a probable loss of Rs. 0.56 lakh for executing the balance work at the current schedule of rates and proposed recovery of the amount from the contractor.

In the meantime, in November 1974, the contractor went in for arbitration demanding *inter alia* extra rates for (a) driving down raking piles pointing out that the work had been measured and recorded as an extra item by the department, (b) payment for dismantling the island formed and (c) relief from the execution of the balance work without any penalty; the main ground advanced by the contractor was delay in handing over of site and handing over of land piece-meal by the department. The arbitrator passed the award in June 1975 ordering extra payment of Rs. 0.06 lakh towards lifting, handling, extending and driving down of raking piles and dismantling of the temporary island and non-recovery of the cost of formation of the island (Rs. 0.26 lakh) from the final bill of the contractor and also relieved him from the responsibility for the execution of the balance work. The award was confirmed by the Court in November 1975 and payment in terms of the award was made in March 1976.

The work left over by the contractor and estimated to cost Rs. 3.58 lakhs according to the revised estimate was got completed in September 1977 through another contractor at a cost of Rs. 3.83 lakhs.

Failure to conduct necessary investigations at the pier site, delay in handing over the site to the contractor and varying decisions given by different Superintending Engineers with regard to the contractor's claim for driving down raking piles and formation of temporary island gave rise to disputes with the contractor resulting in extra payment of Rs. 0.33* lakh and non-recovery from the contractor of Rs. 0.56 lakh being the extra cost on completion of the balance work besides delaying the completion of the work by about 4 years.

The matter was reported to Government in September 1979; their reply is awaited (March 1980).

4.7. Bridge across Mulakanchira canal

According to the provisions of the Kerala Public Works Department Manual, investigation of site for construction of bridges should include collection of information regarding the nature of surface soil in bed, banks and approaches of the river or stream and the nature of the various strata down to hard strata suitable for foundation by taking trial pits or bore-holes and testing the soil samples wherever necessary. In respect of the work of construction of a

* Includes court cost and interest on the award amount.

bridge with approach roads across Mulakanchira canal in Kuzhimattom-Pathiyappally road (estimated cost: Rs. 2 lakhs) which was awarded in July 1972 to the lowest tenderer at 14.45 per cent above the estimate, no investigation was done to find out the nature of the soil in the approaches nor was any soil test conducted. In October 1972, when the contractor commenced work, the Chief Engineer directed the Executive Engineer, Buildings and Roads division, Trivandrum to verify and report whether provision of open foundation for the wing walls of the approach roads as contemplated in the approved design would be feasible. No such verification was done nor was any report sent to the Chief Engineer about the feasibility of providing open foundation. By the beginning of September 1973, when the contractor had completed the construction of the bridge proper and the formation of the approaches (except for the portion adjacent to the abutments) up to the deck slab level, the approach formation on one side of the bridge sank and damaged the masonry toe-wall and created a longitudinal crack in the road formation. Further work was stopped by the contractor. Under orders of the Chief Engineer, the department arranged in February 1974 for testing the soil of the approach embankment by the Kerala Engineering Research Institute, Peechi. Test results received in March 1975 showed that the top layer to a depth of about 7 metres was clay of high organic content. The Institute recommended remedial steps like formation of the embankment in stages, spreading a layer of sand on the top of the soft clay, further protection works like side-berms, toe-wall, etc. In the meantime, the contractor demanded in February 1974 and April 1974 that he should be paid cent per cent increase over the agreed rate for the balance work as also for extra items failing which, the contract should be rescinded and compensation of Rs. 0.15 lakh paid to him and the security of Rs. 0.17 lakh released. As the department did not accept his demands, he went in for arbitration in November 1974 and on the basis of the arbitration award passed in April 1975, he got back his security deposit and was relieved of the responsibility for the execution of the balance work.

The work which was stopped in September 1973 has not so far been resumed. Revised estimate for the work for Rs. 5.07 lakhs was sanctioned by Government only in November 1979 and the balance work is yet to be given out for execution.

Owing to the failure of the department to conduct the prescribed field investigation and soil testing, the bridge on which Rs. 1.29 lakhs has already been spent remains incomplete even seven years after commencement of the

work. The department has also to bear extra liability which will be known only when the balance portion of the incomplete work is awarded for execution.

Government stated in December 1979 that no detailed investigation was conducted for the approaches before finalising the estimate and that it would not be possible for anyone to forecast such sinkage in view of the terrain of the land. It may, however, be mentioned that departmental instructions provide for collection of information regarding the nature of the surface soil in approaches with trial pit or bore-hole sections as part of investigation for bridges.

4.8. Reconstruction of Eroor bridge

In June 1971, Government sanctioned the reconstruction of the existing R.C.C. bridge across Eroor 'thodu' in Ernakulam District at an estimated cost of Rs. 8.75 lakhs. The estimate was revised to Rs. 16.70 lakhs in December 1972 on the basis of revised designs. The work was given out on contract in August 1973 to the lowest tenderer at 21 per cent below the estimate rate to be completed by June 1975.

In August 1971, the department had sent a requisition to the Revenue Department for acquisition of 0.93 hectare of land under the emergency provisions of the Land Acquisition Act. More than five months later, in January 1972, the Revenue Department intimated that 0.45 hectare of land proposed for acquisition was Government land and that separate requisition for transfer of Government land was necessary. In the meantime, revision of the design of the bridge necessitated additional land on both sides of the canal. Therefore, requisition for 0.63 hectare of land was sent to the Revenue Department in August 1972, but the fact that the land was to be acquired under the emergency provisions of the Land Acquisition Act was omitted. The omission was supplied by the department only more than seven months later in March 1973. Though Government land was made available in December 1973, high tension electric lines passing over the area were got shifted by the Kerala State Electricity Board only in April 1975. This delayed commencement of pile driving work by the contractor by about 15 months. The entire extent of land was finally acquired and made over to the department only by June 1976.

Owing to the delay of about 15 months in starting the work as mentioned above, the contractor went in for arbitration claiming payment for work done beyond the stipulated date of completion i.e., June 1975 at 100 per cent more than the estimate. The department admitted the delay in handing

over unhindered possession of land and the arbitrator passed an award in January 1976 allowing payment for all works executed after June 1975 at the current schedule of rates.

The contractor had, however, meanwhile stopped work owing to an injunction order issued by the Munsiff Court in October 1975 on a civil suit filed by two house owners on alleged ground of damages to their houses by pile driving operations. On appeal by the contractor in December 1975, the stay order was partially vacated by the Court and he was allowed to continue pile driving operations. But he did not resume the work in spite of notices issued by the department. The contract was, therefore, cancelled in August 1976 at his risk and cost. He filed another arbitration petition in November 1976 for relieving him from the liability for the cost of executing the balance work and for payment of compensation *inter alia* on grounds of delay in handing over the site by the department. In the award passed by the Chief Engineer (Arbitration), the contractor was relieved from the responsibility for the execution of the balance work and allowed compensation for idle labour, cost of maintenance of office, expenses for the use of special tools and plant, etc. The department deposited (August 1978 and April 1979) in the Court Rs. 0.70 lakh in satisfaction of the award as well as the earlier award passed in January 1976.

The work left over by the contractor was awarded to another contractor in March 1977 at 30 per cent above estimate and was scheduled for completion in October 1978. It has not so far been completed. Extra expenditure on account of the execution of the balance work through the second contractor was estimated by the department at Rs. 7.16 lakhs.

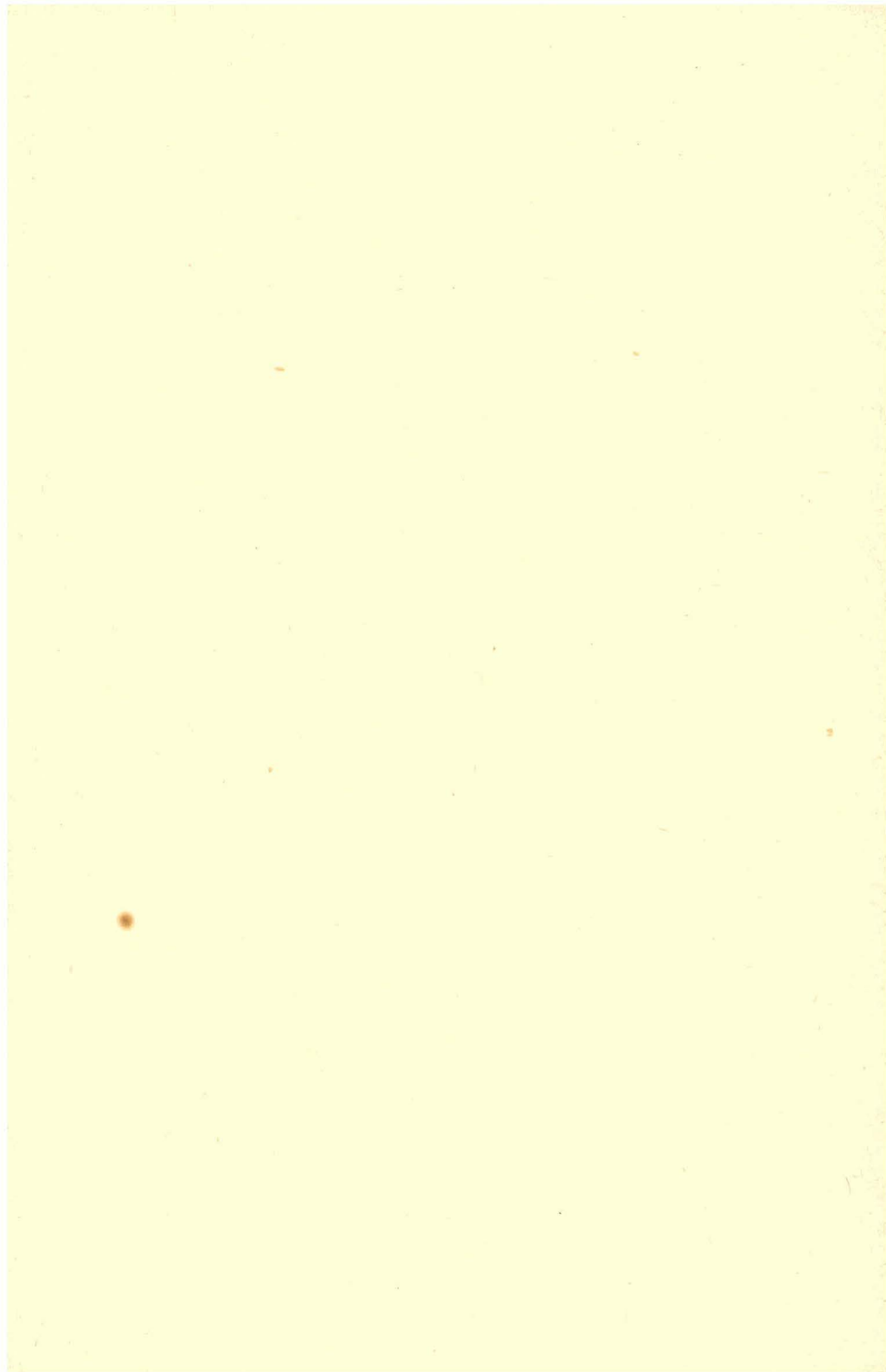
Thus, delay in land acquisition and lack of co-ordinated and planned action on the part of the different departments of Government resulted in an extra expenditure of Rs. 7.86 lakhs. Rupees 11.17 lakhs expended on the bridge which was to have been completed more than four years ago, remains unfruitful so far.

Government stated (February 1980) that out of Rs. 7.86 lakhs mentioned above, an amount of Rs. 7.16 lakhs was due to rearrangement of work in 1977 after revision of the schedule of rates.

4.9. Reconstruction of bridge at 0/1 Blangad beach road

Under the provisions of the Kerala Public Works Department Code and the Kerala Public Works Department Manual, no work should be commenced





unless a properly detailed design has been finalised and in no case should tenders be invited before making sure that land required for the work would be ready for being handed over to the contractor to start the work in time. The work 'Reconstructing bridge 0/1 Blangad beach road' estimated to cost Rs. 4.17 lakhs was awarded by the department to a contractor (lowest tenderer) in July 1971 for Rs. 3.44 lakhs in violation of these departmental instructions with adverse financial consequences to the department as explained below:—

According to the agreement executed with the contractor in August 1971, the work on the bridge proper as also on the approach road were to be carried out simultaneously and completed by August 1972. Land required for the work had not been acquired before award of work nor had the land acquisition proceedings reached such a stage where there was reasonable prospect of land becoming available before the contractor started the work. The requisition for land was sent by the department to the Revenue department only in July 1971 and the land was acquired in full only by June 1975. Again, only a general design of the bridge was given to the contractor initially. The approved structural design of the bridge with drawings was made available only piece-meal; designs for the piles were made available in November 1971, for pile caps, trestle caps, etc., in January 1972 and for the deck in November 1972. Moreover, during the course of execution of the work, several changes in construction were also made such as change in the size of M.S. rods for casting piles from 25 mm to the sizes which were actually available, changes in the size of piles from 30 cm x 30cm to 35cm x 35 cm, change in the level of the pile caps of the piers, etc. Contending that he had to execute the work in extra contractual period owing to delay in the issue of drawings, changes in the designs and resultant increase in quantities to be executed, and delay in handing over the site for approach road, the contractor requested (December 1974) relief from the contract and stopped work in April 1975. The department relieved him from the contract in June 1975. In July 1976, the contractor filed an arbitration petition demanding *inter alia* payment by 60 per cent over the agreed rates for the work executed beyond the stipulated date of completion. In the award passed in June 1977, the arbitrator allowed 25 per cent increase over the agreed rates for all works executed after January 1973 and in addition Rs. 0.12 lakh towards certain other minor claims. The award was decreed in August 1977 and the accounts settled with the contractor in April 1978 resulting in extra payment of Rs. 0.46 lakh in terms of the award.

The work left over by the contractor estimated to cost Rs. 2.63 lakhs was got completed in July 1978 through another contractor at an extra cost of Rs. 1.09 lakhs computed with reference to the rates of the original contractor.

The total extra expenditure was thus Rs. 1.55 lakhs.

Government confirmed (November 1979) the facts stated above. Government have not indicated the action, if any, taken to fix responsibility for non-adherence to the departmental instructions which resulted in extra expenditure of Rs. 1.55 lakhs.

4.10. Delay in filing of appeal

The contract for the construction of a bridge at Kavana across Thodupuzha river was terminated by the Superintending Engineer, Central Circle, Alwaye, in February 1975 at the contractor's risk and cost due to contractual failure on his part. On an arbitration petition filed by the contractor for cancellation of the termination order, the Government Arbitrator for Engineering Contracts passed an award upholding the termination of the contract but limiting the contractor's liability to forfeiture of his security of Rs. 0.16 lakh. The department contested the award before the Sub Court, Trivandrum, mainly on the ground of inconsistency namely that once the arbitrator had upheld the termination of the contract, the contractor was liable for the loss caused to Government and that the arbitrator had exceeded his jurisdiction when he limited the contractor's liability to the amount of security. The Court passed a decree in January 1976 upholding the award.

According to standing instructions issued by the Law Department of Government, the Government Pleaders were to apply for certified copies of judgement and decrees in all cases on the same day on which they were pronounced to enable appeals being preferred in time. In this case, however, certified copies of the judgement were applied for by the Additional Government Pleader, Trivandrum, only in February 1976. He received them in April 1976. More than two months later, he approached the Sub Court for a correction in the decree for specifying therein his fee to enable him to claim the fee from Government. Corrected copy of the decree made available to him on 11th August 1976 was passed on by him to the Superintending Engineer, Central Circle, Alwaye through the District Collector. The Superintending Engineer in turn passed on the papers to

he Chief Engineer on 15th September 1976. The Additional Law Secretary and Law Officer, Public Works Department opined on 28th September 1976 that there was scope for filing an appeal against the judgement on the ground that the Sub Court had not considered the points raised in the objection petition of the department. On 9th October 1976, the Chief Engineer issued directions for filing an appeal, and 16 days later the appeal was filed in the High Court along with an application to condone the delay as the appeal was to have been filed by 28th April 1976, that is, within a period of three months from the date of decree. The High Court rejected the application for condonation of the delay on the ground that no valid explanation had been brought out for the delay in filing the application by the Additional Government Pleader for correction of the decree and on the part of the Chief Engineer in taking a decision regarding the filing of the appeal. In January 1977, the Court dismissed the appeal.

The department had estimated an extra expenditure of Rs. 1.61 lakhs for recovery from the contractor consequent on the execution of the work left over by him through alternative agency against which Rs. 0.16 lakh only could be adjusted out of the security amount of the contractor. The balance of Rs. 1.45 lakhs could not be recovered from the contractor as the department lost the opportunity to go in for an appeal against the decree of the lower Court due to delay in filing the appeal.

The facts stated in the paragraph were confirmed by Government (December 1979).

GENERAL

11. Extra expenditure on account of delay in acceptance of tenders

FISHERIES DEPARTMENT

The construction of a school and hostel building at Ernakulam for the Regional Technical High School under Fisheries Department at an estimated cost of Rs. 3.08 lakhs was sanctioned in July 1970. Tenders were invited by the Superintending Engineer, Buildings and Roads, Always fixing the last date for receipt of tender as 26th February 1974, but there was no response. On retender, a single tender was received on 16th April 1974 at 37 per cent above estimate. The tender was recommended by the Superintending Engineer to the Chief Engineer on 15th June 1974 for acceptance and the latter forwarded it to Government on 9th September 1974. The

validity of the tender was extended by the tenderer from 15th July 1974 by five months up to 15th December 1974. But no decision was taken even within the extended period. As the tenderer was not willing to extend the validity period further, Government in May 1975 ordered a retender. After revision of the estimate to Rs. 4.60 lakhs based on 1974 schedule of rates, the work was put to tender again in October 1975 and awarded to the lowest tenderer at 13 per cent above the revised estimate. The work was completed in March 1977 at a cost of Rs. 5.27 lakhs and finally paid for in July 1977. Non-acceptance of the tender received in April 1974 within the extended validity period of eight months resulted in an extra expenditure of about Rs. 0.76 lakh. Government stated in July 1979 that the delay in taking a decision on the tender was due to observance of administrative formalities.

Two other cases of non-acceptance of the tenders within the validity period resulting in extra expenditure of Rs. 0.64 lakh are mentioned in Appendix X.

CHAPTER V

STORES AND STOCK

5.1. (a) A synopsis of the stores and stock accounts of the principal departments other than those of Government Commercial and *Quasi-commercial* departments/undertakings for 1978-79 (to the extent received) is given in Appendix XI.

(b) Particulars of stores and stock accounts for 1978-79 and earlier years which had not been furnished to Audit till March 1980 and of those which, though furnished, could not be certified as they were found defective in certain respects are indicated in Appendix XII.

(c) Certain points noticed in the audit of the stores and stock accounts of Public Works Divisions* are mentioned in the following paragraphs:—

(i) There were fifty-eight divisions which held stock in 1978-79. In twenty-five of them the value of stores as on 31st March 1979 exceeded the reserve limit of stock fixed by Government, *vide* table below:—

Sl. no.	Department	<i>Total No. of divisions in which stock was held</i>		<i>Divisions in which the value of stock held exceeded the reserve limit</i>		
		<i>No. of divisions</i>	<i>Value of excess stock (in lakhs of rupees)</i>	<i>No. of divisions</i>	<i>Value of excess stock (in lakhs of rupees)</i>	
1.	Irrigation and Projects	23	16	144.14	11	129.43
2.	Public Health Engineering	16	6	30.05	2	17.26
3.	Buildings and Roads	19	3	7.89	2	2.54

*Details are awaited from five divisions.

The main reasons adduced by the divisions for the retention of stock over the reserve limit were (1) increase in cost of materials (2) non-revision of reserve stock limits fixed long ago and (3) procurement and stocking of stores required for project works in advance.

(ii) The half-yearly register of stock constitutes the basic record of stock receipts, issues and balances. The register is maintained sub division-wise. The balances as per division books are to be reconciled half-yearly with sub-division records. The half-yearly registers are also to be reviewed by the division to see that the materials are priced in accordance with rules and that stock items comprise only articles required for use in the division. The preparation of half-yearly registers of stock was in arrears in seven Buildings and Roads divisions, eight Irrigation and Projects divisions and eleven Public Health Engineering divisions, as indicated below:-

<i>Sl. no.</i>	<i>Department</i>	<i>No. of divisions in which arrears existed</i>	<i>Period from which the work is in arrears</i>	<i>No. of division(s)</i>
1.	Buildings and Roads	7	April 1975	2 (a)
			April 1976	2
			October 1976	1
			April 1977	1
			October 1977	1
2.	Irrigation and Projects	8	April 1972	1
			October 1972	1
			October 1976	1
			April 1977	1
			October 1977	2
			April 1978	1
3.	Public Health Engineering	11	October 1978	1
			October 1970	1
			April 1976	1 (b)
			October 1976	2
			April 1977	2
			October 1977	1
			April 1978	3
			October 1978	1

(a) The arrears relate to the period from April 1975 to March 1977 in one division.

(b) The arrears relate to the period from April 1976 to March 1978.



(iii) For 1978-79, annual physical verification of stock was not conducted in ten Public Health Engineering divisions and four Buildings and Roads divisions. Of these, physical verification was last conducted in two Public Health Engineering divisions in 1974, in one division in 1975 and in four other divisions in 1976 and 1977. In one Public Health Engineering division, no verification had been conducted ever since its formation in July 1974. The last verification was in June 1977 in two Buildings and Roads divisions.

(iv) Minus balances were noticed in two Irrigation and Projects divisions (Rs.5.79 lakhs), in two Buildings and Roads divisions (Rs. 7.87 lakhs) and in three Public Health Engineering divisions (Rs. 28.34 lakhs). This was attributed to non-adjustment of cost of materials received for want of sufficient funds, non-adjustment of differences between stock value and issue rates and non-adjustment of cost of materials transferred from work to stock.

(v) Stores valued at Rs. 12.49 lakhs rendered surplus were awaiting disposal for over two to thirteen years in five Buildings and Roads divisions (173 items; value: Rs. 2.11 lakhs), three Irrigation and Projects divisions (581 items; value: Rs. 1.52 lakhs) and three Public Health Engineering divisions (240 items; value: Rs.8.86 lakhs).

(vi) Valuation of stores at the end of the financial year with reference to market rates and adjustment of profit/loss as required under the rules was not done in twelve Buildings and Roads divisions, eight Irrigation and Projects divisions and ten Public Health Engineering divisions.

HEALTH DEPARTMENT

5.2. Purchase of Glycerine

(1) In March 1977, the Director of Health Services placed orders with a Trichur firm for the supply of 4,189 drums (1,04,725 kilograms) of glycerine to twenty-three institutions in the State. This was nearly ten times the quantity of 11,739 kilograms indented for by the user institutions. The mistake in the quantity ordered was due to the fact that 2,489 kilograms indented for by

twenty institutions were taken as 2,489* drums and the quantity required by three other institutions viz., District Medical Stores, Kottayam, Ernakulam and Tirur, was tabulated as 42,500 kilograms (1,700 drums) against 9,250 kilograms (370 drums).

(2) When one of the institutions pointed out in May 1977 to the Directorate that against their indent of 50 kilograms the quantity ordered in the supply order was 50 drums, the Director of Health Services placed revised supply order in the same month substituting, 'kilograms' for 'drums' for the entire quantity in the belief that the error had occurred in all the twenty-three cases. This again was a mistake as in the case of the three stores, the quantity had actually been incorrectly worked out as 1,700 drums which was not due to substitution of 'drums' for 'kilograms' in the earlier supply order. As a result of this mistake, the quantity to be supplied to these three institutions came down to 1,700 kilograms against their requirement of 9,250 kilograms.

(3) It was left to the firm to point out to the Directorate in June 1977 that the reduced quantity as per the revised supply order (4,250 kilograms) was unrealistic as even during the previous year they had supplied about 33,000 kilograms of the chemical. On the basis of revised requirements obtained from the user institutions, the quantity for supply was revised by the Directorate again in August 1977 to 38,550 kilograms i.e., 1,542 drums. This too was defective as

(i) against the revised requirement of 2,500 kilograms intimated by the District Medical Stores, Kottayam, the quantity ordered was 5,000 kilograms,

(ii) though the District Medical Stores, Tirur intimated that the whole quantity ordered earlier in March 1977 was not required, the entire quantity of 17,500 kilograms was included in the final supply order and

(iii) according to the revised requirement intimated by the Medical College Hospital, Kottayam, no quantity of the chemical was required by them as they had sufficient quantity in stock (5,448 kilograms). Yet, 1,000 kilograms were ordered for supply to this institution.

* 1 drum=25 kilograms

the 1990s, the number of people with a mental health problem has increased by 50% (Mental Health Act 1983, 1990).

There is a growing awareness of the need to address the needs of people with mental health problems. The Department of Health (1999) has set out a strategy for mental health care, which includes a commitment to improve the lives of people with mental health problems. The strategy is based on the following principles: (1) to improve the lives of people with mental health problems; (2) to reduce the stigma and discrimination against people with mental health problems; (3) to improve the effectiveness of mental health services; and (4) to improve the training and development of mental health professionals.

The strategy is based on the following principles: (1) to improve the lives of people with mental health problems; (2) to reduce the stigma and discrimination against people with mental health problems; (3) to improve the effectiveness of mental health services; and (4) to improve the training and development of mental health professionals. The strategy is based on the following principles: (1) to improve the lives of people with mental health problems; (2) to reduce the stigma and discrimination against people with mental health problems; (3) to improve the effectiveness of mental health services; and (4) to improve the training and development of mental health professionals.

The strategy is based on the following principles: (1) to improve the lives of people with mental health problems; (2) to reduce the stigma and discrimination against people with mental health problems; (3) to improve the effectiveness of mental health services; and (4) to improve the training and development of mental health professionals. The strategy is based on the following principles: (1) to improve the lives of people with mental health problems; (2) to reduce the stigma and discrimination against people with mental health problems; (3) to improve the effectiveness of mental health services; and (4) to improve the training and development of mental health professionals.

The strategy is based on the following principles: (1) to improve the lives of people with mental health problems; (2) to reduce the stigma and discrimination against people with mental health problems; (3) to improve the effectiveness of mental health services; and (4) to improve the training and development of mental health professionals. The strategy is based on the following principles: (1) to improve the lives of people with mental health problems; (2) to reduce the stigma and discrimination against people with mental health problems; (3) to improve the effectiveness of mental health services; and (4) to improve the training and development of mental health professionals.

The strategy is based on the following principles: (1) to improve the lives of people with mental health problems; (2) to reduce the stigma and discrimination against people with mental health problems; (3) to improve the effectiveness of mental health services; and (4) to improve the training and development of mental health professionals. The strategy is based on the following principles: (1) to improve the lives of people with mental health problems; (2) to reduce the stigma and discrimination against people with mental health problems; (3) to improve the effectiveness of mental health services; and (4) to improve the training and development of mental health professionals.

The strategy is based on the following principles: (1) to improve the lives of people with mental health problems; (2) to reduce the stigma and discrimination against people with mental health problems; (3) to improve the effectiveness of mental health services; and (4) to improve the training and development of mental health professionals. The strategy is based on the following principles: (1) to improve the lives of people with mental health problems; (2) to reduce the stigma and discrimination against people with mental health problems; (3) to improve the effectiveness of mental health services; and (4) to improve the training and development of mental health professionals.

Stores at Tirur would last for 9 years. In respect of the Medical College Hospital, Kottayam, besides the entire quantity of 1,000 kilograms supplied remaining unutilised, the hospital had a balance of 3,274 kilograms in stock out of purchase made earlier. According to the department, the quantity of 4,274 kilograms in stock was expected to last for another three to four years.

It is evident that adequate care was not bestowed by the department in processing the indents received from various institutions leading to placing of orders for large quantities and stocking much in excess of requirements.

Government admitted (March 1980) the mistake and stated that action had been taken to 'fix up the responsibility for the gross irregularity'.

5.3. Purchase of Panendoscope for Medical College Hospital, Kozhikode

In February 1978, Government sanctioned the purchase of a Panendoscope with all accessories at a cost of Rs. 0.96 lakh from a firm in Kottayam (lowest tenderer) for use in the Medical College Hospital, Kozhikode, on payment of the full value of the equipment against proof of despatch subject to the execution of an agreement by the firm to secure Government against all losses in the event of any shortage or defect noticed. The Superintendent, Medical College Hospital, placed orders with the firm in March 1978 for the supply of the equipment. The firm executed the agreement and produced to the Superintendent of the hospital a letter dated 7th March 1978 purporting to be issued by their principals viz., M/S. Olympus Optical Company Limited, Tokyo, intimating despatch of the equipment by sea and claimed full payment of the value of the equipment which was paid by the Superintendent in March 1978 on the strength of the letter. The firm did not, however, supply the equipment till November 1978 in spite of repeated reminders. Thereupon, in December 1978, the Superintendent of the hospital addressed the principal firm at Tokyo enclosing a copy of their letter dated 7th March 1978 produced by the Kottayam firm and enquiring about the despatch of the equipment. The principal firm informed the Superintendent that their sole agent in India was a Delhi firm and that the copy of their letter produced by the Kottayam firm was a forged document. The matter was, therefore, reported in January 1979 to the police by the Superintendent of the hospital for necessary action against the firm and in March 1979 to the District Collector, Kozhikode, for realisation of the amount paid to the firm under the provisions of the Revenue Recovery Act. The Principal, Medical College, Kozhikode, also reported the matter to Government in March 1979 stating that Rs. 0.49 lakh due to the firm was

available with the department and would be withheld. In June 1979, Government stayed the Revenue Recovery Proceedings for two months. Meanwhile the firm filed a suit in the Sub Court, Kottayam seeking injunction from revenue recovery, *inter alia*, on the ground that the amount due to them from the department had not been taken into account while initiating steps for recovery. Further developments are awaited (December 1979).

It may be stated in this connection that:

(1) the Kottayam firm had, in their quotation, stipulated that the department should either open an irrevocable letter of credit in the name of their principal firm or make full payment of the cost of the equipment to enable them to open a letter of credit. Government, however, sanctioned full payment of the cost of the equipment on proof of despatch of goods which had resulted in the department releasing the amount on the basis of documents which turned out to be forged. The onus of making payment to the firm against valid document would have devolved on the bank had a letter of credit been operated in this case as desired by the firm,

(2) the supply order placed with the firm by the Superintendent of the hospital was defective as it did not indicate the period by which the firm was to supply the equipment, and

(3) the Superintendent of the hospital failed to verify the original proof of despatch of the equipment viz., bill of lading before making payment of the full value of the equipment but acted on a letter produced by the firm intimating that the equipment had been despatched.

The matter was reported to Government in September 1979; their reply is awaited (March 1980).

DEVELOPMENT AND LOCAL ADMINISTRATION DEPARTMENT

5.4. Infructuous expenditure on chlorine cylinders

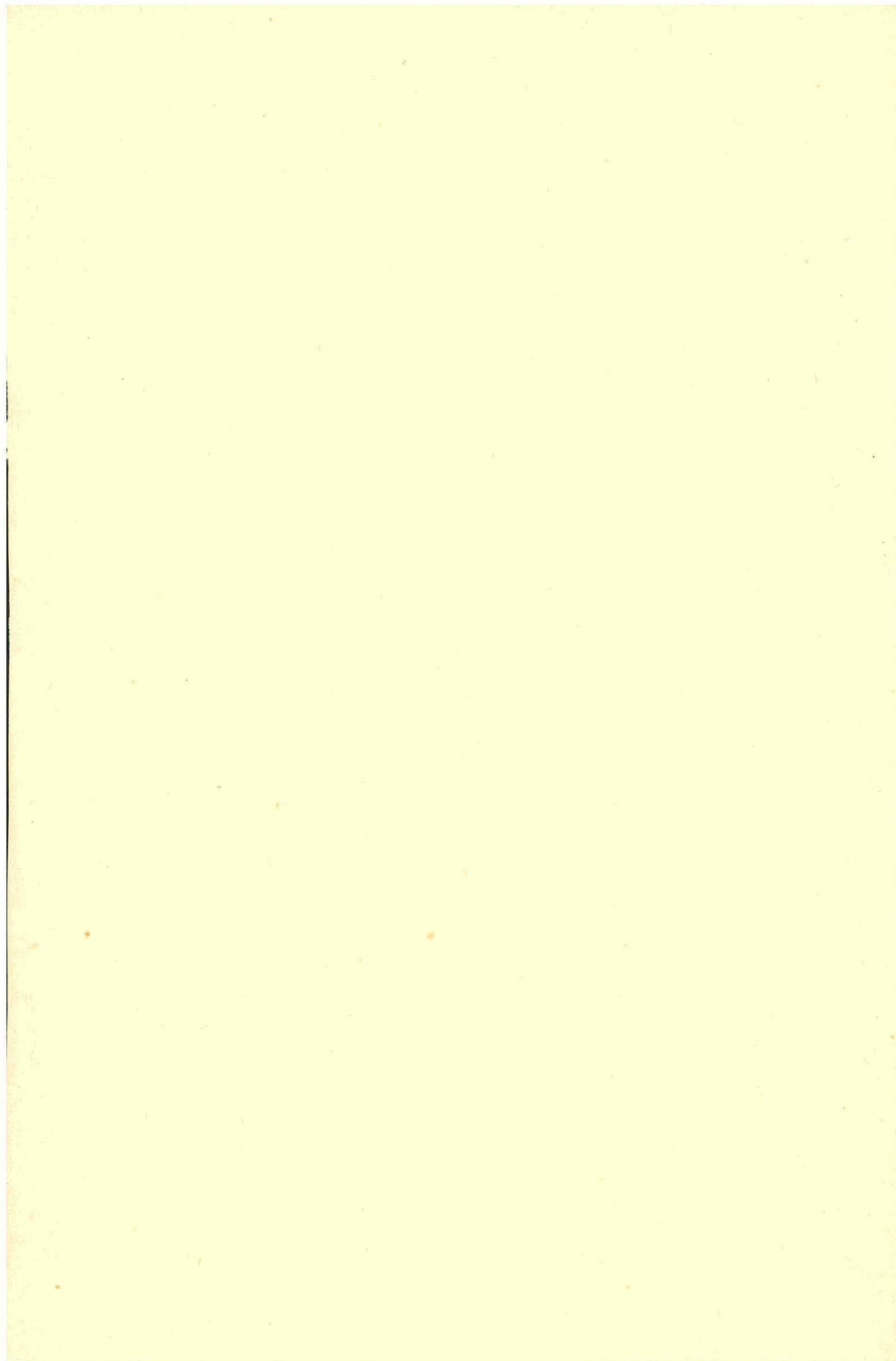
The Chief Engineer, Public Health Engineering Department, placed orders in February 1973, on the basis of tenders, on a Madras firm for the supply of 10 new chlorine cylinders at Rs. 8,240 each. According to the order, each cylinder was to be tested and inspected by M/s. Lloyds Register Industrial Services and got approved by the Chief Controller of Explosives, Nagpur for putting it to use. The firm supplied the cylinders in December 1973 and

was paid Rs. 0.84 lakh towards 90 per cent of the cost of the cylinders as per the conditions of supply. When the cylinders were sent to M/s. Travancore Cochin Chemicals, Alwaye (manufacturers of liquid chlorine) for being filled with chlorine, they pointed out in April 1974 that under the certificate issued by the Chief Controller of Explosives, the cylinders should be subjected to hydraulic test by them as the agency filling the cylinders. The Gas Cylinder Rules, 1940 also prescribe that "no cylinder shall be filled with gas unless such cylinder has been subjected by the person filling it to the hydraulic test specified in Schedule I within the preceding two years and has passed that test". Accordingly, three of the cylinders were got tested by M/s. Travancore Cochin Chemicals, Alwaye, on payment of testing charges of Rs. 900. The cylinders failed. The remaining cylinders were not tested on the presumption that they too would fail. When asked by the Chief Engineer in August 1974 to replace the cylinders, the Madras firm held that a fresh test by another agency was unwarranted as the cylinders had already been got tested by the inspection agency and cleared by the Chief Controller of Explosives.

The firm also expressed serious doubts about the reliability of the test conducted by the filling agency and requested the department to furnish them with particulars of (i) the test procedure adopted and (ii) the details of the cylinders tested, the nature of the failure noticed and the location of the failure. Though the Chief Engineer intimated the firm in December 1974 that the cylinders were tested by M/s. Travancore Cochin Chemicals by the water jacket method, details regarding the nature of the failure were communicated by him only in April 1975 and the firm was asked to replace the cylinders or refund the cost paid to them. The firm, however, refused in May 1975 to entertain the claim of the department. Revenue Recovery Proceedings were initiated in October 1975 for realisation of Rs. 0.81 lakh (after adjusting the security deposit of Rs. 0.04 lakh furnished by the firm). In April 1978, the firm filed a writ petition in the High Court of Madras against the recovery steps initiated which was dismissed in September 1978. The firm preferred a writ appeal against the order of the High Court which was admitted by the Court and recovery proceedings stayed. Further developments are awaited (December 1979).

The cylinders purchased in December 1973 at a cost of Rs. 0.84 lakh are kept idle.

The matter was reported to Government in September 1979; their reply is awaited (March 1980).



CHAPTER VI

COMMERCIAL ACTIVITIES

6.1. General

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

On 31st March 1979, there were the following three departmental commercial undertakings in the State.

- (i) Text Books Office, Trivandrum.
- (ii) Public Works Department Engineering Workshops, Chackai, Trivandrum.
- (iii) State Water Transport Department, Alleppey.

Proforma accounts for 1978-79 have not been received (March 1980) from any of the undertakings. Such accounts for three previous years (1975-76, 1976-77 and 1977-78) from the Text Books Office, Trivandrum, and for 1977-78 from the State Water Transport Department are also due. Government stated in December 1979 that the Public Works Department Engineering Workshops had been taken over by a State Government Company (Kerala State Engineering Works Limited) with effect from third July 1979 and that the accounts of the departmentally managed defunct unit were under finalisation. Reasons for the delay in the preparation of the accounts by the other two undertakings were awaited from the departments (March 1980).

A synoptic statement showing the summarised financial results of the Public Works Department Engineering Workshops, Chackai, Trivandrum for 1977-78 is given in Appendix XIII.

The *proforma* accounts of the undermentioned schemes have also not been received (February 1980) from the departmental officers for the years shown against each:—

<i>Name of department/scheme</i>	<i>Period for which due</i>	<i>Remarks</i>
Agriculture Department		
Scheme for processing paddy seeds (implemented till 1973-74)	1972-73 and 1973-74	According to Government, all the trading schemes except Manure Supply Scheme and the scheme for purchase
Manure Supply Scheme	1977-78 and 1978-79	

<i>Name of department/scheme</i>	<i>Period for which due</i>	<i>Remarks</i>
Scheme for purchase and sale of plant protection chemicals	1975-76 to 1978-79	and sale of plant protection chemicals were being implemented without additional staff for the maintenance of proper accounts at any level. The delay in the preparation of accounts was attributed by Government (February 1980) to want of staff and non-receipt of details from subordinate offices.
Scheme for purchase and sale of banana suckers	1976-77 to 1978-79	
Scheme for purchase and sale of pulses	1974-75 to 1978-79	
Scheme for purchase and sale of paddy seeds	1974-75 to 1978-79	

Food Department

Grain Supply Scheme	1978-79
---------------------	---------

Finance Department

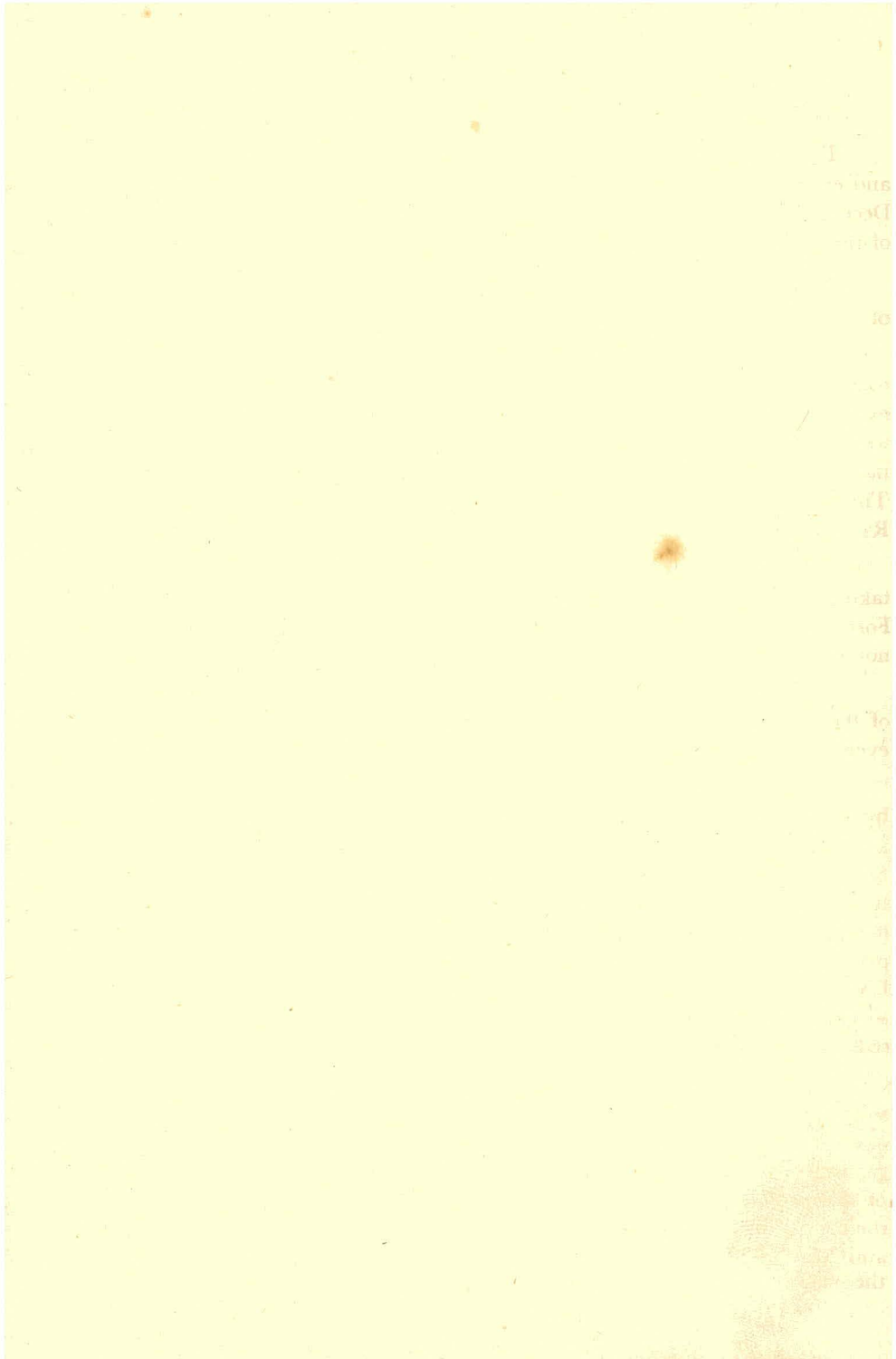
State Insurance Scheme	1967-68 to 1978-79	Reasons for the delay in the preparation of the accounts are awaited from the department.
------------------------	-----------------------	---

INDUSTRIES DEPARTMENT

6.2. Take over of 'ENCOS'

Certain aspects of the functioning of the Kerala State Engineering Technicians (Workshop) Industrial Co-operative Society (ENCOS) were dealt with in paragraph 7.6 of the Report of the Comptroller and Auditor General for the year 1975-76. Mention was made therein, *inter alia*, that the accumulated loss of Rs. 92.04 lakhs of the society at the end of 1974-75 was more than 60 per cent of the paid up capital.

In March 1977, Government took over ENCOS and the three societies promoted by it with all assets and liabilities on the ground that their working had come to a standstill on account of financial crisis and a substantial portion of the assets of the society was idling. The value of shares held by the share holders of ENCOS and other promoted societies was to be paid to them by Government in cash within a period of three months from the critical date, on production and surrender of valid share certificate.



079

100

101

102

103

104

105

106

107

108

109

110

111

112

113

114

115

116

117

118

119

120

121

122

123

124

125

126

127

128

129

130

131

132

133

134

135

136

137

138

139

140

The services of the Managing Director of ENCOS and 166 other officers and employees were, however, ordered by Government to be retained till 31st December 1977 for preparation of the inventory of assets and other properties of the society.

Results of a review in audit of the accounts of the society after the date of taking over are indicated below:—

(1) Between March 1977 and March 1979, Government released funds totalling Rs.88.65 lakhs to ENCOS for meeting refunds of share capital, expenses on establishment and payments to creditors. Rupees 65.96 lakhs were spent in refund of share capital to the shareholders and discharge of liabilities of the society and Rs. 18.23 lakhs on establishment and other charges. The balance left out of the funds so released as at the end of March 1979 was Rs.7.83 lakhs.

The society has not so far been declared a Government commercial undertaking though expenditure on the society is fully met out of Government funds. Form of accounts and rules for drawal of funds and for expenditure have also not been laid down.

(2) The terms and conditions of the transfer of assets and liabilities of the society to Government have also not yet been fixed by Government even after two and half years since the society was taken over.

(3) Three units of ENCOS and one promoted society were transferred by Government to three Government companies between November 1977 and June 1978, but the terms and conditions for the transfer have not so far been finalised. The remaining two promoted societies and one unit are idle since the date of take over. The main objective in taking over ENCOS and its affiliated societies was to make use of their assets and other facilities for productive purposes. This has not been achieved. Of the four units under ENCOS and three affiliated societies taken over, one unit and two affiliated societies with capital assets of Rs.47.05 lakhs continue to remain idle; the reasons for not activating these are awaited (December 1979).

(4) The Managing Director of ENCOS and other employees of the society were required to prepare a complete inventory of all properties and assets of the society as on the date of take over, and all liabilities and obligations of the societies within one month from 16th March 1977, the date of taking over. Preparation of inventory in respect of the seven units and the head office of the society was completed on various dates between May 1977 and May 1978. Even after preparation of the inventory, staff attached to the various units and head office were retained. Sanction of Government

for their continued retention in service even after preparation of the inventory has not been obtained. Expenditure on the pay and allowances incurred on the staff so retained amounted to Rs. 4.88 lakhs up to March 1979. Though the units were idle, the staff were reportedly retained for the maintenance of machinery. The Managing Director, ENCOS, stated in September 1979 that 46 staff members are still being retained and that Government had been requested to extend the time limit for their retention up to 31st January 1980.

The matter was reported to Government in November 1979; their reply is awaited (March 1980).

WATER AND TRANSPORT DEPARTMENT (TRANSPORT)

6.3. State Water Transport Department

Certain observations on the working of the State Water Transport Department were made in paragraph 60 of the Report of the Comptroller and Auditor General for the year 1974-75 (Civil). During examination by the Public Accounts Committee, Government attributed † the loss incurred year after year to non-revision of the fare structure fixed in October 1966 and the increase in the cost of establishment, spare parts, lubricants, etc., since then.

Results of a further review by Audit in August-October 1979 of the working of the Department are given in the succeeding paragraphs:—

(1) Working results

During the four year period ending 1978-79, expenditure exceeded receipts by Rs. 66.31 lakhs as shown below:—

	1975-76	1976-77	1977-78	1978-79	Total
	(Rupees in lakhs)				
Expenditure	64.01	77.54	80.92*	87.34*	309.81
Receipts	56.20	59.14	61.46*	66.70*	243.50
Excess of expenditure over receipts	7.81	18.40	19.46	20.64	66.31

*Figures provisional as the *proforma* accounts have not been finalised by the department.

† August 1978

The cost per hour of operation of the boats during 1977-78 was Rs. 35.10 against Rs. 26.30 in 1973-74, while the revenue realised per hour of operation remained practically the same viz., Rs. 26.65 in both the years. Government stated in December 1979 that the increase in expenditure over receipts was mainly due to non-revision of fares fixed in October 1973, increase in cost of establishment, spare parts, engine oils and lubricants, issue of concession tickets to students, etc. Government also stated that the Advisory Committee of the Department proposed (July 1979) an enhancement of fare by 50 per cent and that it was under consideration.

(2) *Fleet strength and utilisation*

The table below indicates the utilisation of the fleet during the three years ended March 1979.

Year	Fleet strength at the close of the year	No. of boats under repair/ out of commission during the whole year	Number of boats operated			
			For more than 9 months	For more than 6 months but less than 9 months	For more than 3 months but less than 6 months	For less than 3 months
1976-77	81	5	42	17	12	5
1977-78	77	11	53	4	8	1
1978-79	71	2	50	8	6	5

The number of boat days lost owing to delay in repairing the old boats or getting them reconstructed was more than 4,500 during 1976-77 and 1977-78 and more than 5,000 during 1978-79 which worked out to 18 to 20 per cent of the total number of boat days in each of the three years. According to the department, the reasons for the delay in repairing the old boats are:—

- (i) non-availability of mini workshop in any of the ten outstations for undertaking the repairs;
- (ii) administrative delay in making purchase of spare parts observing the purchase procedures prescribed for Government departments;
- (iii) inadequate facilities in the dock for repairs and reconstruction of boats.

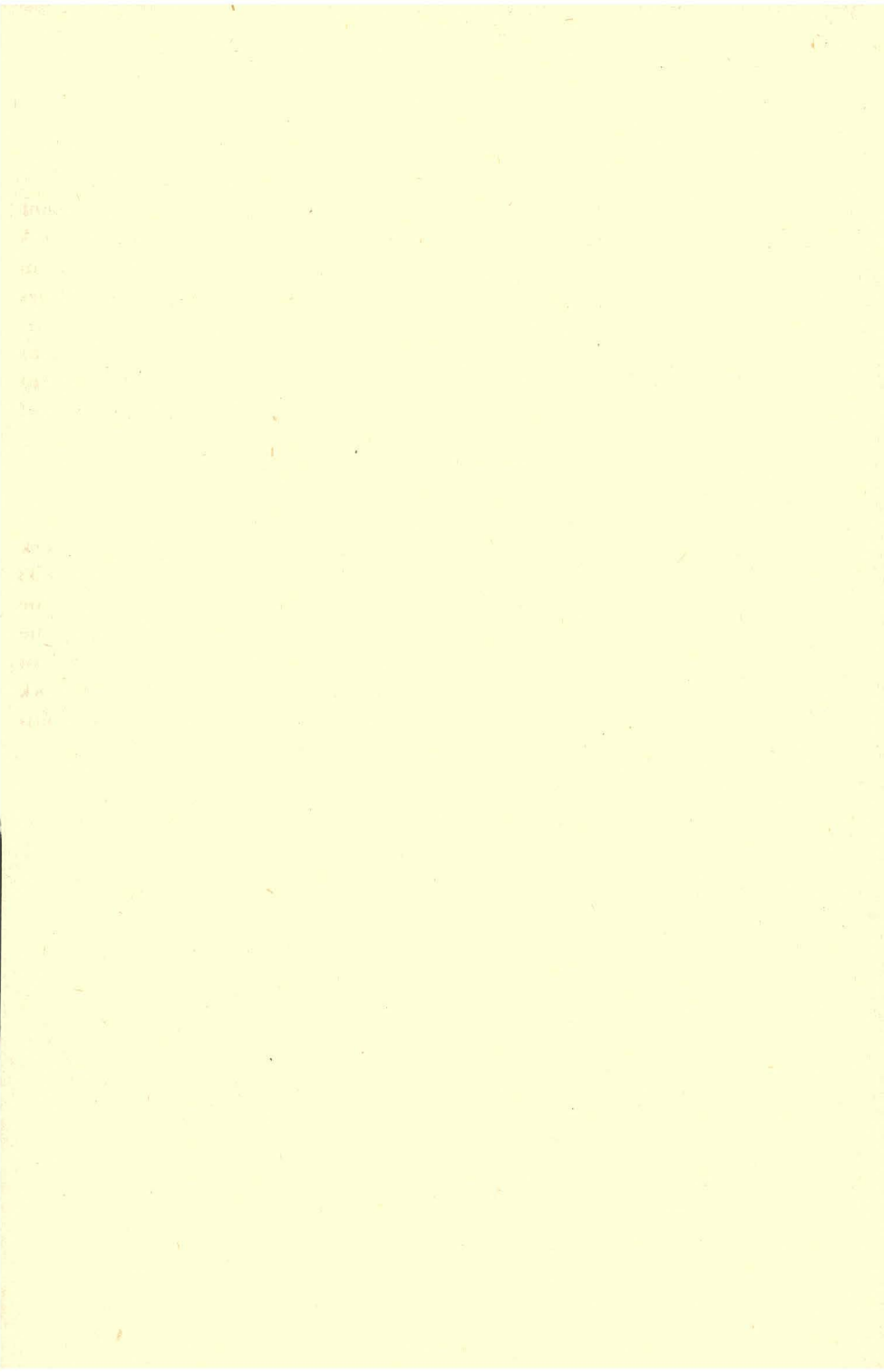
(3) *Progress in replacement of old boats*

As at the end of 1978-79, 38* of the 75 boats taken over by the department at the time of its formation in June 1968 were awaiting replacement. A scheme for the augmentation of ferry service sanctioned by Government in November 1976 provided for the purchase of 20 new boats including engines at Rs. 30 lakhs. Only 2 boats and 3 engines had been purchased so far. Expenditure incurred on the scheme was only Rs. 5.89 lakhs. The reasons for not utilising the funds are awaited from the department. Government stated in December 1979 that two more boats were under construction and construction of another four boats was also under their consideration.

(4) *Norms of output not fixed*

No norms have been fixed for the output of labour. Value of the work turned out by the labourers of the dock and repairing section was Rs. 0.93 lakh during 1976-77 against Rs. 2.17 lakhs on pay and allowances; value of labour output during 1977-78 and 1978-79 was not ascertainable as the department has not compiled the *proforma* accounts of the years so far. In March 1977, Government approved a proposal to fix the norms of work standards through the Kerala State Productivity Council; the recommendations of the Council are awaited (December 1979).

*Book value as on 1st April 1977: Rs. 17.97 lakhs.



CHAPTER VII

FINANCIAL ASSISTANCE TO LOCAL BODIES AND OTHERS

7.1. Introductory

According to the provisions of Section 14 of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971, the accounts of bodies and authorities which receive grants or loans of not less than Rs. 5 lakhs in a financial year from the Consolidated Fund, the amount of such grants or loans being not less than seventy-five per cent of the total expenditure of that body or authority, are to be audited by the Comptroller and Auditor General of India. Government and the Heads of Departments were requested in May 1979 to furnish information about grants and loans given to various bodies and authorities and the expenditure incurred by them during 1978-79. Two departments of Government and nine heads of departments had not furnished information regarding grants/loans sanctioned during 1978-79. Similar information for the year 1977-78 was also awaited from two departments of Government, viz. Industries and General Education (March 1980).

Details, to the extent received, of the number of bodies/authorities which received grants/loans of not less than Rs. 5 lakhs per year during the period 1974-75 to 1978-79 and the extent of arrears (March 1980) in receipt of the accounts from them are given below:—

	1974-75	1975-76	1976-77	1977-78	1978-79
(i) No. of bodies/authorities which received grants/loans of not less than Rs. 5 lakhs in the year	97	115	125	121	91
(ii) No. of bodies/authorities from which accounts have been received	95	113	121	117	78
(iii) No. of bodies/authorities the accounts of which have not been received	2	2	4	4	13

In addition, Section 15 of the Act prescribes that where a grant or loan is given from the Consolidated Fund for any specific purpose the Comptroller

and Auditor General of India shall scrutinise the procedure by which the sanctioning authority satisfies itself as to the fulfilment of the conditions subject to which such grants and loans were given.

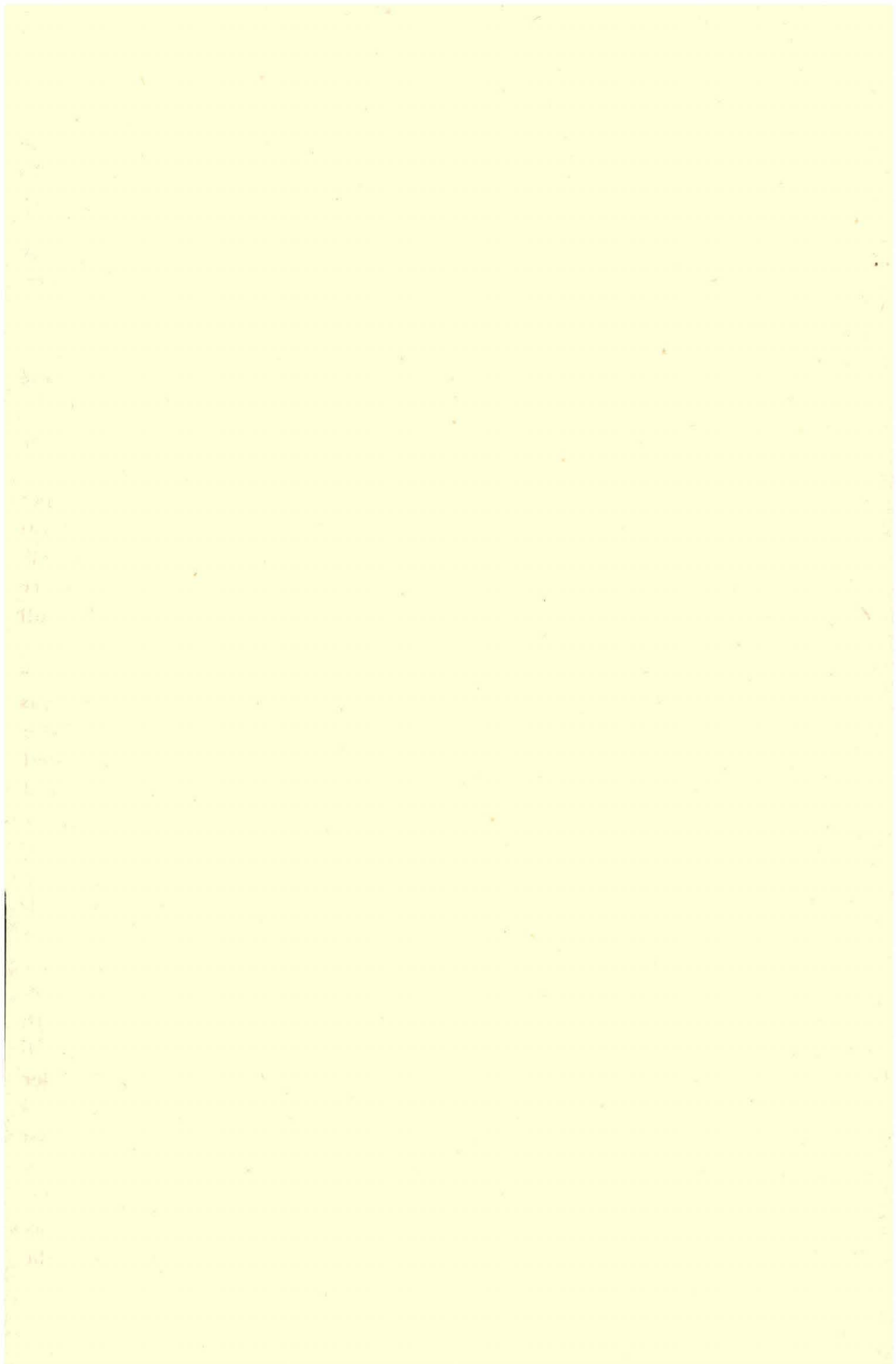
Important points noticed during audit under Section 14 and scrutiny conducted in accordance with the provisions of Section 15 are mentioned in the succeeding paragraphs:—

HIGHER EDUCATION DEPARTMENT

7.2. State Institute of Languages - Extra expenditure on purchase of white printing paper

The Director of Printing and Stationery, Trivandrum intimated (June 1977) the State Institute of Languages, Trivandrum (a body fully financed by grants from the State and Central Governments) that 25 tonnes of paper had been allotted to the Institute at concessional rate. The Institute was also informed that orders may be placed with a Bombay mill immediately together with advance payment of 25 per cent of the cost of the paper before 31st July 1977. On July 8th 1977, the Institute placed an order with the mill for the supply of 25 tonnes of paper of size 61 x 86 cms., and they were also asked to furnish a sample of the paper. While forwarding the sample, the mill requested for advance payment of Rs. 5,000. No advance payment was made by the Institute. But on July 21st 1977, the Institute intimated the mill that the sample supplied by them was not of the required size and requested for supply of paper of the size indicated in their supply order. The mill informed (25th July 1977) the Institute that a sample was sent to them only for testing the quality and shade and not the size and that the paper as per the required size would be sent by them on receipt of advance payment before 31st July 1977. The mill's letter was received by the Institute by July 27th 1977. A demand draft of 2nd August 1977 for Rs. 5,000 towards advance payment was sent by the Institute to the mill with a letter dated 29th July 1977 (the letter was actually despatched on 4th August 1977) requesting for immediate supply of the paper. While returning the demand draft, the mill intimated the Institute that Government of India had directed them not to accept advance payments received after 31st July 1977 and that the order might be treated as lapsed. The Institute therefore purchased 25 tonnes of printing paper from the open market at a total cost of Rs. 1.21 lakhs against the concessional price of Rs. 0.20 lakh at which the paper could have been purchased from the mill at Bombay as per the allotment made by Government.

Failure of the Institute to make advance payment to the mill at Bombay before 31st July 1977 in spite of specific direction to this effect from the



Director of Printing and Stationery resulted in an extra expenditure of Rs. 1.01 lakhs to the Institute.

The facts mentioned above were accepted by Government (January 1980).

INDUSTRIES DEPARTMENT

7.3. Assistance to Lapidary Co-operative Societies

With a view to reorganising and developing the lapidary industry in Trichur District, Government sanctioned in February 1975, the organisation of a central co-operative society and 12 primary societies. The central society was to procure the raw materials and to supply them to primary societies who were to sell the finished goods produced by them back to the central co-operative society for marketing the products. The scheme was expected to provide employment to 3,500 workers.

The central society called 'the Trichur District Imitation Diamond Manufacturer's Industrial Central Co-operative Society Limited' and 12 primary societies were set up in January-February 1975 and started functioning from that date. A total assistance of Rs.20.21 lakhs was paid by Government to the central society—Rs.10 lakhs by way of share capital contribution, Rs.10 lakhs as working capital loan in 1975-76 and Rs.0.21 lakh as grant for meeting expenditure on rent, publicity, etc. Share capital loan of Rs.0.53 lakh was also paid by Government in 1975-76 to the 12 primary societies. The services of one Assistant District Industries Officer and 12 Junior Co-operative Inspectors were also made available to the central and primary societies free of cost for a period of five years; the expenditure met by Government on this account to end of March 1979 was Rs.4.86 lakhs. In addition, Government also stood guarantee to the District Co-operative Bank, Trichur for a cash credit accommodation of Rs.20 lakhs in favour of the central society.

Examination of the records of the sanctioning authorities under Section 15 of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971, conducted in September 1979 disclosed the following position:—

(i) Against the anticipated target of 3,500 the actual number of workers who were provided with employment was low and declined from year to year as follows:—

1975-76	1,360
1976-77	642
1977-78	538
1978-79	492

Government attributed (November 1979) the shortfall to lack of finance with the central society owing to incorrect assessment of working capital requirements and inadequate cash credit accommodation from the Co-operative Bank, competition from private manufacturers outside the State, marketing difficulties, etc.

(ii) Out of the working capital loan of Rs. 10 lakhs paid to the central society, repayment of Rs. 3.30 lakhs fell due by March 1979. The society had repaid Rs. 0.30 lakh only in May 1976 with interest of Rs. 0.15 lakh at 5 per cent. The amount overdue for repayment as at the end of March 1979 was Rs. 3 lakhs under principal and Rs. 1.46 lakhs under interest. Government stated (November 1979) that as the question of converting the loan as share capital contribution was under consideration, the society was not directed to pay the overdue instalments.

(iii) The central society incurred a loss of Rs.3.64 lakhs during 1976-77. The department has not stated the reasons for the loss (December 1979). The accounts of the society for the years ending 30th June 1978 and 30th June 1979 have not been checked by the departmental auditors.

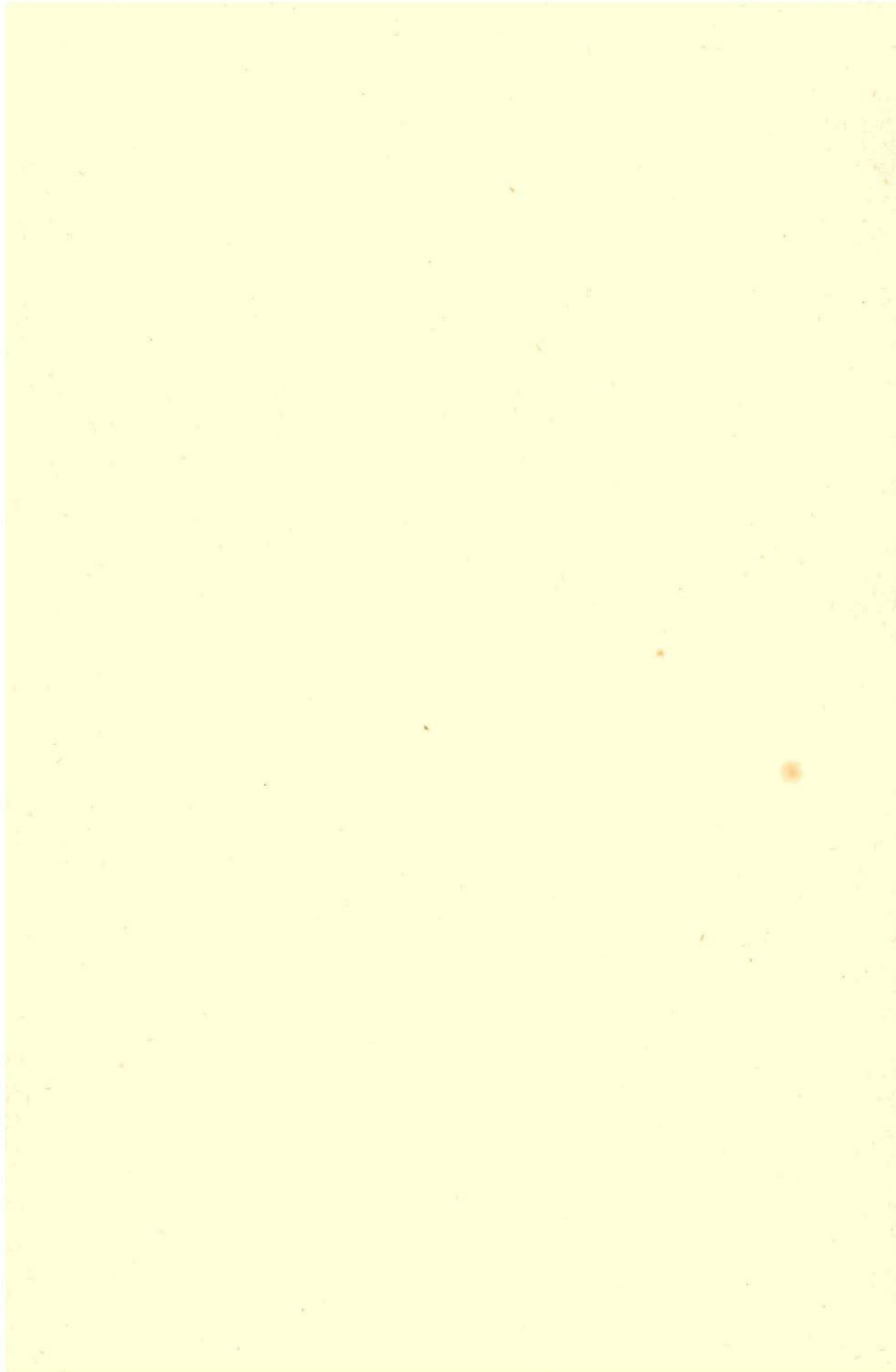
AGRICULTURE DEPARTMENT

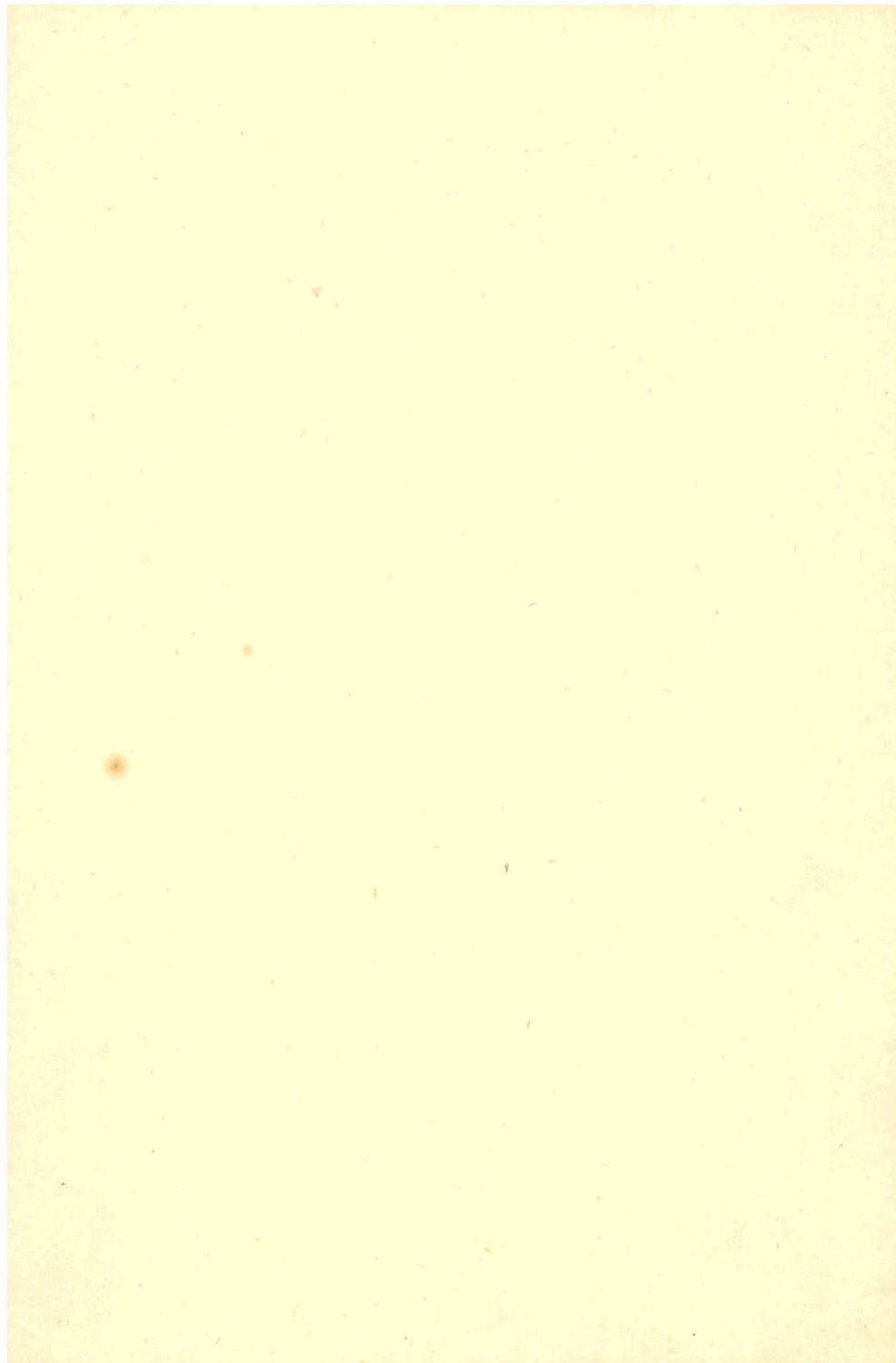
(CO-OPERATION)

7.4. **Financial assistance to Kerala State Co-operative Marketing Federation**

In June 1976, Government introduced a scheme for monopoly procurement of raw cashewnut by their agents and distribution of the nuts to cashew factories in the State with the object of providing continued employment to large number of workmen in the State.

The Kerala State Co-operative Marketing Federation were appointed in January 1977 as exclusive agents in the State for procurement of raw cashew nuts. Such procurement was to be done by the Federation through service co-operatives who were to deliver the nuts at the drying yards of the primary marketing societies attached to the Federation. The nuts were to be dried for about 5 days and such dried nuts were to be distributed by the Federation to the cashew factories in another 5 days. The service co-operatives were to be paid for the nuts supplied by them soon after their delivery at rates fixed by Government from time to time.





The National Co-operative Development Corporation Limited sanctioned a loan of Rs.30 lakhs in March 1977 and another loan of Rs.75 lakhs in September 1978 for financing the Federation's cashew procurement scheme. The State Government were to initially pay the loans out of their funds and get reimbursement from the National Co-operative Development Corporation. Loans of Rs.30 lakhs and Rs.75 lakhs were released to the Federation by Government in March 1978 and February 1979.

Scrutiny of the records of the sanctioning authority and of the audited accounts of the Federation available in the office of the Registrar of Co-operative Societies conducted between April and September 1979 under Section 15 of the Comptroller and Auditor General's (Duties, Powers and conditions of Service) Act, 1971, disclosed the following points:—

(i) The cashew procurement scheme as formulated by the Federation in March 1977 envisaged procurement of 1,24,000 tonnes of nuts annually. The actual quantities of nuts procured during 1977, 1978 and 1979 seasons were only 68,191 tonnes, 79,293 tonnes and 37,144 tonnes respectively. Reasons for the shortfall in procurement as compared to the target are awaited.

The object of the scheme was to provide continued employment to 1.73 lakh workmen in the various cashew factories in the State. The requirement of raw nuts to keep the work force engaged throughout the year was estimated at about 4.5 lakh tonnes. As the actual distribution of raw nuts was not more than about 15 per cent of the requirement, the object of the scheme could not be held to have been achieved. Information regarding the number of days for which the workmen actually received employment during the three years ending 1979 is awaited from Government.

(ii) According to the audited accounts of the Federation, the cashew business showed a profit of Rs.18.85 lakhs during 1976-77 and a loss of Rs.20.35 lakhs during 1977-78. The audit of the accounts for 1978-79 is not yet over (September 1979). However, the loss sustained by the Federation on cashew business in 1978-79 was estimated in December 1978 by the Registrar of Co-operative Societies to be about Rs. 70 lakhs. The reasons for the loss sustained by the Federation are awaited from the department (December 1979).

The matter was reported to Government in October 1979; their reply is awaited (March 1980).

DEVELOPMENT AND LOCAL ADMINISTRATION
DEPARTMENT

7.5. Assistance to Ernakulam District Labour—cum—Development Co-operative Bank Limited

Between November 1973 and March 1975, Government paid grants totalling Rs.6.83 lakhs and loan of Rs.2.64 lakhs to the Ernakulam District Labour-cum-Development Co-operative Bank Limited for implementing four schemes to generate massive employment in rural areas of Alangad and Parur blocks of Ernakulam District. Results of a scrutiny of the records of the sanctioning authority under Section 15 of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971, are indicated below:-

(i) ^{*} The grants were intended to meet the cost of materials to be used on the work, land acquisition for the scheme, furniture and equipment, managerial expenses, rent and contingencies. Out of the total grant of Rs.6.83 lakhs intended for utilisation on the material component of the schemes, land acquisition and furniture and equipment, Rs. 2.69 lakhs remained unutilised at the end of June 1978, the schemes having been completed by November 1977 itself. No time limit within which the grant was to be utilised has been specified by Government. Action was also not taken to get the unutilised grant refunded. Government stated in September 1979 that the unspent balance was not got refunded as there was no time limit stipulated in the sanction.

(ii) One of the schemes implemented by the bank was construction of permanent bunds in about 250 acres of poramboke 'kayal' surrounded by private fields for developing a fish pond. No orders of Government either assigning the fish pond in favour of the bank or leasing out the fishing rights in the pond to the bank after the construction of the bunds were available. As seen from the accounts of the bank available with the department, the bank had collected Rs.5.59 lakhs by auctioning the fishing rights in the pond during 1975-76 to 1977-78. The amount was not credited to Government nor did the department take steps to get the amount remitted to Government. Government stated in March 1980 that a proposal for leasing out the fish pond to the bank was under consideration of the Board of Revenue and that lease-rent fixed would be realised from the bank.

(iii) Interest accrued on the loan of Rs.2.64 lakhs and overdue for payment amounted to Rs. 1.42 lakhs as at the end of March 1979; the bank has not paid it so far (March 1980).

* Loan of Rs. 2.64 lakhs was paid to meet the cost of the labour component of the schemes.

7.6. Financial assistance to Calicut Town Planning Trust

The Calicut Town Planning Trust came into being on 1st April 1973 under the Madras Town Planning Act, 1920 as successor to a Joint Town Planning Committee with the object of implementing town planning schemes. During the five year period April 1973 to March 1978 Government gave the Trust grants of Rs.8.40 lakhs and loan of Rs.2.40 lakhs.

The accounts of the Trust are audited by the Examiner of Local Fund Accounts. An examination conducted in April-May 1979 under Section 15 of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971, of the records maintained by the sanctioning authority and the audited accounts of the Trust, disclosed the following points:—

(i) The loans and grants were to be utilised within a year of receipt for meeting establishment charges, contingencies and implementation of town planning schemes. The Trust did not utilise loans and grants within the prescribed time limit. According to the report in May 1979 of the Examiner of Local Fund Accounts on the accounts of the Trust for 1977-78, the amounts remaining unutilised out of loans and grants paid by Government from April 1973 to 31st March 1977 were as shown below:—

Year	Amount paid		Unutilised balance at the end of March 1978	
	Grants	Loans	Grants	Loans
	<i>(in lakhs of rupees)</i>			
1973-74	1.40	2.40	0.62	2.40
1974-75	2.00	..	1.19	..
1975-76	1.51	..	0.56	..
1976-77	2.00	..	0.81	..
Total	6.91	2.40	3.18	2.40

Besides, grant of Rs.0.15 lakh and loan of Rs.2.04 lakhs received by the Trust prior to 1973-74 also remained unutilised. The total of the amount of grants and loans paid upto March 1977 remaining unutilised by May 1979 was Rs.7.77 lakhs. No action had been taken by Government to get the unutilised

balance refunded nor was the balance lying unutilised after the expiry of the prescribed period of utilisation adjusted while releasing future grants. The reasons for the delay in utilisation had also not been ascertained by Government (June 1979).

(ii) According to the rules framed by Government in May 1965, the Corporation of Calicut was to make contribution to the Trust at rates fixed by Government for meeting a portion of its expenses connected with town planning. The rate was fixed by Government only in July 1976 as 2 per cent of the annual gross revenue receipts of the Corporation. Owing to the delay in fixation of the rate, no contribution was received by the Trust during the period upto 1975-76.

The matter was reported to Government in October 1979; their reply is awaited (March 1980).

GENERAL

7.7. Utilisation certificates

During the year 1978-79, Government paid Rs.1,16.34 crores (approximately) as grants and contributions. The beneficiaries were local bodies, educational and co-operative institutions, other bodies and individuals. The table below shows the broad purposes for which the grants were given:-

<i>Purpose</i>	<i>Amount</i> (in crores of rupees)
Education	
Universities	2.73
Non-Government Colleges	11.52
Non-Government Secondary Schools	22.76
Non-Government Primary Schools	52.30
Non-Government Special Schools	0.59
Non-Government Technical Colleges and Institutions	1.10
Other bodies, institutions, and individuals	1.74
Kerala Agricultural University	3.29
Urban Development	0.59

<i>Purpose</i>	<i>Amount</i> <i>(in crores of rupees)</i>
Medical, Family Planning and Public Health	0.33
Co-operation	0.52
Assistance to panchayats	1.34
Kerala Khadi and Village Industries Board	0.62
Social Security and Welfare	2.40
Subsidy to Kerala State Electricity Board	5.37
Other purposes	9.14
Total	1,16.34

The financial rules of Government require that where grants are given for specific purposes, certificates of proper utilisation of grants should be forwarded to Audit, after verification by the departmental officers, within twelve months from the date of sanction or such time as may be specified in each case. On 1st October 1979, 9,912 certificates (Rs.14,36.93 lakhs) relating to grants paid up to March 1978 were awaited. The department-wise details of the certificates due, received and outstanding are given in Appendix XIV.

The utilisation certificates have not been received, although considerable time has elapsed after the grants were paid. In the absence of the certificates, it is not possible to state whether and to what extent, the recipients spent the grants for the purpose or purposes for which these were given.

CHAPTER VIII
 OUTSTANDING AUDIT OBSERVATIONS AND
 INSPECTION REPORTS

3.1. Outstanding audit observations

(a) Audit observations on financial transactions of Government are reported to departmental authorities so that appropriate action may be taken to rectify the defects and omissions. Half yearly reports of such observations outstanding for more than six months are also forwarded to Government in order to expedite their settlement.

The following table shows the number of audit observations issued up to the end of March 1979 and outstanding at the end of September 1979, as compared with the corresponding position for the last two years.

	<i>As at the end of September 1977</i>	<i>As at the end of September 1978</i>	<i>As at the end of September 1979</i>
Number of observations	29,884	31,706	39,327
Amount (in crores of rupees)	33.85	48.82	78.10

Year-wise break-up of the items outstanding at the end of September 1979 is as follows:—

<i>Year</i>	<i>Items</i>	<i>Amount (in lakhs of rupees)</i>
Prior to 1-4-1970	305	14.30
1970-71	256	7.46
1971-72	633	21.47
1972-73	531	56.18
1973-74	888	1,24.83
1974-75	1,351	1,42.81
1975-76	2,494	2,27.50
1976-77	4,089	5,87.36
1977-78	8,569	14,13.93
1978-79	20,211	52,14.26
Total	39,327	78,10.10



(b) Department-wise break-up of the items is as follows:—

<i>Sl. no.</i>	<i>Department</i>	<i>Number of observations</i>	<i>Amount (in lakhs of rupees)</i>
1.	Industries	2,199	16,17.32
2.	Water and Transport	2,652	16,06.62
3.	Revenue	2,662	10,78.79
4.	Development and Local Administration	6,002	8,79.28
5.	Agriculture	5,529	8,04.32
6.	Health	9,566	7,57.95
7.	Higher Education	1,249	2,32.92
8.	Public Works and Electricity	1,293	2,27.10
9.	General Education	869	1,51.07
10.	Labour and Social Welfare	1,532	1,00.45
11.	Home	1,147	81.04
12.	Fisheries and Ports	427	76.15
13.	Taxes	706	57.67
14.	Food	275	40.16
15.	General Administration	1,112	31.41
16.	Housing	111	28.11
17.	Finance	1,456	27.17
18.	Public Relations	245	7.66
19.	Other departments	295	4.91
	Total	39,327	78,10.10

(c) The following are some of the major reasons for which audit observations have remained outstanding:—

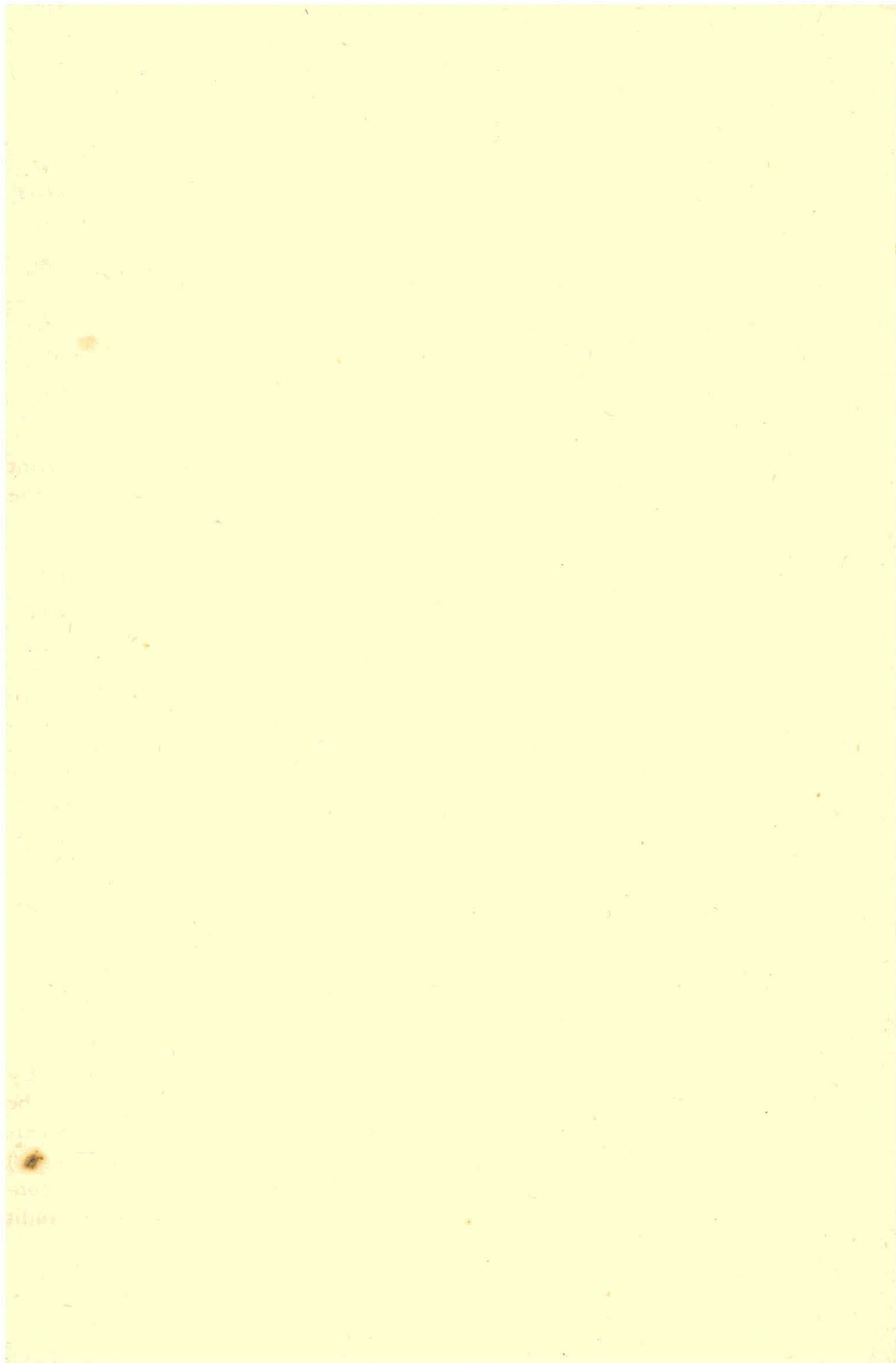
<i>Sl. no.</i>	<i>Nature of observations</i>	<i>Number</i>	<i>Amount (in lakhs of rupees)</i>
1.	Want of payees' receipts	19,829	35,49.73
2.	Want of detailed contingent bills for lump sum drawals	10,885	15,83.07

<i>Sl. no.</i>	<i>Nature of observations</i>	<i>Number</i>	<i>Amount</i> <i>(in lakhs of rupees)</i>
3.	Vouchers not received	2,399	2,33.21
4.	Sanctions to estimates not received	773	55.06
5.	Sanctions for contingent and miscellaneous expenditure not received	739	59.91
6.	Agreements with contractors/suppliers not received	383	2,65.24

(d) Nearly fifty per cent of the total items are outstanding for want of payees' receipts. Comparatively heavy outstandings were from the following departments:—

<i>Sl. no.</i>	<i>Department</i>	<i>Number</i>	<i>Amount</i> <i>(in lakhs of rupees)</i>
1.	Health	4,432	4,34.48
2.	Agriculture	2,696	5,87.59
3.	Development and Local Administration	2,416	2,37.64
4.	Industries	1,628	14,58.21
5.	Water and Transport	1,365	1,53.09
6.	Revenue	1,259	2,45.43
7.	Labour and Social Welfare	1,013	57.61
8.	Home	871	52.92
9.	General Administration	737	22.98
10.	Public Works and Electricity	692	37.51
11.	Taxes	640	57.40

(e) Advance drawal of moneys on abstract contingent bills by disbursing officers is intended to expedite payments. These are to be followed by submission of detailed contingent bills (containing full particulars of expenditure with supporting sub-vouchers and payees' receipts) to the Audit Officer by the 20th of the following month. Detailed contingent bills for Rs. 15,83.07 lakhs have not been received in the Audit





Office. Comparatively heavy outstandings were from the following departments:—

<i>Sl. no.</i>	<i>Department</i>	<i>Number</i>	<i>Amount</i> <i>(in lakhs of rupees)</i>
1.	Health	4,098	2,66.88
2.	Development and Local Administration	2,174	1,30.36
3.	Agriculture	1,155	56.21
4.	Revenue	1,070	8,19.17
5.	Higher Education	531	54.50
6.	Labour and Social Welfare	421	39.50

In the absence of detailed contingent bills it is not possible for Audit to know whether the amount has been spent for the purpose(s) for which the advances were drawn.

(f) Rupees 2,65.24 lakhs were held under observation due to non-receipt of agreements with contractors/suppliers. Comparatively heavy outstandings were from the following departments:—

<i>Sl. no.</i>	<i>Department</i>	<i>Number</i>	<i>Amount</i> <i>(in lakhs of rupees)</i>
1.	Water and Transport	167	1,08.25
2.	Public Works and Electricity	113	86.76
3.	Development and Local Administration	69	48.73

(g) Rupees 2,33.21 lakhs were held under observation due to non-receipt of vouchers in the Audit Office. Departments with comparatively heavy outstandings are mentioned below:—

<i>Sl. no.</i>	<i>Department</i>	<i>Number</i>	<i>Amount</i> <i>(in lakhs of rupees)</i>
1.	Finance	1,136	22.56
2.	Development and Local Administration	531	69.67
3.	Water and Transport	341	1,08.84
4.	Public Works and Electricity	162	16.27

(h) The financial rules of Government require that a copy of every order sanctioning expenditure should be sent to the Audit Officer by the authority which accords sanction. In the absence of sanctions, it cannot be verified in audit whether the amounts drawn were duly authorised by the competent authority. As at the end of September 1979, Rs. 59.91 lakhs were held under observation due to non-receipt of sanctions to contingent and miscellaneous expenditure.

Departments with comparatively heavy outstandings are mentioned below:—

<i>Sl. no.</i>	<i>Department</i>	<i>Number</i>	<i>Amount</i> <i>(in lakhs of rupees)</i>
1.	Health	356	31.74
2.	Agriculture	109	15.57
3.	Development and Local Administration	78	2.38

8.2. Advances remaining unadjusted

Advances drawn by the Director of Harijan Welfare during 1971-72 to 1974-75 and made over to heads of various institutions for payment of lump sum grants, stipends, etc., to students belonging to Scheduled Castes and Scheduled Tribes, which had remained unadjusted were commented upon in paragraph 8.2 (i) (d) of the Report of the Comptroller and Auditor General of India for the year 1977-78 (Civil).

Year-wise details of advances drawn, amounts adjusted during 1975-76 to 1978-79 and balance at the end of September 1979 are given below:—

<i>Year</i>	<i>Advances drawn</i>		<i>Advances adjusted upto end of September 1979</i>		<i>Advances remaining unadjusted</i>		
	<i>No. of items</i>	<i>Amount</i>	<i>No. of items</i>	<i>Amount</i>	<i>No. of items</i>	<i>Amount</i>	
		<i>(Amount in lakhs of rupees)</i>					
1975-76	250	25.78	165	23.42	85	2.36	
1976-77	39	28.72	9	21.94	30	6.78	
1977-78	65	36.83	19	30.79	46	6.04	
1978-79	425	98.92	215	66.45	210	32.47	
Total	779	1,90.25	408	1,42.60	371	47.65	

Test check of the records conducted in the Directorate of Harijan Welfare in June-July 1979 brought out the following position:—

(i) Registers for watching adjustment of advances were not made available to Audit as indicated below:—

<i>Year</i>	<i>No of districts for which registers were not made available</i>
1971-72	All the 11 districts
1972-73	All the 11 districts
1973-74	7 districts
1974-75	4 districts
1975-76	8 districts

The department stated in July 1979 that the registers were not readily forthcoming.

(ii) On a scrutiny of the registers produced it was found that in several cases test checked in audit closing balances were not carried over from year to year, entries had not been authenticated and particulars of bills in which the advances were adjusted had not been noted.

(iii) In April 1968, Government sanctioned separate staff for checking the original records maintained by the various private colleges in the State in support of their claim for lump sum grants, stipends, etc., to students. Of the 207 private institutions through which these amounts are disbursed to the students, original accounts had been checked only in a few cases (33 institutions in 1976, 23 in 1977 and 30 in 1978).

(iv) Departmental inspections of private colleges conducted during 1978-79 revealed that money totalling Rs. 0.72 lakh received by 8 colleges during 1971-72 to 1975-76 had not been disbursed by them to the students. Government stated in December 1979 that one of the colleges had since refunded Rs. 0.11 lakh in July 1979 and that the Director of Harijan Welfare had requested the principals of the remaining colleges to refund the amounts soon.

8.3. Outstanding inspection reports

(i) Audit observations on financial irregularities and defects in initial accounts noticed during local audit but not settled on the spot are

communicated to Heads of Offices and to the next higher departmental authorities through audit inspection reports. The more important irregularities are reported to the Heads of Departments and Government. Government have prescribed that first replies to inspection reports should be sent within four weeks.

As at the end of September 1979, 7,053 inspection reports issued upto March 1979 were not settled fully as shown below with corresponding figures for the earlier two years:—

	<i>As at the end of September 1977</i>	<i>As at the end of September 1978</i>	<i>As at the end of September 1979</i>
Number of inspection reports	6,141	6,640	7,053
Number of paragraphs	21,814	23,166	24,325

Year-wise details of the outstanding inspection reports are given below:—

<i>Year</i>	<i>Number of inspection reports</i>	<i>Number of paragraphs</i>
Prior to 1st April 1970	42	74
1970-71	54	99
1971-72	75	112
1972-73	144	253
1973-74	667	2,053
1974-75	1,155	3,499
1975-76	1,160	4,478
1976-77	1,306	4,442
1977-78	1,081	4,167
1978-79	1,369	5,148
Total	7,053	24,325

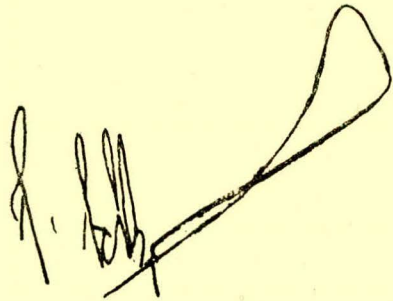
The department-wise details of outstanding inspection reports are as follows:—

<i>Department dealing with the inspection reports</i>	<i>Number of inspection reports</i>	<i>Number of paragraphs</i>
Taxes	2,771	13,014
Agriculture	603	1,666
Development and Local Administration	1,279	2,447
Revenue	568	1,656
Health	513	1,327
General Education	362	793
Fisheries and Ports	109	259
Water and Transport	215	1,157
Public Works and Electricity	155	593
Food	114	303
Industries	99	387
Home	77	208
Higher Education	77	183
Finance	53	219
Labour and Social Welfare	36	58
General Administration	22	55
Total	7,053	24,325

Of the above 7,053 reports, 4,166 (number of paragraphs: 17,178) related to revenue receipts and 2,887 (number of paragraphs: 7,147) to civil departments. First replies had not been received to 580 reports (446 relating to civil departments and 134 to revenue receipts) till the end of September 1979; department-wise break-up of the 580 reports is given below:—

<i>Department to which the inspection reports relate</i>	<i>No. of inspection reports for which first replies are still awaited</i>	<i>Earliest year of issue</i>
Industries	27	1972-73
Health	139	1974-75
Revenue	66	1975-76
Taxes	109	1976-77
Agriculture	84	1976-77
Fisheries and Ports	19	1977-78
General Education	53	1977-78

<i>Department to which the inspection reports relate</i>	<i>No. of inspection reports for which first replies are still awaited</i>	<i>Earliest year of issue</i>
Home	11	1977-78
Higher Education	6	1978-79
Finance	8	1978-79
Food	17	1978-79
General Administration	5	1978-79
Labour and Social Welfare	3	1978-79
Public Works and Electricity	4	1978-79
Water and Transport	4	1978-79
Development and Local Administration	25	1978-79
Total	580	



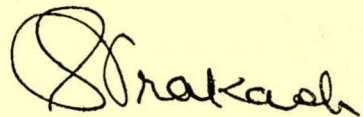
(S. SETHURAMAN)

Accountant General, Kerala.

Trivandrum,

The 28th JUNE 1980

Countersigned



(GIAN PRAKASH)

New Delhi,

The 4th JULY 1980

Comptroller and Auditor General of India.

APPENDICES

APPENDIX 1

Variations in expenditure during 1978-79 over the previous year

(Reference: paragraph 1.4 (ii) page 7)

Major Head of Account	Actuals		Increase during 1978-79	Reasons for increase
	1977-78	1978-79		
	(in crores of rupees)			
77 Education	1,45.27	1,60.13	14.86	Mainly under Primary Education (Rs. 6.90 crores) and Secondary Education (Rs. 5.48 crores) due to increased expenditure on Government schools and increase in assistance given to the non-Government institutions.
37 Labour and Employment	2.75	9.32	6.57	Implementation of the "Unemployment Relief Scheme" (Rs. 6.14 crores).
88 Social Security and Welfare	14.50	19.72	5.22	Mainly due to more expenditure on Welfare of Scheduled Castes and Scheduled Tribes and other backward classes (Rs. 1.90 crores), payment of subsidy to Corporation for Scheduled Castes and Scheduled Tribes (Rs. 1.00 crore), increased expenditure on pensions under Social Security Schemes (Rs. 0.91 crore) and provision of financial help to widows for marriage of their daughters (Rs. 0.83 crore).

APPENDIX I (Contd.)

Major Head of Account	Actuals		Increase during 1978-79	Reasons for increase
	1977-78	1978-79		
	(in crores of rupees)			
337 Roads and Bridges	15.34	20.32	4.98	Increased expenditure on repairs and maintenance of roads and special repairs and maintenance to rectify flood damages.
314 Community Development	8.64	13.27	4.63	Mainly due to enhanced expenditure on Nutrition Programmes in Blocks, assistance given to panchayats for maintenance and improvements of village roads and increased expenditure on Food for Work special programme and crash programme for providing employment in rural areas.
283 Housing	2.15	5.39	3.24	Mainly due to increased expenditure on payment of grant to the State Housing Board (Rs. 1.55 crores) and payment of assistance for reconstruction of houses damaged by floods (Rs. 2 crores).
255 Police	18.96	22.07	3.11	Mainly due to increase in administrative expenditure (Rs. 2.28 crores) and payment of cost for the deployment of police forces from other States (Rs. 0.83 crore).

APPENDIX I (Contd.)

Major Head of Account	Actuals		Increase during 1978-79	Reasons for increase
	1977-78	1978-79		
	(in crores of rupees)			
280 Medical	31.26	34.36	3.10	Mainly due to enhanced expenditure on materials and supplies, machinery and equipment, etc., for hospitals and dispensaries and Medical Colleges and for purchase and distribution of medicines for flood relief operations.
266 Pensions and other retirement benefits	15.37	18.27	2.90	More cases of commutation of pension, normal growth rate of expenditure and enhancement of minimum rate of pension.
333 Irrigation, Navigation, Drainage and Flood Control Projects	4.07	6.84	2.77	Mainly due to increased acquisition of Stock materials for Project Works (Rs. 1.17 crores) and maintenance and restoration of drainage works damaged due to floods (Rs. 1.60 crores).
249 Interest payments	37.99	40.32	2.33	Mainly due to payment of more interest on Savings Bank Deposits and Provident Funds (Rs. 2.33 crores) and on loans and advances from Central Government for Plan Schemes (Rs. 2.33 crores) offset by decrease in payment of interest on ways and

APPENDIX I (Contd.)

Major Head of Account	Actuals		Increase during 1978-79	Reasons for increase
	1977-78	1978-79		
(in crores of rupees)				
305 Agriculture	10.69	12.51	1.82	means advances obtained and over drafts drawn from the Reserve Bank of India (Rs. 2.27 crores). Mainly due to implementation of various agricultural education and research schemes (Rs. 0.98 crore) and payment made in discharge of Government's guarantee liability in respect of Koliat Estates (Rs. 0.46 crore).
306 Minor Irrigation	4.34	5.62	1.28	Expenditure on rectification of flood damages caused to minor irrigation structures.
321 Village and Small Industries	4.30	5.50	1.20	Enhanced Plan outlay on small scale and handloom industries.
282 Public Health, Sanitation and Water Supply	6.09	7.16	1.07	Mainly due to increased expenditure on urban water supply and rural piped water supply schemes.
310 Animal Husbandry	4.02	5.07	1.05	Mainly due to increased expenditure on cattle and poultry development schemes and on veterinary service and animal health.

APPENDIX II

Grants and charged appropriations where the savings (more than Rs. 10 lakhs in each case) were more than 10 per cent of the total provision

(Reference: paragraph 2.4 (iii)—page 31)

Sl. no.	Number and name of Grant/ appropriation	Charged/ Voted	Total grant/ appropriation	Saving	Percentage of saving to total provision
(in lakhs of rupees)					
REVENUE SECTION					
1.	II Heads of States, Ministers and Headquarters staff	Charged	89.92	10.05	11.2
2.	IV Elections	Voted	41.85	30.12	71.9
3.	XIV Stationery and Printing and other Administrative Services	Voted	3,75.25	78.24	20.3
4.	XVI Pensions and Miscellaneous	Charged	60.55	24.35	40.2
5.	XIX Family Planning	Voted	5,42.44	80.38	14.8
6.	XX Public Health	Voted	4,88.46	70.19	14.4
7.	XXII Housing	Voted	6,13.92	74.81	12.2
8.	XXV Labour and Employment	Voted	13,17.09	3,84.94	29.2
9.	XXIX Miscellaneous Economic Services	Voted	14,57.39	6,20.11	42.5
10.	XXX Agriculture	Voted	28,60.29	6,19.89	21.7
11.	XXXII Animal Husbandry	Voted	6,10.56	97.54	15.9
12.	XXXV Forest	Voted	8,57.99	1,28.65	15.0
13.	XLIII Compensation and Assignments	Voted	80.00	33.87	42.3
CAPITAL SECTION					
1.	XIX Family Planning	Voted	16.34	15.87	97.1
2.	XXVI Social Welfare including Harijan Welfare	Voted	77.50	16.13	20.8
3.	XXVIII Co-operation	Voted	8,03.89	1,04.29	12.9
4.	XXIX Miscellaneous Economic Services	Voted	1,16.49	58.26	50.0
5.	XXX Agriculture	Voted	7,39.10	1,26.27	17.1
6.	XXXI Food	Voted	3,92.14	71.73	18.3
7.	XXXIV Fisheries	Voted	1,11.80	20.39	18.2
8.	XXXIX Power	Voted	11,83.00	4,40.87	37.3
9.	XL Ports	Voted	4,78.75	4,13.77	86.4
10.	Public Debt Repayment	Charged	2,98,87.10	2,51,61.66	84.2

APPENDIX III

Major schemes where provision remained substantially or wholly unutilised

(Reference: paragraph 2.4 (iv)—page 31)

Sl. no.	Department/grant number and head/scheme	Provision	Saving (percentage)	Reasons for saving and remarks
(in lakhs of rupees)				
1.	Education—XVII—			
	(i) 277A (e) 12. Establishment of Text Book Bank	10.00	9.25 (92.5%)	Non-purchase of new text books during the year for the Book Banks.
	(ii) 277 F(g) 6. Starting of C.S.I.R. Laboratory	20.00	20.00 (100%)	Non-finalisation of land acquisition proceedings and lack of interest on the part of the Council in the proposed site at Cochin
2.	Harijan Welfare—XXVI—			
	688 (a) 5. Loans to Harijan Development Corporation	10.00	10.00 (100%)	Due to a decision taken not to pay loans to the corporation until its revenue deficit was wiped off.
3.	Revenue—XXIX—			
	304 (a) 9. Payment from the Kudikidappukar's Benefit Fund—Other charges	1,00.00	77.11 (77%)	Non-disbursement of grant for the construction of houses to ex-kudikidappukars pending production of proof of disbursement of first instalment of loan by the bank.
4.	Agriculture—XXX—			
	(i) 305 (a) 6. Strengthening administration machinery at Headquarters, District and sub district level	31.31	29.53 (94%)	Non-sanctioning of the scheme for strengthening the administrative machinery; reasons for non-sanction are awaited (March 1980).
	(ii) 505 (c) 1. Manure Supply Scheme	42.40	34.43 (81%)	Cost of fertilisers was met by M/s. Kerala State Co-operative Marketing Federation following entrustment of their distribution to the Federation.

Sl. no.	Department/grant number and head/scheme	Provision Saving (percentage)		Reasons for saving and remarks
		(in lakhs of rupees)		
5.	Food—XXXI— 509 (a) 1. Grain Supply Scheme	3,42.12	1,73.71 (51%)	Shortfall in the levy of paddy due to post-budget decision to exempt cultivators holding up to 10 acres and purchase of less paddy and tapioca on account of poor response from cultivators.
6.	Fisheries—XXXIV— 512 (b) 3. Development of Tuna fishery	22.00	22.00 (100%)	Non-purchase of Tuna fishing vessels due to non-settlement of the terms of foreign collaboration.
7.	Agriculture (Forest)—XXXV— 313 (d) 7. Raising of mixed plantation outside reserve forests under Social forestry (Centrally Sponsored Scheme)	14.00	13.93 (99.5%)	Late commencement of planting operations following delay in the transfer of allotted lands.
8.	Industries—XXXVII— (i) 521 (e) 5. Intensive Development Project in Handloom (Centrally Sponsored Scheme)	50.00	50.00 (100%)	Non-receipt of assistance for the scheme from the Government of India.
	(ii) 722 (b) 3. Loans to Steel Industries	30.00	30.00 (100%)	Project being in its preliminary stage, no loan was released, but Rs. 24 lakhs were diverted for additional share capital contribution to the Company.
	(iii) 722 (b) 6. Three Wheeler Project	10.00	10.00 (100%)	The Company did not require the loan as the Three Wheeler Project did not make much progress.
9.	Water and Transport—XXXVIII 333 B (d) 11. Kerala Engineering Research Institute, Peechi	15.00	15.00 (100%)	Non-finalisation of proposals for the acquisition of equipment.

<i>Sl. no.</i>	<i>Department/grant number and head/scheme</i>	<i>Provision</i>	<i>Saving (percentage)</i>	<i>Reasons for saving and Remarks</i>
<i>(in lakhs of rupees)</i>				
10.	Public Works and Electricity— XXXIX— 734 (b) 5. Ways and Means Advance to Kerala State Electricity Board	1,00.00	1,00.00 (100%)	No ways and means advance was required by the Board during the year.
11.	Ports—XL—			
(i)	535 A (a) 16. Fishing Harbour and Landing facilities at Vizhinjam (Centrally Sponsored Scheme)	2,00.00	2,00.00 (100%)	Reasons for the saving are awaited (March 1980).
(ii)	535 A (a) 4. Development of Beypore Port (Centrally Sponsored Scheme)	1,50.00	1,32.38 (88%)	Non-finalisation of the contract for dredging, for which reasons are awaited.
(iii)	535 A (a) 14. Development of Kovalam—Vizhinjam—Works	47.00	38.05 (80%)	Non-commencement of quarry operations pending receipt of permission from the Director General of Mines.

APPENDIX IV

APPENDIX

Details of cases of withdrawal

(Reference: paragraph

<i>Sl. no.</i>	<i>Drawing/Disbursing Officer</i>	<i>Amount drawn (in lakhs of rupees)</i>	<i>Nature of drawal</i>
		<i>month of drawal</i>	

1977-78

AGRICULTURE (CO-OPERATION) DEPARTMENT

- | | | | |
|----|--|-----------------------|---|
| 1. | Registrar of Co-operative Societies,
Trivandrum | 13.00
(March 1978) | Share capital contribution to nine
Wholesale Co-operative Consumer
Stores |
|----|--|-----------------------|---|

Total	13.00	
-------	-------	--

1978-79

HEALTH DEPARTMENT

- | | | | |
|----|--|----------------------|--|
| 2. | Superintendent, Ophthalmic
Hospital, Trivandrum | 0.04
(March 1979) | Advance for purchase of rations,
urgent medicines, etc. |
| 3. | District Medical Officer (Health),
Trivandrum | 0.05
(March 1979) | Advance for purchase of petrol |

INDUSTRIES DEPARTMENT

- | | | | |
|----|--|--|---|
| 4. | Manager, District Industries Centre,
Alleppey | 2.81
(March 1979)
(Demand
Drafts) | 90 per cent of cost of machinery
ordered for, cost of publications, etc. |
| 5. | Manager, District Industries Centre,
Trichur | 0.19
(March 1979)
(Demand
Draft) | Cost of books ordered for in
March 1979 |
| 6. | General Manager, District Indus-
tries Centre, Kottayam | 0.19
(March 1979) | Cost of books and publications |

of funds in advance of requirements

2.8—page 33)

<i>Amount disbursed</i>	<i>Amount refunded (month of refund)</i>	<i>Amount remaining undisbursed</i>	<i>Remarks</i>
<i>(amount in lakhs of rupees)</i>			
13.00 (January to April, August and December 1979)	..	..	The entire amount drawn was deposited in the District Co-operative Banks pending investment in the share capital of the Kerala Co-operative Consumers' Federation, Ernakulam by the stores. Investment was, however, made only between January and December 1979.
13.00			
0.04 (April–May 1979)	..	..	Amount was drawn in advance and utilised as and when required.
0.05 (October 1979)	..	..	Adjustment delayed due to late receipt of sub-vouchers from the officers using the vehicle.
..	..	2.81 (September 1979)	Payment towards 90 per cent cost of the machinery has been withheld due to non-receipt of some parts of the machinery.
..	0.19 (September 1979)	..	Amount was drawn on the expectation that the books could be purchased immediately, but this could not be done as full address of the publishers were not available.
..	0.01 (March 1980)	0.18 (March 1980)	The disbursement has been delayed as the books ordered for in March 1979 have not been supplied (March 1980).

<i>Sl. no.</i>	<i>Drawing/Disbursing Officer</i>	<i>Amount drawn (in lakhs of rupees)</i>	<i>Nature of drawal</i>
		<i>month of drawal</i>	
DEVELOPMENT DEPARTMENT			
7.	District Welfare Officer, Cannanore	0.05 (March 1979)	Inter-caste marriage grant, incentive to students, cost of uniform, etc.
8.	District Welfare Officer, Malappuram	0.21 (March 1979)	Inter-caste marriage grant, industrial loans, interest-free housing loan, cost of yarn, utensils, etc.
9.	District Welfare Officer, Palghat	0.40 (March 1979)	Inter-caste marriage grant, incentive grants, grant to hostels, payments for supplies, etc.
10.	Taluk Welfare Officer, Kasaragod	0.02 (March 1979)	Thatching grants, etc.
11.	Taluk Welfare Officer, Tirur	0.24 (March 1979)	Grants for various purposes, contingent expenditure, etc.
12.	Taluk Welfare Officer, Taliparamba	0.06 (March 1979)	Grants for various purposes
13.	Taluk Welfare Officer, Perinthalmanna	0.14 (March 1979)	Grants for various purposes, contingent expenditure, etc.
14.	Taluk Welfare Officer, Quilandy	0.13 (March 1979)	Thatching grant, grant for improvement of colonies, stipends, etc.
15.	Taluk Welfare Officer, Kozhikode	0.66 (March 1979)	Various grants, stipend, subsidy, etc.
16.	Taluk Welfare Officer, Kalpetta	0.33 (March 1979)	Various grants
17.	Taluk Welfare Officer, Palghat	0.23 (March 1979)	Grants for various purposes

*Includes Rs. 374 refunded in July 1979.





—IV Contd.

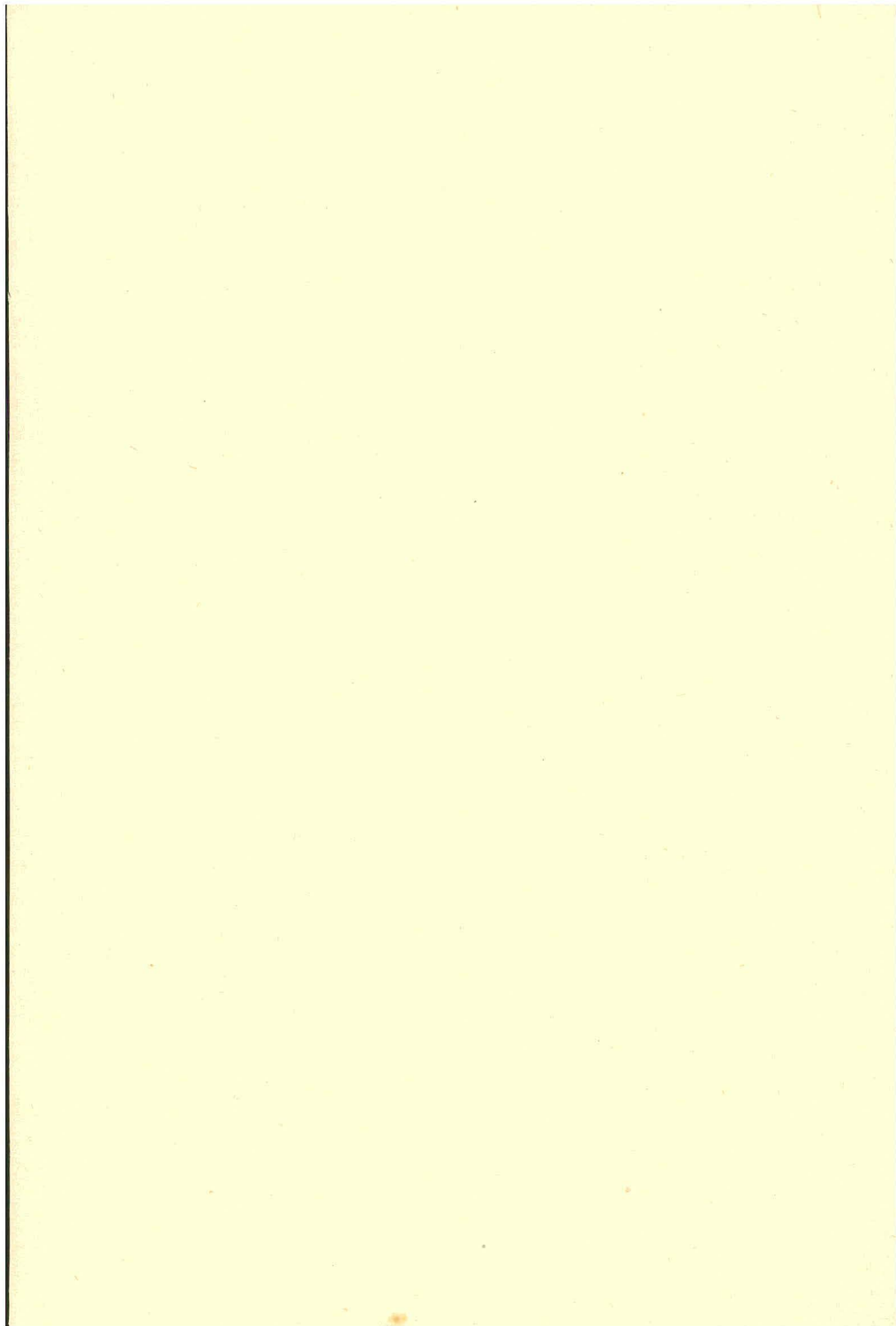
<i>Amount disbursed</i>	<i>Amount refunded (month of refund)</i>	<i>Amount remaining undisbursed</i>	<i>Remarks</i>
	<i>(amount in lakhs of rupees)</i>		
0.03 (April & September 1979)	0.02 (August 1979)	..	Parties did not turn up in time to receive payment.
0.21 (April-May 1979)	..	..	The delay in disbursement was attributed to belated execution of bonds and non-receipt of payees' receipts from the parties concerned.
0.38 (April-May 1979)	0.02 (June 1979)	..	Delay in payment was mainly due to delay in executing the agreement by the recipients of the grant.
0.02 (April-June 1979)	..	..	Parties did not turn up in time to receive payment.
0.24 (April-June 1979)	..	..	Delay in executing agreements, belated receipt of grants by grantees, etc.
0.06 (April-May 1979)	..	..	do.
0.14 (April-June 1979)	..	..	Disbursement delayed due to delay in execution of agreements and receipt of payees' receipts.
0.13* (April-July 1979)	..	..	The parties did not turn up to receive payment.
0.65 (April-June 1979)	0.01 (April & June 1979)	..	do.
0.33 (April-June 1979)	..	..	Belated execution of agreements by the grantees.
0.23 (April & June 1979)	..	..	Payment delayed due to administrative reasons.

<i>Sl. no.</i>	<i>Drawing/Disbursing Officer</i>	<i>Amount drawn (in lakhs of rupees)</i>	<i>Nature of drawal</i>
		<i>month of drawal</i>	
18.	Taluk Welfare Officer, Mannarghat	0.24 (March 1979)	Contingent expenditure, etc.
19.	Taluk Welfare Officer, Alathur	0.10 (March 1979)	Cost of miscellaneous supplies, grants, etc.
20.	Taluk Welfare Officer, Trichur	0.15(A)	Grants and stipends
21.	Taluk Welfare Officer, Chavakkad	0.17 (March 1979)	Grants for various purposes
22.	Taluk Welfare Officer, Irinjalakuda	0.47 (March 1979)	do.
23.	Taluk Welfare Officer, Thodupuzha	0.32 (January- March 1979)	do.
24.	Taluk Welfare Officer, Nedumangad	0.45 (March 1979)	Grants for various purposes and rent
25.	Block Development Officer, Chalakydy	0.77 (March 1979) (S.B. Deposits)	Payment for minor irrigation works, road works, etc.
26.	Block Development Officer, Irinjalakuda	1.49 (January & March 1979)	Various development works, contingencies, grants, etc.
	Total	9.91	

*Includes Rs. 500 refunded in June 1979.

(A) Month of drawal not intimated.

**Includes Rs. 240 refunded in October 1979.



—IV Concl'd.

<i>Amount disbursed</i>	<i>Amount refunded</i> <i>(month of refund)</i>	<i>Amount remaining</i> <i>undisbursed</i>	<i>Remarks</i>
<i>(amount in lakhs of rupees)</i>			
0.24 (April, July and October 1979)	..	..	Belated supply of equipment and materials by the supplier.
0.10* (April-June 1979)	..	..	The party has not turned up to receive the grant.
0.14 (April-May 1979)	0.01 (May & August 1979)	..	Delay on the part of the grantees in receiving the grants.
0.17 (April 1979 to January 1980)	..	..	The disbursement was delayed as the grantees did not turn up in time.
0.47 (April-August 1979)	..	..	Disbursement delayed due to late execution of agreements by grantees and procedural delay in acceptance of quotations for purchase of articles (subsidy schemes).
0.31 (April-July 1979)	0.01 (July 1979)	..	Delay on the part of the grantees in receiving the grants.
0.45** (April-September 1979)	..	..	do.
0.58 (April 1979 to February 1980)	..	0.19 (February 1980)	Works had not been completed/measured.
1.46 (April to September 1979, November 1979 and March 1980)	0.03 (January 1980)	..	Delay on the part of payees to receive the amount.
6.43	0.30	3.18	

APPENDIX V

Details of Mini Industrial Estates where no units had been commissioned

(Reference: Paragraph 3.4, Pages 48-52)

Sl. no.	District	Name of Estate	Date of completion	Expenditure on construction (in lakhs of rupees)	No. of units
1.	Trivandrum	Uzhamalakal	November 1977	2.15	6
2.	Quilon	Sasthamkotta	September 1977	2.51	10
3.	Alleppey	Mallappally	February 1978	1.98	9
4.	Alleppey	Mararikulam (N)	January 1979	2.43	10
5.	Alleppey	Nooranad	December 1978	2.49	10
6.	Ernakulam	Sreemoolanagaram	August 1978	1.87	10
7.	Ernakulam	Kothamangalam	October 1977	2.10	10
8.	Cannanore	Chengala	October 1978	2.32	10
				17.85	75
			Add 12 per cent Centage	2.14	
			Total	19.99	

APPENDIX VI

Statement showing rates at which the vendors purchased the land and value paid by Government

(Reference: Paragraph 3.8, Pages 57-59)

Sl. no.	Date of purchase with title deed particulars	Area in acres	Amount paid Rs.	Indenture Deed No. and date	Area purchased by Government (in acres)	Amount paid by Government Rs.	Reference to sanction issued by Collector	Excess paid Rs.
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
(I) KOZHIKODE TALUK (a) Kakkodi Panchayat:								
1.	No. 2674/78 1-12-1978	0.47	2,000	} 858/79 30-3-1979	0.50	15,000	P1-3331/79(1) 27-3-1979	9,413
	No. 2833/78 18-12-1978	0.43	8,000					
(b) Karassery Panchayat:								
2.	No. 1525/76 25-8-1976	2.16 2.64	4,000	1264/79 9-4-1979	1.00	14,500	P1-4670/79(5) 26-3-1979	13,667
3.	1357/76 12-7-1976	1.00	2,500	1259/79 9-4-1979	0.50	8,000	P1-4670/79(7) 26-3-1979	6,750
(c) Koduwalli Panchayat:								
4.	1626/77 31-5-1977	0.71	4,000	1316/78 12-4-1978	0.71	21,300	P1-17928/78 28-3-1978	17,300
(II) QUILANDY TALUK (a) Quilandy Panchayat:								
5.	544/79 5-3-1979	0.92	10,000	806/79 31-3-1979	0.92	22,080	P1-87641/78 30-3-1979	12,080
6.	1690/77 10-10-1977	1.02	6,000	728/78 31-3-1978	1.02	24,990	P1-16116/78 28-3-1978	18,990
(b) Chemancherry Panchayat:								
7.	1243/77 15-7-1977	0.49	2,000	710/78 28-3-1978	0.50	10,047	P1-13719/78 25-3-1978	8,047
(III) BADAGARA TALUK (a) Onchiyam Panchayat:								
8.	1363/77 4-11-1977 (Partition Deed)	0.77	8,000 (Market value)	457/79 22-3-1979	0.77	38,375	P1-21674/79(1) 18-3-1979	30,375
9.	1754/78 6-11-1978 1702/78 28-11-1978	} 1.17	15,000	} 504/79 28-3-1979	1.00	42,500	P1-21674/79 27-3-1979	25,406
			5,000					
Total								1,42,028

APPENDIX VII

Department-wise details of cases of misappropriations, losses, etc.

(Reference: Paragraph 3.11, Page 61)

<i>Sl.no.</i>	<i>Department</i>	<i>Number</i>	<i>Amount</i> <i>(in lakhs of rupees)</i>
1.	Public Works	17	14.66
2.	Fisheries and Ports	3	0.22
3.	Agriculture	24	5.19
4.	Revenue	33	5.14
5.	Development and Local Administration	30	9.28
6.	General Education	15	5.56
7.	Higher Education	9	1.50
8.	Health	13	6.62
9.	Finance	8	1.95
10.	Industries	4	0.31
11.	Home	4	0.40
12.	Taxes	11	0.70
13.	Food	5	4.82
14.	General Administration	1	0.12
15.	Labour	1	0.32
	Total	178	56.79

APPENDIX VIII

Writes off, waivers and ex-gratia payments

(Reference: Paragraph 3.12, Page 62)

Sl. no.	Name of Department	Writes off		Waivers		Ex-gratia payments	
		Items	Amount Rs.	Items	Amount Rs.	Items	Amount Rs.
1.	Agriculture Department	489	1,24,854	2	4,918	..	..
2.	Water & Transport Department	56	46,364	..	..	1	72,109
3.	Development Department	10	15,804	1	500	..	..
4.	General Administration Department	3	1,876	..	..	14	43,000
5.	Revenue Department	6	2,76,385(A)	..	..	..	..
6.	Taxes Department	20	4,64,180(B)	4	4,38,102(D)	..	..
7.	Industries Department	6	23,816	1	15,533	..	..
8.	Higher Education Department	17	42,140	..	..	..	..
9.	General Education Department	1	2,355	1	3,20,000	..	..
10.	Labour and Housing Department	9	26,189	..	..	..	..
11.	Health Department	263	1,14,549	..	..	..	..
12.	Public Works & Electricity	17	5,44,468(C)	..	..	..	..
13.	Finance Department	1	709	..	..	13	24,300
14.	Home Department	1	645	..	..	17	43,150
15.	Local Administration and Social Welfare Department	..	..	1	44,661	1	5,000
	Total	899	16,84,334	10	8,23,714	46	1,87,559

(A) Includes arrears of contribution due to H. R. & C. E. (Admn.) Department from Cochin Devaswom Board in respect of Ramaswamy Temple, Triprayar amounting to Rs. 1,92,025 and arrears of audit fee in respect of the above temple amounting to Rs. 47,806.

(B) Includes face value of one rupee court fee stamps amounting to Rs. 3.2 lakhs lost in transit after despatch from Central Stamp Depot, Nasik before delivery at Trivandrum.

(C) Includes an amount of Rs. 3,95,047 being the loss sustained by Government due to defalcation of stores materials under the Irrigation Division, Trichur during the period August 1955 to January 1966.

(D) Includes Rs. 1,83,932 being the Sales tax payable by M/s Premo Pipe Factory in respect of the sales of pre-stressed concrete pipe to Tamil Nadu Water Supply and Drainage Board and Rs. 2,43,203 being the Sales tax due on transactions relating to masswine.

APPENDIX IX

Details of overpayment made to transporting contractors due to incorrect computation of data rate

(Reference: paragraph 4.1.4 (iv)—pages 68-69)

Year	Agreement No. and date	Contractor	Approved PAC (Rs.)	Quantity conveyed from sources other than railway stations (in tonnes)		Rate allowed for clearance from railway wagons and connected works (Rs./M.T.)		Amount of overpayment (Rs.)
				Cement item	M.S. materials	Cement item	M.S. materials	
1975-76	EE/4/75-76 dated 26-5-1975	Contractor 'A'	1,87,575	402	578	5.91	15.79	11,502
1976-77	SEI/9/76-77 dated 10-7-1976	do.	1,96,466	751	1,040	6.35	16.94	24,385
1977-78	SEI/7/77-78 dated 9-6-1977	Contractor 'B'	1,90,922	131	249	7.71	20.57	6,132
1978-79	SEI/10/78-79 dated 27-6-1978	do.	1,90,922	891	135	7.71	20.57	9,646
1979-80 (upto 7/79)	SEI/11/79-80 dated 25-5-1979	do.	1,91,103	380	129	9.08	24.20	6,570
Total				2,555	2,131			58,235

APPENDIX X

Cases of non-acceptance of tenders within the validity period of the tender

(Reference: paragraph: 4.11—pages 83-84)

TAXES DEPARTMENT

(1) The lowest quotation for the construction of the Sub-Registry building at Pulin-kunnu received by the Executive Engineer, Buildings and Roads Division, Alleppey on 22nd May 1973 and valid upto 21st August 1973 was for a contract amount of Rs. 0.75 lakh. The Chief Engineer wrote to Government on 30th July 1973 recommending its acceptance and pointing out its validity period. As a decision was not taken within the validity period and as the tenderer declined to extend the validity, the work was retendered and awarded in August 1976 on the basis of a single quotation to another contractor and got completed in March 1978 at a cost of Rs. 1.16 lakhs. Non-acceptance of the lowest quotation received in May 1973 within its validity period led to an extra expenditure of Rs. 0.41 lakh.

The facts stated in the paragraph were confirmed by Government in December 1979.

AGRICULTURE DEPARTMENT

(Minor Irrigation)

(2) Tenders were invited by the Irrigation Department in April 1975 and again in May 1975 for the execution of civil works for provision of two sluice gates across Palliconam canal. As no tender was received, the Executive Engineer obtained a quotation on 17th April 1976 from a registered contractor which was evaluated at Rs. 1.44 lakhs. This was valid upto 10th August 1976. The Chief Engineer forwarded it to Government on 27th May 1976 recommending acceptance, also pointing out the period of validity of the quotation. A decision was not taken within the validity period. The work was ultimately awarded to another contractor in December 1977 on the basis of a single quotation and after negotiation for a contract amount of Rs. 1.67 lakhs. Failure to accept the lowest quotation received in April 1976 within its validity period resulted in an extra expenditure of Rs. 0.23 lakh. Government held in November 1978 that there was no delay since the time taken was for the issue of orders in consultation with the Finance Department.

APPENDIX XI

Synopsis of stores and stock accounts (1978-79)

(Reference: Paragraph 5.1—Page 85)

Sl. Department or no. other particulars	Nature of stores	Opening balance as on 1st April 1978	Receipts	Issues	Closing balance as on 31st March 1979
(in lakhs of rupees)					
A. PUBLIC WORKS AND ELECTRICITY DEPARTMENT					
1. Buildings and Roads and District Stores	Building materials	(—)1,37.03	7,81.56	8,25.51	(—)1,80.98
B. WATER AND TRANSPORT DEPARTMENT					
2. Irrigation and Projects	Building materials	(—)37.90	7,33.79	6,85.45	10.44
C. CIVIL DEPARTMENTS					
HOME DEPARTMENT					
1. Jails					
(i) Maintenance Section	Dietary articles, garden produce, clothing and bedding, medicines and surgical instruments, arms and ammunition, live-stock, etc.	10.90	(a) 70.58	(b) 71.63	9.85
(ii) Manufactory Section	Raw materials, finished goods, tools and plant, etc.	14.26	(c) 32.31	(d) 30.25	16.32

- (a) Includes Rs. 0.05 lakh being appreciation due to revaluation of stock.
 (b) Includes Rs. 0.09 lakh being depreciation, shortages, losses, etc., written off.
 (c) Includes Rs. 0.15 lakh being excess found on stock verification.
 (d) Includes Rs. 0.14 lakh being depreciation, shortages, losses etc., written off.

APPENDIX XI—Concl'd.

<i>Sl. no.</i>	<i>Department or other particulars</i>	<i>Nature of stores</i>	<i>Opening balance as on 1st April 1978</i> <i>(in lakhs of rupees)</i>	<i>Receipts</i>	<i>Issues</i>	<i>Closing balance as on 31st March 1979</i>
HOME DEPARTMENT—Concl'd.						
2.	Fire Force	Fire appliances, fire fighting equipment, miscellaneous items	19.39	14.82	(e) 4.18	(f) 30.03
TAXES DEPARTMENT						
3.	Central Stamp Depot, Trivandrum		36,34.86	(g) 37,74.20	9,76.30	64,32.76
4.	Non-postal stamps (held in treasuries)		3,56,09.11	47,10.12	34,55.69	3,68,63.54
DEVELOPMENT AND LOCAL ADMINISTRATION DEPARTMENT						
5.	Public Health Engineering Stores	Pipes and other sanitary fittings, building materials, etc.	1,99.90	2,77.29	5,13.72	(—)36.53
EDUCATION DEPARTMENT						
6.	Government Presses	Consumable stores, types and type metal, binding materials, publications, forms, etc.	92.02	(h) 80.13	(i) 85.27	86.88

(c) Includes Rs. 4.05 lakhs being depreciation, shortages, losses, etc.

(f) The figures are provisional pending certification by Audit.

(g) Stamps to the value of Rs. 77 lakhs accounted for in excess in 1977-78 have been adjusted.

(h) Includes Rs. 0.11 lakh on account of appreciation due to revaluation and Rs. 0.12 lakh being excess found on stock verification.

(i) Includes Rs. 5.13 lakhs being depreciation, shortages, losses, etc.

APPENDIX XII

Stores and stock accounts not received/not certified being defective

(Reference: Paragraph 5.1—Page 85)

<i>Sl. no.</i>	<i>Department</i>	<i>Officer from whom the stock accounts and/or revised stock accounts are due</i>	<i>Nature of stores</i>	<i>Period for which stock accounts have not been received</i>	<i>Period for which stock accounts have not been certified</i>
1	Agriculture	Director of Agriculture	Plant protection materials and equipment, agricultural implements and appliances, fertilisers, manures, seeds, grafts and other farm produce	1978-79	1976-77 and 1977-78
2	Agriculture	Chief Conser- vator of Forests	Felled timber and other forest produce, livestock and other stores	1978-79	..
3	Agriculture	Director of Animal Husbandry	Livestock, eggs, feeds, equipment and instruments, medicines and chemicals	..	1976-77 and 1977-78 and 1978-79
4	Fisheries and Ports	Director of Ports	Paints, iron materials, fuel oil and lubricants, wire, nylon and coir ropes, spare parts of departmental crafts and other items	1975-76 1976-77 1977-78 and 1978-79	1973-74 and 1974-75
5	Fisheries and Ports	Director of Fisheries	Apparatus, chemicals, nylon yarns, spare parts of marine diesel engines and diesel engines	1975-76 1976-77 1977-78 and 1978-79	..
6	Development and Local Administration	Director of Harijan Welfare	Tools and plant, equipment, raw materials, manufactured articles and furniture	1978-79	1975-76 1976-77 and 1977-78
7	General Administ- ration	Director of Public Relations	Roll films, colour films, photographic paper, chemicals and bulbs, retouching pencils, retouching medium, poster colour, etc.	..	1978-79

APPENDIX XII—Contd.

<i>Sl. no.</i>	<i>Department</i>	<i>Officer from whom the stock accounts and/or revised stock accounts are due</i>	<i>Nature of stores</i>	<i>Period for which stock accounts have not been received</i>	<i>Period for which stock accounts have not been certified</i>
Health					
8	Government Medical Stores, Trivandrum and the District Medical Stores	Director of Health Services	Medicines and dressings, equipment, instruments and appliances, uniform, bedding and clothing, laboratory requisites, etc.	..	1977-78 and 1978-79
9	Transport Wing of the Directorate of Health Services	Director of Health Services	Tyres, tubes, batteries, vehicles spare parts, consum- able and general stores, tools and plant	1976-77 1977-78 and 1978-79	1973-74 1974-75 and 1975-76
10	Department of Homoeopathy	Director of Homoeopathy	Medicines, sundries, dietary articles and fuel	1978-79	..
11	Department of Indigenous Medicines	Director of Indigenous Medicines	Medicines, dietary articles, fuel, raw materials, prepared medicines, pharmacognosy publica- tions, printing papers, chemicals and laboratory materials, glass-ware and other perishable articles, garden implements, hospital appliances, linen and bedding, uniform and artists' materials	1978-79	1975-76 1976-77 and 1977-78
Home					
12	Police	Inspector General of Police	Clothing items, miscellaneous items like time piece, ground sheets, Ashoka Emblem, whistle, numberplates, etc., arms, ammunitions and wireless goods	1978-79	1977-78

APPENDIX XII—Concl'd.

<i>Sl.no.</i>	<i>Department</i>	<i>Officer from whom the stock account and/or revised stock accounts are due</i>	<i>Nature of stores</i>	<i>Period for which stock accounts have not been received</i>	<i>Period for which stock accounts have not been certified</i>
13	Industries	Director of Industries and Commerce	Machinery, raw materials, equipment, hand kerchieves, clothing, pillow covers, cushion covers and tools	(a) 1977-78 and 1978-79	(b) 1976-77
Labour and Social Welfare					
14	Employees' State Insurance Scheme	Administrative Medical Officer	Medicines, tincture opium, instruments, linen articles, chemicals and dressings	..	1974-75 1975-76 1976-77 1977-78 and 1978-79
15	Taxes	Additional Secretary, Board of Revenue (Excise)	Opium and ganja	1978-79	..
16	Taxes	Additional Secretary, Board of Revenue (Excise)	Clothing items, uniform and miscellaneous items	1975-76 and 1976-77	1977-78 and 1978-79
Higher Education Department					
17	Stationery Stores, Trivandrum, Kottayam, Ernakulam, Shoranur, Kozhikode and Cannanore	Controller of Stationery	Paper, boards, books, envelopes, binding materials, ink, ribbons, machine spares, etc.	1978-79	..

(a) Consolidated stock account of all the six units are awaited.

(b) Relates to the stock accounts of four units which were under the former Industries Development Commissioner.

APPENDIX XIII

APPENDIX

Summarised financial results of*(Reference:**Figures in Columns 3 to 10*

<i>Name of concern</i>	<i>Year of commencement</i>	<i>Government Capital</i>		<i>Mean Capital</i>
		<i>1st April</i>	<i>31st March</i>	
(1)	(2)	(3)	(4)	(5)
Public Works Department Engineering Workshops, Chackai, Trivandrum (1977-78)	1969	28.27	28.00	28.14

XIII

Government Commercial Undertakings*Paragraph 6.1—Page 93)**are in lakhs of rupees)*

<i>Block assets</i>	<i>Depreciation</i>	<i>Net Loss(—)</i>	<i>Interest charged added back</i>	<i>Total return (Columns 8+9)</i>	<i>Percentage of return on mean capital</i>
(6)	(7)	(8)	(9)	(10)	(11)
28.00	16.07	(—)4.37	3.60	(—)0.77	..

APPENDIX XIV

Utilisation certificates

(Reference: paragraph 7.7—pages 106—107)

Department	Due		Received		Outstanding		Oldest period to which the certificates due relate
	Number	Amount (in lakhs of rupees)	Number	Amount (in lakhs of rupees)	Number	Amount (in lakhs of rupees)	
Agriculture Department							
Agriculture	28	3,30.56	18	2,56.61	10	73.95	1976-77
Animal Husbandry	13	0.40	6	0.18	7	0.22	1969-70
Co-operation	873	98.16	312	30.46	561	67.70	1969-70
Forest	5	1.92	2	0.10	3	1.82	1972-73
Development Department							
Fisheries	1	0.05	1	0.05	..	..	..
Harijan Welfare	7,791	2,13.23	103	2.43	7,688	2,10.80	1963-64
Education Department							
Higher Education	108	3,55.92	..	..	108	3,55.92	1972-73
Art and Culture	280	80.21	124	36.50	156	43.71	1968-69
General Administration Department							
	16	2.75	1	0.06	15	2.69	1975-76
Health Department							
Medical	3	0.19	3	0.19	..	..	..
Public Health	5	0.85	2	0.68	3	0.17	1973-74
Home Department							
	50	1.15	14	0.30	36	0.85	1963-64
Industries Department							
	321	4,54.16	85	23.07	236	4,31.09	1971-72
Local Administration and Social Welfare Department							
Urban Development	38	37.39	10	13.85	28	23.54	1974-75
Housing	1,147	12.34	143	2.90	1,004	9.44	1974-75
Panchayats	57	2,39.31	4	25.49	53	2,13.82	1974-75
Revenue Department							
	4	1.21		..	4	1.21	1975-76
Total	10,740	18,29.80	828	3,92.87	9,912	14,36.93	

©
COMPTROLLER AND AUDITOR GENERAL OF INDIA
1980

PRINTED BY THE S. G. P. AT THE GOVERNMENT PRESS,
TRIVANDRUM, 1980

THE UNIVERSITY OF CHICAGO

19

THE UNIVERSITY OF CHICAGO
LIBRARY



